



ERCOT Finance & Audit Committee Meeting
ERCOT
7620 Metro Center Drive, Austin, Texas
Room 168
October 5, 2006; 3:00 p.m. - 5:00 p.m.**

Agenda Item #	Description/Purpose/Action Required	Presenter	Time
	Call to Order	C Karnei	3:00 p.m.
	Review and Discussion of Proposed 2007 Budget	M Petterson/ M Hancock	3:00 p.m.
	Review and Acceptance of Annual Benefit Plan Audit Results (VOTE)	N Capezzuti	4:45 p.m.
	Adjourn		5:00 p.m.

*** Background material enclosed or will be distributed prior to meeting. All times shown in the Agenda are approximate
The next FA Committee Meeting will be held October 17, at ERCOT, 7620 Metro Center Drive, Austin, Texas.*

ERCOT

2007 Proposed Budget

Finance & Audit Committee
Special Meeting
October 5, 2006

Objectives & Assumptions

- **Budgetary Objectives**

Cost Control while:

- Maintaining Grid Reliability
- Maintaining & Supporting the Market
- Maintaining Critical Information Technology Infrastructure
- Ensuring Reasonable Business Controls & Oversight

- **Funding Assumptions – (Not included in System Administration Fee)**

- Texas Nodal Market Implementation funded via PUCT approved surcharge
- Cost of Regional Entity (statutory) functions funded via a NERC delegation agreement

Objectives & Assumptions

Assumptions

Revenue

- Revenue must be sufficient to cover
 - Operating Expenses
 - Debt Service Obligations
 - Revenue-funded Portion of Capital Expenditures
- MWh's projected at 3.5% over 2006 budget level, resulting in approximately \$ 4.5 million in additional revenue

Capital Expenditure

- \$30.0 million project portfolio
 - \$18.0 million debt funded (60%)
 - \$12.0 million revenue funded (40%)

Objectives & Assumptions

Assumptions (Continued)

Operating Expenses

- Labor & Benefits
 - Benefit load estimated at 32% consistent with 2006
 - Vacancy rate of 4 % (funding 560 positions) reduced from 7% in 2006
 - Merit allowance estimated at 3% consistent with market trends
 - Promotion allowance estimated at 1% consistent with market trends

Previously Scrutinized Expenditure Categories

- **Compensation**
 - Progress continues on board approved compensation strategy. To date no significant changes have been identified.
- **Staffing level**
 - PUCT considering sponsoring an independent review of ERCOT workforce levels
- **Debt Financing**
 - Board approved policy regarding debt funding ratios confirmed
- **Projects**
 - Enhanced processes regarding prioritization
 - ERCOT mandated infrastructure prioritized
- **Employee Events**
 - Excluded from budget
- **Relocation**
 - Consistent with newly approved policy (assumed 25 @ \$25,000)

Proposed Budget

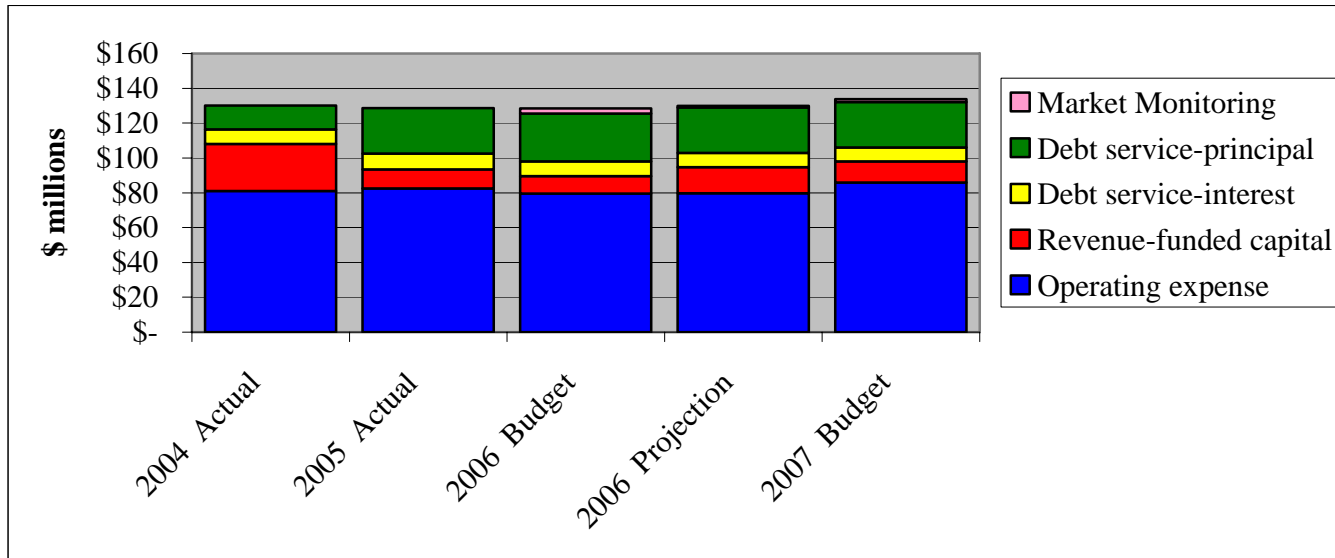
Total – Base Operations

	FY 2004 Actual	FY 2005 Actual	FY 2006 Budget	FY 2006 YTD Actual (8.31.06)	FY 2007 Requested	2006 Budget vs. 2007 Requested	
						\$ Variance	% Variance
ERCOT							
System Operation	14,110,440	17,037,703	18,397,359	11,299,757	19,999,385	1,602,026	8.7%
Market Operations	16,059,800	12,895,145	15,380,491	8,775,870	14,710,225	(670,266)	-4.4%
Information Technology	24,173,297	23,580,578	26,608,982	17,651,688	30,026,593	3,417,611	12.8%
Corporate Administration	26,676,194	28,937,517	20,003,867	15,870,857	21,221,797	1,217,930	6.1%
Total - ERCOT	81,019,731	82,450,943	80,390,699	53,598,171	85,958,000	5,567,301	6.9%
ERCOT							
Labor & Benefits	44,646,173	55,004,423	59,313,464	41,049,340	72,988,269	13,674,805	23.1%
Labor for Capital Projects	(5,485,762)	(5,599,341)	(6,790,776)	(2,720,894)	(7,373,639)	(582,863)	8.6%
Labor for Nodal	-	-	-	(3,518,724)	(13,776,690)	(13,776,690)	NA
Subtotal - Labor & Benefits	39,160,411	49,405,083	52,522,688	34,809,722	51,837,940	(684,748)	-1.3%
Material, Supplies, Tools & Equipment	1,420,677	1,165,662	1,293,635	647,989	1,204,080	(89,555)	-6.9%
Special Reviews	33,571	1,751,528	-	-	-	-	NA
Outside Services	18,819,101	9,267,941	7,376,746	5,342,154	9,447,052	2,070,306	28.1%
Utilities, Maintenance & Facilities	6,420,972	6,591,288	6,090,491	4,185,914	7,245,027	1,154,536	19.0%
HW/SW License and Maintenance	6,125,259	7,189,225	7,219,010	4,815,653	9,371,689	2,152,679	29.8%
Insurance	1,585,329	1,698,946	1,761,763	1,097,547	1,758,229	(3,534)	-0.2%
Employee Expenses	1,737,487	1,396,360	1,400,825	722,406	1,860,300	459,475	32.8%
Property Taxes	1,198,352	1,016,255	1,043,000	695,333	1,116,000	73,000	7.0%
NERC Dues	880,000	913,795	967,533	647,651	967,533	-	0.0%
Other	3,638,572	2,054,860	715,008	633,802	1,150,150	435,142	60.9%
Total - ERCOT	81,019,731	82,450,943	80,390,699	53,598,171	85,958,000	5,567,301	6.9%

Sources & Uses – 2006 Budget vs. 2007 Budget

	\$ Change in millions <u>Growth/(Reduction)</u>
Revenue	
MWh Growth	4.48
Independent Market Monitoring Savings	1.35
Incremental Debt Savings	1.45
Interest Expense Savings	0.34
Compliance Statutory Reduction	0.43
Interest Income	0.12
Wide Area Network Revenue	0.65
Other Misc. Revenue	-
Fee Reduction from .42 to .4171	(0.85)
Subtotal - Cost Savings	<u>7.97</u>
Expenditures	
Revenue Funded Capital Projects	2.00
Labor & Benefit (<i>net of project & nodal effort</i>)	(0.29)
Outside Services	2.12
HW/SW License & Maintenance	2.15
Utilities, Maint. & Facilities	1.12
Employee Expenses	0.49
Relocation	0.52
Other	(0.14)
Subtotal - Increased Costs	<u>7.97</u>
Excess Expenditures over Revenue	<u>0.00</u>

Fee Requirement



<u>(\$Millions)</u>	2004 Actual	2005 Actual	2006 Budget	2006 Projection	2007 Budget
Operating expense	81.0	82.5	79.5	79.8	86.0
Revenue-funded capital	26.9	10.9	10.0	15.0	12.0
Debt service-interest	8.4	9.2	8.4	8.2	8.0
Debt service-principal	13.6	26.1	27.6	26.1	26.1
Market Monitoring	0.0	0.0	3.0	0.8	1.7
Total revenue requirement	130.0	128.7	128.5	129.8	133.8
GWh	288.3	298.8	301.9	301.2	312.7
System Administration Fee	\$0.44	\$0.42	\$0.4171	\$0.4171	\$0.4171
Debt Outstanding	178.4	160.6	149.0	149.5	141.4

Note:

(a) Other revenue will supplement System Administration Fee to meet total funding requirement.

2007 Project (Base Operations) Request

Program Area	Carryover	Baseline Maintenance	Enhancements	PUCT NERC Market	Total Budget
<i>(in thousands)</i>					
Corporate Operations	900	850	2,500	-	4,250
Information Technology Operations	3,100	4,350	5,300	-	12,750
Market Operations	400	100	800	200	1,500
Retail Operations	4,700	-	975	1,325	7,000
System Operations	2,350	-	600	1,550	4,500
Total	11,450	5,300	10,175	3,075	30,000

A description of the project prioritization process and a detailed project listing can be found at:

<http://www.ercot.com/services/comm/projects/index.html>

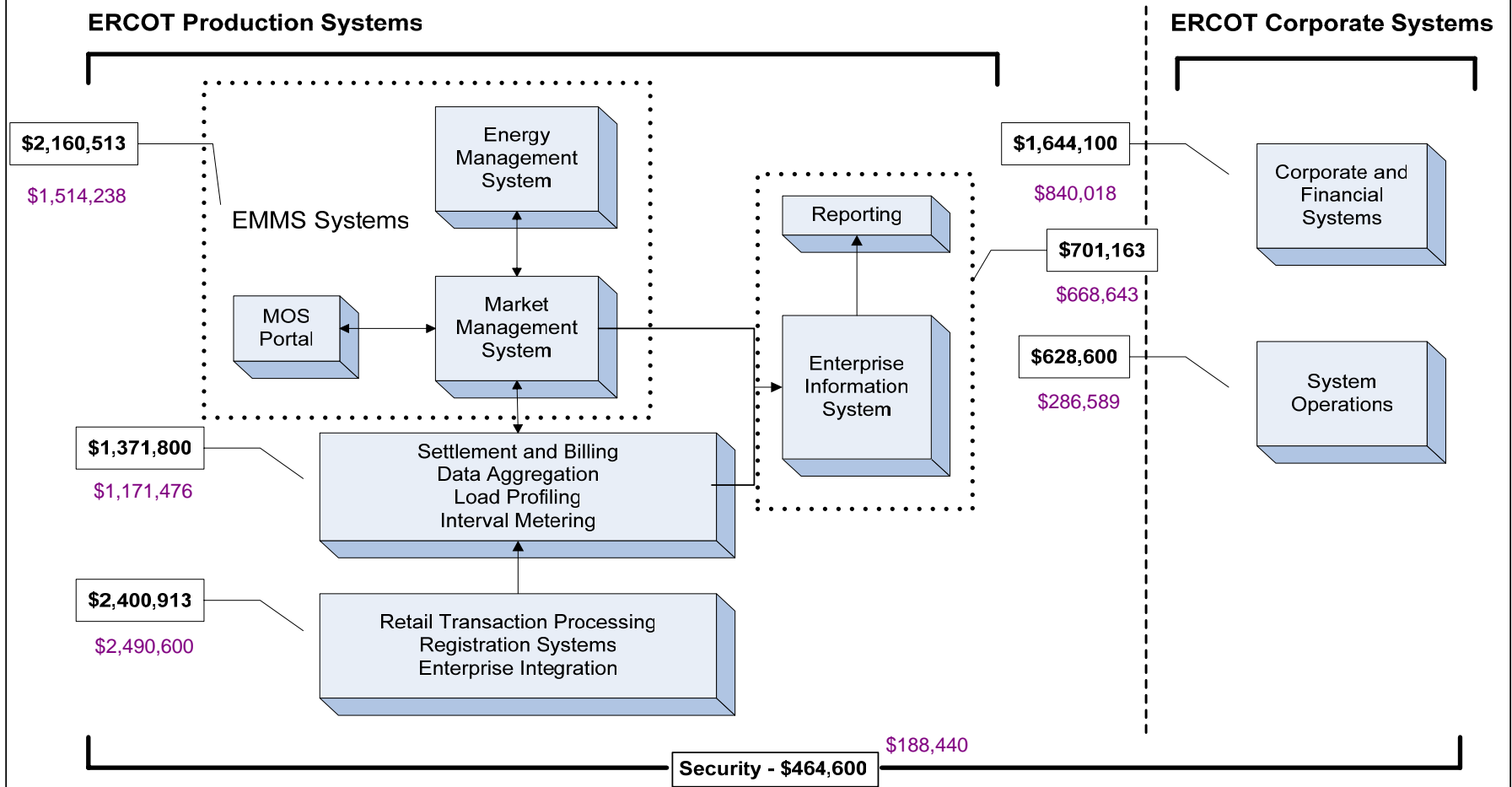
Outside Services

<u>Description</u>	<u>FY 2007 Requested</u>
Temporary Staffing	2,248,980
Information Technology Services	1,248,180
Compliance	910,000
Reliability	470,500
On Boarding & Employee Services	372,400
Independent Surveys & Studies	281,992
Process Improvement & Risk Management	254,000
Management Training	45,000
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Subtotal	5,831,052
Accounting/Audit Expenses	1,108,000
Call Center/QSE Standby	1,058,000
Legal Services	800,000
Governance	650,000
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Subtotal	3,616,000
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TOTAL	9,447,052

Hardware & Software Maintenance /Support

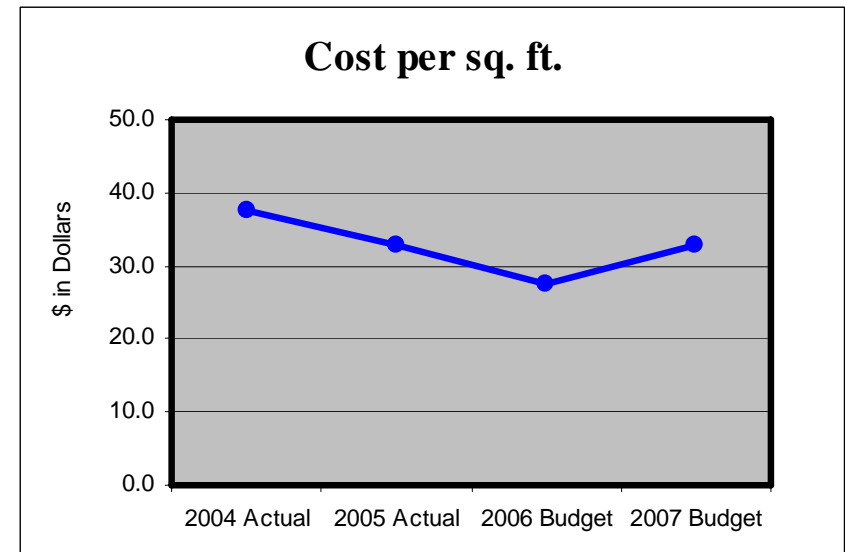
ERCOT 2007 Hardware & Software Support/Maintenance Budget = \$9,371,689

2006 Budget = \$7,160,000



Utilities, Maintenance & Facilities

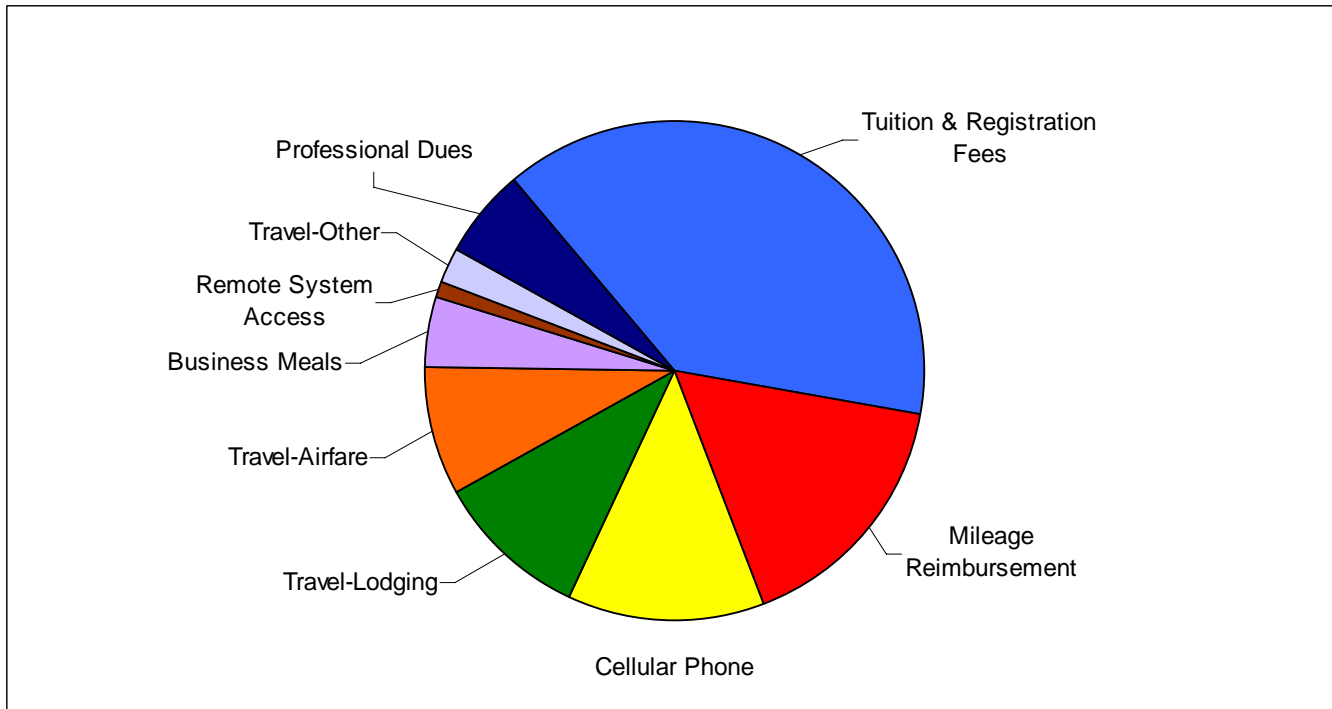
	<u>2004 Actual</u>	<u>2005 Actual</u>	<u>2006 Budget</u>	<u>2007 Budget</u>
Total Utilities, Maintenance & Facilities	6,420,971	6,591,287	6,090,491	7,245,027
Cost Per Square Foot	37.55	32.83	27.56	32.78



