



Market Operations Presentation

ERCOT Board of Directors
September 15, 2009

Betty Day

Summary

Retail Activity

- **Overall Activity** – Switching activity is more than 7% higher year-to-date in 2009 compared to 2008. System changes in mid-August due to the expedited switching rules resulted in faster completion of switches and therefore, higher volumes in August for total number of switches completed.
- **Migration From Native AREPs** – Switching from the native AREP is higher in all customer classes in terms of ESIDs and Load.
- **Transaction Performance Measures** – Near perfect performance in August.

Project Update

- **Advanced Metering** – Project on-track for November delivery.

Wholesale Activity

- **Settlements & Billing Performance Measures** – Perfect performance in July.
- **Energy Services** – Due to hot July weather, total load volume is up almost 3% compared to 2008.
- **Capacity Services** – Prices for capacity services are significantly lower in 2009 compared to 2008.
- **Summary Balancing Energy Price Data** – Load zone prices are also significantly lower in 2009 compared to 2008.
- **REPs and QSEs Added/Terminated**
 - 5 new REPs
 - 4 new QSEs
 - 0 terminated REPs
 - 0 terminated QSEs

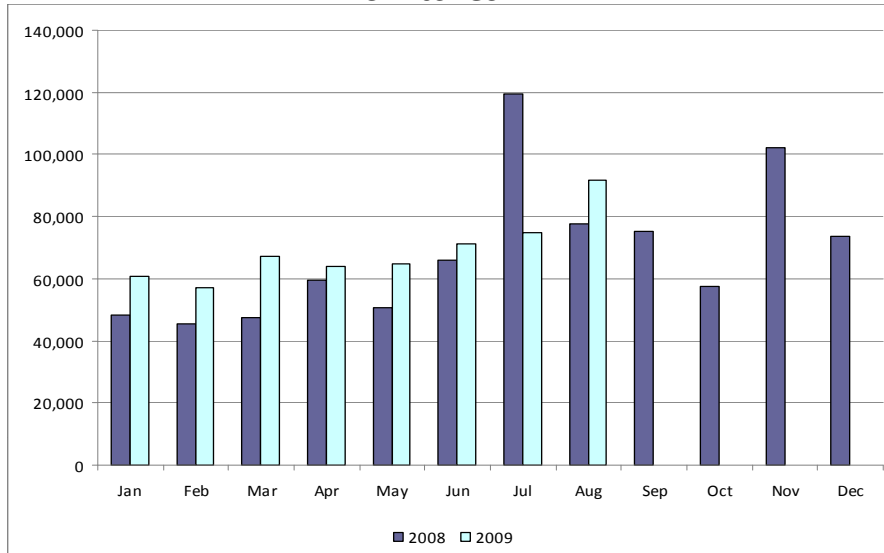
Overall Activity

Retail Transactions Summary

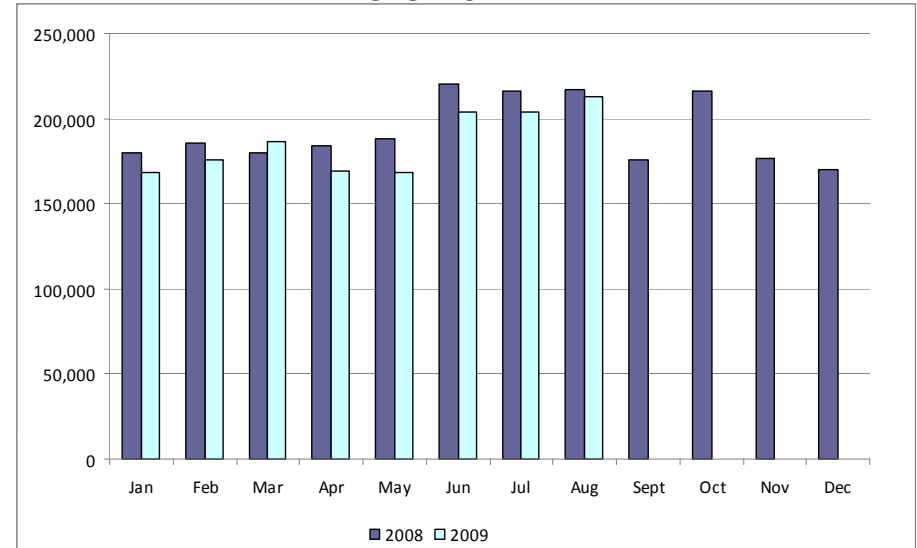
Transaction Type	YTD		August	
	<u>08/31/2009</u>	<u>08/31/2008</u>	<u>2009</u>	<u>2008</u>
Switches	551,564	514,084	91,632	77,510
Move - Ins	1,487,720	1,570,750	212,802	217,187
Move Out	841,514	843,870	119,613	115,357
CSA (Continuous Service Agreement)	236,937	243,305	42,440	28,249
Mass Transition	0	42,898	0	0
Total	3,117,735	3,214,909	466,487	438,303
Since June 1, 2001	34,156,603			

