

**DRAFT MINUTES OF THE BOARD OF DIRECTORS MEETING OF
ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**

Electric Reliability Council of Texas, Inc. Offices

Austin, Texas

10:00 a.m.

May 17, 2005

Pursuant to notice duly given, the Meeting of the Board of Directors of Electric Reliability Council of Texas, Inc. convened at approximately 10:29 a.m. on May 17, 2005.

Meeting Attendance:

Board Members:

Armentrout, Mark		Unaffiliated
Cox, Brad	Tenaska Power Services	Independent Power Marketer
Espinosa, Miguel		Unaffiliated
Gallagher, Carolyn Lewis		Unaffiliated
Greene, Mike	TXU Power	IOU; Board Chairman
Hayslip, Darrell	Calpine Corp.	Independent Generator
Hudson, Paul	Public Utility Commission of Texas	PUCT Chairman
Kahn, Bob	Austin Energy	Municipal
Karnei, Clifton	Brazos Electric Power Cooperative	Cooperative
Manning, Bob	H-E-B Grocery Company	Consumer/Commercial; Board Vice-Chairman
Pappas, Laurie	Office of Public Utility Counsel	OPUC Residential & Small Commercial Consumers, Proxy for S. McClellan
Payton, Tom	Occidental Chemical Corp.	Consumer/Industrial
Schrader, Tom	ERCOT President and CEO	ERCOT
Striedel, James	Entergy Solutions	Independent REP, Segment Alternate

Staff and Guests:

Adib, Parviz	PUCT
Ashley, Kristy	Exelon
Bell, Wendell	TPPA
Blakey, Eric	TXU
Bojorquez, Bill	ERCOT Staff
Bowman, Roy	ERCOT Interim Chief Financial Officer
Byone, Steve	ERCOT Staff
Clemenhausen, Barbara	Sempra
Connell, Robert	ERCOT Staff
Davis, Milton	ERCOT Staff
Day, Betty	ERCOT Staff
Doolin, Estrellita	ERCOT Staff
Dreyfus, Mark	Austin Energy, TAC Co-Chair
Durrwachter, Henry	TXU
Eddleman, Neil	TEAM

Galvin, Jim	ERCOT Staff
Giuliani, Ray	ERCOT Vice President and Chief of Market Operations
Greer, Clayton	Constellation
Gresham, Kevin	Reliant Energy, ERCOT PRS Chairman
Gruber, Richard	ERCOT Staff
Harder, Jim	Garland
Helton, Bob	ANP
Hinsley, Ron	ERCOT Vice President and Chief Information Officer
Houston, John	CenterPoint
Jackson, Jerry	First Choice
Jones, Liz	TXU
Jones, Randy	Calpine
Jones, Sam	ERCOT Executive Vice President and Chief Operating Officer
Keller, Ken	TXU
Lopez, Nieves	ERCOT Staff
McIntire, Nancy	ERCOT Vice President of Human Resources
Meyer, F. John	Reliant Energy
Moore, John	Consultant
Morris, Sandy	LCRA
Moseley, Cheryl	ERCOT Staff
Parsley, Julie	PUCT Commissioner
Petterson, Michael	ERCOT Staff
Pieniazek, Adrian	Texas Genco
Roark, Dottie	ERCOT Staff
Rowe, Evan	PUCT
Saathoff, Kent	ERCOT Staff
Seymour, Cesar	Tractebel
Shumate, Walt	Shumate and Associates
Smith, Barry	AEP
Smith, Mark W.	TXU
Tamby, Jeyant	ERCOT Staff
Troxell, David	ERCOT Staff
Vadie, Henry	UCE
Vincent, Susan	ERCOT Staff
Walker, Mark	ERCOT Interim General Counsel
Ward, Jerry	TXU
Yager, Cheryl	ERCOT Staff
Zake, Diana	ERCOT Staff

Announcements

Mr. Greene, Chairman of the Board, called the meeting to order and determined that a quorum was present. Chairman Greene mentioned that Mr. Manning was recently elected as a city council member in the city of Boerne and congratulated him. Chairman Hudson of the PUCT called to order an Open Meeting of the PUCT.

Approval of Minutes

Chairman Greene requested comments on and approval of the minutes of the April 2005 Board of Directors meeting. **Mr. Kahn moved to approve the minutes of the April Board meeting as**

circulated. Mr. Armentrout seconded the motion. The motion passed by unanimous voice vote with no abstentions.

