



CEO UPDATE

Trip Doggett
Interim President and CEO

Board of Directors Meeting
December 15, 2009

Markets

- Implemented AMS settlement
 - Successfully executed Initial Settlement for 263 CenterPoint ESI IDs with Advanced Meters on December 7 for November 29
 - All “Implementation 1” tasks complete
 - “Implementation 2”, 12/6 migration complete and 12/13 migration on schedule
- Markets personnel visited CA-ISO and MISO to discuss Day-Ahead Markets

IT

- Unplanned major software license expense (*will discuss in detail during executive session*)
- November 24th – experienced 2 EMS failures and loss of frequency control for over 30 minutes each. The root cause was a disk controller overload (steps were undertaken to redistribute file systems across controllers).
- Initiated a Skills Assessment within IT to evaluate the quality of skill sets we need to manage ERCOT post-nodal go-live
- IT Long Term Strategic Plan circulating for comments

Finance

- End Of Year projections for Base Fee still tight
 - November revenues \approx \$9M
 - November expenses \approx \$10M
 - Unexpected IT expense in December \approx \$600k unfavorable
- Kick-off of Ernst & Young Financial Audit

Compliance

- During week of November 30, NERC returned to continue their audit of our TOP functions. ERCOT and the 13 Transmission Owners worked well together in providing supporting evidence as requested. We expect preliminary results in January 2010.
- Meeting scheduled for December 17th to continue TOP registration issues discussion with Transmission Owners

HR/Facilities/Project Management

- Turnover continues to decline - at less than 3% - Lowest experienced in 2 years.
- Technical track meetings have begun. All sessions full and receiving good interest and comments.
- All tilt walls standing at both data centers. Starting construction of steel roofs at both sites.
- Additional delay in Identity Access Management project
- Organizational Assessment RFP sent out

Grid Planning & Operations

- Several Operators and Outage Coordinators visited their counterparts at CA-ISO to determine lessons learned on transition to Nodal
- Met with leaders of Tres Amigas project. Three-way superconducting HVDC link between Eastern / Western / ERCOT Interconnects

Nodal

- Finished November approximately \$1million under budget
- Provided a Nodal overview during Energy Thursday at the Capitol
- Anticipate return of \$10m+ related to the finance charge of Board discretionary fund
- Outreach 50% completed / 18 participants out of 36
- 414 ERCOT employees involved in Nodal program

Legal

- FERC acknowledged that Available Transfer Capability (ATC) does not apply in the ERCOT Region
- Met with Brewster McCracken to discuss ERCOT's role in an advisory capacity in the Pecan Street Project
- Keynote speaker at annual meeting - Senator Kirk Watson