ERCOT Finance & Audit Committee Meeting
7620 Metro Center Drive, Austin, Texas
Met Center, Conference Room 168
June 16, 2009; 8:00am – 10:00am*

Item #	Agenda Item Type	Description/Purpose/Action Required	Presenter	Time
1.		Call to order Executive Session	C. Karnei	8:00am
2.	Decision required	2a. Approval of executive session minutes (Vote) (05/20/09)	C. Karnei	8:00am
	For discussion	2b. Internal Audit status report	B. Wullenjohn	8:02am
	For discussion	2c. Update on timeline for 2010 Internal Audit Plan	B. Wullenjohn	8:10am
	Informative	2d. EthicsPoint update	B. Wullenjohn	8:15am
3.	For discussion	Advisors/Tax exempt financing	C. Yager	8:20am
4.	Decision required	Debt financing and liability risk management update	C. Yager	8:30am
5.	Informative	Contracts, personnel, litigation and security	Various	8:50am
		Recess Executive Session		8:55am
		Convene General Session		
6.	Decision required	Approval of general session minutes (Vote) (05/20/09)	C. Karnei	8:55am
7.	Decision required	Vote on items from executive session (Vote)	C. Karnei	8:56am
8.	For discussion	Update on 2009 Operating plan	M. Petterson	8:57am
9.	For discussion	Review 2010 strategic planning and budget assumptions	M. Petterson	9:10am
10.	Informative	External audit Request for Proposal (RFP)	M. Petterson	9:20am
11.	Informative	Review proposed changes to MOU with Texas RE	M. Petterson	9:25am
12.	For discussion	Review the Company's dealings with any financial institutions that are also market participants	C. Yager	9:30am
13.	For discussion	Investment status update	C. Yager	9:35am
14.	Informative	Committee Briefs (Q&A only)	All	9:45am
15.	Informative	Future agenda items	S. Byone	9:50am
		Adjourn ISO meeting	C. Karnei	9:55am

∗ Background material is enclosed or will be distributed prior to meeting. All times shown in the agenda are approximate.
The next Finance & Audit Committee Meeting will be held Tuesday, July 21, 2009, at ERCOT, 7620 Metro Center Drive, Austin, Texas 78744, in Room 168.

Decision required
For discussion

- **Approval of General Session Minutes**
  - Vote 5/20/09

<Vote>

- **An update on actual results through May together with management actions to mitigate the revenue shortfall will be presented during the Board meeting**

Date	2010 Budget Preparation, Review and Approval Task
Monday, Apr. 13	Discuss with Executive Team the 2010 Strategic Plan and Budget
Monday, May 4	Discuss with the Executive Team the 2010 strategic plan, budget schedule and budget assumptions
Tuesday, May 19	**Finance and Audit Committee Meeting** Discuss and review the 2010 Budget/PPL Status Update
Tuesday, Jun 16	**Finance and Audit Committee Meeting** Discuss and review the 2010 Budget/PPL Status Update **Board of Directors Meeting** Discuss and review with the Board the strategic planning and budget assumptions (briefing and request for public comment)
Thursday, Jun. 18	Present and discuss with PUCT Staff the 2010 budget schedule and assumptions
Monday, Jun. 22	Prepare and present to Management the 2010 budget schedule and assumptions
Tuesday, Jun. 23 - Tuesday, Jun. 30	Managers prepare departmental budget requests and review with respective Director/VP
Wednesday, Jul. 1	Managers submit departmental budget requests
Thursday, Jul. 2 - Friday, Jul. 3	Calculate and compile DRAFT Categorical Budget (Budget team)
Monday, Jul. 6	Begin testimony preparation
Monday, Jul. 6 - Tuesday, Jul. 7	Review preliminary budget by Office with VP/Director/Manager and revise budgets (as necessary)
Wednesday, Jul. 8	Prepare and present consolidated schedules to the Executive Team for review
Thursday, Jul. 9 - Friday, Jul. 10	Work with Management Team to incorporate adjustments
Monday, Jul. 13	Prepare and present consolidated schedules to the Executive Team for review
Tuesday, Jul. 14	Mail out for Finance and Audit Committee and Board Meeting
Tuesday, Jul. 21	**Finance and Audit Committee** Prepare and present to the Finance and Audit Committee the Preliminary Budget/PPL (Courtesy copy to all Board members)
Monday, Jul. 22 - Friday, Jul. 31	Work with Management Team to incorporate adjustments
Monday, Aug. 3	Prepare and present consolidated schedules to the Executive Team for review
Friday, Aug. 7	Submit first draft of testimony
Monday, Aug. 10	Mail out for Special Finance and Audit Meeting
Monday, Aug. 17	**Finance and Audit Committee Special Meeting and Public Input Meeting** Discuss and review the 2010 Budget with the Finance and Audit Committee (Courtesy copy to all Board members)
Tuesday, Aug. 18 - Friday Aug. 28	Incorporate Finance and Audit Committee feedback and make final adjustments Distribute consolidated schedules to PUCT Staff for review
Monday, Sept. 1	Prepare and present consolidated schedules to the Executive Team for FINAL review
Tuesday, Sept. 8	Mail out for Board Meeting
Friday, Sept. 11	Finalize testimony
Tuesday, Sept. 15	**Board of Directors Meeting** Obtain Finance and Audit Committee recommendation and obtain approval from the ERCOT Board for the 2010 base operating budget and PPL/Vote
Monday, Sept. 14 - Wednesday, Sept. 23	Review and finalize PUCT Fee Filing
Wednesday, Sept. 30	File fee case with PUCT