Utilities, Maintenance & Facilities

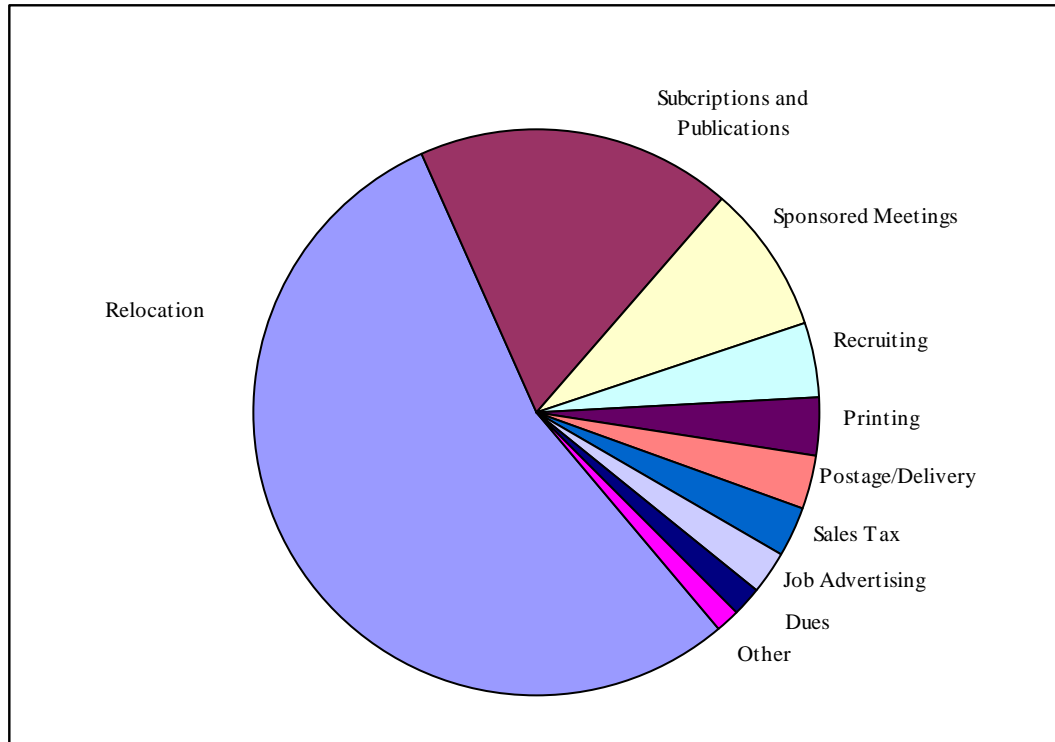
Description	2004 Actual	2005 Actual	2006 Budget	2006 YTD 08/31/06	2007 Requested	2006 Budget	2006 Budget
						vs. 2007 Requested \$ Variance	vs. 2007 Requested % Variance
Utilities							
Electricity	818,506	967,597	900,000	697,237	1,045,000	145,000	16.1%
Water Service	-	23,637	-	26,052	32,400	32,400	NA
Fuel Oil	2,308	8,503	4,000	6,309	10,000	6,000	150.0%
Water/Gas/Sewer/Trash	41,107	32,445	30,000	1,473	8,100	(21,900)	-73.0%
Subtotal - Utilities	861,921	1,032,182	934,000	731,071	1,095,500	161,500	17.3%
Rent							
Office Rental	938,022	730,186	720,000	476,562	741,500	21,500	3.0%
Miscellaneous Rental	-	-	-	-	-	-	NA
Storage Rental	38,137	20,580	6,000	4,531	5,000	(1,000)	-16.7%
Subtotal - Rent	976,159	750,766	726,000	481,093	746,500	20,500	2.8%
Telecom							
PBX Lease for ISO	50,347	16,785	-	137	-	-	NA
Telephone - Local	854,463	682,805	599,100	484,475	658,147	59,047	9.9%
Telephone - Long Distance	128,941	116,284	123,300	49,444	74,666	(48,634)	-39.4%
Telephone - Conf. Calls	76,205	35,712	65,267	33,280	57,400	(7,867)	-12.1%
Internet Service	215,296	86,340	90,000	60,910	99,549	9,549	10.6%
Subtotal - Telecom	1,325,252	937,926	877,667	628,247	889,762	12,095	1.4%
WAN	1,730,117	1,972,119	1,846,824	1,511,155	2,324,965	478,141	25.9%
Building Maintenance							
Building Maintenance	417,600	721,601	446,000	250,632	813,500	367,500	82.4%
Grounds Maintenance	29,410	52,868	40,000	36,708	60,000	20,000	50.0%
Custodial Service	218,209	222,545	240,000	141,786	235,000	(5,000)	-2.1%
Misc Services	90,749	84,189	100,000	73,402	106,800	6,800	6.8%
Bldg Security Services	771,554	817,091	880,000	556,318	973,000	93,000	10.6%
Subtotal - Maintenance	1,527,522	1,898,294	1,706,000	1,058,845	2,188,300	482,300	28.3%
Total Building Maintenance, Security, Rent & Utilities	6,420,971	6,591,287	6,090,491	4,410,412	7,245,027	1,154,536	19.0%

Employee Expenses by Account



Account	Corporate Operations	Information Technology	Market Operations	System Operations	Total	% of Expense Total	% of ERCOT O&M Budget
Tuition & Registration Fees	136,028	276,816	184,625	93,514	690,984	37.14%	0.80%
Mileage Reimbursement	57,967	30,281	50,139	126,834	265,221	14.26%	0.31%
Cellular Phone	44,438	101,863	73,131	45,126	264,559	14.22%	0.31%
Travel-Lodging	35,120	45,578	48,307	82,024	211,029	11.34%	0.25%
Travel-Airfare	29,215	33,402	31,942	74,307	168,866	9.08%	0.20%
Business Meals	16,525	14,634	32,827	26,700	90,685	4.87%	0.11%
Remote System Access	3,887	45,076	12,535	16,556	78,054	4.20%	0.09%
Travel-Other	7,079	10,851	10,803	22,625	51,358	2.76%	0.06%
Professional Dues	20,742	3,098	6,591	9,114	39,544	2.13%	0.05%
Total	351,000	561,600	450,900	496,800	1,860,300	100.00%	2.16%

Other Expenses



Account Description	Actual	Actual	Budget	(8.31.06)	Requested	% Total	% of ERCOT O&M Budget
Relocation	794,695	570,839	135,000	197,732	625,000	54.34%	0.73%
Subscriptions and Publications	70,629	113,927	120,778	235,597	208,104	18.09%	0.24%
Sponsored Meetings	6,234	60,642	107,000	21,915	100,950	8.78%	0.12%
Recruiting	60,182	35,283	63,400	34,074	45,491	3.96%	0.05%
Printing	12,924	19,703	66,850	43,579	38,676	3.36%	0.04%
Postage/Delivery	18,525	30,498	47,430	33,893	35,724	3.11%	0.04%
Sales Tax	3,831	203	-	52,437	32,433	2.82%	0.04%
Job Advertising	22,292	46,112	28,500	10,515	27,443	2.39%	0.03%
Dues	7,046	16,772	31,700	20,236	21,167	1.84%	0.02%
Other	209,476	137,844	112,194	(41,630)	15,163	1.32%	0.02%
Total	1,205,833	1,031,823	712,852	608,348	1,150,150	100.00%	1.34%

Five Year Forecast

ERCOT - Base Operations Key Assumptions

Labor & Benefits

- Headcount held within currently approved level of 584
- Salary expense in 2008 based on a 3% merit with an additional 1% for promotions
 - For 2009 – 2012, assumed overall salary expense increase of 2% (inclusive of merit and promotion adjustments)
- Contra labor estimated based on historical trend and anticipated project budget

Outside Services

- Trend based on historical experience

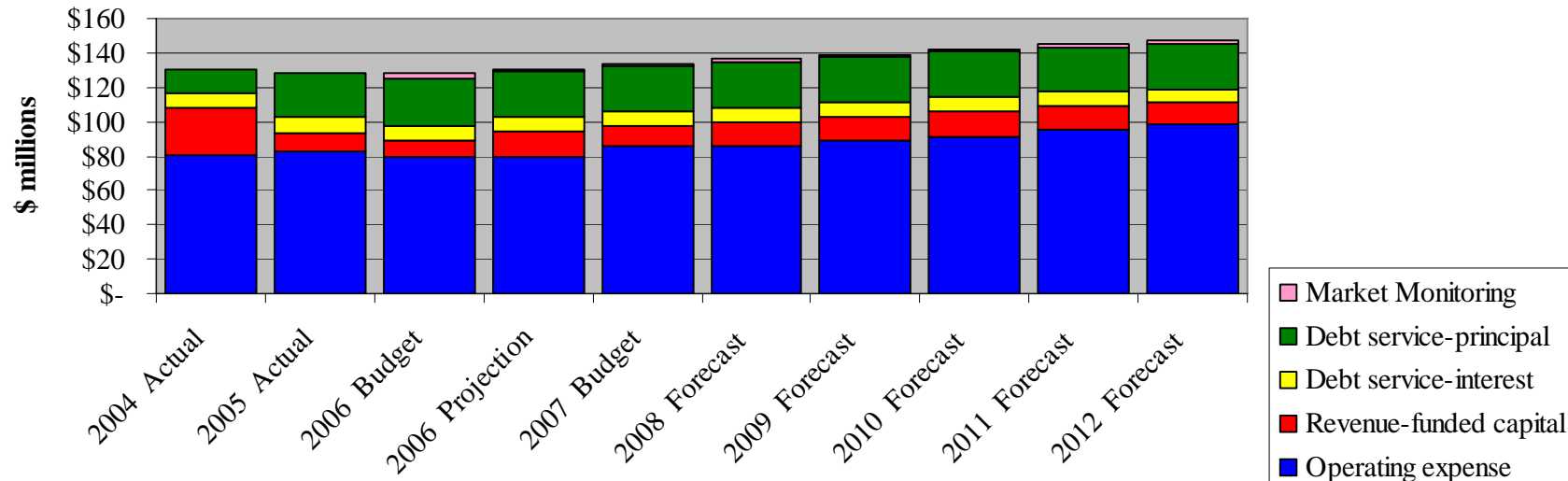
All other categories

- Increase based on Consumer Price Index
 - 2008 – 1.9 %
 - 2009 – 1.8 %
 - 2010 – 1.8 %
 - 2011 – 1.9 %
 - 2012 – 2.0 %

Capital Expenditure

- Identified projects funded based on approved Board ratio of 60% debt and 40% revenue

Five Year Forecast - Fee Requirement



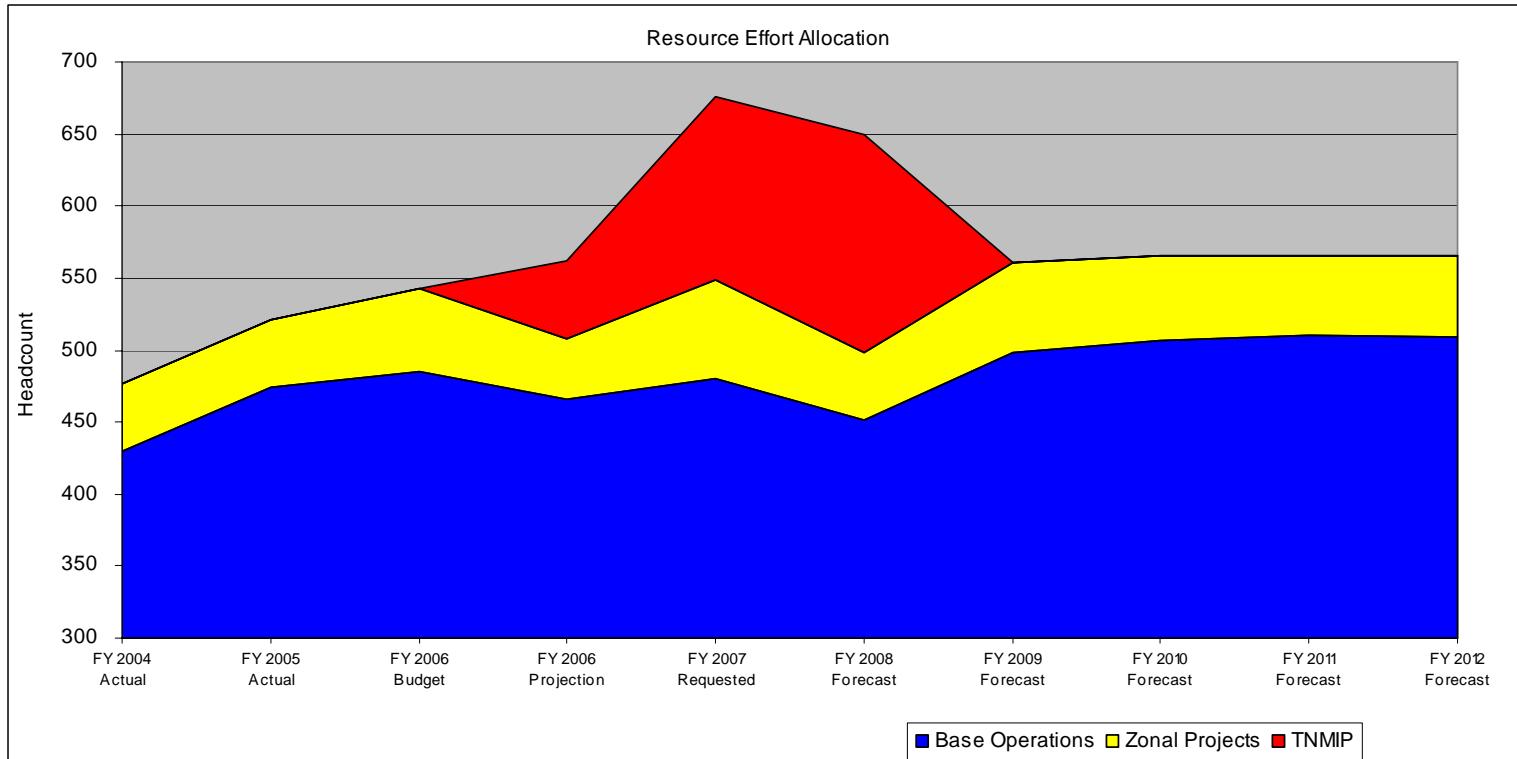
	2004 Actual	2005 Actual	2006 Budget	2006 Projection	2007 Budget	2008 Forecast	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast
(\$Millions)										
Operating expense	81.0	82.5	79.5	79.8	86.0	85.9	88.5	90.8	95.4	98.8
Revenue-funded capital	26.9	10.9	10.0	15.0	12.0	14.0	14.4	15.6	14.2	12.8
Debt service-interest	8.4	9.2	8.4	8.2	8.0	8.4	8.0	7.8	7.5	7.3
Debt service-principal	13.6	26.1	27.6	26.1	26.1	26.1	26.4	26.4	26.4	26.4
Market Monitoring	0.0	0.0	3.0	0.8	1.7	1.8	1.7	1.7	1.7	1.7
Total revenue requirement	130.0	128.7	128.5	129.8	133.8	136.2	139.0	142.2	145.2	147.0
GWh	288.3	298.8	301.9	301.2	312.7	318.6	325.2	332.9	340.1	346.7
System Administration Fee	\$0.44	\$0.42	\$0.4171	\$0.4171	\$0.4171	\$0.4171	\$0.4171	\$0.4171	\$0.4171	\$0.4142
Debt Outstanding	178.4	160.6	149.0	149.5	141.4	136.2	131.4	128.4	123.4	116.2
(\$ / MWh)										
Operating expense	0.27	0.27	0.2582	0.2564	0.2680	0.2629	0.2656	0.2662	0.2741	0.2783
Revenue-funded capital	0.09	0.04	0.0325	0.0480	0.0374	0.0429	0.0432	0.0458	0.0408	0.0361
Debt service-interest	0.03	0.03	0.0272	0.0264	0.0250	0.0259	0.0241	0.0228	0.0215	0.0206
Debt service-principal	0.05	0.09	0.0896	0.0840	0.0815	0.0800	0.0792	0.0774	0.0758	0.0744
Market Monitoring	0.00	0.00	0.0097	0.0024	0.0051	0.0054	0.0051	0.0050	0.0049	0.0048
Total revenue requirement	\$0.44	\$0.42	\$0.4171	\$0.4171	\$0.4171	\$0.4171	\$0.4171	\$0.4171	\$0.4171	\$0.4142

Note: Other revenue will supplement System Administration Fee to meet total funding requirement.

