Market Operations Presentation

ERCOT Board of Directors
19 August 2008

Betty Day

Director, Commercial Operations

Agenda and Commentary

Retail Activity

- **Overall Activity** – June switch activity was significantly higher than last year. Some due to REP switching to another DUNS within their umbrella. Other switching may be due to higher retail prices.
- **Migration From Former Affiliated REPs** – Residential switching away from former Affiliated REP continues to increase.
- **Transaction Performance Measures** – Unplanned outage in June impacted some transaction processing performance measures.

Wholesale Activity

- **Settlements & Billing Performance Measures** – Continued strong performance.
- **Energy Services** – 11.7% increase in market volume likely due to higher summer temperatures in 2008 than 2007.
- **Summary Balancing Energy Price Data & Total Load Data** – continued increase in natural gas prices; hub price increases are lower than prior months. New slide showing preliminary price information based on operations data rather than settlements data to present more current information.
- **REPs and QSEs Added/Deleted**
  - 1 new REP
  - 4 new QSEs
  - 0 deleted REPs
  - 1 deleted QSEs

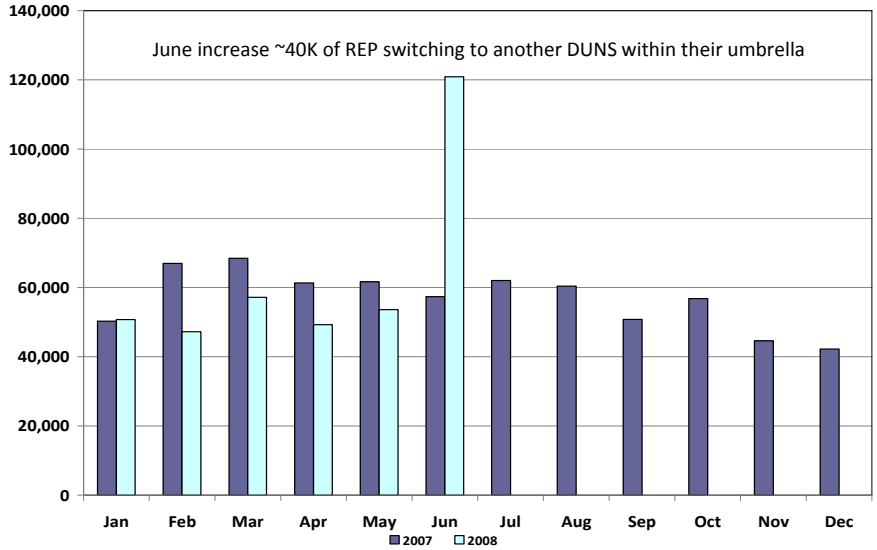
Retail Transactions Summary

Transaction Type	YTD 06/30/2008	YTD 06/30/2007	June 2008	June 2007
Switches	317,101	387,187	65,822	59,274
Move - Ins	1,137,138	1,138,560	220,163	203,712
Move Out	613,998	652,991	115,865	118,109
CSA	183,942	209,307	31,696	25,508
Mass Transition	40,869	851	32,628	1
Total	2,252,179	2,388,896	433,546	406,604
Since June 1, 2001	28,575,723			

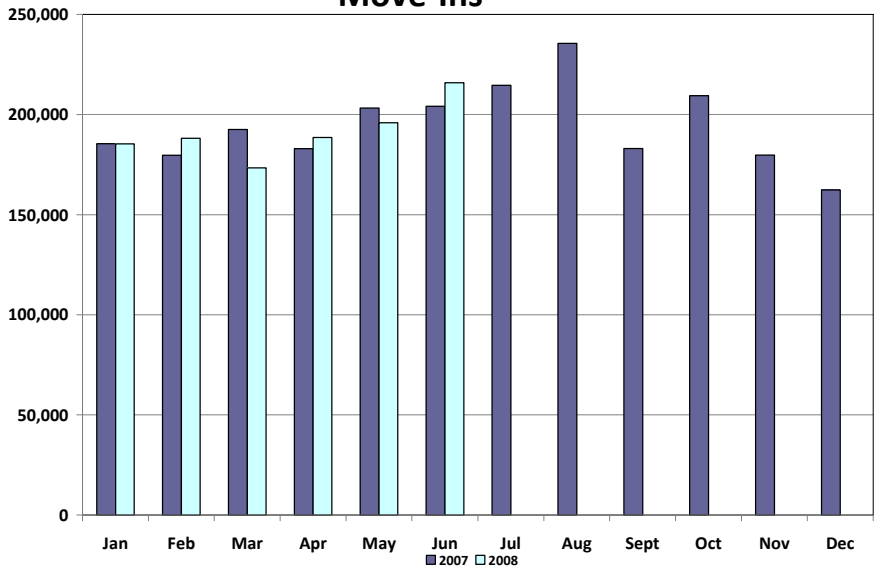
*** Reflects only Completed transactions during the period.**