Retail Transactions Summary

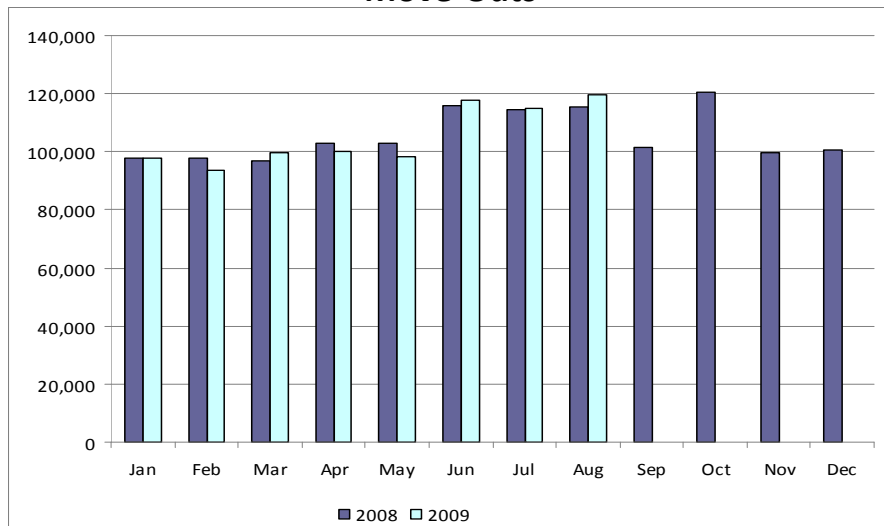
Switches



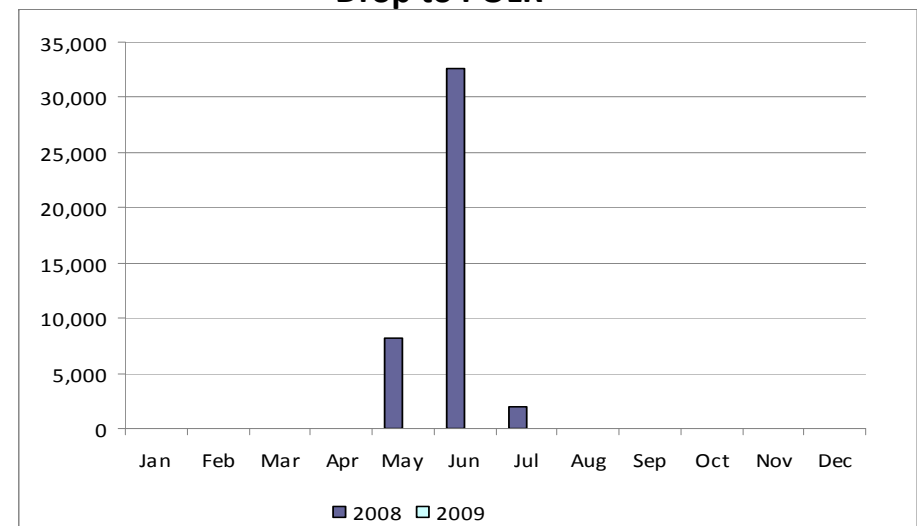
Move-Ins



Move-Outs



Drop to POLR



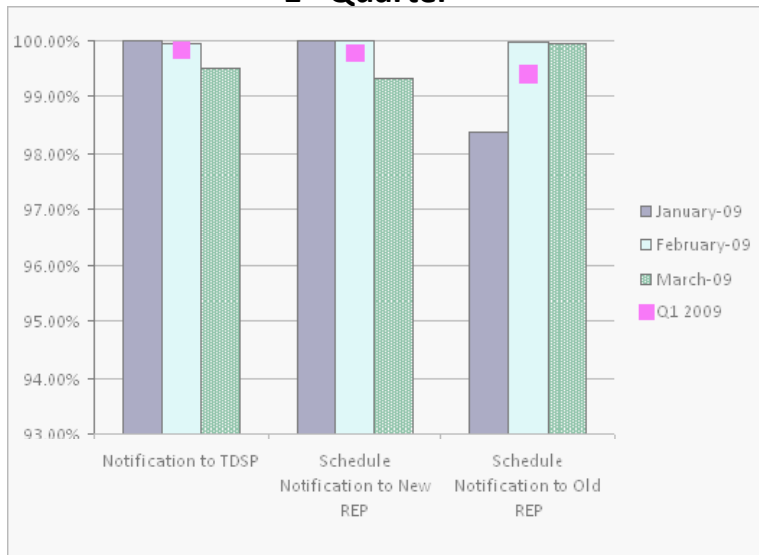
Migration from Native Affiliate REP

	% of Load ¹		% of ESI IDs	
	at <u>07/31/09</u>	at <u>07/31/08</u>	at <u>07/31/09</u>	at <u>07/31/08</u>
Residential	48%	45%	47%	43%
Small Non-Residential	77%	76%	54%	47%
Large Non-Residential	75%	73%	76%	73%

