



# Market Operations Presentation

**Board of Director's Meeting - Public**

**February 19, 2008**

## Retail Activity

- **Overall Activity** – number of switches was lower for 2007 as expected post price-to-beat.
- **Migration From Native AREPs** – pace has slowed down, but steady migration continues.
- **Transaction Performance Measures** – near perfect performance.

## Wholesale Activity

- **Settlements & Billing Performance Measures** – fully recovered during second week of December from AIX conversion problems.
- **Energy Services** – overall activity was comparable to prior year.
- **Summary Hub Price Data** – pricing activity appears reasonable.
- **REPs and QSEs Added/Deleted**
  - 1 new REP
  - 11 new QSEs

## Retail Transactions Summary

| Transaction Type      | YTD               |                   | December       |                |
|-----------------------|-------------------|-------------------|----------------|----------------|
|                       | <u>12/31/2007</u> | <u>12/31/2006</u> | <u>2007</u>    | <u>2006</u>    |
| Switches              | 715,239           | 846,705           | 45,561         | 78,690         |
| Move - Ins            | 2,337,905         | 2,404,488         | 167,992        | 168,904        |
| Move Out              | 1,321,304         | 1,390,311         | 98,451         | 98,488         |
| CSA                   | 351,386           | 298,852           | 25,503         | 22,776         |
| <b>Total</b>          | <b>4,725,834</b>  | <b>4,940,356</b>  | <b>337,507</b> | <b>368,858</b> |
| Since<br>June 1, 2001 | 21,235,223        |                   |                |                |

|                              | <b>% of Load <sup>1</sup></b> | <b>% of ESI IDs</b>           |                               |
|------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                              | <b>at<br/><u>12-31-07</u></b> | <b>at<br/><u>12-31-07</u></b> | <b>at<br/><u>12-31-06</u></b> |
| <b>Residential</b>           | 46%                           | 41%                           | 36%                           |
| <b>Small Non-Residential</b> | 66%                           | 44%                           | 38%                           |
| <b>Large Non-Residential</b> | 70%                           | 71%                           | 72%                           |

<sup>1</sup> - % of Deregulated (Non-NOIE) Peak Demand on historic peak day of 08-17-06

## Switches

### 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> |
|---------------|----------------|---------------|----------------|-----------------|------------------|------------------|--------------------|
|               | 48,446         | 2,284         | 46,148         | 46,623          | 46,458           | 20,518           | 38,962             |
| % in Protocol | n/a            | 100.0%        | 100.0%         | 100.0%          | 100.0%           | 100.0%           | 99.6%              |

### 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> |
|---------------|-------------------|----------------|-------------------|----------------|
|               | 43,282            | 43,222         | 44,674            | 44,616         |
| % in Protocol | 99.6%             | 100.0%         | n/a               | 100.0%         |

## Move In / Move Out

### 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> |
|---------------|----------------|---------------|----------------|-----------------|------------------|------------------|--------------------|
|               | 176,217        | 2,720         | 173,472        | 170,403         | 169,695          | 84,215           | 81,550             |
| % in Protocol | n/a            | 97.5%         | 99.8%          | 99.9%           | 99.9%            | 99.3%            | 98.8%              |

### 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> |
|---------------|-------------------|----------------|-------------------|----------------|
|               | 102,274           | 102,213        | 166,265           | 166,154        |
| % in Protocol | 99.4%             | 100.0%         | n/a               | 100.0%         |

