



Market Operations Presentation

Board of Director's Meeting

November 14, 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, September 29, 2006

Transaction Type

Switches	2,919,513
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Move - Ins	9,889,606
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Move Out	5,674,491
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CSA	1,552,667
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Drop to POLR	318,291
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Total	20,354,568
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Compared to Last Month	416,634
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Migration from Native AREP

	% of Load *	% of ESI IDs	
	at <u>09-30-06</u>	at <u>09-30-06</u>	at <u>09-30-05</u>
Residential	44%	34%	27%
Small Non-Residential	85%	36%	31%
Large Non-Residential	73%	72%	73%

* % 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>
	247,819	11,803	235,587	236,302	235,259	152,061	200,224
% in Protocol	n/a	100.0%	100.0%	100.0%	99.9%	98.8%	98.0%

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>
	228,674	226,550	210,800	210,216
% in Protocol	99.6%	99.9%	n/a	99.4%

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>
	718,127	14,299	703,155	700,528	689,192	338,212	367,517
% in Protocol	n/a	91.6%	94.2%	97.2%	95.7%	98.9%	99.1%

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>
	380,750	380,644	650,439	649,766
% in Protocol	99.5%	99.9%	n/a	99.1%

Capacity Services

	YTD (\$'s in millions)		September (\$'s in millions)	
	<u>09/30/06</u>	<u>09/30/05</u>	<u>2006</u>	<u>2005</u>
• Market Perspective:				
Approximate Retail Market (at \$.10/kWh PTB)	\$23,958.5	23,054.7	2,679.9	2,918.3
Volume (GWh)	239,585	230,547	26,799	29,183
% Increase	3.9%		-8.2%	
Natural Gas Price Index (\$/MMBTU)	6.4	7.5	4.8	10.8
% Increase	-14.7%		-55.6%	
• Capacity Services:				
Reg Up and Down	84.3	110.8	6.2	13.9
Responsive (Spinning) Reserve	81.7	120.0	5.5	26.8
Non-Spinning Reserve	24.4	32.9	0.2	5.3
Black Start	4.7	5.2	0.5	0.6
Local Replacement Reserve	8.7	0.0	0.7	0.0
Zonal Replacement Reserve	<u>25.7</u>	<u>0.0</u>	<u>0.1</u>	<u>0.0</u>
TOTAL CAPACITY SERVICES	\$229.5	\$268.9	\$13.2	\$46.6

Capacity Services –

Reg Up and Down and Responsive Reserve

	YTD		September	
	<u>09/30/06</u>	<u>09/30/05</u>	<u>2006</u>	<u>2005</u>
Reg Up:				
Required (MW)	5,498,804	4,864,438	585,294	514,341
Self Arranged (MW)	2,243,336	2,129,340	249,377	225,675
Procured (MW)	3,293,491	2,735,999	337,722	290,525
Mismatch Schedules (MW)	(38,023)	(901)	(1,805)	(1,859)
% Procured	60%	56%	58%	56%
Weighted Avg MCPC (\$/MW)	16.1	19.1	9.9	18.7
Reg Down:				
Required (MW)	5,467,584	5,607,391	612,471	624,248
Self Arranged (MW)	1,703,900	2,571,374	189,480	243,856
Procured (MW)	3,799,001	2,980,189	423,720	381,644
Mismatch Schedules (MW)	(35,317)	55,828	(729)	(1,252)
% Procured	69%	53%	69%	61%
Weighted Avg MCPC (\$/MW)	8.2	19.6	6.7	22.2
Responsive (Spinning) Reserve:				
Required (MW)	14,944,916	15,054,222	1,654,055	1,654,245
Self Arranged (MW)	8,904,006	7,765,822	1,012,616	876,531
Procured (MW)	6,107,386	7,241,234	643,384	778,759
Mismatch Schedules (MW)	(66,476)	47,166	(1,945)	(1,045)
% Procured	41%	48%	39%	47%
Weighted Avg MCPC (\$/MW)	13.4	16.6	8.5	34.4
Responsive (Non Spinning) Reserve:				
Required (MW)	1,542,723	1,978,152	20,036	185,289
Self Arranged (MW)	637,711	770,571	7,377	70,839
Procured (MW)	915,985	1,144,575	12,623	114,011
Mismatch Schedules (MW)	(10,973)	63,006	36	439
% Procured	59%	58%	63%	62%
Weighted Avg MCPC (\$/MW)	26.7	28.8	17	46.7
Local Replacement Reserve:				
Procured (MW)	612,091	0	51,905	0
Zonal Replacement Reserve:				
Procured (MW)	263,513	0	2,928	0

