



Market Operations Presentation

ERCOT Board of Directors
21 October 2008

Betty Day

Director, Commercial Operations

Retail Activity

- **Overall Activity** – YTD switching trends normal (after accounting for switching due to Mass Transition). Trends lower for Move-Ins/Move-Outs in 2008 compared to 2007.
- **Migration From Native AREPs** – Continued increase in Small Non-Residential activity.
- **Transaction Performance Measures** – New slides of performance measures to graphically show performance over a period of time. Additional slides show new reporting requirements that went into effect in July to separate Move-ins into two categories: Priority and Standard.

Wholesale Activity

- **Settlements & Billing Performance Measures** – perfect performance in August.
- **Energy Services** – Trends continue to show higher use of balancing services in 2008 compared to 2007. Total volume is higher in 2008 than in 2007.
- **Summary Balancing Energy Price Data & Total Load Data** – West prices in August were up significantly due high prices in certain intervals where Balancing Energy Up as a percent of load was significantly higher than average.
- **REPs and QSEs Added/Deleted**
 - 2 new REPs
 - 10 new QSEs
 - 0 deleted REPs
 - 0 deleted QSEs

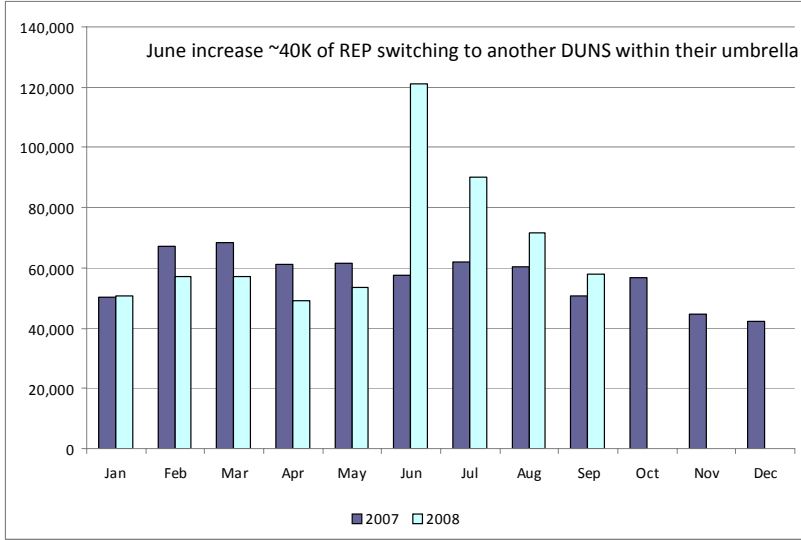
Retail Transactions Summary

Transaction Type	YTD		September	
	<u>09/30/2008</u>	<u>09/30/2007</u>	<u>2008</u>	<u>2007</u>
Switches	589,478	562,044	75,394	52,455
Move - Ins	1,746,485	1,777,057	175,733	188,864
Move Out	945,276	1,002,172	101,406	103,988
CSA	262,260	281,094	18,955	24,335
Mass Transition	42,898	851	0	0
Total	3,586,397	3,623,218	371,488	369,642
Since June 1, 2001	29,497,584			

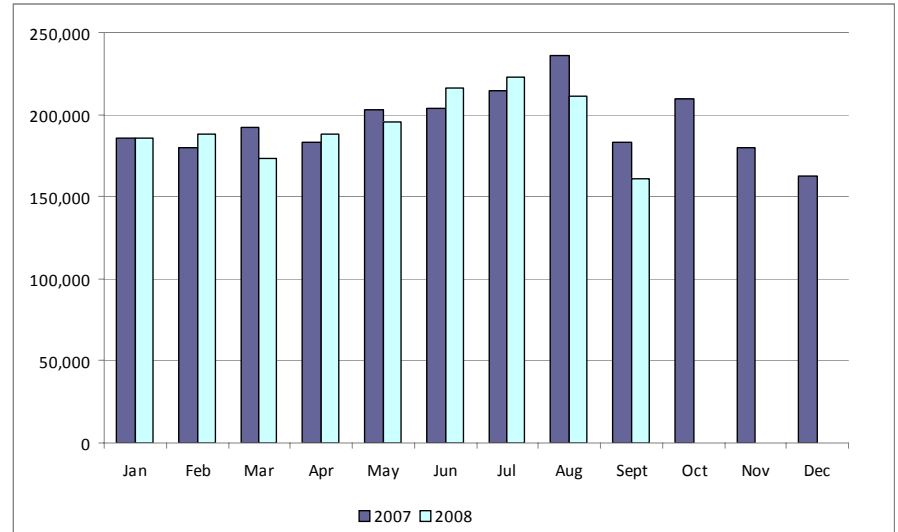
* Reflects only Completed transactions during the period.

