



Nodal Program Update

Mike Cleary

Sr. VP and Chief Technology Officer

ERCOT Board of Directors

16 February 2010

Agenda

- **Program Status**
- **Market Readiness**
- **Financials**
- **Appendix**

288 Days to Go-Live

0 Items Impacting Go-Live Date

• Market Trials 3.0:

- 247 of 275 QSEs Qualified for MMS transaction submittal
 - 79 / 86 QSEs w/ Resources
- 97 % of Generation Qualified

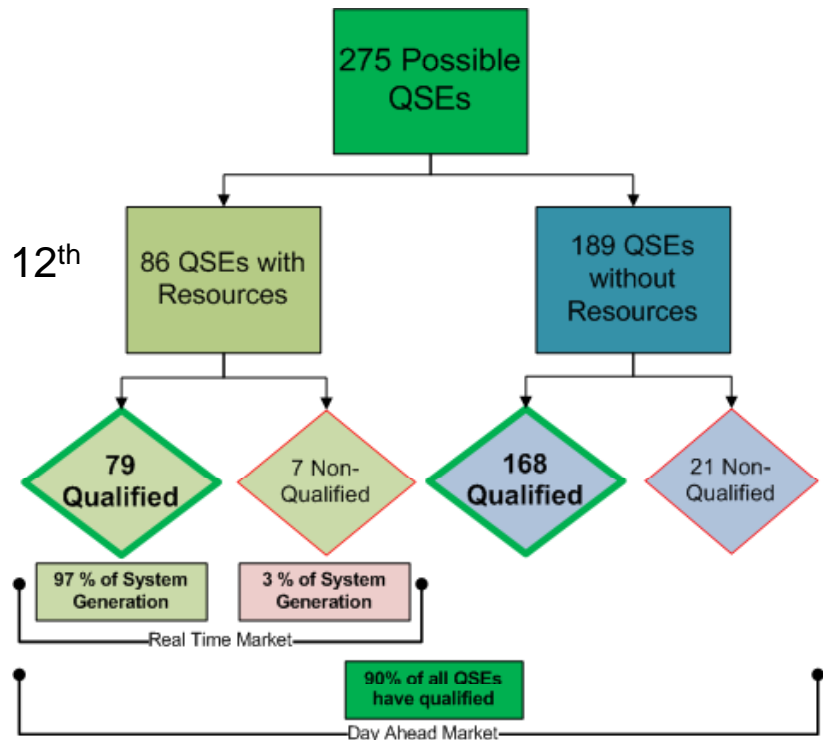
– **Congestion Revenue Rights (CRR)**

- 54 of 80 CRRAH Qualified to date
- 1st Monthly Auction for March ran on February 12th
 - 38 MP's participated – 12,208 total submittals
 - » 3,103 cleared transactions

– **Real Time Markets / Outage Scheduler**

- Started Feb 1st
 - Window Closes for Qualification on Aug 13th
 - Real-Time LMPs posting every 5 minutes
 - Reports available on Nodal MIS to all MPs
 - Running on CIM model NMMS/EMS/MMS
 - QSE dashboards posting on Fridays to reflect submission performance metrics (Feb 11th)
- Outage Scheduler available to QSEs and TSPs

– **March 1st starts Six month LMP analysis**



288 Days to Go-Live

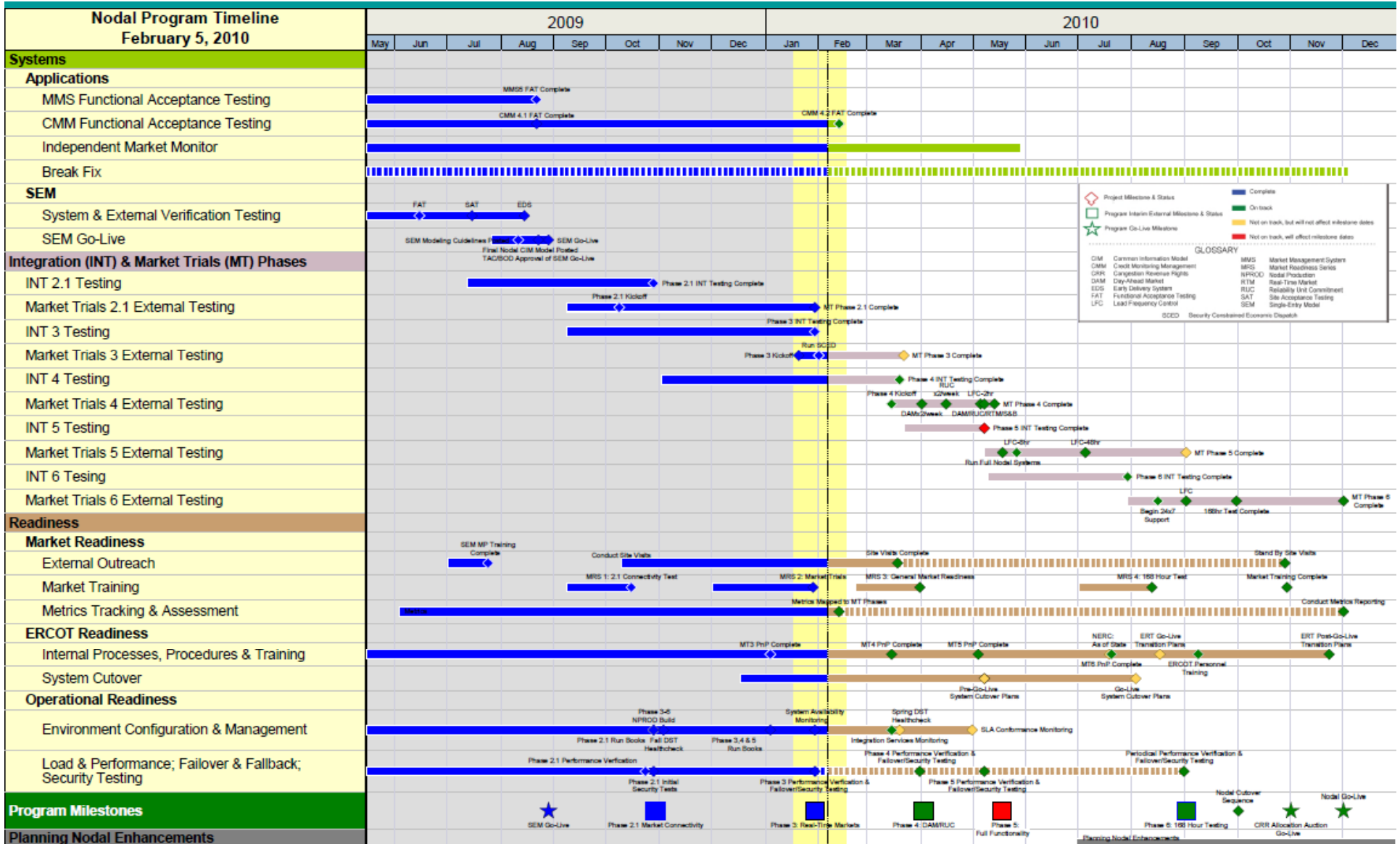
0 Items Impacting Go-Live Date

- **Market Trials 4.0: DAM/RUC**
 - Starting Thursday Apr 1st, for Operating Day Friday April 2nd
 - On Schedule
 - Submission Qualifications underway in Market Trials 2.1
- **Market Trials 5.0: Full Functionality**
 - Starting May 3rd
 - 2 Week Slippage
 - Mitigation plan in place to pull back on track
 - » Overtime and budget monitoring
- **Market Readiness**
 - 27 of 35 outreach sessions completed
 - Market Trials Kickoff
 - Executive Briefing

