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PROJECT NO. 54248

**SELECTION OF THE
RELIABILITY MONITOR FOR
THE ERCOT POWER REGION**

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**PUBLIC UTILITY
COMMISSION OF TEXAS**

**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.'s SCOPE OF WORK, CODES
OF CONDUCT AND COMMUNICATIONS PLAN**

On November 3, 2022, the Public Utility Commission of Texas issued an Order directing Electric Reliability Council of Texas, Inc. (ERCOT) to assume the duties and responsibilities of the reliability monitor of the ERCOT power region under 16 Texas Administrative Code § 25.503(j)(6). This function is known as the ERCOT Reliability Monitor (ERM). The Order instructed the ERM to submit the following documents within 60 days, which are hereby provided to the Commission:

1. Scope of Work, see Attachment 1;
2. Codes of Conduct (one for ERM Employees and one for project-specific Subject Matter Experts), see Attachment 2; and
3. Communications Plan, see Attachment 3.

Respectfully submitted,

/s/ Chad V. Seely

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ATTORNEYS FOR ELECTRIC RELIABILITY
COUNCIL OF TEXAS, INC.



| | |
|-----------------|--|
| Document Name: | ERCOT Reliability Monitor Scope of Work |
| Document ID: | |
| Effective Date: | January 3, 2023 |
| Owner: | Legal |
| Governs: | ERM Employees |
| Approved: | Chad V. Seely, Senior VP & General Counsel |

Basic Scope of Work

1. Monitor, investigate, audit, and report to the Public Utility Commission of Texas (PUC) matters related to the compliance of ERCOT, Inc. and ERCOT Market Participants with the reliability-related provisions of the Public Utility Regulatory Act (PURA), the PUC's substantive rules, and ERCOT protocols and other binding documents (OBD).
2. Provide subject matter advice, expertise, and assistance with the PUC's reliability-related compliance and enforcement activities.
3. Provide expert advice, analysis, reporting, and testimony related to the ERM's analysis and findings as part of PUC enforcement proceedings.
4. Develop a communication plan, including necessary single points of contact, with PUC Staff to ensure effective coordination and communication.

Monitoring & Investigative Activities

1. Use a variety of processes to monitor and investigate reliability compliance, including data submittal, compliance audits, self-certifications, spot checks, self-reports, complaints, data requests, and post-event analysis.
2. Develop procedures to monitor compliance with reliability-related laws and rules, including identifying and monitoring on a regular basis:
 - a. Key reliability indices related to generation and transmission operations;
 - b. ERCOT, Inc. reliability operations and processes; and
 - c. Key policy developments and proposed changes to reliability rules that could alter compliance requirements or monitoring mechanisms.
3. Develop procedures to investigate, gather evidence, and document a potential violation, including processes to:
 - a. Open and close an investigation;

- b. Notify Market Participants of the start and end of an investigation and whether the matter will be referred to the PUC for enforcement processing;
- c. Issue and receive responses to Requests for Information (RFIs); and
- d. Deliver investigation results and corresponding evidence to PUC Staff.

Records and Reporting

1. Develop a quarterly report for PUC Staff that documents routinely monitored reliability indices and summarizes ERM activities of the previous quarter, including:
 - a. Indications of when a change to a rule, protocol, or OBD is recommended to promote improved reliability;
 - b. Demonstration of the overall state of reliability of the ERCOT network, with flags for areas of concern, and possible remedial actions that could address those concerns; and
 - c. Identification of areas for future audit by either ERM staff or PUC Staff based on risk to reliability.
2. Report to PUC Staff any potential occurrence of non-compliance with reliability-related laws and rules, including information necessary for PUC Staff to conduct enforcement action:
 - a. Citations to and explanations of relevant laws or rules;
 - b. Detailed descriptions of the circumstances leading to non-compliance;
 - c. Evidence and other documentation supporting the conclusion of a potential violation; and
 - d. Relevant communications with the entity investigated.
3. Maintain records of its investigations and a system to track its investigations.¹

¹ The ERM has created mechanisms to track and keep records of all investigations.

Support for PUC's Enforcement Division

1. The ERM must provide advice and analysis, on request from PUC Staff, related to reliability enforcement investigations. This also includes assisting in settlement discussions as deemed necessary by PUC Staff.
2. The ERM must provide written and live testimony and assistance with drafting post-hearing briefs and exceptions and replies to proposals for decision, on request from PUC Staff, related to reliability enforcement proceedings.
3. The ERM must provide analysis on opposing parties' testimony, briefing, and exceptions and replies to proposals for decisions on request from PUC Staff, related to reliability enforcement proceedings.



ERCOT Reliability Monitor
Employee Code of Conduct

The undersigned ERCOT employee has been asked to participate in activities supporting the ERCOT Reliability Monitor (ERM) function on a regular, on-going basis. The undersigned understands and agrees to be bound by the contents of this ERM Employee Code of Conduct with respect to all activities supporting the ERM function.

