



December 2007 Grid Operations Report

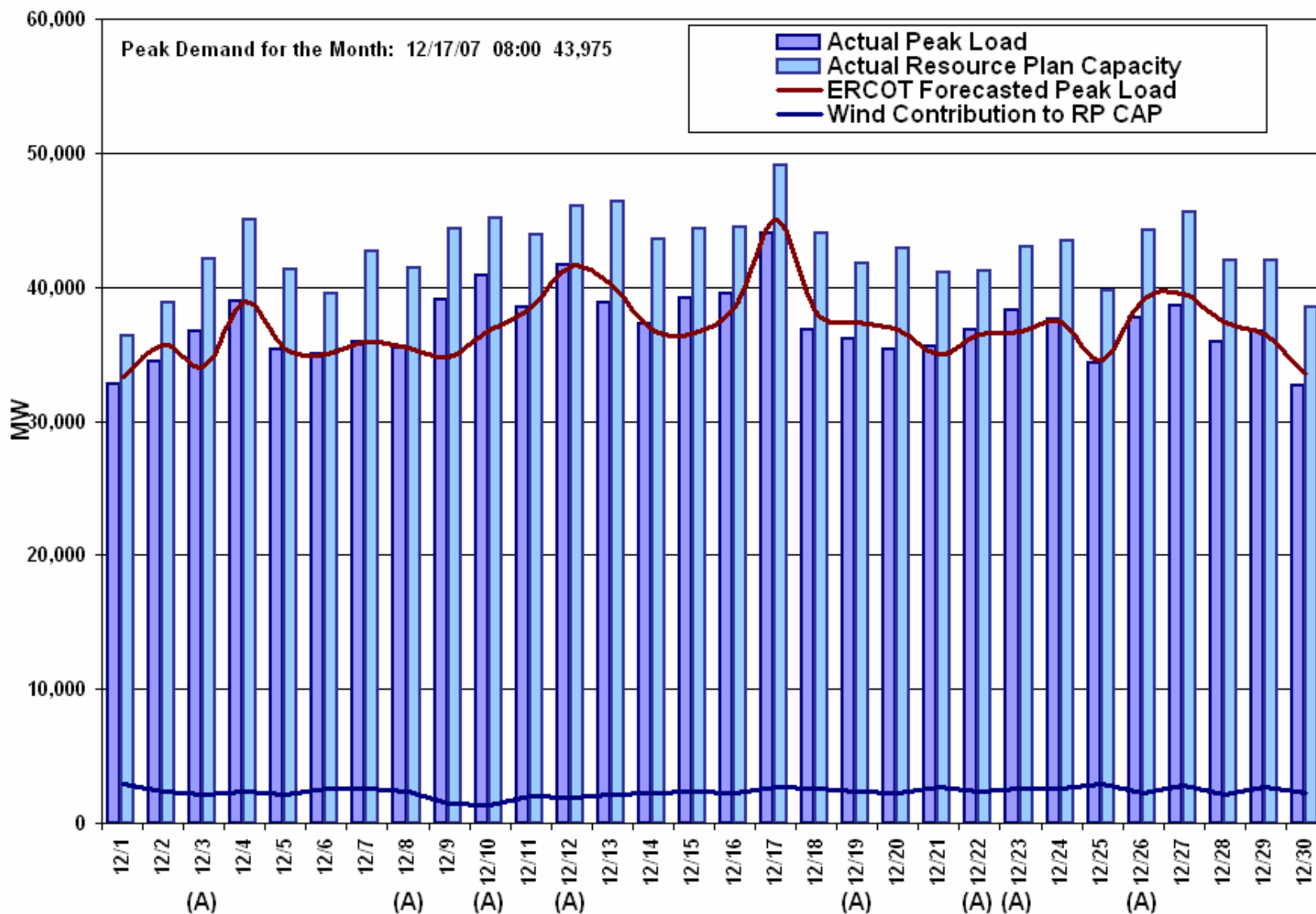
February 19, 2008

Content

- **Peak Demands: Actual vs. Forecast**
On-line Resources: Total at Peak and Wind
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- **Upcoming NERC Readiness Audit**

