



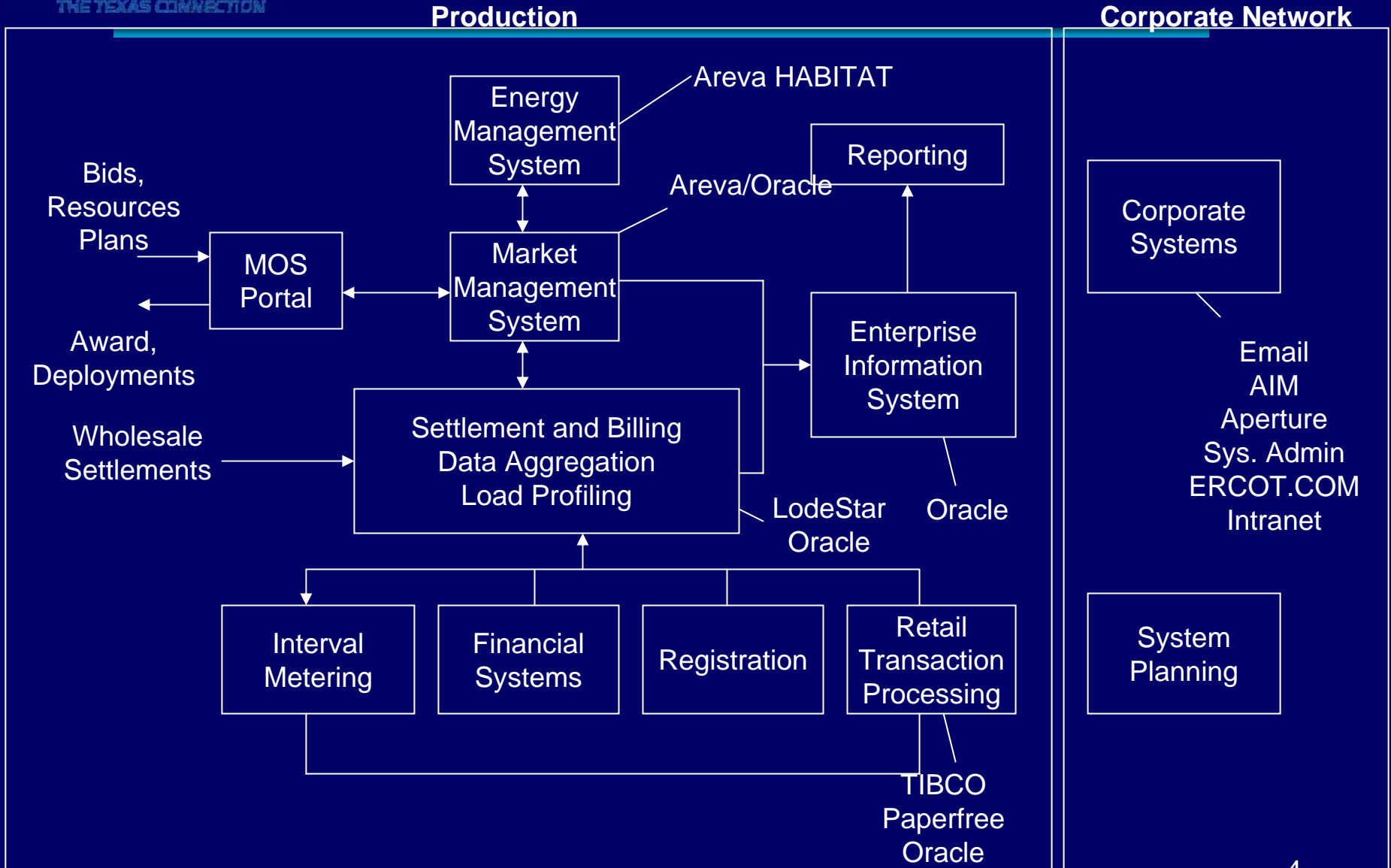
Texas Nodal Presentation Board of Director's Meeting