CEO Report

Mr. Schrader began with a legislative update. He focused on the differences between the Senate and House bills, including the details of ERCOT oversight, open records, renewable energy and Texas nodal.

Mr. Schrader also reported on the status of the Comptroller's review of ERCOT records. The Comptroller made several recommendations relating to PUCT oversight, contracting, security, sales tax and establishment of a task force. Mr. Schrader and others met with representatives from the Comptroller's office last week. ERCOT has asked for a full debriefing from representatives of the Comptroller's office.

Mr. Schrader also made some brief statements regarding a recent "mass drop" incident involving an REP in the ERCOT Region. This event has led to the identification of some areas for refinement of the Protocols. Messrs. Manning and Payton asked questions about the cooperation of the defaulting REP that is necessary for a smooth mass drop event. Mr. Payton stated that UFE would be affected by the length of time between a default and the date on which the customers are assigned to a new CR or the POLR.

Mr. Schrader then made a presentation regarding the various initiatives currently underway within ERCOT. These include the Internal Control Management Process, Process Improvement Documentation, Activity-Based Costing, Workforce Analysis and Enterprise Risk Management.

Finally, Mr. Schrader presented the Monthly Executive Dashboard Report of the status of accomplishing ERCOT's corporate goals. Each category either meets or exceeds the minimum requirement at this time.

Information Technology Update

Mr. Ron Hinsley, ERCOT's Chief Information Officer, reported on his first impressions of the ERCOT I.T. group. He stated that he believes ERCOT has a highly engaged and competent I.T. staff with a good cross-section of skills. He believes that, generally, the I.T. systems are reliable and consistently available. Some Market Participants have expressed concern about system availability, but Mr. Hinsley reported that ERCOT has not had any significant events recently. He sees a high demand for data storage and server processing power.

Mr. Hinsley then explained his three-pronged approach to an I.T. strategy for ERCOT, involving a strategic emphasis, commercial emphasis and a tactical approach. He then outlined the desired outcomes of his I.T. strategy.

Operations Update

Chairman Greene invited Mr. Sam Jones, ERCOT Sr. Vice-President and COO, to present an update on Operational issues.

(1) Summer Readiness Report

Mr. Jones began with a recap of the information provided at the last Board meeting and to the legislature. He reported that ERCOT forecasts the peak demand at 59,701 MWs. Doing so yields a 17.7% reserve margin. Mr. Hayslip mentioned that, according to NERC, we are the only region showing a peak demand less than its all-time high demand. Mr. Jones pointed out that this year's forecasted peak is 2% higher than last year's peak demand. He believes that is a reasonable assumption. An additional lengthy

discussion took place regarding this issue.

Market Operations Update

(1) Texas Nodal Team

Chairman Greene invited Jim Galvin, ERCOT's Director of Market Operations and co-facilitator of the Texas Nodal Team, to provide an update on the TNT activities. Mr. Galvin began by stating that several "punch list" items remain open, including settlement formulae, real-time co-optimization, protocol revision synchronization, the role of the independent market monitor and credit requirements. He also reported on activities post-dating the filing of the TNT draft protocols at the PUCT.

Financial Update

Mr. Roy Bowman, ERCOT's Interim Chief Financial Officer, provided an update of the Reliability Council's finances as previously circulated to the Board members. Mr. Bowman noted that there were two large variances, involving contractor expense and "other" expenses. Mr. Bowman explained that ERCOT uses a straight-line approach to budgeting and, therefore, if more money is spent later in the year on an item, it shows up as a variance earlier in the year. He pointed out that our demand forecast was slightly higher than actual demand and, therefore, our revenue has been less than forecasted.

By April 30th, ERCOT had budgeted to have 551 employees and, instead, has only 493 employees. Additionally, ERCOT has reduced the number of contractors by two.

Mr. Bowman reported that ERCOT has realized significant cost savings since the beginning of the year. Additionally, he reported that ERCOT has closed a significant number of audit points since the end of March.

Chairman Hudson asked about how ERCOT will implement and verify compliance with new policies and procedures. Mr. Bowman explained the implementation and verification process. Mr. Schrader stated that ERCOT will conduct an internal control audit during the next year.