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

Retail Performance Measures – 2009 Switch

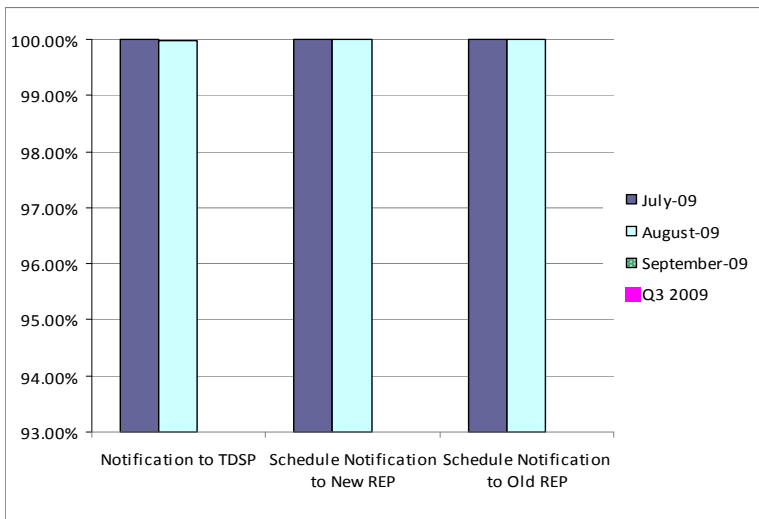
1st Quarter



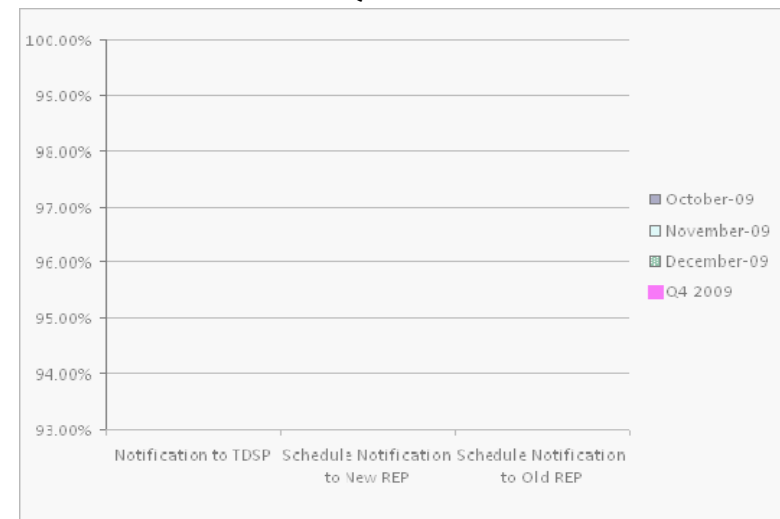
2nd Quarter



3rd Quarter

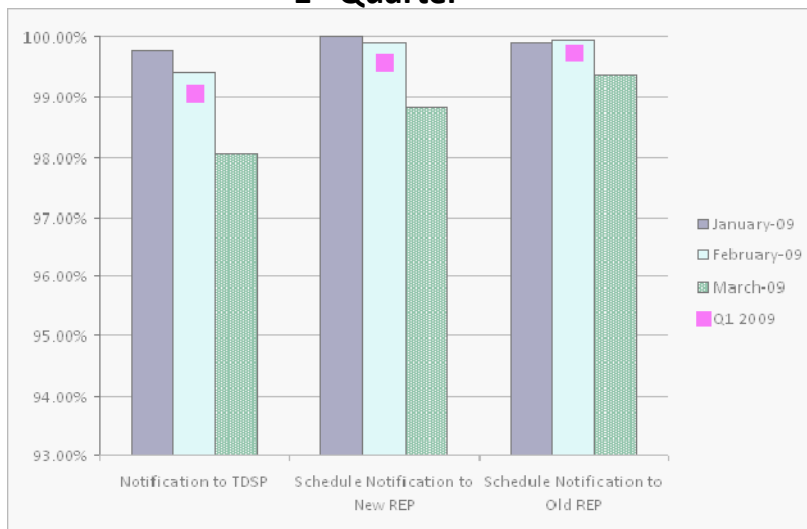


4th Quarter



Retail Performance Measures – 2009 Move-In / Priority

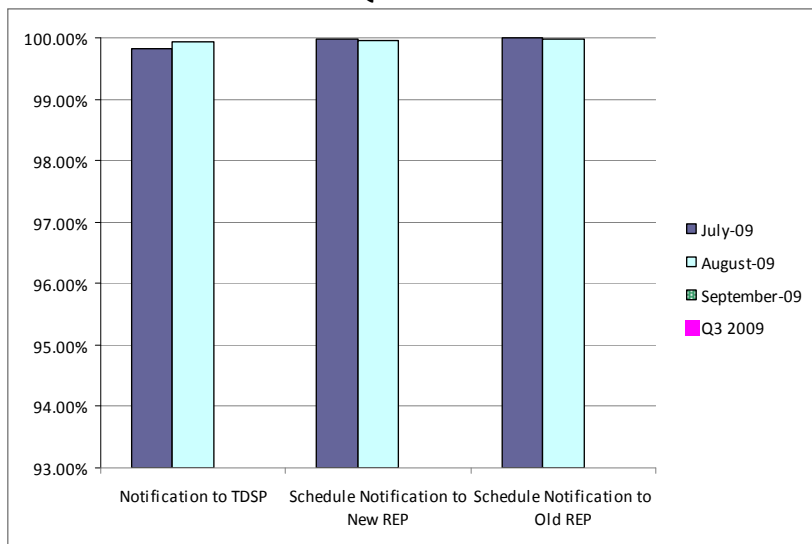
1st Quarter



2nd Quarter



3rd Quarter

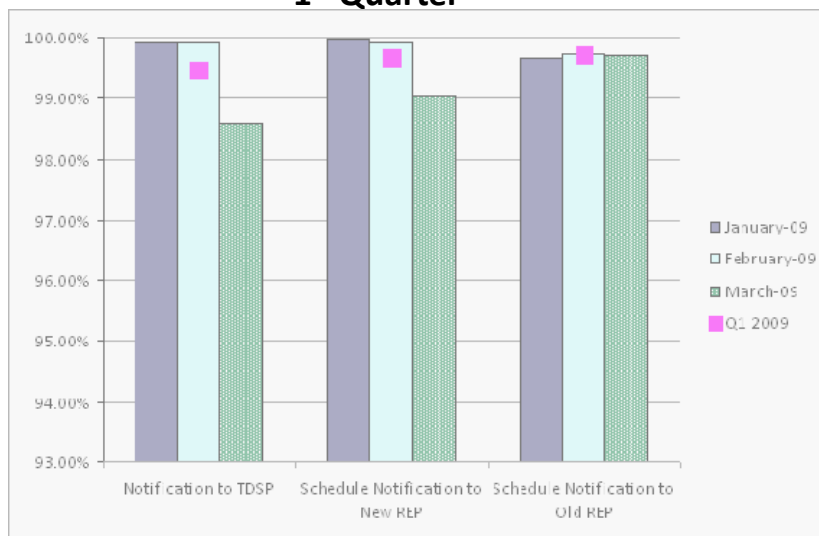


4th Quarter

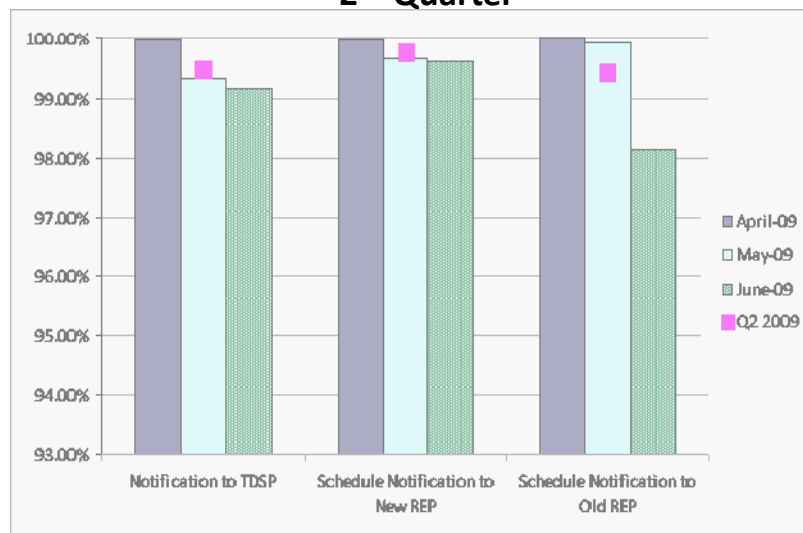


Retail Performance Measures – 2009 Move-In / Standard

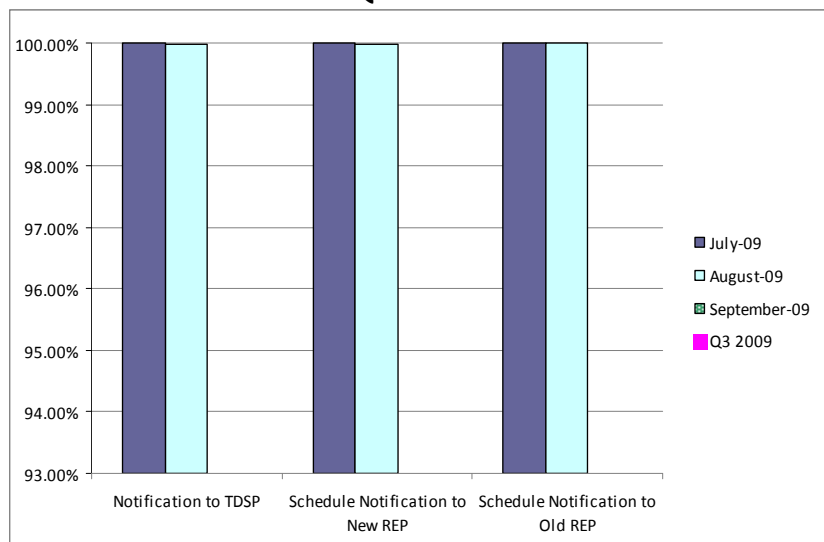
1st Quarter



2nd Quarter



3rd Quarter



4th Quarter



PR80027 Advanced Metering Project Update – Execution Schedule