Retail Transactions Summary*

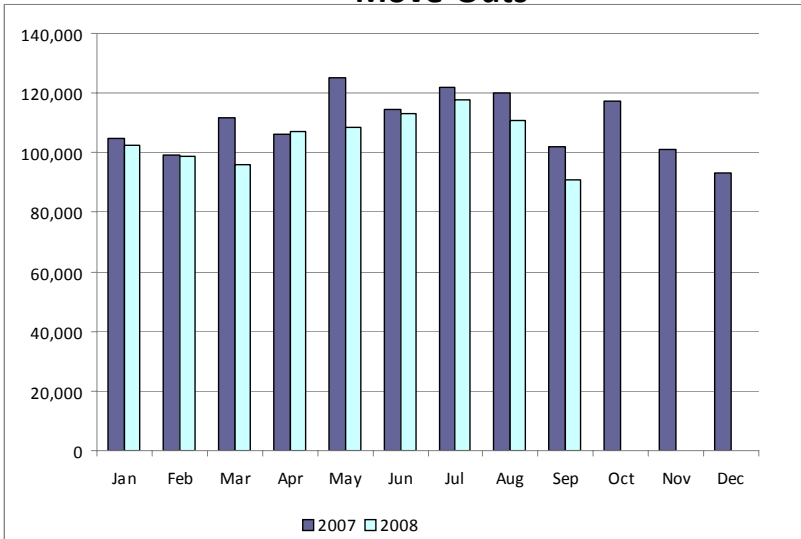
Switches



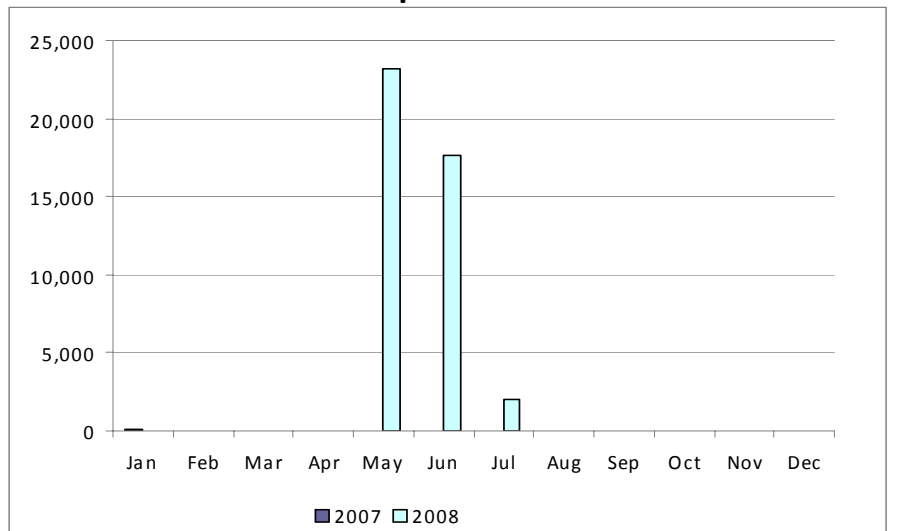
Move-Ins



Move-Outs



Drop to POLR

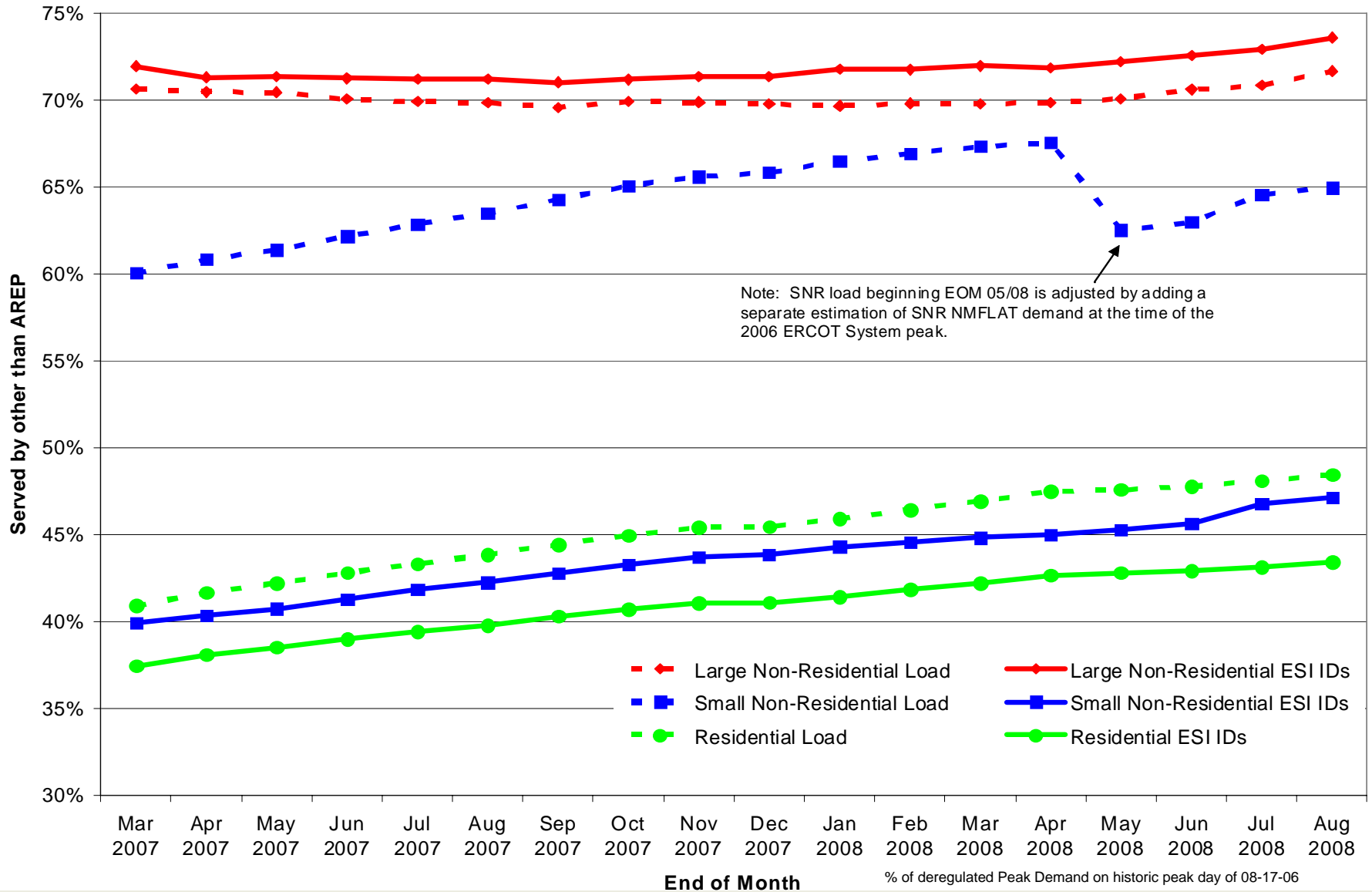


* Includes Scheduled, In Review, and Completed transactions during the period.

