



Market Operations Presentation

Board of Director's Meeting

May 16, 2006

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 Friday, March 31, 2006

Transaction Type

Switches 2,419,107

Move - Ins 8,639,560

Move Out 4,955,029

CSA 1,399,417

Drop to POLR 311,551

Total 17,724,664

Compared to Last Month 377,248

Migration from Native AREP

	% of Load *	% of ESI IDs	
	at <u>03-31-06</u>	at <u>03-31-06</u>	at <u>03-31-05</u>
Residential	38%	30%	22%
Small Non-Residential	77%	32%	27%
Large Non-Residential	75%	72%	64%

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

SWITCHES

814 Transactions - 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>
	147,624	5,744	141,935	141,417	140,126	102,602	120,382
% in Protocol	n/a	100.0%	99.9%	99.9%	100.0%	100.0%	97.7%

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>
	133,206	133,204	125,127	124,990
% in Protocol	99.7%	100.0%	n/a	98.3%

MIMO

814 Transactions - 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>
	634,551	9,635	624,230	608,976	600,731	309,812	311,140
% in Protocol	n/a	94.3%	97.8%	96.5%	93.5%	99.9%	98.8%

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>
	293,224	293,203	570,653	570,456
% in Protocol	98.9%	100.0%	n/a	98.3%

Capacity Services

	YTD (\$'s in millions)		March (\$'s in millions)	
	<u>03/31/06</u>	<u>03/31/05</u>	<u>2006</u>	<u>2005</u>
<ul style="list-style-type: none"> Market Perspective: <ul style="list-style-type: none"> Approximate Retail Market (at \$.10/kWh PTB) <ul style="list-style-type: none"> Volume (GWh) % Increase Natural Gas Price Index (\$/MMBTU) % Increase 	\$6,393.5 63,935 0.9% 7.1 16.4%	6,336.0 63,360 6.1 	2,176.5 21,765 4.6% 6.5 -3.0%	2,080.8 20,808 6.7
<ul style="list-style-type: none"> Other Capacity Services: <ul style="list-style-type: none"> Replacement Reserve Reg Up and Down Responsive (Spinning) Reserve Non-Spinning Reserve Black Start 	0.0 34.2 27.9 0.8 1.6	0.0 41.0 31.1 2.1 1.7	0.0 9.2 10.8 0.2 0.5	0.0 14.3 10.6 0.8 0.6
TOTAL CAPACITY SERVICES	\$64.5	\$75.9	\$20.7	\$26.3

Capacity Services – Reg Up and Down and Responsive Reserve

	YTD		March	
	<u>03/31/06</u>	<u>03/31/05</u>	<u>2006</u>	<u>2005</u>
Reg Up:				
Required (MW)	1,798,652	1,738,968	598,809	559,660
Self Arranged (MW)	714,728	786,276	237,334	256,174
Procured (MW)	1,089,112	957,313	363,601	304,801
% Procured	61%	55%	61%	54%
Weighted Avg MCPC (\$/MW)	17.9	23.1	16.0	20.3
Reg Down:				
Required (MW)	1,800,961	1,811,832	579,508	575,460
Self Arranged (MW)	526,928	988,168	159,249	248,564
Procured (MW)	1,279,067	825,901	422,156	327,979
% Procured	71%	46%	71%	46%
Weighted Avg MCPC (\$/MW)	11.5	22.8	11.5	22.8
Responsive (Spinning) Reserve:				
Required (MW)	4,964,487	4,965,244	1,710,396	1,709,785
Self Arranged (MW)	2,823,602	2,593,546	961,065	868,254
Procured (MW)	2,143,361	2,373,391	749,218	842,591
% Procured	43%	48%	44%	49%
Weighted Avg MCPC (\$/MW)	13.0	13.1	14.4	12.6
Responsive (Non Spinning) Reserve:				
Required (MW)	67,485	181,347	4,992	43,563
Self Arranged (MW)	26,703	90,537	2,021	22,633
Procured (MW)	40,797	90,538	2,979	20,942
% Procured	60%	50%	60%	48%
Weighted Avg MCPC (\$/MW)	19.5	23.2	64	39.0

