

**Communications Brief**

Date: January 11, 2008

Issue: Key Messages for Nodal Overview

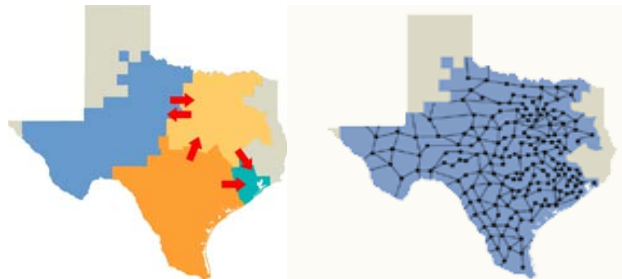
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**What is the Texas Nodal Market?**

In September 2003, the Public Utility Commission (PUC) ordered ERCOT to develop a nodal wholesale market design, with the goal of improving market and operating efficiencies through more granular pricing and scheduling of energy services.

In the nodal market, electric grid congestion and pricing information will be captured at more than 4,000 nodes, replacing the four congestion management zones in the current market. This change will allow ERCOT to:

- Directly assign congestion costs
- Improve transparency of energy prices
- Enhance reliability and increase market efficiency

**What are Some Anticipated Benefits of a Nodal Market?**

- Improved price signals should encourage additional generation and/or transmission investment and construction in the most efficient locations
- More efficient dispatch of electric generation by calling on individual units to be brought online rather than a group of resources (portfolios)
- Improved ability to anticipate system conditions to reduce local congestion
- Ability to assign local congestion to the resource causing the congestion

**What is the Current “Go Live” Date for Moving to a Nodal Market?**

The PUC established a go-live date of January 1, 2009. ERCOT’s current internal go-live date is December 1, 2008.