



Market Operations Presentation

ERCOT Board of Directors
December 9, 2008

Betty Day

Director, Markets

Retail Activity

- **Overall Activity** – Activity in 2008 is comparable to 2007.
- **Migration From Native AREPs** – Continued movement away from affiliate Retailers, particularly in the Small Non-Residential class.
- **Transaction Performance Measures** – Continued strong performance.

Wholesale Activity

- **Settlements & Billing Performance Measures** – Perfect performance for October statements and invoices. In October it was discovered that 4 statements posted in September had XML formatting issues that caused the statements to not be viewable. Reposting of these statements occurred in October and therefore are considered to be more than 24 hours late.
- **Energy Services** – Natural gas prices continue to fall from the summer high of more than \$12/MMBTU back down to levels seen in 2007. Balancing energy services continue to be greater in 2008 than 2007.
- **Summary Balancing Energy Price Data & Total Load Data** – Prices were lower in September due to Hurricane Ike. October prices are up slightly but still comparable to the same period in 2007.
- **REPs and QSEs Added/Deleted**
 - 2 new REP
 - 0 deleted REPs
 - 4 new QSEs
 - 4 deleted QSEs

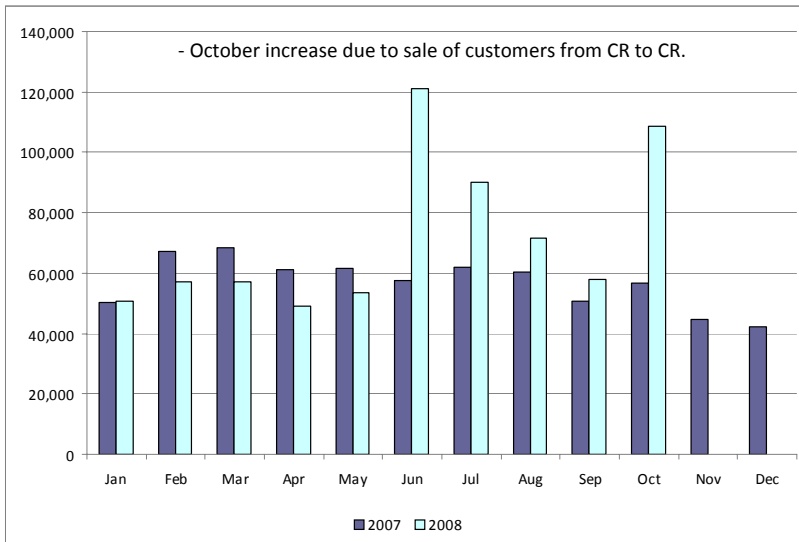
Retail Transactions Summary

Transaction Type	YTD		October	
	<u>10/31/2008</u>	<u>10/31/2007</u>	<u>2008</u>	<u>2007</u>
Switches	646,883	620,332	57,405	58,288
Move - Ins	1,962,296	1,987,820	215,811	210,763
Move Out	1,065,902	1,120,491	120,626	118,319
CSA (Continuous Service Agreement)	286,100	306,029	23,840	24,935
Mass Transition	42,898	851	0	0
Total	4,004,079	4,035,523	417,682	412,305
Since June 1, 2001	30,286,753			

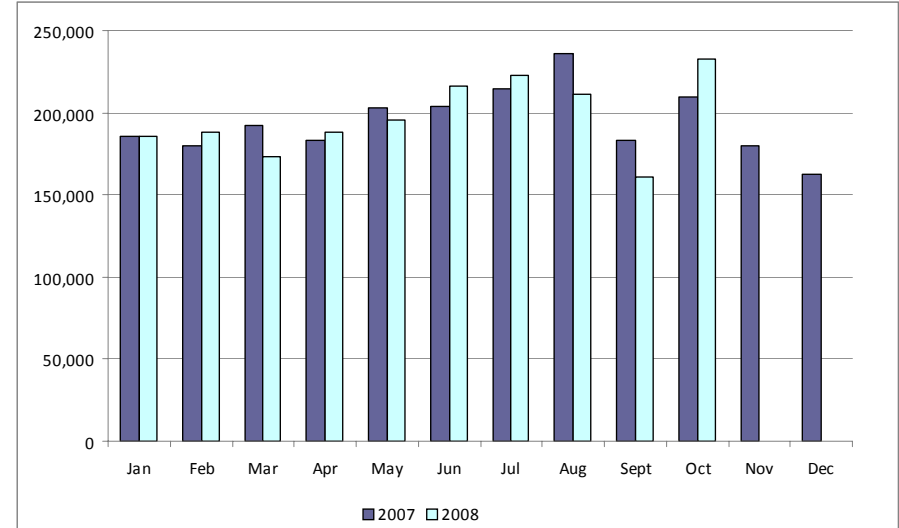
* Reflects only Completed transactions during the period.

