Information Technology Report

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

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Items requiring Board Action:
Several contracts will be brought to the meeting seeking Board approval. These items will include agreements with:

- Oracle Corporation for the licensing of database software to be used across the enterprise, including Nodal
- ROME for credit monitoring system licensing and implementation
- Areva to cover EMS requirements, conceptual design, functional specifications and base product validation
- Siemens for network model management system licensing and implementation
- UISOL for integration design and development of prototypes
- IBM Corporation for multiple services including server implementation, consolidation of data center services and support of existing staff for Nodal

Highlights:
Disaster recovery plans have been developed and signed off for Siebel and Lodestar systems. A desktop review has been completed but a physical test will not occur until sometime in 2007.

PWC has informed ERCOT that IT has passed the SAS70 audit in the area of change control. This was a problem area two years ago. Passing this area is significant as management changes occurred in this area during the year and remaining staff did an outstanding job of maintaining process continuity. This should bring some comfort to the market that IT is able to tightly control system change.

IT has cleared all D&T findings for IT controls.

Issues:
Retail systems encountered two small outages in October bringing the reliability for the month to 99.58%. Year-to-date reliability is 99.38%, slightly above the SLA mark of 99.25%. The SLA will increase to 99.90% in 2007. However, a major project designed to implement a new middle-ware for the retail system is planned to go-live in early December. As is usual with a project of this size, there may be some service issues immediately following implementation. We ask for patience while those issues are resolved.