



Market Operations Presentation

Board of Director's Meeting

September 19, 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 Monday, July 31, 2006

Transaction Type	
Switches	2,773,776
Move - Ins	9,448,339
Move Out	5,422,489
CSA	1,490,154
Drop to POLR	316,001
Total	19,450,759
Compared to Last Month	414,198

Migration from Native AREP

	% of Load *	% of ESI IDs	
	at <u>07-31-06</u>	at <u>07-31-06</u>	at <u>07-31-05</u>
Residential	42%	32%	25%
Small Non-Residential	82%	34%	30%
Large Non-Residential	74%	72%	73%

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

Capacity Services

- **Market Perspective:**

Approximate Retail Market (at \$.10/kWh PTB)

Volume (GWh)

% Increase

Natural Gas Price Index (\$/MMBTU)

% Increase

YTD
(\$'s in millions)
07/31/06 07/31/05

July
(\$'s in millions)
2006 2005

\$17,888.6	16,939.9	3,192.4	3,102.8
178,886	169,399	31,924	31,028
5.6%		2.9%	
6.5	6.7	5.8	7.3
-3.0%		-20.5%	

- **Capacity Services:**

Reg Up and Down

Responsive (Spinning) Reserve

Non-Spinning Reserve

Black Start

Local Replacement Reserve

Zonal Replacement Reserve

TOTAL CAPACITY SERVICES

69.2	84.9	7.0	11.1
66.8	79.4	7.3	13.6
18.2	20.9	3.5	6.9
3.6	4.0	0.5	0.6
7.5	0.0	1.4	0.0
<u>14.0</u>	<u>0.0</u>	<u>8.5</u>	<u>0.0</u>
\$179.3	\$189.2	\$28.2	\$32.2

Capacity Services – Reg Up and Down and Responsive Reserve

	YTD		July	
	<u>07/31/06</u>	<u>07/31/05</u>	<u>2006</u>	<u>2005</u>
Reg Up:				
Required (MW)	4,335,682	TBD	611,885	TBD
Self Arranged (MW)	1,748,112		262,047	
Procured (MW)	2,621,916		351,602	
Mismatch Schedules (MW)	(34,346)		(1,764)	
% Procured	60%		57%	
Weighted Avg MCPC (\$/MW)	16.9		13.5	
Reg Down:				
Required (MW)	4,195,941		631,271	
Self Arranged (MW)	1,302,705		196,639	
Procured (MW)	2,926,076		436,818	
Mismatch Schedules (MW)	(32,840)		(2,186)	
% Procured	70%		69%	
Weighted Avg MCPC (\$/MW)	8.5		5.1	
Responsive (Spinning) Reserve:				
Required (MW)	11,581,988		1,654,706	
Self Arranged (MW)	6,828,192		1,021,152	
Procured (MW)	4,815,999		634,849	
Mismatch Schedules (MW)	(62,203)		(1,295)	
% Procured	42%		38%	
Weighted Avg MCPC (\$/MW)	13.9		11.6	
Responsive (Non Spinning) Reserve:				
Required (MW)	1,219,637		153,929	
Self Arranged (MW)	517,937		65,003	
Procured (MW)	713,260		88,747	
Mismatch Schedules (MW)	(11,560)		179	
% Procured	58%		58%	
Weighted Avg MCPC (\$/MW)	25.5		40	
Local Replacement Reserve:				
Procured (MW)	530,099		110,041	
Zonal Replacement Reserve:				
Procured (MW)	132,402		81,213	

	YTD (\$'s in millions)		July (\$'s in millions)	
	<u>07/31/06</u>	<u>07/31/05</u>	<u>2006</u>	<u>2005</u>
• Market Perspective:				
Approximate Retail Market (at \$.10/kWh PTB)	\$17,888.6	16,939.9	3,192.4	3,102.8
Volume (GWh)	178,886	169,399	31,924	31,028
% Increase	5.6%		2.9%	
Natural Gas Price Index (\$/MMBTU)	6.5	6.7	5.8	7.3
% Increase	-3.0%		-20.5%	
• Balancing Energy:				
Balancing Energy - Up	\$477.9	\$459.9	\$97.3	\$118.4
% Increase	3.9%		-17.8%	
Up (GWh)	6,467.4	6,212.3	1,223.5	1,191.7
% Increase	4.1%		2.7%	
% of Market	3.6%	3.7%	3.8%	3.8%
Balancing Energy - Down	-\$141.6	-121.4	-27.9	-26.2
% Increase	16.6%		6.5%	
Down (GWh)	-3,974.3	-2,967.6	-762.2	-537.1
% Increase	33.9%		41.9%	
% of Market	2.2%	1.8%	2.4%	1.7%

