ERCOT

<u>**OPEN SESSION MINUTES OF SPECIAL NODAL PROGRAM COMMITTEE MEETING OF**</u>
<u>**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC**</u>
7620 Metro Center Drive, Austin, Texas 78744, Room 206
July 20, 2009 at 10:30 a.m.

<u>Committee Members Present</u>

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

<u>Other Board Members</u>

Don Ballard
Michehl Gent
Bob Kahn
Jan Newton
Barry Smitherman

<u>ERCOT Staff</u>

Steve Byone
Nancy Capezzuti
Mike Cleary
Betty Day
David Forfia
Kristi Hobbs
Tom Kleckner
Matthew Morais
Richard Morgan
Mike Petterson
Janet Ply
Nicole Rossero
Bill Wullenjohn

<u>Others</u>

Mark Bruce
Mark Dreyfus
Eric Goff
Pat Jackson
Don Jefferies

Kenan Ogelman
DeAnn Walker
Pat Wilkins

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 10:30 a.m.

Executive Session (Agenda Item Nos. 2 - 6)

Mr. Helton adjourned into Executive Session at approximately 10:35 a.m.
The Open Session reconvened at 11:15 a.m.

Vote on Matters from Executive Session (Agenda Item No. 7)

No contract matters were voted on pending changes to the Board resolutions clarifying the scope of both pre and post go-live obligations encompassed by the revisions, and any potential revisions to the contracts necessary to reflect both the intent of the changes and the Board's understanding thereof, in voting on these matters.

Approval of June 15, 2009 Open Session Minutes (Agenda Item No. 8)

A.D. Patton moved to approve the June 15, 2009 Open Session minutes. The motion was seconded by Miguel Espinosa. The motion passed unopposed with Nick Fehrenbach abstaining.

Nodal Advisory Task Force Charter (Agenda Item No. 9)

A.D. Patton raised concerns regarding the ability of the Nodal Advisory Task Force (NATF) to affect nodal implementation and post go-live. Mr. Espinosa inquired as to the necessity of NATF. Mr. Helton indicated that the NATF was a necessary group to support the Nodal Program in an advisory role; as ERCOT's question arise, this group will serve as a rapid response team answering questions quickly. Mike Cleary, Senior Vice President and Chief Technology Officer assured the Committee that the NATF was necessary as an advisory body, and ERCOT relies on the advice that NATF provides, but noted it should not have approval authority. Jan Newton stated that if NATF deviates from its advisory role, the issue should be brought to the Board. Bob Kahn, President and Chief Executive Officer, also expressed the necessity of the NATF. Mark Bruce, Chairman of TAC stated that all changes would still be subject to established processes and, therefore, NATF had no role in that process. Steve Bartley moved to endorse the NATF Charter. Bob Thomas seconded. The motion passed unopposed with three abstentions (Messrs. Armentrout, Fehrenbach, and Espinosa).

NPRR Parking Deck (Agenda Item No. 10)

Mr. Helton discussed the NPRR Parking Deck and the relevant changes to the process. A.D. Patton stated his opposition to the process, noting that it should not reside at the Board, and that the matters in the parking deck should not be in the protocols. Mr. Fehrenbach moved to endorse

the NPRR Parking Deck. Mr. Bartley seconded. The motion passed with two members opposed (Messrs. Patton and Espinosa).

Nodal Update and New Program Controls (Agenda Item Nos. 11 and 12)

Janet Ply, Nodal Program Director, provided the PMO Update. Ms. Ply provided a summary of the Baseline Execution Index (BEI), noting that BEI measures actual work accomplished against work planned. Ms. Ply provided the Committee with BEI metrics for each project for the months of March through June, 2009. Ms. Ply also provided a summary of Earned Value Management (EVM) including an EVM analysis of the Nodal Program from March through June, 2009.

Ms. Ply stated that eleven of the thirteen June performance milestones were met and that fourteen milestones were scheduled for July. Ms. Ply clarified that while two of the milestones were not met, they did not impact the program's critical path.

SEM Go-Live Status and Approval and Market Verification Update (Agenda Item Nos. 13 and 14)

Matt Mereness, SEM Implementation and Readiness Coordinator, provided the SEM Go-Live overview and status for the planned Go-Live date of August 31, 2009. Mr. Mereness informed the Committee of the key operational aspects of SEM implementation and provided details related to both the ERCOT and market readiness activities. Mr. Mereness also discussed the currently projected SEM Go-Live timeline and TAC/Board approvals described in Protocol Section 21.12.3, and proposed a conditional 30-day market notice to be released on August 1, 2009. Lastly, Mr. Mereness provided the Market Verification Update, briefly highlighting both the current progress of interconnectivity between the Nodal systems and the monthly goals from July through October of 2009.

Other Business (Agenda Item No. 17)

Steve Byone, Vice President and Chief Financial Officer, discussed the Nodal Program's financial status, stating that the Nodal Program will be delivered on-time and within the established $643.8 million budget. Mr. Byone discussed project savings from June, 2009 through the go-live date, noting that certain savings figures in some months were the result of delayed work and hardware purchases, and, therefore, did not reflect net savings, but rather reflected moving the related expenses to different months. Ms. Newton noted that the important message was that the cost of the program would not exceed the figure filed with the Public Utility Commission, regardless of cost shifting between months.

The Open Session adjourned at approximately 2:15 p.m.

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Matthew T. Morais
Committee Secretary