Retail Transactions Summary*

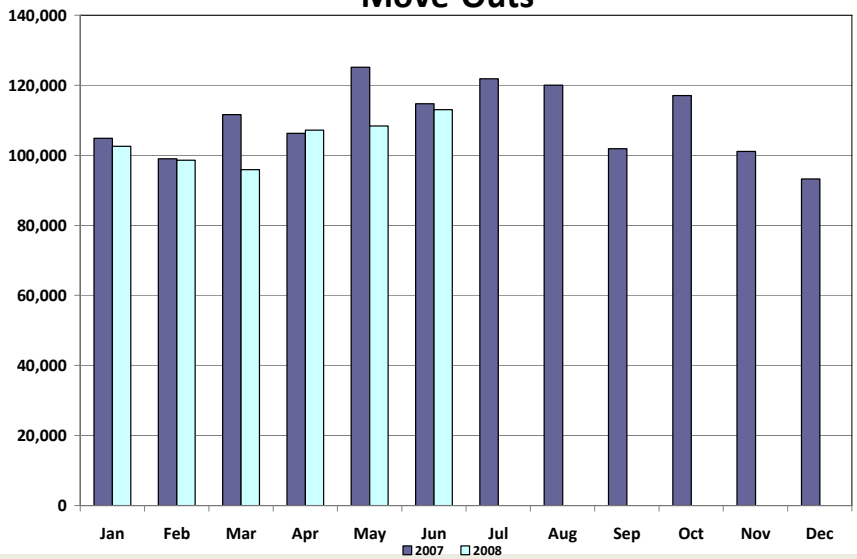
Switches



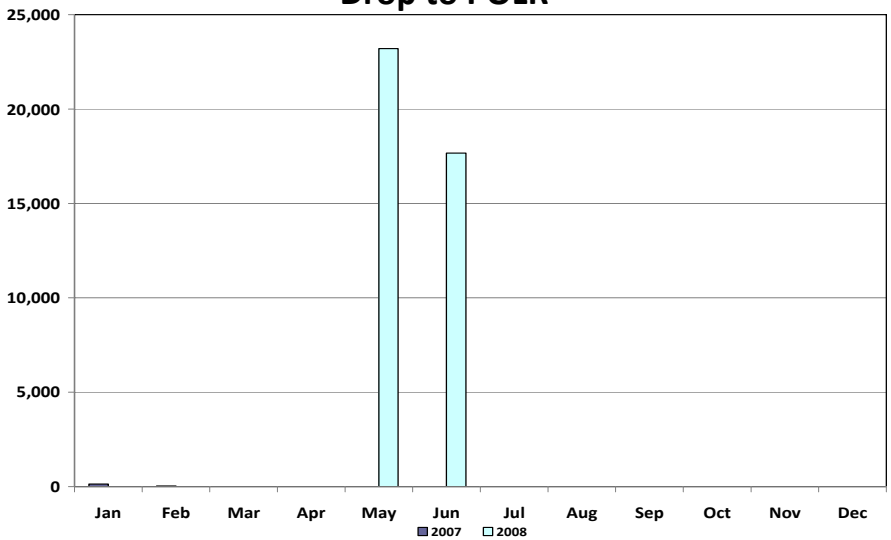
Move-Ins



Move-Outs



Drop to POLR



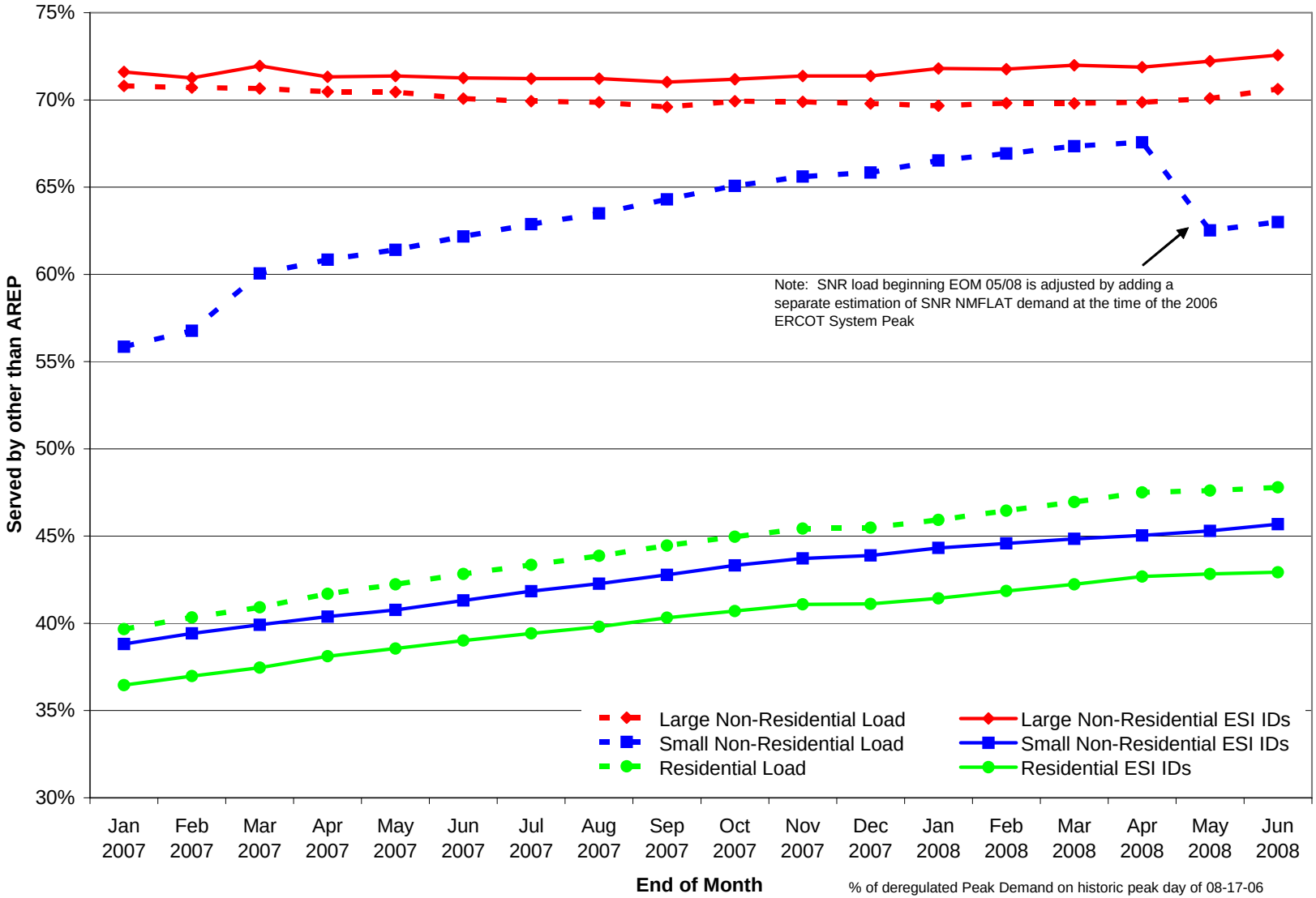
*** Includes Scheduled, In Review, and Completed transactions during the period.**

ESI IDs and Load served by providers other than former AREP

	% of Load [1]	% of ESI IDs	
	at 06-30-08	at 06-30-08	at 06-30-07
Residential	48%	43%	39%
Small Non-Residential	63%	46%	41%
Large Non-Residential	71%	73%	71%

[1] - % of Deregulated (Non-NOIE) Peak Demand on historic peak day of 08-17-06

ESI IDs and Load served by providers other than former AREP



Switches

Enrollment and Meter Read Scheduling

	Request	Reject	to TDSP	Schedule	to New CR	to Old CR	from Old CR
	142,757	9,282	133,448	131,691	130,965	75,641	58,454
% in Protocol	n/a	100.0%	100.0%	99.9%	100.0%	97.1%	97.3%

Historical Usage (H) and Initial (I) Meter Read Deliveries

	H to ERCOT	H to CR	I to ERCOT	I to CR
	87,161	86,995	63,181	63,119
% in Protocol	99.9%	100.0%	n/a	99.9%

Move In / Move Out

Enrollment and Meter Read Scheduling

	Request	Reject	to TDSP	Schedule	to New CR	to Old CR	from Old CR
	234,461	3,084	231,332	227,613	226,146	128,338	123,234
% in Protocol	n/a	98.5%	99.2%	99.9%	100.0%	97.7%	99.3%