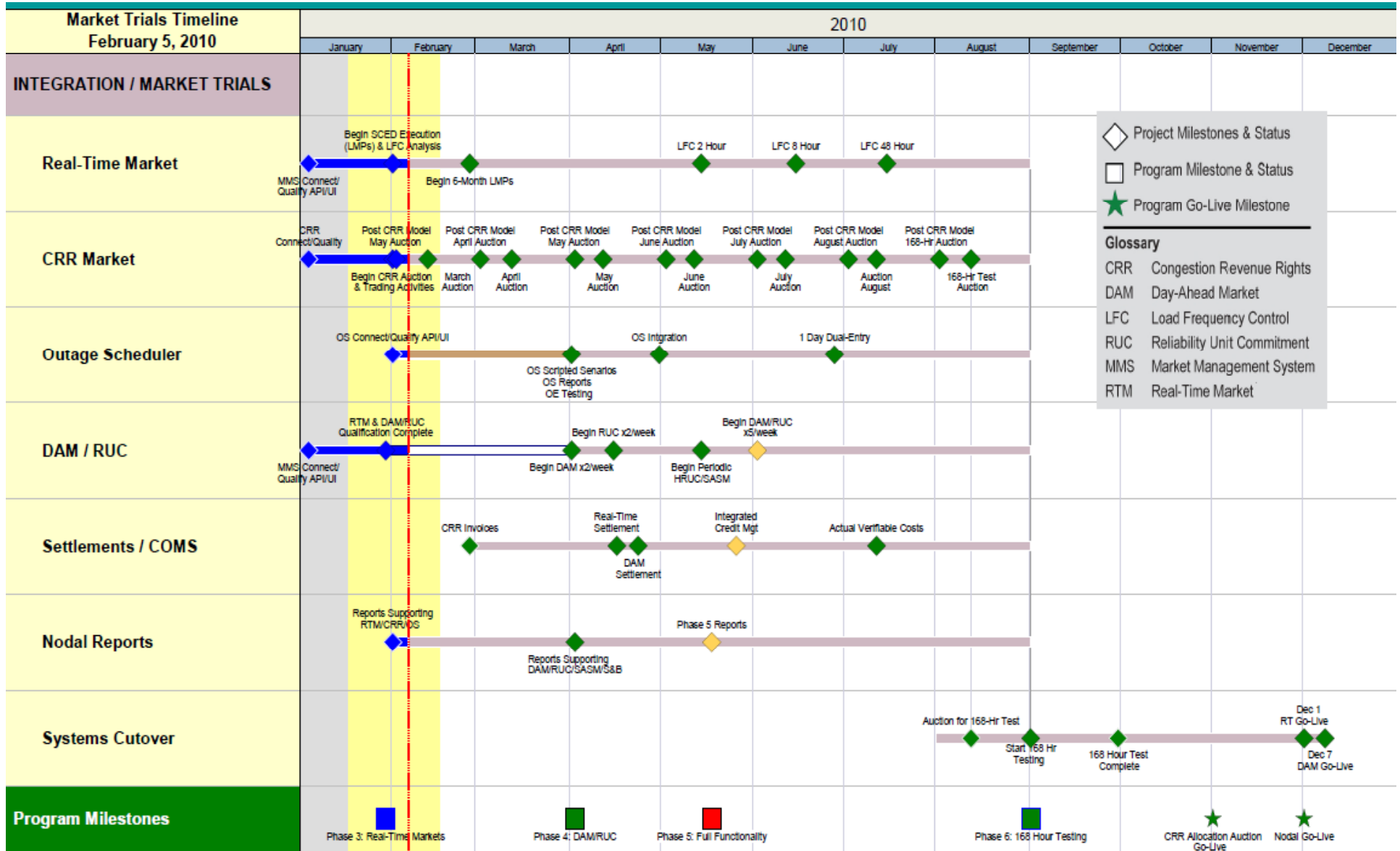
Key Takeaways:

- Continue ramp-up of participation in Real-Time Market
 - Offers- Periodic exhausting of offers, LMP goes to cap (\$2,250)
 - Telemetry- Continued QSE/TSP focus on telemetered data
- Continue to increase CRR Auction participation
- Metrics/progress beginning to light up for market trials
- Need TSP commitment to submit outstanding model updates and perform validation by 2/29/2010

Integrated Nodal Timeline



2010 Market Trials Timeline



Program Milestone Schedule Mitigation

■ Phase 5: Full Functionality

Integration Testing Schedule is still two weeks behind: No Impact on Go-Live

– Scope

- End to end integration testing
- Begin HRUC/SASM
- Daylight Savings time change verification
- Phase 5 performance verification

– Mitigation Strategy

- Continue to leverage weekend overtime for Phase 5 test
- Prioritize and phase in the delivery of reports during Market Trials
- Prioritize Testing to ensure the critical functionality and reports are completed first
- Prioritize must have End-to-End scenarios
- Continue to efficiently schedule testing and release management windows

Nodal Program Risks & Issues

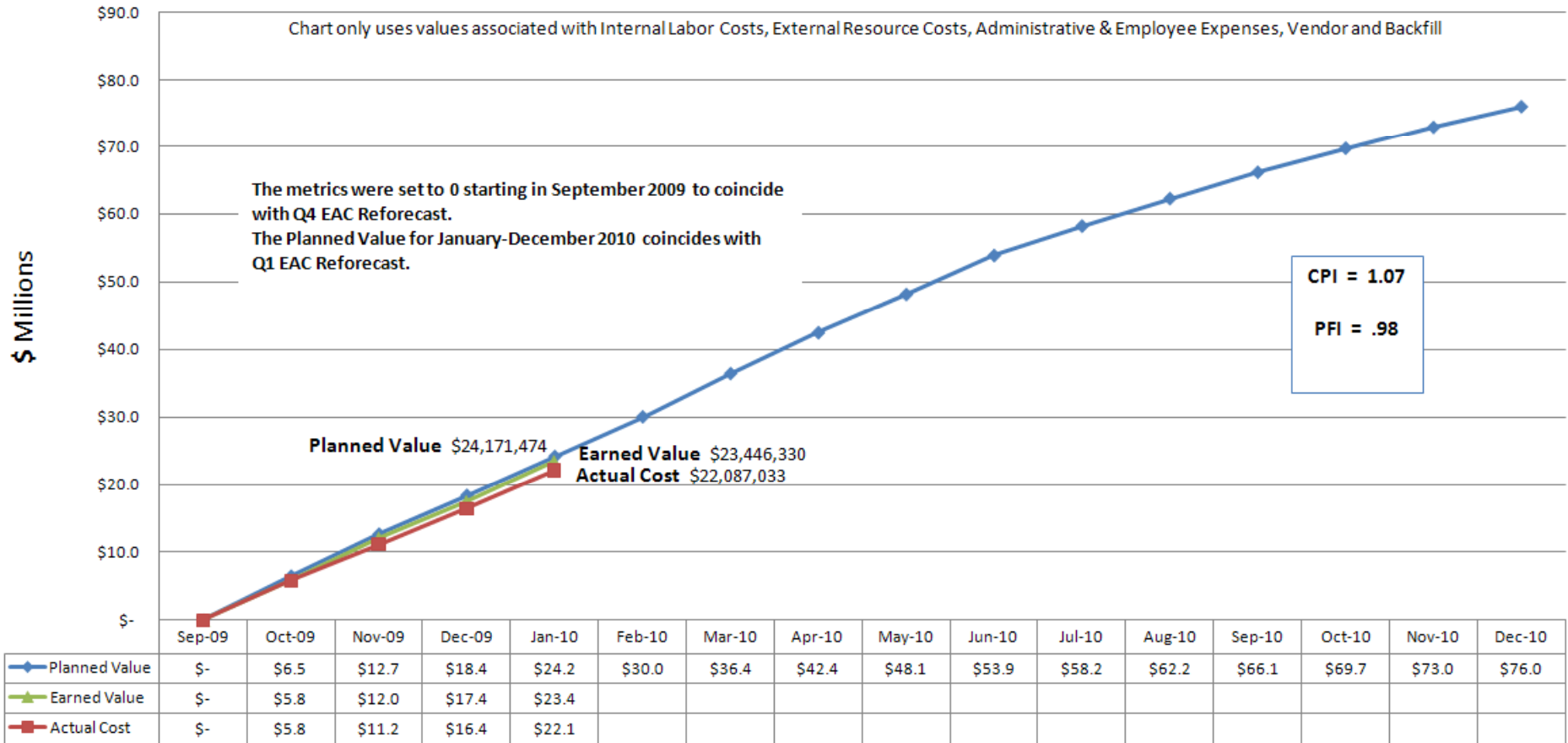
Risk/Issue	Impacted Milestone	Target	Category	Probability	Severity	Status
Integration Testing - Risk <i>Continued risk around technology delivery of business systems integration due to complexity and continuing maturing of application and data dependencies.</i>	Program	May 2010	Scope / Schedule / Budget	Low	Med	<ul style="list-style-type: none"> Phase 3 complete Phase 4 On track; planning complete, execution in progress
Market Interaction Operating Level Agreements (OLAs) <i>Need to determine operating level agreements associated with market interactions to assist ERCOT in establishing operational thresholds:</i> <i>-Network Model Load Frequency</i> <i>-DAM Sizing;</i> <i>-CRR sizing</i> <i>-Reporting</i>	Program	April/ May 2010	Scope / Budget	High	Low	<ul style="list-style-type: none"> On track Phase 3 complete Phase 4 and 5 OLA definitions in process NATF and NDSWG heavily involved in issue. Joint working session scheduled for 02/16/10 On track; presented to NATF on 02/02/10 On track; ERCOT is researching comparable CRR market sizes in PJM, CAISO, and MISO On track
Inadequate Backup for ICCP Failure: <i>Current Protocol Language does not allow ERCOT to use State Estimator results as a backup input to SCED, LFC, & NSA processes in the event of an ICCP failure from both sources of Resource Status.</i>	Program	April/ May 2010	Scope / Schedule / Budget	High	High	<ul style="list-style-type: none"> ERCOT working on an impact analysis and NPRR language for consideration