	% of Load ¹	% of ESI IDs	
	at <u>08-31-08</u>	at <u>08-31-08</u>	at <u>08-31-07</u>
Residential	49%	44%	40%
Small Non-Residential	65%	47%	42%
Large Non-Residential	72%	73%	71%

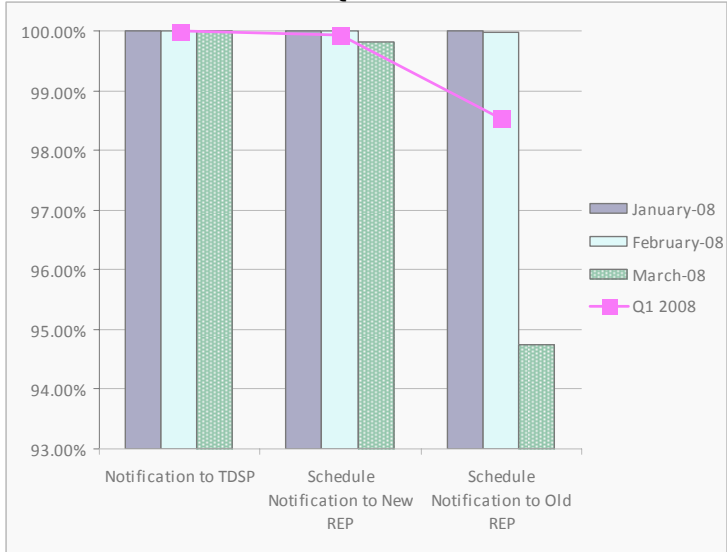
¹ - % of Deregulated (Non-NOIE) Peak Demand on historic peak day of 08-17-06

