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# **Texas Reliability Entity, Inc. Implementation Update**

**RSC Meeting  
January 7, 2010**

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# **Background & Overview**

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# Background of Formation Activities

- **November 24, 2009 Straw Membership Meeting:**
  - Confirmed consensus regarding draft Bylaws and determined name – Texas Reliability Entity, Inc.
- **December 7, 2009:**
  - Texas RE discussed proposed amended Delegation Agreement (based upon bylaws) and 2010 business plan & budget (Budget) with FERC senior staff
- **December 14, 2009:**
  - Texas RE Board recommended approval of Bylaws, Amended Delegation Agreement, and Amended 2010 Business Plan and Budget
- **January 1, 2010 –Texas Reliability Entity, Inc. formed**
  - Will perform administrative activities (approve legal documents and bank accounts, form nominating committee for independent directors) until FERC approves Delegation Agreement

# Overview of Transition

- **Current Texas RE will continue to perform NERC activities under the current Delegation Agreement until after FERC approves new Delegation Agreement**
- **Independent Directors must be identified and approved by membership (at least 3 before FERC approval)**
- **When FERC approves Delegation Agreement and Budget for Texas Reliability Entity, Inc.:**
  - Implementation period (60 days) for transition
  - New Texas RE will hire employees of and transfer assets from current Texas RE
  - Delegated NERC (and Protocol compliance) activities will then transfer to new Texas RE
  - Membership may vote to select Sector representatives before or after FERC approval

# Texas Reliability Entity Membership

- **6 Membership Sectors**

- System Coordination and Planning (RC, BA, PA, RP, IA)
- Transmission and Distribution (TO, TP, DP, TOP, TSP)
- Cooperative Utility (with any NERC registration)
- Municipal Utility (with any NERC registration)
- Generation (GO, GOP)
- Load Serving and Marketing (and future Demand-Side function) (LSE, PSE)

# Texas Reliability Entity Governance Structure

- **Board of Directors**
  - Hybrid Board – 9 Directors
    - 4 Independent Directors
    - Texas RE CEO
    - 2 Affiliated (membership) Directors
      - ◆ Chair of Member Representatives Committee
      - ◆ Vice Chair of Member Representatives Committee
    - PUCT Chair, *ex officio* non-voting
    - OPUC Public Counsel, *ex officio* non-voting
- **2 Committees**
  - Member Representatives Committee
  - Reliability Standards Committee
- **Transitional (2010) non-statutory (Protocol) activities in addition to delegated activities**

# Member Representatives Committee

- **2 representatives each from the 6 Membership Sectors (except Sectors with < 2 members) will serve annually and will annually select a chair and vice chair (from different Sectors) to serve as Board members**
- **Purpose**
  - Provide advice and recommendations to the Board, through its chair and vice chair (as directors) regarding:
    - Annual budgets and business plans
    - Funding mechanisms of Texas RE
    - Other matters relevant to reliability of the ERCOT BPS or compliance
    - Other matters pertinent to purpose and operations of Texas RE (except standards development)
  - May create subcommittees or working groups, if needed for specific topics

# Reliability Standards Committee

- **2 representatives from each of 6 Standards Development Sectors (except Sectors with < 2 members) will serve annually**
- **Purpose (similar to current committee)**
  - Review, participate in, and manage the Regional Standards Development Process, including proposed new or revisions to Regional Standards and Regional Variances
  - Coordinate the development of Regional Standards and variances with the development of national standards
  - Monitor, review, and comment on:
    - NERC (national) standards under development
    - NERC standards interpretation requests

# Reliability Standards Committee Sectors

- **Standards Development Sectors**

- System Coordination and Planning
- Transmission
- Cooperative Utility
- Municipal Utility
- Generation
- Load Serving, Marketing, Demand Response, and ***any entity with a direct and material interest in the ERCOT region BPS that is not eligible for membership in any other Sector\****

**\*Differs from Membership Sectors to allow participation by non-registered entities**



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# **Next Steps & Upcoming Activities**

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# Delegation Agreement and Budget Timeline

- **Next Steps in approval process:**
  - January 18, 2009 – Texas Reliability Entity, Inc. (New Texas RE) Board to approve Bylaws and Amended Delegation Agreement and Budget
    - Documents posted by January 11<sup>th</sup>
  - Late January – File Amended Delegation Agreement and Budget with NERC Board of Trustees (BOT) for approval
    - February 11<sup>th</sup> – NERC F&A meeting
    - February 16<sup>th</sup> and 17<sup>th</sup> – NERC BOT meeting
  - Late February 2010 – Formally file Amended Delegation Agreement and 2010 Budget with FERC

# Corporate Membership Applications

- **Membership applications will be sent to the Primary Compliance Contact (via email) of all registered entities on or about January 12<sup>th</sup>**
  - Email in the application and your email response (completed as instructed) feeds into a membership database - be careful!
  - Complete email form and reply as instructed on email (to [Information@texasre.org](mailto:Information@texasre.org))
    - Remember to notify your PCC if the application email should be forwarded to a different employee
    - Application can designate a different membership contact person
- **Send check for dues (\$250) to Texas Reliability Entity, Inc. to: Attn: Membership Services, 2700 Via Fortuna, Suite 225, Austin, Texas 78746**
  - Notify Texas RE if you have good cause and are unable to pay dues

# Upcoming Corporate Membership Activities

- **Early February Membership Vote on Bylaws**
  - Need membership vote approving bylaws prior to NERC BOT February 16<sup>th</sup> vote
  - Expect email membership vote to approve bylaws in early February (the 3<sup>rd</sup> or 4<sup>th</sup>) – Texas RE will provide at least 10 days notice of vote
  - Must be a registered member to vote
- **Membership must approve Independent Directors**
  - Need to have at least 3 Independent Directors approved by implementation (June)
  - Membership vote will be scheduled when candidates are identified by nominating committee
- **Other Sector Activities**
  - Sectors may hold elections for representatives for RSC and Member Representatives Committee at any time

# Communication of Status

- Texas RE will send membership information to registered entity Primary Compliance Contacts
- Texas RE staff will send general updates to Texas RE Information Listserv
- Send questions to [Information@texasre.org](mailto:Information@texasre.org)
- Updates (sent to [Information@texasre.org](mailto:Information@texasre.org) or PCCs) will be posted under Announcements on the Texas RE website



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# Questions?

Send Questions to [Information@texasre.org](mailto:Information@texasre.org)