OPERATIONS MONTHLY REPORT

September 2005

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ERCOT System Operations

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Market Operations Support
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**Acronyms**

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AS</td>
<td>Ancillary Service</td>
</tr>
<tr>
<td>BES</td>
<td>Balancing Energy Service</td>
</tr>
<tr>
<td>DBES</td>
<td>Down Balancing Energy Service</td>
</tr>
<tr>
<td>DRS</td>
<td>Down Regulation Service</td>
</tr>
<tr>
<td>LBE</td>
<td>Local Balancing Energy</td>
</tr>
<tr>
<td>MCPC</td>
<td>Market Clearing Price for Capacity</td>
</tr>
<tr>
<td>MCPE</td>
<td>Market Clearing Price for Energy</td>
</tr>
<tr>
<td>NSRS</td>
<td>Non-Spinning Reserve Service</td>
</tr>
<tr>
<td>OOMC</td>
<td>Out of Merit Capacity</td>
</tr>
<tr>
<td>OOME</td>
<td>Out of Merit Energy</td>
</tr>
<tr>
<td>QSE</td>
<td>Qualified Scheduling Entity</td>
</tr>
<tr>
<td>RMR</td>
<td>Reliability Must Run</td>
</tr>
<tr>
<td>RPRS</td>
<td>Replacement Reserve Service</td>
</tr>
<tr>
<td>RRS</td>
<td>Responsive Reserve Service</td>
</tr>
<tr>
<td>UBES</td>
<td>Up Balancing Energy Service</td>
</tr>
<tr>
<td>URS</td>
<td>Up Regulation Service</td>
</tr>
</tbody>
</table>
Grid Operation
Daily Peak Demand

Peak Demand for the Month: 9/28/05 16:30 59588

13 Month Review of Peak Demand

Peak Demand is Peak Interval Demand
Trend of Daily Average Temperature in Five Congestion Management Zones

Relative Activity Capacity Purchases – OOMC & RMR

Note: 1 Unit-Day = 1 unit procured during any time period within one trade day.
### Total Number of Days of Local Congestion Management

<table>
<thead>
<tr>
<th>Contingency</th>
<th>Congestion Element</th>
<th>Number of Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gibbons Creek - Bryan East - Greens Prairie</td>
<td>Texas A&amp;M - Dansby 138kv</td>
<td>30</td>
</tr>
<tr>
<td>Marion - Hill Country - Skyline 345kv</td>
<td>Schertz -Parkway 138kv</td>
<td>22</td>
</tr>
<tr>
<td>Marion - Zorn - Clear Spring 345kv</td>
<td>Zorn - Seguin 138kv</td>
<td>15</td>
</tr>
<tr>
<td><strong>North Denton 138/69kv auto</strong></td>
<td><strong>North Sanger - Spring 138kV</strong></td>
<td>9</td>
</tr>
<tr>
<td>Lytton Springs - Zorn &amp; Austrop 345kv</td>
<td>San Marcos - Canyon LCRA 138kv</td>
<td>7</td>
</tr>
<tr>
<td><strong>Austrop 345/138kv Auto</strong></td>
<td><strong>Austrop 345/138kv Auto</strong></td>
<td>6</td>
</tr>
<tr>
<td>La Palma - Rio Hondo 345kv</td>
<td>Rio Hondo-La Palma 138kv</td>
<td>5</td>
</tr>
<tr>
<td>Menard 138/69 auto</td>
<td>Ballinger - Paint Rock 69kv</td>
<td>5</td>
</tr>
<tr>
<td>Greenville Steam T1 69kv</td>
<td>Greenville Steam T2 69kv Auto</td>
<td>3</td>
</tr>
<tr>
<td>Marion 345/138kv Auto</td>
<td>Sequin - Zorn 138kv</td>
<td>3</td>
</tr>
<tr>
<td><strong>North Denton 138/69kv T1 auto</strong></td>
<td><strong>Denton Steam - 138/69kv AT1</strong></td>
<td>3</td>
</tr>
<tr>
<td>North McAllen - North Edinburg 138kv</td>
<td>North Edinburg - MVEC NW Edinburg 138kv</td>
<td>5</td>
</tr>
<tr>
<td>Coleto Creek - Kenedy 138kv</td>
<td>El mendorf - Eagle Creek 138kv</td>
<td>2</td>
</tr>
<tr>
<td>Fisher Rd-Oklaunion-Bowman 345kV</td>
<td>Lake Pauline 138/69 Auto</td>
<td>2</td>
</tr>
<tr>
<td>Leon Creek - Pleasanton 138kv</td>
<td>Eagle Creek - El mendorf 138kv</td>
<td>2</td>
</tr>
<tr>
<td>Midland East - Odessa EHV 345kv</td>
<td>Odessa Sw. - Moss Sw 138kv</td>
<td>2</td>
</tr>
</tbody>
</table>