Daily Peak Demands: Hourly Average Actual vs Forecast

Resource Plan: On-line Capacity at Peak

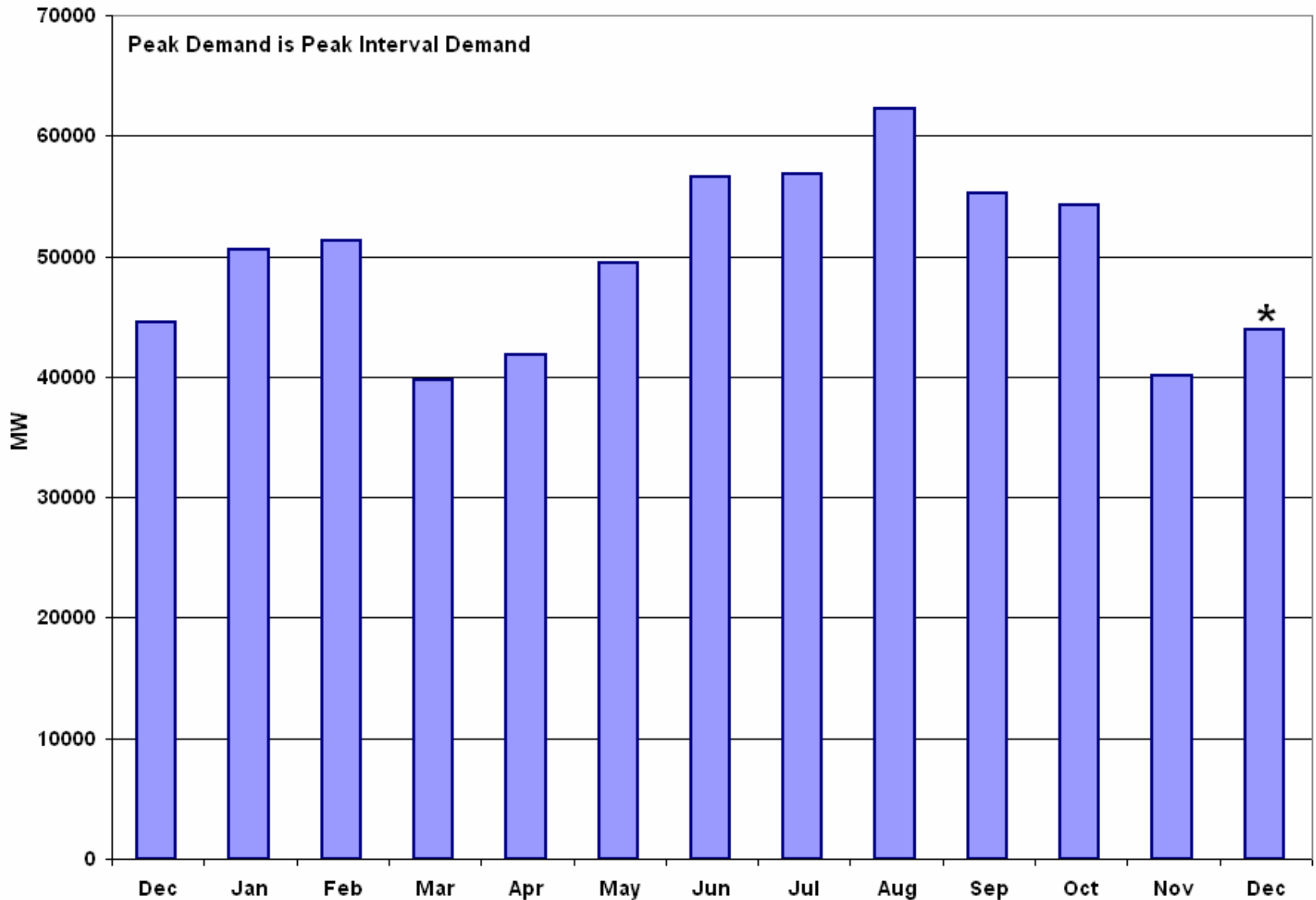


Note: Preliminary data obtained from EMS hourly averages.

(A) Alert for Adjusted Responsive Reserve (ARR) issued this day.