August 16, 2005

- Guiding Principles for Successful Implementation
- Systems Impacts
- Other IT Related Impacts
- Current Estimates
 - Timeline
 - Cost
- Management Challenge
- Next Step – Readiness Plan

Guiding Principles for Successful Implementation

- Establish Appropriate Market Participant Reviews
- ERCOT Management “owns” process, timeline and budget
- Allow Adequate Time to Pin Down Requirements
- Efficient Staging of Testing, Market Trials and Transitions



No Impact

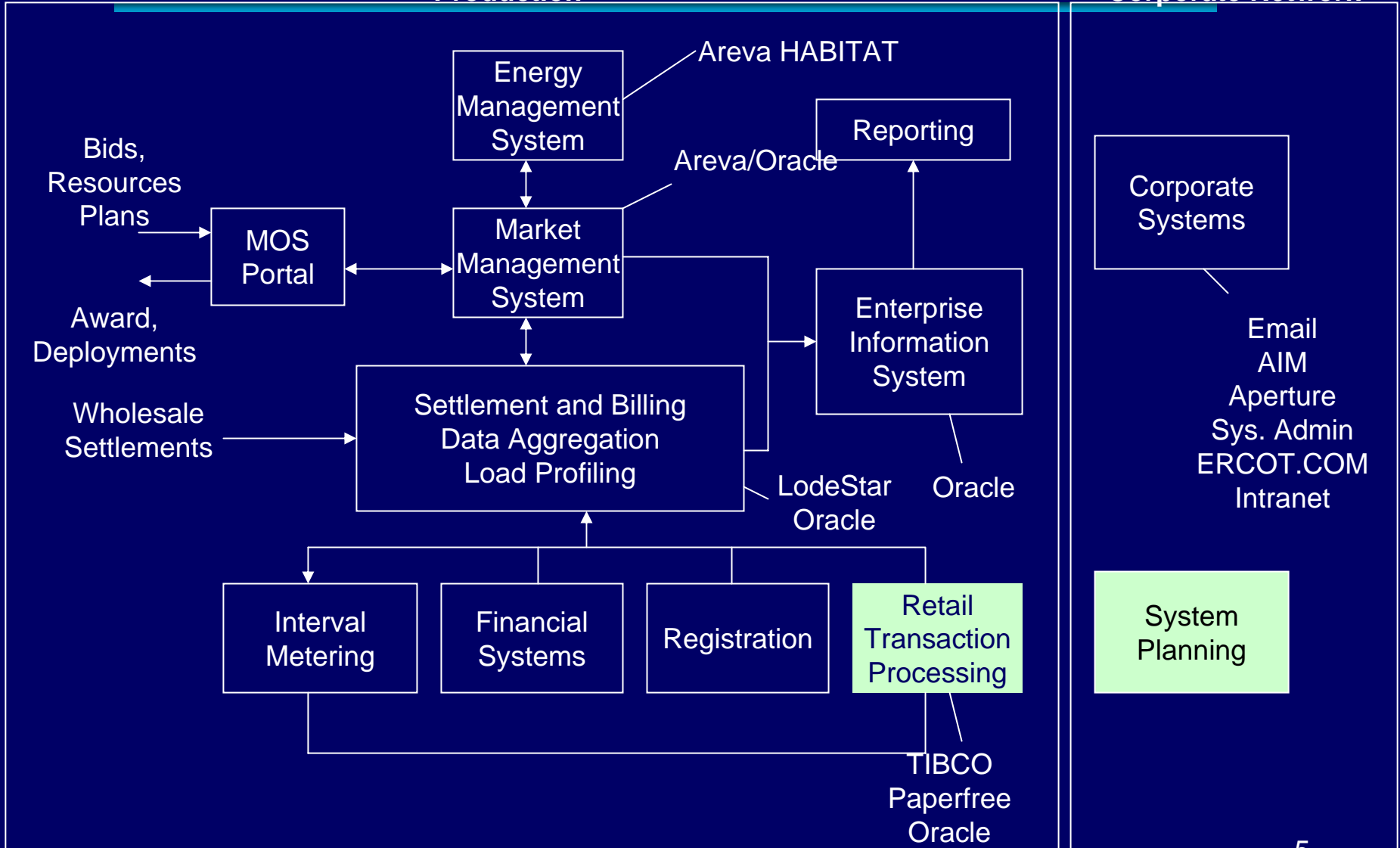