Nodal Program Risks & Issues

Risk/Issue	Impacted Milestone	Target	Category	Probability	Severity	Status
<p>Reconciling Protocols, Systems and Market Expectations <i>Experience by other ISOs in deploying nodal markets has shown that expectations of the market participants are often missed, despite best efforts at defining tariffs or protocol requirements. ERCOT needs to assume such a risk exists for this nodal implementation as well.</i></p>	Phase 3	Complete				<ul style="list-style-type: none"> Complete
<p>Credit Management – Business & Technical Exposure <i>Credit Management rules and exposure calculations will change significantly with the implementation of the Nodal Program. During the requirements and design phase of the program stakeholder concerns have been expressed that may result in requested system changes as the program moves into Market Testing of Credit Management.</i></p>	Phase 5	July 2010	Scope / Schedule / Budget	High	Med	<ul style="list-style-type: none"> ERCOT business and Nodal Program reviewing Credit concerns and next steps.

Earned Value for the Nodal Program

Nodal Program



Participant Readiness Touch Points

2010

	February	March	April	May
Meetings	<ul style="list-style-type: none"> • NATF 2/2, 2/16,2/19) 	<ul style="list-style-type: none"> • NATF 3/2 	<ul style="list-style-type: none"> • NATF 4/6 	<ul style="list-style-type: none"> • NATF 5/4
Training	<ul style="list-style-type: none"> • Nodal 101 • LSE 201 • Basic Training • Generation 101, 201 • CRR – instructor-led ◆ Settlement Workshop • Operations Seminar 	<ul style="list-style-type: none"> • Nodal 101 • LSE 201 • Basic Training • Generation 101, 201 • CRR – instructor-led ◆ Settlement Workshop • Operations Seminar 	<ul style="list-style-type: none"> • Nodal 101 • Trans 101 • Generation 101, 201 • CRR – instructor-led • NMMS • Economics of LMP ★ Combined Cycle Workshop 	<ul style="list-style-type: none"> • Nodal 101 • Trans 101 • Generation 101, 201 • CRR – instructor-led • NMMS • Economics of LMP
Outreach	<ul style="list-style-type: none"> • 5 site visits • Additional Phase 3 metrics • Standby site visits mitigation approach 	<ul style="list-style-type: none"> • 4 site visits • Scheduled Site Visits conclude ◆ MRS #3 March 25th 	<ul style="list-style-type: none"> • Standby site visits • Phase 4 metrics launch 	<ul style="list-style-type: none"> • Standby site visits • Metrics monitoring
Market trials	<ul style="list-style-type: none"> • Weekly calls • Phase 3 Market Trials initiates • QSE OS qualification • Phase 4 Handbooks <ul style="list-style-type: none"> • DAM/RUC • MIS 	<ul style="list-style-type: none"> • Weekly calls • Phase 3 Execution • Phase 4 Handbooks <ul style="list-style-type: none"> • Updates to prior handbooks • LFC individual QSE tests 	<ul style="list-style-type: none"> • Weekly calls • Phase 4 Market Trials initiates • Phase 5 Handbooks <ul style="list-style-type: none"> • Updates to prior handbooks • Credit 	<ul style="list-style-type: none"> • Weekly calls • 2 hr system-wide LFC test • Phase 5 Market Trials initiates

Next 60-days of Classes and Settlement Workshops

Course	Start Date	Location
Generation 201	February 9	Suez Energy (Houston)
Generation 101	February 16	Austin Airport Marriott South (Austin)
Network Model Management	February 18	ERCOT Met Center (Austin)
★ Settlements Workshop –RUC/RTM	February 23	ERCOT Met Center (Austin)
ERCOT Nodal 101	February 25	ERCOT Met Center (Austin)
Load Serving Entity 201	March 3	ERCOT Met Center (Austin)
Economics of LMP	March 8	Norris Conference Center (Houston)
Basic Training Program	March 8	Austin Airport Marriott South (Austin)
Congestion Revenue Rights	March 9	Norris Conference Center (Houston)
★ Settlements Workshop –RUC/RTM	March 9	City of Garland Fire Building (Dallas)
★ Settlements Workshop –RUC/RTM	March 23	Calpine (Houston)

Enrollment at: <http://nodal.ercot.com/training/courses/index.html>

Readiness Workshops

Wind Panel
Hosted by Horizon Wind
February 16, 2010
Houston, TX
9-3pm

Retail Panel
Hosted by StarTex
February 17, 2010
Houston, TX
9-3pm

Agenda:

- **Outreach: Program Update**
- **Outreach: Real-Time Market**
- **Outreach: Merged DAM&RUC**
- **Credit Management**
- **Wind Resource discussion**

Agenda:

- **Outreach: Program Update**
- **Outreach: Merged DAM&RTM**
- **Outreach: CRR Auction**
- **Credit Management**
- **Retail operations discussion**

RSVP required due to room limitations, but WebEx available

Wind- <http://www.ercot.com/calendar/2010/02/20100216-MT>

Retail- <http://www.ercot.com/calendar/2010/02/20100217-MT>

Market Participant Site Visits

27 Outreach Site Visits have been completed

Confirmed Completed

Entity	Date	Entity	Date
<input checked="" type="checkbox"/> LOWER COLORADO RIVER AUTHORITY	9-Oct	<input checked="" type="checkbox"/> NRG TEXAS POWER	15-Dec
<input checked="" type="checkbox"/> CALPINE CORP	14-Oct	<input checked="" type="checkbox"/> DIRECT ENERGY LP	5-Jan
<input checked="" type="checkbox"/> AUSTIN ENERGY	20-Oct	<input checked="" type="checkbox"/> CPS ENERGY	6-Jan
<input checked="" type="checkbox"/> CITY OF GARLAND	21-Oct	<input checked="" type="checkbox"/> BTU (Bryan Texas Utilities) SERVICES	13-Jan
<input checked="" type="checkbox"/> GDF SUEZ ENERGY MARKETING	29-Oct	<input checked="" type="checkbox"/> OCCIDENTAL	20-Jan
<input checked="" type="checkbox"/> ANP FUNDING	3-Nov	<input checked="" type="checkbox"/> TENASKA POWER SERVICES	26-Jan
<input checked="" type="checkbox"/> LUMINANT ENERGY	5-Nov	<input checked="" type="checkbox"/> OPTIM ENERGY	27-Jan
<input checked="" type="checkbox"/> INVENERGY WIND DEVELOPMENT	10-Nov	<input checked="" type="checkbox"/> APX	3-Feb
<input checked="" type="checkbox"/> EXELON	11-Nov	<input checked="" type="checkbox"/> E. ON	9-Feb
<input checked="" type="checkbox"/> AMERICAN ELECTRIC POWER SERVICE	12-Nov	<input checked="" type="checkbox"/> WIND PANEL (Houston)	16-Feb
<input checked="" type="checkbox"/> CONSTELLATION ENERGY	17-Nov	<input type="checkbox"/> RETAIL PANEL (Houston)	17-Feb
<input checked="" type="checkbox"/> PSEG ENERGY RESOURCES	18-Nov	<input type="checkbox"/> TRI-EAGLE ENERGY	18-Feb
<input checked="" type="checkbox"/> J ARON	19-Nov	<input type="checkbox"/> NEXTERA ENERGY	26-Feb
<input checked="" type="checkbox"/> FULCRUM POWER	2-Dec	<input type="checkbox"/> XTEND ENERGY LP	2-Mar
<input checked="" type="checkbox"/> EAGLE ENERGY PARTNERS I LP	3-Dec	<input type="checkbox"/> TOPAZ	9-Mar
<input checked="" type="checkbox"/> STEC	9-Dec	<input type="checkbox"/> BRAZOS ELECTRIC	10-Mar
<input checked="" type="checkbox"/> BP ENERGY COMPANY	10-Dec	<input type="checkbox"/> SHELL ENERGY	11-Mar
		<input type="checkbox"/> FORMOSA UTILITY	16-Mar
		<input type="checkbox"/> WESTAR	18-Mar