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Finance & Audit Committee Meeting

Requirements

– Provide sufficient staff for base operations and ERCOT Enhanced Reliability and Markets (EERM) (formerly Nodal Program) Program Implementation

– Provide essential facilities including the Met Center Replacement

– Accommodate software upgrades and hardware refreshes necessitated by delay in the EERM Program including expansion of the data center

– Accommodate principal and interest payments on the Senior Note and Term Loan

Major Assumptions

- EERM remains on schedule and budget

- Texas RE becomes a separate legal entity

- Protocol compliance verification is paid for by ERCOT via System Administration Fee

System Admin. Fee Billing Determinant Change
- Based on historical load (similar to ERO pass- through fee)

Staffing
- Headcount growth
  - tbd
  - Confirm with EERM program reforecast
- Staff compensation market based

Contra Labor for EERM and Base Projects
- Reconcile internal resource utilization to approved project plans

Capital Spending
- In accordance with standard PPL approval processes

Informative

Informative

12. Review The Company's Dealings With Any Financial Institutions That Are Also Market Participants – Cheryl Yager

Market Participant	*Financial Institution*	*Services Provided*
Bank of America, N.A.	Bank of America, N.A. or affiliate	Lender, bank account
JPMorgan Ventures Energy Corporation	JPMorgan Chase, N.A. or affiliate	Lender, bank accounts, money market funds, purchasing card, 401(k) mutual fund option

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For discussion

Q&A only

ERCOT Market Credit Status

	as of 4/30/2009					as of 5/31/2009				
	# of QSEs*	Estimated Aggregate Liability ($)	% of EAL	Total Unsec Credit Limit / Security Posted		# of QSEs*	Estimated Aggregate Liability ($)	% of EAL	Total Unsec Credit Limit / Security Posted	
Exposure in the ERCOT Market (owed to ERCOT)										
QSEs that meet ERCOT Creditworthiness Standards										
Ratings over BBB-	11	23,955,675	10%	168,576,041	U	11	28,322,796	12%	168,543,689	U
QSEs that do not meet ERCOT Creditworthiness Standards										
Ratings below BBB- or not rated										
Cash & Letters of Credit	52	144,792,100	63%	253,963,214	S	56	142,451,177	63%	280,089,047	S
Guarantee Agreements	16	61,255,089	27%	341,071,345	S	18	56,046,883	25%	421,221,871	S
Total Exposure	**79**	**230,002,864**	**100%**			**85**	**226,820,856**	**100%**		
Other QSEs in the ERCOT Market (ERCOT owes)										
QSEs that meet ERCOT Creditworthiness Standards										
Ratings over BBB-	6	(2,606,678)	-6%	48,635,749	U	5	(5,186,485)	-16%	45,347,047	U
QSEs that do not meet ERCOT Creditworthiness Standards										
Ratings below BBB- or not rated										
Cash & Letters of Credit	59	(30,299,966)	-64%	32,646,422	S	58	(19,513,137)	-59%	14,913,444	S
Guarantee Agreements	11	(14,018,266)	-30%	173,952,000	S	9	(8,269,636)	-25%	95,702,000	S
Total	**76**	**(46,924,910)**	**-100%**			**72**	**(32,969,258)**	**-100%**		
Total	*155*					*157*				