Low Impact

Moderate Impact

High Impact

Production

Corporate Network

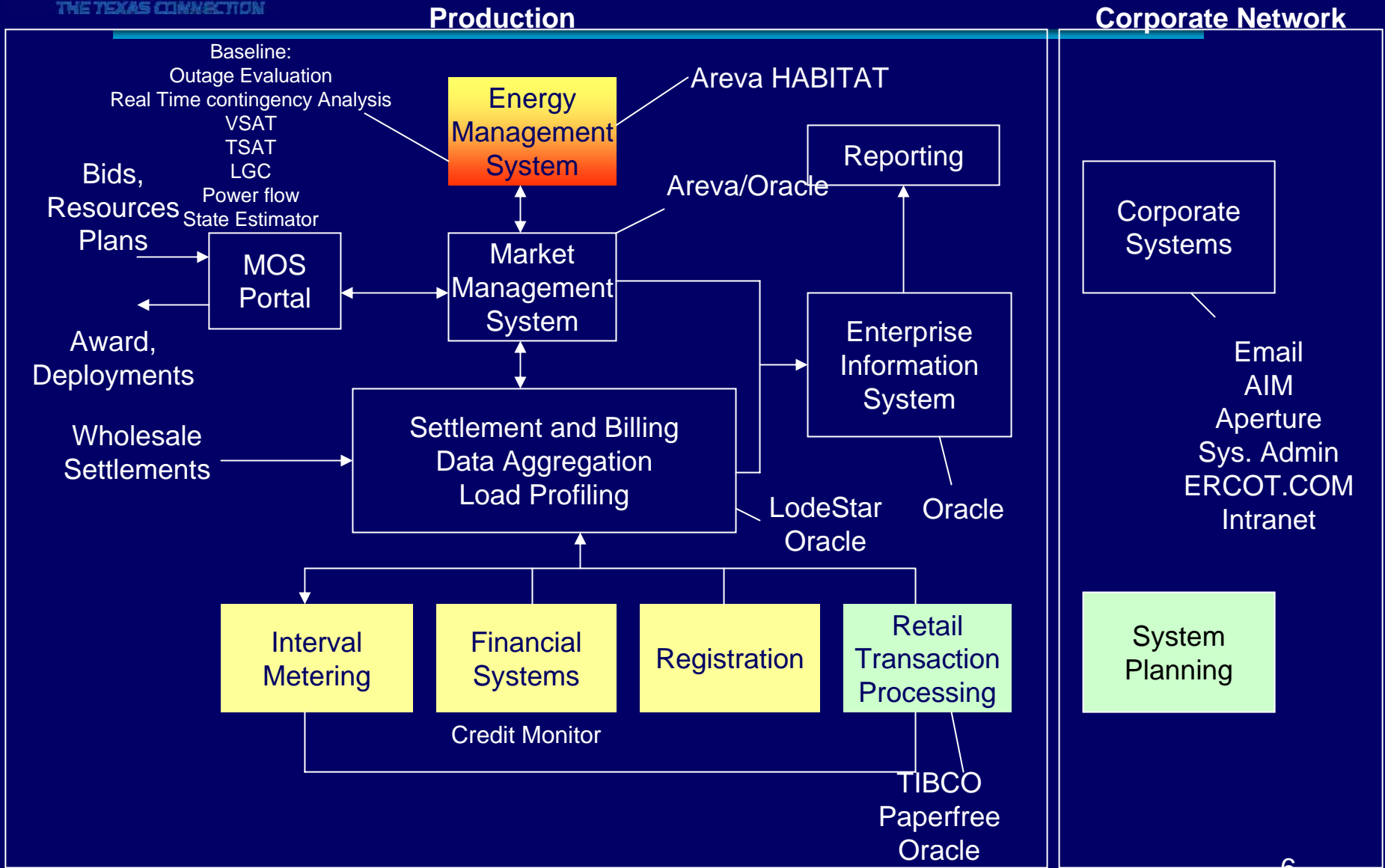


No Impact

Low Impact

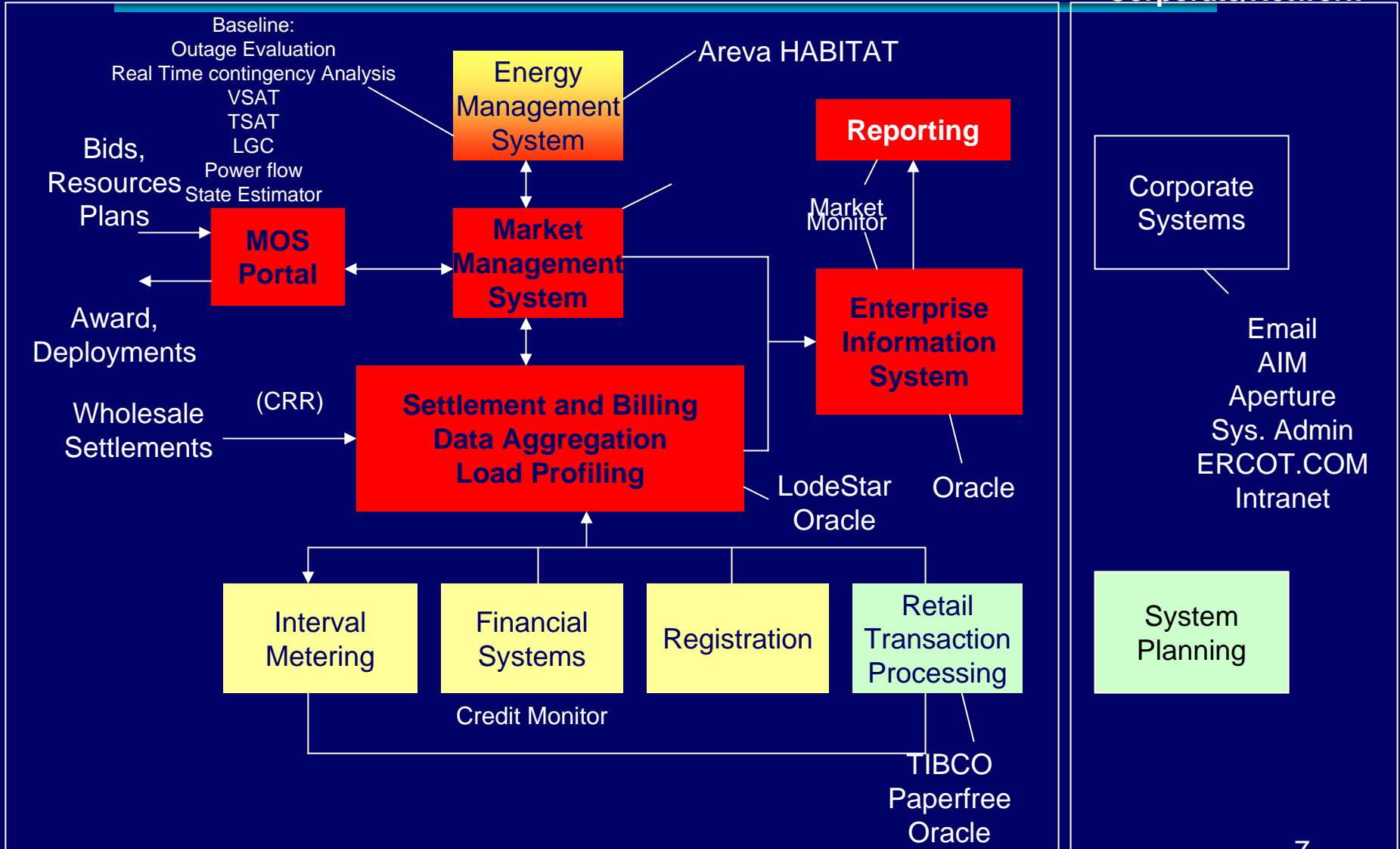
Moderate Impact

High Impact



Production

Corporate/Network



- People
 - ERCOT staff dedicated to TNT
 - Development tools and project methodology
 - Create an environment for success
 - Workload management
- Hardware
 - Development and test environments will be required
 - Duplication of hardware for parallel efforts
