Exhibit TD-3

Nodal Financial Update

Nodal Committee Meeting

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Nodal Program Controller

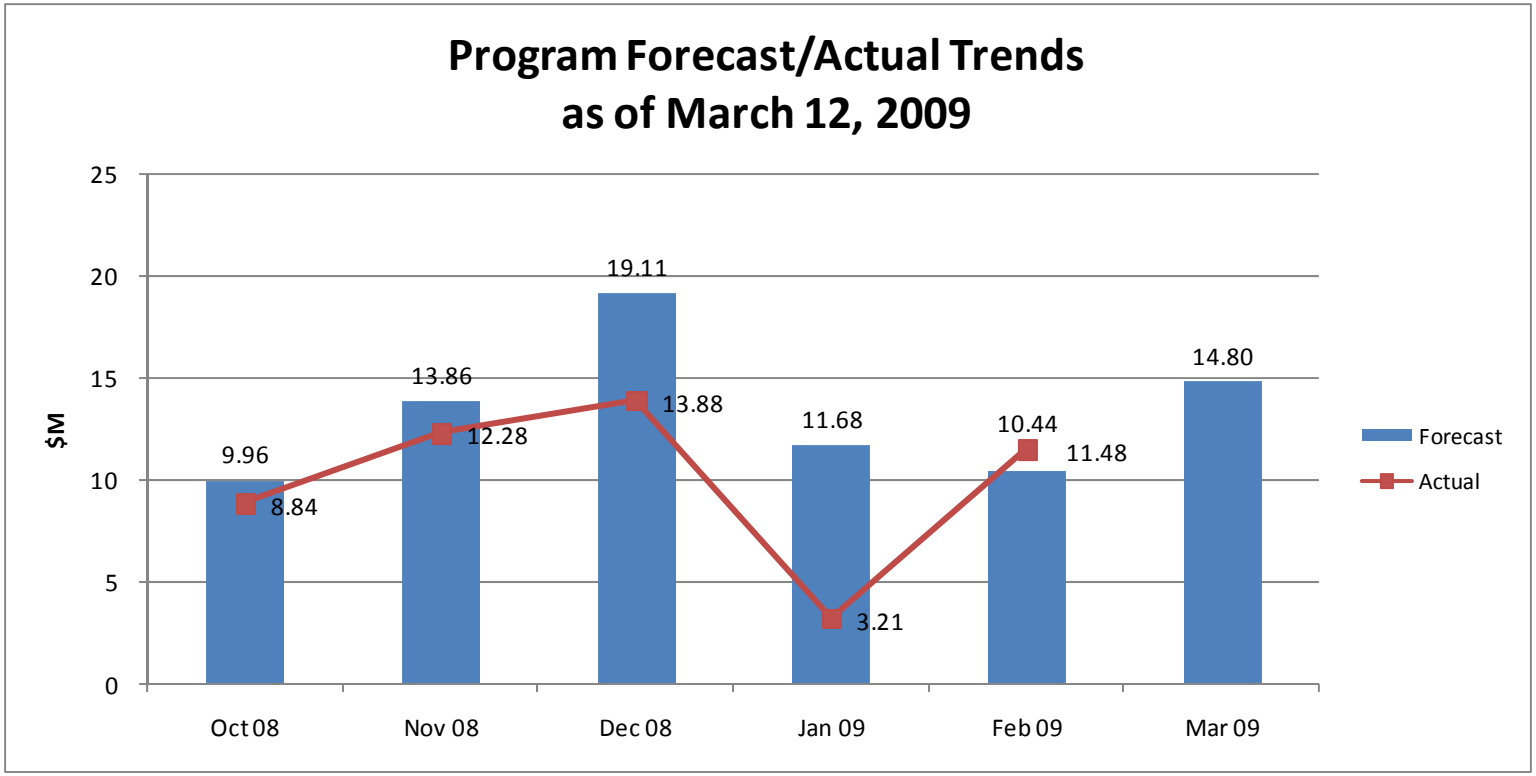
March 16th, 2009

Topics

- **October 2008 through January 2009 budget to actual variance analysis**
- **January 2009 financial performance**
- **Nodal Program Life To Date**
- **Financial management process improvements**
- **Financial reporting expectations**

Nodal Program – Cost Management

PRELIMINARY



October 2008 - January 2009 variance by cost category

***Refer to monthly program and project variance analysis for detailed variance commentary

PRELIMINARY

ERCOT
Nodal Program Variance Analysis and Reporting
Revised Budget to Actual Comparison
October 2008 to date as of 1/31/09

