



Business Integration Update

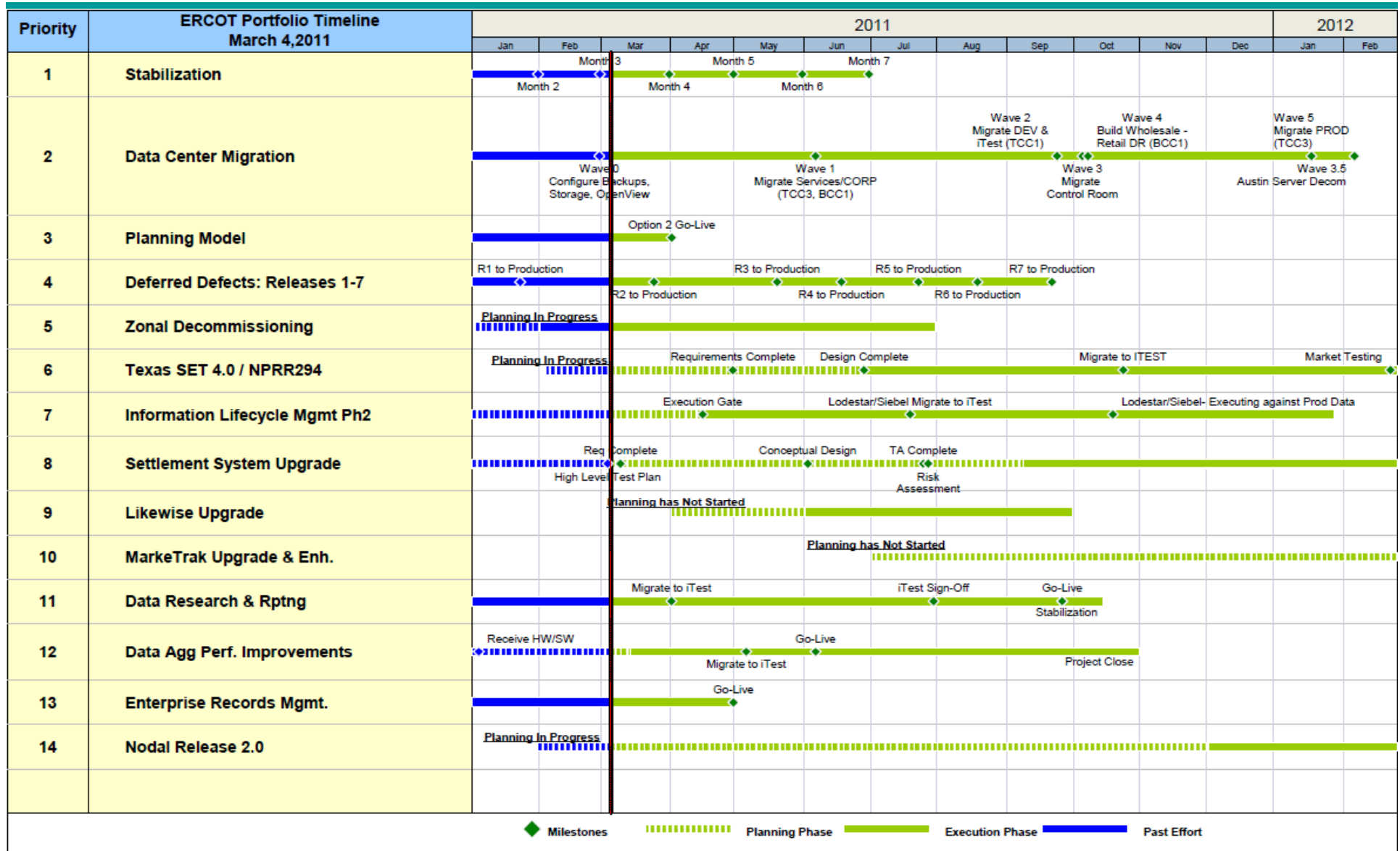
Cagle Lowe

Board of Directors Meeting
March 22, 2011

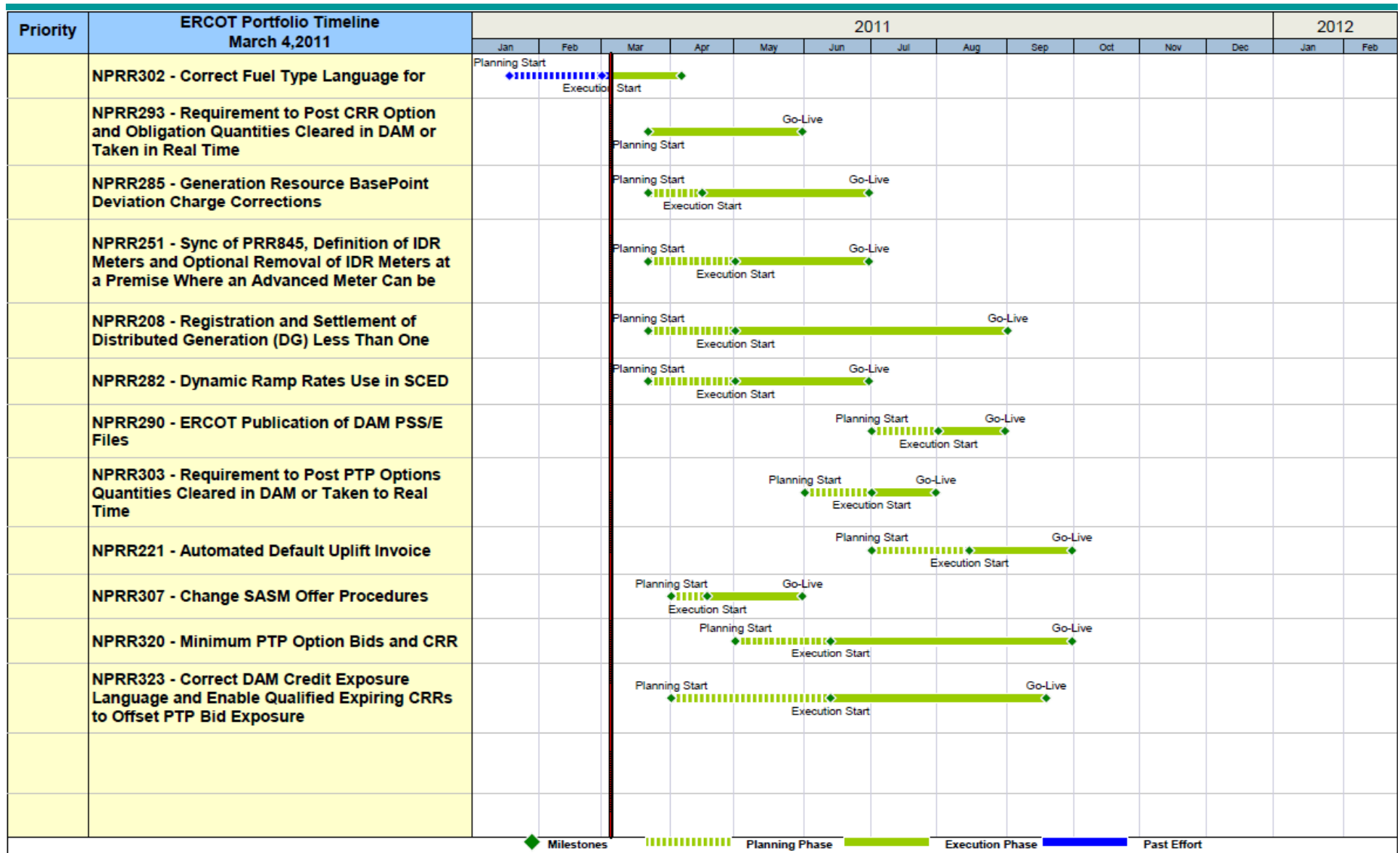
Today's Agenda

- **Project Portfolio**
- **Parking Deck Prioritization Schedule**
- **Stabilization & Deferred Defects Update**
- **Data Center Migration Update**