Five Year Forecast – Revenue Requirement

	Actual FY 2004	Actual FY 2005	Budget FY 2006	Projection FY 2006	Budget FY 2007	Forecast FY 2008	Forecast FY 2009	Forecast FY 2010	Forecast FY 2011	Forecast FY 2012
ERCOT O&M Expense										
<i>Labor & Benefits</i>	\$ 44,646	\$ 55,004	\$ 59,313	\$ 61,834	\$ 72,988	\$ 75,908	\$ 67,104	\$ 68,446	\$ 69,815	\$ 71,211
<i>Contra-Labor to Capital Projects</i>	(5,486)	(5,599)	(6,791)	(4,971)	(7,374)	(5,586)	(7,188)	(6,909)	(6,542)	(6,803)
<i>Contra-Labor to TNMIP</i>	-	-	-	(6,454)	(13,777)	(17,647)	-	-	-	-
<i>Subtotal - Labor & Benefits</i>	39,160	49,405	52,523	50,409	51,838	52,676	59,916	61,536	63,273	64,408
<i>Tools, Equipment, &Supplies</i>	1,421	1,166	1,294	1,158	1,204	1,227	1,249	1,272	1,296	1,322
<i>Hardware & Software Expenses</i>	6,125	7,189	7,219	7,461	9,372	9,465	9,484	9,513	9,551	9,570
<i>Outside Services</i>	18,819	9,268	7,377	8,783	9,447	8,242	7,925	7,992	7,744	7,944
<i>Special Audits</i>	34	1,752	-	-	-	-	-	-	-	-
<i>Utilities, Maintenance & Facilities</i>	6,421	6,591	6,090	6,617	7,245	7,383	7,516	7,651	7,796	7,952
<i>Employee Expenses</i>	1,737	1,396	1,401	1,355	1,860	1,896	1,930	1,965	2,002	2,042
<i>Insurance</i>	1,585	1,699	1,762	1,656	1,758	1,792	1,824	1,857	1,892	1,930
<i>Property Taxes</i>	1,198	1,016	1,043	652	1,116	1,136	1,225	1,300	1,340	1,362
<i>NERC Dues</i>	880	914	968	984	968	968	968	968	968	968
<i>Other</i>	3,639	2,055	715	711	1,150	1,117	1,137	1,158	1,180	1,203
Subtotal - O&M Expenses	81,020	82,451	80,391	79,787	85,958	85,901	93,173	95,210	97,040	98,699
Less: Fee Reduction/Cost Reduction TBD			(858)			-	(4,690)	(4,480)	(1,630)	-
Subtotal - O&M Expenses	81,020	82,451	79,533	79,787	85,958	85,901	88,483	90,730	95,410	98,699
Debt service - interest expense	8,426	9,189	8,375	8,201	8,031	8,448	8,023	7,767	7,502	7,310
Debt service - principal payments	13,637	26,137	27,587	26,137	26,137	26,137	26,387	26,387	26,387	26,387
Revenue-funded capital	26,925	10,880	10,000	14,950	12,000	14,000	14,400	15,600	14,200	12,800
Total Revenue Requirement	130,008	128,657	125,495	129,075	132,126	134,486	137,293	140,484	143,499	145,196
Less Other Revenue	2,615	2,050	1,890	2,300	2,567	2,567	2,567	2,567	2,567	2,567
Less Interest Income	347	250	672	1,900	789	789	789	789	789	789
Plus:										
<i>Market Monitoring</i>	-	-	3,000	750	1,650	1,750	1,700	1,700	1,700	1,700
Revenue Rqmt from System Admin Fee	\$ 127,046	\$ 126,357	\$ 125,933	\$ 125,625	\$ 130,420	\$ 132,880	\$ 135,637	\$ 138,828	\$ 141,843	\$ 143,540
GWh	288,291	298,782	301,917	301,158	312,680	318,554	325,212	332,867	340,076	346,698
ERCOT System Administration Fee	0.44	\$ 0.42	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4171	\$ 0.4140
Debt Outstanding at Year-end	\$ 178,363	\$ 160,634	\$ 149,039	\$ 149,497	\$ 141,360	\$ 136,223	\$ 131,436	\$ 128,449	\$ 123,362	\$ 116,175

Staffing Effort



	FY 2004 Actual	FY 2005 Actual	FY 2006 Budget	FY 2006 Projection	FY 2007 Requested	FY 2008 Forecast	FY 2009 Forecast	FY 2010 Forecast	FY 2011 Forecast	FY 2012 Forecast
Headcount										
Base Operations	430	474	485	465	480	451	498	506	510	509
Zonal Projects	46	47	57	42	68	48	63	59	55	56
Subtotal - Base Operations	476	521	542	507	548	499	561	565	565	565
Texas Nodal	-	-	-	55	128	151	-	-	-	-
Total Headcount	476	521	542	562	676	650	561	565	565	565

Budget Development Schedule

Date	Action
Monday, Apr. 17	Executive Committee - Preliminary Conceptual Direction Discussion
Tuesday, Apr.18	Board of Directors - Conceptual Direction Discussion
Tuesday, May 16	Public Meeting - Strategic Planning & Budgeting (in conjunction w/Board Meeting)
Thursday, Jun. 22 - Wednesday, Jun. 28	Budget Review - CFO and Directors (individual meetings will be scheduled)
Monday, July 10	Executive Committee - 2007 Budget Final Review
Friday, July 14 - Tuesday, Oct. 4	PUCT Focused Reviews
Tuesday, July 18	Finance & Audit Committee Agenda - Preliminary Budget Presentation
Wednesday, July 19 - Friday, Dec. 29	Development and implementation of ERCOT's Revised Compensation Strategy
Tuesday, Aug. 1	Draft Delegation Agreement to NERC as ERO, to become Regional Entity (RE) for the ERCOT Region
Tuesday, Aug. 15	Finance & Audit Committee Agenda - Review of TAC-approved 2007 Project Priority List
Tuesday, Sept. 19	Finance & Audit Committee Agenda - 2007 Budget Status Report
Tuesday, Sept. 19	Board Agenda - Updated Texas Nodal Market Implementation Program resource requirements, timeline, and budget
Tuesday, Sept. 26	Public Meeting - Preliminary 2007 Budget Presentation
Sunday, Oct. 15	Final Delegation Agreement to NERC as ERO, to become Regional Entity (RE) for the ERCOT Region
Thursday, Oct. 5	Finance & Audit Committee Special Meeting - 2007 Budget Review (if necessary)
Tuesday, Oct. 17	Board Agenda - Finance & Audit Committee 2007 Budget Recommendation
Tuesday, Nov. 14	Board Agenda - 2007 Budget Approval
Friday, Dec. 15	PUCT Fee Filing

APPENDIX

Proposed Budget

Maintaining Grid Reliability

	FY 2004 Actual	FY 2005 Actual	FY 2006 Budget	FY 2006 YTD Actual (8.31.06)	FY 2007 Requested	2006 Budget vs. 2007 Requested	
						\$ Variance	% Variance
System Operations							
<i>Labor & Benefits</i>	11,967,381	15,454,656	16,787,504	11,152,669	20,809,739	4,022,235	24.0%
<i>Labor for Capital Projects</i>	(370,561)	(309,879)	(895,643)	(277,394)	(361,998)	533,645	-59.6%
<i>Labor for Nodal</i>	-	-	-	(905,561)	(3,020,689)	(3,020,689)	NA
Subtotal - Labor & Benefits	11,596,820	15,144,777	15,891,861	9,969,714	17,427,052	1,535,191	9.7%
<i>Material, Supplies, Tools & Equipment</i>	20,598	30,358	30,818	23,206	51,000	20,182	65.5%
<i>Special Reviews</i>	-	-	-	-	-	-	NA
<i>Outside Services</i>	695,410	469,073	999,492	316,004	990,500	(8,992)	-0.9%
<i>Utilities, Maintenance & Facilities</i>	107	3,789	500	-	-	(500)	-100.0%
<i>HW/SW License and Maintenance</i>	-	6,498	17,320	742	-	(17,320)	-100.0%
<i>Insurance</i>	-	-	-	-	-	-	NA
<i>Employee Expenses</i>	368,041	305,218	387,500	211,780	496,800	109,300	28.2%
<i>Property Taxes</i>	-	-	-	-	-	-	NA
<i>NERC Dues</i>	880,000	913,795	967,533	647,651	967,533	-	0.0%
<i>Other</i>	549,464	164,194	102,335	130,660	66,500	(35,835)	-35.0%
Total - System Operations	14,110,440	17,037,703	18,397,359	11,299,757	19,999,385	1,602,026	8.7%
	% of Proposed ERCOT O&M Budget				23.3%		

Proposed Budget

Maintaining & Supporting the Market

	FY 2004 Actual	FY 2005 Actual	FY 2006 Budget	FY 2006 YTD Actual (8.31.06)	FY 2007 Requested	2006 Budget vs. 2007 Requested		
						\$ Variance	% Variance	
Market Operations								
<i>Labor & Benefits</i>	11,214,613	12,426,752	14,790,488	9,211,085	18,106,564	3,316,076	22.4%	
<i>Labor for Capital Projects</i>	(1,031,940)	(1,189,359)	(1,489,286)	(638,161)	(2,392,026)	(902,740)	60.6%	
<i>Labor for Nodal</i>	-	-	-	(926,464)	(3,713,935)	(3,713,935)	NA	
Subtotal - Labor & Benefits	10,182,673	11,237,393	13,301,202	7,646,460	12,000,603	(1,300,599)	-9.8%	
<i>Material, Supplies, Tools & Equipment</i>	12,947	8,310	4,500	7,336	12,600	8,100	180.0%	
<i>Special Reviews</i>	-	-	-	-	-	-	NA	
<i>Outside Services</i>	4,543,502	1,243,364	1,487,808	940,740	2,053,772	565,964	38.0%	
<i>Utilities, Maintenance & Facilities</i>	26,634	23,024	47,767	21,842	39,600	(8,167)	-17.1%	
<i>HW/SW License and Maintenance</i>	574	6,697	4,630	-	-	(4,630)	-100.0%	
<i>Insurance</i>	-	-	-	-	-	-	NA	
<i>Employee Expenses</i>	383,577	250,973	359,394	100,569	450,900	91,506	25.5%	
<i>Property Taxes</i>	-	-	-	-	-	-	NA	
<i>NERC Dues</i>	-	-	-	-	-	-	NA	
<i>Other</i>	909,893	125,384	175,190	58,923	152,750	(22,440)	-12.8%	
Total - Market Operations	16,059,800	12,895,145	15,380,491	8,775,870	14,710,225	(670,266)	-4.4%	
	% of Proposed ERCOT O&M Budget					17.1%		

Proposed Budget

Information Technology Infrastructure & Support

	FY 2004 Actual	FY 2005 Actual	FY 2006 Budget	FY 2006 YTD Actual (8.31.06)	FY 2007 Requested	2006 Budget vs. 2007 Requested	
						\$ Variance	% Variance
Information Technology							
<i>Labor & Benefits</i>	12,991,782	15,369,548	18,622,454	12,256,471	23,544,093	4,921,639	26.4%
<i>Labor for Capital Projects</i>	(3,577,151)	(3,544,127)	(3,838,652)	(1,562,578)	(3,862,495)	(23,843)	0.6%
<i>Labor for Nodal</i>	-	-	-	(1,240,833)	(5,440,156)	(5,440,156)	NA
Subtotal - Labor & Benefits	9,414,631	11,825,421	14,783,802	9,453,059	14,241,442	(542,360)	-3.7%
<i>Material, Supplies, Tools & Equipment</i>	478,171	555,081	593,163	225,419	548,530	(44,633)	-7.5%
<i>Special Reviews</i>	-	-	-	-	-	-	NA
<i>Outside Services</i>	3,996,628	466,365	906,916	627,587	2,015,480	1,108,564	122.2%
<i>Utilities, Maintenance & Facilities</i>	3,127,316	2,876,707	2,674,224	2,112,608	3,167,652	493,428	18.5%
<i>HW/SW License and Maintenance</i>	6,123,643	7,149,347	7,188,310	4,808,596	9,371,689	2,183,379	30.4%
<i>Insurance</i>	-	-	-	-	-	-	NA
<i>Employee Expenses</i>	679,914	540,138	429,776	243,166	561,600	131,824	30.7%
<i>Property Taxes</i>	-	-	-	-	-	-	NA
<i>NERC Dues</i>	-	-	-	-	-	-	NA
<i>Other</i>	352,994	167,519	32,791	181,252	120,200	87,409	266.6%
Total - Information Technology	24,173,297	23,580,578	26,608,982	17,651,688	30,026,593	3,417,611	12.8%
% of Proposed ERCOT O&M Budget					34.9%		

Proposed Budget

Organizational Support

	FY 2004 Actual	FY 2005 Actual	FY 2006 Budget	FY 2006 YTD Actual (8.31.06)	FY 2007 Requested	2006 Budget vs. 2007 Requested	
						\$ Variance	% Variance
Corporate Administration							
<i>Labor & Benefits</i>	8,472,397	11,753,467	9,113,018	8,429,116	10,527,873	1,414,855	15.5%
<i>Labor for Capital Projects</i>	(506,110)	(555,976)	(567,195)	(242,761)	(757,120)	(189,925)	33.5%
<i>Labor for Nodal</i>	-	-	-	(445,867)	(1,601,910)	(1,601,910)	NA
Subtotal - Labor & Benefits	7,966,287	11,197,492	8,545,823	7,740,489	8,168,843	(376,980)	-4.4%
<i>Material, Supplies, Tools & Equipment</i>	908,961	571,913	665,154	392,028	591,950	(73,204)	-11.0%
<i>Special Reviews</i>	33,571	1,751,528	-	-	-	-	NA
<i>Outside Services</i>	9,583,561	7,089,138	3,982,530	3,457,824	4,387,300	404,770	10.2%
<i>Utilities, Maintenance & Facilities</i>	3,266,915	3,687,768	3,368,000	2,051,464	4,037,775	669,775	19.9%
<i>HW/SW License and Maintenance</i>	1,042	26,683	8,750	6,314	-	(8,750)	-100.0%
<i>Insurance</i>	1,585,329	1,698,946	1,761,763	1,097,547	1,758,229	(3,534)	-0.2%
<i>Employee Expenses</i>	305,955	300,032	224,155	166,891	351,000	126,845	56.6%
<i>Property Taxes</i>	1,198,352	1,016,255	1,043,000	695,333	1,116,000	73,000	7.0%
<i>NERC Dues</i>	-	-	-	-	-	-	NA
<i>Other</i>	1,826,221	1,597,762	404,692	262,967	810,700	406,008	100.3%
Total - Corporate Administration	26,676,194	28,937,517	20,003,867	15,870,857	21,221,797	1,217,930	6.1%
				% of Proposed ERCOT O&M Budget	24.7%		

Proposed Budget

Corporate Administration by Function

	Executive Admin	Human Resources	Facilities & Security	Corporate PMO	General Counsel	Finance & Accounting	Internal Audit & Controls	NERC Compliance	Entity Admin	Total
Labor & Benefits	720,269	1,273,067	2,848,056	2,040,033	2,454,923	3,541,133	1,362,648	524,949	(4,237,205)	10,527,873
Labor for Capital Projects	-	(35,490)	(301,665)	(419,965)	-	-	-	-	-	(757,120)
Labor for Nodal	-	(115,700)	(584,402)	(561,925)	(49,098)	(283,972)	(6,813)	-	-	(1,601,910)
Subtotal - Labor & Benefits	720,269	1,121,877	1,961,989	1,058,143	2,405,825	3,257,161	1,355,835	524,949	(4,237,205)	8,168,843
Material, Supplies, Tools & Equipment	700	8,000	544,700	2,700	10,300	16,800	600	8,150	-	591,950
Special Reviews	-	-	-	-	-	-	-	-	-	-
Outside Services	850,000	467,400	954,000	142,900	800,000	461,000	700,000	12,000	-	4,387,300
Utilities, Maintenance & Facilities	500	15,000	3,989,000	-	1,500	1,000	-	30,775	-	4,037,775
HW/SW License and Maintenance	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	1,753,229	-	5,000	-	1,758,229
Employee Expenses	8,100	29,700	78,300	45,900	54,000	87,510	29,700	17,790	-	351,000
Property Taxes	-	-	-	-	-	1,116,000	-	-	-	1,116,000
NERC Dues	-	-	-	-	-	-	-	-	-	-
Other	8,500	685,000	10,500	3,500	56,500	40,000	4,000	2,700	-	810,700
Total	1,588,069	2,326,977	7,538,489	1,253,143	3,328,125	6,732,700	2,090,135	601,364	(4,237,205)	21,221,797
							(a)	(b)		

Notes:

(a) Costs associated with ERCOT SAS 70 Audit included in Internal Audit & Controls.