- ERCOT Hubs**

Balancing Energy Weighted Average Price (\$/MWH)

HUB	July 2006	June 2006	May 2006	Apr 2006	Mar 2006	Feb 2006	Jan 2006	Dec 2005	Nov 2005	Oct 2005	Sept 2005	Aug 2005
South	\$55.08	\$53.66	\$58.30	\$63.14	\$57.19	\$55.16	\$58.79	\$89.00	\$69.65	\$114.96	\$104.55	\$84.76
North	\$65.89	\$55.31	\$58.27	\$66.04	\$54.87	\$55.19	\$50.59	\$96.26	\$72.01	\$117.39	\$121.40	\$106.76
Houston	\$61.17	\$56.52	\$60.27	\$68.50	\$54.92	\$51.77	\$52.18	\$86.11	\$72.48	\$143.31	\$125.73	\$115.75
West	\$66.29	\$64.50	\$81.01	\$92.11	\$59.41	\$58.20	\$54.06	\$93.14	\$67.41	\$128.08	\$130.39	\$121.16
ERCOT Hub	\$62.41	\$56.30	\$60.08	\$67.35	\$55.89	\$55.30	\$53.37	\$91.70	\$70.64	\$121.75	\$117.74	\$103.10
ERCOT Bus	\$63.02	\$56.07	\$60.38	\$67.81	\$55.91	\$55.04	\$53.35	\$92.16	\$70.65	\$123.09	\$119.27	\$105.09
% Change	12.4%	-7.1%	-11.0%	21.3%	1.6%	3.2%	-42.1%	30.4%	-42.6%	3.2%	13.5%	
NGPI % Change	-4.9%	1.7%	-13.0%	6.2%	-9.7%	-5.3%	-32.1%	47.4%	-33.3%	5.6%	18.7%	

Congestion Services

	YTD (\$'s in millions)		July (\$'s in millions)	
	<u>07/31/06</u>	<u>07/31/05</u>	<u>2006</u>	<u>2005</u>
• Market Perspective:				
Approximate Retail Market (at \$.10/kWh PTB)	\$17,888.6	16,939.9	3,192.4	3,102.8
Volume (GWh)	178,886	169,399	31,924	31,028
% Increase	5.6%		2.9%	
Natural Gas Price Index (\$/MMBTU)	6.5	6.7	5.8	7.3
% Increase	-3.0%		-20.5%	
• Local Congestion:				
OOMC	\$36.8	\$29.9	\$1.5	\$9.4
"Market Solution" Down	7.2	0.0	1.1	0.0
"Market Solution" Up	1.5	0.0	0.3	0.0
OOME - Down	5.9	28.5	0.8	5.4
OOME - Up	<u>9.4</u>	<u>10.4</u>	<u>0.7</u>	<u>2.9</u>
Total Local Congestion Costs	\$60.8	\$68.8	\$4.4	\$17.7
• Zonal Congestion and TCR / PCR Activity:				
Proceeds Paid to TCR / PCR Holders including Auction Refunds	\$34.1	\$37.7	\$5.7	\$9.3
TCR / PCR Annual Auction Proceeds received from Holders	(\$31.2)	(\$11.1)	(\$5.8)	(\$2.0)
TCR Monthly Auction Proceeds received from TCR Holders	(\$33.6)	(\$8.0)	(\$13.0)	(\$2.7)
Direct Assignment Proceeds received from QSEs based on schedules	<u>(\$27.7)</u>	<u>(\$27.9)</u>	<u>(\$4.2)</u>	<u>(\$7.0)</u>
Total Zonal Congestion and TCR / PCR Activity	(\$58.4)	(\$9.3)	(\$17.3)	(\$2.4)
• RMR:				
RMR Capacity and Start Up	\$15.8	\$27.4	\$1.3	\$3.1
RMR Energy	93.6	107.1	8.8	25.6
BENA Credit	<u>-66.6</u>	<u>-78.3</u>	<u>-7.9</u>	<u>-20.7</u>
Net RMR	\$42.8	\$56.2	\$2.2	\$8.0

- **Added Reps**

- ✓ None

- **Deleted Reps**

- ✓ None

- **Added QSEs**

- ✓ Credit Suisse Energy, LLC

- **Deleted QSEs**

- ✓ None