Active MP Metrics (as of 2/12/2010)

Metric Name	Current Score (as of 2/12/2010)	Applies to	Weight	Green %	Yellow %	Red %	Not Scored %	Primary Criteria	Notes
MP3 Market Submissions Connectivity Qualification	Green	QSERS	Generation Ratio Share	97.2%	2.8%	0.0%	0.0%	Successful submission of RT and DAM transactions (275 total entities included sub-QSEs).	79/86 QSERS Qualified (including sub-QSEs).
	Amber	QSEs	Even weighting	88.9%	5.8%	1.1%	4.2%		168/189 QSEs qualified (including sub-QSEs). Below 95% threshold for overall GREEN.
MP6 Telemetry Compliance with Nodal Protocols 3.10.7.5	Green	QSERS	Generation Ratio Share	87.7%	0.6%	0.0%	11.7%	100% expected State Estimator telemetry submitted.	42/45 QSERS completed (parent QSEs only). 3492/3500 SE points provided (99.1%).
	Green	QSERS	Generation Ratio Share	87.7%	0.0%	0.6%	11.7%	100% expected SCED telemetry submitted.	42/45 QSERS completed (parent QSEs only). 7621/7633 SCED points provided (99%).
	Green/White only	TSPs	Ownership Ratio Share	83.4%	0.0%	0.0%	16.6%	100% expected TSP telemetry per ICCP Handbook submitted	15/20 TSPs completed. 12600/12956 TSP CB and LD points provided (94.9%).
MP11 Resource Registration	Green	REs	Registered MW Capacity Ratio Share	97.9%	1.3%	0.8%	0.0%	RARF validated, Decision Making Authority form submitted, and GENMAP validated	151/159 Resources completed (95%).
MP15-A Real-time Market Participation	Green/White only	QSERS	Generation Ratio Share	9.8%	0.0%	0.0%	90.2%	Weekly average of daily SCED submissions (energy offer curves and/or	13/86 QSERS above 95% weekly average for SCED submissions. AMBER/RED scores light up 2/24/2010 .
MP15-B CRR Connectivity Qualification	Red	CRRAHs	Even weighting	71.6%	6.2%	11.1%	11.1%	Successful submission CRR transactions	57/83 CRRAHs qualified. 13 CRRAHs non-responsive to outreach calls. Greater than 5% overall RED.
MP20 Outage Scheduler Connectivity Qualification	Green/White only	QSERS	Generation Ratio Share	34%	0.0%	0.0%	66%	Successful submission of OS transactions	13/86 QSERS qualified. AMBER/RED scores light up 4/7/2010 after OS window closes.
	Green/White only	TSPs	Ownership Ratio Share	6%	0%	0%	94%		1/20 TSPs qualified.

GREEN	Submissions complete
AMBER	Submissions not complete, but actively working with ERCOT
RED	Submissions not complete, participation not adequate



Red Market Participants (in order of importance)

MP3 Market Submissions Connectivity Qualification

Total: 189 QSEs without Resources (including sub-QSEs) *

Green: 168 complete

Amber: 11 (working with ERCOT)

Red: 2 (unresponsive).

New: 8 (allowed 30 day grace period)

UBS AG LONDON BRANCH
VANTAGE WIND SERVICES LLC

MP6 Telemetry Compliance with Nodal Protocols

3.10.7.5

Total: 45 QSEs with Resources (parent QSEs only)

Green: 42

Amber: 1 for State Estimator points (< 100% and >= 80% telemetry provided)

Red: 1 for SCED points (< 80% telemetry provided).

EDISON MISSION MARKETING AND TRADING INC

MP15-B CRR Connectivity Qualification

Total: 81 CRRAs

Green: 58 complete

Amber: 5 Amber (working with ERCOT)

Red: 9 (unresponsive)

New: 9 (allowed 30 day grace period)

AMBRIDGE ENERGY LLC (CRRAs)
COMMERCE ENERGY INC (CRRAs)
CREDIT SUISSE ENERGY LLC (CRRAs)
FRANKLIN POWER LLC (CRRAs)
MERRILL LYNCH COMMODITIES INC (CRRAs)
PEPCO ENERGY SERVICES INC (CRRAs)
PRIVATEMARKETS INC (CRRAs)
STAR ELECTRICITY LLC DBA STARTEX POWER (CRRAs)
VELOCITY AMERICAN ENERGY MASTER I LP (CRRAs)

The applicable primary contact for each Market Participant has been contacted via phone and e-mail by ERCOT's Wholesale Client Services Department notifying them of the change to RED status.

* MP3 applies to QSEs with and without Resources. Currently, the only Market Participants with a RED status for MP3 are QSEs without Resources.





Monthly Financial Review

Don Jefferis

Interim Director - Nodal Financial Management Office

16 February 2010

Financial Review – January 2010 Performance

Approved Forecast to Actual Comparison Month of January 2010

Line	Cost Summary	Forecast	Actual	Forecast Variance	Forecast Cumulative Variance
					(Pending Contingency Mgmt Disposition)
1	Internal Labor Costs	\$2.1	\$2.3	(0.2)	(\$0.2)
2	Backfill Labor Costs	0.2	0.1	0.1	0.1
3	External Resource Costs	3.4	3.2	0.2	0.2
4	Software & Software Maintenance	0.3	0.2	0.1	0.1
5	Hardware & Hardware Maintenance	1.0	0.8	0.2	0.2
6	Other	0.1	0.0	0.1	0.1
7	Sub-total Direct Project Costs	\$7.1	\$6.6	\$0.5	\$0.5
8	Board Discretionary Fund	\$0.0	\$0.0	\$0.0	\$0.0
9	Allocations	\$0.4	\$0.3	\$0.1	\$0.1
10	Finance Charges	1.1	1.1	0.0	0.0
11	Sub-total Indirect Project Costs	\$1.5	\$1.4	\$0.1	\$0.1
12					
13	Total	\$8.6	\$8.0	\$0.6	\$0.6

Amounts in millions

Favorable / (Unfavorable)

Financial Review - LTD Performance through January 2010

Nodal Program

Approved Forecast to Actual Comparison

Life-to-Date through January 2010

Line	Cost Summary	Forecast	Actual	Variance	Forecast Remaining
1	Internal Labor Costs	\$58.5	\$58.7	(\$0.2)	\$25.1
2	Backfill Labor Costs	5.5	5.4	0.1	\$1.8
3	External Resource Costs	258.0	257.8	0.2	24.5
4	Software & Software Maintenance	25.9	25.8	0.1	3.2
5	Hardware & Hardware Maintenance	52.1	51.9	0.2	3.2
6	Other	2.1	2.0	0.1	11.3
6a	Sales Tax Refund	(\$7.3)	(\$7.3)	0.0	0.0
7	Sub-total Direct Project Costs	\$394.8	\$394.3	\$0.5	\$69.1
8	Board Discretionary Fund	\$0.0	\$0.0	\$0.0	\$105.5
9	Allocations	\$20.4	\$20.3	\$0.1	\$2.6
10	Finance Charges	27.0	27.0	0.0	24.4
11	Sub-total Indirect Project Costs	\$47.4	\$47.3	\$0.1	\$27.0
12					
13	Total	\$442.2	\$441.6	\$0.6	\$201.6

