



Market Operations Presentation

Board of Director's Meeting

December 12, 2006

Retail Activity

- Overall Activity
- Migration From Native AREPs
- Performance Measures (Quarter Only)

Wholesale Activity

- Capacity Services
- Energy Services including Summary Hub Price Data
- Congestion Services
- REPs and QSEs Added/Deleted

Other Items

Retail Transactions Summary

since June 1, 2001

As of Tuesday, October 31, 2006

Transaction Type

Switches 2,997,732

Move - Ins 10,097,916

Move Out 5,803,971

CSA 1,585,080

Drop to POLR 319,237

Total 20,803,936

Compared to Last Month 449,368

Migration from Native AREP

	% of Load *	% of ESI IDs	
	at <u>10-31-06</u>	at <u>10-31-06</u>	at <u>10-31-05</u>
Residential	45%	35%	28%
Small Non-Residential	87%	36%	31%
Large Non-Residential	73%	72%	73%

* % of AREP Peak Demand on 08-23-05

Capacity Services

	YTD (\$'s in millions)		October (\$'s in millions)	
	<u>10/31/06</u>	<u>10/31/05</u>	<u>2006</u>	<u>2005</u>
• Market Perspective:				
Approximate Retail Market (at \$.10/kWh PTB)	\$26,345.6	25,422.1	2,386.9	2,367.4
Volume (GWh)	263,456	254,221	23,869	23,674
% Increase	3.6%		0.8%	
Natural Gas Price Index (\$/MMBTU)	6.3	7.9	5.4	11.4
% Increase	-20.3%		-52.6%	
• Capacity Services:				
Reg Up and Down	93.4	138.1	9.2	27.3
Responsive (Spinning) Reserve	89.7	135.7	7.9	15.7
Non-Spinning Reserve	27.0	37.7	2.6	4.8
Black Start	5.2	5.7	0.5	0.6
Local Replacement Reserve	10.5	0.0	1.7	0.0
Zonal Replacement Reserve	<u>30.4</u>	<u>0.0</u>	<u>4.7</u>	<u>0.0</u>
TOTAL CAPACITY SERVICES	\$256.2	\$317.2	\$26.6	\$48.4

Capacity Services – Reg Up and Down and Responsive Reserve

	YTD		October	
	<u>10/31/06</u>	<u>10/31/05</u>	<u>2006</u>	<u>2005</u>
Reg Up:				
Required (MW)	6,143,265	5,484,372	644,461	619,934
Self Arranged (MW)	2,480,932	2,382,790	237,596	253,450
Procured (MW)	3,701,984	3,103,734	408,493	367,735
Mismatch Schedules (MW)	(39,651)	(2,152)	(1,628)	(1,251)
% Procured	60%	57%	63%	59%
Weighted Avg MCPC (\$/MW)	15.7	20.8	12.4	33.3
Reg Down:				
Required (MW)	6,113,112	6,287,884	645,528	680,493
Self Arranged (MW)	1,908,359	2,850,868	204,459	279,494
Procured (MW)	4,241,192	3,382,529	442,191	402,340
Mismatch Schedules (MW)	(36,439)	54,487	(1,122)	(1,341)
% Procured	69%	54%	69%	59%
Weighted Avg MCPC (\$/MW)	8.3	21.7	9.2	37.4
Responsive (Spinning) Reserve:				
Required (MW)	16,655,951	16,766,076	1,711,035	1,711,854
Self Arranged (MW)	9,926,056	8,685,735	1,022,050	919,913
Procured (MW)	6,798,835	8,034,820	691,449	793,586
Mismatch Schedules (MW)	(68,940)	45,521	(2,464)	(1,645)
% Procured	41%	48%	40%	46%
Weighted Avg MCPC (\$/MW)	13.2	16.9	11.5	19.8
Responsive (Non Spinning) Reserve:				
Required (MW)	1,999,350	2,414,030	456,627	435,878
Self Arranged (MW)	816,694	943,685	178,983	173,114
Procured (MW)	1,193,252	1,406,461	277,267	261,886
Mismatch Schedules (MW)	(10,596)	63,884	377	878
% Procured	60%	58%	61%	60%
Weighted Avg MCPC (\$/MW)	22.7	26.8	9	18.3
Local Replacement Reserve:				
Procured (MW)	738,577	0	126,487	0
Zonal Replacement Reserve:				
Procured (MW)	346,692	0	83,179	0

