



Texas Nodal Market Implementation
ERCOT Board of Directors Meeting
Program status briefing

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Overall program status remains **red**

The size, complexity and risk of the program is not yet contained:

- The common network model and CRR are subject to significant uncertainty
- Expectations for extensive fork-lifting must be tempered by the fact of unique Texas Nodal Protocols
- Budgetary implications are not firm

Enlisting TPTF to expedite resolution of key issues

Scenario analyses will inform options for substantial de-risking “green” software and integration

ERCOT will confirm the budget – and its risk-based contingencies – on September 1 (to coincide with the go-live date determination)

Staffing is not yet fixed:

- Mobilization and productivity levels are behind expectations
- Resources for business requirements are the priority

A comprehensive staffing model is now being deployed, utilizing ERCOT staff, short-term staff augmentation, contractors and consultants

Business requirements are the short-term critical path challenge:

- The scale of effort required to achieve the necessary quality and approval is not yet understood
- Mobilization and productivity levels are behind expectations
- NPRRs have not been impacted through the Nodal Change Control

The combined NODAL team is driving to complete business requirements by October 30

Low confidence in the feasibility of 1/1/09 (<5%):

ERCOT and the Market Participants will confirm the go-live date by September 1 (Results delivered at the 9/13/06 BOARD meeting)

Texas Nodal Team achieved a major milestone: - selected preferred vendors (RFP's issued April 14)

Vendor selection completed on schedule:

- ERCOT selected preferred vendors for the critical Nodal systems
- Rigorous selection criteria have been applied, consistent with the Nodal Charter:
 - No “green” software – code in production will have fewer bugs, more robust, with proven integration
 - Consistent with ERCOT’s technology roadmap/footprint – to minimize total cost of ownership
 - Risk mitigation – minimized integration risks having schedule and cost implications
 - Proven track record of delivery – client references have been leveraged to validate predicted performance
 - Strength of vendor team – demonstrate adequate commitment of skills and experience, particularly project management

The results of selection are strictly confidential, pending explicit advice to the contrary

	Preferred Vendor	Other comments
Credit Monitoring	ROME Corporation	
CRR	Nexant, Inc. Energy Solutions Division	
EMS	AREVA T&D, Inc. (current vendor)	
Financial transfer	None	▪To be developed internally
Load Forecast	AREVA T&D, Inc. (current vendor)	▪Improvements to the zonal application currently underway will be migrated to Nodal. The application will be supplemented by a forecasting service for reference/assurance
Market Operations	ABB, Inc. PSN/Power Systems Division	
Network Modeling & Telemetry	Nexant, Inc. Energy Solutions Division	▪Assessment and improvement of model and SE – short- and long-term
NMMS	Siemens Power Transmission & Distribution, Inc. Energy Management & Automation Division	
Outage Scheduler	ABB, Inc. PSN/Power Systems Division	▪Vendor governed by MMS selection
RPP forecast	AWS Truewind, LLC	

Note - Commercial Systems (including Billing and Settlement) to be developed internally).

A strategy for integration has been established – requiring additional procurements

The strategy – messaging through web services with specialized solutions e.g. for real time and bulk data:

- Focus on information architecture – applications need common definitions to communicate
- Applications are loosely coupled through web services – insulating each application from changes in other applications. Changes center on messages, not the implementation of messages
- Applications need not be “aware” of the web services, transforming interfaces into messages
- Adhere to widely adopted open standards (i.e. xml, soap, wsdl, uddi) to reduce the technology implementation issues
- Preferred vendors can all support this strategy

The strategy for integrating information addresses a number of risks:

- Applications must communicate with each other, an EDW and presentation layer
- Avoids the risk of point solutions without incurring the cost and effort of a major EAI implementation

ERCOT will issue an RFP to specialist IT integration vendors

Spending year to date

❑ O&M

▪ Internal labor	\$ 1452K
▪ Equipment, tools, supplies	\$ 19K
▪ Outside services	\$ 878K
▪ Facilities and Utilities	\$ 91K
▪ Employee expenses	\$ 19K
▪ <u>Interest and fees</u>	<u>\$ 21K</u>
▪ Total O&M:	\$2,480K

❑ Capital

▪ <u>Total Capital</u>	<u>\$ 473K</u>
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❑ Total spending through May	\$2,953K	83%
		Δ since April