Amounts in millions

Favorable / (Unfavorable)

Note 1: Forecast consists of actuals through January 2010 and re-forecast February 2010 forward

Note 2: Actual amounts in 2009 are preliminary and unaudited

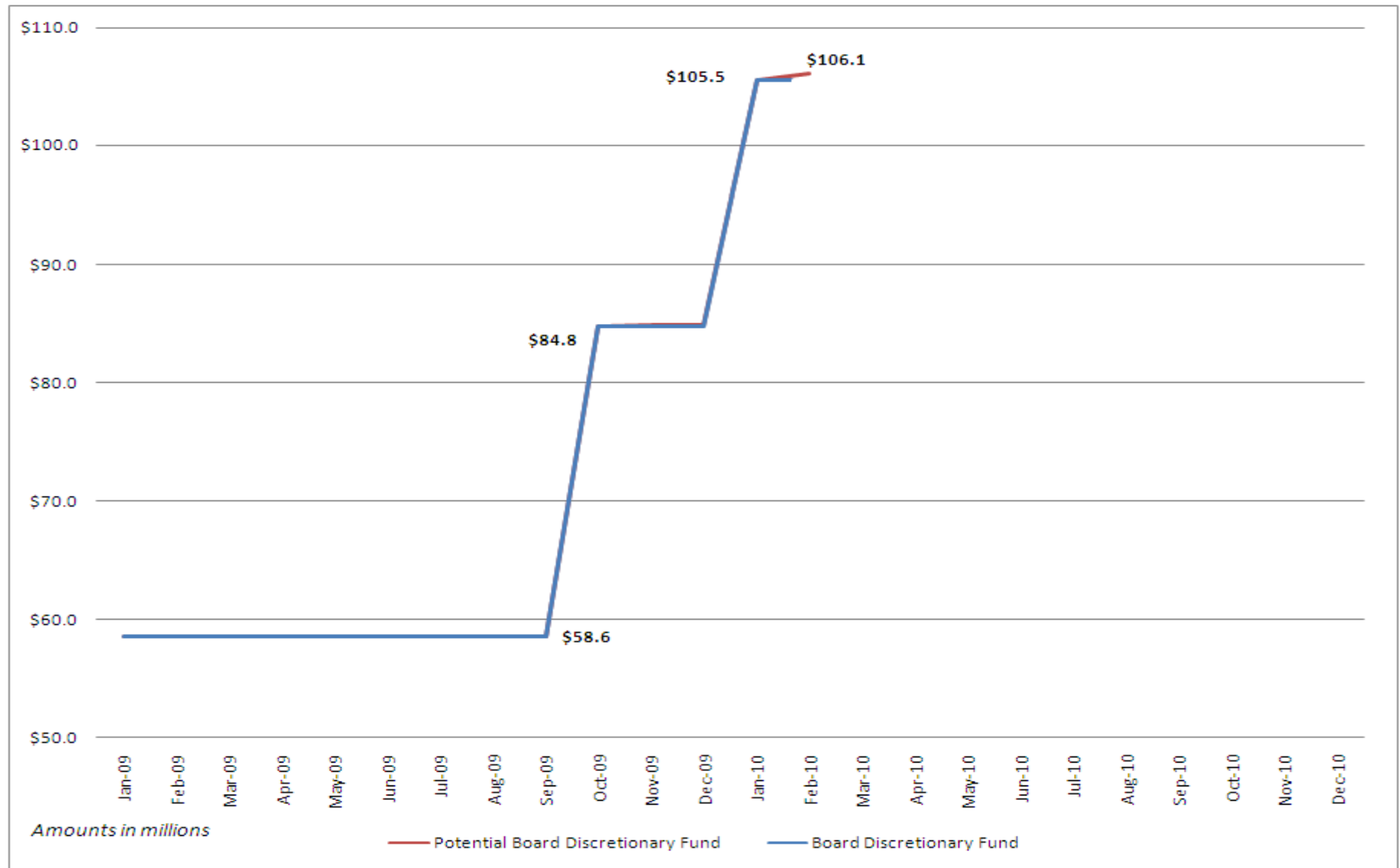


Board Discretionary Fund Summary

Date	Beginning Balance	Sources (Additions)				Uses (Subtractions)				Ending Balance
		Direct Program Costs	Facilities & Support Allocations	Finance Charge	Sales Tax Refund	Direct Program Costs	CTO Risk Contingency Fund	Facilities & Support Allocations	Finance Charge	
09/30/09	\$58.6	21.7	1.8	15.1		(10.1)	(2.3)			\$84.8
12/31/09	\$84.8	12.1	0.7	11.7	7.3		(10.8)	(0.3)		\$105.5

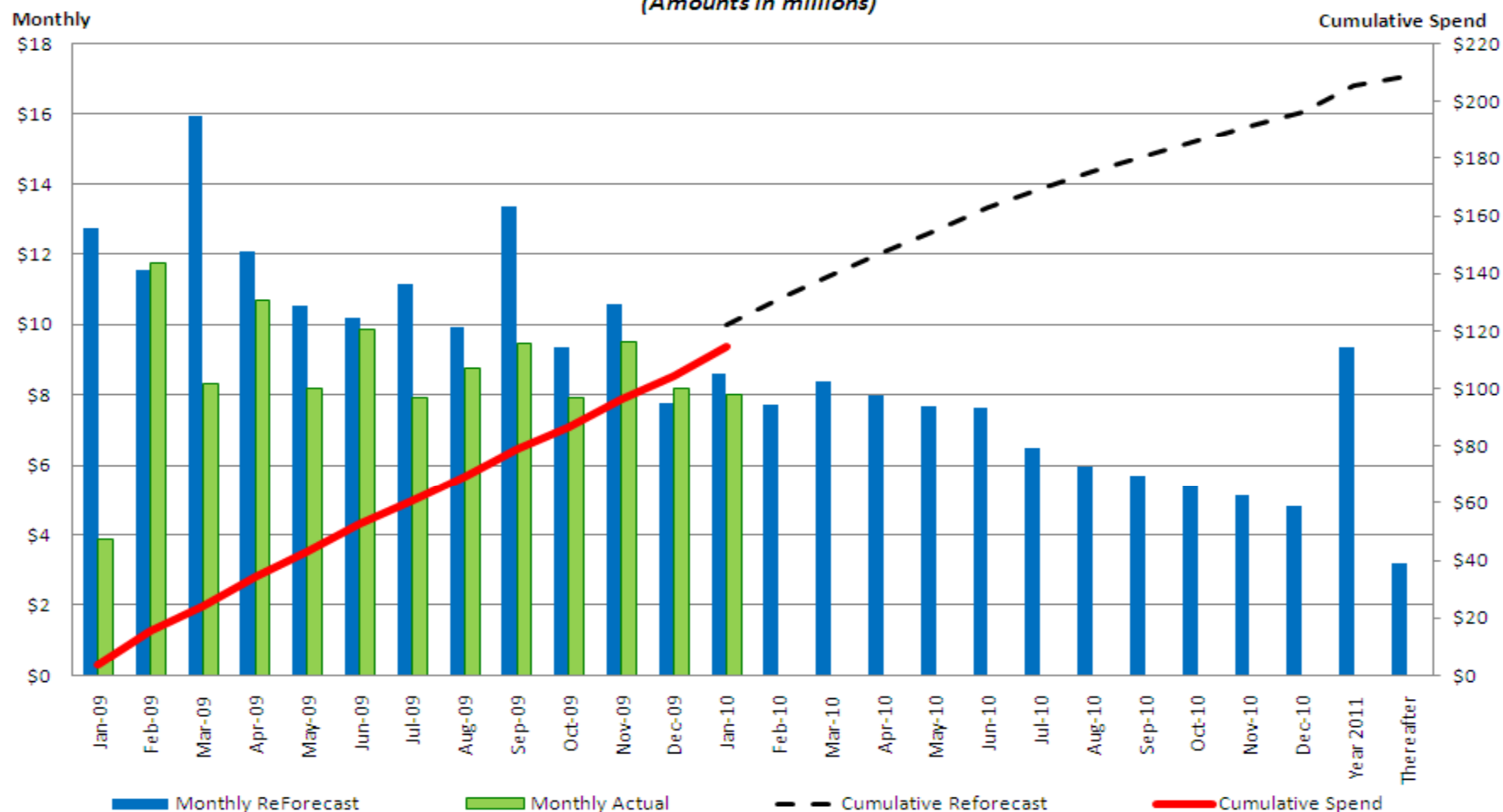
Amounts in Millions

Board Discretionary Fund



Program Cost Management – 2009 and 2010 Forecast

Monthly Budget, Forecast and Actual Analysis (Amounts in millions)