Finance & Audit Committee Report

Clifton Karnei, Chairman of the Finance & Audit (F&A) Committee, reported on the committee's meeting this morning. He welcomed Ms. Gallagher to the committee. He stated that he believes the administrative fee will generate sufficient revenue for this year. He also reported that PricewaterhouseCoopers has indicated that ERCOT should restate its 2003 financial performance. ERCOT does not yet have an audited financial statement for 2004. The committee also received an update from the Internal Audit Dept. and the Project Management Office. The committee received a presentation from ERCOT's insurance broker, as well.

The committee also considered whether ERCOT should move to having Board meetings every other month. The committee has asked management to draft a transition plan for how ERCOT might move to having Board meetings every other month instead of monthly.

Commissioner Parsley stated that the MISO and PJM Boards meet monthly and that the SPP Board meets quarterly but is considering meeting more frequently. She stated that she would be hesitant to move away from monthly meetings. Messrs. Karnei and Hayslip generally agreed with that assessment.

Finally, Mr. Karnei stated that the committee will receive a report regarding the status of the 2006 budget

just before the Board's July meeting. Another review will take place on August 15, 2005. The committee will make a recommendation to the Board at the August Board meeting.

Human Resources & Governance Committee Report

Mr. Kahn, H.R. and Governance Committee Chair, stated that the revisions to the Board Ethics Agreement will be tabled for a month to address a few newly identified issues and will be brought to the Board next month. Additionally, next month a presentation will be made regarding any proposed changes to the By-Laws resulting from legislative action or proposals.

Chairman Hudson asked about the process for adding two additional unaffiliated Board members if the legislature should require that change. Mr. Kahn indicated that the committee received resumes for many qualified candidates when Ms. Gallagher joined the Board and they would consider reviewing those resumes again.

Special Committee Report

Mr. Espinosa stated that the special committee is drafting a report for presentation to the Board which he hopes to have ready for the June meeting.

TAC Report

Mr. Greene invited Mr. Read Comstock, TAC Chairman, to report on recent TAC activities.

(1) Protocol Revision Requests

The PRS met, discussed the issues and submitted Recommendation Reports to TAC regarding the PRRs described below. TAC considered the issues and voted to take action on the PRRs as described below:

- **PRR565 – Calculation of Losses for Settlement.** *Proposed effective date: upon system implementation. Budgetary impact 6-LL (less than \$100,000); no impact on ERCOT staffing; small development effort to change Lodestar calculations and larger development effort to create and post the daily extract for the deemed actual Distribution Loss Factor; no impact on ERCOT business functions or grid operations.* PRR565 allows Distribution Losses to be calculated using actual rather than forecasted ERCOT Load. Because forecasted ERCOT Load frequently differs from actual Load, the PRR will result in a more accurate loss calculation, improvement in UFE, and the basis for calculating distribution losses being consistent with that used for Transmission Losses. ERCOT posted this PRR on 12/22/04. On 1/20/05, PRS requested that ERCOT staff provide additional data and revised language. On 2/17/05, PRS reviewed and unanimously voted to recommend approval of the PRR as amended by ERCOT comments. On 3/17/05, PRS reconsidered PRR565 in light of additional comments submitted by ERCOT and voted to recommend approval of the PRR as amended by ERCOT comments and PRS. There was one abstention from the Independent Retail Electric Provider (REP) segment. Also on 3/17/05, PRS reviewed ERCOT's Impact Analysis and voted to assign PRR565 a priority of 3.1 and a rank of 111.5. One member from the Investor Owned Utility (IOU) segment abstained. All segments were present for the votes. This recommended priority and rank would place the project to implement PRR565 on the current project priority list below the group of projects anticipated to be funded in 2005. On 4/7/05, TAC unanimously voted to recommend approval of PRR565 as submitted by PRS. ERCOT credit staff and the Credit Working Group (CWG) have reviewed PRR565 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.