Historical Usage (H) and Initial (I) Meter Read Deliveries

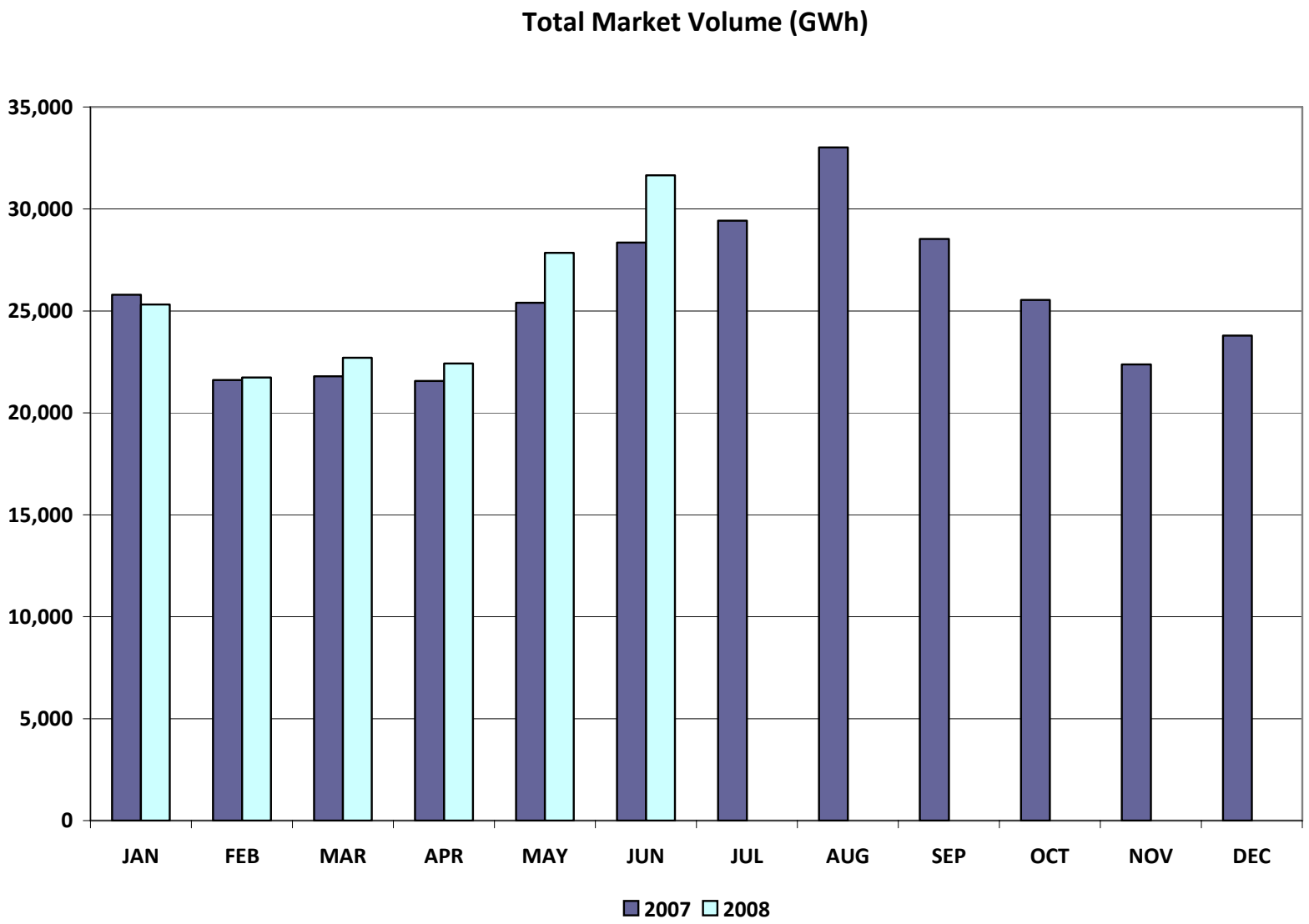
	H to ERCOT	H to CR	I to ERCOT	I to CR
	146,365	146,203	210,018	209,838
% in Protocol	99.5%	100.0%	n/a	100.0%

