

Load Serving Entity (LSE) Coordinated Functional Registration Declaration for the ERCOT Region

1. On October 16, 2008, FERC issued an order approving revisions to the North American Electric Reliability Corporation (“NERC”) Statement of Compliance Registry Criteria, as a “short term” solution, to allow NERC to craft a longer-term solution. This revision provided for a distribution provider (“DP”) to be registered as the LSE for the retail load directly connected to its distribution facilities. The FERC Order, however, recognized that registering DPs as LSEs in the ERCOT Region created certain problems unique to the ERCOT Region and suggested that joint registration might be necessary.
2. For purposes of compliance with FERC’s Order of October 16, 2008, certain entities in the ERCOT Region have agreed to be responsible for designated LSE responsibilities (either as an Entity A or an Entity B), as shown in the NERC LSE Registration Standards Applicability Matrix (“Matrix”) which is attached as Exhibit A to this LSE Coordinated Functional Registration Declaration for the ERCOT Region (“LSE CFR Declaration”), for such entity’s assets and facilities. Each entity that agrees to be responsible for any of the LSE standard requirements in the ERCOT Region will sign the *Load Serving Entity Coordinated Functional Registration Agreement for the ERCOT Region* (“LSE CFR Agreement”), designating whether it is agreeing to be responsible as an Entity A or an Entity B. The Matrix shows the specific tasks performed by Electric Reliability Council of Texas, Inc. (“ERCOT”) and by the entities agreeing to be registered as either Entity A or an Entity B, to fulfill the certain requirements of a LSE. The Matrix is intended to clarify the assignment of responsibility for LSE tasks for ERCOT and for all entities agreeing to be either an Entity A or an Entity B, in the ERCOT Region. The Matrix is not intended to, and shall not be interpreted, to create any new obligations for entities, except as specifically noted.
3. Each entity signing an LSE CFR Agreement as an Entity A or an Entity B (an “Entity”) voluntarily agrees to be registered as an LSE and responsible for the LSE requirements and sub-requirements attributed to it as an Entity A or an Entity B, for its assets and facilities in the ERCOT Region. Each Entity voluntarily agrees to the compliance responsibility designations set forth herein only for the ERCOT Region, due to the unique market and system structure in the ERCOT Region. Each Entity acknowledges that Texas RE or NERC may register additional entities as LSEs in the ERCOT Region that have not signed an LSE CFR Agreement.
4. By signing the LSE CFR Agreement, the Entity acknowledges that it will be responsible for the LSE portion of the reliability standard requirements and sub-requirements to the extent listed in the Matrix as attributed to its selected entity category (Entity A or Entity B), for its own assets and facilities. Each Entity hereby acknowledges that it has individual (a) responsibility for ensuring compliance with and (b) liability for failure to comply with the applicable reliability standard requirements and sub-requirements, as set forth in the Matrix.
5. Each Entity further agrees that if FERC approves amended or additional reliability standard requirements or sub-requirements which are applicable to the LSE function, the Entity will undertake to confer with other Entity As, Entity Bs, ERCOT ISO and Texas RE regarding whether or not the Entity should be designated

responsible for the amended or additional reliability standard requirements or sub-requirements. The Entity shall either:

- (a) Execute an addendum (in the form set forth in Attachment C) to this LSE CFR Declaration and the attached Matrix designating that it is the responsible entity for the amended or additional reliability standards or requirements and deliver the fully executed addendum to Texas RE at least ten (10) business days before the effective date of the amended or additional reliability standards or requirements, or
 - (b) Be individually responsible for all newly approved reliability standard requirements or sub-requirements that are applicable to the LSE function, pursuant to Paragraph 6.
6. Each Entity further agrees that to the extent that FERC approves additional or amended reliability standard requirements or sub-requirements that are applicable to LSEs or otherwise affect the subject matter of this LSE CFR Declaration, but the Entity fails to execute and deliver to Texas RE an addendum to this LSE CFR Declaration and the Matrix as contemplated in Section 5 above reflecting designation for the additional or amended reliability standards or sub-requirements, it shall be, with respect to its own facilities or load, fully responsible for ensuring compliance with the additional or amended reliability standard requirements or sub-requirements.

The designation set forth herein applies until such time as the Entity provides Texas RE with an addendum to the LSE CFR Declaration assigning responsibility for all additional or amended reliability standard requirements or sub-requirements, and Texas RE submits the revised registration to NERC for entry in the NERC Compliance Registry.

7. Each Entity acknowledges that when a new entity desires to act in accordance with this LSE CFR Declaration, because the new entity agrees to accept responsibility for certain reliability standard requirements and sub-requirements applicable to the LSE function for any reason the new entity shall:
- (a) Contact Texas RE and request to execute an LSE CFR Agreement;
 - (b) If Texas RE determines that the entity is eligible to execute the LSE CFR Agreement, the entity must execute the LSE CFR Agreement (in the form set forth in Attachment A) to this LSE CFR Understanding, agreeing to be responsible for the applicable reliability standard requirements and sub-requirements, as set forth in the Matrix; and
 - (c) Deliver the fully executed LSE CFR Agreement to Texas RE.
8. The name and signature of the Entity's Primary Compliance Contact (PCC) must be included on the LSE CFR Agreement. An Entity that is registering for the first time must complete a New Entity Registration Form and submit it to NERCRegistration@texasre.org, in order to receive information on using the Texas RE Compliance Portal.
9. The PCC is responsible for the following:
- (a) Updating any changes to the PCC or contact information for the PCC through the Texas RE Compliance Portal.