- **PRR569 – Revision to Balancing Energy Payments from a Specific Resource.** *Proposed effective date: upon system implementation. Budgetary impact 6-LL (less than \$100,000); no impact on ERCOT staffing upon system implementation; some impact to Lodestar to code changes to incorporate the daily fuel index in settlement calculations and to complete testing; no impact to ERCOT business functions or grid operations.* PRR569 modifies the payment for Resource-specific deployments to use the Fuel Index Price for the current Operating Day instead of an average for the month. ERCOT posted this PRR on 1/21/05. On 2/17/05, PRS reviewed and voted to recommend approval of the PRR (with one member of the REP segment abstaining). On 3/17/05, PRS reviewed ERCOT's Impact Analysis and unanimously voted to assign PRR569 a priority of 1.2 and a rank of 34.5. All segments were present for the votes. This recommended priority and rank would place the project to implement PRR569 on the current project priority list within the group of projects anticipated to be funded in 2005. On 4/7/05, TAC unanimously voted to recommend approval of PRR569 as submitted by PRS; all segments were present for the vote. ERCOT credit staff and the CWG have reviewed PRR569 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.
- **PRR570 – Settlements of Local Congestion Costs.** *Proposed effective date: June 1, 2005. No budgetary impact; no impact on ERCOT staffing; no impact to ERCOT business functions or grid operations.* PRR570 modifies Sections 7.4.3.1, Balancing Energy Up from a Specific Resource, and 7.4.3.2, Balancing Energy Down from a Specific Resource, to specify that Resources deployed for Balancing Energy Service will be paid the difference between the Market Clearing Price for Energy (MCPE) and the Up/Down Premium Bid. ERCOT posted this PRR on 1/21/05. On 2/17/05, PRS reviewed and unanimously voted to recommend approval of the PRR; all market segments were present for the vote. On 3/17/05, PRS reviewed ERCOT's Impact Analysis. On 4/7/05, TAC unanimously voted to recommend approval of PRR570 as submitted by PRS; all segments were present for the vote. ERCOT credit staff and the CWG have reviewed PRR570 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.
- **PRR571 – Balancing Energy Bid Cap.** *Proposed effective date: June 1, 2005. No budgetary impact; no impact on ERCOT staffing; no impact to ERCOT business functions or grid operations.* PRR571 revises the definition of balancing energy bid cap to clarify that Balancing Energy Service bids shall be between -\$1,000 per MWh and \$1,000 per MWh, inclusive, for all Resources. ERCOT posted this PRR on 1/21/05. On 2/17/05, PRS reviewed and unanimously voted to recommend approval of the PRR; all market segments were present for the vote. On 3/17/05, PRS reviewed ERCOT's Impact Analysis. TAC reviewed PRR571 at its 4/07/05 meeting and voted to recommend approval of PRR571 as presented. There was one abstention from the Municipal segment and all market segments were present for the vote. ERCOT credit staff and the CWG have reviewed PRR571 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.
- **PRR591 – Switchable Unit Declaration – URGENT.** *Proposed effective date: June 1, 2005. No budgetary impact; no impact to ERCOT staffing; no impact to ERCOT computer systems; minor impact to ERCOT business functions; no impact to grid operations.* This PRR defines switchable Resources and requires the responsible Generation Entity to report to ERCOT whether the Resource is committed to another grid outside of ERCOT that would make it unavailable for capacity in the ERCOT Region during the summer months. Resource availability would be considered Protected Information. ERCOT posted the PRR on 4/5/05.

The submitter requested urgent status, but the PRR failed to garner enough e-mail votes. On 4/21/05 PRS reconsidered urgency and unanimously voted to approve urgent status for the PRR so that the data for the switchable Resources can be available for summer 2005. Also on 4/21/05, PRS voted to recommend approval of the PRR. There were two opposing votes from the Municipal segment and one opposing vote from the Electric Cooperative segment. All segments were present for the vote. On 5/5/05, TAC voted to recommend approval of PRR591 as submitted by PRS. There was one opposing vote from the Municipal segment and four abstentions (Independent Power Marketer, IOU, and two from the Consumer segments). All segments were present for the vote. ERCOT credit staff and the CWG have reviewed PRR591 and do not believe