Settlements & Billing Performance Measures – June 2008

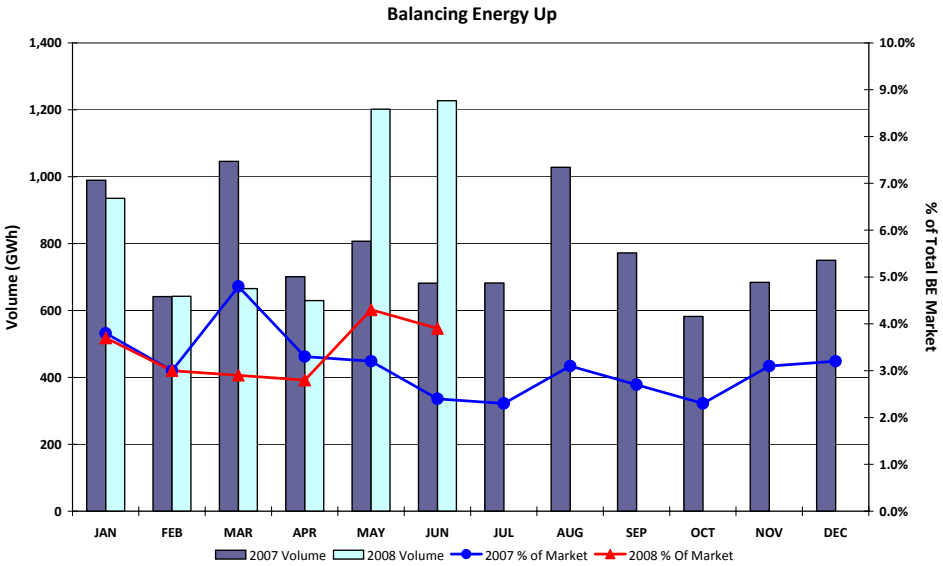
	YTD		June	
	06/30/08	06/30/07	2008	2007
Settlement Statements:				
Total	70,476	57,329	12,124	9,188
Late	755	2	1	0
– Less than 24 hours late	**754**	**2**	**0**	**0**
– Greater than 24 hours late	**1**	**0**	**1**	**0**
Balance	69,721	57,327	12,123	9,188
% Within Protocol	**98.71%**	**99.99%**	**99.99%**	**100.00%**
Invoices:				
Total	3,940	3,174	624	481
Late	0	0	0	0
– Less than 24 hours late	**0**	**0**	**0**	**0**
– Greater than 24 hours late	**0**	**0**	**0**	**0**
Balance	3,940	3,174	624	481
% Within Protocol	**100.00%**	**100.00%**	**100.00%**	**100.00%**

