



# Market Operations Presentation

**Board of Director's Meeting**

**October 17, 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 Thursday, August 31, 2006**

Transaction Type	
Switches	2,846,503
Move - Ins	9,686,035
Move Out	5,557,404
CSA	1,530,526
Drop to POLR	317,466
<b>Total</b>	<b>19,937,934</b>
<b>Compared to Last Month</b>	<b>487,175</b>

# Migration from Native AREP

	% of Load *	% of ESI IDs	
	at <u>08-31-06</u>	at <u>08-31-06</u>	at <u>08-31-05</u>
<b>Residential</b>	42%	32%	26%
<b>Small Non-Residential</b>	82%	34%	30%
<b>Large Non-Residential</b>	73%	72%	73%

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

# Capacity Services

	YTD (\$'s in millions)		August (\$'s in millions)	
	<u>08/31/06</u>	<u>08/31/05</u>	<u>2006</u>	<u>2005</u>
• <b>Market Perspective:</b>				
<b>Approximate Retail Market</b> (at \$.10/kWh PTB)	<b>\$21,278.6</b>	<b>20,136.4</b>	<b>3,390.0</b>	<b>3,200.5</b>
Volume (GWh)	212,786	201,364	33,900	32,005
% Increase	5.7%		5.9%	
Natural Gas Price Index (\$/MMBTU)	6.6	7.0	7.0	9.0
% Increase	-5.7%		-22.2%	
• <b>Capacity Services:</b>				
Reg Up and Down	78.1	96.9	8.9	12.0
Responsive (Spinning) Reserve	76.2	93.3	9.5	13.9
Non-Spinning Reserve	24.2	27.6	6.0	6.7
Black Start	4.2	4.6	0.5	0.6
Local Replacement Reserve	8.3	0.0	0.6	0.0
Zonal Replacement Reserve	<u>25.6</u>	<u>0.0</u>	<u>11.5</u>	<u>0.0</u>
<b>TOTAL CAPACITY SERVICES</b>	<b>\$216.6</b>	<b>\$222.4</b>	<b>\$37.0</b>	<b>\$33.2</b>

# Capacity Services –

## Reg Up and Down and Responsive Reserve

	YTD		August	
	<u>08/31/06</u>	<u>08/31/05</u>	<u>2006</u>	<u>2005</u>
<b>Reg Up:</b>				
Required (MW)	4,913,510	4,350,097	577,828	507,514
Self Arranged (MW)	1,993,959	1,903,665	245,847	218,669
Procured (MW)	2,955,769	2,445,474	333,853	290,506
Mismatch Schedules (MW)	(36,218)	958	(1,872)	(1,661)
% Procured	<b>60%</b>	<b>56%</b>	<b>58%</b>	<b>57%</b>
Weighted Avg MCPC (\$/MW)	16.8	19.1	16.4	17.1
<b>Reg Down:</b>				
Required (MW)	4,855,113	4,983,143	659,172	652,277
Self Arranged (MW)	1,514,420	2,327,518	211,715	266,425
Procured (MW)	3,375,281	2,598,545	449,205	387,675
Mismatch Schedules (MW)	(34,588)	57,080	(1,748)	(1,823)
% Procured	<b>70%</b>	<b>52%</b>	<b>68%</b>	<b>59%</b>
Weighted Avg MCPC (\$/MW)	8.4	19.3	7.6	18.2
<b>Responsive (Spinning) Reserve:</b>				
Required (MW)	13,290,861	13,399,977	1,708,873	1,709,391
Self Arranged (MW)	7,891,390	6,889,291	1,063,198	938,280
Procured (MW)	5,464,002	6,462,475	648,003	772,920
Mismatch Schedules (MW)	(64,531)	48,211	(2,328)	(1,809)
% Procured	<b>41%</b>	<b>48%</b>	<b>38%</b>	<b>45%</b>
Weighted Avg MCPC (\$/MW)	14.0	14.4	14.6	18.0
<b>Responsive (Non Spinning) Reserve:</b>				
Required (MW)	1,522,687	1,792,863	303,050	245,349
Self Arranged (MW)	630,334	699,732	112,397	93,223
Procured (MW)	903,362	1,030,564	190,102	151,709
Mismatch Schedules (MW)	(11,009)	62,567	551	417
% Procured	<b>59%</b>	<b>57%</b>	<b>63%</b>	<b>62%</b>
Weighted Avg MCPC (\$/MW)	26.8	26.8	31	44.3
<b>Local Replacement Reserve:</b>				
Procured (MW)	560,186	0	29,943	0
<b>Zonal Replacement Reserve:</b>				
Procured (MW)	260,585	0	128,183	0

- **Market Perspective:**

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

- Volume (GWh)

- % Increase

- Natural Gas Price Index (\$/MMBTU)

- % Increase

YTD  
(\$'s in millions)  
08/31/06    08/31/05

August  
(\$'s in millions)  
2006    2005

<b>\$21,278.6</b>	<b>20,136.4</b>	<b>3,390.0</b>	<b>3,200.5</b>
212,786	201,364	33,900	32,005
5.7%		5.9%	
6.6	7.0	7.0	9.0
-5.7%		-22.2%	

- **Balancing Energy:**

- **Balancing Energy - Up**

- % Increase

- Up (GWh)