- **PRR594 – Replacement Reserve Service Payment Formulas – URGENT.** *Proposed effective date: June 1, 2005. No budgetary impact; no impact to ERCOT staffing; no impacts to ERCOT computer systems; no impact to ERCOT business functions; no impact to grid operations.* This PRR modifies the formulas for payments to QSEs for services provided by Resources so that they are reflected as negative amounts to be consistent with other sections in the Protocols regarding Resource payments. This PRR also corrects internal references and deletes duplicate formulas. On 4/18/05 PRS approved urgent status via email vote so that the Protocol revision would be effective prior to Energy and Market Management System (EMMS) Release 4 implementation. On 4/21/05, PRS unanimously voted to recommend approval of PRR594. All segments were present for the vote. On 5/5/05, TAC unanimously voted to recommend approval of PRR594 as submitted; all segments were present for the TAC vote. All segments were present for the vote. ERCOT credit staff and the CWG have reviewed PRR594 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.
- **PRR596 – Mothballed Generation Resource Estimated Return to Service Dates – URGENT.** *Proposed effective date: June 1, 2005. No budgetary impact; no impact to ERCOT staffing; no impact to ERCOT computer systems; minor impact to ERCOT business functions; no impact to grid operations.* This revision requires owners of Mothballed Generation Resources to annually provide to ERCOT projections of the MW of generation capacity of currently Mothballed Generation Resources that will return to service over the next five years. On 4/21/05, after unanimously voting to waive notice, PRS approved urgent status because the data from this PRR is necessary to complete the reserve margin calculation that will result from the work of the Generation Adequacy Task Force. Also on 4/21/05, PRS voted to recommend approval of PRR596 with six opposing votes (two Municipal, two Consumer, two Independent Power Marketer) and one abstention (Independent REP). All segments were present for the vote. On 5/5/05, TAC voted to recommend approval of PRR596 as submitted by PRS. There were 20 yeas, 8 nays (one from the Municipal, one from the IOU, and 6 from the Consumer segments). ERCOT credit staff and the CWG have reviewed PRR596 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.

Mr. Manning moved to approve all the PRRs except PRRs 591 and 596. Mr. Armentrout seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Mr. Comstock then made a presentation regarding the generation reserve calculation before the Board members would consider PRRs 591 and 596.

(2) Generation Reserve Calculation

Mr. Comstock stated that the current generation reserve margin requirement for the ERCOT Region is 12.5%, as approved by the ERCOT Board on August 20, 2002. At the February 3, 2005, ERCOT TAC meeting, the TAC created a joint Reliability and Operating Subcommittee (ROS) and Wholesale Market Subcommittee (WMS) task force, referred to as the Generation Adequacy Task Force (GATF) to address issues surrounding the methodology for calculating the 12.5% ERCOT reserve margin (*e.g.*, treatment of “mothballed” Generation Resources). Concerns raised by ERCOT Market Participants and the PUCT about the impact of recent announcements of possible Generation Resource retirements on the ERCOT reserve margin for the summer peak Load season of 2005 provided the catalyst for the creation of the task force. Specifically, TAC charged the GATF to “reexamine the reserve margin calculation and make recommendations on how to make calculations more representative of the actual situation.”

The GATF met seven times during the months of February through April reviewing each of the following factors in the existing ERCOT reserve margin calculation: (1) Load Forecast; (2) Installed Capacity; (3) Load Participation; (4) Wind Generating Capacity; (5) “Mothballed” Capacity; (6) DC Tie Capacity; (7) “Switchable” Capacity; and (8) Retired Capacity. After thorough review of the issues and addressing data availability, the GATF came to a consensus agreement on all of the above factors except DC Tie Capacity. The TAC approved the GATF recommendations and recommends the use of 50% of the maximum ERCOT DC Tie import capability (428 MW).

Mr. Armentrout asked for elaboration by the consumer representatives on their opposition to PRR 596. Ms. Pappas provided an explanation of their concern about the language in the PRR. Mr. Payton also provided some comments on the subject regarding the potential for misuse of this type of information. Chairman Hudson stated that anyone who thought a Market Participant misused this process could complain to the PUCT. Ms. Parsley asked if ERCOT could compare data provided by Market Participants to historical data to see if differences appear extreme. Mr. Jones stated that ERCOT would have to develop an historical database before it could make a comparison. Mr. Comstock stated that estimates provided by a Market Participant would result from assumptions used by that Market Participant.

Mr. Comstock then presented a brief summary of the current methodology for calculating the reserve margin. He also stated that one issue remains open, the netting of generation and load. A lengthy discussion took place regarding: how the TAC reached a 50% availability for DC Ties; the total MWs for switchable Resources (approximately 2,300 MWs); the GATF’s methodology in reaching its assumptions and other topics. Chairman Greene asked Sam Jones for his opinion on this matter. Mr. Jones stated that the System Operations staff is in favor of the two PRRs because they provide additional information and help ERCOT refine its estimates.

Mr. Manning moved to approve PRRs 591 and 596; Mr. Hayslip seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Mr. Manning moved to approve the TAC recommendation of the reserve margin calculation methodology (attached as Exhibit “A”); Mr. Hayslip seconded the motion. The motion passed by unanimous voice vote with no abstentions.