# Settlements & Billing Performance Measures – December 2007

|                                     | YTD             |                 | December    |             |
|-------------------------------------|-----------------|-----------------|-------------|-------------|
|                                     | <u>12/31/07</u> | <u>12/31/06</u> | <u>2007</u> | <u>2006</u> |
| <b>Settlement Statements:</b>       |                 |                 |             |             |
| Total                               | 121,568         | 102,933         | 10,837      | 8,817       |
| Late                                | 753             | 347             | 119         | 1           |
| – <i>Less than 24 hours late</i>    | 753             | 347             | 119         | 1           |
| – <i>Greater than 24 hours late</i> | 0               | 0               | 0           | 0           |
| Balance                             | 120,815         | 102,586         | 10,718      | 8,816       |
| % Within Protocol                   | 99.4%           | 99.7%           | 98.9%       | 100.0%      |
| <b>Invoices:</b>                    |                 |                 |             |             |
| Total                               | 6,568           | 5,821           | 545         | 494         |
| Late                                | 134             | 22              | 0           | 22          |
| – <i>Less than 24 hours late</i>    | 134             | 22              | 0           | 22          |
| – <i>Greater than 24 hours late</i> | 0               | 0               | 0           | 0           |
| Balance                             | 6,434           | 5,799           | 545         | 472         |
| % Within Protocol                   | 98.0%           | 99.6%           | 100.0%      | 95.6%       |
| <b>Grand Total:</b>                 |                 |                 |             |             |
| Total                               | 128,136         | 108,754         | 11,382      | 9,311       |
| Late                                | 887             | 369             | 119         | 23          |
| – <i>Less than 24 hours late</i>    | 887             | 369             | 119         | 23          |
| – <i>Greater than 24 hours late</i> | 0               | 0               | 0           | 0           |
| Balance                             | 127,249         | 108,385         | 11,263      | 9,288       |
| % Within Protocol                   | 99.3%           | 99.7%           | 99.0%       | 99.8%       |

|   | YTD<br>(\$'s in millions) |                 | December<br>(\$'s in millions) |                |
|---|---------------------------|-----------------|--------------------------------|----------------|
|   | <u>12/31/07</u>           | <u>12/31/06</u> | <u>2007</u>                    | <u>2006</u>    |
| • <b>Market Perspective:</b>                        |                           |                 |                                |                |
| <b>Approximate Retail Market</b> (at \$.10/kWh PTB) | <b>\$30,716.4</b>         | <b>30,775.5</b> | <b>2,378.3</b>                 | <b>2,324.6</b> |
| Volume (GWh)  | 307,164                   | 307,755         | 23,783                         | 23,246         |
| % Increase  | -0.2%                     |                 | 2.3%                           |                |
| Natural Gas Price Index (\$/MMBTU)                  | 6.6                       | 6.3             | 6.6                            | 6.5            |
| % Increase  | 4.8%                      |                 | 1.5%                           |                |
| • <b>Balancing Energy:</b>                          |                           |                 |                                |                |
| <b>Balancing Energy - Up</b>                        | <b>\$673.1</b>            | <b>\$710.6</b>  | <b>\$54.3</b>                  | <b>\$54.5</b>  |
| % Increase  | -5.3%                     |                 | -0.4%                          |                |
| Up (GWh)  | 9,445.4                   | 10,018.0        | 750.4                          | 771.3          |
| % Increase  | -5.7%                     |                 | -2.7%                          |                |
| % of Market   | 3.1%                      | 3.3%            | 3.2%                           | 3.3%           |
| <b>Balancing Energy - Down</b>                      | <b>-\$410.4</b>           | <b>-\$323.2</b> | <b>-\$22.0</b>                 | <b>-\$28.5</b> |
| % Increase  | 27.0%                     |                 | -22.8%                         |                |
| Down (GWh)  | -10,066.9                 | -8,607.6        | -756.0                         | -718.7         |
| % Increase  | 17.0%                     |                 | 5.2%                           |                |
| % of Market   | 3.3%                      | 2.8%            | 3.2%                           | 3.1%           |