U: For QSEs that meet ERCOT's Creditworthiness Standards, amount of unsecured credit granted.
S: For QSEs that do not meet ERCOT's Creditworthiness Standards, amount of Security posted.
Note 1: Guarantee Agreements provided to meet a QSE's collateral requirements by entities that meet ERCOT's Creditworthiness Standards.
         Guarantee Agreements provided to meet financial statement requirements by entities that do not meet ERCOT's Creditworthiness
         Standards are not included on this schedule.
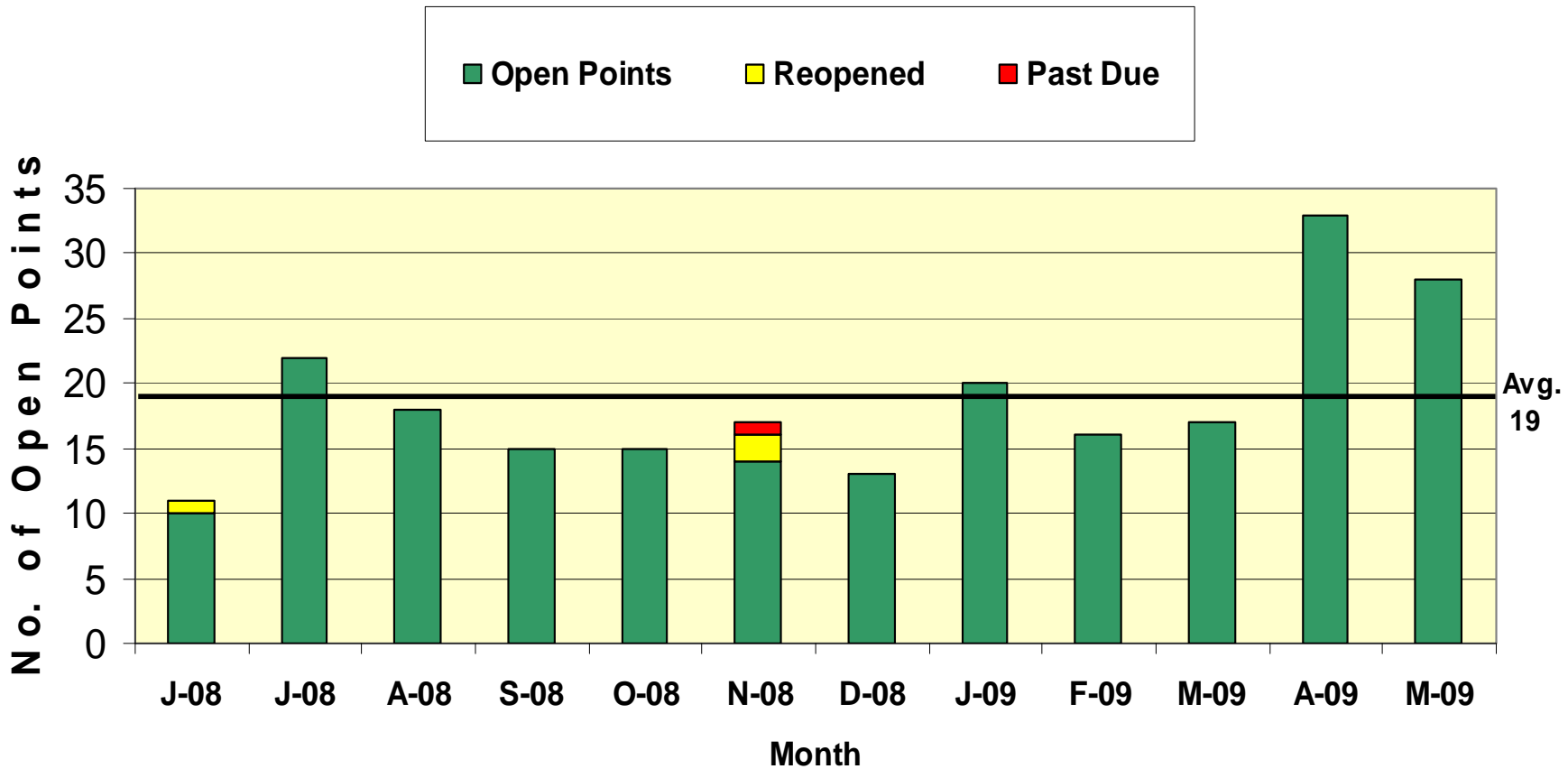
	J-08	J-08	A-08	S-08	O-08	N-08	D-08	J-09	F-09	M-09	A-09	M-09	Totals
Audits Completed	3	3	2	4	1	3	5	1	1	6	2	3	34
Points Added	6	11	2	0	0	4	11	12	9	24	27	6	112
Points Completed	8	0	6	3	0	2	15	5	13	23	11	11	97

All but two open audit points projected to be complete by September 30, 2009.

14. Committee Brief: Audit
Cheryl Moseley

Audits Completed
(last 3 months)
Internal Audits
- Q1 2009 Fraud Auditing
- Credit Process
- Protocol 1.4 Required Audit – Confidentiality Compliance
- Change Control/Release Management
- Business Continuity Plan
- System Operator Compliance with Operating Procedures

External Audits*
- 2008 Financial Audit (PwC)
- Nodal Program Review – Infrastructure & Integration Readiness (Report #10; Utilicast)

Open Audits

Internal Audits
- IT System Availability & Performance
- Long-Term Technology Strategy
- Enterprise Risk Management
- Procurement & Contract Administration
- Financial Reporting & Close

External Audits*

Planned Audits
(next 3 months)
Internal Audits
- Payroll Employee Onboarding, Transfer, Offboarding and Termination Processes
- Human Capital Metrics/ Benchmarks
- Protocol 1.4 Required Audit – Independence Verification
- Cash & Investments
- Enterprise Resource Mgmt.

