



Business Integration Update

Cagle Lowe

Director Business Integration (Interim)

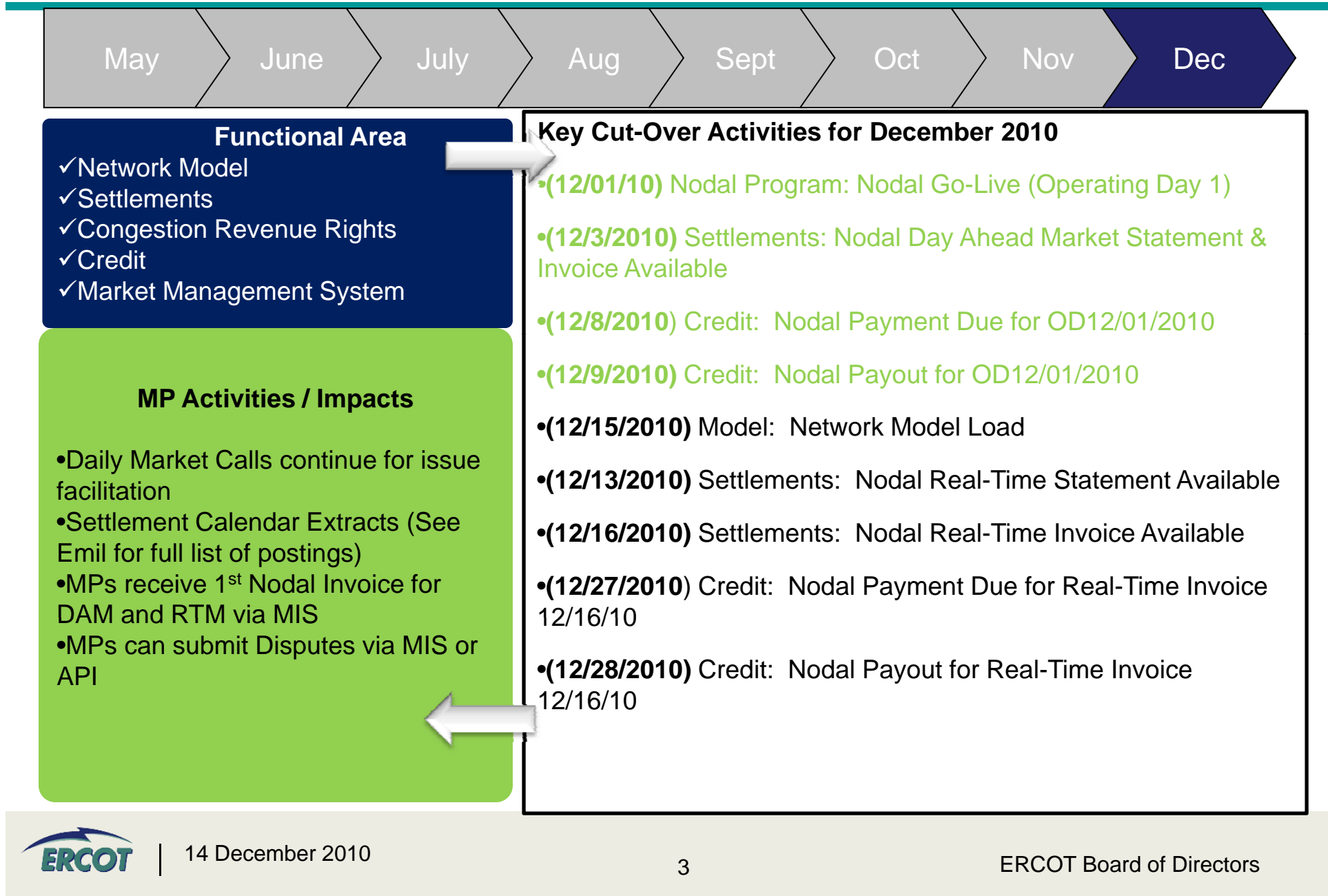
ERCOT Board of Directors

14 December 2010

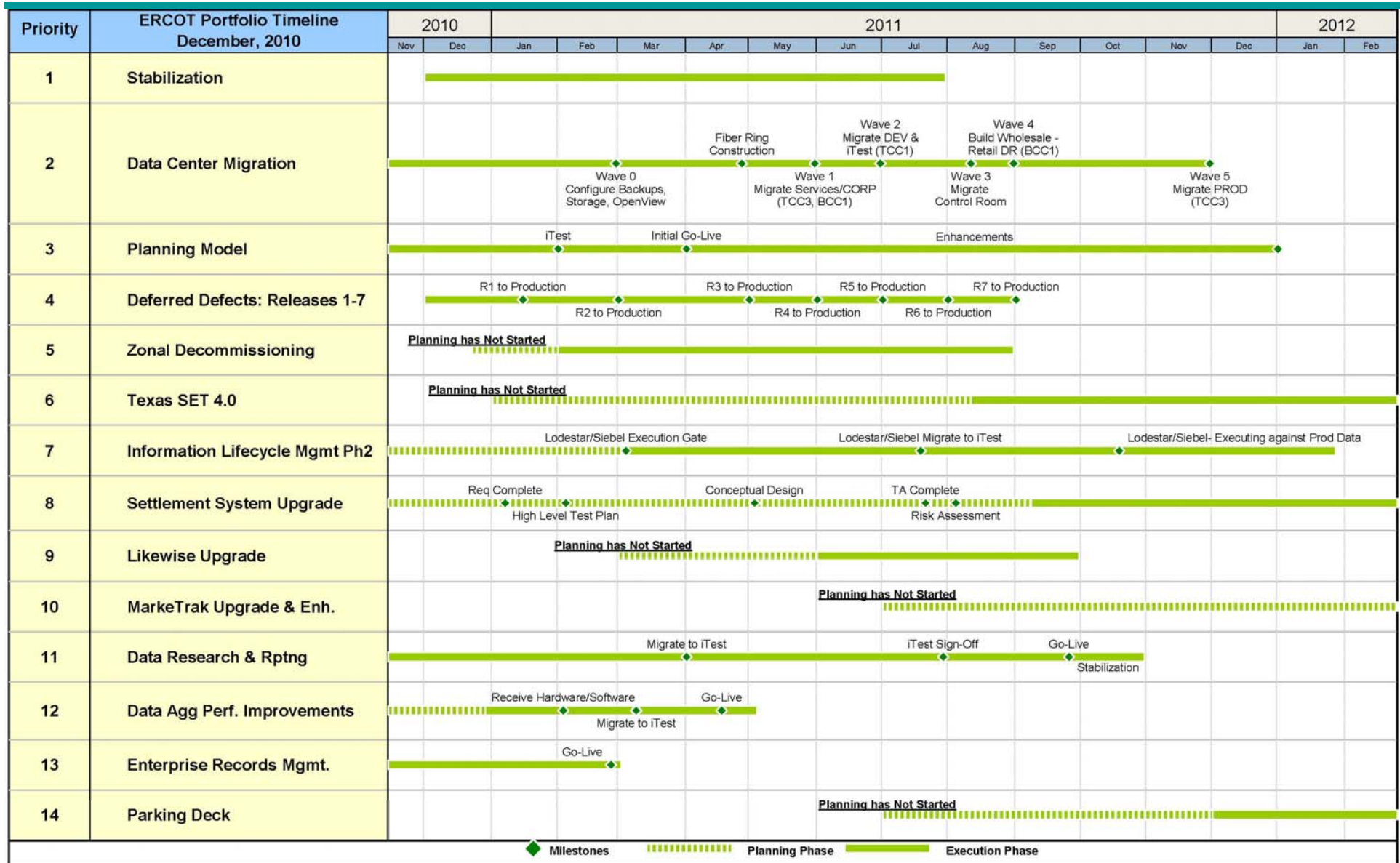
Today's Agenda

- **December Cutover**
- **Project Portfolio Update**
- **Project Prioritization Overview**
- **Nodal Monthly Financial Review**

Cut-Over Monthly Outlook – December



ERCOT Portfolio Timeline



Nodal Stabilization Project

- **Scope**

- Evaluate and remediate ERCOT Nodal Operational Issues including higher than normal: production outages, issue analysis, software defect remediation, stakeholder support, and request for information volumes

- **Objectives**

- Maintain Nodal Operational Stability during the first months of System Operations
 - Stabilization is the main focus, however, ERCOT will shift resources to other priorities if initial stabilization effort is less than forecasted.