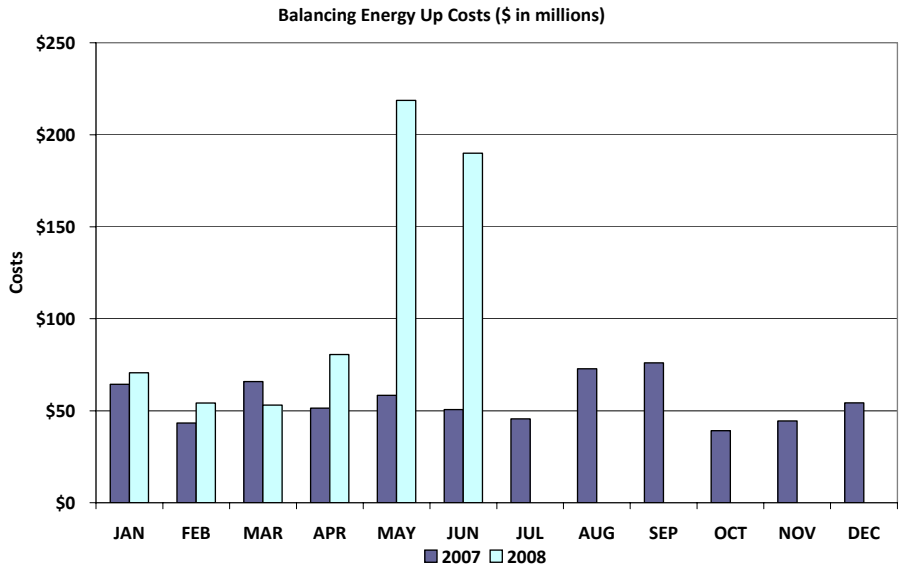
Energy Services

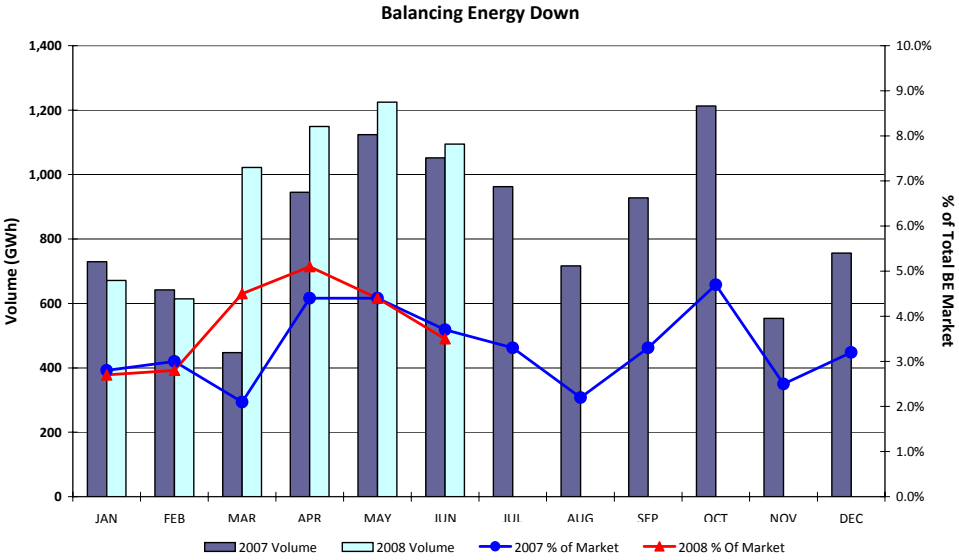
	YTD ($'s in millions)		June ($'s in millions)	
	06/30/08	06/30/07	2008	2007
• **Market Perspective:**				
Approximate Retail Market (at $.11/kWh)	**$16,686.2**	**15,895.7**	**3,482.1**	**3,118.5**
Volume (GWh)	151,693	144,506	31,655	28,350
% Increase	5.0%		11.7%	
Natural Gas Price Index ($/MMBTU)	9.9	7.0	12.4	7.3
% Increase	41.9%		69.9%	
• **Balancing Energy:**				
Balancing Energy - Up	**$662.7**	**$333.9**	**$190.0**	**$50.6**
% Increase	98.5%		275.5%	
Up (GWh)	5,183.4	4,865.7	1,227.1	681.4
% Increase	6.5%		80.1%	
% of Market	3.4%	3.4%	3.9%	2.4%
Balancing Energy - Down	**-$262.9**	**-$222.4**	**-$75.5**	**-$54.1**
% Increase	18.2%		39.6%	
Down (GWh)	-5,775.6	-4,938.7	-1,094.2	-1,051.4
% Increase	16.9%		4.1%	
% of Market	3.8%	3.4%	3.5%	3.7%

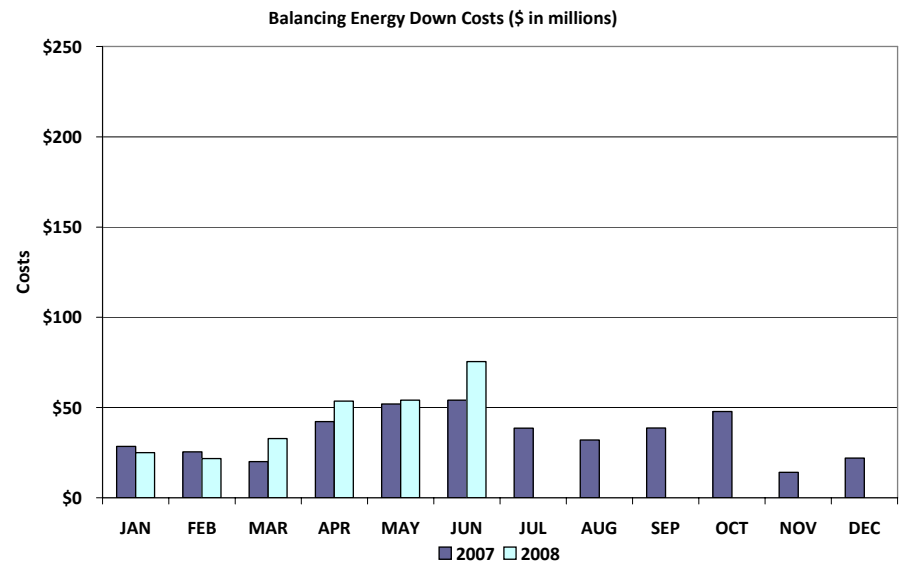

Total Market Volume (GWh)
35,000
30,000
25,000
20,000
15,000
10,000
5,000
0
JAN
FEB
MAR
APR
MAY
JUN
JUL
AUG
SEP
OCT
NOV
DEC
2007
2008