All ERM employees must conduct their activities pursuant to the following tenets:

1. Do not share information related to the ERM function with anyone except:
 - a. Designated Public Utility Commission of Texas (PUC) staff for performing ERM duties and reporting to the PUC.
 - b. ERCOT Market Participants or affiliates for the purpose of, and limited in scope to, communications to conduct Incident Reviews or monitor remedial actions.
 - c. As required by law.
2. Maintain records of ERM functions not accessible to non-ERM employees.
3. Do not concurrently serve as an ERM employee while also supporting ERCOT or an ERCOT Market Participant where the services might create a conflict of interest or an appearance of impropriety with regards to the ERM function.
4. Do not have a financial interest, direct or indirect, in a member of ERCOT or an ERCOT Market Participant or its affiliate.
5. Do not have a known interest, direct or indirect, in any other entity dealing with ERCOT if the interest could affect an ERM decision.
6. Do not be directly related to any PUC commissioner within the second degree of affinity or the third degree of consanguinity.
7. Do not own a company providing reliability-related consulting services to an ERCOT Market Participant.
8. Do not accept a gift, gratuity, or entertainment from any person, employee, or agent of an entity monitored by the ERM.
9. Do not participate in any activity that could negatively impact independence to conduct good-faith investigations of ERCOT and ERCOT Market Participants freely and

expertly and report those investigations to PUC staff without undue influence of any entity.

10. Report any deviation from this Code of Conduct to ERCOT's General Counsel.

I agree to abide by the above-referenced ERM Employee Code of Conduct.

Signature

Date

Printed Name

ERCOT Job Title



ERCOT Reliability Monitor
Employee Code of Conduct

Matter No.: ERM20XX-XXX

The undersigned ERCOT employee has been asked to participate in activities supporting the ERCOT Reliability Monitor (ERM) function on a temporary basis. The undersigned understands and agrees to be bound by the contents of this ERM Employee Code of Conduct with respect to all activities supporting the ERM function.

All ERM employees must conduct their activities pursuant to the following tenets:

1. Do not share information related to the ERM function with anyone except:
 - a. Designated Public Utility Commission of Texas (PUC) staff for performing ERM duties and reporting to the PUC.
 - b. ERCOT Market Participants or affiliates for the purpose of, and limited in scope to, communications to conduct Incident Reviews or monitor remedial actions.
 - c. As required by law.
2. Maintain records of ERM functions not accessible to non-ERM employees.
3. Do not concurrently serve as an ERM employee while also supporting ERCOT or an ERCOT Market Participant where the services might create a conflict of interest or an appearance of impropriety with regards to the ERM function.
 4. Do not have a financial interest, direct or indirect, in a member of ERCOT or an ERCOT Market Participant or its affiliate.
5. Do not have a known interest, direct or indirect, in any other entity dealing with ERCOT if the interest could affect an ERM decision.
6. Do not be directly related to any PUC commissioner within the second degree of affinity or the third degree of consanguinity.
7. Do not own a company providing reliability-related consulting services to an ERCOT Market Participant.
8. Do not accept a gift, gratuity, or entertainment from any person, employee, or agent of an entity monitored by the ERM.
9. Do not participate in any activity that could negatively impact independence to conduct good-faith investigations of ERCOT and ERCOT Market Participants freely and

expertly and report those investigations to PUC staff without undue influence of any entity.

10. Report any deviation from this Code of Conduct to ERCOT's General Counsel.

I agree to abide by the above-referenced ERM Employee Code of Conduct.

Signature

Date

Printed Name

ERCOT Job Title



| | |
|-----------------|---|
| Document Name: | ERCOT Reliability Monitor Communications Plan |
| Document ID: | |
| Effective Date: | January 3, 2023 |
| Owner: | Legal |
| Governs: | ERM Employees |
| Approved: | Chad V. Seely, Senior VP & General Counsel |

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1. Purpose

ERCOT and all Market Participants in the ERCOT Region must comply with Reliability Requirements. The Texas Administrative Code¹ provides for establishing a Reliability Monitor for the ERCOT Region and specifies its responsibilities.² On November 3, 2022, the Public Utility Commission of Texas (PUC) designated ERCOT as the ERCOT Reliability Monitor (ERM).

In the Order designating ERCOT as the ERM, the PUC required ERCOT to create a communications plan including at least the following: (i) single points of contact for ERCOT and PUC Staff; (ii) relevant communications with an entity the ERM is investigating; and (iii) ensuring the ERM keeps relevant information protected.