Retail Transactions Summary*

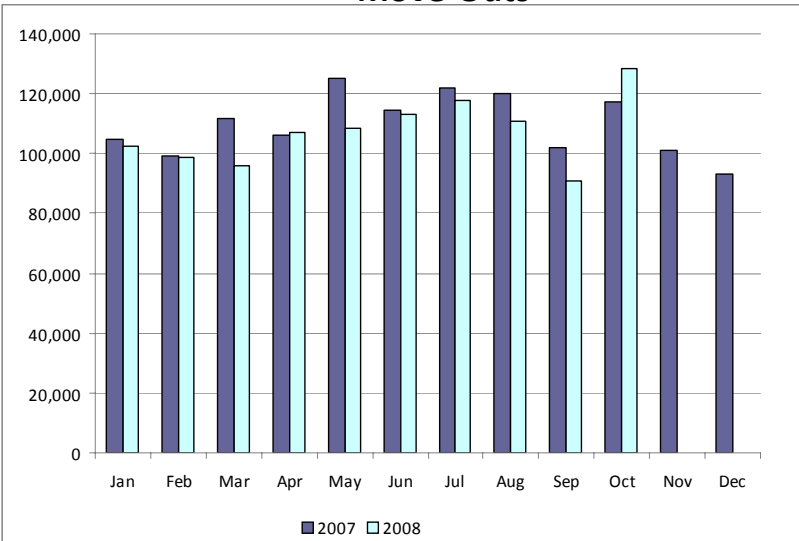
Switches



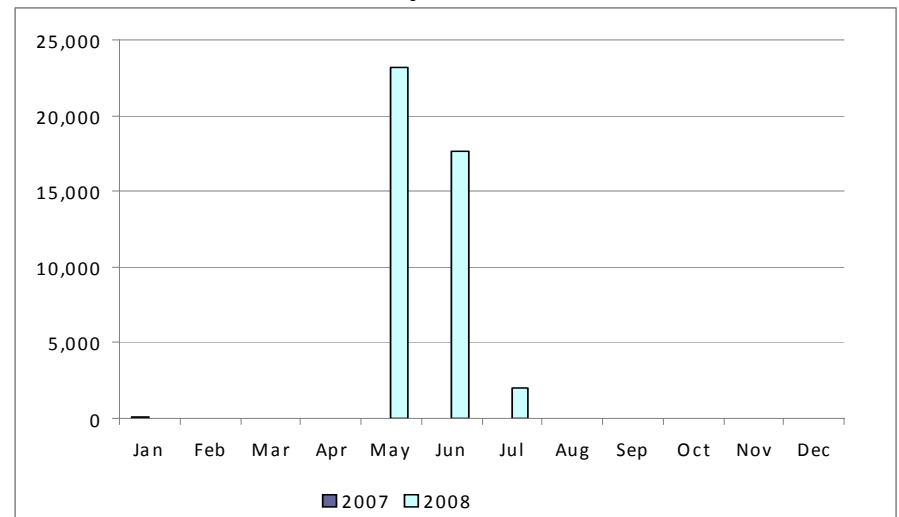
Move-Ins



Move-Outs



Drop to POLR



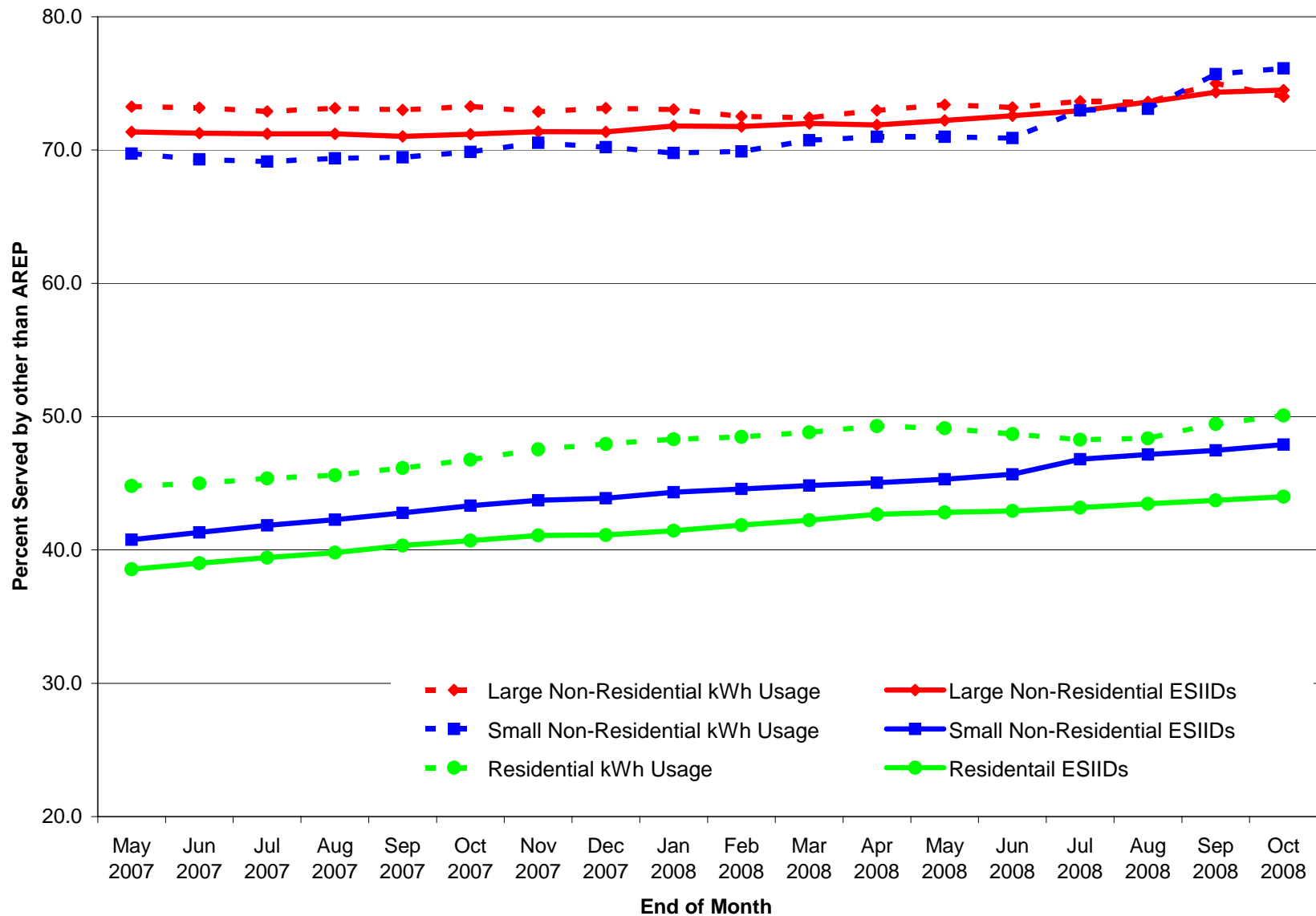
* Includes Scheduled, In Review, and Completed transactions during the period.

