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DRAFT OPEN SESSION MINUTES OF SPECIAL NODAL PROGRAM COMMITTEE
MEETING OF ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC
7620 Metro Center Drive, Austin, Texas 78744, Room 206
March 16, 2009, at 11:00 a.m.

Committee Members Present

Bob Helton, Chair
Jean Ryall, Vice Chair
Mark Armentrout
Steve Bartley
Miguel Espinosa
Nick Fehrenbach
A.D. Patton
Robert Thomas

Other Board Members

Brad Cox
Michael Gent
Jan Newton

ERCOT Staff

Bob Kahn
Mike Cleary
Trip Doggett
Chenzhou Fei
David Forfia
Mike Grable
Chris Howell
Tom Kleckner
Amy O'Desky
Mike Petterson
Jimmy Ramirez
Grady Roberts
Aaron Smallwood
Chad Seely
Dave Seibert
Joyce Statz
Bill Wullenjohn

Others
Steve Barrey
Nathan Benedict
Mark Bruce
Mark Dreyfus

Wendell Drost
Eric Goff
Bridget Headrick
Don Jefferies
Don Jones
Eric Medina
Janet Ply
Naomi Richard
Jim Reynolds
Bob Spangler

Bob Helton convened the Open Session of the Meeting of the Special Nodal Program Committee (Committee) of the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) at approximately 11:04 a.m.

Miguel Espinoza moved to approve the February 10, 2009, and February 16, 2009 Special Nodal Committee Open meeting minutes. Jean Ryall seconded. The motion passed by unanimous voice vote with no abstentions.

Schedule Update, Critical Path and Near Critical Path Activities (Agenda Item Nos. 5 and 6)

Janet Ply presented the PMO update, noting that weekly status reports and the project schedule are downloadable from the web   Ms. Ply commented on the critical and near critical path analysis, protocol traceability, program risks and mitigation, and the third party negotiator update. Ms. Ply noted that EMS is not on the critical path right now, but it is important to ensure SPRs are closed out on a timely basis.

A.D. Patton asked if vendor cost over-runs were due to time and materials contracts. Ms. Ply confirmed that was a contributor, but noted it was not the sole reason, because even with time and materials contracts the vendors have specific deliverables. Dr. Patton also inquired about the statement that the COMS-CMM vendor is "now fully staffed." Trip Doggett, Senior Vice President and Chief Operating Officer, stated that this vendor was purchased by another company earlier this year and that was why they had staffing issues.   Bob Kahn, President and Chief Executive Officer, added that he will meet with the CEOs of these companies if necessary to ensure the vendors complete their tasks. Jan Newton inquired if the issues with the "red" vendors would be resolved next month, and Ms. Ply confirmed they would be addressed. Mike Cleary, Senior Vice President and Chief Technology Officer, noted the potential need for Board approval of discretionary funds in the future due to the gap between what ERCOT builds and what the market is expecting.

Ms. Ply discussed the risks involved with the data center move. Mr. Cleary indicated that there was a mitigation plan in place and confirmed that there has already been authorized funding sufficient to resolve the identified risks. Finally, Ms. Ply informed the committee

that a third party contracts negotiator was selected and they will soon be developing a negotiation strategy.

2009 Nodal Budget (Agenda Item No. 7)

Aaron Smallwood, Director of IT Strategic and Financial Services, reviewed the budget performance with the committee. Mr. Smallwood noted the reasons for being under-budget as re-forecasting the labor rate from $65/hour to $53/hour and not filling positions. Mr. Smallwood also noted that one of the reasons the January actual expenses were much lower than budgeted expenses was due to a missed accrual deadline for a $2,000,000 expense. Dr. Patton noted that some hardware purchases were deferred in January, but the savings was not transparent. Mr. Kahn indicated this was driven by the motivation to stay under the $12 million per month cap. Mr. Smallwood also stated that moving forward he will be splitting up the "Administrative & Employee Expenses" item to provide greater transparency in terms of the granularity of expenses.

Utilicast Nodal Program Review including Report #10 and Status Update on Utilicast Recommendation (Agenda Item Nos. 8, 9, 10)

Mr. Cleary identified two specific areas for concern, noting that the completion percentage for applications is a concern generally, and this is exacerbated by the fact that it has not improved in recent months. Mr. Cleary noted they will have to be moved forward into integration, and that some of the core applications will be examined to determine how well-developed they are to-date. The second issue involved the infrastructure of the project, and specifically, in regard to data centers.

Market Participant Involvement in Nodal Program (Agenda Item No. 12)

The committee discussed the dissolution of TPTF and the need for an interactive forum with the market participants. Mr. Cleary noted the importance of communications with market participants with respect to market readiness and integration.

Mark Bruce stated that the stakeholders are not ranking post go-live NPRRs and that there will be a discussion between stakeholders and ERCOT staff on this matter.

Testing and Traceability (Agenda Item No. 13)

Eileen Hall, Testing Czar, presented on nodal testing, specifically outlining her role and responsibilities. Ms. Hall outlined the defect categorization and prioritization process, noting that a developer cannot close the defect; only the tester and defect manager can close a defect. Mr. Armentrout asked Ms. Hall to develop a depiction of the releases that demonstrates how everything fits together and to present that to the Committee.

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The Open Session adjourned at approximately 2:28 p.m.

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Matthew T. Morais
Committee Secretary