



Texas Reliability Entity, Inc.
Protocol and Operating Guide Compliance Report
For The
February 2, 2011, Energy Emergency Alert Level 3 Event
May 13, 2011

Texas RE will confirm and document these potential violations and forward to the PUCT for further action, as appropriate.

9. Fuel Supply Issues

Fuel supply issues did not contribute significantly to the February 2 EEA Event, accounting for approximately 3% of the unavailable generating capacity. Two power plants had their natural gas supply curtailed to zero. Other plants experienced reduced pressure and poor gas quality due to the high usage levels, resulting in temporary de-ratings of the generator output. In some cases, power plants were de-rated due to non-firm natural gas supply contracts. Currently, QSEs are required to notify ERCOT when they actually encounter a fuel supply problem. The QSEs that experienced fuel supply issues made the required notifications.

V. Conclusions

Texas RE's investigation has revealed that, for the most part, ERCOT's and Market Participants' conduct during the Energy Emergency Alert that occurred on February 2, 2011, was consistent with requirements set out in the Protocols and Operating Guides. Loss of scheduled generation due to freezing pipes, valves, and instrumentation, and to a lesser extent issues associated with natural gas supplies, caused a shortage of generation reserves which ultimately required ERCOT to direct firm load shed in order to restore system reliability. Although ERCOT and Market Participants took steps to prepare for the expected cold weather, the actions taken proved to be inadequate or ineffective for the prolonged freezing weather which occurred February 1-4, 2011. However, ERCOT and many generation operators implemented lessons learned from the February 2 event and prevented similar issues during the cold weather that followed on February 9-10.

During the February 2 EEA Event, ERCOT Market Participants committed potential violations of the ERCOT Protocols and Operating Guides in connection with failures to meet Ancillary Services obligations, failures to meet Emergency Interruptible Load Service obligations, failures to execute manual load shed in accordance with requirements, and possibly with the performance of Black Start units. Texas RE will conduct additional investigations as necessary to determine the full extent and implications of non-compliance with the Protocols and Operating Guides, and will forward information to the PUCT for further action, as appropriate. Issues of possible noncompliance with NERC standards are being examined as part of Texas RE's analysis in its capacity as the NERC Regional Entity for the Texas Region.