	YTD (\$'s in millions)		March (\$'s in millions)	
	<u>03/31/06</u>	<u>03/31/05</u>	<u>2006</u>	<u>2005</u>
<ul style="list-style-type: none"> Market Perspective: <ul style="list-style-type: none"> Approximate Retail Market (at \$.10/kWh PTB) <ul style="list-style-type: none"> Volume (GWh) % Increase Natural Gas Price Index (\$/MMBTU) % Increase 	\$6,393.5 63,935 0.9% 7.1 16.4%	6,336.0 63,360 6.1 	2,176.5 21,765 4.6% 6.5 -3.0%	2,080.8 20,808 6.7
<ul style="list-style-type: none"> Balancing Energy: <ul style="list-style-type: none"> Balancing Energy - Up <ul style="list-style-type: none"> % Increase Up (GWh) % Increase % of Market Balancing Energy - Down <ul style="list-style-type: none"> % Increase Down (GWh) % Increase % of Market 	\$132.8 24.7% 2,019.4 -0.1% 3.2% -\$45.8 33.9% -1,242.3 23.2% 1.9%	\$106.5 2,021.1 3.2%	\$48.4 34.4% 738.9 29.0% 3.4% -12.9 37.2% -357.4 29.7% 1.6%	\$36.0 572.9 2.8% -9.4 -275.5 1.3%

- ERCOT Hubs**

Balancing Energy Weighted Average Price (\$/MWH)

HUB	Mar 2006	Feb 2006	Jan 2006	Dec 2005	Nov 2005	Oct 2005	Sept 2005	Aug 2005	July 2005	June 2005	May 2005
South	\$57.19	\$55.16	\$58.79	\$89.00	\$69.65	\$114.96	\$104.55	\$84.76	\$77.03	\$62.27	\$58.27
North	\$54.87	\$55.19	\$50.59	\$96.26	\$72.01	\$117.39	\$121.40	\$106.76	\$81.62	\$75.23	\$60.77
Houston	\$54.92	\$51.77	\$52.18	\$86.11	\$72.48	\$143.31	\$125.73	\$115.75	\$87.38	\$80.92	\$67.43
West	\$59.41	\$58.20	\$54.06	\$93.14	\$67.41	\$128.08	\$130.39	\$121.16	\$92.23	\$80.11	\$68.90
ERCOT Hub	\$55.89	\$55.30	\$53.37	\$91.70	\$70.64	\$121.75	\$117.74	\$103.10	\$83.24	\$73.43	\$62.80
ERCOT Bus	\$55.91	\$55.04	\$53.35	\$92.16	\$70.65	\$123.09	\$119.27	\$105.09	\$83.26	\$74.46	\$62.69
% Change	1.6%	3.2%	-42.1%	30.4%	-42.6%	3.2%	13.5%	26.2%	11.8%	18.8%	
NGPI % Chan	-9.7%	-5.3%	-32.1%	47.4%	-33.3%	5.6%	18.7%	21.3%	4.2%	12.5%	

- ERCOT Hubs**
Balancing Energy Monthly Volume (GWH)

HUB	Mar 2006	Feb 2006	Jan 2006	Dec 2005	Nov 2005	Oct 2005	Sept 2005	Aug 2005	July 2005	June 2005	May 2005
South	310.1	403.8	237.8	400.3	460.8	404.7	447.4	451.4	368.6	391.3	399.1
North	441.1	470.0	400.0	542.7	408.0	637.2	844.3	771.0	782.6	864.8	548.6
Houston	254.3	177.8	227.5	196.9	188.2	308.8	388.5	471.5	433.8	445.3	354.2
West	90.8	148.3	100.1	236.9	135.5	137.5	205.1	177.8	199.6	218.0	182.6
ERCOT Hub	1,096.3	1,200.0	965.4	1,376.8	1,192.6	1,488.2	1,885.4	1,871.8	1,784.6	1,919.3	1,484.5
ERCOT Bus	1,096.3	1,200.0	965.4	1,376.8	1,192.6	1,488.2	1,885.4	1,871.8	1,784.6	1,919.3	1,484.5
% Change	-9%	24%	-30%	15%	-20%	-21%	1%	5%	-7%	29%	

- ERCOT Hubs**

Balancing Energy Average Daily Volume (GWH)

<u>HUB</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>	<u>Nov</u> <u>2005</u>	<u>Oct</u> <u>2005</u>	<u>Sept</u> <u>2005</u>	<u>Aug</u> <u>2005</u>	<u>July</u> <u>2005</u>	<u>June</u> <u>2005</u>	<u>May</u> <u>2005</u>
South	10.0	14.4	7.7	12.9	15.4	13.1	14.9	14.6	12.3	12.6	12.9
North	14.2	16.8	12.9	17.5	13.6	20.6	28.1	24.9	26.1	27.9	17.7
Houston	8.2	6.4	7.3	6.4	6.3	10.0	13.0	15.2	14.5	14.4	11.4
West	2.9	5.3	3.2	7.6	4.5	4.4	6.8	5.7	6.7	7.0	5.9
ERCOT Hub	35.4	42.9	31.1	44.4	39.8	48.0	62.8	60.4	59.5	61.9	47.9
ERCOT Bus	35.4	42.9	31.1	44.4	39.8	48.0	62.8	60.4	59.5	61.9	47.9
% Change	-18%	38%	-30%	12%	-17%	-24%	4%	2%	-4%	29%	