Migration from Native Affiliate REP

	% of Load ¹	% of ESI IDs	
	at <u>10-31-08</u>	at <u>10-31-08</u>	at <u>10-31-07</u>
Residential	50%	44%	41%
Small Non-Residential	76%	48%	43%
Large Non-Residential	74%	75%	71%

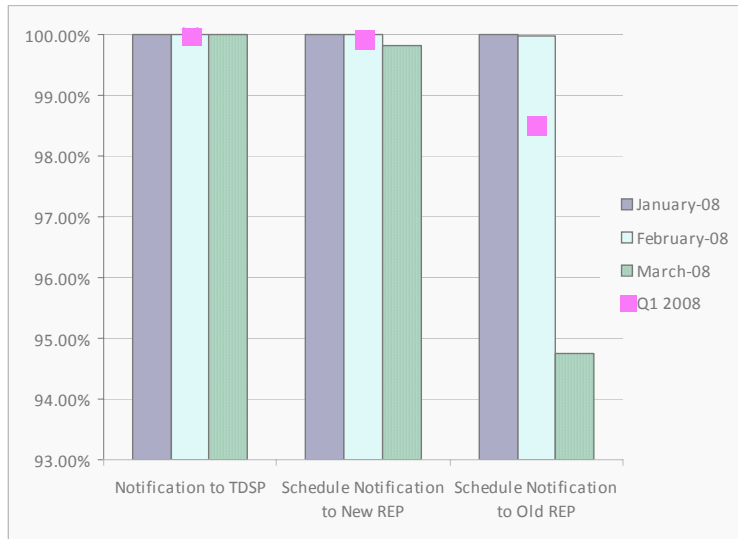
¹ - Percent of Deregulated (Non-NOIE) ESI IDs and Load. Usage based on monthly settlement results.