- **Duration**

- 7-month period, running 12/1/2010 – 6/30/2011

- **Current Status**

- Hot patches continue to be migrated to production as issues are identified that cannot wait to be migrated in a scheduled release
- Issue triage process transitioning to Operations teams

- **Risks / Issues**

- Issue volumes are higher than expected
- Complexity of issues is greater than expected
- System design changes are implemented before systems are fully stabilized

Data Center Migration Project

- **Scope**
 - Replace data center hardware that is approaching end of life and migrate hardware to new Taylor and Bastrop data centers.
- **Objectives**
 - Reduce level of risk of hardware failure and resulting impact on critical business functions.
 - Move Control Room operations and production/disaster recovery systems to Bastrop.
- **Current Status**
 - Procurement of hardware to begin December 6 for late 2010/early 2011 delivery.
 - Migration schedule 90% complete for Q1 and Q2 2011.
 - Resource plans 90% complete for Q1 and Q2 2011.
- **Duration**
 - 27-month period, running October 2009 through December 2011.
- **Risks / Issues**
 - Resource availability and delivery timelines may be impacted by Stabilization efforts

Planning Model Project

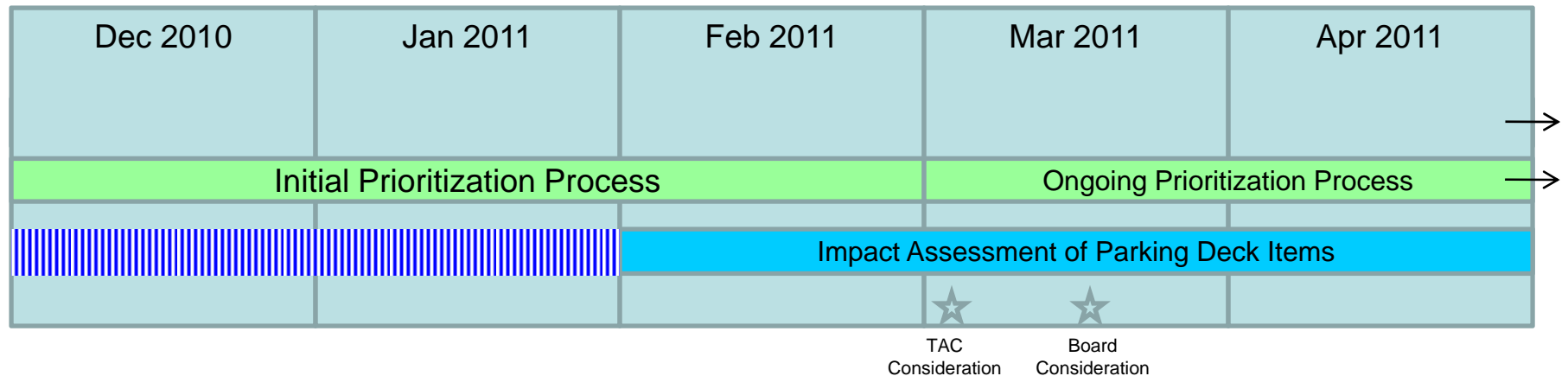
- **Scope**
 - Build Annual Planning Models from the NMMS Database also used to build Network Operations Model and models for the Market.
- **Objectives**
 - Attain much higher level of consistency between Operations and Planning models than experienced in the past.
- **Current Status**
 - Testing the Topology Processor and Model On Demand applications to retrieve data from NMMS Database to finished Planning model. Go-Live date set for April 1, 2011.
- **Duration**
 - 5-month period, running 12/1/2010 – 4/1/2011
- **Risks / Issues**
 - TSP concerns about the amount of data that they need to add to Topology Processor output in Model On Demand to create satisfactory Planning model.