External Audits*
- 2009 SAS70 Audit (PricewaterhouseCoopers)
- Nodal Program Review – Scope & Timing TBD (Report #11; Auditor-TBD)

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Consultation/ Analysis Reports Completed
(last 3 months)

Open Consultation/ Analysis Reviews

Planned Consultation/ Analysis Reviews
(next 3 months)

External Assessments

1 security assessment
(Accuvant)

External Assessments

External Assessments

1 security assessment
 planned

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
RISK MANAGEMENT EVENT PROFILE MATRIX (as of June 1, 2009)

Strategic	Operational Excellence	Market Facilitation	Grid Reliability	Reporting	Legal and Regulatory Compliance
Strategy Development	**Performance Monitoring**	**Customer Choice**	**Grid Operations**	**Review Practices**	**Legal & Legislative**
Corporate objective setting adequately incorporates informed stakeholder input, market realities and management expertise.	*Clearly defined and actively monitored performance metrics linked to mission and goals. Performance status communicated and corrective action taken.*	*Market design promotes efficient choice by customers of energy providers with effective mechanisms to change incumbent market participants as desired.*	*Information required to operate the grid is efficiently gathered. Appropriate tools are prudently configured to efficiently operate the system.*	*Prudent measures are taken to insure that company disclosures are properly vetted and not misleading.*	*Operations are conducted in compliance with all laws and regulations. Impacts of current and proposed legislation are understood and communicated.*
		PUCT has finalized POLR rule and Expedited switch. We are initiating projects to implement changes as needed.			
Mission and Goals	**Business Practices**	**Nodal Implementation Project**	**Planning**	**Disclosure**	**Internal Control Compliance**
Corporate objectives and performance standards are understood and followed.	*Business planning, processes and management standards are effective and efficient.*	*Nodal Implementation on budget on schedule, and within defined scope.*	*Long-range planning methods enable efficient responses to system changes that are necessary to maintain reliability standards.*	*Reporting and other disclosures to intended parties is timely, accurate and effective.*	*Internal Control Compliance, processes and management standards are effective and efficient.*
New Strategic Plan needs to be integrated into the latest business planning cycle.		Program "YELLOW" based on risks for meeting expectations of market participants and for dealing with late delivery of working CMM software; work is in process for mitigating those risks. There may be quality issues in data from the market for the Single Entry Model; plans are in progress for mitigating that risk. Staffing for key positions for late phases of the project now complete, and new leaders are coming up to speed and working on the detailed plans for data management, end-to-end testing, and market trials. Management Action Plans have been developed for recommendations from external audits and internally detected risks and issues. Key risks include data center capacity; potential conflict over personnel and testing environments needed at the same time by Nodal and Zonal projects; options for mitigating those risks and future resource needs are being carefully studied to identify any other contention.	System Planning department staffing has reorganized/improved and a plan is in place to increase staff to meet stakeholder desire for more "study horsepower". A list of studies desired by ERCOT and ERCOT Stakeholders has been prepared and reviewed by stakeholders and deemed complete at this time. A plan is in place to conduct these studies.		ERCOT is developing processes to institutionalize the ongoing training on current policies and procedures for all ERCOT staff and contract workers.
Reputation	**Workforce**	**Counterparty Credit**	**Bulk System Resources**	**Communication**	**Industry Standards**
Positive perceptions by stakeholders lead to less cost and greater flexibility resulting in enhanced enterprise value.	*Organization design, managerial and technical skills, bench strength and reward systems aligned with corporate goals.*	*Maintain credit risk exposure for overall market within acceptable limits.*	*Market Participants construct and make available adequate bulk electric grid resources.*	*Internal & external communications are timely and effective.*	*Business practices provide stakeholders with required assurances of quality.*
Increased publicity associated with the delay of the Nodal market and the associated cost increases, new fee filings for the nodal surcharge and System Administration fee, high congestion, high price volatility and credit defaults during 2008 have negatively impact ERCOT's reputation.	The rolling 12-month voluntary turnover has dropped to 4.7%. Many key contractor positions have been retained and have either joined ERCOT or in the process of contract approval. ERCOT readiness continues to be an on-going issue and will be a top priority for the new project manager of ERCOT & Market Readiness. Continued strong demand for subject matter experts needed for Nodal project, on-going base projects and operations. As of the end of May, ERCOT had 40 open full-time positions.	A Credit Risk Standard was approved by the Board in May. We plan to report potential credit exposure from the credit loss model to F&A committee in July. Substantially all counterparties have signed the stronger Guarentee document approved by the BoD in February.			Compliance activities and staff have been centralized under the management of the Chief Compliance Officer. Preparation of compliance documentation is underway for the 2009 NERC reliability audit. Have completed internal Ownership matrix for Zonal and Nodal Protocols and met with all ERCOT staff owners to review their responsibilities.
Fiscal Management	**Technology Infrastructure**	**Administration, Settlement & Billing**	**Operational Responsibility**	**Adequacy and Integrity**	**Regulatory Filings**
ISO design requires competent, prudent and cost effective provision of services.	*Information systems, supporting facilities and data are effectively managed and are reliable.*	*Market rules fairly applied to all participants. Accounting is timely and accurately reflects electricity production and delivery.*	*Market participant conduct their operations in a manner which facilitates consistent grid reliability.*	*Robust processes exist to support management assertions embodied within financial reports.*	*Evidence, testimony and other supporting materials are compelling and successful.*
2009 electric load is trending below budget resulting in reduced revenues while labor devoted to the Nodal program (and to a lesser extent, Zonal projects) is trending below budget. Cost containment measures have been implemented. An updated 2009 forecast is expected in July.	Systems remain stable in all areas. The TCC1 data center expansion is planned for completion September 2009. Enough capacity for Nodal go-live and for the start of advanced metering will be available with the completion of the TCC1 expansion. The south side data center plan calls for full production operations by February 2011 and the new TCC3 facility to be ready by May 2011.		Response of generators and LaaRs to grid operation events has been improving. Enhanced enforcement of NERC standards and ERCOT Protocols and Operating Guides will exist through the ERO / TRE and IMM which will provide additional incentive for improved performance. Increased wind generation will present additional operational challenges that a study indicated can be met. A joint ERCOT Staff and TAC Renewable Technologies Task Force is developing a Texas Renewable Implementation Plan (TRIP) defining steps needed to reliably integrate wind and other wind generation.		

