

Market Operations Update Board of Director's Meeting

August 17, 2004

- **Change Control Management – SAS70**
- **Q2 Performance Measures - Retail**
- **Highlights**



Change Control Management

Actions based on SAS70 Audit preliminary findings:

- Clarify definition of “Emergency Change”.
- Fortify procedures for “Emergency Change” implementations.
- Revisit the lists of authorizations.
- Better document reference to implementation and back-out plans.
- Focus responsibilities of Q/A and Release Management department.

Retail Transactions Summary

since June 1, 2001

As of Wednesday, June 30, 2004

Transaction Type

Switches 1,392,685

Move - Ins 4,555,143

Move Out 2,592,893

CSA 801,054

Drop to POLR 267,886

Total 9,609,661

**Compared to
Last Month 374,742**



Q2 2004 Performance Measures submitted to PUCT

SWITCHES

814 Transactions - Enrollment and Meter Read Scheduling

	<u>Request</u>	<u>Reject</u>	<u>to TDSP Schedule</u>	<u>to New CR</u>	<u>to Old CR</u>	<u>from Old CR</u>
	126,878	6,827	119,680	119,987	119,417	105,630
% in Protocol	n/a	99.8%	99.9%	99.7%	99.9%	99.9%

867 Transactions - 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>
	124,995	123,531	105,860	104,593
% in Protocol	99.5%	99.9%	n/a	99.9%



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MIMO

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	<u>Request</u>	<u>Reject</u>	<u>to TDSP Schedule</u>	<u>to New CR</u>	<u>to Old CR</u>	<u>from Old CR</u>
	636,513	24,577	608,506	605,488	593,365	280,621
% in Protocol	n/a	95.9%	97.0%	96.2%	95.7%	99.0%

867 Transactions - 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>
	259,936	258,197	573,323	568,130
% in Protocol	99.4%	100.0%	n/a	99.9%

Protocol is 5 hours / Average timing outside of protocol was less than 17 hours

- **Completed successful implementation of Texas Set 2.0**



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	636,513	24,577	608,506	605,488	593,365	280,621	300,243
% in Protocol	n/a	95.9%	97.0%	96.2%	95.7%	99.0%	99.8%

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- Reduce Rejects by 50% - no more NFI rejects
- Eliminates MO for wrong customers – no more manual corrections
- Major step to achieve ultimate goal to eliminate “safety net” process

- **Completed successful implementation of Texas Set 2.0**
- **Completed successful implementation of TML Portal Phase II**

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- **Completed successful implementation of TML Portal Phase II**
- **Actions related to Board resolution on Day-Ahead Market**
 - **Per TAC recommendation, worked with WMS and:**
 - * **Completed the RFP for third party implementation**
 - * **Established a selection criteria**
 - * **Sent out RFP for “Intent to Bid”**
 - **Obtained 16 responses**



Day Ahead Market

Intend to Bid:

- ABB Inc.
- Appian Corp. & Boston Pacific Co.
- APX, Inc.
- AREVA
- Aspen Technologies
- Capgemini
- Deloitte & Touche LLP
- IBM Corporation
- Lodestar
- MRE Consulting
- Nexant, Inc.
- NYMEX
- OATI
- Power Costs, Inc.
- Siemens
- TEADAM:
 - The North American Energy Credit and Clearing Corp. (NECC)
 - The Intercontinental Exchange (ICE)

Bidders Conference here Friday Aug 20

Proposals Due Friday Sept 10

- **Added Reps**

- ✓ ConocoPhillips
- ✓ FPL Energy
- ✓ Electric Now

- **Added QSEs**

- ✓ Freedom Power



Migration from Native AREP

	% of Load *		% of ESI IDs	
	at <u>06-30-04</u>	at <u>06-30-04</u>	at <u>06-30-04</u>	at <u>06-30-03</u>
Residential	18%	16%	16%	10%
Small Non-Residential	52%	20%	20%	13%
Large Non-Residential	65%	60%	60%	50%

* % of Peak Demand on 08-07-03



Reliability Services

	YTD		June	
	(\$'s in millions)		(\$'s in millions)	
	<u>06/30/04</u>	<u>06/30/03</u>	<u>2004</u>	<u>2003</u>
• Market Perspective:				
Approximate Retail Market (at \$.10/kWh PTB)	\$13,471.5	13,580.9	2,670.9	2,710.2
Volume (GWh)	134,715	135,809	26,709	27,102
% Increase	-0.8%		-1.5%	
Natural Gas Price Index (\$/MMBTU)	5.7	5.9	6.2	5.8
% Increase	-3.4%		6.9%	
• RMR:				
RMR Capacity and Start Up	20.6	28.5	2.8	4.7
RMR Energy	114.1	114.6	29.6	26.0
BENA Credit	<u>-73.1</u>	<u>-81.2</u>	<u>-20.5</u>	<u>-14.8</u>
Net RMR	61.6	61.9	11.9	15.9
• Other Capacity Services:				
Replacement Reserve	0.0	0.0	0.0	0.0
Reg Up and Down	27.3	30.8	3.5	3.1
Responsive (Spinning) Reserve	27.8	44.1	3.4	2.8
Non-Spinning Reserve	2.4	3.9	0.5	0.5
Black Start	3.6	3.5	0.6	0.6
TOTAL RELIABILITY SERVICES	\$122.7	144.2	19.9	22.9



Balancing Services

	YTD (\$'s in millions)		June (\$'s in millions)	
	<u>06/30/04</u>	<u>06/30/03</u>	<u>2004</u>	<u>2003</u>
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• Balancing Energy:				
Balancing Energy - Up	\$198.8	475.8	45.8	71.7
% Increase	-58.2%		-36.1%	
Up (GWh)	3,888.9	5,503.8	831.3	1,117.1
% Increase	-29.3%		-25.6%	
% of Market	3.6%	5.1%	3.4%	4.3%
Balancing Energy - Down	-\$165.6	-164.5	-41.4	-32.3
% Increase	0.7%		28.2%	
Down (GWh)	-3,390.8	-2,577.7	-837.7	-677.0
% Increase	31.5%		23.7%	
% of Market	3.1%	2.4%	3.4%	2.6%



Congestion Management Services

	YTD		June	
	(\$'s in millions)		(\$'s in millions)	
	<u>06/30/04</u>	<u>06/30/03</u>	<u>2004</u>	<u>2003</u>
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% Increase	-3.4%		6.9%	
• Local Congestion:				
OOMC	37.6	63.2	12.3	16.1
"Market Solution" Down	0.0	7.9	0.0	5.5
"Market Solution" Up	0.0	8.2	0.0	4.8
OOME - Down	29.1	29.2	8.1	2.8
OOME - Up	<u>12.8</u>	<u>18.9</u>	<u>1.0</u>	<u>5.9</u>
Total Local Congestion Costs	\$79.5	\$127.4	\$21.4	\$35.1
• Zonal Congestion:				
TCR Payments (TCRCP = TCRs Sold*SP)	\$20.2	20.6	4.5	0.2
TCR Estimate Collected [ZCR = (OC1+Settlement Adjustment)*SP]	<u>-18.6</u>	<u>-7.3</u>	<u>-4.5</u>	<u>0.0</u>
BENA Charge (TCRCP - ZCR)	\$1.6	\$13.3	\$0.0	\$0.2