 - Will not require redundancy during trial period
 - Data Center capacity will be an issue
- Facilities
 - Workstations
 - Floor space

Current Estimate - Timeline

<u>Critical Path:</u>	<u>duration (mos.)</u>
• Mobilization	2
• Requirements/ SOW/ Procurement	7
• Develop/ Install/ Test	20
• Integration	5
• MP Synchronization (Trials, etc.)	7
• Transition to Go-Live	<u>1</u>
Total	42

Current Estimate - Timeline

<u>Critical Path:</u>	<u>duration (mos.)</u>	<u>NEISO</u>
• Mobilization	2	?
• Requirements/ SOW/ Procurement	7	?
• Develop/ Install/ Test	20	19
• Integration	5	parallel
• MP Synchronization (Trials, etc.)	7	5
• Transition to Go-Live	<u>1</u>	<u>1</u>
Total	42	25

Current Estimate - Timeline

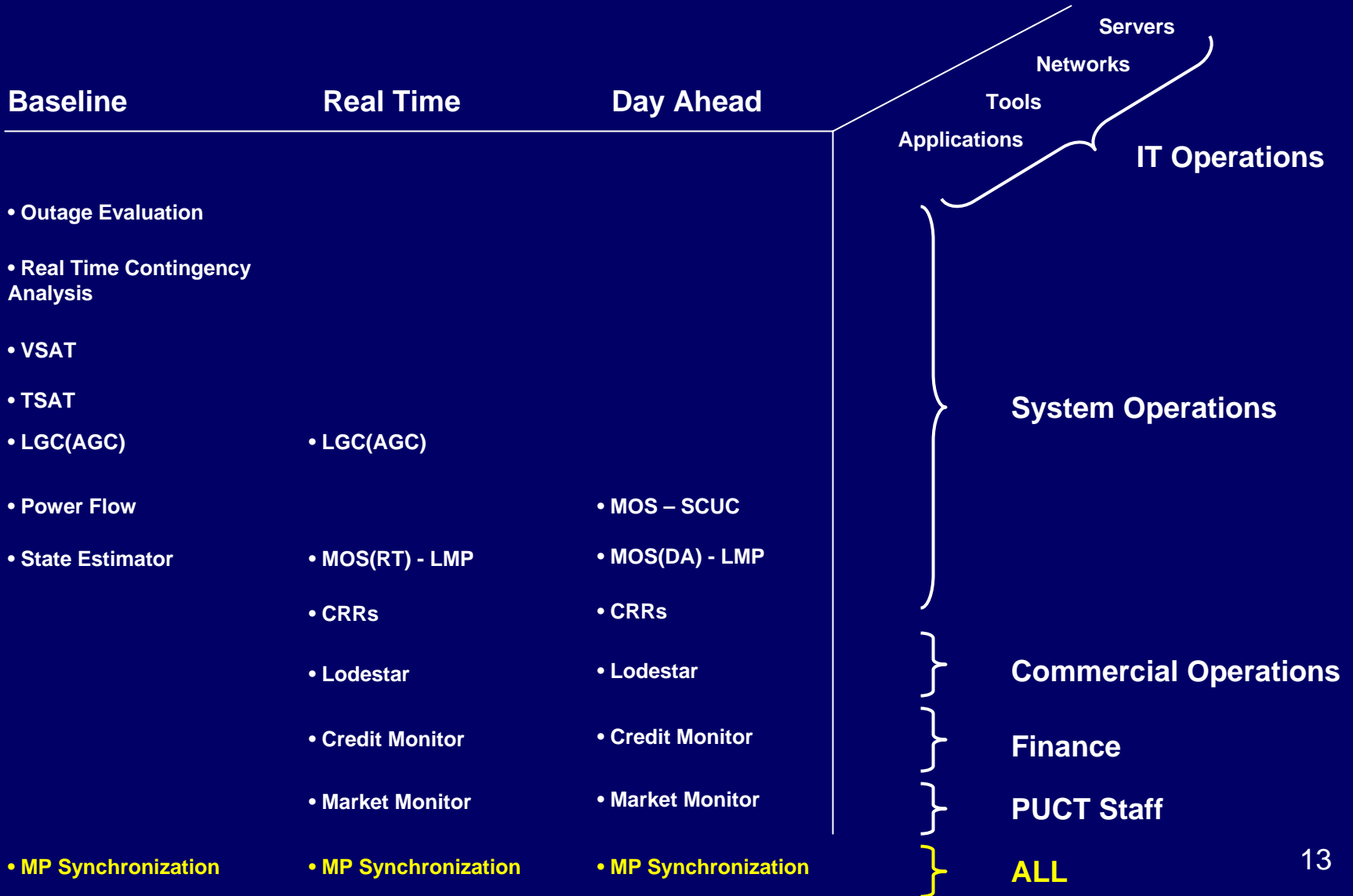
<u>Critical Path:</u>	<u>duration (mos.)</u>	<u>NYISO</u>	<u>NEISO</u>
• Mobilization	2	2	?
• Requirements/ SOW/ Procurement	7	8	?
• Develop/ Install/ Test	20	19	19
• Integration	5	parallel	parallel
• MP Synchronization (Trials, etc.)	7	6	5
• Transition to Go-Live	<u>1</u>	<u>0</u>	<u>1</u>
Total	42	35	25