Legend: ⬆ Elevated Risk Level   ⬇ Reduced Risk Level   (New Risk Categories / Descriptions Indicated in **Green**)

Stoplight Worksheet

Year to Date Project Activity by Division

	Phase	Not Started	Initiation	Planning	Execution	Closing	Closed	Totals Excluding Non-Active	Cancelled	On Hold	Deferred	*Totals by CART	Go-Live* (To Date)	Current Projected Go-Live (by Y.E.)	Original Projected Go-Live (by Y.E.)
C A R T	Corporate Operations	1	1	1	12	3	3	21	1	0	2	24	6	10	10
	IT Operations	1	0	1	3	1	1	7	0	0	0	7	1	6	6
	Market/Retail Operations	2	0	3	3	2	2	12	2	1	0	15	2	5	5
	System Operations	1	0	3	4	0	0	8	0	0	0	8	0	7	4
	Totals by Phase	5	1	8	22	6	6	48	3	1	2	54	9	28	25
	Total Non-Active								6						

* Note: Some projects in Closing and Closed Status went live in 2008

* Projects Gone Live in May 2009

(CO)   PR-80016_01 Security Configuration Management

(MORO) PR-80040_01 TIBCO Siebel Integration Enhancements

* Totals by CART is reduced to 54 from 55 due to the MET

   Center Disposition Projects combined as one project

Year to Date Project Priority List (PPL) Status

PPL Iterations	Origination	Project Phases								Deferred Projects	Subtotal	Grand Total
		Not Started	Initiation	Planning	Execution	Closing	Closed	On Hold	Cancelled			
Original 2009 (October) PPL												44
	PUCT	1			1	1					3	
	Market						2				2	
	ERCOT	4		6	18	4	1	1	3	2	39	
Unexpected Carry Over From 2008												6
	PUCT										0	
	Market										0	
	ERCOT				2	1	3				6	
New Projects Added (Since PPL Approval in January 2009)												4
	PUCT										0	
	Market			1	1						2	
	ERCOT		1	1							2	
2009 PPL Totals to Date												54
	PUCT	1	0	0	1	1	0	0	0	0	3	
	Market	0	0	1	1	0	2	0	0	0	4	
	ERCOT	4	1	7	20	5	4	1	3	2	47	
Totals by Project Phase		5	1	8	22	6	6	1	3	2	54	

Year to Date Projects Over $1 Million

(CART) Project Number and Description	Total Budget	Total Committed	Metrics	
(Duration) Phase (Sponsor)	**Scheduled Completion**		**Schedule**	**Budget**
(CO) PR-60075_01: Identity Access Management *Schedule stoplight due to time taken to re-schedule around Nodal 168 hour test.*	$2.66M	$2.51M	🔴	🟡
(2006-2009) Currently in Execution (B. Kahn)	*Expected Completion 4th Qtr 2009*			
(CO) PR-80001_01: MET Center Disposition	$70M	$2.75M	🟢	🟢
(2008 - 2011) Currently in Planning (B. Kahn)	*Expected Completion 1st Qtr 2011*			
(IO) PR-90004_01: Data Storage	$1.76M	$17K	🟢	🟢
(2009-2009) Currently in Execution (David Forfia)	*Expected Completion 4th Qtr 2009*			
(MO/RO) PR-80027_01: Advanced Metering MKT Changes for PUCT	$1.54M	$.598M	🟢	🟢
(2009-2009) Currently in Execution (T. Doggett)	*Expected Completion 4th Qtr 2009*			
(MO/RO) PR-50088_01: Data Research and Reporting	$3.56M	$.931M	🟢	🟢
(2006-2011) Planning (T. Doggett)	*Expected Completion 3nd Qtr 2011*			
(CO) PR-80047_01: TCC1 Data Center Expansion	$6.75M	$2.18M	🟢	🟢
(2009-2009) Currently in Execution (B. Kahn)	*Expected Completion 4th Qtr 2009*			