- % Increase

- % of Market

<b>\$545.8</b>	<b>\$628.0</b>	<b>\$67.8</b>	<b>\$168.1</b>
-13.1%		-59.7%	
7,284.4	7,610.3	817.0	1,398.0
-4.3%		-41.6%	
3.4%	3.8%	2.4%	4.4%

- **Balancing Energy - Down**

- % Increase

- Down (GWh)

- % Increase

- % of Market

<b>-\$201.0</b>	<b>-145.8</b>	<b>-59.3</b>	<b>-24.4</b>
37.9%		143.0%	
-5,024.8	-3,390.3	-1,050.5	-422.7
48.2%		148.5%	
2.4%	1.7%	3.1%	1.3%

- ERCOT Hubs**

## Balancing Energy Weighted Average Price (\$/MWH)

<b><u>HUB</u></b>	<b><u>Aug 2006</u></b>	<b><u>July 2006</u></b>	<b><u>June 2006</u></b>	<b><u>May 2006</u></b>	<b><u>Apr 2006</u></b>	<b><u>Mar 2006</u></b>	<b><u>Feb 2006</u></b>	<b><u>Jan 2006</u></b>	<b><u>Dec 2005</u></b>	<b><u>Nov 2005</u></b>	<b><u>Oct 2005</u></b>	<b><u>Sept 2005</u></b>
South	\$71.99	\$55.08	\$53.66	\$58.30	\$63.14	\$57.19	\$55.16	\$58.79	\$89.00	\$69.65	\$114.96	\$104.55
North	\$65.01	\$65.89	\$55.31	\$58.27	\$66.04	\$54.87	\$55.19	\$50.59	\$96.26	\$72.01	\$117.39	\$121.40
Houston	\$70.69	\$61.17	\$56.52	\$60.27	\$68.50	\$54.92	\$51.77	\$52.18	\$86.11	\$72.48	\$143.31	\$125.73
West	\$73.06	\$66.29	\$64.50	\$81.01	\$92.11	\$59.41	\$58.20	\$54.06	\$93.14	\$67.41	\$128.08	\$130.39
ERCOT Hub	\$68.51	\$62.41	\$56.30	\$60.08	\$67.35	\$55.89	\$55.30	\$53.37	\$91.70	\$70.64	\$121.75	\$117.74
ERCOT Bus	\$68.16	\$63.02	\$56.07	\$60.38	\$67.81	\$55.91	\$55.04	\$53.35	\$92.16	\$70.65	\$123.09	\$119.27
% Change	8.2%	12.4%	-7.1%	-11.0%	21.3%	1.6%	3.2%	-42.1%	30.4%	-42.6%	3.2%	
NGPI % Change	20.7%	-4.9%	1.7%	-13.0%	6.2%	-9.7%	-5.3%	-32.1%	47.4%	-33.3%	5.6%	



# Congestion Services

	YTD (\$'s in millions)		August (\$'s in millions)	
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• <b>Market Perspective:</b>				
<b>Approximate Retail Market</b> (at \$.10/kWh PTB)	<b>\$21,278.6</b>	<b>20,136.4</b>	<b>3,390.0</b>	<b>3,200.5</b>
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% Increase	5.7%		5.9%	
Natural Gas Price Index (\$/MMBTU)	6.6	7.0	7.0	9.0
% Increase	-5.7%		-22.2%	
• <b>Local Congestion:</b>				
OOMC	\$38.6	\$83.9	\$1.2	\$8.1
"Market Solution" Down	7.6	0.0	0.5	0.0
"Market Solution" Up	1.6	0.0	0.1	0.0
OOME - Down	7.8	42.4	1.8	3.2
OOME - Up	<u>10.0</u>	<u>29.0</u>	<u>0.5</u>	<u>3.2</u>
<b>Total Local Congestion Costs</b>	<b>\$65.6</b>	<b>\$155.3</b>	<b>\$4.1</b>	<b>\$14.5</b>
• <b>Zonal Congestion and TCR / PCR Activity:</b>				
Proceeds Paid to TCR / PCR Holders including Auction Refunds	\$37.9	\$70.1	\$3.8	\$32.5
TCR / PCR Annual Auction Proceeds received from Holders	(37.0)	(13.2)	(5.9)	(2.1)
TCR Monthly Auction Proceeds received from TCR Holders	(40.8)	(13.4)	(7.3)	(5.3)
Direct Assignment Proceeds received from QSEs based on schedules	<u>(30.5)</u>	<u>(45.2)</u>	<u>(2.7)</u>	<u>(17.4)</u>
<b>Total Zonal Congestion and TCR / PCR Activity</b>	<b>(\$70.4)</b>	<b>(\$1.7)</b>	<b>(\$12.1)</b>	<b>\$7.7</b>
• <b>RMR:</b>				
RMR Capacity and Start Up	\$18.5	\$31.1	\$1.3	\$4.9
RMR Energy	105.1	133.5	11.8	28.9
BENA Credit	<u>-76.8</u>	<u>-101.6</u>	<u>-10.1</u>	<u>-23.4</u>
<b>Net RMR</b>	<b>\$46.8</b>	<b>\$63.0</b>	<b>\$3.0</b>	<b>\$10.4</b>

- **Added Reps**

- ✓ Repower, LLC

- **Deleted Reps**

- ✓ None

- **Added QSEs**

- ✓ Repower, LLC

- **Deleted QSEs**

- ✓ None