ERCOT Public

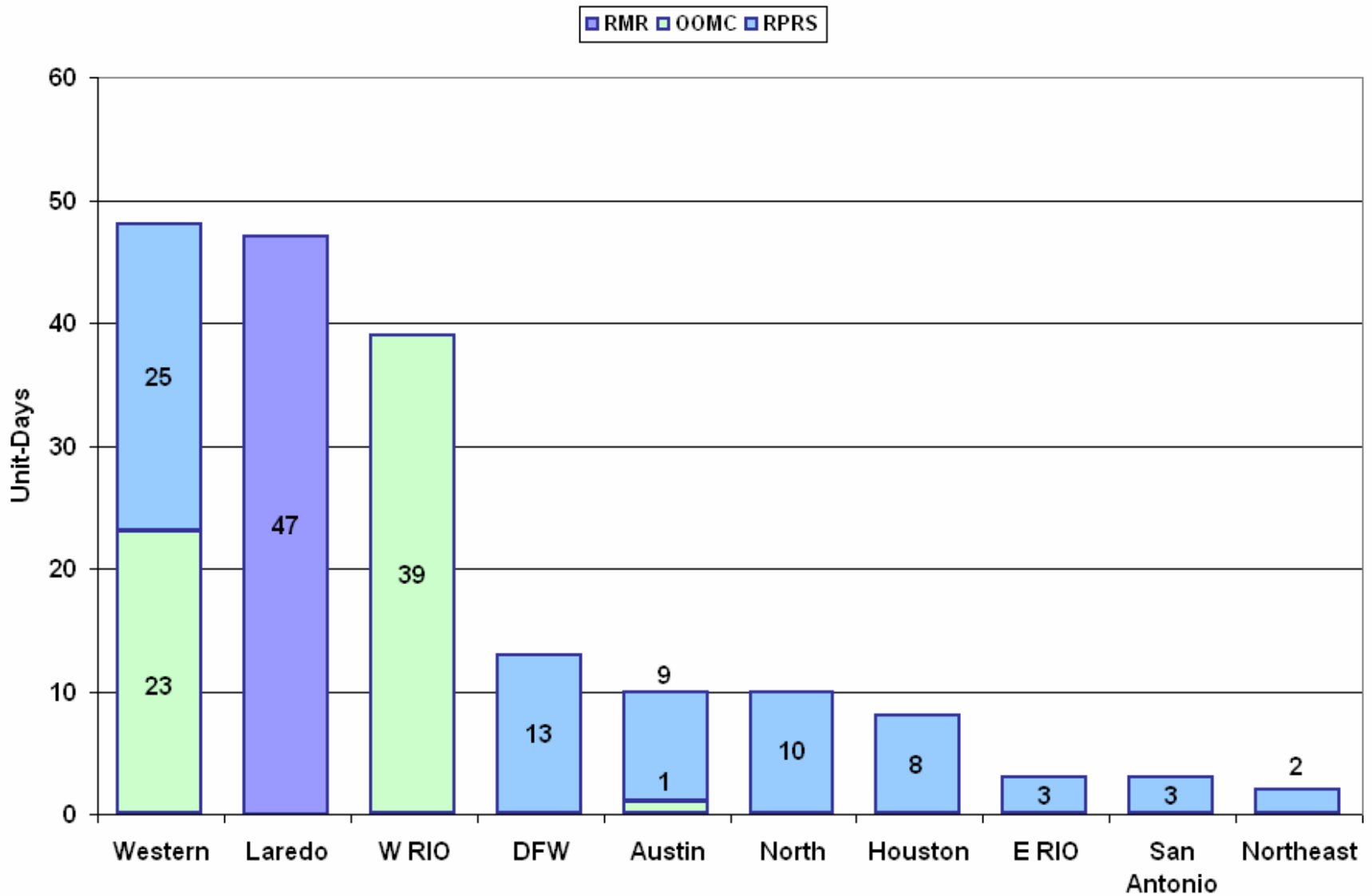
Monthly Peak Demands: Actual



Load Forecast Performance in December 2007

	Mean Absolute Percent Error (MAPE) for Mid-Term Load Forecast (MTLF) Run at 16:00 Day Ahead				
	2004 MAPE	2005 MAPE	2006 MAPE	2007 MAPE	December 2007 MAPE
Average Annual MAPE	4.08	4.56	3.79	3.55	3.74

Capacity Purchases for RMR, OOMC & RPRS to Manage Local Congestion in December 2007