Balancing Energy Services – Volume and Cost

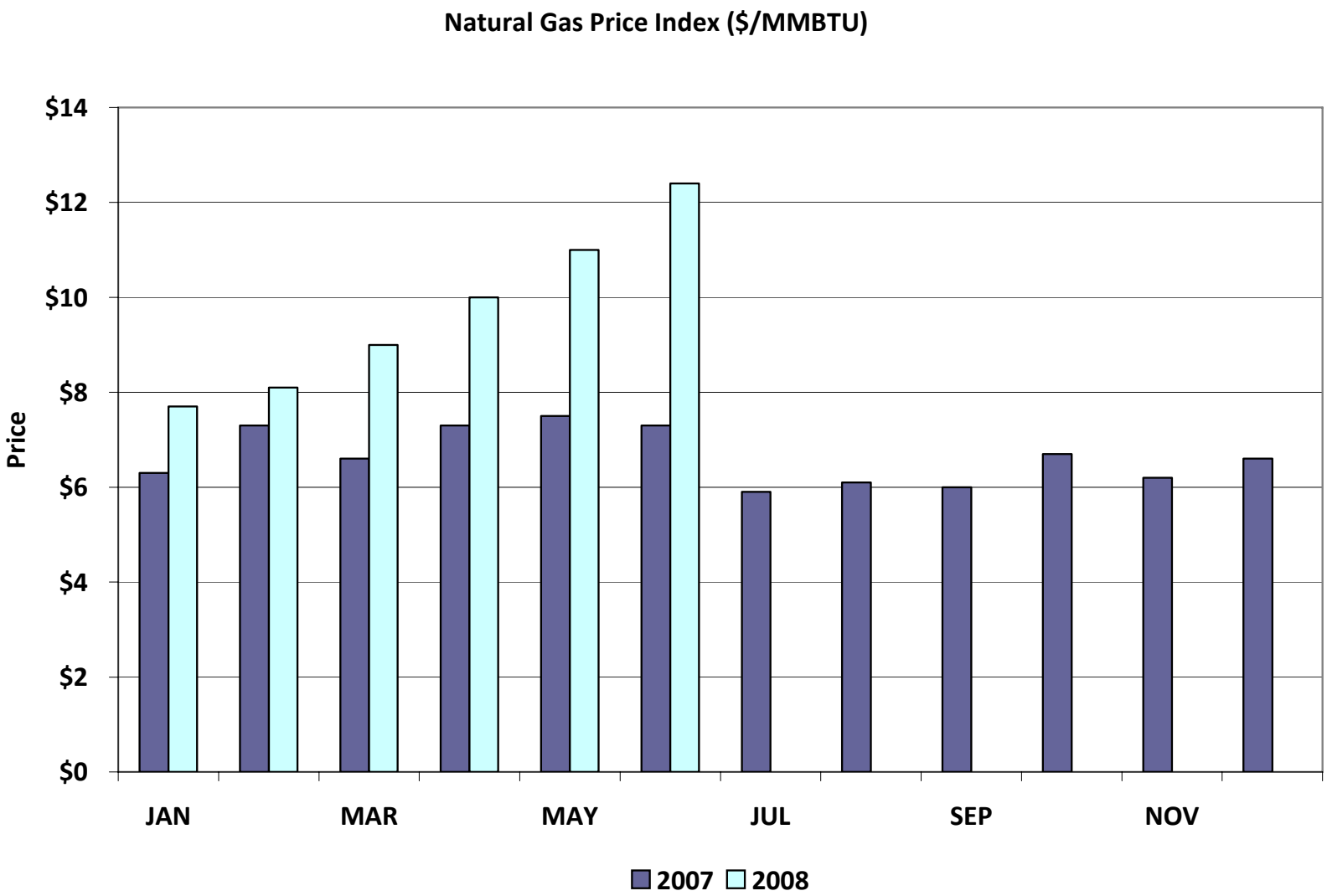








Natural Gas Price Index



Balancing Energy Price Data

Balancing Energy Weighted Average Price ($/MWH)

[MCPE weighted by Balancing Energy Load]