- ERCOT Hubs**

Balancing Energy Average Daily Dollar Volume (\$'s in thousands)

<u>HUB</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>	<u>Nov</u> <u>2005</u>	<u>Oct</u> <u>2005</u>	<u>Sept</u> <u>2005</u>	<u>Aug</u> <u>2005</u>	<u>July</u> <u>2005</u>	<u>June</u> <u>2005</u>	<u>May</u> <u>2005</u>
South	572.0	\$795.5	\$451.0	\$1,149.4	\$1,070.0	\$1,500.7	\$1,559.3	\$1,234.3	\$946.5	\$786.1	\$750.1
North	780.7	\$926.5	\$652.8	\$1,685.1	\$979.4	\$2,413.0	\$3,416.6	\$2,655.3	\$2,129.3	\$2,098.6	\$1,075.5
Houston	450.5	\$328.7	\$382.9	\$547.0	\$454.8	\$1,427.6	\$1,628.4	\$1,760.7	\$1,263.5	\$1,162.3	\$770.6
West	174.0	\$308.3	\$174.6	\$711.8	\$304.4	\$568.1	\$891.5	\$695.0	\$613.7	\$563.3	\$405.8
ERCOT Hub	1,976.6	\$2,370.0	\$1,662.2	\$4,072.7	\$2,808.2	\$8,545.1	\$7,399.4	\$6,224.9	\$4,951.9	\$4,546.5	\$3,007.5
ERCOT Bus	1,977.2	\$2,359.0	\$1,661.3	\$4,093.2	\$2,808.6	\$5,909.7	\$7,495.8	\$6,345.2	\$4,952.9	\$4,610.2	\$3,001.9
% Change	-16.2%	42.0%	-59.4%	45.7%	-52.5%	-21.2%	18.1%	28.1%	7.4%	53.6%	
NGPI % Chan	-9.7%	-5.3%	-32.1%	47.4%	-33.3%	5.6%	18.7%	21.3%	4.2%	12.5%	

Congestion Services

	YTD (\$'s in millions)		March (\$'s in millions)	
	<u>03/31/06</u>	<u>03/31/05</u>	<u>2006</u>	<u>2005</u>
• Market Perspective:				
Approximate Retail Market (at \$.10/kWh PTB)	\$6,393.5	6,336.0	2,176.5	2,080.8
Volume (GWh)	63,935	63,360	21,765	20,808
% Increase	0.9%		4.6%	
Natural Gas Price Index (\$/MMBTU)	7.1	6.1	6.5	6.7
% Increase	16.4%		-3.0%	
• Local Congestion:				
OOMC	\$19.5	\$3.7	\$6.3	\$0.5
"Market Solution" Down	1.7	0.0	0.5	0.0
"Market Solution" Up	0.3	0.0	0.6	0.0
OOME - Down	1.0	3.8	0.5	0.9
OOME - Up	<u>4.7</u>	<u>1.8</u>	<u>0.5</u>	<u>0.1</u>
Total Local Congestion Costs	\$27.2	\$9.3	\$8.4	\$1.5
• Zonal Congestion:				
TCR Auction Revenue from TCR Holders	\$14.6	\$6.0	\$5.2	\$2.4
Direct Assignment Revenue Paid by QSEs based on schedules	1.2	7.1	0.4	2.1
TCR/PCR Payments including Auction Revenue Refunds	<u>(2.1)</u>	<u>(9.9)</u>	<u>(0.5)</u>	<u>(3.3)</u>
Net Under (Over) Sold TCRs	\$13.7	\$3.2	\$5.1	\$1.2
• RMR:				
RMR Capacity and Start Up	\$6.6	\$11.9	\$2.7	\$6.3
RMR Energy	36	27.5	10.3	10.2
BENA Credit	<u>-23.5</u>	<u>-16.9</u>	<u>-7.4</u>	<u>-6.4</u>
Net RMR	\$19.1	\$22.5	\$5.6	\$10.1

- **Added Reps**

- ✓ PRE Buy Electric
- ✓ National Power Company

- **Added QSEs**

- ✓ National Power Company
- ✓ Cinergy Marketing & Trading

- **Deleted Reps**

- ✓ Ideal Energy, Inc.

- **Deleted QSEs**

- ✓ None