Line	Effort Summary - Hours	Budget	Actual	Variance	% Variance
1	Internal Effort	135,705	92,577	43,128	31.8%
2	External Effort	129,761	95,951	33,810	26.1%
3	Monthly Hourly Total	265,467	188,528	76,939	29.0%
4					
5	**Cost Summary**			**$ Variance**	**% Variance**
6	Internal Labor Costs	8,329,796	4,694,815	3,634,980	43.6%
7	External Resource Costs	32,136,944	22,349,812	9,787,132	30.5%
8	Administrative & Employee Expenses	268,723	1,683,451	(1,414,728)	-526.5%
9	Software & Software Maintenance	3,333,645	4,829,893	(1,496,248)	-44.9%
10	Hardware & Hardware Maintenance	6,861,107	2,358,821	4,502,286	65.6%
11	**Sub-total Direct Project Costs**	50,930,214	35,916,792	15,013,422	29.5%
12	Backfill	917,599	1,129,736	(212,137)	-23.1%
13	Indirect Support Costs	2,236,453	931,929	1,304,524	58.3%
14	Facilities Allocation	524,170	224,408	299,762	57.2%
15	Contingency			-	
16	**Sub-total Indirect Project Costs**	3,678,221	2,286,073	1,392,148	37.8%
17	**Sub-total**	54,608,435	38,202,865	16,405,571	30.0%
18					
19	Finance Charges	4,649,118	3,414,055	1,235,063	26.6%
20					
21	**Total**	**59,257,554**	**41,616,920**	**17,640,633**	**29.8%**
22		-	-		

October 2008 - January 2009 variance by project (project only)

ERCOT
Nodal Program Variance Analysis and Reporting
Revised Budget to Actual Comparison by Project
October 2008 to date as of 1/31/09

Line	Project	Budget	Actual	$ Variance	% Variance
1	IT Operations & Infrastructure	13,363,274	8,697,197	4,666,077	34.9%
2	Energy Management System	6,499,010	3,594,003	2,905,007	44.7%
3	Commercial Systems	5,343,798	2,863,350	2,480,448	46.4%
4	Market Management System	10,403,674	8,082,795	2,320,879	22.3%
5	Integration Testing	3,701,138	2,388,230	1,312,908	35.5%
6	Program Control	2,427,467	1,758,656	668,811	27.6%
7	Market Readiness Training	1,084,329	725,405	358,923	33.1%
8	Enterprise Data Systems	984,534	662,324	322,210	32.7%
9	ERCOT Readiness & Transition	963,704	658,878	304,826	31.6%
10	Network Model Management System	2,872,594	2,711,996	160,598	5.6%
11	Congestion Revenue Rights	294,678	248,310	46,368	15.7%
12	Management Information System	610,907	591,087	19,819	3.2%
13	Early Delivery System	1,014,116	1,041,315	(27,198)	-2.7%
14	Enterprise Integration	2,284,589	2,893,442	(608,852)	-26.7%
15	**Total**	**51,847,813**	**36,916,989**	**14,930,824**	**28.8%**

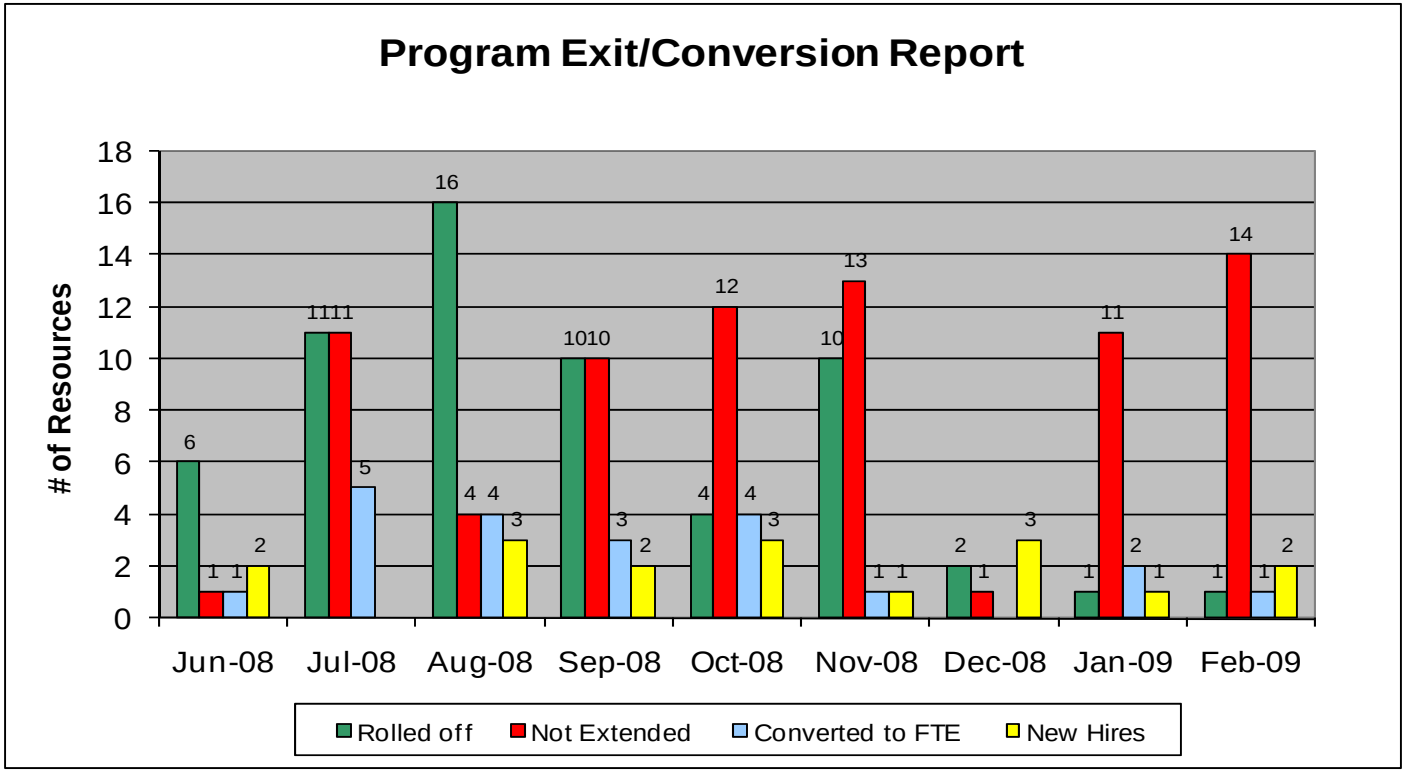
***Excludes non-direct project costs and the IDA project as it has been closed

