

NODAL FEE FILING

WHAT

ERCOT staff is proceeding with a filing this week at the Public Utility Commission to increase the nodal surcharge to 17 cents (\$0.169 per MWh), from the current 13 cents (\$0.127 MWh).

FEE INCREASE IN PERSPECTIVE

Energy schedulers representing generation pay the surcharge. If it were passed through directly, the 4-cent increase would be roughly 50 cents a year for an average residential electric bill (based on 1000 KWh/month), bringing the total nodal fee to about \$2 a year.

FEE EXPIRATION

The nodal surcharge, assessed to generation, becomes part of the overall cost of generation until the market redesign costs are recovered, expected to be in 2012.

REASON FOR INCREASE

The increase is primarily due to refined requirements and changes in the nodal project scope, and the adjustments necessitated by these changes. The changes fill in gaps and clarify market participant agreements on certain implementation choices.

ADDITIONAL BACKGROUND

The ERCOT Board of Directors voted in January 2008 to increase the nodal costs to be financed to \$269.1 million. Financing costs will be \$42.2 million for a total of \$311.3 million in expenditures to be recovered through the nodal surcharge. The board also endorsed ERCOT staff to proceed with the filing at the Public Utility Commission (PUC) to increase the nodal surcharge to \$0.169 per megawatt hour (MWh), from the current \$0.127 MWh.

The program's previous expenditure estimate of \$248.9 million (including \$33.5 million in financing costs) was authorized by the board in January 2007.

The PUC approved the current nodal surcharge in May 2007 and required that it be paid by energy schedulers (Qualified Scheduling Entities) representing generation resources.

The nodal market implementation is on schedule for a December 2008 launch.