Migration from Native Affiliate REP

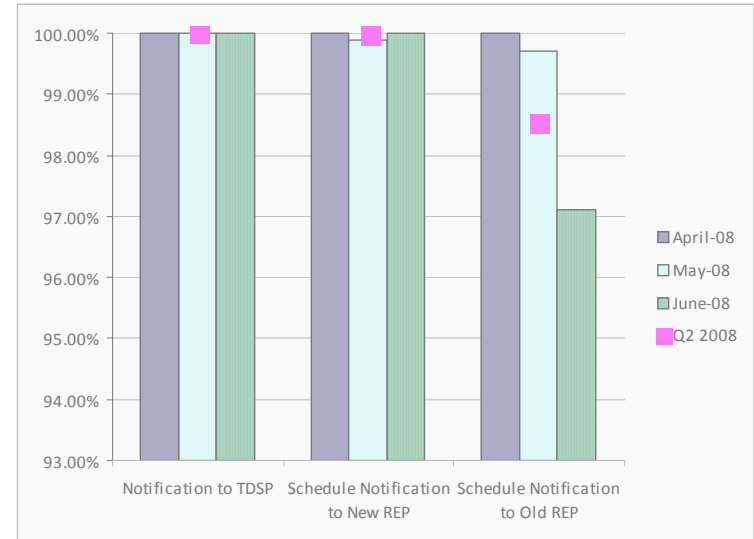


Retail Performance Measures – 2008 Switch

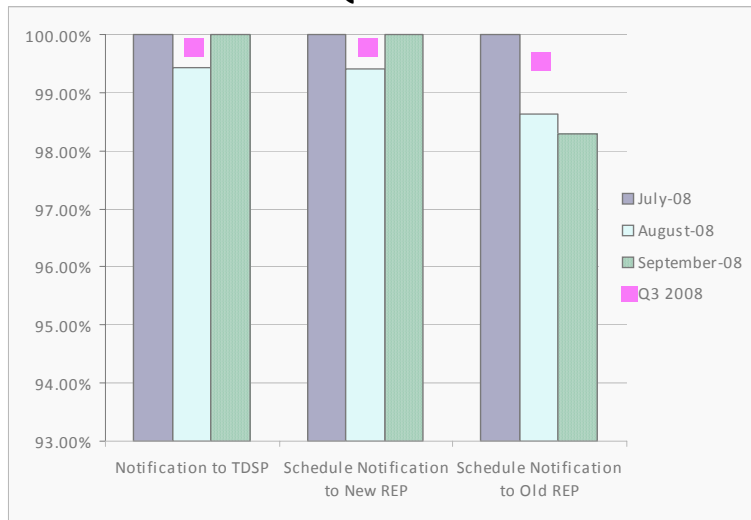
1st Quarter



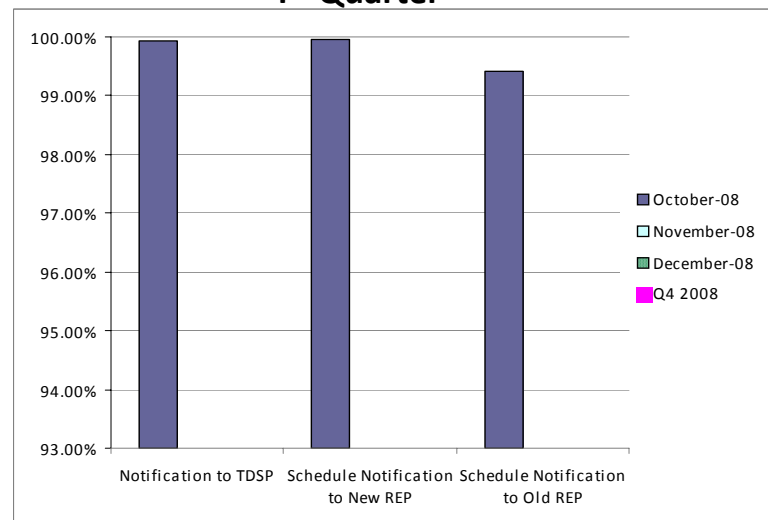
2nd Quarter



3rd Quarter

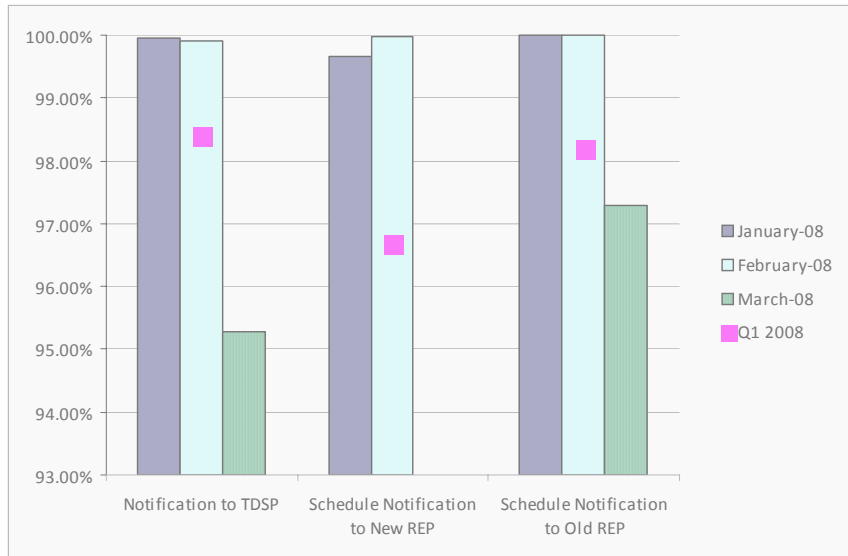


4th Quarter

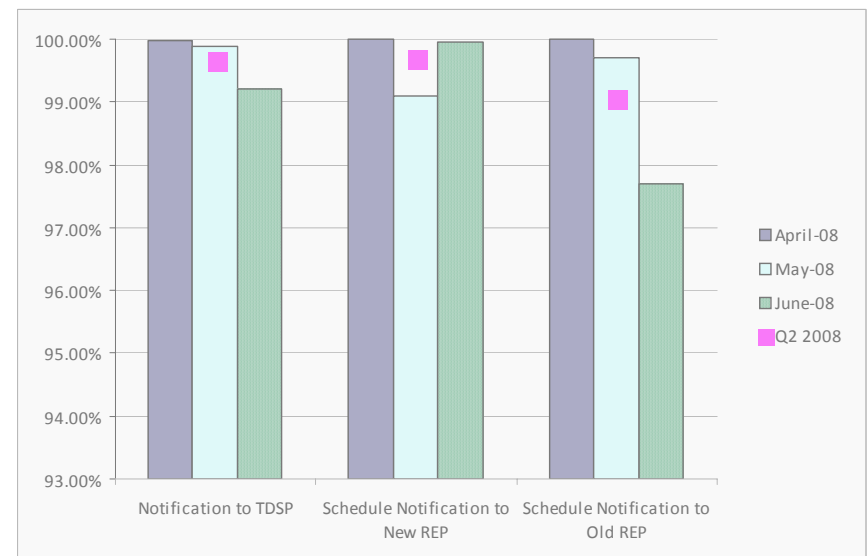


Retail Performance Measures – Q1/Q2 2008 Move-In

1st Quarter



2nd Quarter

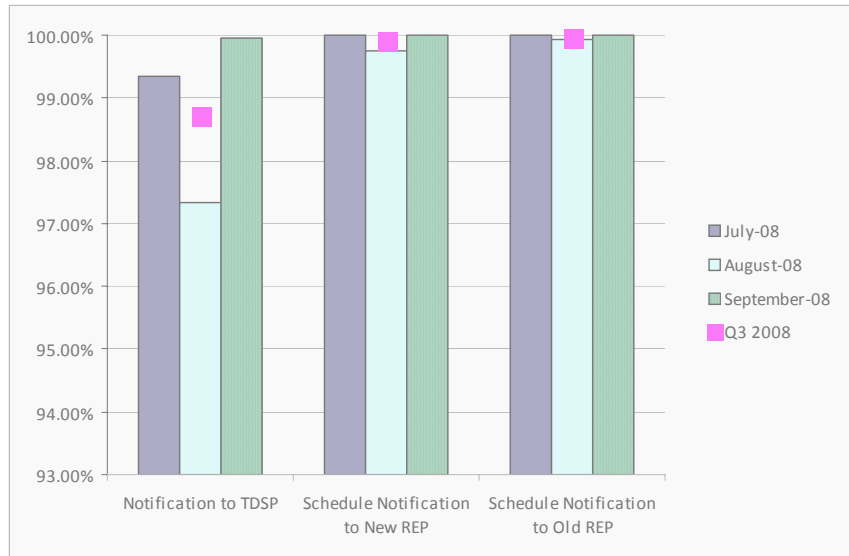


Transaction Performance Measures

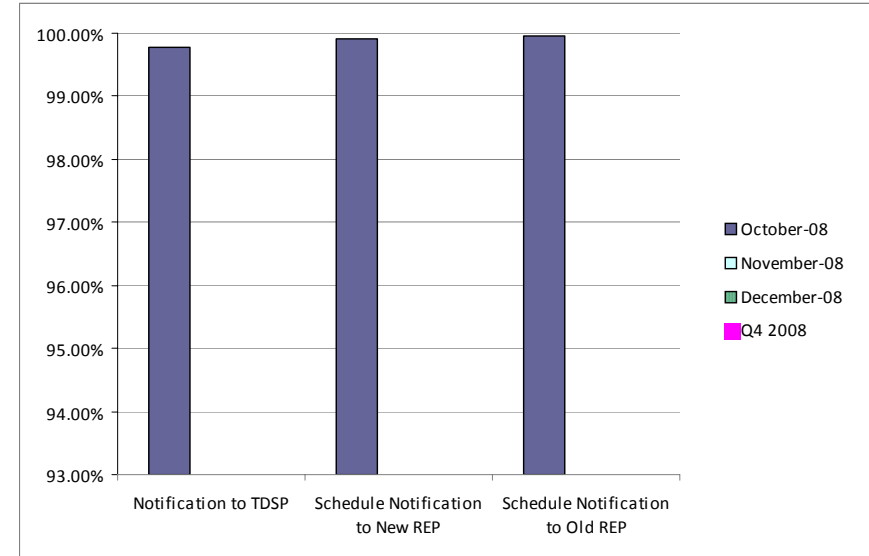
- July started new reporting requirements, split out of Priority and Standard Move-ins
- Q1 and Q2 graphs show all move-ins, no priority category
- Q3 and Q4 will have one set for standard, one set for priority

