Texas Nodal Market Implementation: Program Update

ERCOT Board of Directors
20 January 2009

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Vice President and Chief Information Officer

Agenda

- Program Highlights
- Schedule & Budget Review Timeline
- Scope Management
- Information Lifecycle Management Update
- Risk / Issues
- Current Budget

Highlights

- No tasks on the program critical path are currently behind schedule

- Core Project Highlights
  - NMMS delivered a validated model (v1.21 schema and data set) on Jan. 9, preceded by the synchronized model on Dec. 10. The delivery of the validated model ensures that data can be utilized from the new Nodal network model in downstream systems. The NMMS 5 release also completed FAT as scheduled on Dec. 19
  - EMS completed FAT testing on the Habitat 5.6 Security Patch on Dec. 11. FAT was also completed on the Habitat 5.7 upgrade from beta to the release version on December 30
  - MMS4 FAT testing for Patch6 is currently underway and about 90% complete
  - COMS completed FAT on their Registration/Disputes release (REG4/DISP2) on Dec. 10 and completed a migration to production on Dec. 14. They also completed FAT on the Settlement & Billing Data Aggregation release (Lodestar bundle for data aggregation re-write) on Dec. 19

- Utilicast released their report of the assessment of the new integrated schedule and budget on Dec. 19
  - Report cites progress in program controls, accountability and transparency
  - Also outlines remaining challenges and risks (see risk slide)

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Schedule and Budget Review Timeline

ERCOT plans to continue reviews of the new program schedule and budget with stakeholders over the next two months in order to present final versions to the Board in April.

Proposed High-Level Schedule & Budget Review Timeline	
Review Activity	**Date**
Present schedule to TPTF for initial review	Dec. 10, 2008 *(completed)*
Gather initial TPTF feedback	Dec. 16, 2008 *(completed)*
Present revised schedule to TPTF for additional reviews and incorporate feedback; finalize budget	January 2009 *(ongoing)*
Present to TAC and incorporate feedback	February 2009
Present to Special Nodal Program Committee and incorporate feedback	February 2009
Present to Board of Directors and incorporate feedback	March 2009
Present to PUCT	April 2009

Program Scope is Locked Down

Scope for the December 2010 release of the Nodal Program schedule should be locked down with any proposed changes subject to a strict change control process – Utilicast

- New change requests (NPRRs, SCRs, CIs) will be judged on impact to schedule and budget
- ERCOT will comment on schedule and budget impact only, not on market need
- Comments have been submitted for NPRR164
- SCR752 discussion – impact to Outage Scheduler

Information Lifecycle Management (ILM) is the ongoing practice of classification of information as it applies to business processes, rules and user practices, as well as applying policies for effective management that accounts for its lifespan from creation to becoming obsolete or deleted.

- ILM Business Objective
  - Set the ILM strategy by system that will coincide with supporting Protocols, business processes and rules.
  - Evaluate the data stored in source and archived database and file server systems to determine what data and how much of it will need to be stored and maintained ongoing.
  - Delete historical data & develop the ongoing maintenance process to delete historical data.
  - Focus on improving storage and space optimization, and system performance.
  - Data that must remain online to meet protocols will be evaluated for its use for development of SLAs and tiered storage allocations.

- Scope of project
  - Deleting data from source and archived Commercial Systems
  - Evaluating and re-allocating storage efficiently
  - Change to market business rules to limit the amount of information needed to support business processes both internal and external.
  - Implementing an ongoing strategy for purging data from systems/file servers on a regulated basis
  - Development of SLAs for data management
  - Development of business process diagrams for support of data management of data audit and reprocessing points
- Recent activities
  - SAIC has been engaged to complete the Road Map for an ILM strategy at ERCOT. Estimated 6 week effort, then the ILM Project will proceed
  - ILM PM selected

Top Risks / Issues – 1

Description	Status
(Risk: Dec. 19) Data Center Capacity: Space and Power issues. Efforts to address risk include: • Data Center build-out project • PR 90006_01 Commercial Systems Information Lifecycle Management (ILM) project • Evaluation of storage allocation and utilization between data centers	Data Center build-out • Data Center build-out project in planning phase PR 90006_01 Commercial Systems Information Lifecycle Management project • SAIC has been engaged to complete the Road Map for an ILM strategy at ERCOT. Estimated 6 week effort, then the ILM Project will proceed. • ILM PM selected. Storage allocation and utilization • Implementing recommendations in SAIC report on storage to slow storage growth until data center expansion projects complete
(Risk: Dec 19): Scope creep may adversely impact the schedule. The nodal project requirements have not been finalized and locked down.	• Change control process has more executive oversight incorporated. • All functionality has been locked as of Dec 19; changes after this date will likely impact schedule and/or budget.