ESI IDs and Load served by providers other than Affiliate REP

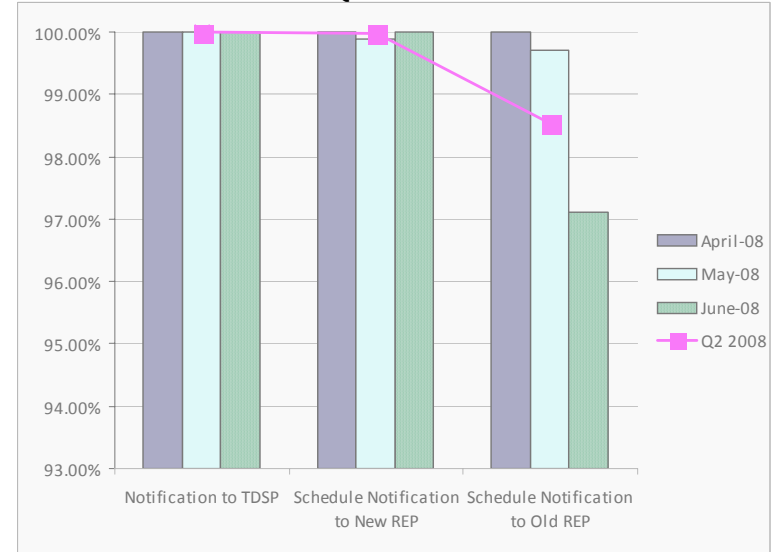


Retail Performance Measures – 2008 Switch

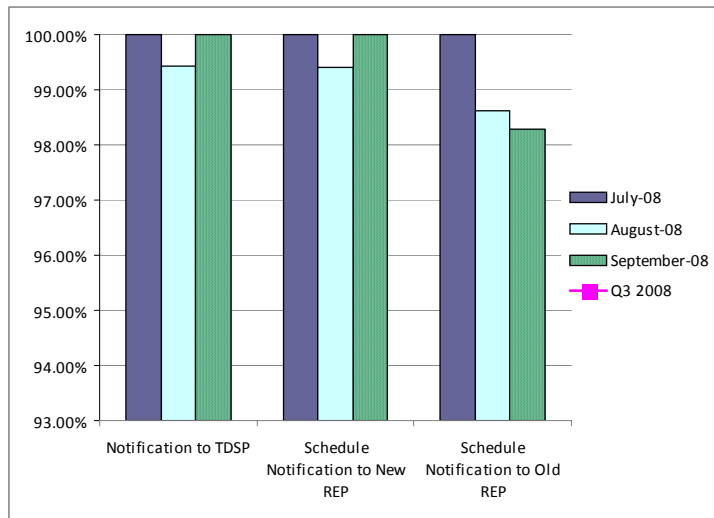
1st Quarter



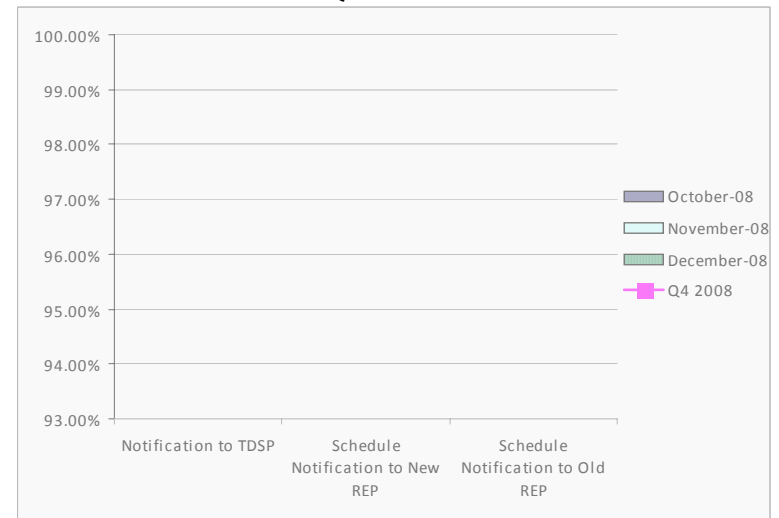
2nd Quarter



3rd Quarter

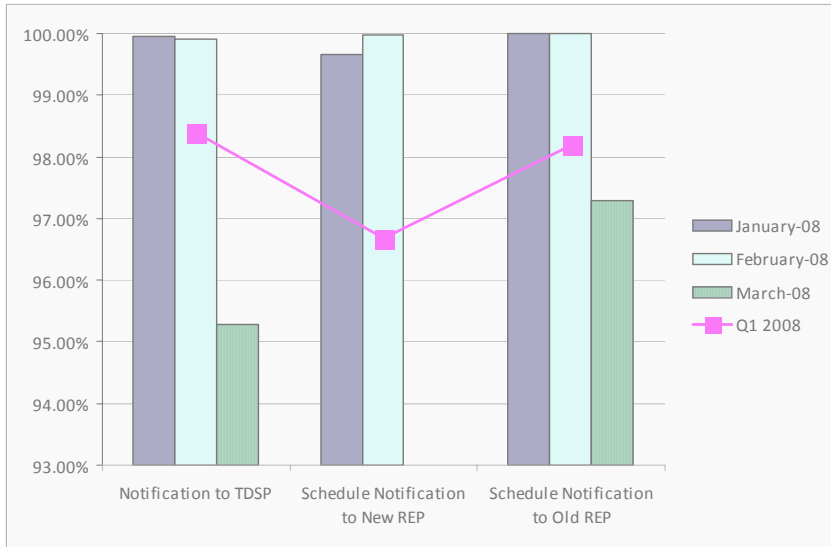


4th Quarter

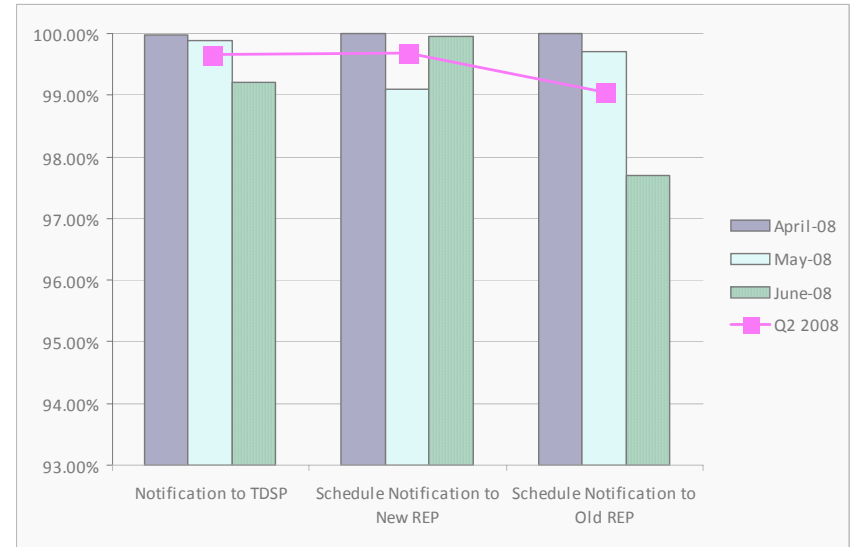


Retail Performance Measures – Q1/Q2 2008 Move-In

1st Quarter



2nd Quarter

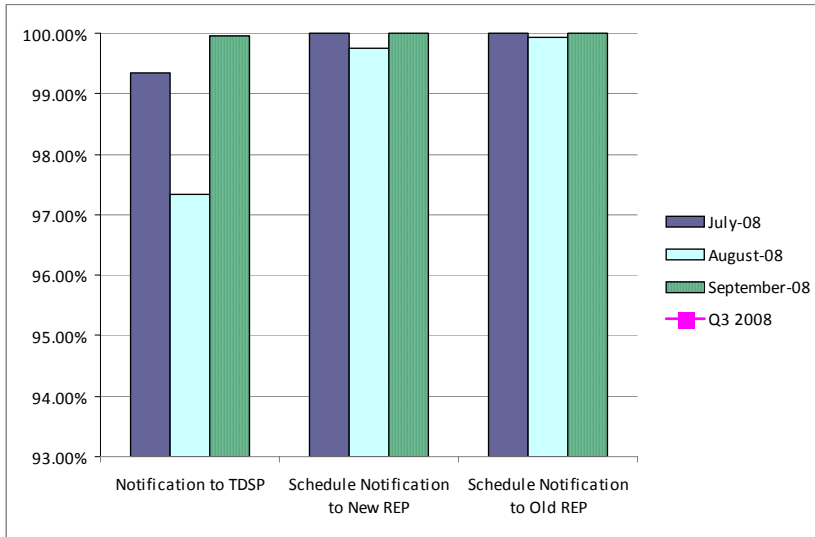


Transaction Performance Measures

- July started new reporting requirements, split out of Priority and Standard Move-ins
- Q1 and Q2 graphs show all move-ins, no priority category
- Q3 and Q4 will have one set for standard, one set for priority