Current Estimate - Cost

	<u>Low</u>	<u>High</u>
per Cost/ Benefit Study	\$ 59.4	\$ 76.2
per Current Timeline	\$ 71.1	\$ 88.5

Management Challenge



Organize project by 3 major efforts – Baseline, Real Time, Day Ahead?

Pros

- Laser-beam focus on mission to deliver product/service line;
- Clear responsibility to coordinate all areas (protocols, business processes, Market Participant readiness, etc.);
- Proven model – worked well for Texas SET 1.5 and SET 2.0 (MIMO) required substantial market participant coordination;
- Clear ownership of development and post “go-live” - will have to live with what gets built;
- Incentives to meet or beat delivery schedule; and,
- Incentives to meet or beat project budget.

Cons

- Doesn't line up with ERCOT functional organization;
- Doesn't line up with TAC functional organization; and,
- Perceived as organizational “power play”.

Organize project as a single major effort along functional lines of responsibility?

Pros

- Lines up with ERCOT functional organization;
- Lines up with TAC functional organization; and,
- Traditional approach perceived as “safe”.

Cons

- Fuzzy mission to deliver product/service line;
- Unclear responsibility to coordinate all areas (protocols, business processes, Market Participant readiness, etc.);
- No ownership post “go-live” - will not have to live with what gets built;
- Incentives to extend delivery schedule; and,
- Incentives to expand project budget.

Next Step – Readiness Plan

- Organization
- Facilities/ Logistics/ Security
- Procurement Process
- Vendor Identification
- Management Oversight
- TAC/ TNT Roles
- Project Management Issues
- Software Development Approach(es)
- Internal vs. External Development
- Change Management Plan
- Protocol Gap/ Clarification Analysis
- Schedule for Requirements Completion
- Update Implementation Timeline and Cost Estimate