



Auction Day Ahead Market Board Meeting Update

October 2004

A day-ahead market shall be established in ERCOT through the implementation of the Auction Day-Ahead model by March 2005 or as soon as practicable and the implementation of a day-ahead market that includes the settlement of CRRs in both real-time and day-ahead timeframes, and is substantially similar to the currently proposed Enhanced Hybrid Day-Ahead model within 12 months or as soon as practicable following the implementation of the real-time nodal market.
(revised text emphasized)



Thorough Evaluation Completed

- Internal estimate for ADAM completed by Staff
- WMS and TAC vote directing outsourcing of ADAM
- MP Evaluation Team (ET) created
 - Voting members – 2 from each segment + 2 CWG reps
 - PUCT Staff in attendance
 - WMS Chair and COPS Co-Chair participate
 - Staff chairs and facilitates team efforts
- RFP developed by Staff and approved by ET
- Evaluation criteria established by ET
- 17 firms indicate interest, ERCOT holds bidders conference

Outsourced Services Requested



Proposals by:

- **NYMEX Consortium – NYMEX, Accenture, Areva**
- **TEDAM Consortium – NECC, ICE, Clearing Corp.**
- **Siemens**
- **OATI**

Final evaluation and recommendation:

- **NYMEX and TEDAM invited in – ½ day meetings with ET**
- **ET discussion - concerns voiced about both proposals**
- **ET vote - NYMEX recommendation by 9/7 majority**

- **Reject both proposals, conclude RFP process**
- **Initiate discussions with NYMEX and Areva to implement ADAM w/ ERCOT**



Benefits

- Leverages ERCOT IT platform and Market Operations team
- Credit risk management and exposure moved to leading experts in the field
- ERCOT futures contract offered by NYMEX on Day One
- Areva – integration into Sys Ops systems; direct migration path to Nodal DAM

- **Update Board at November meeting**