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

3rd Quarter



4th Quarter

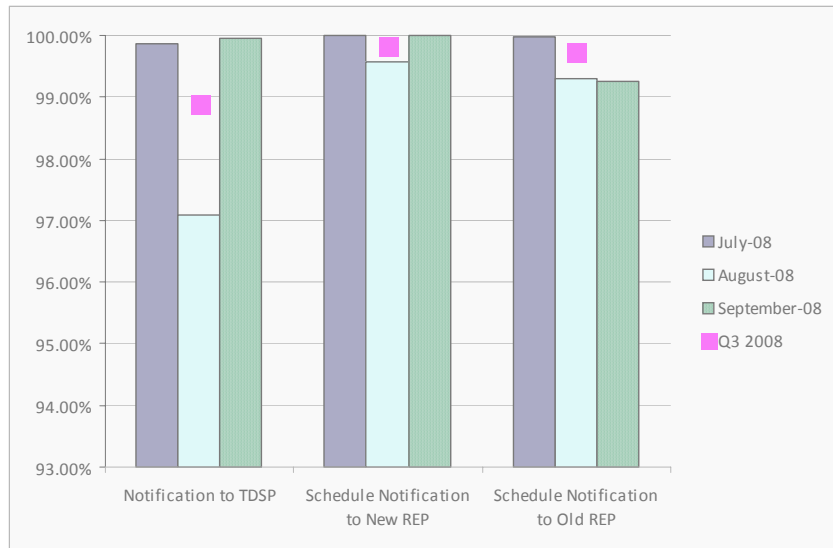


Transaction Performance Measures

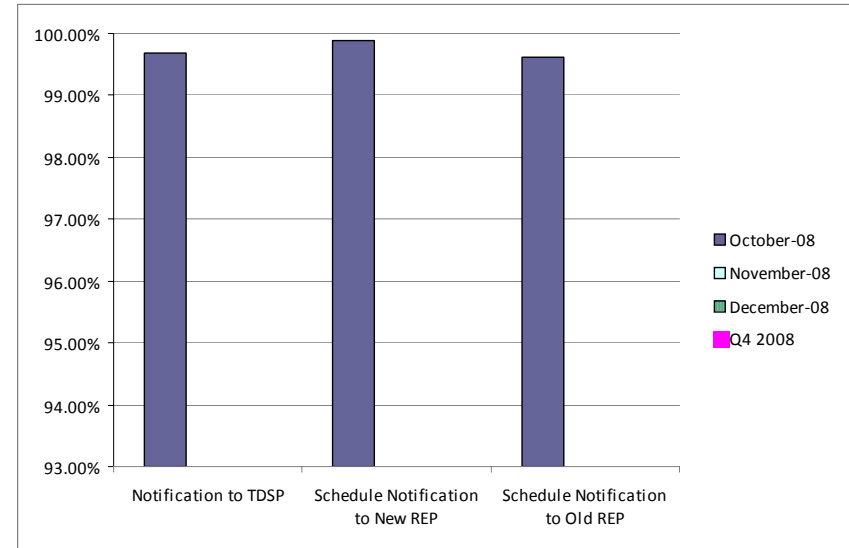
- July started new reporting requirements, split out of Priority and Standard Move-ins
- Priority Move-Ins: 1-hour turnaround
- Standard Move-Ins: 2-hour turnaround