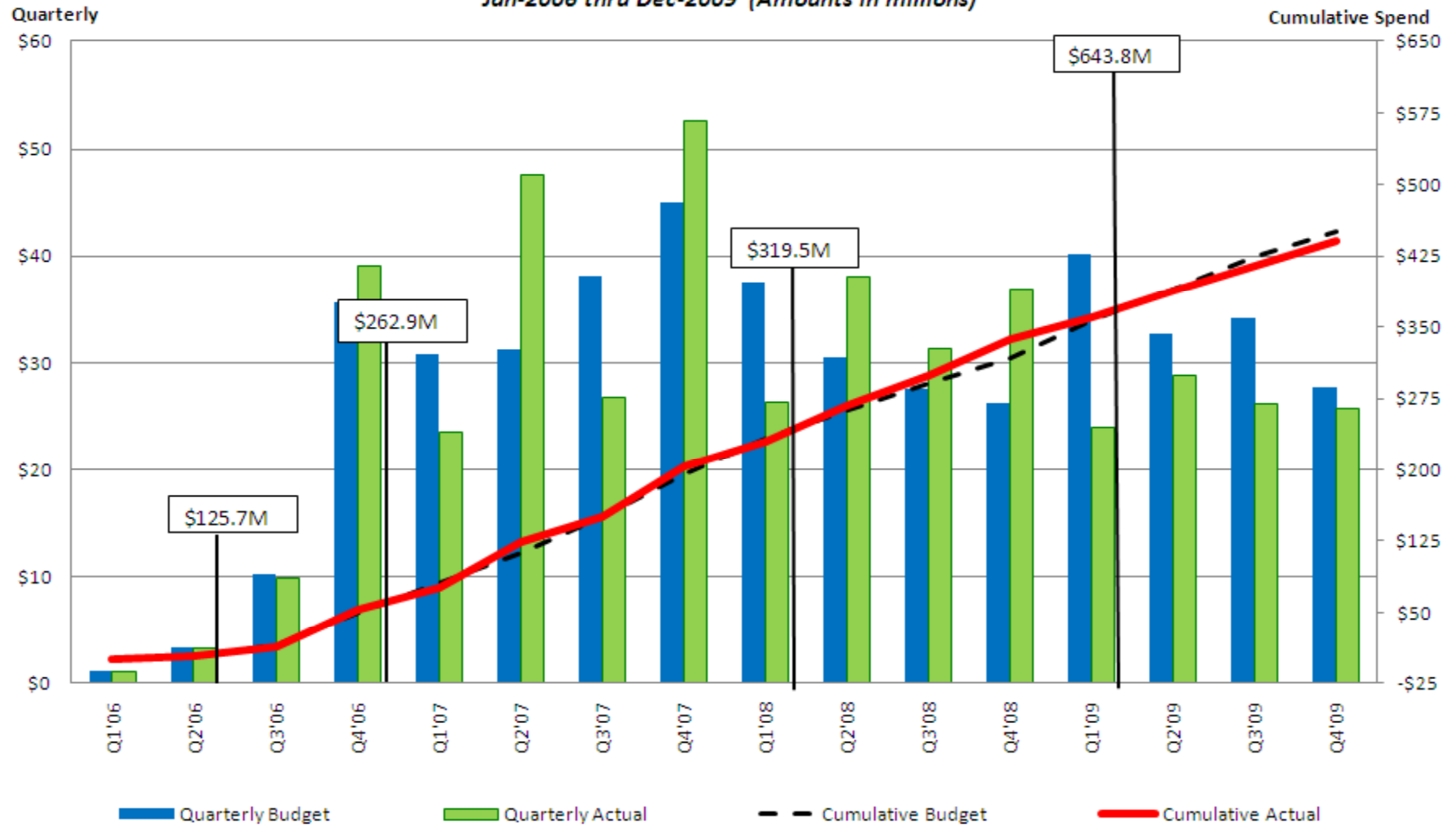


Note: Year 2011 and thereafter are finance charges

Program Cost Management – 2006 to 2009 Quarterly

Quarterly Budget, Forecast and Actual Analysis

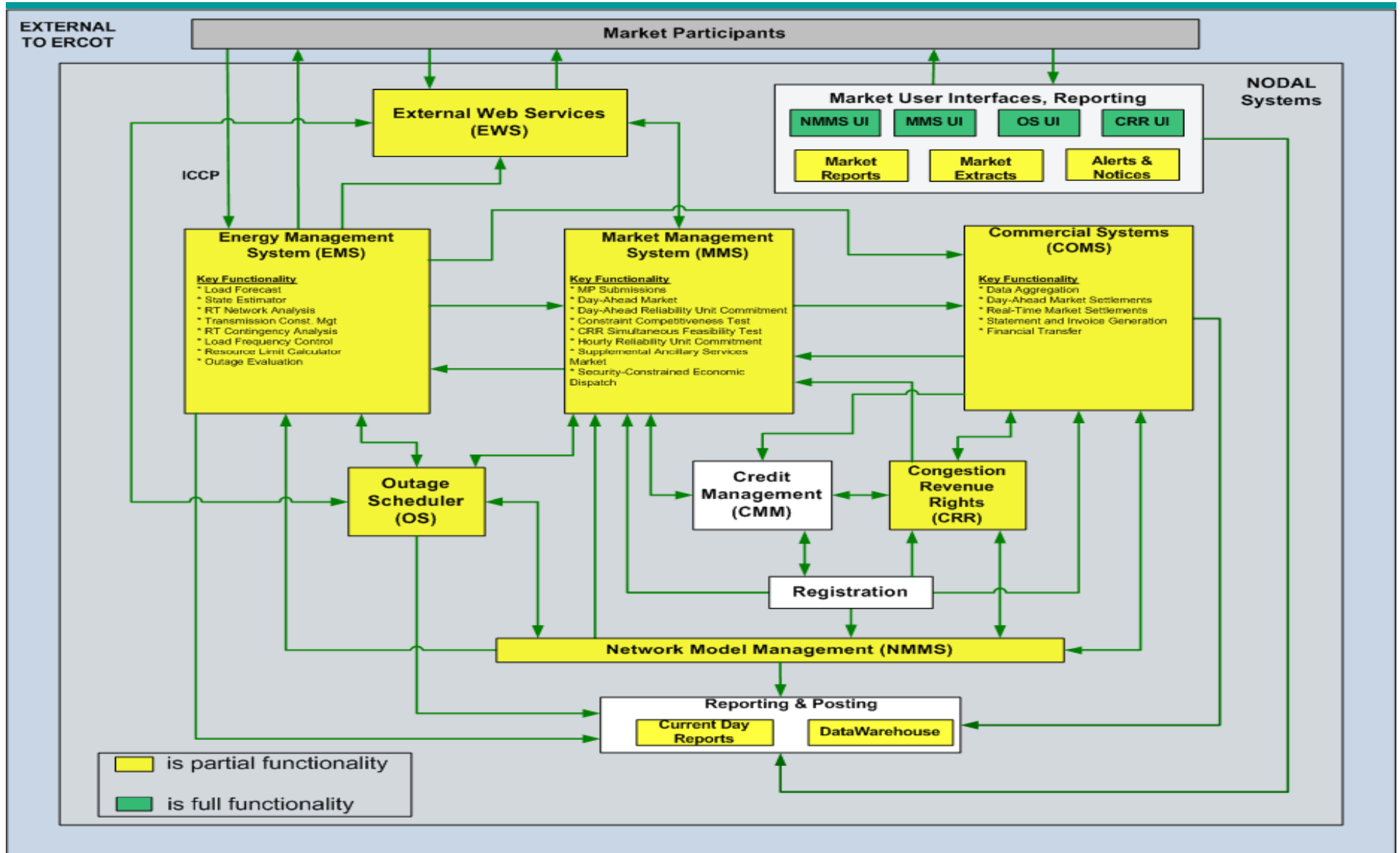
Jan-2006 thru Dec-2009 (Amounts in millions)



Questions?