ERCOT Portfolio Status Report (as of 3/11/2011)



ERCOT Portfolio Status Report (as of 3/11/2011)



Parking Deck NPRR/SCR Prioritization Schedule

- **Phase 1 of Parking Deck IAs and CBAs** (March 2011 Board meeting)
 - 6 items to be considered at today's Board meeting
- **Phase 2 of Parking Deck IAs and CBAs** (target Board meeting = May 2011)
 - NPRR210: Wind Forecasting Change to P50, Sync with PRR841
 - NPRR240: Proxy Energy Offer Curve
 - NPRR241: Aggregate Incremental Liability (AIL) Calculation and Credit Reports Publish Corrections
 - NPRR244: Clarification of Other Binding Documents
 - NPRR256: Sync with PRR787, Add Non-Compliance Language to QSE Performance Standards
 - SCR755: ERCOT.com Website Enhancements
- **Phase 3 of Parking Deck IAs and CBAs** (target Board meeting = July 2011)
 - NPRR131: Ancillary Service Trades with ERCOT
 - NPRR181: FIP Definition Revision
 - NPRR207: Unit Deselection
 - NPRR222: Half-Hour Start Unit RUC Clawback
 - NPRR257: Synchronization with Nodal Operating Guide Section 9, Monitoring Programs
 - NPRR258: Sync with PRR824 and PRR833 and Additional Clarifications
 - NPRR260: Providing Access to MIS Secure Area to MIS Registered Users
 - NPRR272: Definition and Participation of Quick Start Generation Resources
 - NOGRR034: Rescind Telemetry Performance Calculation Exclusions
- **Phase 4 of Parking Deck IAs and CBAs** (target Board meeting = September 2011)
 - NPRR146: ICCP Telemetry Information Submittals
 - NPRR153: Generation Resource Fixed Quantity Block Offer

ERCOT Projects Update

| <u>Project Name</u> | <u>Scope</u> | <u>Objectives</u> | <u>Current Status</u> | <u>Issue</u> | <u>Potential Risks</u> | <u>Risk Probability</u> |
|------------------------------|---|--|---|--|--|-------------------------|
| Stabilization | 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 | Maintain Nodal Operational Stability during the first months of System Operations | Defects Resolved (96) 36 Market Facing Defects 60 Internal Defects Remaining in March (120) 10 Market Facing Defects 110 Internal Defects | None | Issue volumes are higher than expected Complexity of issues is greater than expected System design changes are implemented before systems are fully stabilized | Medium |
| Deferred Defects | Evaluate and remediate the defects that were deferred from the Nodal Project | Continue to improve the operational efficiency of the Nodal Applications and reduce the impact of workarounds for both ERCOT and Market Participants | Defects Resolved (27) 8 Market Facing Defects 19 Internal Defects Remaining in March (49) 6 Market Facing Defects 43 Internal Defects | None | Resource availability and delivery timelines may be impacted by Stabilization efforts | Medium |
| Data Center Migration | Replace data center hardware that is approaching end of life and migrate hardware to new Taylor and Bastrop data centers | Reduce level of risk of hardware failure and resulting impact on critical business functions | Wave 1 started March 1. Physical to virtual server migration for ERCOT internal applications. | Server migrations two weeks behind schedule due to delays in the delivery and configuration of the storage hardware. | Schedule slippage due to higher than expected migration complexity | Medium |
| Planning Model | Build Annual Planning Models from the NMMS Database also used to build Network Operations Model and CRR models for the Market | Attain much higher level of consistency between Operations and Planning models than experienced in the past | 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. Dual environments established to support 'Option 2' for April 1, 2011 and 'Option 1' starting on April 1, 2012. | None | Test may not complete on schedule. | Low |
| Zonal Decommission | The complete decommission (hardware, software, network, data, instances) of all systems that will no longer be used after Nodal Go-Live. | Track and coordinate ERCOT assets (hardware, software) as they are being decommissioned or repurposed back into the ERCOT Asset pool. | Planning underway | None | Zonal data retrieval may be requested to be retained beyond the decommissioning project end date. | Medium |