Deferred Defects Project

- **Scope**
 - Evaluate and remediate the priority 3 defects that were deferred from the Nodal Project
- **Objectives**
 - Continue to improve the operational efficiency of the Nodal Applications and reduce the impact of workarounds for both ERCOT and Market Participants
- **Current Status**
 - Defect release bundles and estimates have been defined for delivery in 2011
 - 1st release mainly isolated to the individual application
- **Duration**
 - 10-month period, running 12/1/2010 – 9/30/2011
- **Risks / Issues**
 - Resource availability and delivery timelines may be impacted by Stabilization efforts

Prioritization Timeline

- December 2010
 - Begin review of prioritized list with stakeholder groups
- February 2011
 - Seek approval from market subcommittees
- March 2011
 - Seek TAC/Board approval of initial prioritized list



Summary of Defects by Target Delivery

Nodal Systems went live beginning Operating Day 12/1 with all Critical defects resolved and 29 Priority defects remaining. There were also 958 lower priority defects to be reviewed and resolved.

The focus now is on stabilization. As vendor and ERCOT resources are available, defects will be addressed in scheduled releases.

System	Priority 1 & 2 Target 12/2010	Priority 3								Priority 4 & 5 (Future Work)	Total Defects
		Group 1 * 1/2011	Group 2 3/2011	Group 3 5/2011	Group 4 6/2011	Group 5 7/2011	Group 6 8/2011	Group 7 9/2011	Total		
<i>MMS</i>	11	37	24	19	0	0	0	0	80	13	104
<i>EMS</i>	1	23	29	45	48	52	55	54	306	82	389
<i>COMS</i>	4	5	5	10	17	14	0	0	51	29	84
<i>CMM</i>	0	3	5	10	9	12	7	0	46	18	64
<i>NMMS</i>	0	12	15	14	8	0	0	0	49	8	57
<i>OS</i>	0	12	12	20	18	14	0	0	76	47	123
<i>CRR</i>	0	2	3	0	0	0	0	0	5	2	7
<i>MIS</i>	0	0	6	0	0	0	0	0	6	12	18
<i>CDR</i>	7	7	0	0	0	0	0	0	7	3	17
<i>EIS(EDW)</i>	6	7	4	0	0	0	0	0	11	8	25
<i>EIP</i>	0	9	11	15	22	0	0	0	57	15	72
<i>MPIM</i>	0	6	0	6	0	0	0	0	12	1	13
<i>Planning Model</i>	0	4	3	0	0	0	0	0	7	7	14
Total	29	127	117	139	122	92	62	54	713	245	987

* Group 1 Includes DST

Priority 1&2 Defects – Target To Be Resolved by 12/2010

System	24-Nov	30-Nov	3-Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Changes
MMS	0	0	11								11
EMS	0	0	1								1
COMS	0	1	4								3
CMM	0	0	0								0
NMMS	0	0	0								0
OS	0	0	0								0
CRR	0	0	0								0
MIS (inc MID)	1	1	0								(1)
CDR	0	0	7								7
EIS (EDW)	0	0	6								6
EIP	0	0	0								0
MPIM	0	0	0								0
Planning Model	0	0	0								0
Total (P1 & P2)	1	2	29								27
Changes to Priority 1 & 2 Defects Since Last Reporting											
New Priority 1, 2 Defects	1	26									
Priority 3,4,5 --> Priority 1, 2	0	8									
Closed --> Priority 1,2	0	0									
Priority 1,2 --> Priority 3,4,5	0	0									
Priority 1, 2 --> Resolved (Closed or Invalid)	(1)	(7)									
Total Changes in Period	0	27									
Total End of Report Period	1	29									

Lower Priority Defects (3, 4, 5)

System	24-Nov	30-Nov	3-Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Changes
MMS	93	96	93								(3)
EMS	384	385	388								3
COMS	78	79	77								(2)
CMM	65	65	67								2
NMMS	12	29	57								28
OS	118	122	123								1
CRR	7	7	7								0
MIS (inc MID)	15	15	18								3
CDR	11	11	10								(1)
EIS (EDW)	20	16	19								3
EIP	71	71	72								1
MPIM	11	11	13								2
Planning Model	6	6	14								8
Total (P3, P4, P5)	891	913	958								45
Changes to Priority 3, 4, 5 Defects Since Last Report											
New Priority 3, 4, 5 Defects	16	56									
Priority 1, 2 --> Priority 3,4,5	0	0									
Closed --> Priority 3, 4, 5	17	0									
Priority 3,4,5 --> Priority 1, 2	0	(8)									
Priority 3, 4, 5 --> Resolved (Closed or Invalid)	(11)	(3)									
Total Changes in Period	22	45									
Total End of Report Period	913	958									