(b) Budget reflects non-statutory functions pending final approval from FERC

2007 Project Prioritization - PUCT, Market and ERCOT Projects

Source	Committee	Prog Area	Source Doc	Project	Project No.	Current Status	Expected Completion	2007 Priority	2007 Rank	2006 Priority	2006 Rank	2006 Budget Range	2006 Running Range	2007 Budget Range	2007 Running Range	Nodal Impact	Nodal Impact Comments	Priority Approval	2005 Priority	2005 Rank	CBA Score	Net Benefit	Summary Description	Benefit Summary	
ERCOT	CO	CO		CyberSecurity Project #1	50132	Closing	2Q2006	N/A		1.0a	0.19	<\$50k	<\$1M						1.1	5.3	23	\$ (925,451)			
ERCOT	CO	CO		Collateral Calculation	50017	Execution	3Q2006	N/A		1.0a	0.20	\$250k-\$500k	<\$1M						1.1	28	17	\$ 26,954	Automate much of the "data gathering" piece of credit monitoring that is currently done manually using Excel spreadsheets.	Significant intangible benefits plus time savings in Credit group due to automation of collateral calculations	
ERCOT	CO	CO		Lawson SIR - Time Tracking	50015_01	Closed	Complete	N/A		1.0a	0.21	<\$50k	<\$1M						1.1	26	18	\$ 63,910	Replace manual Excel time tracking with online Lawson entry system for ERCOT employee time reporting	Internal ERCOT benefit: increased efficiencies in Finance department and improved ease of time entry for ERCOT employees	
ERCOT	CO	CO		IT Incident Reporting	50152	Closed	Complete	N/A		1.1	11.1	<\$50k	<\$1M								21	\$ 102,197	Implement an automated IT Incident Reporting to address inaccuracies and deficiencies of existing reports, provide greater auditing and issue tracking functionality, and better information to aid in decision making on issues that occur within the product		
ERCOT	CO	CO		CyberSecurity Project #2	50140	Execution	3Q2006	N/A		1.1	11.2	\$50k-\$100k	<\$1M						1.1	5.6	27	\$ (655,320)			
ERCOT	CO	CO		CyberSecurity Project #3	50141	Execution	3Q2006	N/A		1.1	11.3	<\$50k	<\$1M						1.1	5.4	19	\$ (166,446)			
ERCOT	CO	CO		Document Management	50123	Execution	4Q2006	N/A		1.1	11.4	\$500k-\$1M	\$1M-\$2M						1.1	19	24	\$ 8,370,569	To implement a document management system and roll out to one or more ERCOT departments in addition to the current HR, Legal, and Finance implementation.	Improved efficiency in document handling within ERCOT	
ERCOT	CO	CO		Proxy Server	60076_01	Execution	4Q2006	N/A		1.1	19.4	\$250k-\$500k	\$1M-\$2M												
ERCOT	CO	CO		Physical Security Project #1	50106_01	Execution	3Q2006	N/A		1.1	19.6	\$250k-\$500k	\$1M-\$2M						3.2	129	26	\$ (234,135)			
ERCOT	CO	CO		Risk Management (incl Security Auditing and Monitoring SW)	60014_01	Planning	4Q2006	N/A		1.1	20	\$250k-\$500k	\$1M-\$2M								27	\$ (349,170)	To acquire software for the purpose of identifying vulnerabilities within the network, operating systems and applications. Provide automated, real time capabilities to audit and monitor compliance with ERCOT's security infrastructure policies, and proceed	Improve ERCOT's ability to identify vulnerabilities associated with the network, internet-facing applications and other cyber critical applications	
ERCOT	CO	CO		Vendor and Contract Management	50111_01	Execution	3Q2006	N/A		1.1	22	\$250k-\$500k	\$2M-\$3M						3.3	142	21	\$ (254,403)	Provide database which provides tracking and reporting regarding all vendors and vendor contracts, to help enforce company policies, procedures, and financial reporting. Regulatory support to include: Sarbanes-Oxley, Corporate Contract Management Proce	Resolves an audit finding and increases internal controls; provides more efficient reporting capabilities; increases reliability of information about vendors and vendor contracts	
ERCOT	CO	CO		CyberSecurity Project #4	60016_01	Planning	4Q2006	N/A		1.1	25	\$250k-\$500k	\$2M-\$3M									26	\$ (298,222)		
ERCOT	CO	CO		Lawson SIR - Process Flow	50015_02	Execution	4Q2006	N/A		1.1	25	\$100k-\$250k	\$2M-\$3M						1.1	26	19	\$ 145,389	Implement Lawson Process Flow to enable workflow processing within Lawson. 1) Automation of requisition approval process; 2) Email notifications to approvers when a requisition is awaiting their approval; 3) Perform the financial control of allowing only c	Reduction in manual effort tracking purchase orders	
ERCOT	CO	CO		Lawson Project Time Entry	60086_01	Not Yet Started		N/A		1.1	40.1	\$50k-\$100k	\$2M-\$3M						1.1	26	19	\$ 145,389			
ERCOT	CO	CO		Computer Aided Facilities Mgmt	50149	Closed	Complete	N/A		1.2	68	<\$50k	\$2M-\$3M						1.2	43.65	22	\$ 24,100	This project supports: • Long-range and annual facility planning • Facility financial forecasting • Real estate acquisition and/or disposal • Work specifications, installation and space management • Architectural and engineering planning and design • New	Enhance asset management reporting; automate key business processes (6 hours per workday)	
ERCOT	CO	CO		Identity & Access Management	60075_01	Planning	2007	0 - Carryover	1	1.1	19.5		\$2M-\$3M	\$500k-\$1M	<\$1M									Automate and provide ability to generate SAS70, NERC and 17799 compliance reports	Reduce provision and de-provision downtime. Simplify the access request process so ERCOT staff can focus on serving the citizens of Texas.
ERCOT	CO	CO		Lawson 8.1 Upgrade	60020_01	Initiation	2007	0 - Carryover	2	1.1	40	\$100k-\$250k	\$3M-\$4M	\$100k-\$250k	<\$1M							19	\$ 177,090	Upgrade Lawson Application Suite and Environment to version 8.1	Internal ERCOT benefit: increased efficiencies in various areas and reduced cost and risk in maintaining unsupported software
ERCOT	CO	CO		Physical Security Project #2	50103_01	Not Started	2007	1 - Critical	3	2.3	137		\$3M-\$4M	\$50k-\$100k	\$1M-\$2M				3.2	126	15	\$ (311,784)			
ERCOT	CO	CO		CyberSecurity Project #5	New	New	2007	1 - Critical	4				\$3M-\$4M	\$250k-\$500k	\$1M-\$2M							25	\$ 5,400,508		
ERCOT	CO	CO		Corp. Doc Management	New	New	2007	1 - Critical	5				\$3M-\$4M	\$250k-\$500k	\$1M-\$2M							15	255,263	HR, Finance, Procurement, Security	
ERCOT	CO	CO		Lawson Expense Management	60066_01	Not Started	2007	1 - Critical	6	2.3	135		\$3M-\$4M	\$50k-\$100k	\$1M-\$2M							14	\$ 100,659	Implement Lawson Expense management in order to track expenses online.	
ERCOT	CO	CO		Physical Security Project #3	New	New	2007	1 - Critical	7				\$3M-\$4M	\$100k-\$250k	\$1M-\$2M							20	\$ (237,577)		
ERCOT	CO	CO		Physical Security Project #4	60093_01	New	2007	1 - Critical	8			\$100k-\$250k	\$3M-\$4M		\$1M-\$2M							25	\$ (131,310)		

2007 Project Prioritization - PUCT, Market and ERCOT Projects

Source	Committee	Prog Area	Source Doc	Project	Project No.	Current Status	Expected Completion	2007 Priority	2007 Rank	2006 Priority	2006 Rank	2006 Budget Range	2006 Running Range	2007 Budget Range	2007 Running Range	Nodal Impact	Nodal Impact Comments	Priority Approval	2005 Priority	2005 Rank	CBA Score	Net Benefit	Summary Description	Benefit Summary	
ERCOT	CO	CO		Lawson Security	New	New	2007	1 - Critical	9				\$3M-\$4M	<\$50k	\$2M-\$3M							14	\$ 232,488	Lawson has restructured the application security within the suite of applications. The security is no longer deductive where a user is given access to everything and the security administrator must strip away any access that is not required. Instead, th	
ERCOT	CO	CO		Identity & Access Management (IAM) Integration	New	New	2007	1 - Critical	10				\$3M-\$4M		\$2M-\$3M							9	\$ (37,596)	To fully utilize the Identity and Access Management project, ERCOT will need to integrate the tool with Lawson HR, the contract management database as well as other applications such as Altiris and Aperture Vista.	Eliminate the manual steps necessary to provision physical access
ERCOT	CO	CO		Lawson eRecruiting	60073_01	Not Started	2007	1 - Critical	11	3.3	166		\$3M-\$4M	\$50k-\$100k	\$2M-\$3M							17	\$ 159,978	Implement Lawson eRecruiting module. ERCOT owns the license to support this functionality.	
ERCOT	CO	CO		Absence Management	New	New	2007	1 - Critical	12				\$3M-\$4M	\$50k-\$100k	\$2M-\$3M							11	\$ (69,281)	Replace the existing Time Accrual component in Lawson with Absence Management	
ERCOT	CO	CO		Aperture Vista 500 Upgrade	New	New	2007	1 - Critical	13				\$3M-\$4M	\$50k-\$100k	\$2M-\$3M							10	\$ (54,988)	Upgrade Aperture Vista to the latest platform. Provide more accurate power utilization reporting, maintain supportability and enhance workflow.	To support better datacenter planning so that ERCOT can better leverage its investment.
ERCOT	CO	CO		Physical Security Project #5	60094_01	New	2007	1 - Critical	14			\$50k-\$100k	\$3M-\$4M		\$2M-\$3M							25	\$ (93,812)		
ERCOT	CO	CO		Open Enrollment	New	New	2007	1 - Critical	15				\$3M-\$4M	<\$50k	\$2M-\$3M							11	\$ 10,031	Enable Open Enrollment via Lawson Employee Self Service	
ERCOT	CO	CO		CyberSecurity Project #6	New	To be deleted	2007	2 - High	16				\$3M-\$4M		\$2M-\$3M							20	\$ 666,330		
ERCOT	CO	CO		Benefits Data Transmission	60045_01	Not Started	2007	2 - High	17	1.3	95		\$3M-\$4M	\$50k-\$100k	\$2M-\$3M							12	\$ (62,055)	ERCOT currently submits data to our benefits provider manually by extracting the data from Lawson to an Excel spreadsheet and emailing the data. Lawson support edi transmission of data. This would completely automate the process eliminating any potentia	
ERCOT	CO	CO		Business Function Automation Time Mgt Integration	60034_01	Not Started	2007	2 - High	18	1.2	70		\$3M-\$4M	\$100k-\$250k	\$2M-\$3M							8	\$ 6,648,961	Integrate Identity and Access Management functions with key enterprise infrastructure applications. Improves SAS70 compliance.	ERCOT benefit: 10 minutes of time savings per ERCOT employee per day
ERCOT	CO	CO		Budgeting Tool	40029_01	Not Started		2 - High	19	1.3	91	\$50k-\$100k	\$3M-\$4M	<\$50k	\$2M-\$3M					2.1	74	16	\$ 45,657	Evaluate, select, and implement an automated budgeting tool that offers interconnectivity to the Lawson Accounting system	
ERCOT	CO	CO		Process Flows - HR	New	New	2007	2 - High	20				\$3M-\$4M	\$50k-\$100k	\$2M-\$3M							17	\$ 188,462	Automate and provide auditable checkpoints for the hiring and termination of ERCOT employees	Insure that all the appropriate and necessary steps have completed for when ERCOT hires and terminates employees
ERCOT	CO	CO		Requisition Self Service	New	New	2007	2 - High	21				\$3M-\$4M	\$50k-\$100k	\$2M-\$3M							17	\$ 125,108	Allow employees and managers to begin the process of requesting software, hardware and/or services via an on line form. Support the procurement process with workflow appropriate workflow so that users can see the status of these requisitions	
ERCOT	CO	CO		Enterprise Document Management	60029_01	Not Started	2007	2 - High	22	1.2	63	<\$50k	\$3M-\$4M	\$100k-\$250k	\$2M-\$3M							15	\$ 5,684,672	Provide a document management system to be used across the enterprise for policies, procedures, department documentation, etc.	Internal ERCOT benefit: 10 min. time savings per employee per workday
ERCOT	CO	CO		CyberSecurity Project #7	New	New	2007	2 - High	23				\$3M-\$4M		\$2M-\$3M							20	\$ 158,753		
ERCOT	CO	CO		Network Access Control/Application Gateways	New	New	2007	2 - High	24				\$3M-\$4M	\$100k-\$250k	\$3M-\$4M							25	\$ 2,058,450	May go into Nodal - later.	
ERCOT	CO	CO		TCC2 Security Facilities Buildout	New	New	2007	2 - High	25				\$3M-\$4M	\$500k-\$1M	\$3M-\$4M							27	\$ 852,388	Security needs to vacate current space to make room for IT.	
ERCOT	CO	CO		TCC2 HR Buildout	New	New	2007	2 - High	26				\$3M-\$4M	\$500k-\$1M	\$4M-\$5M								\$ -		
2007 Estimated Resource Capability = \$4,250,000																									
ERCOT	CO	CO		Corporate Development Environment	New		2007	2 - High	27				\$3M-\$4M	\$250k-\$500k	\$4M-\$5M							19	\$ 555,579	Allow the corporate development environment to expand so that the resources are available to the development team so that Corporate Applications is able to follow the ERCOT standard Software Development Lifecycle.	
ERCOT	CO	CO		Corporate i-Test Environment	New		2007	2 - High	28				\$3M-\$4M	\$250k-\$500k	\$4M-\$5M							19	\$ 555,579	Allow the corporate test environment to expand so that the resources are available to ERCOT so that Corporate Applications is able to follow the ERCOT Software Development LifeCycle.	
ERCOT	CO	CO		Intranet Re-Arch	New		2007	2 - High	29				\$3M-\$4M	\$100k-\$250k	\$4M-\$5M							15	\$ 31,352	Retiring Cold Fusion	
ERCOT	CO	CO		Report Writer	New		2007	2 - High	30				\$3M-\$4M		\$4M-\$5M							16	\$ 259,559	Provide enhanced reporting for ERCOT's standard applications. Allow end users reporting self service.	

2007 Project Prioritization - PUCT, Market and ERCOT Projects

Source	Committee	Prog Area	Source Doc	Project	Project No.	Current Status	Expected Completion	2007 Priority	2007 Rank	2006 Priority	2006 Rank	2006 Budget Range	2006 Running Range	2007 Budget Range	2007 Running Range	Nodal Impact	Nodal Impact Comments	Priority Approval	2005 Priority	2005 Rank	CBA Score	Net Benefit	Summary Description	Benefit Summary
ERCOT	CO	CO		Vendor Contract Mgt - Phase 2	New		2007	2 - High	31				\$3M-\$4M	\$50k-\$100k	-\$4M-\$5M						19	\$ 21,548	The project will automate and link Hummingbird's contract approval process with the contract and vendor database.	
ERCOT	CO	CO		Project Portfolio Management System	60058_01		2007	2 - High	30	2.1	119		\$3M-\$4M	\$500k-\$1M	>\$5M						13	\$ (644,026)	Provide additional portfolio analysis features to existing project scheduling tool that allows for tracking and reporting on project portfolio health, performance, budgets, costs and issues.	
ERCOT	CO	CO		Physical Security Project #6	New		TBD	3 - High / Medium	31				\$3M-\$4M	\$100k-\$250k	>\$5M						24	\$ (162,355)		
ERCOT	CO	CO		Continuous Monitoring Software	60026_01			9 - Parking Lot		1.2	59	\$100k-\$250k	\$3M-\$4M		>\$5M						15	\$ (194,924)	Provide automated capabilities to review and interrogate data from ERCOT's key business systems to help ensure there are no fraudulent transactions being processed throughout the organization.	Intangible benefit: Provide improved assurance that fraud is not being perpetrated throughout the organization
ERCOT	CO	CO		NERC Tracking Database	60032_01			9 - Parking Lot		1.2	66	<\$50k	\$3M-\$4M		>\$5M						21	\$ (44,482)	Track NERC recommendations, Compliance audit issues, mitigation plans, investigations and correspondence to market participants.	Creates a common data repository for various issues that are currently tracked separately

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ERCOT	IO	IO		Production Storage	50125	Closing		N/A		1.0a	0.07	\$100k-\$250k	<\$1M						1.1	10.7	23	\$ 4,630,932	Addition and optimization of data storage to meet ongoing demands	Establish Homogeneous storage infrastructure; Reduce storage management overhead; Improve continuity of storage related to business continuity (DR); Improve reporting accuracy and timeliness; Reduce the O&M overhead for storage reporting	
ERCOT	IO	IO		Altiris DC Implementation	50028	Closing		N/A		1.0a	0.16	\$100k-\$250k	<\$1M						1.2	37.0	20	\$ 8,321	Implement Altiris monitoring software in the Data Center Environment. Be able to run reports on all systems against a known good configuration. Enable comparison of two systems to one another to analyze differences between the systems for troubleshooting	Implement audit recommendations were made to improve network security and safety.	
PUCT	IO	IO		EDW Business Intelligence Foundation Phase 2	50001	Will be Cancelled		N/A		1.0b	0.64	\$ -	<\$1M						1.1	1.0					
ERCOT	IO	IO		ACC Data Center Power & Cooling	50145	Closing		N/A		1.0b	0.65	<\$50k	<\$1M						1.1	5.7				Extend the Cooling capacity in the Austin Datacenter. This project included the installation of 2-30ton units and the supporting controls to manage the expanded cooling capabilities.	
ERCOT	IO	IO		SBC Network Replacement	50078	Execution		N/A		1.0b	0.72	\$1M-\$3M	\$1M-\$2M						1.1	13.5	26	\$ 300,000	This project replaces the SBC telecommunications infrastructure between Austin and Taylor that is used for SAN DR replication and network communications. The project significantly reduces ERCOT's long term O&M costs for these services. The replacement ne		
ERCOT	IO	IO		TCC II Completion	50049	Closing		N/A		1.0b	0.76	\$250k-\$500k	\$2M-\$3M						1.1	16.5					
ERCOT	IO	IO		EMMS Development Environment Upgrade	50138	Closing		N/A		1.0b	0.86	\$50k-\$100k	\$2M-\$3M						1.1	31.92					
PUCT	IO	IO		EIS Conformed Data Warehouse Foundations	60004_01	Execution		N/A		1.1	5	\$250k-\$500k	\$2M-\$3M			None					29	\$ 48,620,154	Roll out the architecture and framework for the next generation data warehouse environment. This project is in direct support of Section 17 of the Protocols and is a required element to directly support the PUCT and the Market.	Market cost savings equates to 2 hours of savings per day per participant, through optimized access to data, additional data access, and analytical processes to be rolled out at a later time through data marts	
PUCT	IO	IO		EIS CDW Data Marts	60005_01	On Hold Possibly be Absorbed into 50088 and Cancelled -or- Moved to RO/MO		N/A		1.1	6	\$ -	\$2M-\$3M			None					25	\$ 24,350,470	Roll out first wave of data marts in the next generation data warehouse environment.	Market cost savings equates to 1 hour of savings per day per participant, through optimized access to data, additional data access, and analytical processes to be rolled out at a later time through data marts	
ERCOT	IO	IO		MMS Expansion	60088_01	Execution		N/A		1.1	11.1	\$500k-\$1M	\$3M-\$4M												
ERCOT	IO	IO		SAN Switch Expansion	60011_02	Closing		N/A		1.1	11.5	\$500k-\$1M	\$3M-\$4M								19	\$ 20,000	Introduce new EMC Connectrix to mitigate the lack of SAN ports and the inability to provision more SAN-attached hardware.		
ERCOT	IO	IO		Windows Domain Restructuring	50147	Execution		N/A		1.1	11.6	\$500k-\$1M	\$4M-\$5M						1.2	43.1	21	\$ 122,841	Restructure Windows forest under ercot.com domain as an implementation of best practices. This project should result in one Windows Domain with proper trusted relationships among the environments.	Improve ERCOT's reliability performance. Proper infrastructure design is necessary for all projects and effects implementation and management of all systems.	
ERCOT	IO	IO		Austin Test Environment	40070	Execution		N/A		1.1	11.8	\$500k-\$1M	\$4M-\$5M						1.1	5.5		\$ -	The ability to run concurrent application tests, using equipment that will match more closely the production environment. Create a production functional equivalent for integration, regression, and negative testing, and for User Acceptance testing, break-		
ERCOT	IO	IO		Disk Based Recovery	50027	Execution		N/A		1.1	11.9	\$500k-\$1M	\$7M-\$8M						1.2	36	20	\$ (437,582)	Remove the overhead and performance impact of backups on production systems to increase performance and meet the needs of current growth	Increased efficiency in performing data restores and refreshing test environments. Savings in tape cartridges (\$120k per year). Eliminates risk of unrecoverable data due to tape error.	
ERCOT	IO	IO		2006 Minor Capital	60009_01	Execution		N/A		1.1	12	\$1M-\$3M	\$6M-\$7M									\$ -	Capital purchases over the course of the year: new desktop and laptop systems, SAN switch upgrades, voice recording system for Outage Coordinators, addl Mercury Interactive licenses, etc.	Continued maintenance activities in support of ERCOT's infrastructure	
ERCOT	IO	IO		EDW EMMS Decommission	50031	Planning		0 - Carryover	1	1.1	11.7	\$100k-\$250k	\$8M-\$9M	\$50k-\$100k	<\$1M	Resource Impact	required to free up system / infrastructure resources to meet nodal demands. Unable to support new EMMS with existing version of Oracle.		1.2	39	29	\$ 81,234	Transition reporting to the EDW Lodestar/EMMS ODS.	Reduction of support costs of over 50% (10 hours per day to 4 hours per day)	
ERCOT	IO	IO		Email PST Consolidation	New			1 - Critical	2			\$100k-\$250k	\$8M-\$9M	-	<\$1M	None						\$ -			
ERCOT	IO	IO		Enhance Digital Certificate Program	60013_01	Initiation		0 - Carryover	3	1.1a	17	\$100k-\$250k	\$8M-\$9M	\$50k-\$100k	<\$1M	None			2.2	95	15	\$ 4,074,838	Define requirements and implement a solution that will leverage VeriSign's Enterprise digital certificate programmatic functionality to streamline and improve processes associated with Digital Certificate management.	The management of Digital Certificates requires a large amount of manual intervention. Time to deliver Digital Certificates to Market Participants is long and costly. The time required to deliver digital certificates to MPs places a considerable amount	