ERCOT Projects Update (cont.)

| | | | | | | |
|---|--|---|--|--|--|--------|
| Information Lifecycle Mgmt Phase 2 | Define and implement ERCOT's Information Lifecycle Management (ILM) to a defined group of Commercial System databases. | Free up usable storage quickly and control future growth rates by applying ERCOT ILM standards and policies. | Developing detailed designs for data warehouse deliverables (ISM). Developing detailed execution schedule and evaluating resource constraints for delivery. | None | Delivery timelines may be impacted by resource availability | High |
| Settlement System Upgrade | Create a custom settlement solution that can be maintained by ERCOT staff. It will include the removal of the Oracle Lodestar Billing Expert application. | Replace all Lodestar proprietary code, data structures and tools with an ERCOT supported solution that does not require a maintenance agreement with an outside vendor. | Working on Data Agg requirements to be reviewed by business and started reviewing different approaches for proof of concept. | None | Resource availability and delivery timelines may be impacted by stabilization. | Low |
| Data Research & Reporting | Deliver a Electric Service Identifier (ESI ID) data research and reporting tool for ERCOT Commercial Operations to provide accurate, complete and efficient reporting and research capabilities using retail transaction data. | The delivery of timely, accurate and supportable reports, creation of a framework to build additional data marts, and the assurance that the transitioned ETS data is designed to be highly reliable and recoverable, with automated auditing and notification. | Testing activities in pTest environment underway. Testing Scripts are being developed. | None | Resource availability and delivery timelines may be impacted by Stabilization efforts. | Low |
| Data Agg Performance Improvements | ERCOT has the capability to load and process Advance Metering Systems (AMS) settlement meter data in support of market forecasts for deployment. | To stress test data agg code in an environment with similar resources as production and make any necessary improvements to data agg code to ensure data agg's ability to support the volume of AMS ESIIDs that will come over the next 10 years (Forecasted by ERCOT to be 7.4 million AMS ESIIDs). | A solution to data aggregation performance problem has been found. This solution showed significant performance improvements when running 3MM AMS ESIID's. | None | New performance issues may impact delivery schedule. | Medium |
| Enterprise Records Mgmt | Define and implement ERCOT strategy for managing email, documents and legal records. | Control growth of email and document archives. Support regulatory compliance activities. | Activities suspended until business resources can return to project. (see issue) | Business resources shifted to higher priority work. Business resources are expected to return to the project late-March. | Undiscovered defects arising during training. | Low |

Summary of Stabilization & Deferred Defects by Target Delivery (as of 3/11/2011)

| Summary of Defects by Target Delivery | | | | | | | | | | | | |
|---------------------------------------|--|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|------------|---|---------------|------------------|
| System | Open Stabilization Priority 2 Target Mar 2011 | Deferred Defects Priority 3 | | | | | | | | Priority 4 & 5 Defects (Potential Future Work) | | Total Defects |
| | | Open Group 2 3/2011 | Group 3 5/2011 | Group 4 6/2011 | Group 5 7/2011 | Group 6 8/2011 | Group 7 9/2011 | Unassigned | Total | Deferred Defects | Stabilization | |
| <i>MMS</i> | 23 | 3 | 18 | 12 | 1 | | | 13 | 47 | 12 | 46 | 128 |
| <i>EMS</i> | 38 | 15 | 37 | 11 | 9 | 15 | 14 | 134 | 235 | 112 | 51 | 436 |
| <i>COMS</i> | 12 | 3 | 11 | | | | | 21 | 35 | 26 | 25 | 98 |
| <i>CMM</i> | 4 | 1 | 2 | | | | | 20 | 23 | 10 | 1 | 38 |
| <i>NMMS</i> | 27 | 9 | 7 | 4 | 6 | 8 | 9 | 6 | 49 | 8 | 2 | 86 |
| <i>OS</i> | 7 | 9 | 10 | 14 | | | | 21 | 54 | 39 | | 100 |
| <i>CRR</i> | | | | | | | | | 0 | 4 | 7 | 11 |
| <i>MIS</i> | 2 | | 1 | | | | | | 1 | 5 | 6 | 14 |
| <i>CDR</i> | 3 | | 2 | | | | | 2 | 4 | | 1 | 8 |
| <i>EIS(EDW)</i> | 1 | | 1 | 1 | | | | | 2 | 8 | | 11 |
| <i>EIP</i> | 3 | 5 | 11 | 3 | 5 | | | 3 | 27 | 7 | 14 | 51 |
| <i>MPIM</i> | | | 3 | | | | | | 3 | | | 3 |
| <i>Planning Model</i> | | 4 | | | | | | 2 | 6 | 5 | 4 | 15 |
| Total | 120 | 49 | 103 | 45 | 21 | 23 | 23 | 222 | 486 | 236 | 157 | 999 |

