



2010 Budget Review – Program Operations

Trip Doggett
Senior Vice President &
Chief Operating Officer

Finance & Audit Special Committee Meeting
August 17, 2009

Recent Organizational Efficiency Changes

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- **14 months as COO**
- **Eliminated VP – Chief of Market Operations**
- **Merged System Planning and Operations**
 - **Eliminated VP, Planning position**
- **Centralized Compliance**
- **Eliminated CRR Manager position**
- **Minimized our Zonal operations functions to support Nodal Project**

2009 Budget ≈ \$33.9M

System Planning & Operations – Kent Saathoff, VP

- 196 employees
- ≈51% of my 2009 budget

Markets – Betty Day, Director

- 110 employees
- ≈25% of my 2009 budget

Client Services – Dale Goodman, Director

- 44 employees
- ≈13% of my 2009 budget

Compliance – Chuck Manning, VP

- 28 employees
- ≈11% of my 2009 budget

Current Organization

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System Planning & Operations – Kent Saathoff, VP

- System Planning
- Grid Operations

Markets – Betty Day, Director

- Settlement Metering
- Retail Customer Choice, Data Aggregation, Load Profiles
- Settlements and Billing
- Market Support
- DPO, RECs, Data Integrity

Client Services – Dale Goodman, Director

- Wholesale & Retail Client Services
- Market Rules
- MP Training

Compliance – Chuck Manning, VP

- Physical Security
- Cyber Security
- Standards Development and Monitoring

- Since 2006 ERCOT has grown by 163 employees, 75 in my area
- Compliance Department: +15
- Nodal Functions
 - Testing +16
 - Network Model (CIM) +10
 - Day Ahead Market +10
 - CRR + 5
 - LMP Price Validation + 5
 - Real Time + 6
 - Settlement & Billing + 6
 - Client Services + 7
 - Metering + 1
- Study Horsepower and Wind Integration

- 112 FTEs in Nodal Budget
- Internal Employee Rate < ½ of Contractor Rate
- Saving Nodal budget > \$10M/year
- Those who will operate Nodal are building Nodal

Recent Budget Reductions

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To date, beyond the global reductions mentioned by Bob, we have identified cuts > \$1.6M in 2009:

- Did not fill budgeted positions
- Reduced budget for travel, training and expenses
- Reduced Outside services

Examples of Potential Budget Reductions

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Management Recommendations

- Do not fill vacant Project Manager positions
- Reduce Business staff testing IT changes

Moderate Reductions

- Decreased participation in stakeholder meetings by ERCOT SMEs
- Further reduction of Business staff testing IT changes
- Eliminate ERCOT training of MPs
- Outsource Project Managers and Business Analysts
- Eliminate Demand Response SME
- Eliminate ERCOT Meeting Managers

Flat Revenue

- No resources to work on future market design issues, PRR development
- Do not fill Compliance positions
- Reduce Outage Schedulers, Eliminate Operating Engineers on shift

Questions