	YTD		October	
	(\$'s in millions)		(\$'s in millions)	
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• Balancing Energy:				
Balancing Energy - Up	\$618.4	\$966.2	\$35.2	\$144.2
% Increase	-36.0%		-75.6%	
Up (GWh)	8,612.2	9,984.5	629.3	970.1
% Increase	-13.7%		-35.1%	
% of Market	3.3%	3.9%	2.6%	4.1%
Balancing Energy - Down	-\$267.1	-\$202.4	-\$35.5	-\$31.1
% Increase	32.0%		14.1%	
Down (GWh)	-7,096.7	-4,266.8	-1,052.7	-451.0
% Increase	66.3%		133.4%	
% of Market	2.7%	1.7%	4.4%	1.9%

- ERCOT Hubs**

Balancing Energy Weighted Average Price (\$/MWH)

<u>HUB</u>	<u>Oct</u> <u>2006</u>	<u>Sept</u> <u>2006</u>	<u>Aug</u> <u>2006</u>	<u>July</u> <u>2006</u>	<u>June</u> <u>2006</u>	<u>May</u> <u>2006</u>	<u>Apr</u> <u>2006</u>	<u>Mar</u> <u>2006</u>	<u>Feb</u> <u>2006</u>	<u>Jan</u> <u>2006</u>	<u>Dec</u> <u>2005</u>	<u>Nov</u> <u>2005</u>
South	\$44.54	\$40.81	\$71.99	\$55.08	\$53.66	\$58.30	\$63.14	\$57.19	\$55.16	\$58.79	\$89.00	\$69.65
North	\$41.08	\$38.09	\$65.01	\$65.89	\$55.31	\$58.27	\$66.04	\$54.87	\$55.19	\$50.59	\$96.26	\$72.01
Houston	\$40.35	\$40.46	\$70.69	\$61.17	\$56.52	\$60.27	\$68.50	\$54.92	\$51.77	\$52.18	\$86.11	\$72.48
West	\$45.04	\$44.57	\$73.06	\$66.29	\$64.50	\$81.01	\$92.11	\$59.41	\$58.20	\$54.06	\$93.14	\$67.41
ERCOT Hub	\$42.23	\$39.72	\$68.51	\$62.41	\$56.30	\$60.08	\$67.35	\$55.89	\$55.30	\$53.37	\$91.70	\$70.64
ERCOT Bus	\$42.03	\$39.68	\$68.16	\$63.02	\$56.07	\$60.38	\$67.81	\$55.91	\$55.04	\$53.35	\$92.16	\$70.65
% Change	5.9%	-41.8%	8.2%	12.4%	-7.1%	-11.0%	21.3%	1.6%	3.2%	-42.1%	30.4%	
NGPI % Change	12.5%	-31.4%	20.7%	-4.9%	1.7%	-13.0%	6.2%	-9.7%	-5.3%	-32.1%	47.4%	

Congestion Services

	YTD		October	
	(\$'s in millions)		(\$'s in millions)	
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• Local Congestion:				
OOMC	\$48.6	\$61.8	\$6.7	\$12.5
"Market Solution" Down	9.9	2.3	1.1	2.3
"Market Solution" Up	3.1	0.5	0.9	0.5
OOME - Down	13.3	41.3	5.1	3.9
OOME - Up	<u>12.8</u>	<u>18.1</u>	<u>2.4</u>	<u>1.4</u>
Total Local Congestion Costs	\$87.7	\$124.0	\$16.2	\$20.6
• Zonal Congestion and TCR / PCR Activity:				
Proceeds Paid to TCR / PCR Holders including Auction Refunds	\$45.8	\$111.8	\$4.4	\$26.8
TCR / PCR Annual Auction Proceeds received from Holders	(\$46.0)	(\$16.4)	(\$4.1)	(\$1.5)
TCR Monthly Auction Proceeds received from TCR Holders	(\$50.7)	(\$16.5)	(\$5.1)	(\$1.7)
Direct Assignment Proceeds received from QSEs based on schedules	<u>(\$35.3)</u>	<u>(\$74.8)</u>	<u>(\$2.2)</u>	<u>(\$22.4)</u>
Total Zonal Congestion and TCR / PCR Activity	(\$86.2)	\$4.1	(\$7.0)	\$1.2
• RMR:				
RMR Capacity and Start Up	\$21.2	\$38.2	\$1.1	\$3.4
RMR Energy	115.8	202.1	5.2	32.9
BENA Credit	<u>(84.3)</u>	<u>(156.8)</u>	<u>(3.5)</u>	<u>(29.3)</u>
Net RMR	\$52.7	\$83.5	\$2.8	\$7.0

- **Added Reps**

- ✓ Liberty Power Texas, LLC

- **Deleted Reps**

- ✓ None

- **Added QSEs**

- ✓ FPL Energy Texas Keir, LLC
- ✓ Occidental Power Services, Inc.

- **Deleted QSEs**

- ✓ None