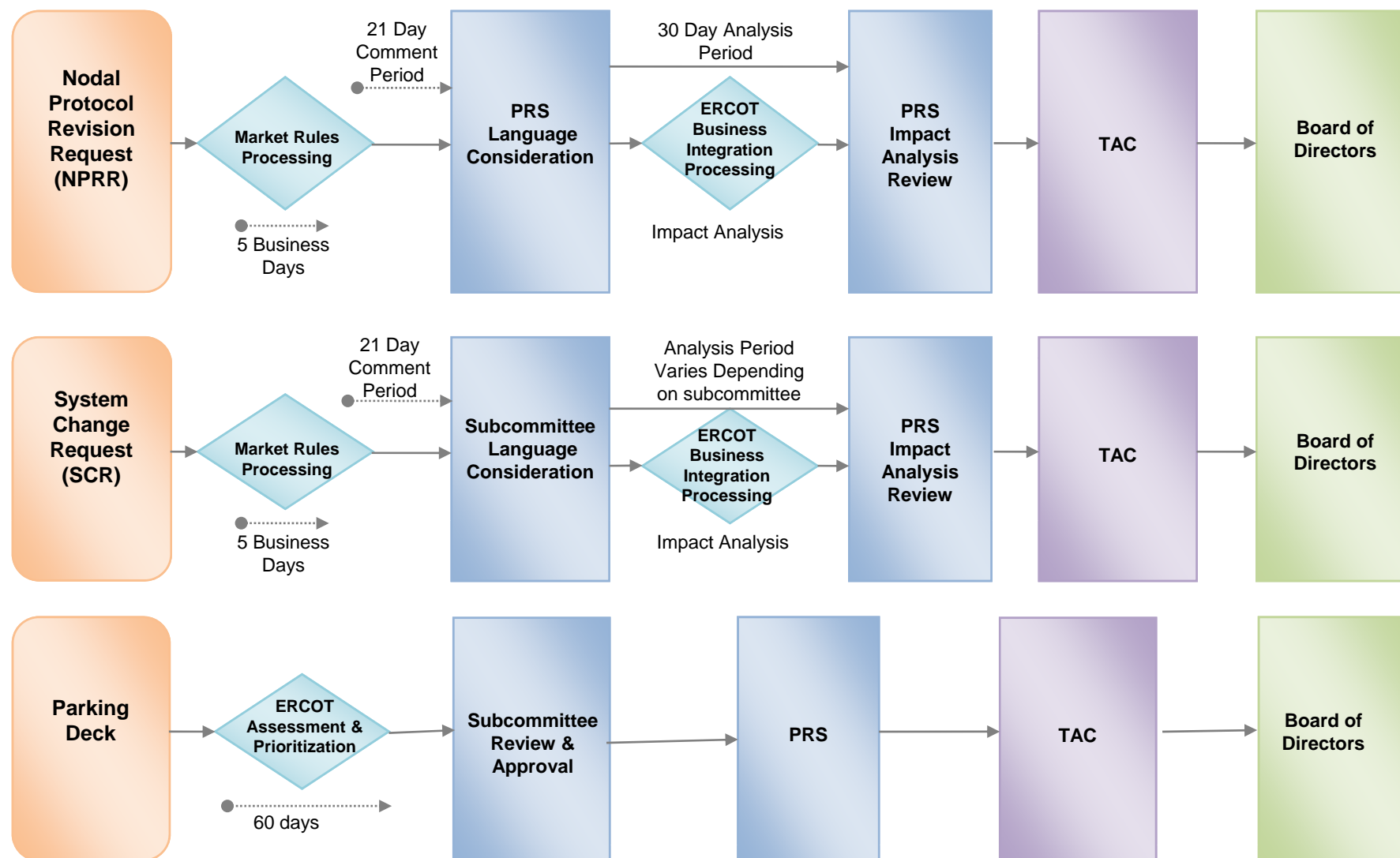
NOTE: After NMMS went live last summer, deferred defects were only being tracked in the Siemens defect system, not in the Nodal project system. During the review of defects that were being bundled for future releases the differences between the Siemens defect system and ERCOT system was discovered.