	YTD (\$'s in millions)		September (\$'s in millions)	
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• Balancing Energy:				
Balancing Energy - Up	\$583.2	\$822.0	\$37.4	\$194.0
% Increase	-29.1%		-80.7%	
Up (GWh)	7,983.0	9,014.4	698.6	1,404.1
% Increase	-11.4%		-50.2%	
% of Market	3.3%	3.9%	2.6%	4.8%
Balancing Energy - Down	-\$231.7	-\$171.3	-\$30.7	-\$25.5
% Increase	35.3%		20.4%	
Down (GWh)	-6,043.9	-3,815.8	-1,019.1	-425.5
% Increase	58.4%		139.5%	
% of Market	2.5%	1.7%	3.8%	1.5%

- ERCOT Hubs**

Balancing Energy Weighted Average Price (\$/MWH)

<u>HUB</u>	<u>Sept 2006</u>	<u>Aug 2006</u>	<u>July 2006</u>	<u>June 2006</u>	<u>May 2006</u>	<u>Apr 2006</u>	<u>Mar 2006</u>	<u>Feb 2006</u>	<u>Jan 2006</u>	<u>Dec 2005</u>	<u>Nov 2005</u>	<u>Oct 2005</u>
South	\$40.81	\$71.99	\$55.08	\$53.66	\$58.30	\$63.14	\$57.19	\$55.16	\$58.79	\$89.00	\$69.65	\$114.96
North	\$38.09	\$65.01	\$65.89	\$55.31	\$58.27	\$66.04	\$54.87	\$55.19	\$50.59	\$96.26	\$72.01	\$117.39
Houston	\$40.46	\$70.69	\$61.17	\$56.52	\$60.27	\$68.50	\$54.92	\$51.77	\$52.18	\$86.11	\$72.48	\$143.31
West	\$44.57	\$73.06	\$66.29	\$64.50	\$81.01	\$92.11	\$59.41	\$58.20	\$54.06	\$93.14	\$67.41	\$128.08
ERCOT Hub	\$39.72	\$68.51	\$62.41	\$56.30	\$60.08	\$67.35	\$55.89	\$55.30	\$53.37	\$91.70	\$70.64	\$121.75
ERCOT Bus	\$39.68	\$68.16	\$63.02	\$56.07	\$60.38	\$67.81	\$55.91	\$55.04	\$53.35	\$92.16	\$70.65	\$123.09
% Change	-41.8%	8.2%	12.4%	-7.1%	-11.0%	21.3%	1.6%	3.2%	-42.1%	30.4%	-42.6%	
NGPI % Change	-31.4%	20.7%	-4.9%	1.7%	-13.0%	6.2%	-9.7%	-5.3%	-32.1%	47.4%	-33.3%	

Congestion Services

	YTD (\$'s in millions)		September (\$'s in millions)	
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% Increase	-14.7%		-55.6%	
• Local Congestion:				
OOMC	\$41.5	\$49.3	\$2.8	\$11.3
"Market Solution" Down	8.8	0.0	1.2	0.0
"Market Solution" Up	2.3	0.0	0.6	0.0
OOME - Down	8.1	37.4	0.4	5.6
OOME - Up	<u>10.4</u>	<u>16.7</u>	<u>0.4</u>	<u>3.1</u>
Total Local Congestion Costs	\$71.1	\$103.4	\$5.4	\$20.0
• Zonal Congestion and TCR / PCR Activity:				
Proceeds Paid to TCR / PCR Holders including Auction Refunds	\$41.4	\$85.0	\$3.6	\$14.9
TCR / PCR Annual Auction Proceeds received from Holders	(\$41.8)	(\$14.9)	(\$4.8)	(\$1.7)
TCR Monthly Auction Proceeds received from TCR Holders	(\$45.6)	(\$14.9)	(\$4.7)	(\$1.5)
Direct Assignment Proceeds received from QSEs based on schedules	<u>(\$33.1)</u>	<u>(\$52.4)</u>	<u>(\$2.6)</u>	<u>(\$7.2)</u>
Total Zonal Congestion and TCR / PCR Activity	(\$79.1)	\$2.8	(\$8.5)	\$4.5
• RMR:				
RMR Capacity and Start Up	\$20.1	\$34.6	\$1.1	\$4.3
RMR Energy	110.5	164.7	5.6	31.8
BENA Credit	<u>(80.9)</u>	<u>(127.4)</u>	<u>(4.1)</u>	<u>(25.8)</u>
Net RMR	\$49.7	\$71.9	\$2.6	\$10.3

- **Added Reps**

- ✓ WPS Energy Services of Texas

- **Deleted Reps**

- ✓ None

- **Added QSEs**

- ✓ None

- **Deleted QSEs**

- ✓ None