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Finance & Audit Committee Meeting

# 14. Committee Brief: PMO
David Troxtell

Baseline Budget vs. Actuals for Projects Closed in Lawson for 2009

Project	Description	Year Implemented	Baseline Budget	Actuals	$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	Explanation
60020_02	Lawson 9.0 Upgrade Phase II	2008	$663,655	$580,417.7	$83,237.3	13%	Based on multiple failed attempts of upgrading the application in the test environment, the project team planned and budgeted for a failed migration to the production environment; fortunately, the migration was successful on the first attempt.
80021_01	WAN Equipment Refresh	2009	444,999	393,039	$ 51,960	12%	The Change control # 2 reduced the overall budget by 50,000.00 resulting in a project budget of 405,000.00.
50070_02	Unit Testing Automation & Electronic Submittal	2008	48,088	43,037	$ 5,051	11%	Less internal development and testing labor required than projected.
70054_02	Blade Refresh Phase II	2008	275,240	257,438	$ 17,802	6%	
80038_01	ACL Audit Exchange	2009	77,263	73,694	$ 3,569	5%	
60094_01	Physical Access Control Software and Hardware Upgrade	2008	666,454	646,726	$ 19,728	3%	
60015_01	Registration Data Model Enhancement	2008	100,955	100,138	$ 817	1%	
60020_01	Lawson 9.0 Upgrade	2007	702,860	706,502	$ (3,642)	(1)%	
70007_01	MarkeTrak Enhancements (Workflow & Reporting)	2009	1,627,035	1,687,263	$ (60,228)	(4)%	
40066_04	Lodestar 4.7 Upgrade	2008	410,504	670,111	$ (259,607)	(63)%	• iTest schedule was extended due to system instability (CR#5) • Additional scope added (CR#6) • No rebaselines for the above change requests
80036_01	ERCOT and TRE Accounting Structure	2009	54,917	65,278	$ (10,361)	(19)%	More time than estimated was utilized by a Contract Resource to provide Lawson Report Writer training.
		Count = 11	$ 5,071,970	$ 5,223,643	$ (151,673)	(3)%	

NOTES:
1. The baseline budgets on this report don't include change controls which are part of the approved budgets on the Capital BTA.
2. List and totals include projects delivered and reported in previous years Project Management reports but closed in Lawson in 2009.
3. Favorable is when a project is delivered under budget. (UnFav)orable is when a project is delivered over budget.
4. Explanations are not provided for variance + or - 10%

2009 Active Projects Performance

Legend: On Budget, On Time

Categories: SO, MO/RO, IO, CO, Average
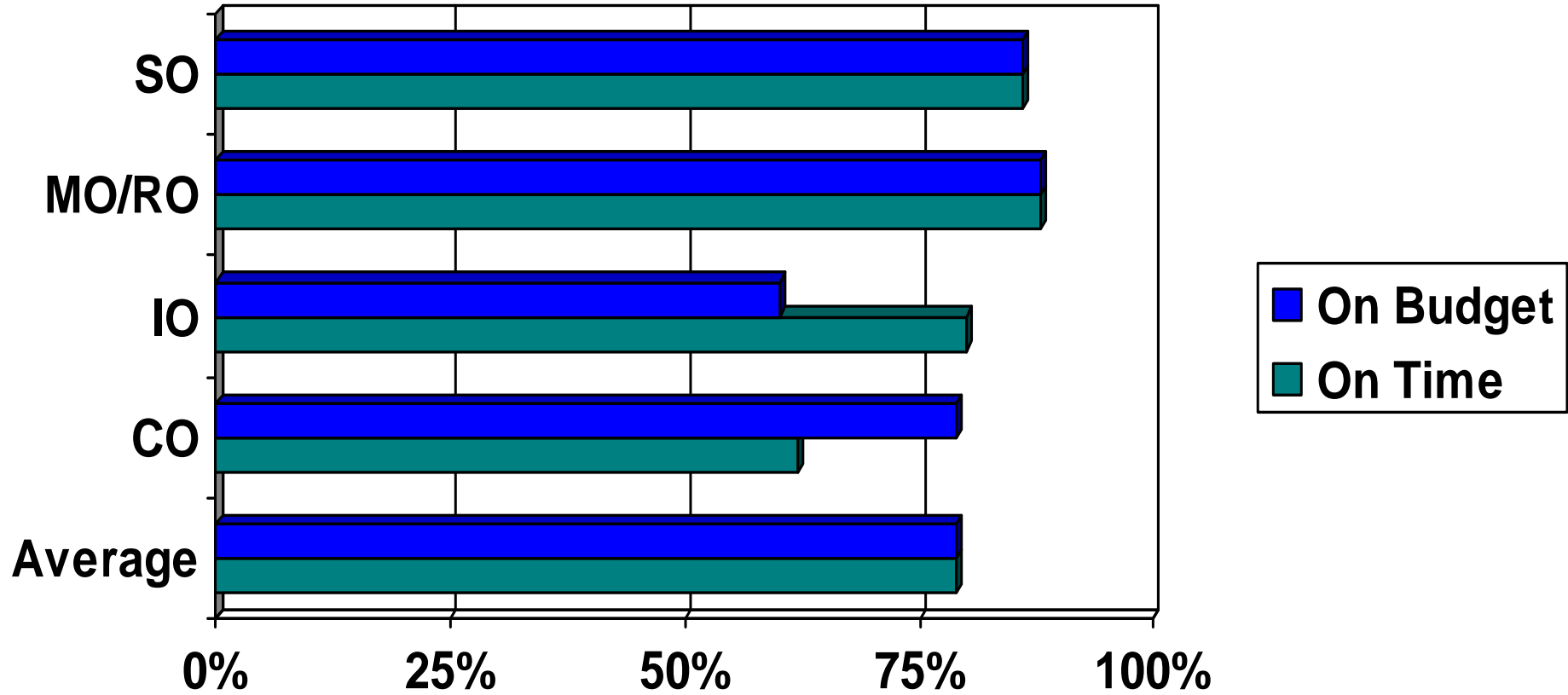
Note: Includes projects started in previous years.
Projects that change to inactive states will impact results.