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

3rd Quarter



4th Quarter



Transaction Performance Measures

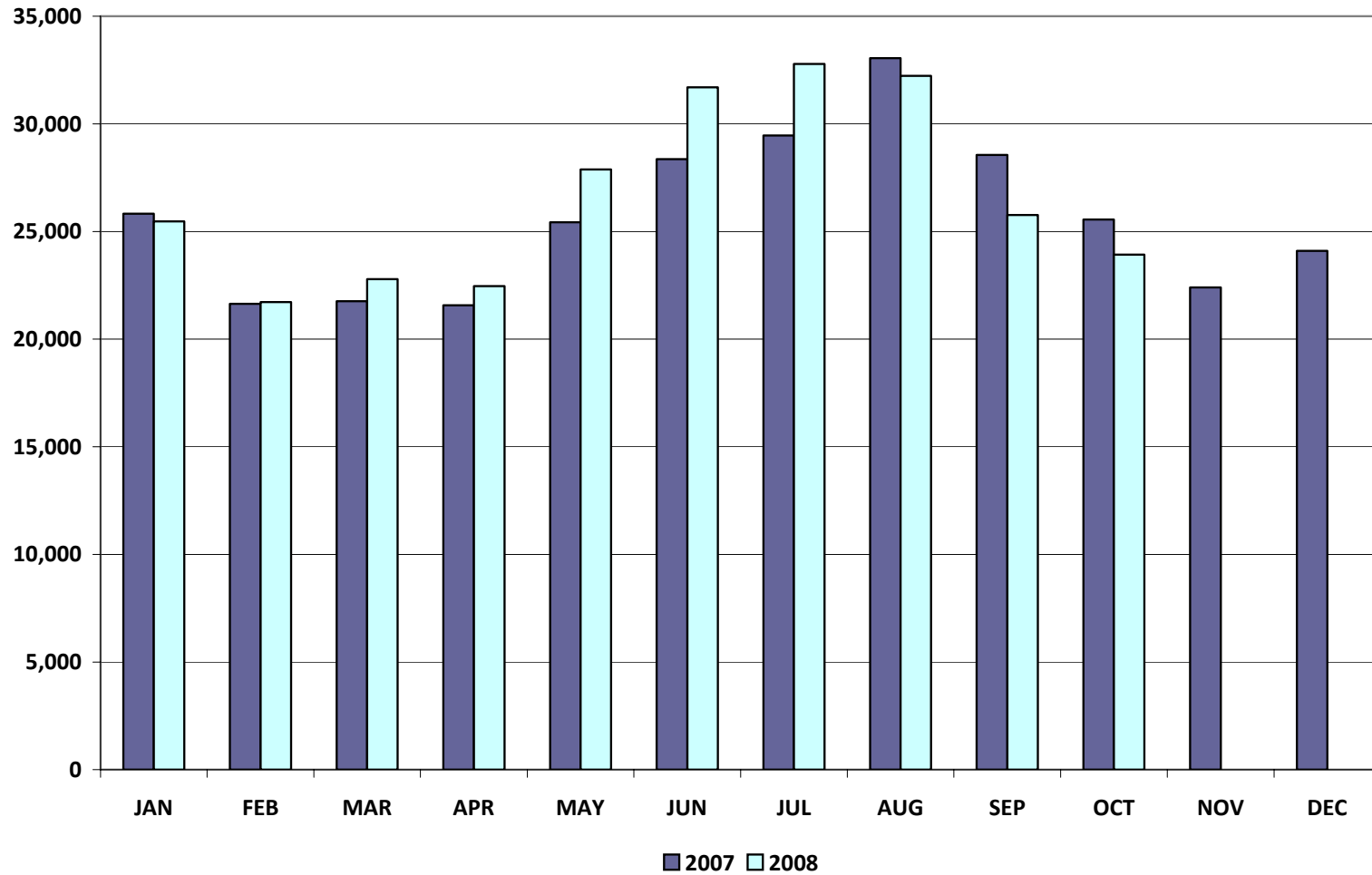
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Settlements & Billing Performance Measures – October 2008

	YTD		October	
	<u>10/31/08</u>	<u>10/31/07</u>	<u>2008</u>	<u>2007</u>
Settlement Statements:				
Total	120,682	99,574	13,028	11,086
Late	759	2	0	0
– Less than 24 hours late	754	2	0	0
– Greater than 24 hours late	5	0	0	0
Balance	119,923	99,572	13,028	11,086
% Within Protocol	99.37%	100.00%	100.00%	100.00%
Invoices:				
Total	6,870	5,354	835	513
Late	0	0	0	0
– Less than 24 hours late	0	0	0	0
– Greater than 24 hours late	0	0	0	0
Balance	6,870	5,354	835	513
% Within Protocol	100.00%	100.00%	100.00%	100.00%

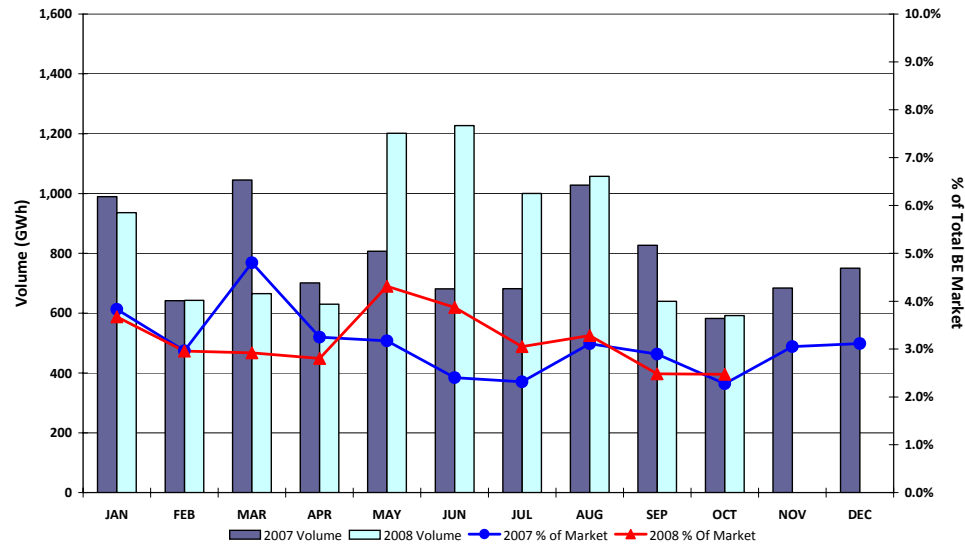
	YTD (\$'s in millions)		October (\$'s in millions)	
	<u>10/31/08</u>	<u>10/31/07</u>	<u>2008</u>	<u>2007</u>
• Market Perspective:				
Approximate Retail Market (at \$.11/kWh)	\$29,341.0	28,735.9	2,631.8	2,811.2
Volume (GWh)	266,736	261,235	23,925	25,556
% Increase	2.1%		-6.4%	
Natural Gas Price Index (\$/MMBTU)	9.2	6.6	6.4	6.7
% Increase	39.4%		-4.5%	
• Balancing Energy:				
Balancing Energy - Up	\$1,001.3	\$567.0	\$46.1	\$39.1
% Increase	76.6%		17.9%	
Up (GWh)	8,472.7	7,984.2	591.9	582.1
% Increase	6.1%		1.7%	
% of Market	3.2%	3.1%	2.5%	2.3%
Balancing Energy - Down	-\$456.2	-\$386.6	-\$44.2	-\$47.8
% Increase	18.0%		-7.5%	
Down (GWh)	-10,399.3	-8,815.7	-1,527.0	-1,212.7
% Increase	18.0%		25.9%	
% of Market	3.9%	3.4%	6.4%	4.7%

