



Market Operations Presentation

Board of Director's Meeting

January 16, 2007

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 Thursday, November 30, 2006

Transaction Type

Switches 3,055,507

Move - Ins 10,283,213

Move Out 5,916,672

CSA 1,610,973

Drop to POLR 320,073

Total 21,186,438

Compared to Last Month 382,502

Migration from Native AREP

	% of Load *	% of ESI IDs	
	at <u>11-30-06</u>	at <u>11-30-06</u>	at <u>11-30-05</u>
Residential	46%	36%	28%
Small Non-Residential	88%	37%	31%
Large Non-Residential	73%	72%	73%

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

Capacity Services

	YTD (\$'s in millions)		November (\$'s in millions)	
	<u>11/30/06</u>	<u>11/30/05</u>	<u>2006</u>	<u>2005</u>
• Market Perspective:				
Approximate Retail Market (at \$.10/kWh PTB)	\$28,451.0	27,554.5	2,105.4	2,132.4
Volume (GWh)	284,510	275,545	21,054	21,324
% Increase	3.3%		-1.3%	
Natural Gas Price Index (\$/MMBTU)	6.3	7.8	6.7	7.6
% Increase	-19.2%		-11.8%	
• Capacity Services:				
Reg Up and Down	104.3	156.2	10.9	18.1
Responsive (Spinning) Reserve	99.3	147.8	9.7	12.1
Non-Spinning Reserve	27.2	38.4	0.2	0.7
Black Start	5.7	6.3	0.5	0.6
Local Replacement Reserve	11.3	0.0	0.8	0.0
Zonal Replacement Reserve	<u>30.7</u>	<u>0.0</u>	<u>0.3</u>	<u>0.0</u>
TOTAL CAPACITY SERVICES	\$278.5	\$348.7	\$22.4	\$31.5

Capacity Services – Reg Up and Down and Responsive Reserve

	YTD		November	
	<u>11/30/06</u>	<u>11/30/05</u>	<u>2006</u>	<u>2005</u>
Reg Up:				
Required (MW)	6,777,227	6,114,375	633,962	630,003
Self Arranged (MW)	2,722,048	2,629,030	241,116	246,240
Procured (MW)	4,096,114	3,489,294	394,130	385,560
Mismatch Schedules (MW)	(40,935)	(3,949)	(1,284)	(1,797)
% Procured	60%	57%	62%	61%
Weighted Avg MCPC (\$/MW)	16.1	21.3	19.6	25.3
Reg Down:				
Required (MW)	6,673,661	6,858,102	560,549	570,218
Self Arranged (MW)	2,083,499	3,078,523	175,140	227,655
Procured (MW)	4,627,604	3,726,974	386,412	344,445
Mismatch Schedules (MW)	(37,442)	52,605	(1,003)	(1,882)
% Procured	69%	54%	69%	60%
Weighted Avg MCPC (\$/MW)	8.3	22.0	8.1	24.4
Responsive (Spinning) Reserve:				
Required (MW)	18,309,295	18,420,533	1,653,344	1,654,457
Self Arranged (MW)	10,861,439	9,560,568	935,383	874,833
Procured (MW)	7,519,452	8,815,852	720,617	781,032
Mismatch Schedules (MW)	(71,596)	44,113	(2,656)	(1,408)
% Procured	41%	48%	44%	47%
Weighted Avg MCPC (\$/MW)	13.2	16.8	13.4	15.5
Responsive (Non Spinning) Reserve:				
Required (MW)	2,010,598	2,454,111	11,248	40,081
Self Arranged (MW)	820,992	958,156	4,298	14,471
Procured (MW)	1,200,204	1,431,990	6,952	25,529
Mismatch Schedules (MW)	(10,598)	63,965	(2)	81
% Procured	60%	58%	62%	64%
Weighted Avg MCPC (\$/MW)	22.7	26.8	28	25.6
Local Replacement Reserve:				
Procured (MW)	796,677	0	58,100	0
Zonal Replacement Reserve:				
Procured (MW)	354,868	0	8,176	0