Note: 1 day= units procured during any time period within one trade day. Total numbers of 1 day or less of local congestion management are not shown in the graph. Occurrences of 1 day or less are not listed in table but are totaled in graph.

*Indicates congestion affected by outages*
Instances of CSC Congestion

Number of intervals

Notable Events

New Procedures/ Forms/ Operations Bulletins

<table>
<thead>
<tr>
<th>Date</th>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/12/2005</td>
<td>MOB 27</td>
<td>Automation of PRR 420</td>
</tr>
<tr>
<td>09/20/2005</td>
<td>POB 210</td>
<td>FC Desk - Emergency Site Failover.</td>
</tr>
<tr>
<td>09/20/2005</td>
<td>POB 209</td>
<td>OP Desk - V2R13</td>
</tr>
<tr>
<td>09/20/2005</td>
<td>POB 208</td>
<td>Shift Supervisor - Root Cause Analysis</td>
</tr>
<tr>
<td>09/27/2005</td>
<td>POB 212</td>
<td>FC Desk Temporary Change - DC Ties.</td>
</tr>
<tr>
<td>09/29/2005</td>
<td>POB 216</td>
<td>T&amp;S Desk TC - Procedure to Cancel OOMEs</td>
</tr>
<tr>
<td>09/29/2005</td>
<td>POB 215</td>
<td>T&amp;S Desk TC - Level 2 &amp; 3 Outages</td>
</tr>
<tr>
<td>09/29/2005</td>
<td>POB 214</td>
<td>T&amp;S Desk TC - West Area Action Plan</td>
</tr>
<tr>
<td>09/29/2005</td>
<td>POB 211</td>
<td>Transmission &amp; Security Desk - V3R59</td>
</tr>
<tr>
<td>09/30/2005</td>
<td>POB 217</td>
<td>T&amp;S Desk TC - Block Load Transfer.</td>
</tr>
</tbody>
</table>

Security Alert Stage/ Threatcon/ Related issues

None/Yellow

EECP Occurrence

None

Major Weather Related Power System Problems

Hurricane Rita caused significant damage and outages in Houston/Galveston and East Texas. On September 24 up to 800,000 customers in ERCOT lost service and 25 -138 and 69 KV lines tripped. All customers were restored by October 1 and all transmission lines were back in service by September 28. ERCOT system and market operations remained stable throughout the storm.

Major system Voltage problems/ Load Shed incidences

None

New SPS & RAP’s

None

Major Computer System Problems/Enhancements/Fixes

None

Update on New Generation

None

Significant Communication Problems

<table>
<thead>
<tr>
<th>Date</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/20/05</td>
<td>Held 16:00 and IE 17:00 due to significant scheduling error.</td>
</tr>
<tr>
<td>09/23-25/05</td>
<td>Lost ICCP communications with a TDSP when they transferred to their back up facility.</td>
</tr>
</tbody>
</table>