2. Definitions

| Term | Definition |
|---------------------------------|---|
| Business Day | As defined in Section 2 of the ERCOT Protocols. |
| ERCOT | Electric Reliability Council of Texas, Inc. |
| ERCOT Reliability Monitor (ERM) | The entity defined in 16 Texas Administrative Code § 25.503(c)(7). |
| ERM Employee | ERCOT employee supporting ERCOT's ERM function. |
| Compliance Deviation | A failure to comply with a Reliability Requirement. |
| Compliance Event | An occurrence in the ERCOT Region calling into question compliance with a Reliability Requirement. A Compliance Event need not be a physical system-level event but may be an occurrence that could lead to a Compliance Deviation. |
| Entity Investigated | Market Participant or ERCOT made the subject of an Incident Review. |
| Incident Review | Investigation of a Compliance Event to determine if it resulted in a Compliance Deviation. |
| Reliability Requirement | A collective reference to the reliability-related sections of the Public Utility Regulatory Act (PURA), PUC Electric Substantive Rules, ERCOT Protocols and ERCOT Other Binding Documents. |

¹ 16 Texas Administrative Code § 25.503(c)(7).

² 16 Texas Administrative Code § 25.503(k).

3. Roles and Responsibilities

Certain ERCOT employees will be assigned to perform tasks associated with ERCOT's ERM function. When performing tasks associated with the ERM function, ERCOT employees are considered ERM Employees and will follow the communications plan set forth in this document.

- The Assistant General Counsel (AGC) (currently Andrew Gallo) will serve as the primary Legal point of contact with PUC compliance and enforcement staff and ERCOT or Market Participants in connection with Incident Reviews.
 - The Deputy General Counsel (currently Brandon Gleason) will serve as Legal back-up.
- For the Operations & Planning Compliance Department (OPC), the Director of Compliance Analysis (currently Chad Thompson) will serve as primary contact with the Senior Manager (currently Colleen Frosch) serving as OPC back-up.
- OPC will provide information:
 - To Legal to forward to the Entity Investigated to conduct Incident Reviews and track remedial actions.
 - As required by law.
- Senior Paralegals (currently Amie Vanella as primary and Nicole Rossero as back-up) will serve as the primary process manager for communications with the PUC. The process manager serves as the central facilitator for managing all communications and documents in connection with Incident Reviews.

ERM Employees:

- Will not share information related to Incident Reviews or their results with anyone except:
 - Other ERM Employees working on the same Incident Review.
 - Legal or OPC to forward to PUC Staff as part of Incident Reviews.
 - Legal to forward to ERCOT Market Participants or affiliates to conduct Incident Reviews and track remedial actions.
 - As required by law.

PUC Staff:

- Legal and OPC will communicate with the following PUC Staff on the matters set forth in Section 4.1, below:
 - Director Division of Compliance & Enforcement (DICE), currently Barksdale English (barksdale.english@puc.texas.gov; 512-936-7365).
 - Legal Assistant, Division of Compliance & Enforcement (Division Legal Assistant), currently Rose Ramirez (rose.ramirez@puc.texas.gov; 512-936-7348).

4. Communication Requirements

4.1. Communications with PUC

The ERM will, at a minimum, communicate to the DICE and Division Legal Assistant as follows:

- Quarterly reports on Key Compliance Metrics.

- Within five Business Days of making its decision to open an Incident Review, provide notice of its decision.
- Within seven Business Days of completing the Incident Review, provide the outcome of an Incident Review, a determination if a non-compliance occurred and closing an Incident Review.

Once per month, on a recurring date established by the DICE, ERM will attend a meeting with PUC Staff to discuss emerging issues, ERM's on-going tasks, Incident Reviews and any other matters added by the DICE.

4.2. Communications with Entity Investigated

4.2.1. Routine Communications

- The ERM's decision whether to dismiss a Compliance Event or open an Incident Review.
- The outcome of an Incident Review.
- The ERM's recommendation to the PUC regarding a Compliance Deviation.

If a Market Participant is involved, the ERM will provide copies of the foregoing communications to the ERCOT Client Services Department.

4.2.2. Incident Review Communications

- Requests for Information (RFIs) to perform an Incident Review.
- Communications with the PUC regarding responses to RFIs.

5. Records Keeping

The ERM will keep all records of communications in connection with the ERM function pursuant to ERCOT's Information Governance policies. Legal and OPC personnel shall have access to all records. ERCOT subject matter experts (SMEs) acting as ERM Employees will have access to only ERM records associated with Incident Reviews to which they are assigned.

6. Document Management

Reviewers

| Title | Name | Department |
|--|-----------------|-------------------|
| Deputy General Counsel | Brandon Gleason | Legal |
| Assistant General Counsel - Regulatory | Andrew Gallo | Legal |
| Vice President, Security & Compliance and Chief Compliance Officer | Betty Day | Compliance |
| Director, Compliance Analysis | Chad Thompson | Compliance |

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|--|----------------|------------|
| Sr. Mgr., Operations & Planning Compliance | Colleen Frosch | Compliance |
|--|----------------|------------|

7. Revision History

| Rev. No. | Preparer | Rev. Date | Summary of Changes |
|----------|--------------|-----------|--------------------|
| 1.0 | Andrew Gallo | 01/03/23 | Initial draft |
| | | | |
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8. References

| Reference | Name/Section |
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