At 1:45 p.m., Chairman Hudson closed the Open Meeting of the PUCT when Commissioner Parsley left the meeting.

(3) Outstanding Data Correction Disputes

Mr. Comstock reported that the Board referred this issue to the TAC in November 2004. TAC referred the issue to COPs, which created a task force to address the issue. The COPs task force met three times and a great deal of discussion took place, but no consensus was reached. TAC discussed this issue at its April

meeting and then formed an ADR special task force to address the issue. The ADR task force met several times and made a presentation to the full TAC at a meeting on May 6, 2005.

The motion made at the May 6th TAC meeting provided that, “ERCOT is required to deny post-True-up load imbalance resettlements related to data errors.” Mr. Comstock reported that the Market Participants at the meeting voted 23 to 4 in favor of the motion.

In response to an invitation by Mr. Comstock to have those present at the May 6th meeting who opposed the motion provide their reasons for doing so, John Houston of CenterPoint stated that he would have preferred the use of the word “appropriate” versus the word “required” in the TAC motion.

Mr. Payton asked how ERCOT calculates the 2%. Mr. Giuliani stated that ERCOT looks only at the market transaction dollars, excluding bi-lateral contracts.

Ms. Pappas moved that the Board approve the TAC recommendation; Mr. Manning seconded the motion. Mr. Hayslip stated that many Market Participants remain concerned about when they can “close their books.” Nonetheless, he remains concerned that data errors can continue for months before being corrected. Mr. Hayslip asked about the bullet point in the Board materials regarding TDSPs having no incentive to provide timely and accurate meter data. He stated that, if that is an issue, the ERCOT Board should address it. Chairman Greene called the question. **The motion passed by unanimous voice vote with no abstentions.**

In conclusion, Mr. Comstock asked if anyone had any questions regarding the status of the Potomac recommendations. No questions were raised.

Other Business

No other business was raised.

Adjournment

Mr. Greene adjourned the open portion of the meeting at approximately 2:06 p.m.

Executive Session

The Board met in Executive Session to discuss contract matters, litigation matters and personnel issues.

Board materials and presentations from the meeting are available on ERCOT’s website at:

<http://www.ercot.com/calendar/Cal.cfm>

Mark Walker, Corporate Secretary

Exhibit "A"

Component	Existing Reserve Margin Equation	Revised Reserve Margin Equation
Load		
Total Load Forecast	Trend off actual ERCOT peak demands	Econometric Forecast using economic and weather variables
Firm Load Forecast	Total Load Forecast - BULs - LaaRs	Econometric Load Forecast - Demand-Side Resources*
Available Resources		
Existing Generating Capacity (excluding Wind generation and "Switchable Capacity")	Installed Capacity (per Resource Registration with ERCOT)	Net Summer Dependable Capacity (as defined by ERCOT measurement criteria)
DC Ties	100%	50%
"Switchable" Capacity	100%	100% - X of "Switchable" Capacity (X to be based on information provided to ERCOT by Switchable Capacity owners per PRR 591)
Wind Generation	10% of Installed Capacity	2.9% of Installed Capacity (based on ERCOT analysis of historical data)
Planned Generation with Signed Interconnect Agreement	100%	100%
Planned Wind Generation with Signed Interconnect Agreement	10% of Installed Capacity	2.9% of Installed Capacity (based on ERCOT analysis of historical data)
"Mothballed" Units	100% excluded in first year of forecast, 100% included in all years thereafter	Y of "Mothballed" Units (Y to be based on ERCOT analysis of information provided by mothballed unit owners per PRRs 573 and 596)
Netting of Generation and Load "Behind the Meter"	Included in either the Firm Load Forecast (net load) or the installed capacity (net generation)	Adjustments to either the Firm Load Forecast or Net Summer Dependable Capacity (based on information provided by loads or generators to ERCOT per PRR 593)
Retiring Units	100% of planned unit retirements	100% of planned unit retirements

* Demand-Side Resources:

Includes the amount of Loads Acting as Resources (LaaRs), Balancing Up Loads (BULs) and loads providing other Ancillary Services (e.g., Responsive Reserves, Non-Spin and Replacement). For 2005, this amount will be the LaaR amount procured by ERCOT (i.e., 1,150 MW). For future forecasts, the amount will be based on the average of historical amount of loads offered into these markets during peak load hours.