Zonal Congestion

CSC	Dec 07 Days	Dec 06 Days	Last 12 Months Total Days
North – Houston	0	0	79
South – Houston	0	12	55
North – West	10 Dec – 10,11,13,14,16,18,19,20,28,29	0	34
West – North	7 Dec – 11,15,17,18,22,25,27	0	33
South – North	0	1	12

- **December 12**

- 846 MW Unit trip and 176 MW Unit trip at 01:48
 - 846 MW Unit trip due to unit vibration causing relay malfunction.
 - 176 MW Unit trip due to Combustion Turbine (CT) & Steam Turbine trip, CT experienced a high exhaust temperature spread.
 - LaaR Deployment initiated due to qualifying as a possible NERC Disturbance Compliance Standard (DCS) event. Two QSEs failed to deploy required LaaRs within the allotted 10 minutes.
 - Frequency recovered in 6 minutes and 50 seconds.
 - Event did not qualify as a DCS event.

- **Advisories issued for Adjusted Responsive Reserve (ARR) below 3000 MW.**
 - Issued 23 Days.
- **Alerts issued for ARR below 2500 MW.**
 - Issued 8 Days.
- **Transmission Alerts (Operation above single contingency limits):**
 - Loss of Military Highway – LaPalma 138 kV overloads Military Highway Transformer #2.
- **EECP**
 - No EECPs implemented.

- **December 6**
 - Market System failed to send Ancillary Service awards due to database issues.
- **Five intervals of Balancing Energy market had problems.**
 - Four intervals were due to a Oracle server communication problem. Changes have been made to prevent intervals from being held due to Oracle communications.
 - Interval on the 22nd was held due to market clearing engine issues.

RMR Contract Renewal

- **Effective January 1, 2008, ERCOT has entered into RMR Agreements for the Laredo 1, 2 and 3 Generation Resources. The RMR Agreements are consistent with the ERCOT Protocols. The Generation Entity that owns the Resources provided to ERCOT a complete and timely Notification of Suspension of Operations, including a sworn attestation supporting its claim of pending plant closure. ERCOT received all the information it requested from the Generation Entity in order to evaluate the need for the Resources for reliability purposes. ERCOT posted relevant information on the Market Information System as it became available to ERCOT.**
- **In evaluating the need for the Resources for reliability purposes, ERCOT considered the following: (i) the reasonable alternatives to a specific RMR Agreement and compared the alternatives against the feasibility, cost and reliability impacts of the proposed RMR Agreement; (ii) the timeframe in which ERCOT expects each Resource to be needed for reliability; and (iii) the specific type and scope of reliability concerns identified for each potential RMR Unit. ERCOT's evaluations confirmed that the existing Laredo Resources are needed until replaced by other Generation Resources in the area or completion of the San Miguel to Laredo Lobo 345 KV line, currently scheduled for 2010.**

Emergency Interruptible Load Service (EILS) Update

- RFPs for EILS sent out December 17, 2007
- EILS Contract Period covers February thru May, 2008
- ERCOT notified QSEs of their awards on Jan. 16, 2008
- Contracts were signed and returned to ERCOT by January 30, 2008
- EILS Loads committed as of 0000:01 on Feb. 1, 2008:

Time Period	Business Hours	Non-Business Hours
Definition	8 AM to 8 PM Mon-Fri except Holidays	All other hours
EILS Commitment	262 MW	185 MW
# of EILS Resources	10 (includes 5 aggregations)	7 (includes 2 aggregations)
Projected cost	\$2,599,796.40	\$2,740,993.92
Avg. Cost per MW per Hour	\$9.73	\$7.86

- **Total cost for this Contract Period: \$5,340,790.32**

- **Scheduled for March 10-13, 2008**
 - Under direction of NERC Operating Committee
 - Conducted by industry volunteers
 - Done every 3 years
 - Previous one done in fall 2005
- **Separate from NERC/TRE Compliance Audits**
 - Compliance Audit for ERCOT scheduled September 8-12, 2008
- **Readiness Evaluation is to:**
 - Determine ERCOT's readiness to maintain safe and reliable operation as a Reliability Coordinator, Balancing Authority and Transmission Operator
 - Identify areas of excellence and those in need of improvement
 - Not audit compliance with NERC Standards however, any violations found in the evaluation will be reported to NERC Compliance