Retail Performance Measures – Q3/Q4 2008 Move-In / Priority

3rd Quarter



4th Quarter

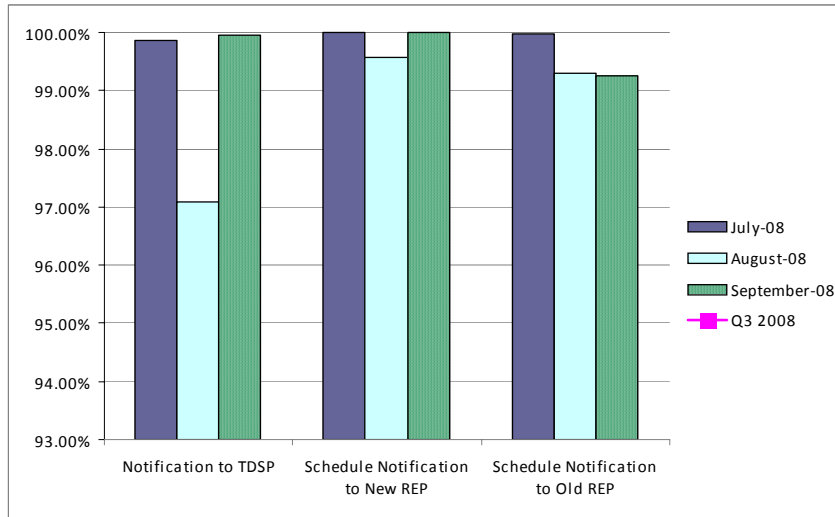


Transaction Performance Measures

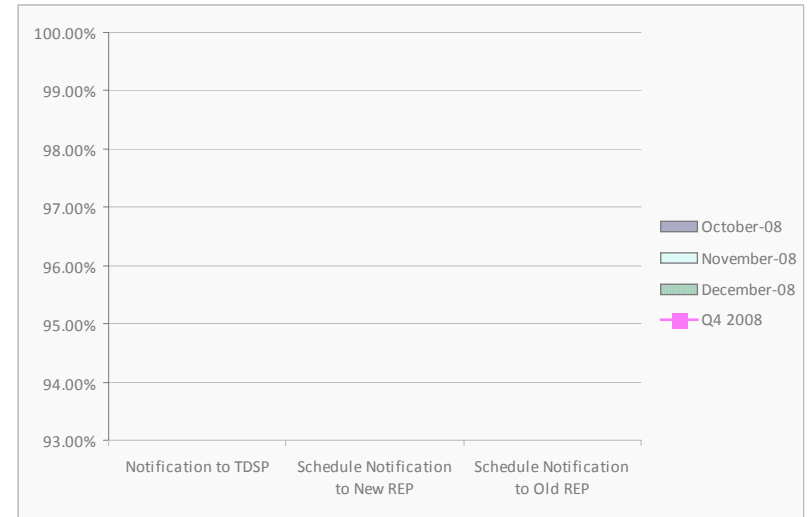
- July started new reporting requirements, split out of Priority and Standard Move-ins
- Priority Move-Ins: 1-hour turnaround
- Standard Move-Ins: 2-hour turnaround

Retail Performance Measures – Q3/Q4 2008 Move-In / Standard

3rd Quarter



4th Quarter



Transaction Performance Measures

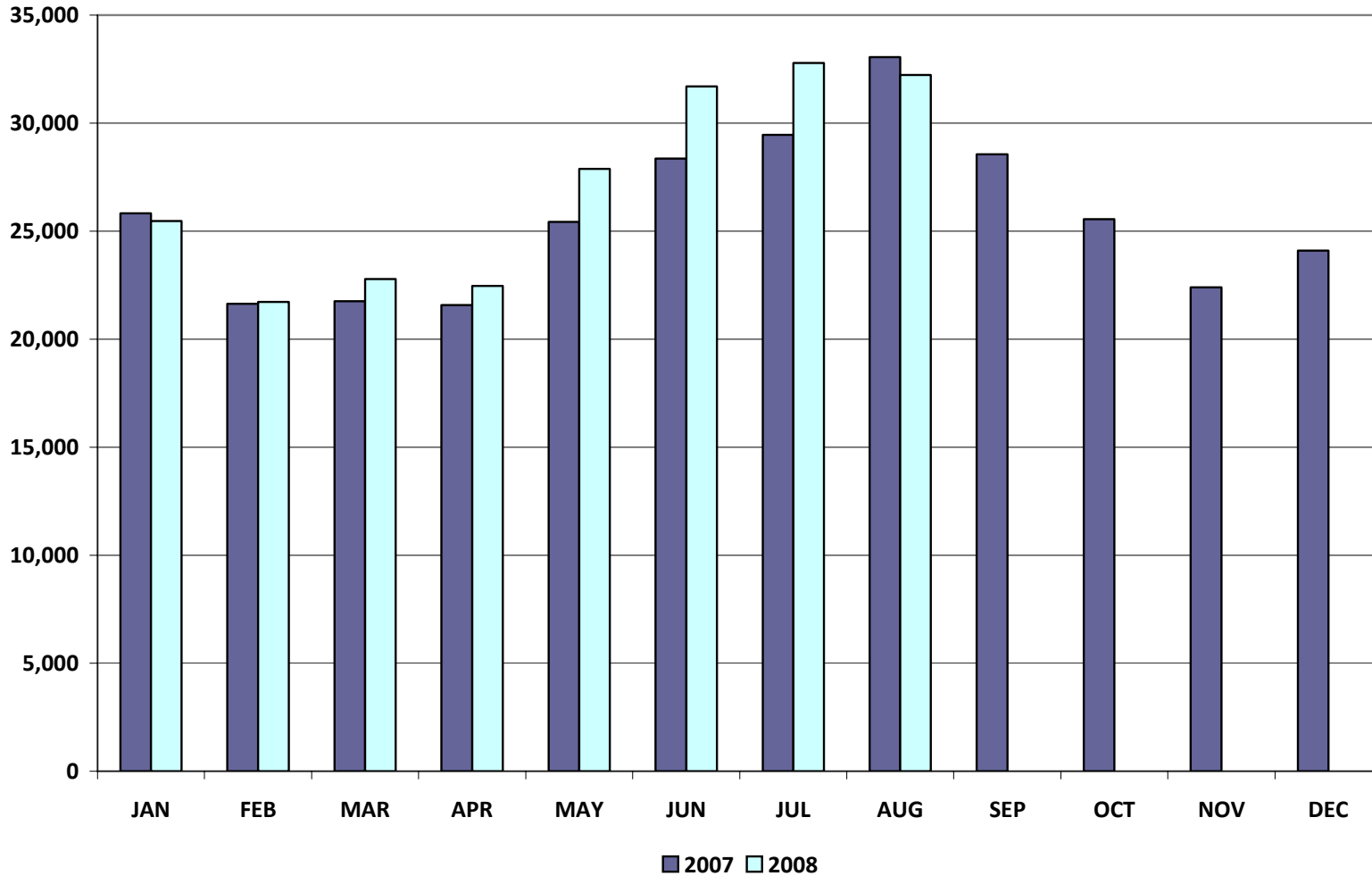
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Settlements & Billing Performance Measures – August 2008