Defects Breakdown by Priority and Severity Level (as of 12-03-10)

Defect Breakdown by Priority	3-Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Priority 2 - to be resolved by 12/31	29							
2 Loss of functionality w/o workaround	11							
3 Loss of functionality with workaround	16							
4 Partial loss of a feature set	2							
Priority 3 - to be resolved in 2011	713							
2 Loss of functionality w/o workaround	13							
3 Loss of functionality with workaround	353							
4 Partial loss of a feature set	301							
5 Cosmetic/Documentation error	46							
Priority 4 - Future Work	212							
2 Loss of functionality w/o workaround	1							
3 Loss of functionality with workaround	17							
4 Partial loss of a feature set	158							
5 Cosmetic/Documentation error	36							
Priority 5 - Future Work	33							
3 Loss of functionality with workaround	2							
4 Partial loss of a feature set	10							
5 Cosmetic/Documentation error	21							
Total	987							

Note: Eleven of the Priority 3 defects with a '**2 Loss of functionality without a workaround**' are reports and dashboard defects.

Project Approval & Prioritization Processes



Questions?



Monthly Financial Review

Mike Petterson

Controller

December 14, 2010

Financial Review – October 2010 Performance Forecast vs. Actual

Line	Cost Summary	Forecast ¹		Actual		Variance Fav./(Unfav.)
1	Internal Labor Costs	\$	1.9	\$	1.9	\$ -
2	Backfill Labor Costs		0.1		0.1	-
3	External Resource Costs		1.5		1.4	0.1
4	Software & Software Maintenance		0.3		0.3	-
5	Hardware & Hardware Maintenance		0.2		0.2	-
6	Other		-		-	-
7	Sub-total Direct Project Costs	\$	4.0	\$	3.9	\$ 0.1
8	Allocations		0.2		0.2	-
9	Finance Charges		1.1		0.9	0.2
10	Sub-total Indirect Project Costs	\$	1.3	\$	1.1	\$ 0.2
11	Total	\$	5.3	\$	5.0	\$ 0.3

Amounts in Millions

Note 1: Forecast consists of re-forecast from October 1, 2010 plus Q4 NCRs



14 December 2010

Updated financial information through November 30th
will be presented at the BoD Meeting.

17

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Financial Review – LTD Performance through October 2010

Forecast vs. Actual

Line	Cost Summary	Forecast ¹	Actual	Variance Fav./(Unfav.)	Estimate to Complete
1	Internal Labor Costs	\$ 80.9	\$ 80.9	\$ -	\$ 1.7
2	Backfill Labor Costs	6.3	6.3	-	0.1
3	External Resource Costs	278.2	278.1	0.1	1.3
4	Software & Software Maintenance	30.1	30.1	-	0.3
5	Hardware & Hardware Maintenance	49.4	49.4	-	0.3
6	Other	2.2	2.2	-	-
7	Sub-total Direct Project Costs	\$ 447.1	\$ 447.0	\$ 0.1	\$ 3.7
8	Allocations	22.8	22.8	-	0.2
9	Finance Charges	35.9	35.7	0.2	14.4
10	Sub-total Indirect Project Costs	\$ 58.7	\$ 58.5	\$ 0.2	\$ 14.6
11	Program Contingency Fund Unutilized	-	-	-	1.9
12	Board Discretionary Fund	-	-	-	117.8
13	Total	\$ 505.8	\$ 505.5	\$ 0.3	\$ 138.0

Amounts in Millions

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14 December 2010

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18

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Financial Review – CTO Contingency Fund

Q4 Risk Items Update as of October 31, 2010

Line	Major Activities/Adjustments	Likely to Spend ¹	Risk	Approved NCRs	Unutilized Risk Funds
1.	Operational Readiness Support	L	\$ 0.5	\$0.0	\$0.5
2.	Infrastructure Hardware & Application Upgrades	H	0.5	0.0	0.5
3.	Current Open Change Requests	H	0.3	0.1	0.2
4.	Expected Nodal Change Requests	H	0.5	0.0	0.5
5.	Market Analysis	H	0.2	0.0	0.2
	Total		<u>\$ 2.0</u>	<u>\$0.1</u>	<u>\$ 1.9</u>

