



Progress Briefing

Nodal Market Oversight Report 8

Review of Nodal Program Budget and Schedule

Scope and Approach

Scope

The scope objectives of Nodal Market Oversight Report Number 8 are to provide an independent assessment of the new integrated schedule and associated budget. Specifically Utilicast has been asked to provide an opinion on the following areas:

- Is the project schedule realistic and achievable given the tasks that need to be completed?
- Is the cost estimate reasonable based on the proposed workload?

Approach

Confirm the Key Project Objectives	What went wrong? What is the Current State of the Program? Is the new estimate a “good” estimate? Is the new schedule a “good” schedule?
High Level Assessment of the Current State of the Nodal Program	Review Nodal Program and project documentation and interview program stakeholders to assess the current status of the Nodal Program. Areas of focus are program structure, program controls, project plans, budget estimates, resource plans and risks and issues
Detailed Assessment of 3 Projects	Select a sample of three Nodal Program Projects to analyze in detail to validate the findings from the high level assessment
Confirm Findings and Recommendations	Summarize the findings from the high level and detailed program assessments and present findings to program sponsors and PMO leadership to gain additional insight and input prior to presentation to the Nodal Oversight Committee
Present Findings and Recommendations	Present findings and recommendation to the Nodal Program Oversight Committee of the ERCOT Board of Directors

Preliminary Findings - Still conducting detailed analysis

1. What went wrong?

The original program was poorly estimated

The controls in place for the original program were inadequate for the scale and complexity of the undertaking

The Nodal Program is more complex than originally anticipated

2. What is the current state of the Program and what work needs to be completed?

There have been improvements in the program structure of controls

- There is clear ownership and accountability for the delivery of the Nodal Program at executive level
- The Program Management Office has been restructured and has implemented project controls consistent with the complexity and scale of the program
- A Nodal Program Controllers Office has been established and cost tracking and variance reporting procedures have been implemented to improve budget transparency and improve financial reporting

How much work needs to be completed?

- The Program has used 55% of the new total Program budget
- 75% of application development has been completed

3. Is the new estimate a “good” estimate?

- The new Nodal Program budget is a reasonable ‘not to exceed’ estimate
- The new cost to complete estimate may be excessive and additional optimization is possible

4. Is the new schedule a “good” schedule?

There are a number of risks that should they crystallize will impact the new Nodal Program schedule.

- There is a risk that scope creep may adversely impact the schedule.
- There is a risk that integration test may impact overall project schedule.
- Stability and the ability to physically expand the current IT infrastructure (environments) is a risk to the Nodal Program schedule
- There is a risk that Market Participants may extend the EDS Process indefinitely and impact the go live schedule
- There is a risk that key Nodal Program resources may be reassigned to Zonal Program work and potentially impacting the Nodal Program schedule.