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ERCOT	IO	IO		Enterprise Service Management	60055_01	On Hold		0 - Carryover	4	1.1	26	\$50k-\$100k	\$8M-\$9M	\$500k-\$1M	<\$1M	None					16	\$ -	In order to consistently manage problem and enhancement requests and comply with ITIL best practices, ERCOT will consolidate four tools into single problem management system. The following four tools serve overlapping functions and are recommended for co	Provide a single point of entry, manipulation and reporting for all problem and enhancement requests. Eliminate redundant features and enhance functionality. Reduce overall cost of ownership and enhanced usability for user population	
ERCOT	IO	IO		Cisco NAC Appliances	New			1 - Critical	5			\$ -	\$8M-\$9M	\$250k-\$500k	\$1M-\$2M	None	allow remote connectivity to enable mobile workforce				20	\$ (300,000)	(includes 4) appliances and software) This will allow ERCOT to check AV, Alteris, patch-level, and other criteria prior to access to ERCOT systems. This will enable ERCOT to be certain that only ERCOT authorized computing devices have the ability to acc		
ERCOT	IO	IO		Citrix Rebuild	New			1 - Critical	6			\$500k-\$1M	\$8M-\$9M	\$250k-\$500k	\$1M-\$2M	None	allow remote connectivity to enable mobile workforce				18	\$ 790,000			
ERCOT	IO	IO		Switch Consolidation	60047_01			1 - Critical	7	1.3	98	\$ -	\$8M-\$9M	\$250k-\$500k	\$1M-\$2M	Resource Impact	required to free up system / infrastructure resources to meet nodal demands				16	\$ (200,000)	The Network Group currently maintains several hubs and switches that can be consolidated in to a single chassis switch. Provisioning will call for two in Austin and two in Taylor. Most of these devices are obsolete and end-of-life.		
ERCOT	IO	IO		Storage Upgrade	60092_01	Initiation		1 - Critical	8			\$500k-\$1M	\$9M-\$10M	-	\$1M-\$2M	None	required to free up system / infrastructure resources to meet nodal demands				23	\$ 8,400,000			
ERCOT	IO	IO		Tools and Strategy for Information Lifecycle Management	60035_01			1 - Critical	9	1.2	71	\$ -	\$9M-\$10M	\$1M-\$3M	\$4M-\$5M	Resource Impact	required to free up system / infrastructure resources to meet nodal demands				19	\$ 2,763,458	Develop strategy for information lifecycle management to manage data in production databases. This will include Tier 2 Storage w/San Switches.		
ERCOT	IO	IO		TCC Data Center Virtualization	60011_01			1 - Critical	10	1.1	15	\$ -	\$9M-\$10M	\$1M-\$3M	\$6M-\$7M	Resource Impact	required to free up system / infrastructure resources to meet nodal demands				21	\$ 5,800,000	There is a need to expand the Taylor Data Center in order to maintain the necessary redundant capacities and provide for continued increases in storage requirements.	Addressing power and cooling limitations will allow ERCOT to continue to effectively support ongoing operations and additional capital project requirements	
ERCOT	IO	IO		Virtual Tape Backup	New			1 - Critical	11			\$500k-\$1M	>\$10M	\$1M-\$3M	\$7M-\$8M	None	required to free up system / infrastructure resources to meet nodal demands				26	\$ 7,700,000			
ERCOT				Minor Capital	New			1 - Critical	12			\$ -	>\$10M	\$1M-\$3M	\$9M-\$10M	None									
ERCOT	IO	IO		Deskside Standardization	New			1 - Critical	13			\$500k-\$1M	>\$10M	\$250k-\$500k	\$9M-\$10M	None					23	\$ 1,100,000			
ERCOT	IO	IO		UNIX Hardware EOL	New			1 - Critical	14			\$ -	>\$10M	>\$3M	\$12M-\$13M	None					14	\$ 13,000,000			
2007 Estimated Resource Capability = \$12,750,000																									
ERCOT	IO	IO		Console Operations Area	60057_01			2 - High	15	2.1	118	\$ -	>\$10M	\$1M-\$3M	\$14M-\$15M	None					25	\$ (443,271)	Provide a permanent and suitable location for Console Operations. The build-out will provide a 1500 sq.ft. location in the hardened area of TCC adjoining the Data Center. The objective is to design and construct a work area with the proper communication		
ERCOT	IO	IO		Software Standardization (non-Nodal)	New			2 - High	16			\$ -	>\$10M	\$250k-\$500k	\$14M-\$15M	None					16	\$ 100,000,000	Reduce the number of technologies supported in ERCOT's production web environment and register the updated applications in a configuration management database (CMDB)	ERCOT's web platform has a large number of technology components and versions. Supporting such a diverse environment is expensive to both the operations and development teams and it affects the quality of the solutions ERCOT delivers. We have reached a p	
ERCOT	IO	IO		WAN GTM	New			2 - High	17			\$ -	>\$10M	\$100k-\$250k	\$14M-\$15M	None					12	\$ 430,000	(includes 4) Big-IP 3400s w/ max memory) Enhance high availability and Disaster Recovery for WAN facing services. This will allow us to load balance WAN services such as MOS, MOSTML, TML, etc... between Austin and Taylor. This will reduce the amount of phy		
ERCOT	IO	IO		Tellabs Digital Cross-Connect System Replacement	New			2 - High	18		15	\$ -	>\$10M	\$500k-\$1M	\$15M-\$16M	None					15	\$ (600,000)	Hardware for ERCOT's current Tellabs systems have been manufacturer discontinued. This replacement is required to continue reliable operation and support of System Operations voice, RTU and data communications on the ERCOT WAN.		
ERCOT	IO	IO		TML Port to Unix	50062_01			2 - High	19	3.1	144	\$ -	>\$10M	\$250k-\$500k	\$15M-\$16M	None				2.1	73	16	\$ 6,348,545	Windows and Jrun environment has proven problematic. Jrun will end of life next year (complete product), and Windows for DMZ applications is being decommissioned.	
ERCOT	IO	IO		DB High Availability / Recovery	New			2 - High	20			\$ -	>\$10M	\$500k-\$1M	>\$16M	None					24	\$ 8,400,000			
ERCOT	IO	IO		LDAP Implementation	New			3 - High / Medium	21			\$ -	>\$10M	\$500k-\$1M	>\$16M	None					18	\$ 540,000			
ERCOT	IO	IO		DR Test	New			3 - High / Medium	22			\$ -	>\$10M	\$500k-\$1M	>\$16M	None					17	\$ 1,600,000,000	Prove, through a successful executed test, that ERCOT can recover it's core IT capabilities in the event that we are unable to operate our systems out of the Taylor Data Center.	It is critical, given the amount of change to our IT infrastructure, that we perform and successfully complete a DR tests in 2007 to validate ERCOT's ability to recover it's IT systems in the event we are not able operate these core systems from the Taylo	
ERCOT	IO	IO		ERCOT Private OC-3 Microwave System Retirement	New			3 - High / Medium	23			\$ -	>\$10M	\$50k-\$100k	>\$16M	None						\$ -		ERCOT's existing OC-3 Microwave System will be retired provided that an alternative, comparably priced redundant infrastructure is attainable.	

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ERCOT	IO	IO		Spectel Hotline System Replacement	New			3 - High / Medium	24			\$ -	>\$10M	\$500k-\$1M	>\$16M	None						\$ -	ERCOT's existing Hotline system is 5 years old and is operating on Windows NT. Upgrading and expansion is costly, the system should be replaced with improved technologies providing better functionality and features.	
ERCOT	IO	IO		Firewall Modules Between Internal Subnets	60019_01			4 - Medium	25	1.1	38	\$ -	>\$10M	\$100k-\$250k	>\$16M	None					28	\$ (132,651)	Separation of CORP Servers from Workstation Environment. This will provide for a more secure and segmented environment.	Improve ERCOT's reliability performance; security; accuracy, timeliness and transparency of transactions/settlements related to date received from, managed and delivered to the market; and supports the baseline architecture that delivers current service
PUCT	IO	IO		EIS BI Foundations III	60001_01	To be Moved to SO		9 - Parking Lot		1.1	2	\$100k-\$250k	>\$10M		>\$16M						25	\$ (195,455)	Enable consistent and efficient reporting for the PUCT, ERCOT, and, eventually, MPs. This project will roll out third set of Business Intelligence (BI) components per the PUCT's requests.	Improve ERCOT's reliability performance; cyber security; efficiency; and accuracy, timeliness and transparency of transactions/settlements related to date received from, managed and delivered to the market.
Market	ROS	IO	SCR744	Outage Scheduler View Only Access (to be included in Enhance Digital Cert project)	60012_01	To be Moved to SO		9 - Parking Lot		1.1	17	\$ -	>\$10M		>\$16M			BoD 9/22/05	1.1	38	15	\$ 4,074,838		

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Market	MO	MO	PRR312	Enhance ESIID Lookup Function	50025_01	Execution	2006	n/a	0.05	1.0a	0.06	\$250k-\$500k	<\$1M					BOD 5/21/2002	1.2	34	14	\$ 725,000	Provide additional information for an ESI ID to include Station ID, Power Region, Premise Type, status (active/de-energized/inactive) for an ESI ID. In addition, advise if there is a pending Move In/Move Out for the ESI ID.	1 hour time savings per week per CR due to increased efficiencies	
PUCT	MO	MO		EDW BI Reporting Tool	50004	Complete	2006	n/a	0.10	1.0a	0.15	<\$50k	<\$1M							1.1	4	24	\$ 15,276,127	Enable consistent and efficient reporting for the PUCT, ERCOT, and eventually, MPs. Implementation of the BI Tool will enable users to translate business questions into optimized queries.	Framework project that will provide additional secured access to information by the PUCT and the Market.
ERCOT	MO	MO		Lodestar Extracts	40042_06	Execution	2006	n/a	0.15	1.0a	0.18	\$100k-\$250k	<\$1M						1.0	0.240	25	\$ 1,013,815	To migrate the Generation, Load, Settlements & Billing, and Shadow Pricing extracts from the Data Archive to the ODS (Operational Data Store).	Market benefit: 10 minutes of savings per day per Market Participant due to optimized data access.	
Market	MO	MO	PRR283 PIP204	EPS Meter Data	30026	Execution	2006	n/a	0.20	1.0b	0.54	\$50k-\$100k	<\$1M					BOD 1/15/2002	1.0	0.130					
ERCOT	MO	MO		TCR Report Enhancements Phase II	40015_02	Complete	2006	n/a	0.25	1.0b	0.59	\$50k-\$100k	<\$1M						1.0	0.350					
Market	MO	MO	PRR548	Settlement Mismatches Inter-QSE Schedules	50128	Execution	2006	n/a	0.30	1.0b	0.87	\$50k-\$100k	<\$1M					BoD 02/16/2005	1.2	34.4					
Market	MO	MO	PRR599	Notification for Mismatched Inter-QSE Schedules	50128	Execution	2006	n/a	0.35	1.0b	0.87		<\$1M					BoD 10/18/05	1.2	34.4	15	\$ 400,000			
Market	MO	MO	PRR613	Replacement Reserve Under Scheduled Capacity Delineator	N/A	Completed as a SIR	2006	n/a	0.40	1.0b	0.87		<\$1M					BoD 10/18/05	1.2	34.4	15	\$ 400,000			
ERCOT	MO	MO		Maestro Replacement	50137_01	Execution	2006	n/a	0.45	1.1	16	\$250k-\$500k	\$1M-\$2M							1.1	31.7	22	\$ 380,296	This project will replace ERCOT's current batch job scheduling software. The current scheduling software, Maestro, experiences issues outlined below: <ul style="list-style-type: none"> • Maestro is currently not supported – Major upgrade required • Maintenance cost expensive due to CPU Pricing Model • Security Risk – passwords not encrypted • Preventing upgrade of DBMS and Operating System • Uses a Proprietary Database 	Increased efficiencies in script creation, testing and maintenance (6 hours per day); Change migration efficiency; Improved job scheduling capabilities
ERCOT	MO	MO		MV90 Upgrade Part 2 - Installation of Software	50033_02	Closing	2006	n/a	0.50	1.1	21	<\$50k	\$1M-\$2M							1.1	31.5	14	\$ 46,011	This project will install and implement the MV-90 software upgrade that was purchased in 2005. Support of the current product version ends in 2007.	Automation of manual tasks (1 hour per workday); Allow TDSPs to select new meter types for deployment as EPS meters
ERCOT	RO	RO		ERCOT.com Secured Area	60077_01	Planning	2006	n/a	0.55	1.1	25.5	\$250k-\$500k	\$1M-\$2M							2.1	72.5				
Market	MO	MO	SCR740	Enhancements to SCR727 - Market Access	50024_01	Execution	2007	0 - Carryover	1	1.0	0.05	\$500k-\$1M	\$2M-\$3M	<\$50k	<\$1M			TAC 9/9/2004	1.2	33	15	\$ 3,500,000	Subproject to provide market access to SCR727 data		
Market	MO	MO	SCR740	Enhancements to SCR727 - Market Enhancements	50024_02	Execution	2007	0 - Carryover	2	1.0	0.05	\$250k-\$500k	\$2M-\$3M	<\$50k	<\$1M			TAC 9/9/2004	1.2	33	15	\$ 3,500,000	Subproject to provide market-requested enhancements to SCR727 data extract		
ERCOT	MO	MO		SCR 727 Phase II	40007_01	Execution	2007	0 - Carryover	3	1.0	0.71	\$100k-\$250k	\$2M-\$3M	<\$50k	<\$1M					1.1	13				
Market	COPS	MO		TML Phase 3 - Wholesale Enhancements	40103_01	Hold	2007	0 - Carryover	4	1.1	7	\$250k-\$500k	\$3M-\$4M		<\$1M					1.3	54	18	\$ 11,145,103	The scope of Phase 3 will focus on user experience enhancement of the new portal platform for ERCOT Wholesale Market Participants. The goal is to incorporate additional functionalities and enhanced usability for QSEs, Transmission Operators and Resources.	50 impacted QSEs, 3 hours per calendar day savings in scheduling, 1 hour per workday in settlement mismatch analysis
ERCOT	MO	MO		Lodestar 4.5 Upgrade	40066_04	Planning	2007	0 - Carryover	5	1.1	12	\$100k-\$250k	\$3M-\$4M	\$250k-\$500k	<\$1M					1.1	23	19	26,444	Maintain efficiency, and reliability of the LodeStar application to enable ERCOT to meet Energy Aggregation and Billing & Settlements business needs	Nightly processing speed improvement; improved data editing capabilities (0.5 hours per workday); enhanced querying capability for users (0.5 hours per workday)
ERCOT	MO	MO		EIS Lodestar Transition to ODS (formerly EDW Lodestar Data Archive Transition to EDW)	50030_01	Execution	2007	0 - Carryover	6	1.1	44	\$100k-\$250k	\$3M-\$4M	<\$50k	<\$1M					1.2	39	29	67,868	Transition reporting to the EDW Lodestar/EMMS ODS.	Reduction of support costs of over 50% (10 hours per day to 4 hours per day)
PUCT/ERCOT	MO	MO		REC Program Modifications	60027_01	Complete	2007	0 - Carryover	7	1.2	61	\$250k-\$500k	\$3M-\$4M	\$50k-\$100k	<\$1M							19	\$ (389,860)	The REC program has been in operation for almost 4 years, and the technology roadmap has deviated from Microsoft tools. Currently, the REC program is written in ASP. In order to efficiently continue support of this application, it will need to be ported to Java in line with ERCOT's technology roadmap.	Enhance ability to make changes and enhancements to the REC program software; better align with long-term IT strategic direction.
Market	MO	MO	PRR598	Extension of Credit Against OOM Start Up	60083_01	New	?	1 - Critical	8	1.1	12.1		\$3M-\$4M	\$50k-\$100k	<\$1M			BoD 11/15/2005				13	\$ (50,000)	Maintain efficiency, and reliability of the LodeStar application to enable ERCOT to meet Energy Aggregation and Billing & Settlements business needs	Nightly processing speed improvement; improved data editing capabilities (0.5 hours per workday); enhanced querying capability for users (0.5 hours per workday)
Market	WMS	MO	PRR661	SCE Performance Enforcement Criteria	New	Not Yet Started	?	2 - High	9				\$3M-\$4M	\$50k-\$100k	<\$1M							16	\$ (300,000)	Primary benefits are non-quantifiable	
Market	PRS	MO	PRR666	Modification of RPRS Under-Scheduled Capacity Charge Calculation	60087_01	Planning	2006	2 - High	10			\$250k-\$500k	\$4M-\$5M		<\$1M							16	\$ (300,000)	Reduced cost to procure RPRS for capacity sufficiency	
Market	PRS	MO	PRR565	Calculation of Losses for Settlement	60068_01	Planning	2007	2 - High	11	1.1	32.6		\$4M-\$5M	\$50k-\$100k	<\$1M										
Market	PRS	MO	PRR668	Distribution Loss Factor Calculations	60068_01	Planning	2007	2 - High	11	1.1	32.6		\$4M-\$5M	\$50k-\$100k	<\$1M										
Market	COPS	MO	SCR743	QSE Dispute Extract	New	New	2007	2 - High	12	N/A	N/A		\$4M-\$5M	\$50k-\$100k	<\$1M										
ERCOT	MO	MO		Siebel to L* 5 - Rewrite	New	New	2007	2 - High	13	N/A	N/A		\$4M-\$5M	\$100k-\$250k	<\$1M							19	210,000		
ERCOT	MO	MO		Transition of Production Reporting to EIS - Wholesale	New	New	2007	2 - High	14	N/A	N/A		\$4M-\$5M	\$250k-\$500k	\$1M-\$2M							16	(50,000)		
ERCOT	MO	MO		Lodestar Web Services	60030_01	Not Yet Started	2007	2 - High	15	1.2	64	\$250k-\$500k	\$4M-\$5M	\$100k-\$250k	\$1M-\$2M							21	250,000	Provide enhanced access to Lodestar data via web services.	Market benefit: Create efficiencies in information retrieval (0.5 hours per workday savings for QSEs, CRs and Resources)
ERCOT	MO	MO		Upgrade to Load Profiling SW	60090_01	Planning	2007	2 - High	16	N/A	N/A		\$4M-\$5M	\$100k-\$250k	\$1M-\$2M							14	(200,000)		