Amounts in Millions

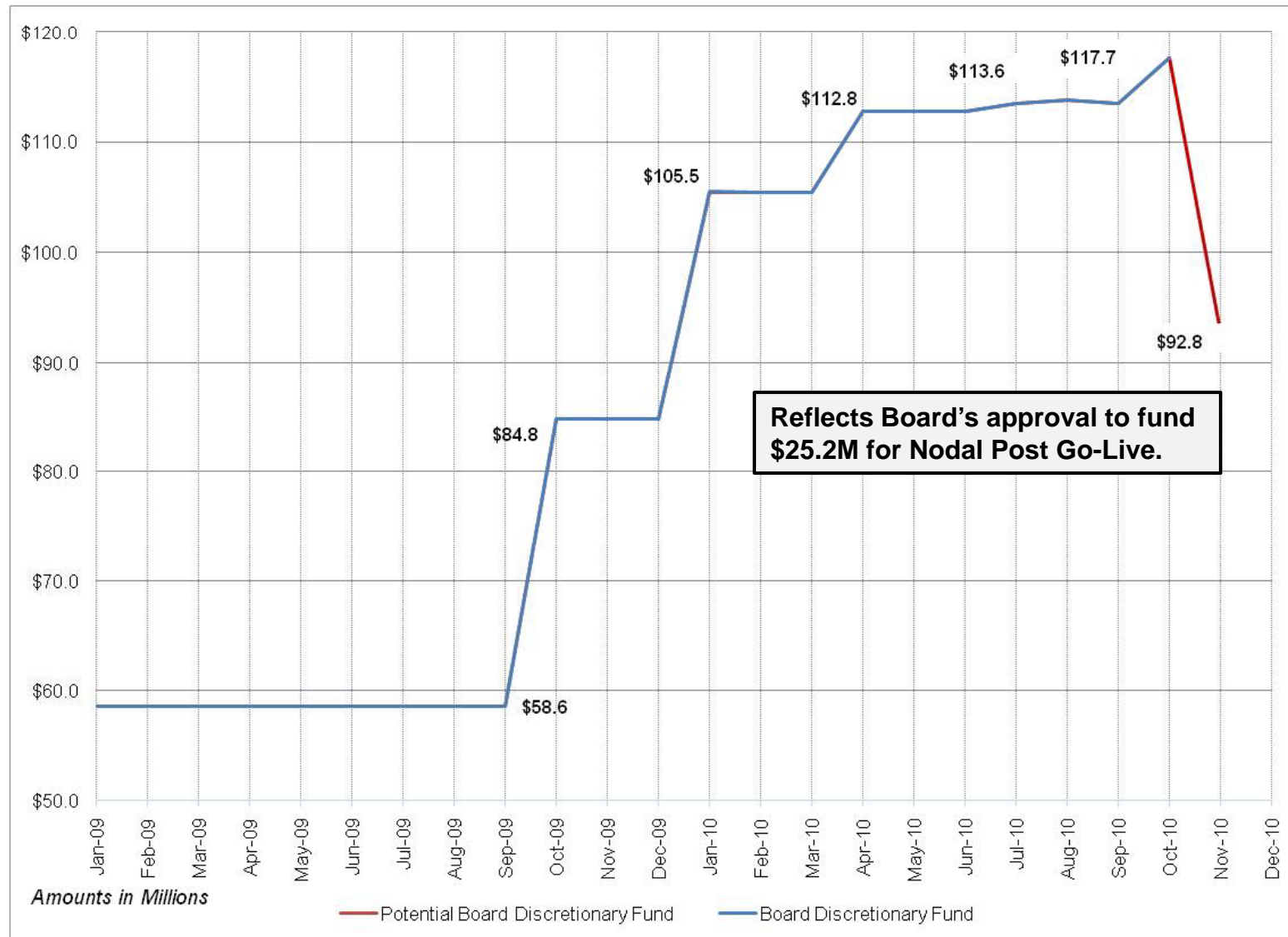
Note 1: H – high probability risk has or will materialize, L – low probability risk has or will materialize