HUB	June 2008	May 2008	Apr 2008	Mar 2008	Feb 2008	Jan 2008	Dec 2007	Nov 2007	Oct 2007	Sep 2007	Aug 2007	July 2007
South	$129.18	$130.31	$75.24	$57.97	$64.73	$58.45	$49.29	$53.03	$45.36	$63.41	$59.13	$50.85
North	$108.67	$88.72	$75.45	$67.72	$58.83	$67.91	$48.29	$40.10	$48.04	$68.73	$60.38	$50.57
Houston	$137.29	$156.87	$100.50	$66.33	$64.29	$57.61	$53.05	$55.99	$52.94	$65.73	$63.38	$49.83
West	$44.34	$26.88	$17.06	($11.11)	$46.21	$35.64	$60.04	$32.54	$46.23	$80.17	$59.86	$58.44
ERCOT Hub	$117.19	$114.83	$74.82	$55.79	$60.94	$59.39	$50.70	$47.42	$48.12	$67.44	$60.60	$51.33
ERCOT Bus	$114.24	$111.72	$75.36	$52.57	$60.51	$59.80	$50.69	$47.32	$48.37	$67.44	$60.69	$51.14
% Change	2.3%	48.3%	43.3%	-13.1%	1.2%	18.0%	7.1%	-2.2%	-28.3%	11.1%	18.7%	-12.9%
NGPI % Change	12.7%	10.0%	11.1%	11.1%	5.2%	16.7%	6.5%	-7.5%	11.7%	-1.6%	3.4%	-19.2%

HUB	June 2007	May 2007	Apr 2007	Mar 2007	Feb 2007	Jan 2007	Dec 2006	Nov 2006	Oct 2006	Sept 2006	Aug 2006	July 2006
South	$59.54	$59.53	$56.64	$55.75	$53.41	$54.71	$53.80	$40.95	$44.54	$40.81	$71.99	$55.08
North	$54.70	$51.68	$51.63	$55.53	$51.48	$52.59	$53.86	$46.29	$41.08	$38.09	$65.01	$65.89
Houston	$56.88	$64.23	$65.36	$58.72	$56.30	$55.11	$60.84	$48.05	$40.35	$40.46	$70.69	$61.17
West	$75.18	$58.92	$70.75	$63.86	$63.95	$56.86	$56.91	$52.06	$45.04	$44.57	$73.06	$66.29
ERCOT Hub	$58.99	$57.21	$56.78	$57.39	$53.65	$54.33	$55.55	$46.06	$42.23	$39.72	$68.51	$62.41
ERCOT Bus	$58.70	$57.12	$56.84	$57.41	$53.57	$54.06	$55.63	$45.60	$42.03	$39.68	$68.16	$63.02
% Change	2.8%	0.5%	-1.0%	7.2%	-0.9%	-2.8%	22.0%	8.5%	5.9%	-41.8%	8.2%	
NGPI % Change	-2.7%	2.7%	10.6%	-9.6%	15.9%	-3.1%	-3.0%	24.1%	12.5%	-31.4%	20.7%	

Balancing Energy Weighted Average Price ($/MWH)

[MCPE weighted by Balancing Energy Load]

LOAD ZONE	July 2008	June 2008
South	$88.48	$131.10
North	$91.44	$109.03
Houston	$79.00	$130.02
West	$79.47	$39.64

Based on Operations data that is updated daily at:

http://www.ercot.com/content/mktinfo/services/bal/2008/2008-07_BES.xls

Note – based on preliminary Operations data that may differ from approved Settlement data.

Total Load Weighted Average Price ($/MWH)

[MCPE weighted by Total Zonal Load]

LOAD ZONE	June 2008	May 2008	Apr 2008	Mar 2008	Feb 2008	Jan 2008
South	$147.24	$171.09	$83.65	$64.34	$63.26	$60.24
North	$104.37	$86.41	$74.92	$69.64	$59.05	$62.31
Houston	$129.48	$152.76	$100.00	$68.19	$60.06	$60.16
West	$82.22	$58.01	$58.59	$38.52	$56.84	$52.04

LOAD ZONE	June 2007	May 2007	Apr 2007	Mar 2007	Feb 2007	Jan 2007
South	$58.71	$57.90	$59.71	$56.15	$54.37	$53.13
North	$58.60	$55.85	$57.98	$56.29	$54.94	$52.87
Houston	$59.75	$60.07	$61.76	$56.02	$53.83	$52.07
West	$58.34	$55.02	$55.31	$55.45	$54.84	$52.79

REPs and QSEs Added/Deleted – As of July 31, 2008

- **Added Reps**
  - ✓ Texas Power, LP
- **Deleted Reps**
  - ✓ None
- **Added QSEs**
  - ✓ PPM Energy, Inc.
  - ✓ EC and R Panther Creek
  - ✓ Integrys Energy Services, Inc.
  - ✓ Invenergy McAdoo
- **Deleted QSEs**
  - ✓ Entergy Solutions Supply, Ltd.

Questions ?