



Market Operations Presentation

Board of Director's Meeting

December 11, 2007

Retail Activity

- **Overall Activity** – incumbent retailers appear to be working harder to hold on to customers.
- **Migration From Native AREPs** – more than 50% of ERCOT load now served by non-traditional Retail Electric Providers.
- **Transaction Performance Measures** – excellent performance in October.

Wholesale Activity

- **Energy Services** – year to date demand is a little less than 1% lower than last year. Year to date weighted average \$/MWh for balancing up and balancing down energy is \$56.58 as compared to \$56.39 last year. Natural gas prices were up 4.8% for comparable periods.
- **Summary Hub Price Data** – no material adjustments for scarcity pricing in October – prices were lower than September even though the natural gas price index was higher.
- **REPs and QSEs Added/Deleted**
 - 1 new REP
 - 2 new QSEs

Retail Transactions Summary

Transaction Type	YTD		October	
	<u>10/31/2007</u>	<u>10/31/2006</u>	<u>2007</u>	<u>2006</u>
Switches	620,332	710,240	58,288	78,219
Move - Ins	1,987,820	2,050,287	210,763	208,310
Move Out	1,120,491	1,179,122	118,319	129,480
CSA	306,029	250,183	24,935	32,413
Drop to AREP	851	10,570	0	946
Total	4,035,523	4,200,402	412,305	449,368
Since June 1, 2001	25,591,511			

ESI IDs and Load served by providers other than Affiliate REP

	% of Load ¹	% of ESI IDs	
	at <u>10-31-07</u>	at <u>10-31-07</u>	at <u>10-31-06</u>
Residential	45%	41%	35%
Small Non-Residential	65%	43%	36%
Large Non-Residential	70%	71%	72%

¹ - % of Deregulated (Non-NOIE) Peak Demand on 08-17-06

Switches

Enrollment and Meter Read Scheduling

	<u>Request</u>	<u>Reject</u>	<u>to TDSP</u>	<u>Schedule</u>	<u>to New CR</u>	<u>to Old CR</u>	<u>from Old CR</u>
	67,126	4,403	62,669	64,655	62,551	47,202	49,483
% in Protocol	n/a	100.0%	100.0%	100.0%	100.0%	98.3%	99.8%

Historical Usage (H) and Initial (I) Meter Read Deliveries

	<u>H to ERCOT</u>	<u>H to CR</u>	<u>I to ERCOT</u>	<u>I to CR</u>
	58,626	58,550	58,499	58,393
% in Protocol	100.0%	100.0%	n/a	100.0%

Move In / Move Out

Enrollment and Meter Read Scheduling

	<u>Request</u>	<u>Reject</u>	<u>to TDSP</u>	<u>Schedule</u>	<u>to New CR</u>	<u>to Old CR</u>	<u>from Old CR</u>
	227,647	4,335	223,031	229,499	220,488	113,146	99,297
% in Protocol	n/a	99.0%	99.9%	100.0%	99.6%	100.0%	98.6%

Historical Usage (H) and Initial (I) Meter Read Deliveries

	<u>H to ERCOT</u>	<u>H to CR</u>	<u>I to ERCOT</u>	<u>I to CR</u>
	131,703	131,419	210,957	210,759
% in Protocol	99.5%	100.0%	n/a	100.0%

	YTD		October	
	(\$'s in millions)		(\$'s in millions)	
	<u>10/31/07</u>	<u>10/31/06</u>	<u>2007</u>	<u>2006</u>
• Market Perspective:				
Approximate Retail Market (at \$.10/kWh PTB)	\$26,101.2	26,345.5	2,553.2	2,386.9
Volume (GWh)	261,012	263,455	25,532	23,869
% Increase	-0.9%		7.0%	
Natural Gas Price Index (\$/MMBTU)	6.6	6.3	6.7	5.4
% Increase	4.8%		24.1%	
• Balancing Energy:				
Balancing Energy - Up	\$574.4	\$619.6	\$39.1	\$35.2
% Increase	-7.3%		11.1%	
Up (GWh)	8,011.1	8,612.9	582.1	629.3
% Increase	-7.0%		-7.5%	
% of Market	3.1%	3.3%	2.3%	2.6%
Balancing Energy - Down	-\$374.3	-\$266.2	-\$47.8	-\$35.5
% Increase	40.6%		34.6%	
Down (GWh)	-8,757.6	-7,096.7	-1,212.7	-1,052.7
% Increase	23.4%		15.2%	
% of Market	3.4%	2.7%	4.7%	4.4%

Hub Summary Data

- ERCOT Hubs**

Balancing Energy Weighted Average Price (\$/MWH)

HUB	Oct 2007	Sep 2007	Aug 2007	July 2007	June 2007	May 2007	Apr 2007	Mar 2007	Feb 2007	Jan 2007	Dec 2006	Nov 2006
South	\$45.36	\$63.41	\$59.13	\$50.85	\$59.54	\$59.53	\$56.64	\$55.75	\$53.41	\$54.71	\$53.80	\$40.95
North	\$48.04	\$68.73	\$60.38	\$50.57	\$54.70	\$51.68	\$51.63	\$55.53	\$51.48	\$52.59	\$53.86	\$46.29
Houston	\$52.94	\$65.73	\$63.38	\$49.83	\$56.88	\$64.23	\$65.36	\$58.72	\$56.30	\$55.11	\$60.84	\$48.05
West	\$46.23	\$80.17	\$59.86	\$58.44	\$75.18	\$58.92	\$70.75	\$63.86	\$63.95	\$56.86	\$56.91	\$52.06
ERCOT Hub	\$48.12	\$67.44	\$60.60	\$51.33	\$58.99	\$57.21	\$56.78	\$57.39	\$53.65	\$54.33	\$55.55	\$46.06
ERCOT Bus	\$48.37	\$67.44	\$60.69	\$51.14	\$58.70	\$57.12	\$56.84	\$57.41	\$53.57	\$54.06	\$55.63	\$45.60
% Change	-28.3%	11.1%	18.7%	-12.9%	2.8%	0.5%	-1.0%	7.2%	-0.9%	-2.8%	22.0%	8.5%
NGPI % Change	11.7%	-1.6%	3.4%	-19.2%	-2.7%	2.7%	10.6%	-9.6%	15.9%	-3.1%	-3.0%	24.1%

HUB	Oct 2006	Sept 2006	Aug 2006	July 2006	June 2006	May 2006	Apr 2006	Mar 2006	Feb 2006	Jan 2006	Dec 2005	Nov 2005
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%	

- **Added Reps**

- ✓ TEXREP1, LLC

- **Deleted Reps**

- ✓ None

- **Added QSEs**

- ✓ Barton Chapel Wind, LLC
- ✓ Mega Energy, LP

- **Deleted QSEs**

- ✓ None