Total Market Volume (GWh)

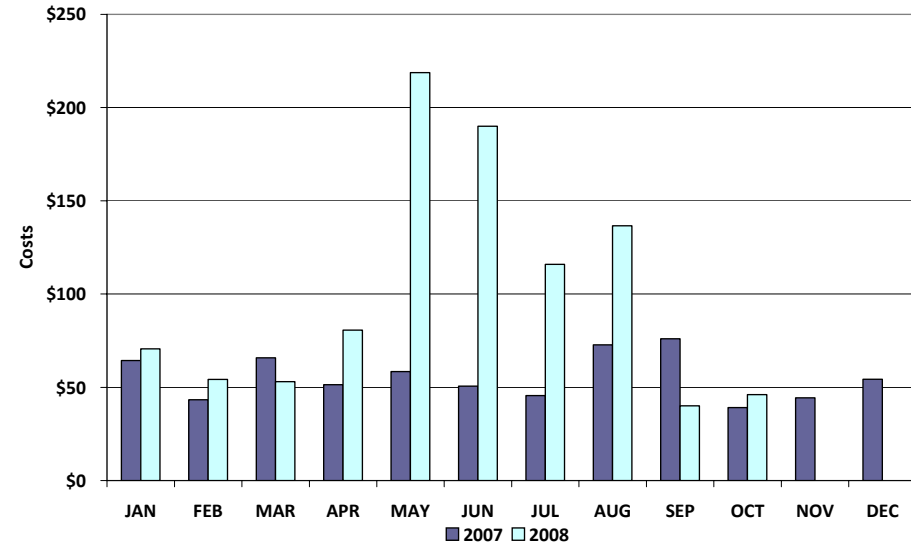


Balancing Energy Services – Volume and Cost

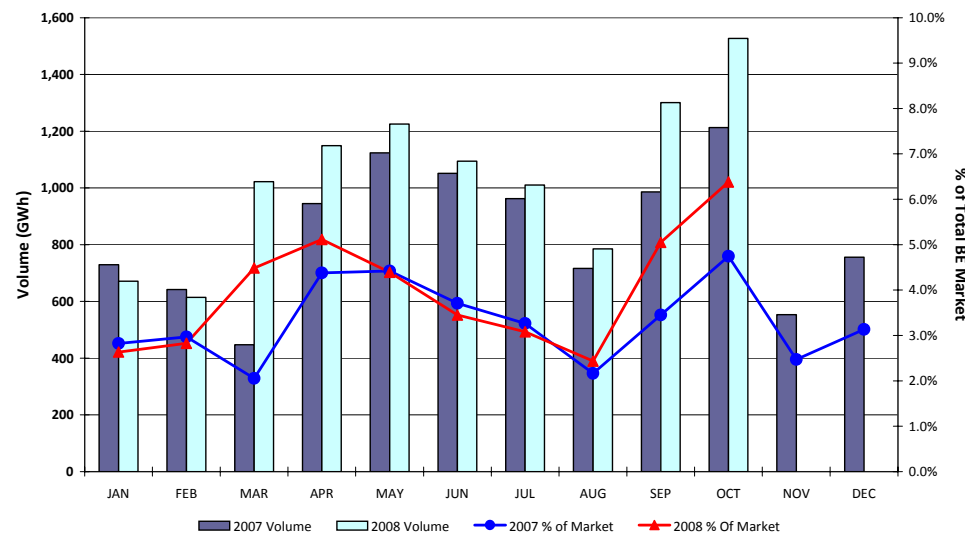
Balancing Energy Up



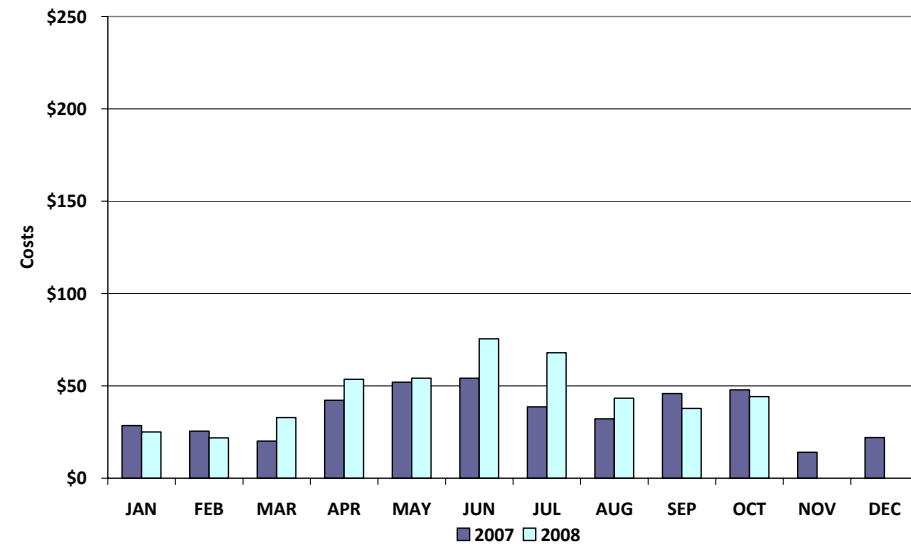
Balancing Energy Up Costs (\$ in millions)