- (b) Notifying Texas RE via email to NERCRegistration@texasre.org, of the need to modify the Matrix. Texas RE must approve any modifications to the Matrix prior to such changes being effective.
 - (c) Providing Texas RE with an annual up-to-date list of the compliance responsibilities for the LSE function (as currently set forth in the Matrix). If an annual updated list is not sent to Texas RE, it will be presumed that there are no changes to the Matrix.
 - (d) If the entity desires to withdraw, notifying Texas RE by submitting a signed Withdrawal Addendum, (in the form set forth in Attachment B) with a brief explanation of the reason for the withdrawal, via email to NERCRegistration@texasre.org; and
 - (e) Receiving notices from Texas RE for matters relating to this LSE CFR Declaration.
10. The Entity agrees that the Matrix categories are as follows:
- (a) Entity A: A Transmission Owner or Distribution Provider
 - (b) Entity B: An ERCOT Region Qualified Scheduling Entity (QSE) that provides (a) Load Acting as Resource and/or (b) Emergency Interruptible Load Service in the ERCOT Region with total registered capability of greater than 25 MW.
12. This LSE CFR Declaration shall be interpreted, construed and enforced in accordance with Federal Law; provided, however, that the capacity, power and authority of the Entity's enabling statutes and legal limitations and its obligations under local or state information access and disclosure laws and regulations shall be governed by and construed in accordance with the constitution and laws of the State of Texas.
13. Consent by an Entity to be registered with NERC for a specific reliability or reporting standard DOES NOT waive that Entity's rights to contest any alleged violation. The Entity maintains all rights available to contest any alleged violation or non-compliance with reliability or reporting standards.
14. This LSE CFR Declaration shall automatically terminate upon elimination of the LSE terminology from the NERC reliability standards if approved by FERC.
15. The effective date of this LSE CFR Declaration is January 1, 2010.

Attachment A

**Load Serving Entity (LSE)
Coordinated Functional Registration (CFR)
Agreement for the ERCOT Region**

- I. The below-signed entity desires to accept responsibility for certain requirements and sub-requirements for the North American Electric Reliability Corporation (“NERC”) Reliability Standards and regional standards approved by the Federal Energy Regulatory Commission (“FERC”) for the ERCOT Region, pursuant to the Federal Power Act, for the Load Serving Entity (“LSE”) function in the ERCOT Region.
- II. The below-signed entity agrees to the terms and conditions set forth in the LSE Coordinated Functional Registration Declaration for the ERCOT Region (“LSE CFR Declaration”) and agrees to be the Responsible Entity for the LSE requirements and sub-requirements listed as being applicable to Entity A or Entity B (Category as selected below) in the NERC LSE Registration Standards Applicability Matrix (Matrix) which is incorporated into the LSE CFR Declaration, for its assets and facilities.
- III. The below-signed entity acknowledges that it will be responsible for the LSE portion of the reliability standard requirements and sub-requirements to the extent listed in the Matrix as attributed to its Entity Category.

Responsible Entity Legal Name			
Entity Category		Entity Comments:	
NERC ID Number:			
By: (Signature of Officer of Responsible Entity)	_____		
Printed Name			
Its: (Title)		Effective Date:	
Entity Primary Compliance Contact (PCC) Name:		Title:	
PCC Address:		City, State, Zip:	
Telephone:		Fax:	
E-mail Address:			

INSTRUCTIONS

1. Determine and select appropriate Entity Category for the LSE CFR Declaration.
2. Complete all requested information.
3. Submit the Agreement (as a .PDF and MS Word file) to nercregistration@texasre.org

Please allow Texas RE ten (10) business days for evaluation of these documents for completeness. Thank you for your cooperation.

<p>For Texas RE use only: Date CFR Agreement Submitted to NERC: _____</p>
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Attachment B

**Withdrawal Addendum for the
Load Serving Entity (LSE) Coordinated Functional Registration
Declaration for the ERCOT Region**

This addendum should be submitted as both a MS Word and .PDF file via e-mail to nercregistration@texasre.org

Responsible Entity			
Entity Category			
NERC ID Number:			
Reason(s) for the withdrawal			
Effective date for withdrawal			
Entity Primary Compliance Contact (PCC)		Title:	
PCC Address:		City, State, Zip:	
Telephone:		Fax:	
E-mail Address:			

Attachment C

**Addendum for the
Load Serving Entity (LSE) Coordinated Functional Registration
Declaration for the ERCOT Region**

Responsible Entity			
Entity Category			
NERC ID Number:			
List Amended or Additional Reliability Standards or Requirements			
Effective date			
Entity Primary Compliance Contact (PCC)		Title:	
PCC Address:		City, State, Zip:	
Telephone:	-	Fax:	
E-mail Address:			

Entity comments:

Comments:		
Attachment(s)	Yes <input type="checkbox"/>	No <input type="checkbox"/>