Summary Stabilization & Deferred Defect Changes (as of 3/11/11)

| | Dec 03 to Jan 07 | Jan 08 to Feb 03 | Feb 04 to Mar 10 | Mar to Apr | Apr to May | May to Jun | Jun to Jul |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Stabilization defects (changes since last report) | | | | | | | |
| New Priority 1, 2 Defects | 111 | 56 | 86 | | | | |
| New Deferred Defects | 92 | 95 | 85 | | | | |
| Defects Resolved | 90 | 51 | 96 | | | | |
| | | | | | | | |
| Deferred defects (changes since last report) | | | | | | | |
| Defects Resolved | 83 | 41 | 27 | | | | |
| | | | | | | | |

Questions?



Data Center Migration Project Update

Data Center Migration Overview

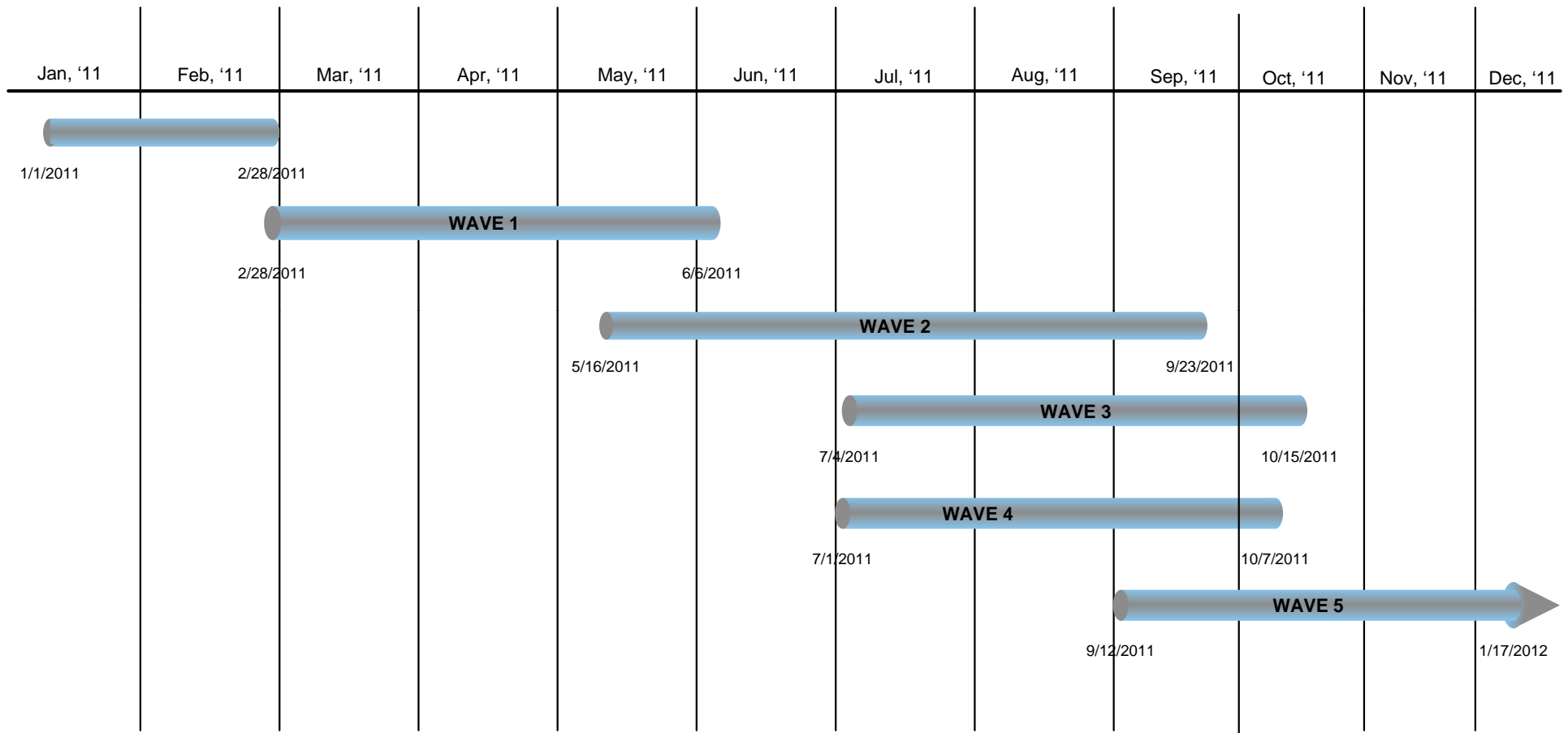
- **Project Overview**

- Replace and move servers to new facilities
 - Taylor – Primary Production Environment
 - Bastrop – Back-Up (DR) / Secondary Production Environment
- Re-configure existing Taylor Data Center – Development and iTest

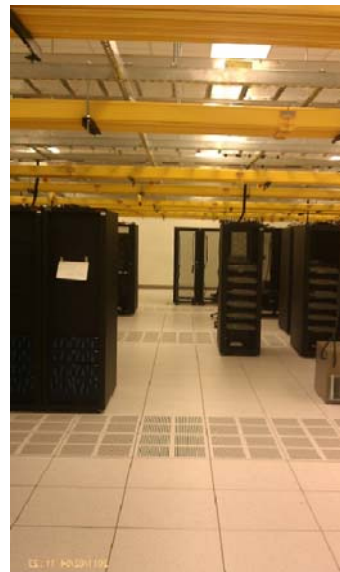
- **Project Approach**

- Project is divided into 6 distinct waves