OCN, Advisory, Alert, Emergency Notice and Major Disturbances

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/1/05</td>
<td>1:45 - 10:20</td>
<td>Alert-Capacity Shortage indicated in resource plans for hours 15 to 18</td>
</tr>
<tr>
<td>9/1/05</td>
<td>00:45 - 1:45</td>
<td>OCN -Capacity Shortage indicated in resource plans for hour 17</td>
</tr>
<tr>
<td>9/5/05</td>
<td>16:00 - 19:00</td>
<td>Transmission Emergency -Asherton - W. Conoco</td>
</tr>
<tr>
<td>9/8/05</td>
<td>09:40 - 18:35</td>
<td>Alert -Capacity Shortage indicated in resource plans for hours 17 to 18</td>
</tr>
<tr>
<td>9/8/05</td>
<td>08:40 - 9:40</td>
<td>OCN -Capacity Shortage indicated in resource plans for hours 16 to 18</td>
</tr>
</tbody>
</table>
9/9/2005 04:35 - 15:00  Alert -Capacity Shortage indicated in resource plans for hours 16 to 18
9/9/2005 03:00 - 04:35  OCN -Capacity Shortage indicated in resource plans for hours 16 to 18
9/13/2005 0:30 - 2:30  OCN -Capacity Shortage indicated in resource plans for hours 15 to 17
9/14/2005 03:45 - 10:30  Alert -Capacity Shortage indicated in resource plans for hours 16 to 18
9/14/2005 02:00 - 03:45  OCN -Capacity Shortage indicated in resource plans for hours 16 to 18
9/19/2005 07:05 - 17:15  Alert -Capacity Shortage indicated in resource plans for hour 17
9/19/2005 05:46 - 07:05  OCN -Capacity Shortage indicated in resource plans for hour 17
9/21/2005 14:33  OCN -Release #4 delayed
9/21/2005 00:20-13:37  OCN -Hurricane in Gulf of Mexico with >20% chance making land fall in Texas.
9/22/2005 0:15  Alert -Hurricane Rita.
9/22/2005 0:15  OCN -Release #4 delayed
9/23/2005 0:15 - 12:00  OCN -Release #4 delayed
9/23/2005 0:15 - 24:00  Alert -Severe weather alert for imminent hurricane strike on Texas Gulf Coast.
9/24/2005 02:00 - 24:00  OCN -Extreme Wet Weather for East Texas.
9/24/2005 00:15 - 24:00  Alert -Severe weather alert for imminent hurricane strike on Texas Gulf Coast.
9/26/2005 02:45 - 18:00  Alert -Capacity Shortage indicated in resource plans for hours 15 to 18
9/26/2005 01:00 - 0245  OCN -Capacity Shortage indicated in resource plans for hours 15 to 18

Max / Min Temperature

Max: 105°F FWest/SCentral
Min: 56°F North
Market Operation

Ancillary Services
Average Hourly Procurement by Ancillary Service

13 Month Review of Average Hourly Procurement by Ancillary Service
Average MCPC by Ancillary Service

13 Month Review of Average MCPC by Ancillary Service
Balancing Energy

Average Balancing Energy Deployed
13 Month Review of UBES Deployment

13 Month Review of DBES Deployment
Balancing Energy
Energy Purchased Through ERCOT

(PRR404: Any Balancing Energy scheduled through the ERCOT Scheduling process)
Average Balancing Energy Scheduled for Purchase Through ERCOT by Interval (MWh)
Balancing Energy
% of Total ERCOT Energy Requirement
Average BES Deployed: as A Percentage of Total Energy Requirement

13 Month Review of Average BES Deployed: as A Percentage of Total Energy Requirement
Balancing Energy

Average MCPE
13 Month Review of MCPE

Trend of Average Fuel Index

Average Fuel Index

$/MMBtu

$/MW
Balancing Energy
Average Shadow Price
Ancillary Service Capacity Cost

13 Month Review of Ancillary Service Capacity Cost

Note: There is not a price for self-arranged Ancillary Services. MCPC is used to calculate the cost for self-arrangement.
Ancillary Service Deployment Cost