Large Project Moving to Execution

- **PR90004_01 Data Storage**

  - **Scope**:
    - This project will procure storage to support standard production growth.
  - **Deliverables**:
    - The first phase of this project will purchase 200 Terabytes of storage to support production growth. ERCOT's current growth of the production environment is 12-14 Terabytes per month.
    - The second phase of the project will purchase storage to support the Information Lifecycle Management (ILM) project. The ILM project will identify opportunities to move data from more expensive tiers of storage to less expensive tiers of storage.
  - **Timeline**: May 2009 - December 2009
  - **Approval Dates:**
    - IO CART approval to gate into Execution on 05/18/09
  - **Board Request:**
    - Approval for not to exceed budget amount.

Go Live Projects for May

- **PR80016_01 Security Configuration Management**

  Scope: Implement an enhanced configuration testing and reporting Security Configuration Management system to monitor for security compliance at the operating system, network, and database levels.

  Deliverables: Purchased and deployed the Security Configuration Management system.

  Timeline: June 2008 – May 2009

Go Live Projects for May

- **PR80040_01 TIBCO Siebel Integration Enhancements**

  Scope:

  - Address architectural integration issues to resolve the 'Siebel Half-Order issue' and help with stability between TIBCO and Siebel. Improved TIBCO notifications and alerts. A "Half Order" is a Service Order that appears in Siebel with key fields blank. When this event occurs it results in numerous data integrity issues and transaction failures. A manual process to replace the missing data is the only remedy.

  Deliverables:

  - Changing the Siebel Service Oriented interface works to a Service
  - Change the logic in TIBCO components to accommodate SO interface changes
  - Replace Framework services with Common services
  - Improved TIBCO notifications and alerts for service order logging failures.
 - EIS changes if required

  Timeline:

 October 2008 – May 2009

  Stabilization thru July 2009

ERCOT Enterprise Projects Summary Report

| ERCOT	Overall Projects Report					Reporting Period:	5/31/2009	
		Projects in Ercot's Portfolio				Portfolio Performance		
	Deferred	On Hold	Initiation	Planning	Execution	Closing	Schedule	Budget	
	2	1	1	8	22	6			
		Closed	6	Total Active		38			
		Cancelled	3	Projects Not Started		5	**Current Year Funded Budget:	$38,150,000