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Source	Committee	Prog Area	Source Doc	Project	Project No.	Current Status	Expected Completion	2007 Priority	2007 Rank	2006 Priority	2006 Rank	2006 Budget Range	2006 Running Range	2007 Budget Range	2007 Running Range	Nodal Impact	Nodal Impact Comments	Priority Approval	2005 Priority	2005 Rank	CBA Score	Net Benefit	Summary Description	Benefit Summary
2007 Estimated Resource Capability = \$1,500,000																								
Market	WMS	MO	PRR426	URC for Uncontrollable Resources	40057_01	Not Yet Started	2007	3 - High / Medium	17	3.3	158	0	\$4M-\$5M	\$50k-\$100k	\$1M-\$2M			BOD 2/17/2004	3.3	133	n/a	n/a (3.x priority)	Defines an Uncontrollable Renewable Resource and allows wind resource to elect to use their Renewable Production Potential in lieu of their schedule as the basis for URC charges and OOME Down payments.	
ERCOT	MO	MO		EIS Reporting Tool II (should this be minor cap?)	60021_01	Not Yet Started	2007	9 - Parking Lot		1.1	46	\$1M-\$3M	>\$5M	\$250k-\$500k	\$1M-\$2M						24	2,358,819	Enable consistent and efficient reporting for the PUCT, ERCOT, and MPs. Implementation of the reporting tool will enable users translate business questions into optimized queries. This project rolls out reporting functionality and additional licensing from the framework project 50004.	Market benefit: Create efficiencies in information retrieval (1 hour per workday savings for all Market Participants)
Market	COPS	MO	PRR577	TDSP Load Extract	50150_01	Not Yet Started	TBD	9 - Parking Lot		1.2	56	<\$50k	>\$5M	<\$50k	\$1M-\$2M			BoD 7/19/2005	1.3	57.5	17	\$ 47,000	To receive aggregated TDSP Load data from ERCOT for the purposes of accurately identifying TDSP system peaks required for FERC filings.	Possible fines associated with non-compliance = \$100k. This number is estimated, and based on the assumption FERC may fine the TDSP for non-compliance considering the TDSP can not produce the data accurately.
Market	COPS	MO	???	TCR Synchronization of Credit Payment with Settlement Invoices	30103_01	Not Yet Started	TBD	9 - Parking Lot		3.3	149		>\$5M	\$ -	\$1M-\$2M	Func. Replaced By Nodal	Shoud be addressed by Nodal efforts		3.3	136	n/a	n/a (3.x priority)		
Market	COPS	MO	PRR385	DLC Implementation	-	Not Yet Started	TBD	9 - Parking Lot		3.3	150		>\$5M	\$ -	\$1M-\$2M									
Market	COPS	MO	PRR478	Use of Lagged Dynamic Samples for New Load Profiles	40056_01	Not Yet Started	TBD	9 - Parking Lot		3.3	150		>\$5M	\$ -	\$1M-\$2M									

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Market	RO	RO	SCR738	Enhancement to FasTrak Tools	50007	Execution	2006	n/a	0.05	1.0a	0.03	\$1M-\$3M	\$1M-\$2M					TAC 9/9/2004			20	\$ 18,300,000	FasTrak is the retail transaction issue resolution tool. The system currently in place does not include the capability to track issues by variables such as ESI ID or TDSP, and does not allow determination of issue aging. In addition, the tool cannot be	Significant direct cost savings and time efficiencies for CRs and TDSPs. CBA estimates varying amounts of savings depending on size of market participant.	
ERCOT	RO	RO		Endpoint Services - Phase I (SOA)	50121_06	Complete	2006	n/a	0.10	1.0a	0.08	\$50k-\$100k	\$1M-\$2M								21	\$ 3,244,060			
ERCOT	RO	RO		Retail Business Processes (SOA)	50121_07	Execution	2006	n/a	0.15	1.0a	0.08	\$1M-\$3M	\$4M-\$5M								21	\$ 3,244,060			
ERCOT	RO	RO		Endpoint Services - Phase II & III (SOA)	50121_08	Execution	2006	n/a	0.20	1.0a	0.08	\$100k-\$250k	\$4M-\$5M								21	\$ 3,244,060			
ERCOT	RO	RO		TX SET 2.1	40034	Complete	2006	n/a	0.25	1.0a	0.09	<\$50k	\$4M-\$5M								15	\$ (4,800,000)	To implement changes to retail transactions as identified by TX SET in support of the RMS directed Task Forces, DNP, TITF, and 810/867/824 Workgroup for the Texas Electric Retail Market...	Enhancements to systems to accommodate MOU/EC participants into the Retail Electric Market enhancements to billing determinants for better customer service by the CR	
ERCOT	RO	RO		2005 SIR Enhancements (ETS/DA/DW/TS/CARR/Portal)	50026	Execution	2006	n/a	0.30	1.0b	0.89	\$100k-\$250k	\$4M-\$5M												
Market	RMS	RO	SCR745	ERCOT Outage Evaluation and Resolution (TDTWG)--Phases I and II	60006_01	Execution	2006	n/a	0.35	1.1	8	\$1M-\$3M	\$5M-\$6M					BoD 12/13/05			24	\$ 25,200,000	Identify market facing servers without redundancy. Implement new code and hardware when possible to eliminate single points of failure. This will include clustering market facing servers and implementing code which will be able to switch from one system	Savings based on cost estimates of data cleanup due to outages: 4 large incidents per year at \$25k each; 20 small incidents per year at \$5k each.	
ERCOT	RO	RO		Majordomo Replacement	60089_01	Not Yet Started	2006	n/a	0.40	1.1	8.5	\$100k-\$250k	\$5M-\$6M												
Market / PUCT	RMS	RO	PRR660	TX SET 3.0, including Mass Transition and T&C's	40038_01	Planning	2007	0 - Carryover	1	1.2	54	\$250k-\$500k	\$6M-\$7M	>\$3M	\$3M-\$4M					3.3	132	16	\$ 3,100,000	Certain circumstances may arise during the course of business in the Texas retail electric market that may necessitate the transition of ESI IDs from one CR to another or one TDSP to another in quantities and on a time frame that is not completely supported by standard market transactions or business processes. For a detailed outline of the business process and responsibility of all Entities involved in the transition, refer to the approved RMS Retail Customer Transition procedures documented in the Retail Market Guide.	Estimated savings of \$100k per year per TDSP and \$100k per year per POLR CR.
ERCOT	RO	RO		EDW Siebel Transition	50059_01	Execution	2007	0 - Carryover	2	1.1	26	\$500k-\$1M	\$6M-\$7M	<\$50k	\$3M-\$4M					2.1	72.5	23	\$ 448,938	Transition of Siebel reporting from Data Archive to Enterprise Data Warehouse	Fewer ad hoc data requests (4 hours per workday), less production support of data archive (4 hours per workday), improved daily research of Siebel service order changes (8 hours per workday)
ERCOT	RO	RO		ESI ID Account Table Split	60015_01	Not Yet Started	2007	0 - Carryover	3	1.1	23		\$6M-\$7M	\$100k-\$250k	\$3M-\$4M							18	\$ 891,464	Normalize type of data associated to business objects. Multiple business objects are using the same tables which are growing large causing performance and scalability issues.	Increased efficiencies in development and integration time as well as end user interaction (approximately 12 hours per day)
ERCOT	RO	RO		EDW TCH (Transaction Clearinghouse) Transition	50060_01	Execution	2007	0 - Carryover	4	1.1	27	\$250k-\$500k	\$7M-\$8M	<\$50k	\$3M-\$4M					2.1	72	23	\$ 743,338	Transition of TCH reporting from Data Archive to Enterprise Data Warehouse	Fewer ad hoc data requests (4 hours per workday), less production support of data archive (4 hours per workday), improved daily research of Siebel service order changes (8 hours per workday)
ERCOT	RO	RO		ETS (ESIID Tracking System) Transition to EDW	50088_01	Not Yet Started	2007	0 - Carryover	5	1.1	29		\$7M-\$8M	\$500k-\$1M	\$4M-\$5M					2.3	106	21	\$ 1,240,143	Transition of ETS reporting from Data Archive to Enterprise Data Warehouse	Improved reporting and analysis efficiency (7 hours per workday); Improved development efficiencies (16 hours per workday)
ERCOT	RO	RO		EDW EAI Transition (inc. PaperFree & NAESB)	50061_01	Not Yet Started	2007	0 - Carryover	6	1.1	28		\$7M-\$8M	\$250k-\$500k	\$4M-\$5M					2.1	72	23	\$ 743,338	Transition of EAI reporting from Data Archive to Enterprise Data Warehouse	Fewer ad hoc data requests (4 hours per workday), less production support of data archive (4 hours per workday), improved daily research of Siebel service order changes (8 hours per workday)
ERCOT		RO		EIS Siebel to L* Data Comparison	New	New	New	2 - High	7	N/A	N/A		\$7M-\$8M	\$250k-\$500k	\$4M-\$5M							17	\$ 390,000		
Market		RO	SCR748	Website Enhancements for ERCOT Outages	New	New	New	2 - High	8				\$7M-\$8M	\$250k-\$500k	\$5M-\$6M							6	\$ 756,085		
Market	ERCOT	RO		MarkeTrak Enhancements (Workflow & Reporting)	New	New	New	2 - High	9	N/A	N/A		\$7M-\$8M	\$500k-\$1M	\$6M-\$7M							16	\$ 740,000		
ERCOT		RO		Exception Reporting / Monitoring Enhancements	New	New	New	2 - High	10	N/A	N/A		\$7M-\$8M	\$250k-\$500k	\$6M-\$7M							9	\$ 400,000		
ERCOT		RO		Systematic Exception Reprocessing Functionality	New	New	New	2 - High	11	N/A	N/A		\$7M-\$8M	\$500k-\$1M	\$7M-\$8M							8	\$ 40,000		

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ERCOT		RO		Transition of Production Reporting to EIS - Retail	New	New	New	2 - High	12	N/A	N/A		\$7M-\$8M	\$100k-\$250k	\$7M-\$8M						21	\$ 80,000		
ERCOT	RO	RO		Integration of Commercial Operations Data in EIS (formerly Web Services that integrate L* and Siebel data for MPs)	60028_01	Not Yet Started	2007	2 - High	13	1.2	62	\$100k-\$500k	\$7M-\$8M	\$250k-\$500k	\$7M-\$8M						18	\$ 246,591	Provide enhanced access to both Siebel and Lodestar data via web services.	Market benefit: fewer D2D and DEV FasTrak issues (8 hours per workday for 25 CRs)
2007 Estimated Resource Capability = \$7,000,000																								
ERCOT	RO	RO		867 inbound map rewrite	60042_01	Not Yet Started	TBD	3 - High / Medium	14	1.3	89		\$7M-\$8M	\$100k-\$250k	\$7M-\$8M						11	\$ 6,920	Re-Write of Inbound 867 maps to Increase Efficiency, Reliability and Stability of ERCOT transaction data processing	
Market	RMS	RO	???	Retail Enhancements to TML - Ph 4	50058_01	Not Yet Started	TBD	3 - High / Medium	15	2.2	126		\$7M-\$8M	\$500k-\$1M	\$8M-\$9M				2.1	70	16	\$ (960,000)		
ERCOT	RO	RO		814 inbound XML rewrite (impacts input from portal only)	60043_01	Not Yet Started	TBD	3 - High / Medium	16	1.3	92		\$7M-\$8M	\$100k-\$250k	\$8M-\$9M						13	\$ 444,532	Re-Write of Inbound 814 XML maps to Increase Efficiency, Reliability and Stability of ERCOT transaction data processing.	
ERCOT	RO	RO		EDI Transaction logging	60062_01	Not Yet Started	TBD	3 - High / Medium	17	2.2	128		\$7M-\$8M	\$100k-\$250k	\$9M-\$10M						14	\$ 74,851	Change the Paper Free application system to log all ANSI records to TRLOG and to log all TXSET records to a new table which will better support current and future business needs.	
ERCOT		RO		997 records logged to ETS (or ETS Replacement)	New	New	New	3 - High / Medium	18	N/A	N/A		\$7M-\$8M	\$100k-\$250k	\$9M-\$10M						11	\$ 90,000		
ERCOT		RO		MID reporting enhancements	New	New	New	3 - High / Medium	19	N/A	N/A		\$7M-\$8M	\$250k-\$500k	\$9M-\$10M							\$ -		
ERCOT	RO	RO		Commercial Apps - Calendar Consolidation	60033_01	Not Yet Started	TBD	3 - High / Medium	20	1.2	69		\$7M-\$8M	\$250k-\$500k	>\$10M		-				23	\$ 740,000	Develop single business calendar for use by all retail applications	Reduced rework for both market and ERCOT by eliminating possibility of out of sync conditions between multiple business calendars (50 hours per year of data repair activity for CRs and TDSPs)
ERCOT	RO	RO		Name to DUNS conversion	60059_01	Not Yet Started	TBD	4 - Medium	21	2.1	120		\$7M-\$8M	\$100k-\$250k	>\$10M						14	\$ 14,148	Change the Paper Free application system to utilize DUNS numbers as opposed to Market Participant company names.	
ERCOT	RO	RO		MP configuration Table	60060_01	Not Yet Started	TBD	4 - Medium	22	2.1	122		\$7M-\$8M	\$100k-\$250k	>\$10M						18	\$ (325)	Remove all of the MPDB.conf files in the MB/PF systems and consolidate all of the configurations into a single table. The complexity of adding new MP to the system must be reduced in order to remove the number of errors that are encountered when adding / modifying MP information.	
Market	RO	RO		Create Retail XML Transaction Format to MPs - set the national standard	60065_01	Not Yet Started	TBD	9 - Parking Lot		2.3	134		\$7M-\$8M	\$250k-\$500k	>\$10M							\$ -		
PUCT	RMS	RO	???	Performance Measures Reporting Requirements (changes to Project 24462)	60007_01	Not Yet Started	TBD	9 - Parking Lot		1.1	9		\$7M-\$8M	\$1M-\$3M	>\$10M						18	\$ (1,000,000)	Expected project needed to enhance reporting systems as a result of T&Cs requirements effecting PUCT Performance Measures Project 24462	TBD
Market	RMS	RO	SCR745	ERCOT Outage Evaluation and Resolution (TDTWG)--Phase III	60006_02	Not Yet Started	TBD	9 - Parking Lot		1.2	58.5		\$7M-\$8M	\$1M-\$3M	>\$10M			BoD 12/13/05			24	\$ 25,200,000	Identify market facing servers without redundancy. Implement new code and hardware when possible to eliminate single points of failure. This will include clustering market facing servers and implementing code which will be able to switch from one system to the other without an outage. This project may be addressed in SCR-745	Savings based on cost estimates of data cleanup due to outages: 4 large incidents per year at \$25k each; 20 small incidents per year at \$5k each.
Market	RMS	RO	SCR737	Estimated Meter Read Data	50091_01	Not Yet Started	TBD	9 - Parking Lot		1.3	86		\$7M-\$8M	\$100k-\$250k	>\$10M			TAC 9/9/2004	3.1	111	7	\$ 500,000	Create a calendar month, summary report to be presented at RMS that will provide Market Participants with estimated meter reading information broken-down by TDSP territory and indicating customer class. This report will also indicate the degree to which meter reads occur consecutively across two or more months and the degree to which estimates may straddle Move-Ins and Move-In/Forced Outs.	