Appendix

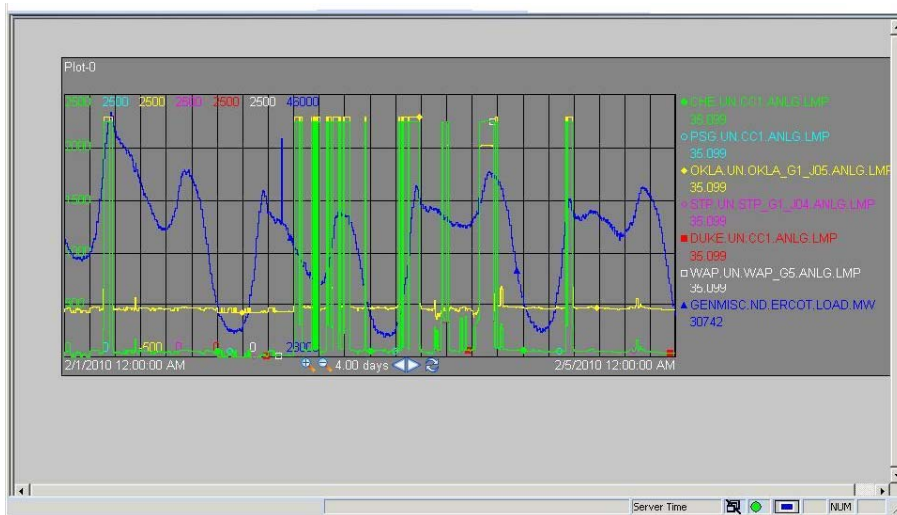
Nodal Systems Blueprint - Market Trials - Phase 3 - Feb. 1st



Real Time Market / LFC Update

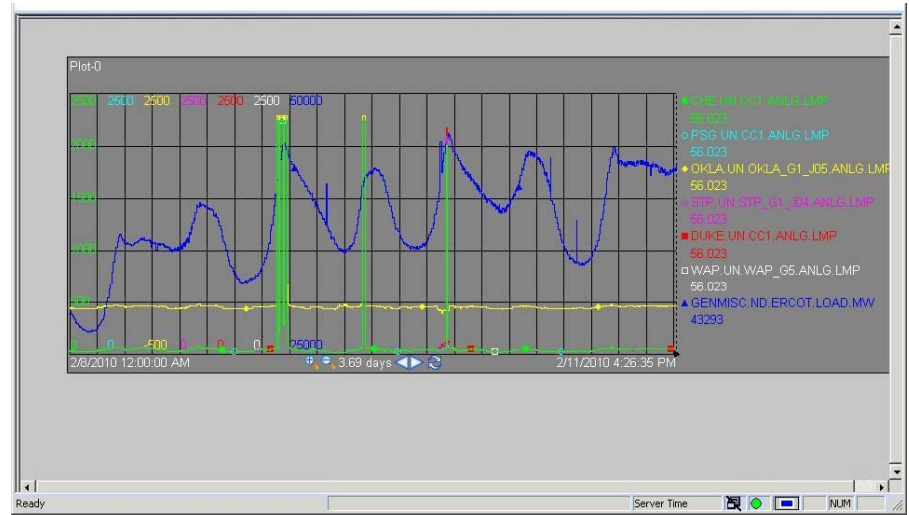
SCED Week 1

The lack of offer curves was apparent with the amount of time the LMP's were at \$2250 during Week 1.



SCED Week 2

During Week 2 offer curve submissions clearly demonstrate better LMP's and hitting \$2250 mainly during morning peaks.



Nodal Program Risks & Issues: Definitions

Definitions for Category, Probability and Severity of Risks & Issues:

- **Category**
 - Scope: Will require a scope change
 - Schedule: Will require a schedule change
 - Budget: Will require a budget change
- **Probability**
 - High: Expected to require Change Request over the next 1-3 months
 - Medium: Expected to require Change Request over the next 4-10 months
 - Low: Not expected to require a Change Request
- **Severity**
 - High: Milestone impact, or budget impact >\$500,000
 - Medium: Milestone impact - but expected to be mitigated, or budget impact between \$0 - \$500,000
 - Low: No milestone impact, or no budget impact

Defect Definitions

Severity	Definition
Severity 1: Data loss/critical error	Defects that render unavailable the critical functions of the system under test. These include errors such as system errors, application failures, loss of data, incorrect calculations, inability to transfer data, failure to access database, and inability to display information to the user.
Severity 2: Loss of functionality w/o workaround	Defects that render unavailable partial functionality of the system under test with no workaround available. These include errors such as incorrect information displayed to the user, information not updating correctly, extracts failing, and missing export files.
Severity 3: Loss of functionality with workaround	Defects that render unavailable partial functionality of the system under test with a workaround available. These include errors such as incorrect message displayed, optional information missing or not displayed correctly, not receiving e-mail notifications, and incorrect defaults.
Severity 4: Partial loss of a feature set	Defects that affect a feature that is not executed on a frequent basis and there is not a significant impact on the system. These include errors such as help information, filtering, and consistent naming.
Severity 5: Cosmetic/documentation error	Defects that are cosmetic and need to be resolved, but are not a factor in the functionality or stability of the system. These include errors such as field alignment, report formatting, drop down list order, fonts, column order and documentation that is inconsistent with the system(s) as tested.

	Prescription in Quality Center
Priority 1	Must fix ASAP
Priority 2	Must fix prior to Go-Live
Priority 3	Not critical to fix before Go-Live
Priority 4	Minor system/user impact
Priority 5	No system/user impact

Protocol Traceability Effort Update

Tier 1 Sections					
	PTE Traced Items	Research Items	In Progress: Business Procedures	In Progress: Reports/ Extracts	PTE Alignment Items
Section 3 – Management Activities for the ERCOT system (Dec NATF)	928	171	550	193	67
Section 4 – Day Ahead Operations (Nov NATF)	635	66	63	76	3
Section 5 – Transmission Security Analysis and RUC (Nov NATF)	166	30	53	15	10
Section 6 – Adjustment Period and Real-Time Operations (Jan NATF)	926	71	441	55	39
Section 7 – Congestion Revenue Rights (Oct NATF)	445	54	58	27	1
Section 8 – Performance Monitoring (Jan NATF)	226	32	130	82	9
Section 9 – Settlement & Billing (Nov NATF)	408	0	128	55	2
Section 16.11 – Financial Security for Counter Parties (Dec NATF)	198	2	33	25	3
Section 17 – Market Monitoring & Data Collection (Dec NATF)	25	7	21	1	6
Total	3956	433	1477	529	140

Alignment Item Categories

	Total	Category of Alignment Items				
		Alignment Items	NPRR	TBD / need category	Business Requirement Update	Business Procedures Revision
Section 3 – Management Activities for the ERCOT system	67	6	31	19	7	4 - Report
Section 4 – Day Ahead Operations	3	2	0	1	0	0
Section 5 – Transmission Security Analysis and RUC	10	5	0	2	3	0
Section 6 – Adjustment Period and Real-Time Operations	39	11	6	12	6	4- Report
Section 7 – Congestion Revenue Rights	1	0	0	0	0	Handbook
Section 8 – Performance Monitoring	9	2	1	3	2	1- Report
Section 9 – Settlement & Billing	2	2	0	0	0	0
Section 16.11 – Financial Security for Counter Parties	3	1	0	1	1	0
Section 17 – Market Monitoring & Data Collection	6	1	2	1	1	1- Report
Total	140	30	40	39	20	11

Transition to ERT

The SMEs are transitioning to ERT team.