	YTD		August	
	<u>08/31/08</u>	<u>08/31/07</u>	<u>2008</u>	<u>2007</u>
Settlement Statements:				
Total	94,796	78,948	11,724	10,427
Late	0	0	0	0
– Less than 24 hours late	754	2	0	0
– Greater than 24 hours late	1	0	0	0
Balance	94,041	78,946	11,724	10,427
% Within Protocol	99.20%	100.00%	100.00%	100.00%
Invoices:				
Total	5,385	4,336	646	643
Late	0	0	0	0
– Less than 24 hours late	0	0	0	0
– Greater than 24 hours late	0	0	0	0
Balance	5,385	4,336	646	643
% Within Protocol	100.00%	100.00%	100.00%	100.00%

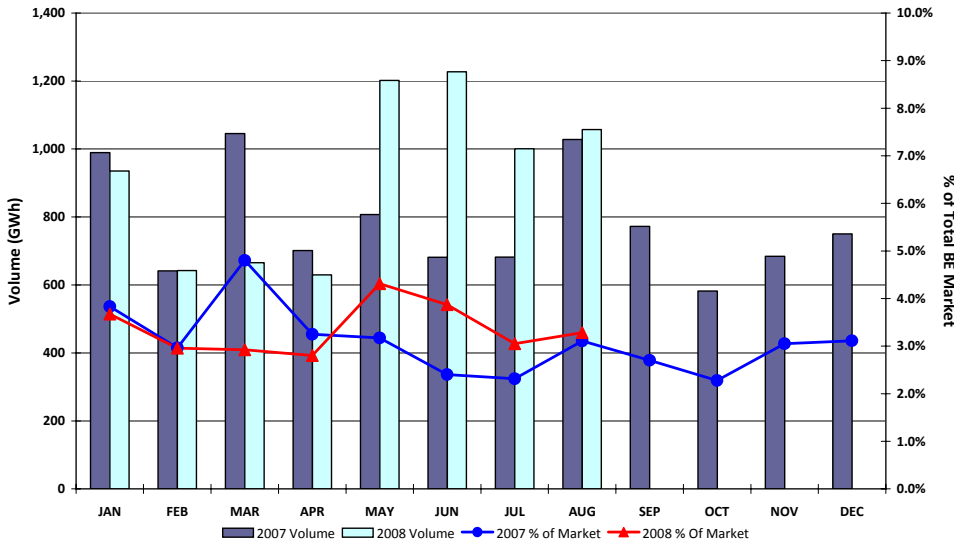
	YTD (\$'s in millions)		August (\$'s in millions)	
	<u>08/31/08</u>	<u>08/31/07</u>	<u>2008</u>	<u>2007</u>
• Market Perspective:				
Approximate Retail Market (at \$.11/kWh)	\$238,747.0	22,782.5	3,545.9	3,636.6
Volume (GWh)	217,043	207,114	32,235	33,060
% Increase	4.8%		-2.5%	
Natural Gas Price Index (\$/MMBTU)	9.8	6.7	8.2	6.1
% Increase	46.3%		34.4%	
• Balancing Energy:				
Balancing Energy - Up	\$915.2	\$452.2	\$136.6	\$72.8
% Increase	102.4%		87.6%	
Up (GWh)	7,241.1	6,575.4	1,057.4	1,028.0
% Increase	10.1%		2.9%	
% of Market	3.3%	3.2%	3.3%	3.1%
Balancing Energy - Down	-\$374.2	-\$293.0	-\$43.4	-\$32.1
% Increase	27.7%		35.2%	
Down (GWh)	-7,571.4	-6,617.3	-785.1	-716.1
% Increase	14.4%		9.6%	
% of Market	3.5%	3.2%	2.4%	2.2%

Total Market Volume (GWh)