**ERCOT Projects
Current Year - Cost**
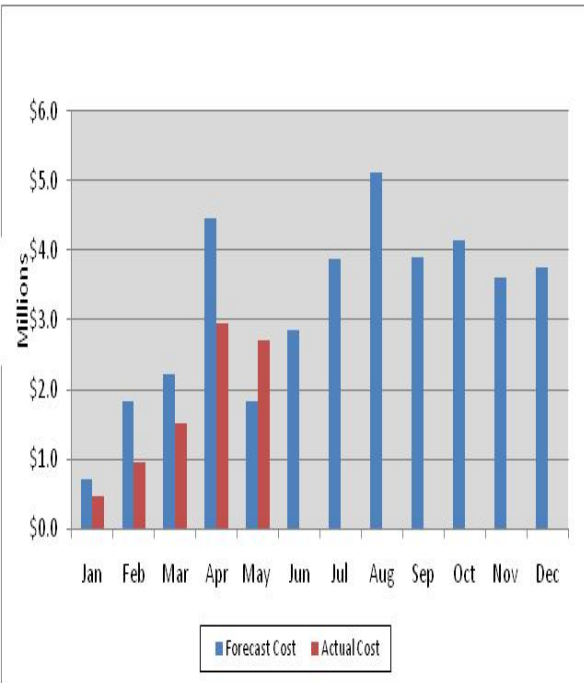
**ERCOT Projects
Current Year - Work**
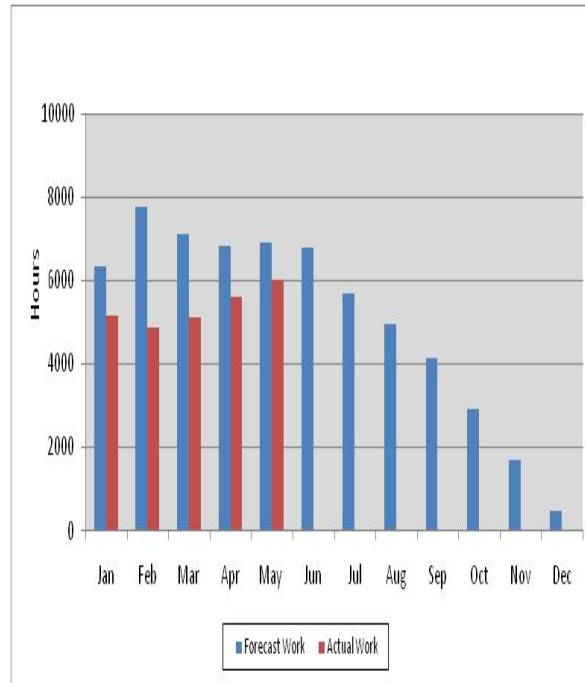
**ERCOT Projects
Current Year to Date Financials**
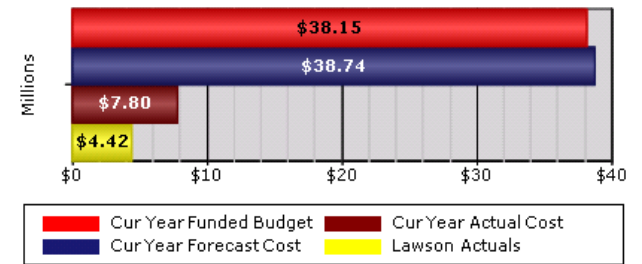
** The Current Year Funded Budget $38,150,000 includes $20.0M budget for the
MET Center Disposition project and $6.75M budget for the TCC1 Taylor Data Center
Expansion project.**

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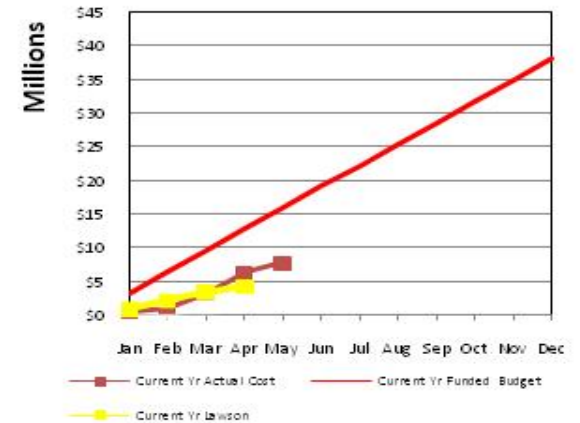
Future Agenda Items – July 2009

- **Standing Internal Audit agenda items**
- **Preliminary 2010 Budget and PPL**
- **2009 Operating plan – updated forecast**
- **Credit update**
- **Standing Investment update**
- **Committee briefs**
- **Future agenda items**

F&A 2009 Yearly Schedule

Quarter 1

√ •Elect officers and confirm financial qualifications
√ •Vote on CWG Chair/Vice Chair

Quarter 2

√ •Report results of annual independent audit to the Board
√ •Review the procedures for handling Reporting violations
√ •Review results of annual audit, together with significant accounting policies (including required communications)
  •Review ERCOT Annual Report
√ •Review operating plan and budget assumptions
√ •Review and approve Internal Audit Department Charter
√ •Conduct annual review of insurance coverage(s)
√ •Review the Company's dealings with any financial institutions that are also market participants

Quarter 3

•Appoint the independent auditors for upcoming year
•Approval of independent auditor fees for upcoming year
•Review of committee charter
•Approve the Guidelines for Engagements of External auditors for Other Services (pre-approval policy)
•Assessment of compliance, the internal control environment and systems of internal controls
•Review and approval of annual operating budget
•Report by CWG Chair on ERCOT credit policy
•Review updated year-end forecast

Quarter 4

•Approve audit committee meeting planner for the upcoming year, confirm mutual expectations with management and the auditors
•Review and approval of Financial & Investment policies
•Approve scope of internal auditing plan for upcoming year
•Assessment of the adequacy and effectiveness of the Internal Audit staff
•Perform Finance & Audit committee Self Assessment
•Review requirements for membership in CWG
•Review and approve CWG charter
•Review updated year-end forecast
•Review the Company's dealings with any financial institutions that are also market participants
•Review scope of annual financial audit
•Review of external auditor quality control procedures and independence

Recurring Items

•Review minutes of previous meeting
•Report monthly matters to the Board (chair)
•Review EthicsPoint activity
•Review significant audit findings and status relative to annual audit plan
•Review investment results quarterly

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