October to January budget to actual analysis

- The Nodal program's expenses have been less than forecast for the period of October 2008 through January 2009.
  - **Program budget to actual variance during this period is positive $16.5M**
    - Internal Labor: positive $3.6M
      - Difference in budgeted vs. actual rate
      - Budgeted but not authorized positions (never hired)
      - Vacant internal positions
      - Employees incorrectly or undercharging time
    - External Resources (net of accruals) : positive $8.2M
      - 66 budgeted contractor positions not filled
        - » Effort to complete work with internal employees rather than contractors (see slide 7)
      - Major milestone payment to vendor not accrued in the proper month (expense timing)
      - Contract labor payroll timing differences
    - Hardware & Hardware Maintenance: positive $4.5M
      - Non-critical path hardware purchases deferred to remain under prior authorized spending cap
    - Indirect support and facilities allocations: positive $1.6M
      - These allocations are based on total dollars spent by Nodal and sq/ft used by the program, as Nodal spends less these charges are less also

Contract Labor Resource Report

- Cost saving efforts and program re-planning have resulted in less external resource costs than forecasted
  - Work being completed by ERCOT FTE's instead of contractors



Nodal Program – January Financial Performance

ERCOT
Nodal Program Variance Analysis and Reporting
Revised Budget to Actual Comparison
Month ending 1/31/09

Line	Effort Summary - Hours	Budget	Actual	Variance	% Variance
1	Internal Effort	37,023	21,490	15,534	42.0%
2	External Effort	35,402	22,950	12,452	35.2%
3	Monthly Hourly Total	72,425	44,440	27,985	38.6%
4					
5	**Cost Summary**			**$ Variance**	**% Variance**
6	Internal Labor Costs	1,963,060	1,085,093	877,967	44.7%
7	External Resource Costs	8,252,018	2,717,209	5,534,809	67.1%
8	Administrative & Employee Expenses	112,128	(1,567,746)	1,679,874	1498.2%
9	Software & Software Maintenance	386,039	556,996	(170,957)	-44.3%
10	Hardware & Hardware Maintenance	239,363	64,247	175,116	73.2%
11	Contingency	-	-	-	
12	**Sub-total Direct Project Costs**	10,952,609	2,855,800	8,096,809	73.9%
13	Backfill	108,950	159,407	(50,457)	-46.3%
14	Indirect Support Costs	466,753	134,232	332,521	71.2%
15	Facilities Allocation	155,451	56,102	99,349	63.9%
16	**Sub-total Indirect Project Costs**	731,153	349,740	381,413	52.2%
17	**Sub-total**	11,683,762	3,205,540	8,478,222	72.6%
18					
19	Finance Charges	1,566,350	713,180	853,170	
20					
21	**Total**	**13,250,112**	**3,918,720**	**9,331,392**	**70.4%**
22					