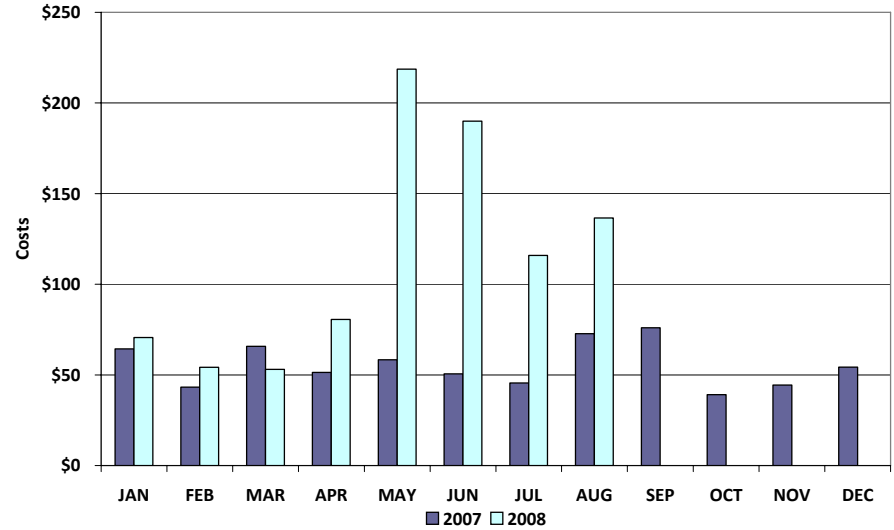


Balancing Energy Services – Volume and Cost

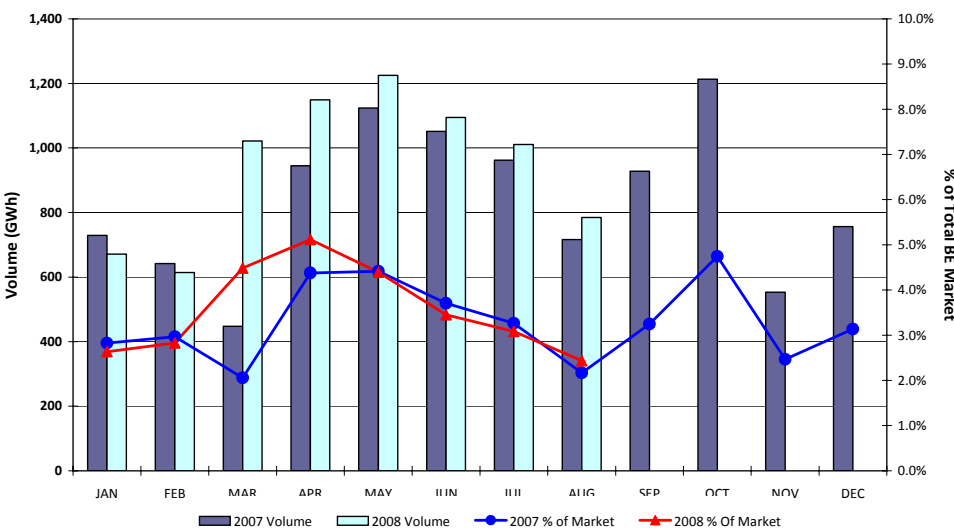
Balancing Energy Up



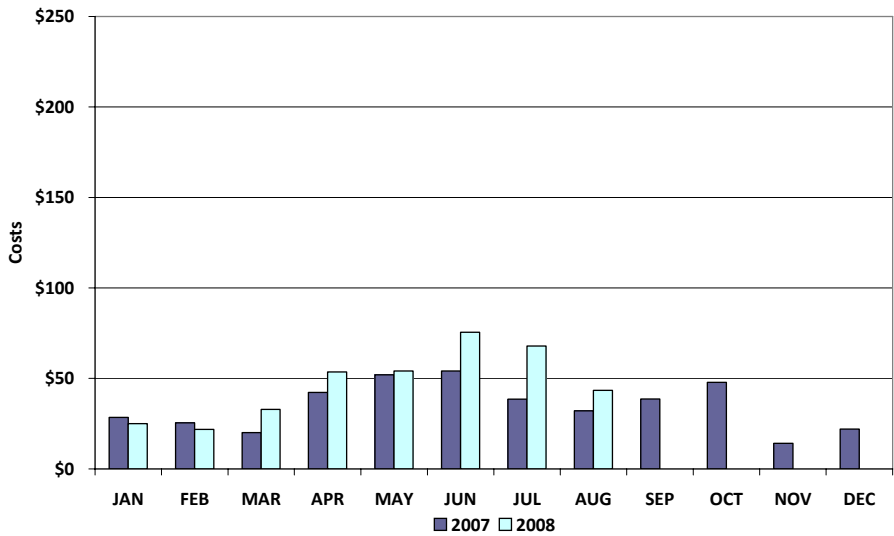
Balancing Energy Up Costs (\$ in millions)



Balancing Energy Down



Balancing Energy Down Costs (\$ in millions)

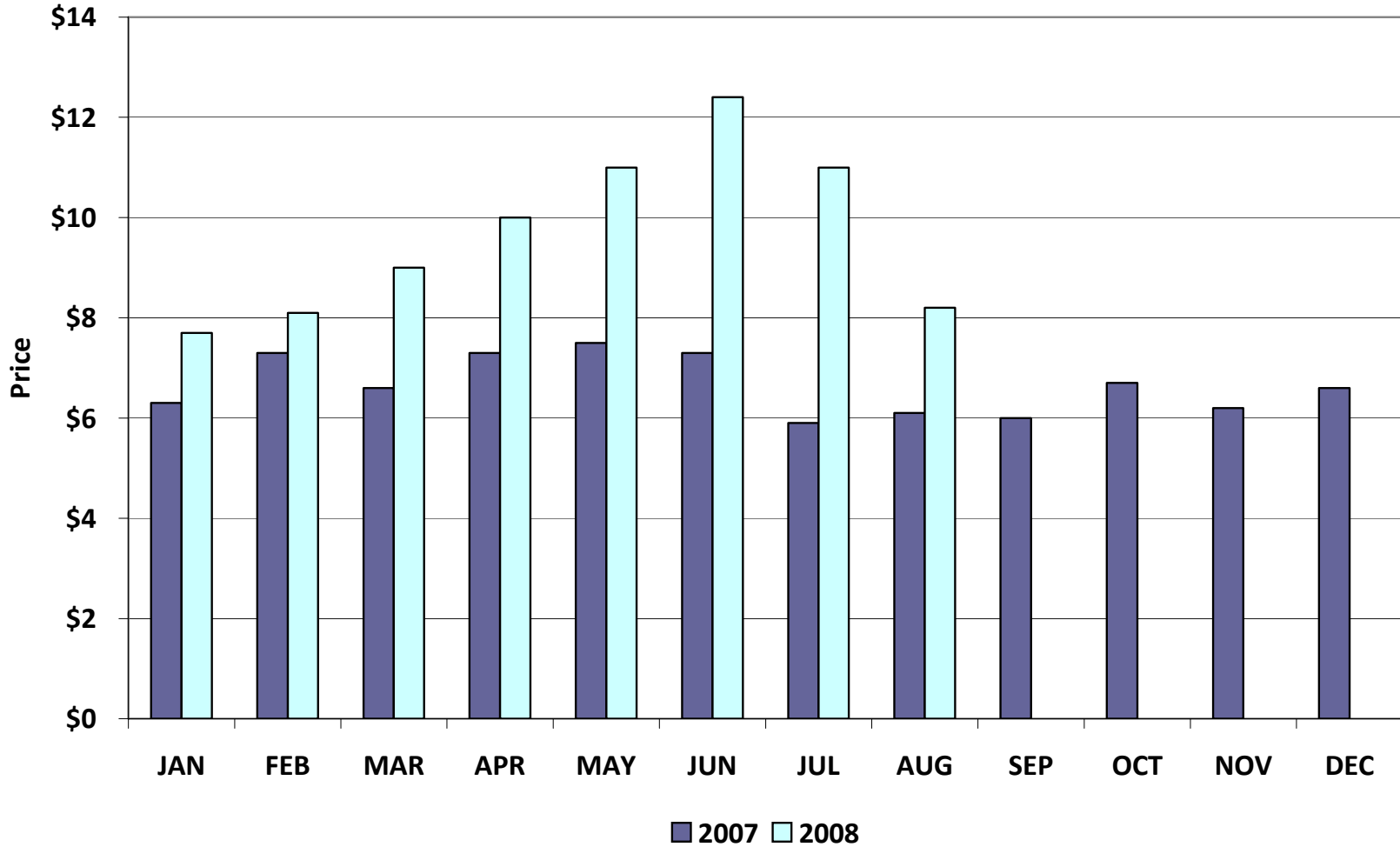


*Please note: September data will be provided at the Board Q&A



Natural Gas Price Index

Natural Gas Price Index (\$/MMBTU)