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PUCT	SO	SO		Enhancements to MOMS ISR - Post-R4	50002_02	Completed		N/A		1.0a	0.01	\$50k-\$100k	<\$1M			Func. Replaced By Nodal	Market Monitoring requirements have not been identified in the Market Redesign charter		1.1	2	23	\$ (363,069)	Deliver new MOMS ISR functionality needed by the PUCT	Help ensure ancillary services are available at reasonable prices; deter illegal contact and anticompetitive behavior; help identify market power abuses and prevent their recurrence; promote fair and competitive market operations; help eliminate loophole		
ERCOT	SO	SO		OTS Center	40090_01	Completed		N/A		1.0a	0.10	<\$50k	<\$1M						1.1	18	18	\$ 1,426,448		Internal savings of 6 hours per workday performing manual limit calculations		
ERCOT	SO	SO		CSC Thermal & Volt Limits Calculations/Posting	30084	Execution		N/A		1.0a	0.11	\$100k-\$250k	<\$1M						1.1	21	18	\$ 22,486	The objective of this project is to eliminate the daily and time consuming manual work around for calculating and posting CSC Limits and move from a day-ahead calculation to a more near real-time calculation; hence, improving the accuracy and consistency	Reduction in manual effort: 0.5 hours per workday		
ERCOT	SO	SO		Incident Report	40086	Completed		N/A		1.0a	0.13	<\$50k	<\$1M						1.0	0.390	17	\$ (95,351)	(1) Improve Protocol violation creation accuracy and efficiency. (2) Enable Routing, Approval, Transmittals of Notifications and Status tracking to Stakeholders. (3) Archive all Violation Transmittals, Dates Sent, Dates Received, and Dates Resolved and pr	The legacy Data Archive has design limitations that do not enable ERCOT to capture all necessary business data. Maintenance of and development is significantly expensive. Objective: Transition PUCT, ERCOT, and MP reporting to the EDW EMMS ODS		
PUCT	SO	SO		EDW EMMS Extracts	50005	Execution		N/A		1.0a	0.17	\$100k-\$250k	<\$1M			Func. Replaced By Nodal			1.1	5	26	\$ 1,254,693				
ERCOT	SO	SO		RTCA Archiving	40100	Completed		N/A		1.0b	0.56	<\$50k	<\$1M			Func. Replaced By Nodal			1.0	0.270						
ERCOT	SO	SO		RAP-C Modeling Enhancements	40113	Completed		N/A		1.0b	0.57	<\$50k	<\$1M			Func. Replaced By Nodal			1.0	0.290						
ERCOT	SO	SO		Performance Monitoring for SCADA / State Estimator	40098	Completed		N/A		1.0b	0.62	<\$50k	<\$1M			Func. Replaced By Nodal			1.0	0.400						
Market	SO	SO	PRR492 PRR515	Congestion Management Reports	30105	Execution		N/A		1.0b	0.66	<\$50k	<\$1M			Func. Replaced By Nodal		04/20/04 (492); 07/20/04 (515) BOD	1.1	7						
ERCOT	SO	SO		Near Miss Indicator IROL/SOL (Informational Reporting Indicator for IROL/SOL)	50044	Execution		N/A		1.0b	0.66		<\$1M			Func. Replaced By Nodal			1.1	7						
ERCOT	SO	SO		Overlimit Reports	30029	Execution		N/A		1.0b	0.66		<\$1M			Func. Replaced By Nodal			1.1	7						
ERCOT	SO	SO		Overload Reports	30028	Execution		N/A		1.0b	0.66		<\$1M			Func. Replaced By Nodal			1.1	7						
Market	SO	SO	PRR502 OGRR14 g	Aggregation of Combined Cycle Units Providing RRS	50008	Completed		N/A		1.0b	0.68	<\$50k	<\$1M			Func. Replaced By Nodal		BOD 06/15/2004	1.1	11						
ERCOT	SO	SO	PRR342 PRR359 PRR413 PRR422 PRR485	EMMS Release R4A	30183_01	Closing		N/A		1.0b	0.69	\$100k-\$250k	<\$1M			Func. Replaced By Nodal		01/22/03 (342), 12/17/02 (359), 08/19/03 (413), 08/19/03 (422), 04/20/04 (485) BOD	1.1	12						
ERCOT	SO	SO		Improve Reliability of Frequency Input to AGC	50021	Initiation		N/A		1.0b	0.82	<\$50k	<\$1M			Func. Replaced By Nodal			1.1	30						
PUCT	SO	SO		Increase Number of Seats for Study Market Clearing Engines	60002_01	Planning		N/A		1.1	3	\$100k-\$250k	<\$1M			Func. Replaced By Nodal					23	\$ (224,062)	Increase the number of seats for the Study Market Clearing Engines (used by the PUCT for market monitoring) from two to unlimited.	Help ensure ancillary services are available at reasonable prices; deter illegal contact and anticompetitive behavior; help identify market power abuses and prevent their recurrence; promote fair and competitive market operations; help eliminate loophole		
ERCOT	SO	SO		Use of Synchronized Sampling in Substations and System Wide	60095_01			N/A		1.1	3.5	\$100k-\$250k	\$1M-\$2M													
PUCT	SO	SO		Enhancements to MOMS Metrics and Reports	60003_01	On Hold		N/A		1.1	4	\$500k-\$1M	\$1M-\$2M			Func. Replaced By Nodal					23	\$ (500,000)	This Project would involve implementing enhancements to the Market Monitoring Reports and Metrics in the MOMS software. These enhancements will be in the areas of: User Interface Improvements, Additional Indices and Screens, and Additional Alerts and Aut	Help ensure ancillary services are available at reasonable prices; deter illegal contact and anticompetitive behavior; help identify market power abuses and prevent their recurrence; promote fair and competitive market operations; help eliminate loophole		
Market	WMS	SO	SCR747	Removal of Price Administration for Zonal Congestion	60080_01	Execution		N/A		1.1	9.25	\$50k-\$100k	\$1M-\$2M			Func. Replaced By Nodal		BoD 12/13/05			13	\$ (20,000)				
Market	SO	SO	PRR525	SCE Performance and Monitoring	50130	Execution		N/A		1.1	11	<\$50k	\$1M-\$2M			Func. Replaced By Nodal		BoD 04/19/2005	1.2	35.5	23	\$ 6,400,000	Provide real-time SCE Performance Monitoring and reporting capability for PRR525 that was approved by the ERCOT BOD.	Savings estimate: 0.5% of ancillary service market (0.005 * \$500,000,000)		
ERCOT	SO	SO		Additional SMP Front End	50151	Completed		N/A		1.1	13.5	\$100k-\$250k	\$1M-\$2M			Func. Replaced By Nodal					25	\$ (250,513)	Current SMP Front End has reached capacity. No new QSE, QSE DR, and TDSP SCADA RTUs can be added until the SMP Front End is expanded.			
ERCOT	SO	SO		DC Tie Automation	50134	Execution		N/A		1.1	14	\$500k-\$1M	\$2M-\$3M			Func. Replaced By Nodal			1.1	29	23	\$ 816,755	To automate as much as possible the current manual processes that consume considerable ERCOT resources in managing and accounting for energy flow across the DC Ties. To provide the ERCOT System Operator with a tool to properly schedule transactions across	Reduction in current manual verification process for Backup Frequency Desk. Avoid manual work in becoming the Scheduling Agent for additional DC Ties (dedicated Operations desk).		

2007 Project Prioritization - PUCT, Market and ERCOT Projects

Source	Committee	Prog Area	Source Doc	Project	Project No.	Current Status	Expected Completion	2007 Priority	2007 Rank	2006 Priority	2006 Rank	2006 Budget Range	2006 Running Range	2007 Budget Range	2007 Running Range	Nodal Impact	Nodal Impact Comments	Priority Approval	2005 Priority	2005 Rank	CBA Score	Net Benefit	Summary Description	Benefit Summary
ERCOT	SO	SO		Upgrade of ERCOT MCE Software to AIMMS 3.6	60079_01	Execution		N/A		1.1	14.3	\$50k-\$100k	\$2M-\$3M			Func. Replaced By Nodal			2.2	97	20	\$ (123,552)	Provide graphical representation of system-wide connectivity. Provide ability to view all or part of the ERCOT system including powerflow. This project should provide the operator the ability to navigate easily from one station or substation to another in	
ERCOT	SO	SO		Breaker to Breaker One Lines/System Map	50083_01	Execution		N/A		1.1	14.5	\$250k-\$500k	\$2M-\$3M			Func. Replaced By Nodal	Impact as a result of NMMS changes		2.2	97	20	\$ (732,819)	Provide graphical representation of system-wide connectivity. Provide ability to view all or part of the ERCOT system including powerflow. This project should provide the operator the ability to navigate easily from one station or substation to another in	
Market	ROS	SO	SCR744	Outage Scheduler View Only Access (to be included in Enhance Digital Cert project)	60012_01	Not Yet Started				1.1	17		\$2M-\$3M			Func. Replaced By Nodal								BoD 9/22/05
ERCOT	SO	SO		Topology Estimation System (Phase 1)	50135	Execution		N/A		1.1	19	\$100k-\$250k	\$3M-\$4M			None	Phase 2 and 3 requirements for included in Market Redesign Program		1.2	41	16	\$ 1,190,876	With this additional software application functionality added to the SE environment the accuracy and reliability of the SE solution will be improved leading to increased accuracy of all downstream real-time sequence processes.	Reduce congestion cost due to topology errors: 2 incidents per year at \$250k each; also, faster identification of issues: 1 event per month identified 4 hours earlier (100 MW * \$30 * 4 * 12 months)
ERCOT	SO	SO		Replace DSM6 High-Speed Frequency Recorder	30021	Completed		N/A		1.1	41	<\$50k	\$3M-\$4M						1.1	31.98	24	\$ (81,691)	Add redundant high speed frequency recorder to ensure reliable capture of frequency disturbances.	Intangible benefits: Supports NERC Standards and Reporting requirements; increases accuracy of reportable frequency disturbance events data; provides sub-second accuracy data for monitoring LAAR, under-frequency load shed, and system frequency response.
ERCOT	SO	SO		EMMS Software Upgrade - OSI PI, OAG	50136	Completed		N/A		1.1	49	<\$50k	\$3M-\$4M						1.1	31.9	18	\$ (160,250)	This project will address the upgrade of two important software applications to the business users: 1) Open Access Gateway applications upgrade; 2) OSI-soft Historian upgrade	Intangible benefit: Upgrades to OSI PI and OAG will bring us back to versions supported by our vendors
ERCOT	SO	SO		Satellite Communications for Black Start suppliers	50050	Completed		N/A		1.3	101	<\$50k	\$3M-\$4M						1.1	31.95	19	\$ (85,403)	Provide backup communications via Satellite Phone between ERCOT Operations and TSPs for the purpose of coordinating Black Start procedures. Protocols require backup communications for the purpose of Black Start coordination.	Operational readiness for potential black start event
PUCT	SO	SO		Enhancements to MOMS Study Market Clearing Engines	50003	Execution		0 - Carryover	1	1.0a	0.02	\$1M-\$3M	\$4M-\$5M	\$100k-\$250k	<\$1M	Func. Replaced By Nodal	Market Monitoring requirements have not been identified in the Market Redesign charter		1.1	3	23	\$ (277,874)	Implement enhancements to MOMS (Market Oversight and Monitoring System) relating to Study Market Clearing Engines.	Help ensure ancillary services are available at reasonable prices; deter illegal contact and anticompetitive behavior; help identify market power abuses and prevent their recurrence; promote fair and competitive market operations; help eliminate loophole
ERCOT	SO	SO		OTS System	40090_02	Execution		0 - Carryover	2	1.0a	0.10	\$1M-\$3M	\$6M-\$7M	\$1M-\$3M	\$1M-\$2M	Func. Replaced By Nodal	Budget to meet Nodal requirements has been identified		1.1	18	18	\$ 1,426,448		
ERCOT	SO	SO	PRR425	Outage Scheduler Enhancements Phase II	40084	Execution		0 - Carryover	3	1.0a	0.12	\$500k-\$1M	\$7M-\$8M		\$1M-\$2M	Func. Replaced By Nodal	RFP for Nodal requirements has been issued	BOD 2/17/2004	1.0	0.300	19	\$ 916,617	These enhancements will provide the Outage Coordination team the capability to supply better information on outages to the Market and ERCOT, as well as comply with PRR 425 mandates	Reduce unnecessary congestion management costs due to incorrect outage approval - 2 incidents per year at a cost of \$250,000 per incident
ERCOT	SO	SO		Mid Term Load Forecast Enhancements	60084_01	Planning		0 - Carryover	4	1.1	2	\$250k-\$500k	\$7M-\$8M	\$250k-\$500k	\$1M-\$2M	Func. Replaced By Nodal								
ERCOT	SO	SO		Improvements to VSA/DSA - Phase II	50029	Not Yet Started		0 - Carryover	5	1.0b	0.91	\$100k-\$250k	\$7M-\$8M	\$100k-\$250k	\$2M-\$3M	Func. Replaced By Nodal			1.2	38				
PUCT	SO	SO		EDW BI Foundation P2 - Repl Reserves Market Ad-hoc Reporting	50001_03	On Hold		0 - Carryover	6	1.1	1	<\$50k	\$7M-\$8M	<\$50k	\$2M-\$3M				1.1	1	27	\$ (21,813)	Sub-project 50001_03 asks for the creation of an ad-hoc reporting piece for the new (not yet in place, to be created as part of EMMS Release 4) Replacement Reserves Market	The EDW will minimize the necessity for PUCT and ERCOT users to manually manipulate data for reporting, thereby improving the consistency and accuracy of ERCOT reports. It will serve as the logical foundation for all extracting and reporting.
PUCT	SO	SO		EDW BI Foundation P2 - Ad-hoc Access to QSE Rpt Data	50001_04	On Hold		0 - Carryover	7	1.1	1	<\$50k	\$7M-\$8M	<\$50k	\$2M-\$3M				1.1	1	27	\$ 11,968		
Market	ROS	SO	SCR746	Dynamic Rating Data to TO Using ICCP Link	60082_01	Initiation		0 - Carryover	8	1.1	9.5	\$250k-\$500k	\$7M-\$8M	\$50k-\$100k	\$2M-\$3M	Func. Replaced By Nodal		BoD 2/21/06			10	\$ (1,000,000)		
Market	SO	SO	PRR601	15 Minute Ramping for BES and Base Power Schedule	60081_01	On Hold		0 - Carryover	9	1.1	10.1	\$100k-\$250k	\$8M-\$9M	<\$50k	\$2M-\$3M	Func. Replaced By Nodal		BoD 11/15/2005			12	\$ (360,000)		
PUCT		SO		Potential IMM Needs	New			1 - Critical	10			\$8M-\$9M	\$250k-\$500k	\$2M-\$3M										
ERCOT	SO	SO		Operations Support Study Environment	50052_01			1 - Critical	11	1.1	30	\$8M-\$9M	\$500k-\$1M	\$3M-\$4M	Func. Replaced By Nodal				1.3	64	18	\$ 329,414	Conflicts with Test environment scheduling indicate the need for Operations Support group to be able to study conditions independent of production and test environment. This project will provide the necessary environment.	Reduce unnecessary congestion management costs due to incorrect outage approval - 2 incidents per year at a cost of \$250,000 per incident
Compliance	SO	SO		Performance Monitoring for ERCOT, TDSP, & QSE	40085_01			1 - Critical	12	1.2	79	\$8M-\$9M	\$500k-\$1M	\$3M-\$4M	Func. would change Nodal Req.	Requirements would need to be included in Nodal			2.1	77	20	\$ (593,125)	Merge eight performance reports into one project <ul style="list-style-type: none"> (ER-50067) Load Forecast Performance Report (ER-30104) STLF and BES Offset Reports (ER-30025) Monitor A/S Performance & Frequency Control Algorithms (ER-30111) Balancing Energy AS Provider Performan 	
Compliance	SO	SO		Governor Analysis Enhancements	50071_01			1 - Critical	13	1.2	81	\$8M-\$9M	\$50k-\$100k	\$4M-\$5M	Func. would change Nodal Req.	Requirements would need to be included in Nodal			2.1	84	21	\$ (77,675)	Provides reporting and data analysis tools to assess ERCOT system-wide performance during disturbance events.	