Balancing Energy Down

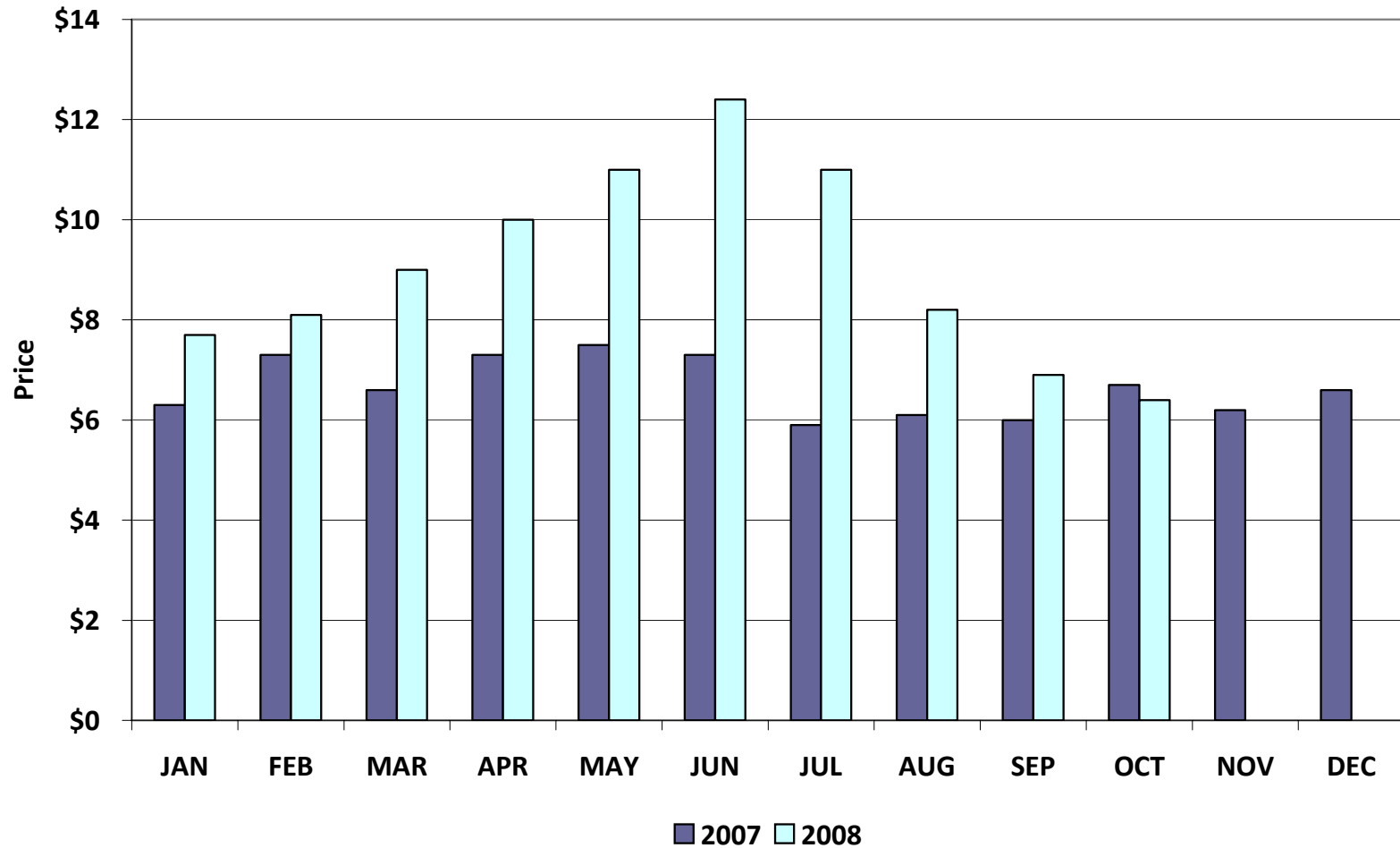


Balancing Energy Down Costs (\$ in millions)



Natural Gas Price Index

Natural Gas Price Index (\$/MMBTU)



Load Zone Price Data

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

[MCPE weighted by Total Zonal Load]

LOAD ZONE	Oct 2008	Sep 2008	Aug 2008	July 2008	June 2008	May 2008	Apr 2008	Mar 2008	Feb 2008	Jan 2008
South	\$55.19	\$46.77	\$88.47	\$97.86	\$147.24	\$171.09	\$83.65	\$64.34	\$63.26	\$60.24
North	\$48.98	\$45.38	\$89.19	\$97.08	\$104.37	\$86.41	\$74.92	\$69.64	\$59.05	\$62.31
Houston	\$56.01	\$48.61	\$88.40	\$97.30	\$129.48	\$152.76	\$100.00	\$68.19	\$60.06	\$60.16
West	\$41.16	\$43.72	\$84.92	\$90.98	\$82.22	\$58.01	\$58.59	\$38.52	\$56.84	\$52.04

LOAD ZONE	Oct 2007	Sep 2007	Aug 2007	July 2007	June 2007	May 2007	Apr 2007	Mar 2007	Feb 2007	Jan 2007
South	\$49.79	\$67.99	\$60.74	\$50.78	\$58.71	\$57.90	\$59.71	\$56.15	\$54.37	\$53.13
North	\$51.14	\$67.91	\$60.35	\$52.71	\$58.60	\$55.85	\$57.98	\$56.29	\$54.94	\$52.87
Houston	\$54.78	\$67.30	\$61.24	\$51.51	\$59.75	\$60.07	\$61.76	\$56.02	\$53.83	\$52.07
West	\$48.53	\$64.86	\$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*

- **Added Reps**

- ✓ Bounce Energy, Inc.
- ✓ Nooruddin Investments, LLC
d/b/a Discount Power

- **Added QSEs**

- ✓ Amerex Brokers, LLC
- ✓ South Texas Electric Cooperative, Inc. Wind (SQ2)
- ✓ Bounce Energy, Inc.
- ✓ EC and R Inadale (SQ4)

- **Deleted Reps**

- ✓ TBD

- **Deleted QSEs**

- ✓ Mirant Energy Trading, LLC
- ✓ Lehman Brothers Commodity Services, Inc.
- ✓ W Power and Light, LP (QSE)
- ✓ W Power and Light, LP (SQ1)

Questions ?