Balancing Energy Price Data

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

[HUB price weighted by Balancing Energy Load]

HUB	Aug 2008	July 2008	June 2008	May 2008	Apr 2008	Mar 2008	Feb 2008	Jan 2008	Dec 2007	Nov 2007	Oct 2007	Sep 2007
South	\$86.06	\$136.67	\$129.18	\$130.31	\$75.24	\$57.97	\$64.73	\$58.45	\$49.29	\$53.03	\$45.36	\$63.41
North	\$99.72	\$83.52	\$108.67	\$88.72	\$75.45	\$67.72	\$58.83	\$67.91	\$48.29	\$40.10	\$48.04	\$68.73
Houston	\$88.50	\$115.27	\$137.29	\$156.87	\$100.50	\$66.33	\$64.29	\$57.61	\$53.05	\$55.99	\$52.94	\$65.73
West	\$159.04	\$54.49	\$44.34	\$26.88	\$17.06	(\$11.11)	\$46.21	\$35.64	\$60.04	\$32.54	\$46.23	\$80.17
ERCOT Hub	\$97.48	\$104.93	\$117.19	\$114.83	\$74.82	\$55.79	\$60.94	\$59.39	\$50.70	\$47.42	\$48.12	\$67.44
ERCOT Bus	\$97.69	\$102.94	\$114.24	\$111.72	\$75.36	\$52.57	\$60.51	\$59.80	\$50.69	\$47.32	\$48.37	\$67.44
% Change	-5.1%	-9.9%	2.3%	48.3%	43.3%	-13.1%	1.2%	18.0%	7.1%	-2.2%	-28.3%	11.1%
NGPI % Change	-25.5%	-11.3%	12.7%	10.0%	11.1%	11.1%	5.2%	16.7%	6.5%	-7.5%	11.7%	-1.6%

HUB	Aug 2007	July 2007	June 2007	May 2007	Apr 2007	Mar 2007	Feb 2007	Jan 2007	Dec 2006	Nov 2006	Oct 2006	Sept 2006
South	\$59.13	\$50.85	\$59.54	\$59.53	\$56.64	\$55.75	\$53.41	\$54.71	\$53.80	\$40.95	\$44.54	\$40.81
North	\$60.38	\$50.57	\$54.70	\$51.68	\$51.63	\$55.53	\$51.48	\$52.59	\$53.86	\$46.29	\$41.08	\$38.09
Houston	\$63.38	\$49.83	\$56.88	\$64.23	\$65.36	\$58.72	\$56.30	\$55.11	\$60.84	\$48.05	\$40.35	\$40.46
West	\$59.86	\$58.44	\$75.18	\$58.92	\$70.75	\$63.86	\$63.95	\$56.86	\$56.91	\$52.06	\$45.04	\$44.57
ERCOT Hub	\$60.60	\$51.33	\$58.99	\$57.21	\$56.78	\$57.39	\$53.65	\$54.33	\$55.55	\$46.06	\$42.23	\$39.72
ERCOT Bus	\$60.69	\$51.14	\$58.70	\$57.12	\$56.84	\$57.41	\$53.57	\$54.06	\$55.63	\$45.60	\$42.03	\$39.68
% Change	18.7%	-12.9%	2.8%	0.5%	-1.0%	7.2%	-0.9%	-2.8%	22.0%	8.5%	5.9%	
NGPI % Change	3.4%	-19.2%	-2.7%	2.7%	10.6%	-9.6%	15.9%	-3.1%	-3.0%	24.1%	12.5%	

**Represents the average price for balancing energy market only*

Please note: September data will be provided at the Board Q&A

Load Zone Price Data

Total Load Weighted Average Price (\$/MWH)*

[MCPE weighted by Total Zonal Load]

LOAD ZONE	Aug 2008	July 2008	June 2008	May 2008	Apr 2008	Mar 2008	Feb 2008	Jan 2008
South	\$88.47	\$97.86	\$147.24	\$171.09	\$83.65	\$64.34	\$63.26	\$60.24
North	\$89.19	\$97.08	\$104.37	\$86.41	\$74.92	\$69.64	\$59.05	\$62.31
Houston	\$88.40	\$97.30	\$129.48	\$152.76	\$100.00	\$68.19	\$60.06	\$60.16
West	\$84.92	\$90.98	\$82.22	\$58.01	\$58.59	\$38.52	\$56.84	\$52.04

LOAD ZONE	Aug 2007	July 2007	June 2007	May 2007	Apr 2007	Mar 2007	Feb 2007	Jan 2007
South	\$60.74	\$50.78	\$58.71	\$57.90	\$59.71	\$56.15	\$54.37	\$53.13
North	\$60.35	\$52.71	\$58.60	\$55.85	\$57.98	\$56.29	\$54.94	\$52.87
Houston	\$61.24	\$51.51	\$59.75	\$60.07	\$61.76	\$56.02	\$53.83	\$52.07
West	\$57.90	\$52.09	\$58.34	\$55.02	\$55.31	\$55.45	\$54.84	\$52.79

*Represents the average price for loads within the zone

Please note: September data will be provided at the Board Q&A

• **Added Reps**

- ✓ Occidental Power Services, Inc.
- ✓ Midamerican Energy Co.

• **Deleted Reps**

- ✓ None

• **Added QSEs**

- ✓ Integrys Energy Services, Inc.
- ✓ JPMorgan Ventures Energy Corp.
- ✓ MAMO Enterprises (SQ1, SQ2, SQ3, SQ4)
- ✓ Sherbino I Wind Farm, LLC
- ✓ Midamerican Energy Co.
- ✓ Energy Services Providers of Texas, Inc.
- ✓ Enerwise Global Technologies, Inc.

• **Deleted QSEs**

- ✓ None

Questions ?