0.2
0.4
0.6
0.8
1.0
1.2
1.4

2001 2002 2003 2004 2005 2006 2007 2008 2009 2010

Total w/DRS: $-3.38 Million  Total w/o DRS: $11.19 Million

13 Month Review of Ancillary Service Deployment Cost

0.2
0.4
0.6
0.8

15.0
10.0
5.0

2001 2002 2003 2004 2005 2006 2007 2008 2009 2010

Total w/DRS: $-12.77 Million  Total w/o DRS: $67.89 Million

Totals are for time range of the chart.
Start-Up Payment (Total: $2.46 Million)
Total OOMC Payment (Total: $10.96 Million)

13 Month Review of OOMC Cost At Final Settlement and True Up

Total OOMC Payment (Total: $59.31 Million)
Totals are for time range of the chart.
RMR Cost (Initial Settlement)

-2.5 -2.0 -1.5 -1.0 -0.5 0.0 0.5 1.0 1.5 2.0


RMR Net Cost (Initial Settlement)

Total Net Cost $10.27 Million

*Note:

1. Trade dates thru 9/30/05 complete with Initial Settlement data, using estimated eligible costs.

2. Trade dates thru 10/17/05 complete with Final Settlement data, using verifiable actual cost data provided by the RMR Unit owner.
Total Local Congestion Costs by the Physical Location of Instructed Units

<table>
<thead>
<tr>
<th>Location</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>CENTEX</td>
<td>$5.27</td>
</tr>
<tr>
<td>CORPUS</td>
<td>$1.8</td>
</tr>
<tr>
<td>SOUTH</td>
<td>$0.03</td>
</tr>
<tr>
<td>VALLEY</td>
<td>$0.8</td>
</tr>
<tr>
<td>DFW</td>
<td>$6.2</td>
</tr>
<tr>
<td>NORTH</td>
<td>$4.5</td>
</tr>
<tr>
<td>HOUSTON</td>
<td>$0.02</td>
</tr>
<tr>
<td>WEST</td>
<td>$0.9</td>
</tr>
<tr>
<td>MCCAMEY</td>
<td>$0.0</td>
</tr>
</tbody>
</table>

Total: $19.64 Million

Total Local Congestion Costs by Instruction Type (in Million $)

- LBE-operate at or below a level: $10.93
- LBE-operate at or above a level: $3.43
- LBE-hold at a level: $2.17
- Manual OOME UP: $2.57
- Manual OOME DN: $0.51
- OOMC: $0.02
Local Congestion Cost By Instruction Type by Day

- OOMC
- Manual OOME Dn
- Manual OOME Up
- LBE-hold at a level
- LBE-operate at or above level
- LBE-operate at or below level

Total $ 19.64 Million
Top Ten Local Energy Deployment Cost by Local Constraints
(Does not include OOMC)

Total: $8.25 Million

Note: OC2s have several possible contingency and overloaded element pairs
Cost Summary

Total with DBES: $221.30
Total without DBES: $254.23

13 Month Review of Cost Summary

Totals are for time range of the chart.

Total with DBES (Total: $1,404.20 Million)
Total Without DBES (Total: $1,649.94 Million)
Note:

1. DBES cost is a credit to system costs and therefore is shown as a negative number here to differentiate it from the other types of Reliability Costs.

2. BES deployment costs include two parts: the cost for Power Balance and the cost for CSC Congestion. Due to Relaxed Balanced Schedule, the cost paid for Power Balance covers both the difference between ERCOT load forecast and QSE's schedule and the amount of energy that QSEs intend to buy from Real-Time Energy market.

The historical data gathered from the monthly reports has been compiled into an Excel workbook which will be updated and posted along with this report at the following link:


Please contact Shuye Teng at 512-248-3998 or email at steng@ercot.com should you have any questions.
Addendum: Map of Local Congestion Areas (charts on page 36)