

Information Technology Report

To: Sam Jones, Chief Executive Officer
ERCOT Board of Directors

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Items requiring Board Action:

Board approval will be sought for a contract with Microsoft Corporation to provide a three-year Enterprise License Agreement to ERCOT. This agreement will enable ERCOT to resolve open license issues on all desktops and servers across the enterprise and significantly reduce future expenditures to upgrade operating system license fees. Licenses included in the agreement are desktop and server operating systems, Office software, Microsoft Project and Project Server, SQLServer (one of our enterprise database products) and Outlook/Exchange for e-mail. The agreement will also provide for upgrades to new releases of all products without additional costs and higher support levels with Microsoft. Given the increased complexity of ERCOT's environment I highly recommend we move forward with this agreement.

Status update:

Retail transaction processing availability rates dropped in May to 99.10%, below the SLA level of 99.25%. Year to date through May is 99.54%. Four incidents led to the decline in service during May. One outage was related to a data network interruption and three incidents were related to queue corruptions of the middleware product feeding the Transaction Clearinghouse system. The middleware product, SeeBeyond, is slated for replacement in October of 2006.

The data network interruption also impacted the availability of frequency control and real time balancing energy market service levels. The data network issue has been resolved.

The Enterprise Architecture team has completed the technology strategy and has engaged hardware vendors around discussions of future product and potential benefit of those products at ERCOT. Our overall objective remains to align technology solutions to business need, drive down costs and improve our ability to maintain the environment. We remain excited about future technologies and the positive impact on ERCOT.

Projects:

A project to move the integrated testing environment from the Taylor Data Center to Austin Data Center is progressing. Several benefits are anticipated from this project, including a better integrated testing environment and reduced power in the TCC Data Center. Progress to date has

yielded significant power reductions in the Taylor facility and has reduced the need for Data Center expansion.

Issues:

ERCOT has reverted to its previous load forecast tool. This was done while a review is underway to resolve unacceptable error margins in the newest version of the tool. Areva has devoted much time and attention to this issue and is working closely with ERCOT to pinpoint and resolve the problem.

Note: A full Nodal update will be presented at the June 20 Board meeting.