	YTD		November	
	(\$'s in millions)		(\$'s in millions)	
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• Balancing Energy:				
Balancing Energy - Up	\$654.9	\$1,034.1	\$36.6	\$67.9
% Increase	-36.7%		-46.1%	
Up (GWh)	9,246.0	10,796.5	633.8	812.0
% Increase	-14.4%		-21.9%	
% of Market	3.2%	3.9%	3.0%	3.8%
Balancing Energy - Down	-\$295.7	-\$215.0	-\$28.5	-\$12.6
% Increase	37.5%		126.2%	
Down (GWh)	-7,888.8	-4,586.2	-792.2	-319.4
% Increase	72.0%		148.0%	
% of Market	2.8%	1.7%	3.8%	1.5%

- ERCOT Hubs**

Balancing Energy Weighted Average Price (\$/MWH)

<u>HUB</u>	<u>Nov</u> <u>2006</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>
South	\$40.95	\$44.54	\$40.81	\$71.99	\$55.08	\$53.66	\$58.30	\$63.14	\$57.19	\$55.16	\$58.79	\$89.00
North	\$46.29	\$41.08	\$38.09	\$65.01	\$65.89	\$55.31	\$58.27	\$66.04	\$54.87	\$55.19	\$50.59	\$96.26
Houston	\$48.05	\$40.35	\$40.46	\$70.69	\$61.17	\$56.52	\$60.27	\$68.50	\$54.92	\$51.77	\$52.18	\$86.11
West	\$52.06	\$45.04	\$44.57	\$73.06	\$66.29	\$64.50	\$81.01	\$92.11	\$59.41	\$58.20	\$54.06	\$93.14
ERCOT Hub	\$46.06	\$42.23	\$39.72	\$68.51	\$62.41	\$56.30	\$60.08	\$67.35	\$55.89	\$55.30	\$53.37	\$91.70
ERCOT Bus	\$45.60	\$42.03	\$39.68	\$68.16	\$63.02	\$56.07	\$60.38	\$67.81	\$55.91	\$55.04	\$53.35	\$92.16
% Change	8.5%	5.9%	-41.8%	8.2%	12.4%	-7.1%	-11.0%	21.3%	1.6%	3.2%	-42.1%	
NGPI % Change	24.1%	12.5%	-31.4%	20.7%	-4.9%	1.7%	-13.0%	6.2%	-9.7%	-5.3%	-32.1%	

Congestion Services

	YTD		November	
	(\$'s in millions)		(\$'s in millions)	
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• Local Congestion:				
OOMC	\$57.2	\$68.9	\$8.2	\$7.1
"Market Solution" Down	12.5	3.5	2.7	1.1
"Market Solution" Up	3.7	2.6	0.5	2.0
OOME - Down	15.9	42.2	2.6	0.9
OOME - Up	<u>17.5</u>	<u>20.1</u>	<u>4.7</u>	<u>2.0</u>
Total Local Congestion Costs	\$106.8	\$137.3	\$18.7	\$13.1
• Zonal Congestion and TCR / PCR Activity:				
Proceeds Paid to TCR / PCR Holders including Auction Refunds	\$59.8	\$115.5	\$13.9	\$3.8
TCR / PCR Annual Auction Proceeds received from Holders	(\$49.7)	(\$17.8)	(\$3.7)	(\$1.4)
TCR Monthly Auction Proceeds received from TCR Holders	(\$53.5)	(\$18.8)	(\$2.8)	(\$2.3)
Direct Assignment Proceeds received from QSEs based on schedules	<u>(\$45.3)</u>	<u>(\$76.9)</u>	<u>(\$10.0)</u>	<u>(\$2.1)</u>
Total Zonal Congestion and TCR / PCR Activity	(\$88.7)	\$2.0	(\$2.6)	(\$2.0)
• RMR:				
RMR Capacity and Start Up	\$22.0	\$43.7	\$0.8	\$2.8
RMR Energy	123.1	216.8	4.8	12.2
BENA Credit	<u>(86.9)</u>	<u>(166.2)</u>	<u>(2.6)</u>	<u>(9.5)</u>
Net RMR	\$58.2	\$94.3	\$3.0	\$5.5

- **Added Reps**

- ✓ Just Energy Texas LLP d/b/a Just Energy
- ✓ APNA Holdings LLC
- ✓ Strategic Energy LLC d/b/a Expert Energy

- **Deleted Reps**

- ✓ None

- **Added QSEs**

- ✓ None

- **Deleted QSEs**

- ✓ None