Top Risks / Issues – 2

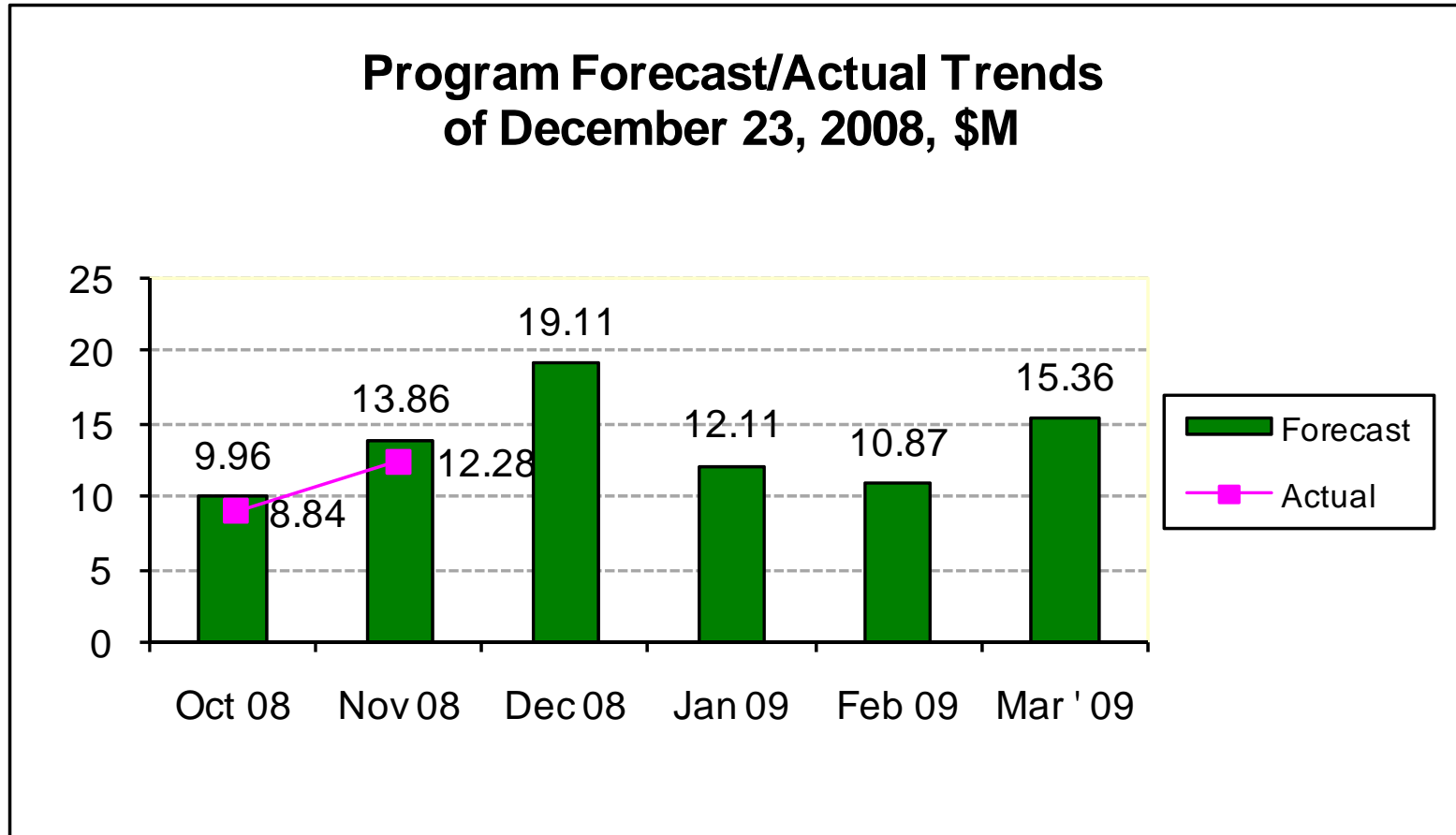| Description	Status
(Risk: Dec. 12) Existing integration testing strategy (i.e., planning approach, team structure, methodology), as well as the tactical implementation (i.e., execution plan, resource plan, testing schedules) may not be adequate to successfully perform integration.	• The program is currently reorganizing the team's structure and has posted a position for Integration Testing Project Manager to address specific risks and gaps identified by Utilicast.
(Risk: Nov. 21) With the delayed go-live for Nodal, there are a number of Zonal projects, PRRs, and IMM suggestions for Zonal improvements that may result in resource constraints for Nodal.	• Currently in process of identifying potential resource conflicts so that ERCOT can reprioritize scheduled Nodal activities and/or identify new resources to perform the additional work.
(Risk: Nov. 21) In order to keep the multiple database environments in synch (Dev, iTest, Prod), a refresh of the associated databases must be completed. This activity is estimated to take approximately one month based on prior refreshes. Actual downtime is estimated at one to two weeks and has not been incorporated into the schedule.	• Tentatively scheduled for March 2009; working closely with Nodal project teams to minimize downtime impacts. Will also need to plan for another refresh in 2010.

Cost: Element Summary – Updated

When the integrated schedule has been finalized and the financial impact determined we will incorporate this into an updated forecast

Nodal Program
Cost Element Summary
($ Millions)

	Through November 2008		Variance (over)/under Budget
Cost Element	**Budget**	**Actual**	
Internal Labor	$ 45.2	$ 46.5	$ (1.3)
External Labor	177.4	191.3	(13.9)
Hardware / Software	61.6	64.8	
Travel and Other	11.5	7.2	4.3
Subtotal	$ 295.7	$ 309.8	$ (14.1)
Finance Charge	10.3	12.3	(2.0)
Total	$ 306.0	$ 322.1	$ (16.1)

**Program Forecast/Actual Trends
of December 23, 2008, $M**

* **Please note: forecast numbers are preliminary until approved by the BOD and the PUCT**

Questions ?