2007 Project Prioritization - PUCT, Market and ERCOT Projects

Source	Committee	Prog Area	Source Doc	Project	Project No.	Current Status	Expected Completion	2007 Priority	2007 Rank	2006 Priority	2006 Rank	2006 Budget Range	2006 Running Range	2007 Budget Range	2007 Running Range	Nodal Impact	Nodal Impact Comments	Priority Approval	2005 Priority	2005 Rank	CBA Score	Net Benefit	Summary Description	Benefit Summary
Compliance	SO	SO		Outage Coordination Statistical Reports	50093_01			1 - Critical	14	2.1	109		\$8M-\$9M	\$100k-\$250k	\$4M-\$5M	Func. would change Nodal Req.	Requirements would need to be included in Nodal		3.1	115	20	\$ (52,650)	Develop reports indicating outage statistics focused on Compliance monitoring needs.	
Compliance	SO	SO		Generator Database Automation (50038)	50038			1 - Critical	15				\$8M-\$9M	<\$50k	\$4M-\$5M	Func. would change Nodal Req.	Requirements would need to be included in Nodal						Provides a common repository for generator information.	
Compliance	SO	SO		Voltage/Reactive Compliance Management Database (50055)	50055			1 - Critical	16				\$8M-\$9M	\$100k-\$250k	\$4M-\$5M	Func. would change Nodal Req.	Requirements would need to be included in Nodal						Provides the ability to continuously monitor all generator buses to verify if Generators are meeting their voltage profile requirements.	
Compliance	SO	SO		Unit Testing-Electronic Submittal via Web (50070)	50070			1 - Critical	17				\$8M-\$9M	\$250k-\$500k	\$4M-\$5M	Func. would change Nodal Req.	Requirements would need to be included in Nodal						Automates the generator unit test submittal process.	
2007 Estimated Resource Capability = \$4,500,000																								
ERCOT	SO	SO		Outage Sensitive Factor Screening Technique	30056_01			2 - High	18	1.3	90		\$8M-\$9M	\$100k-\$250k	\$5M-\$6M				3.1	113	14	\$ 93,757	To reduce the computational time in the calculation of the OSF tool to less than 5 minutes; thereby increasing efficiency and productivity within Outage Coordination.	
ERCOT	SO	SO		Security Constrained Power Flow for Feasible Generation for Outage Evaluation	50048_01			2 - High	19	1.2	67		\$8M-\$9M	\$250k-\$500k	\$5M-\$6M				1.3	59	16	\$ 157,285	This project will provide the capability for the outage coordinator to simultaneously study multiple planned generation outages over a time range taking into account all defined contingencies and feasible generation patterns. The intent of this project is	Reduced manual effort in Outage Coordination (12.5 hours per workday)
ERCOT	SO	SO		Operator Interface Enhancements	60018_01			2 - High	20	1.1	34		\$8M-\$9M	\$100k-\$250k	\$5M-\$6M						18	\$ 713,028	This project consists of three distinct enhancements: 1) Offset Spreadsheet Replacement; 2) Constraint Entry Check/Validation; 3) Transmission Security Spreadsheet	Reduction in balancing energy cost due to improvement in offset value
ERCOT	SO	SO		EMMS Production Support Process Automation (Site Failover Automation)	50065_01			2 - High	21	1.1	39		\$8M-\$9M	\$100k-\$250k	\$5M-\$6M		75% reusable by Nodal		2.1	78	17	\$ 25,251	This project will provide the following capabilities: Increased Automation of the current EMMS database load procedures. Increased Automation of the current EMMS Site Failover procedures. Monitoring processes and alarming.	Increase automation of tasks in EMMS Production Support (0.5 FTE savings)
ERCOT	SO	SO		EMS Archive Comparison Tool Phase II	50039_01			2 - High	22	1.1	53		\$8M-\$9M	\$250k-\$500k	\$6M-\$7M				1.2	49	16	\$ 1,029,079	This project will add deferred requirements to the R4 delivered case comparison capability. Some of the deferred requirements are, The ability to compare fields on multi-dimensional tables, The ability to compare fields on records that have no key field.	Reduce unnecessary congestion management costs due to modeling error - 2 incidents per year at a cost of \$250,000 per incident
PUCT				MOMS Enhancements 2007				2 - High	23				\$8M-\$9M	\$250k-\$500k	\$6M-\$7M									
Market	WMS	SO	PRR409	Voltage Support Service	30032_01			2 - High	24	2.1	106		\$8M-\$9M	\$1M-\$3M	\$7M-\$8M			BoD 9/21/2004	2.1	71	14	\$ (1,100,000)	The current Protocols allow for excessive reactive dispatching on the part of TSPs without compensation to generation owners. This PRR changes the power factor envelope from +- .95 to +- .98, and allows for payment to generators.	
PUCT	SO	SO		EIS BI Foundations III	60001_01	Not Yet Started		2 - High	25	1.1	2		\$8M-\$9M	\$100k-\$250k	\$7M-\$8M							25		
ERCOT	SO	SO		DC Tie Scheduling for South	50134_01			3 - High / Medium	26	1.1	30.6		\$8M-\$9M	\$500k-\$1M	\$8M-\$9M				1.1	29	23	\$ 816,755	To automate as much as possible the current manual processes that consume considerable ERCOT resources in managing and accounting for energy flow across the DC Ties. To provide the ERCOT System Operator with a tool to properly schedule transactions across	Reduction in current manual verification process for Backup Frequency Desk. Avoid manual work in becoming the Scheduling Agent for additional DC Ties (dedicated Operations desk).
ERCOT	SO	SO	PRR428	RMR Process Automation	40087_01			3 - High / Medium	27	1.2	72		\$8M-\$9M	\$500k-\$1M	>\$9M			BoD 10/21/2003	1.2	45	19	\$ 2,699,772	The proposed functionality will automate the Availability/Delivery plan interaction between ERCOT and QSE and provide an interface to run the reliability study that uses the RPRS Market Clearing engine. The requirements were already gathered during Release	
ERCOT	SO	SO		Automate AS Qualification Testing	30073_01			4 - Medium	28	1.2	60		\$8M-\$9M	\$100k-\$250k	>\$9M				3.1	112	16	\$ 128,370	Add automation to the existing process of providing Ancillary Service Qualification testing.	Internal ERCOT benefit: Savings of 5 hours per workday of manual Ancillary Services qualification testing
ERCOT	SO	SO		ICCP Security Enhancements	60049_01			4 - Medium	29	1.3	104		\$8M-\$9M	\$100k-\$250k	>\$9M						16	\$ (146,594)	Provide the Market Participants with capability to encrypt and authenticate data transfer using Inter Control Center Protocol (ICCP)	
ERCOT	SO	SO		Enhancement to Market Analyst Interface for Ancillary Service Schedule Monitoring	40082_01			4 - Medium	30	2.2	127		\$8M-\$9M	<\$50k	>\$9M	Func. Replaced By Nodal			2.2	96	11	\$ 8,716	Create and install a display in the Operations Market Analyst Interface to display all QSE ancillary services resources and obligations based on A/S requirements, A/S schedules entered and A/S awards. This functionality is needed to allow Operations to a	
ERCOT	SO	SO		EMMS Production Support Process Automation (Database Load Automation)	50065_02			4 - Medium	31	1.1	39		\$8M-\$9M	\$100k-\$250k	>\$9M	Func. Replaced By Nodal	Not reusable by Nodal							
Market	SO	SO	PRR558	Market Notice of LaaR Proration	50131	Not Yet Started		9 - Parking Lot		1.0b	0.90		\$8M-\$9M		>\$9M	Func. Replaced By Nodal		BoD 04/19/2005	1.2	35.6				

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ERCOT	SO	SO		Integrate Risk Based Transmission Reliability Analysis Tool into RT and Study Mode	60017_01			9 - Parking Lot		1.1	32		\$8M-\$9M		>\$9M						16	\$ 3,744,643	Provide Risk based security assessment results in terms of: (1) Identify which double circuit contingency/overloads exceed a risk threshold which justifies congestion management action; (2) Provide screening to identify "most risky" contingencies, including	Estimated reduction of double circuit base congestion (10% - \$15,000,000)	
ERCOT	SO	SO		AVR Validation	50016	On Hold		9 - Parking Lot		1.2	53.5	<\$50k	\$8M-\$9M		>\$9M										
Market	WMS	SO	PRR590	Update Unit Telemetry Requirement	60024_01			9 - Parking Lot		1.2	57		\$8M-\$9M		>\$9M			BoD 8/16/2005				In progress	In progress	This revision proposes to add a requirement for QSEs to submit real-time AGC status and Ramp Rate for all online units in their portfolio. This addresses Potomac Economics Recommendation #14.	
ERCOT	SO	SO		Voltage Scheduler	40091_01			9 - Parking Lot		1.2	75		\$8M-\$9M		>\$9M							11	\$ (313,377)	It is expected some of the framework developed for Security Constrained Power flow tool will be used in this project. A tool is required to compute the set point voltages for all generators in the ERCOT grid such that the post contingency voltages at the	
ERCOT	SO	SO		Remodel Control Room Console Configuration	50051_01			9 - Parking Lot		1.3	103		\$8M-\$9M		>\$9M							12	\$ (764,944)	The objectives of this project are to improve operator efficiency and eliminate ergonomic concerns by redesigning the console footprint. The improved design should minimize side-to-side movement currently required to view all of the computer monitors an	
Market	WMS	SO	SCR720	Zone Forecast and Actual Generation	20126_01			9 - Parking Lot		2.2	124		\$8M-\$9M		>\$9M			TAC 8/8/2002	2.3	103	17	\$ (50,000)	ERCOT will provide real-time posting of Forecasted Net Zonal Energy and Actual Zonal Generation as an interim means of making a portion of the QSE data requirements available between now and the time that real-time XML		
Market	WMS	SO	SCR728	Display ERCOT Deployments	20126_01			9 - Parking Lot		2.2	125		\$8M-\$9M		>\$9M			TAC 8/8/2002	2.3	103	17	\$ (50,000)	Display ERCOT total aggregated balancing energy deployment, total aggregated responsive deployment, total aggregated non-spin deployment, ERCOT SCE and ERCOT responsive reserve on the ERCOT public website		
Market	WMS	SO	PRR454	OOME Off-line	30193_01			9 - Parking Lot		3.1	138		\$8M-\$9M		>\$9M			BOD 11/18/2003	3.1	110	n/a	n/a (3.x priority)	n/a (3.x priority)	When a generation unit receives an OOME instruction that would force it off-line, ERCOT must provide OOME instructions until the unit was scheduled to come off-line, or an OOMC instruction when the unit is requested to return.	
Market	WMS	SO	PIP112	DLC for BULs	50108_01			9 - Parking Lot		3.3	152		\$8M-\$9M		>\$9M				3.3	134	n/a	n/a (3.x priority)	n/a (3.x priority)		
Market	WMS	SO	PRR311	DLC to BUL Transition	50108_01			9 - Parking Lot		3.3	153		\$8M-\$9M		>\$9M			BOD 5/21/2002	3.3	134	n/a	n/a (3.x priority)	n/a (3.x priority)	Permits load control or load management programs involving small energy consumers (under 1 MW) to provide a balancing-up load (BUL) without the requirement that interval data recorders (IDRs) be installed on all of the participating	
Market	WMS	SO	PRR484	Changes for Implementation of Direct Load Control (DLC)	50108_01			9 - Parking Lot		3.3	154		\$8M-\$9M		>\$9M			BOD 2/17/2004	3.3	134	n/a	n/a (3.x priority)	n/a (3.x priority)	The requested changes will facilitate and specify how DLC programs participate in the BUL market.	
Market	WMS	SO	PIP128	Synchronous Condenser Compensation	30034_01			9 - Parking Lot		3.3	155		\$8M-\$9M		>\$9M				3.3	139	n/a	n/a (3.x priority)	n/a (3.x priority)		
Market	WMS	SO	PIP210	Block Bidding for Reserve Services - Related to PRR496	50046_01			9 - Parking Lot		3.3	156		\$8M-\$9M		>\$9M				1.3	56	n/a	n/a (3.x priority)	n/a (3.x priority)		
Market	WMS	SO	PRR307	Controllable Resources	30039_01			9 - Parking Lot		3.3	157		\$8M-\$9M		>\$9M			BOD 3/19/2002	3.3	140	n/a	n/a (3.x priority)	n/a (3.x priority)	This revision defines Load which can provide Regulation Service.	
Market	WMS	SO	PRR355	BLT OOME	30132_01			9 - Parking Lot		3.3	159		\$8M-\$9M		>\$9M			BOD 10/15/2002	3.3	137	n/a	n/a (3.x priority)	n/a (3.x priority)	Allows availability of Block Load Transfers for OOME deployment	
Market	WMS	SO	SCR729	Unit Status Information	20126_01			9 - Parking Lot		3.3	160		\$8M-\$9M		>\$9M				2.3	103	n/a	n/a (3.x priority)	n/a (3.x priority)		
Market	WMS	SO	SCR735	Include Hydro Units in Synchronous Condenser Mode in SPD RRS Allocation	50120_01			9 - Parking Lot		3.3	162		\$8M-\$9M		>\$9M			BOD 7/8/2004	1.3	57	n/a	n/a (3.x priority)	n/a (3.x priority)		
Market	WMS	SO	PRR496	Block Bidding and Deployment of LaaRs providing Responsive Reserve Service and Non-Spinning Reserve Service	50046_01			9 - Parking Lot		3.3	163		\$8M-\$9M		>\$9M			BOD 5/18/2004	1.3	56	n/a	n/a (3.x priority)	n/a (3.x priority)	Include provisions for LaaRs to have the option to bid Responsive Reserve Service and Non-Spinning Reserve Service as a block.	
Market	WMS	SO	PRR436	Enhance LaaR/BUL Ability to Participate in Balancing Energy Up Service, Non-Spinning Reserve Service, and Responsive Reserve Service Markets	30191_01			9 - Parking Lot		3.3	164		\$8M-\$9M		>\$9M			BOD 12/16/2003			n/a	n/a (3.x priority)	n/a (3.x priority)	This PRR would include the changes proposed by the Demand Side Working Group to clarify the role of Loads in the Ancillary Service and BUL markets.	

ERCOT Fiscal Year 2007 Budget

Base Operations Pro Forma Statements of Financial Position

(Dollars in Thousands)

Line	Description	Statement of Financial Position as of						
		12/31/2006	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012
1	Assets							
2	Current Assets:							
3	Cash & Cash Equivalents	\$ 82,324	\$ 82,324	\$ 82,324	\$ 82,324	\$ 82,324	\$ 82,324	\$ 82,324
4	Accounts Receivable	6,625	6,625	6,625	6,625	6,625	6,625	6,625
5	Unbilled Revenue	7,111	7,111	7,111	7,111	7,111	7,111	7,111
6	Restricted Cash	96,676	96,676	96,676	96,676	96,676	96,676	96,676
7	Prepaid Expenses & Other Current Assets	3,942	3,942	3,942	3,942	3,942	3,942	3,942
8	Total Current Assets	196,678	196,678	196,678	196,678	196,678	196,678	196,678
9								
10	Property & Equipment, net	120,265	117,820	121,252	120,973	122,197	119,208	113,428
11	Systems Under Development	9,605	9,605	9,605	9,605	9,605	9,605	9,605
12	Debt Issuance Costs	1,250	1,092	934	776	618	460	302
13	Total Assets	\$ 327,798	\$ 325,195	\$ 328,469	\$ 328,032	\$ 329,098	\$ 325,951	\$ 320,013
14								
15								
16	Liabilities & Unrestricted Net Assets							
17	Current Liabilities:							
18	Accounts Payable	\$ 18,513	\$ 18,513	\$ 18,513	\$ 18,513	\$ 18,513	\$ 18,513	\$ 18,513
19	Accrued Liabilities	-	-	-	-	-	-	-
20	Market Settlement Liability	84,379	84,379	84,379	84,379	84,379	84,379	84,379
21	Security Deposit	96,676	96,676	96,676	96,676	96,676	96,676	96,676
22	Capital Lease & Other Obligations	-	-	-	-	-	-	-
23	Notes Payable, current portion	-	-	-	-	-	-	-
24	Total Current Liabilities	199,568	199,568	199,568	199,568	199,568	199,568	199,568
25								
26	Notes Payable	149,497	141,360	138,023	133,236	130,249	125,162	117,975
27								
28	Total Liabilities	349,065	340,928	337,591	332,804	329,817	324,730	317,543
29								
30	Unrestricted Net Assets	(21,267)	(15,733)	(9,122)	(4,772)	(719)	1,221	2,470
31	Total Liabilities & Unrestricted Net Assets	\$ 327,798	\$ 325,195	\$ 328,469	\$ 328,032	\$ 329,098	\$ 325,951	\$ 320,013

ERCOT Fiscal Year 2007 Budget

Base Operations Pro Forma Statements of Activities

(Dollars in Thousands)

Line	Description	Statement of Activities for the Twelve Months Ended:						
		12/31/2006	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012
1	Operating Revenues:							
2	Transaction Fees	125,933	130,420	132,880	135,637	138,828	141,843	143,540
3	Membership Fee & Other	1,890	2,567	2,567	2,567	2,567	2,567	2,567
4	Total Operating Revenue	<u>127,823</u>	<u>132,987</u>	<u>135,447</u>	<u>138,204</u>	<u>141,395</u>	<u>144,410</u>	<u>146,107</u>
5								
6								
7	Operating Expenses							
8	Salaries & Related Benefits	59,313	72,988	75,908	67,104	68,446	69,815	71,211
9	Contra Labor to CIP	(6,791)	(7,374)	(5,586)	(7,188)	(6,909)	(6,542)	(6,803)
10	Contra Labor to Texas Nodal Market	-	(13,777)	(17,647)	-	-	-	-
11	Subtotal Labor	<u>52,523</u>	<u>51,838</u>	<u>52,676</u>	<u>59,916</u>	<u>61,536</u>	<u>63,273</u>	<u>64,408</u>
12	Depreciation	39,705	32,603	33,525	36,436	37,933	38,644	37,937
13	Facility & Equipment Costs	6,090	7,245	7,383	7,516	7,651	7,796	7,952
14	Legal & Consulting Services	10,377	11,097	9,992	9,625	9,692	9,444	9,644
15	Administrative & Other	6,324	8,056	8,136	3,643	4,040	7,048	8,827
16	Hardware/Software Maintenance & Licensing	7,219	9,372	9,465	9,484	9,513	9,551	9,570
17	Total Operating Expenses	<u>122,238</u>	<u>120,211</u>	<u>121,177</u>	<u>126,619</u>	<u>130,365</u>	<u>135,756</u>	<u>138,338</u>
18								
19	Income from Operations	<u>5,585</u>	<u>12,776</u>	<u>14,270</u>	<u>11,585</u>	<u>11,030</u>	<u>8,653</u>	<u>7,770</u>
20								
21	EBITDA	45,290	45,379	47,796	48,021	48,963	47,298	45,707
22								
23	Other Income (Expense)							
24	Interest Income	672	789	789	789	789	789	789
25	Interest Expense	(8,375)	(8,031)	(8,448)	(8,023)	(7,767)	(7,502)	(7,310)
26								
27								
28	Change in Unrestricted Net Assets	<u>(2,118)</u>	<u>5,534</u>	<u>6,611</u>	<u>4,350</u>	<u>4,052</u>	<u>1,941</u>	<u>1,248</u>
29								
30								
31	Unrestricted Net Assets, beginning of year	(19,149)	(21,267)	(15,733)	(9,122)	(4,772)	(719)	1,221
32								
33								
34	Unrestricted Assets, end of year	<u>\$ (21,267)</u>	<u>\$ (15,733)</u>	<u>\$ (9,122)</u>	<u>\$ (4,772)</u>	<u>\$ (719)</u>	<u>\$ 1,221</u>	<u>\$ 2,470</u>

Note:

The Cost Reduction TBD reflected on the Five Year Forecast - Revenue Requirement (Slide #18 in the 2007 Proposed Budget Power Point presentation) is embedded in the Administrative & Other operating expense line item.