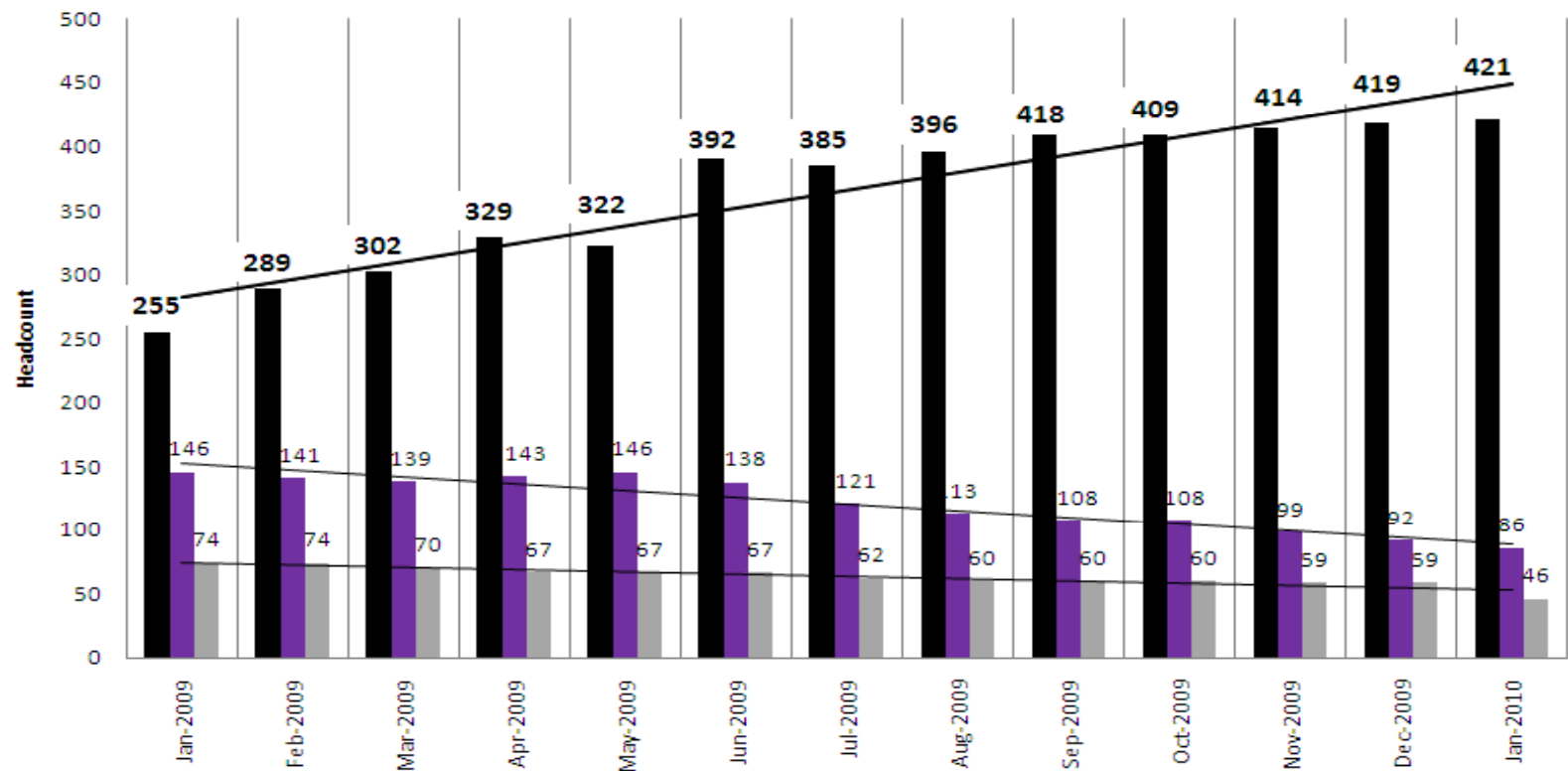
ERT and PMO will prioritize the remaining work within the ERCOT Readiness activities.

- **NPRRs – SMEs work with Business Owners to draft NPRRs to put through CEO review process and governance process**
- **Alignment Items**
 - TBD Category
 - Business Requirement Updates
 - Business Procedures Revisions
 - Other
- **Research Items**
- **In Progress Business Procedures**
- **In Progress Reports / Extracts**

ERT and PMO will report to market closure of items

Nodal Internal/External and Vendor Headcount 2010

**Nodal Internal/External and Vendor Headcount
for 2010**



	Jan-2009	Feb-2009	Mar-2009	Apr-2009	May-2009	Jun-2009	Jul-2009	Aug-2009	Sep-2009	Oct-2009	Nov-2009	Dec-2009	Jan-2010
■ ERCOT Employees	255	289	302	329	322	392	385	396	418	409	414	419	421
■ Contingent Labor	146	141	139	143	146	138	121	113	108	108	99	92	86
■ Vendor Labor	74	74	70	67	67	67	62	60	60	60	59	59	46

Program Issue: Market Interaction Operating Level Agreements

◇ Potential Milestone Impact: Phase 3 RTM, Phase 4 DAM/RUC, Phase 5 Full, Go-Live

ISSUE: Market Interaction OLA		Need to determine service level agreements associated with market interactions to assist ERCOT in establishing operational thresholds. ERCOT is responsible for ensuring any market thresholds required before Go-Live are defined, managed through the appropriate stakeholder processes and communicated in a timely fashion.		
Life Cycle State				
Plan	Manage			
Mitigation Plans		Who	Target Date	Current Status
1. ORT to define OLA with business and the market for each phase.		ORT, Market Trials	March	Continuing to define Market OLAs for all subsequent Market Trial Phases as part of the ORT project plan: Phase 2.1: Complete Phase 3: Complete Phase 4: OLA Definitions in Progress
2. PMO working with ORT to ensure consistent communications and work planning is in place to deliver the appropriate OLA and market throttling recommendations for each market release.		PMO, ORT, Market Trials	January, April, May, August	Continuous communication will be delivered to the internal and external stakeholders in support of each market delivery.

Program Risk: Integration Testing

◇ Potential Milestone Impact: Market Trials

Risk: Integration Testing		Continued risk around technology delivery of business systems integration due to complexity and continuing maturing of application and data dependencies.		
Risk Life Cycle State				
Define	Plan	Manage	Watch	
Mitigation Plans		Who	Target Date	Current Status
<ul style="list-style-type: none"> Planned Integration Test phases and associated functional and technology components. Created effort-based testing delivery work plan to prioritize and align deliverables to key external milestones. Instituted daily PMO meetings to manage and mitigate day-to-day risks to scope and schedule deliverables. 		PMO	Ongoing	Nodal Program Release Scope and Schedule defined to ensure delivery. Program Status Report and Dashboard in place to track progress.

Program Issue: Network Model Load Frequency

◇ Potential Milestone Impact: Overall Program

ISSUE: Network Model Load Frequency		<i>Model updates for Nodal will require more attention and coordination by both MPs and ERCOT to ensure alignment. ERCOT has determined that a bi-monthly Nodal database load represents the most manageable solution for updating the real-time environment when Nodal begins in December 2010.</i>		
Life Cycle State				
Plan	Manage			
Mitigation Plans		Who	Target Date	Current Status
1. Define and document Initial Model Load Process.		ERT	Complete	Initial Process Documented, to be updated based on feedback from Testing and Operations teams.
2. Validate and improve the Model Load Process over the next several months based on a Zonal Bi-Weekly load timeframe.		INT, INF	January - March	Initial loads completed, targeting mid January Model load to align with Zonal schedule.

Program Risk: Reconciling Protocols, Systems, and Market Expectations

◇ Potential Milestone Impact: Market Trials

Risk: Reconciling Protocols, Systems and Market Expectations		Experience with deploying nodal markets by other ISOs has shown that expectations of the market participants are often missed, despite best efforts at defining tariffs or protocol requirements. ERCOT needs to assume such a risk exists for this nodal implementation as well.		
Risk Life Cycle State				
Define	Plan			Manage
Mitigation Plans		Who	Target Date	Current Status
1. Assess maturity and readiness of software in the initial nodal release, focusing on new/tailored capability for Texas Nodal.		B. Day K. Farley	Complete	Complete
2. Add team members to the nodal program with Texas market experience to ensure readiness for Market Trials. SMEs to discussion alignment issues with ERCOT business owners. SMEs to report the results of the assessment to the ERCOT business owners for resolution.		V. Gates	Complete	Complete
3. Keep the oversight groups apprised of progress.		M. Cleary	Complete	Complete