- Wave 0 – Equipment Installs (cabinets, racks, chassis, cabling, etc)
- Wave 1 – Corporate and Services
- Wave 2 – Development and iTest
- Wave 3 – EMMS and Austin Control Room
- Wave 4 – Bastrop DR Environment
- Wave 5 – Remaining Production moved to new Taylor Data Center

Data Center Migration Overview



Equipment Delivery & installation in progress



Data Center Migration Financials as of February 28, 2011

| Cost Categories | LTD Actuals | | Project Budget |
|---------------------------------|----------------|----------------|----------------|
| | Thru 2.28.2011 | Total Forecast | |
| Internal Labor | 962,960 | 4,632,412 | |
| External Services | 1,545,383 | 2,887,674 | |
| Hardware & Hardware Licenses | 22,383,494 | 26,715,584 | |
| Software & Software Licenses | 3,793,892 | 4,561,618 | |
| Hardware & Software Maintenance | 1,399,190 | 1,682,366 | |
| Other | 281,517 | 527,623 | |
| Financing | 31,273 | 341,475 | |
| Subtotal | 30,397,710 | 41,348,751 | 40,519,188 |
| Contingency | - | 3,322,969 | 4,152,532 |
| Total Project | 30,397,710 | 44,671,720 | 44,671,720 |

Questions?