# Hub Summary Data

- ERCOT Hubs**

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

| <b>HUB</b>    | <b>Dec<br/>2007</b> | <b>Nov<br/>2007</b> | <b>Oct<br/>2007</b> | <b>Sep<br/>2007</b> | <b>Aug<br/>2007</b> | <b>July<br/>2007</b> | <b>June<br/>2007</b> | <b>May<br/>2007</b> | <b>Apr<br/>2007</b> | <b>Mar<br/>2007</b> | <b>Feb<br/>2007</b> | <b>Jan<br/>2007</b> |
|---------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| South         | \$49.29             | \$53.03             | \$45.36             | \$63.41             | \$59.13             | \$50.85              | \$59.54              | \$59.53             | \$56.64             | \$55.75             | \$53.41             | \$54.71             |
| North         | \$48.29             | \$40.10             | \$48.04             | \$68.73             | \$60.38             | \$50.57              | \$54.70              | \$51.68             | \$51.63             | \$55.53             | \$51.48             | \$52.59             |
| Houston       | \$53.05             | \$55.99             | \$52.94             | \$65.73             | \$63.38             | \$49.83              | \$56.88              | \$64.23             | \$65.36             | \$58.72             | \$56.30             | \$55.11             |
| West          | \$60.04             | \$32.54             | \$46.23             | \$80.17             | \$59.86             | \$58.44              | \$75.18              | \$58.92             | \$70.75             | \$63.86             | \$63.95             | \$56.86             |
| ERCOT Hub     | \$50.70             | \$47.42             | \$48.12             | \$67.44             | \$60.60             | \$51.33              | \$58.99              | \$57.21             | \$56.78             | \$57.39             | \$53.65             | \$54.33             |
| ERCOT Bus     | \$50.69             | \$47.32             | \$48.37             | \$67.44             | \$60.69             | \$51.14              | \$58.70              | \$57.12             | \$56.84             | \$57.41             | \$53.57             | \$54.06             |
| % Change      | 7.1%                | -2.2%               | -28.3%              | 11.1%               | 18.7%               | -12.9%               | 2.8%                 | 0.5%                | -1.0%               | 7.2%                | -0.9%               | -2.8%               |
| NGPI % Change | 6.5%                | -7.5%               | 11.7%               | -1.6%               | 3.4%                | -19.2%               | -2.7%                | 2.7%                | 10.6%               | -9.6%               | 15.9%               | -3.1%               |

| <b>HUB</b>    | <b>Dec<br/>2006</b> | <b>Nov<br/>2006</b> | <b>Oct<br/>2006</b> | <b>Sept<br/>2006</b> | <b>Aug<br/>2006</b> | <b>July<br/>2006</b> | <b>June<br/>2006</b> | <b>May<br/>2006</b> | <b>Apr<br/>2006</b> | <b>Mar<br/>2006</b> | <b>Feb<br/>2006</b> | <b>Jan<br/>2006</b> |
|---------------|---------------------|---------------------|---------------------|----------------------|---------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| South         | \$53.80             | \$40.95             | \$44.54             | \$40.81              | \$71.99             | \$55.08              | \$53.66              | \$58.30             | \$63.14             | \$57.19             | \$55.16             | \$58.79             |
| North         | \$53.86             | \$46.29             | \$41.08             | \$38.09              | \$65.01             | \$65.89              | \$55.31              | \$58.27             | \$66.04             | \$54.87             | \$55.19             | \$50.59             |
| Houston       | \$60.84             | \$48.05             | \$40.35             | \$40.46              | \$70.69             | \$61.17              | \$56.52              | \$60.27             | \$68.50             | \$54.92             | \$51.77             | \$52.18             |
| West          | \$56.91             | \$52.06             | \$45.04             | \$44.57              | \$73.06             | \$66.29              | \$64.50              | \$81.01             | \$92.11             | \$59.41             | \$58.20             | \$54.06             |
| ERCOT Hub     | \$55.55             | \$46.06             | \$42.23             | \$39.72              | \$68.51             | \$62.41              | \$56.30              | \$60.08             | \$67.35             | \$55.89             | \$55.30             | \$53.37             |
| ERCOT Bus     | \$55.63             | \$45.60             | \$42.03             | \$39.68              | \$68.16             | \$63.02              | \$56.07              | \$60.38             | \$67.81             | \$55.91             | \$55.04             | \$53.35             |
| % Change      | 22.0%               | 8.5%                | 5.9%                | -41.8%               | 8.2%                | 12.4%                | -7.1%                | -11.0%              | 21.3%               | 1.6%                | 3.2%                |                     |
| NGPI % Change | -3.0%               | 24.1%               | 12.5%               | -31.4%               | 20.7%               | -4.9%                | 1.7%                 | -13.0%              | 6.2%                | -9.7%               | -5.3%               |                     |



- **Added Reps**

- ✓ Prier Energy, Inc.

- **Deleted Reps**

- ✓ None

- **Added QSEs**

- ✓ Invenergy Camp Springs I
- ✓ Invenergy Camp Springs II
- ✓ Invenergy Stanton
- ✓ Airtricity Champion SQE
- ✓ DTE Energy Trading, Inc.
- ✓ Lehman Brothers SQ2
- ✓ Chain Lakes Power d/b/a Simple Power
- ✓ FSQL
- ✓ First Choice Power, LP
- ✓ PSEG Energy Resources & Trade, LLC
- ✓ Texas Utility Solutions, LLC

- **Deleted QSEs**

- ✓ None