*Updated financial information through November 30th
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14 December 2010

Financial Review – Board Discretionary Fund

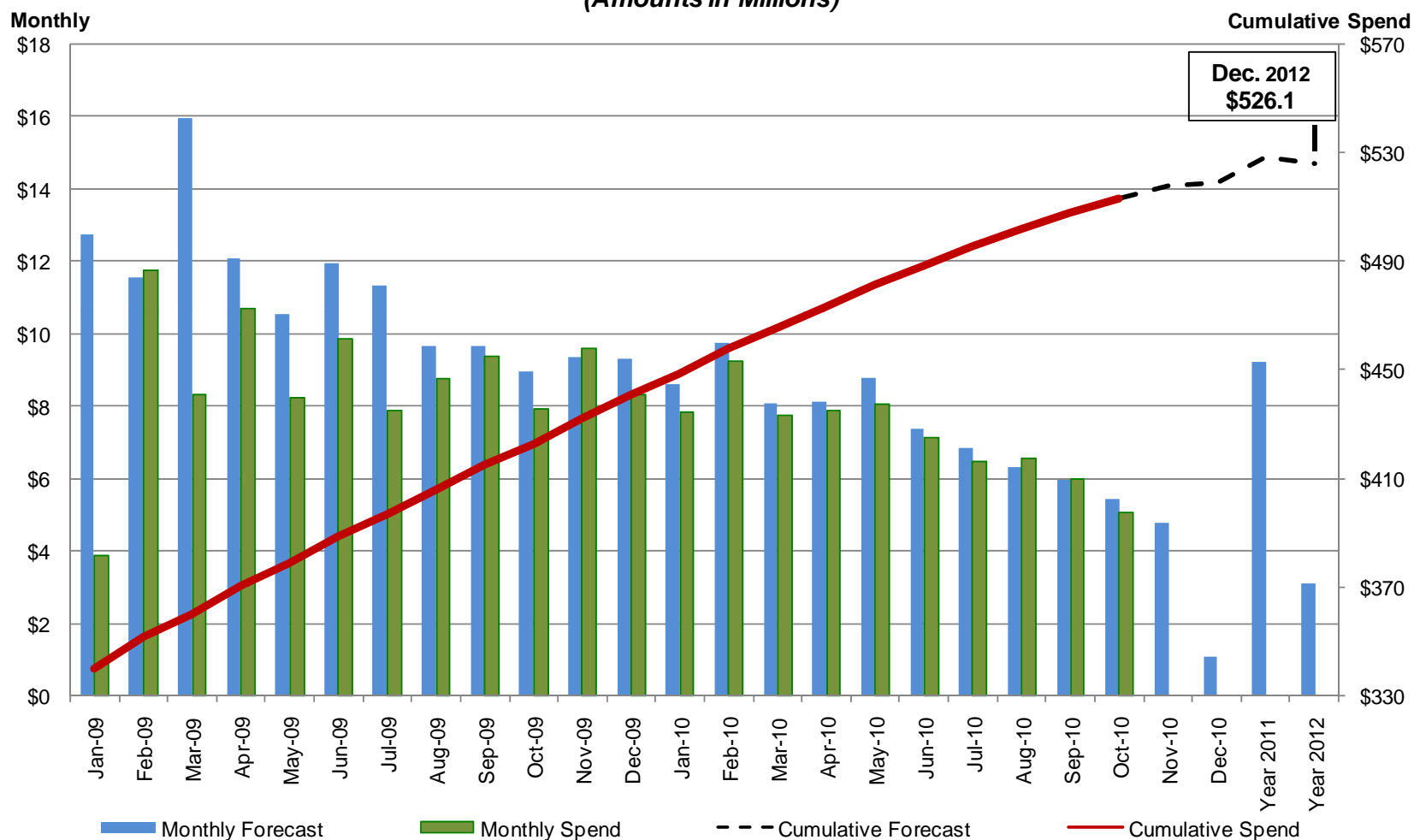


14 December 2010

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Financial Review – Program Cost Management

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



Note: Years 2011 and 2012 reflect finance charges



14 December 2010

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Questions?