January 2009 Variance Analysis

- **Program budget to actual variance during this period is positive $8.5M**
  - Internal Labor: positive $900K
    - Difference in budgeted vs. actual rate
    - Budgeted but not authorized positions
    - Vacant internal positions
    - Less than expected hours charged to Nodal
      - Holiday and vacation time in excess of plan
  - External Resources (net of accruals) : positive $7M
    - 66 budgeted contractor positions not filled
      - Effort to complete work with internal employees rather than contractors
    - Major milestone payment to vendor not accrued in the proper month (expense timing)
    - Contract labor payroll timing differences
  - Indirect support and facilities allocations: positive $430K
    - These allocations are based on total dollars spent by Nodal and sq/ft used by the program, as Nodal spends less these charges are less also

Nodal Program – February Financial Performance

ERCOT
Nodal Program Variance Analysis and Reporting
Revised Budget to Actual Comparison
Month ending 2/28/09

Line	Effort Summary - Hours	Budget	Actual	Variance	% Variance
1	Internal Effort	37,300	30,055	7,245	19.4%
2	External Effort	35,352	21,994	13,358	37.8%
3	Monthly Hourly Total	72,652	52,049	20,603	28.4%
4					
5	**Cost Summary**			**$ Variance**	**% Variance**
6	Internal Labor Costs	1,975,185	1,490,798	484,387	24.5%
7	External Resource Costs	7,070,667	9,646,144	(2,575,477)	-36.4%
8	Administrative & Employee Expenses	88,455	(554,804)	643,259	727.2%
9	Software & Software Maintenance	388,362	339,381	48,981	12.6%
10	Hardware & Hardware Maintenance	239,363	83,562	155,801	65.1%
11	Contingency	-	-	-	
12	**Sub-total Direct Project Costs**	9,762,032	11,005,081	(1,243,049)	-12.7%
13	Backfill	108,260	159,407	(51,147)	-47.2%
14	Indirect Support Costs	420,101	260,821	159,280	37.9%
15	Facilities Allocation	152,791	56,102	96,689	63.3%
16	**Sub-total Indirect Project Costs**	681,151	476,330	204,822	30.1%
17	**Sub-total**	10,443,183	11,481,411	(1,038,227)	-9.9%
18					
19	Finance Charges	1,400,036	1,333,668	66,367	
20					
21	**Total**	**11,843,219**	**12,815,079**	**(971,860)**	**-8.2%**
22					

Nodal Program Life to Date spend through 2/28/09

ERCOT
Nodal Program Variance Analysis and Reporting
Revised Budget to Actual Comparison
Life to date as of 2/28/09

Line	Cost Summary	Budget	Actual	$ Variance	% Variance
1	Internal Labor Costs	37,652,398	36,062,639	1,589,759	4.2%
2	External Resource Costs	212,402,996	209,415,897	2,987,099	1.4%
3	Administrative & Employee Expenses	1,845,181	2,846,530	(1,001,350)	-54.3%
4	Software & Software Maintenance	22,722,593	23,992,971	(1,270,377)	-5.6%
5	Hardware & Hardware Maintenance	45,611,552	45,260,112	351,439	0.8%
6	**Sub-total Direct Project Costs**	320,234,720	317,578,150	2,656,570	0.8%
7	Backfill	3,983,024	4,226,902	(243,878)	-6.1%
8	Indirect Support Costs	11,294,926	10,803,125	491,801	4.4%
9	Facilities Allocation	5,931,828	5,735,790	196,037	3.3%
10	Contingency			-	
11	**Sub-total Indirect Project Costs**	21,209,778	20,765,817	443,961	2.1%
12	**Sub-total**	341,444,497	338,343,967	3,100,531	0.9%
13					
14	Finance Charges	15,972,946	15,383,636	589,310	3.7%
15					
16	**Total**	**357,417,443**	**353,727,603**	**3,689,841**	**1.0%**

Budget – Cost Management

- Introducing new financial management processes
  - Generating a “Current Month-End Spend Projection” that is a combination of expenses and liabilities incurred during the first half of a month combined with a projection of expenses and liabilities during the second half of a month
  - The program, at a project level beginning in February and monthly thereafter, will update forecasted spend for a minimum of the subsequent three months and further out if known
  - Monthly financial reviews are scheduled during the last week of each month with each project for the purpose of reviewing the prior month budget to actual performance in order to explain variances and assess impacts to schedule or forecasted expense and to approve or deny any forecast changes. These meetings are part of the overall project reviews that will cover budget/forecast/actuals, schedule, and resources.
  - In February the Nodal program began accruing expenses monthly, rather than quarterly as before, to better reflect spend in the month in which it occurs

Future Financial Reporting Expectations

- **Monthly Reports to be provided to the Nodal Committee:**
  - Budget to Actual Reports:
    - Prior month budget to actual report - without commentary
    - One month in arrears budget to actual report – with commentary
  - Forecast to Actual Reports (in development):
    - Prior month forecast to actual report - without commentary
    - One month in arrears forecast to actual report – with commentary
  - Project Life to Date Reports:
    - Nodal program Life to Date budget to actual report
    - Nodal program Life to Date forecast to actual report (in development)