Execution Milestones	Status	Baseline Date	Forecast Date	Actual Date
Technical Architecture Complete	COMPLETED	05/15/2009	05/15/2009	04/27/2009
NAESB Detail Design (as built)	COMPLETED	06/18/2009	07/17/2009	06/12/2009
AMR Java Service Detail Design (as built)	COMPLETED	06/18/2009	07/17/2009	06/12/2009
AMR Transactional Report Detail Design (as built)	COMPLETED	06/18/2009	07/17/2009	06/12/2009
Usage Loading Detail Design (as built)	COMPLETED	06/18/2009	07/17/2009	07/01/2009
Replication Detail Design (as built)	COMPLETED	06/18/2009	07/17/2009	07/01/2009
Extracts Detail Design (as built)	COMPLETED	06/18/2009	07/17/2009	07/01/2009
TIBCO & WADS Detail Design (as built)	COMPLETED	06/18/2009	07/17/2009	07/01/2009
Data Aggregation Detail Design (as built)	COMPLETED	06/18/2009	08/07/2009	08/07/2009
Development Complete	COMPLETED	07/24/2009	07/24/2009	07/24/2009
Product Testing Complete (Lodestar only)	COMPLETED	08/11/2009	08/14/2009	08/13/2009
Integration Testing Complete	IN PROGRESS	11/04/2009	11/10/2009	
Go Live	-	11/14/2009	11/14/2009	
Execution Complete	-	03/19/2010	03/19/2010	
Project Complete	-	05/21/2010	05/21/2010	

Settlements & Billing Performance Measures – July 2009

	YTD		July	
	<u>07/31/09</u>	<u>07/31/08</u>	<u>2009</u>	<u>2008</u>
Settlement Statements:				
Total	92,548	82,738	14,047	12,262
Late	109	754	0	0
– Less than 24 hours late	109	754	0	0
– Greater than 24 hours late	0	0	0	0
Balance	92,439	81,984	14,047	12,262
% Within Protocol	99.88%	99.09%	100.00%	100.00%
Invoices:				
Total	5,551	4,739	896	799
Late	0	0	0	0
– Less than 24 hours late	0	0	0	0
– Greater than 24 hours late	0	0	0	0
Balance	5,551	4,739	896	799
% Within Protocol	100.00%	100.00%	100.00%	100.00%

Energy Services

- **Market Perspective:**

- **Approximate Retail Market** (at \$.11/kWh)

Volume (GWh)

% Increase

Natural Gas Price Index (\$/MMBTU)

% Increase

YTD
(\$'s in millions)
07/31/09 07/31/08

July
(\$'s in millions)
2009 2008

\$19,683.1	\$20,328.9	\$3,710.0	\$3,606.7
178,937	184,808	33,727	32,788
-3.2%		2.9%	
3.7	10.1	3.4	11.0
-63.4%		-69.1%	

- **Balancing Energy:**

- **Balancing Energy - Up**

% Increase

Up (GWh)

% Increase

% of Market

\$231.7	\$784.0	\$50.7	\$115.9
-70.4%		-56.3%	
4,173.3	6,183.7	979.5	1,000.3
-32.5%		-2.1%	
2.3%	3.3%	2.9%	3.1%

- **Balancing Energy - Down**

% Increase

Down (GWh)

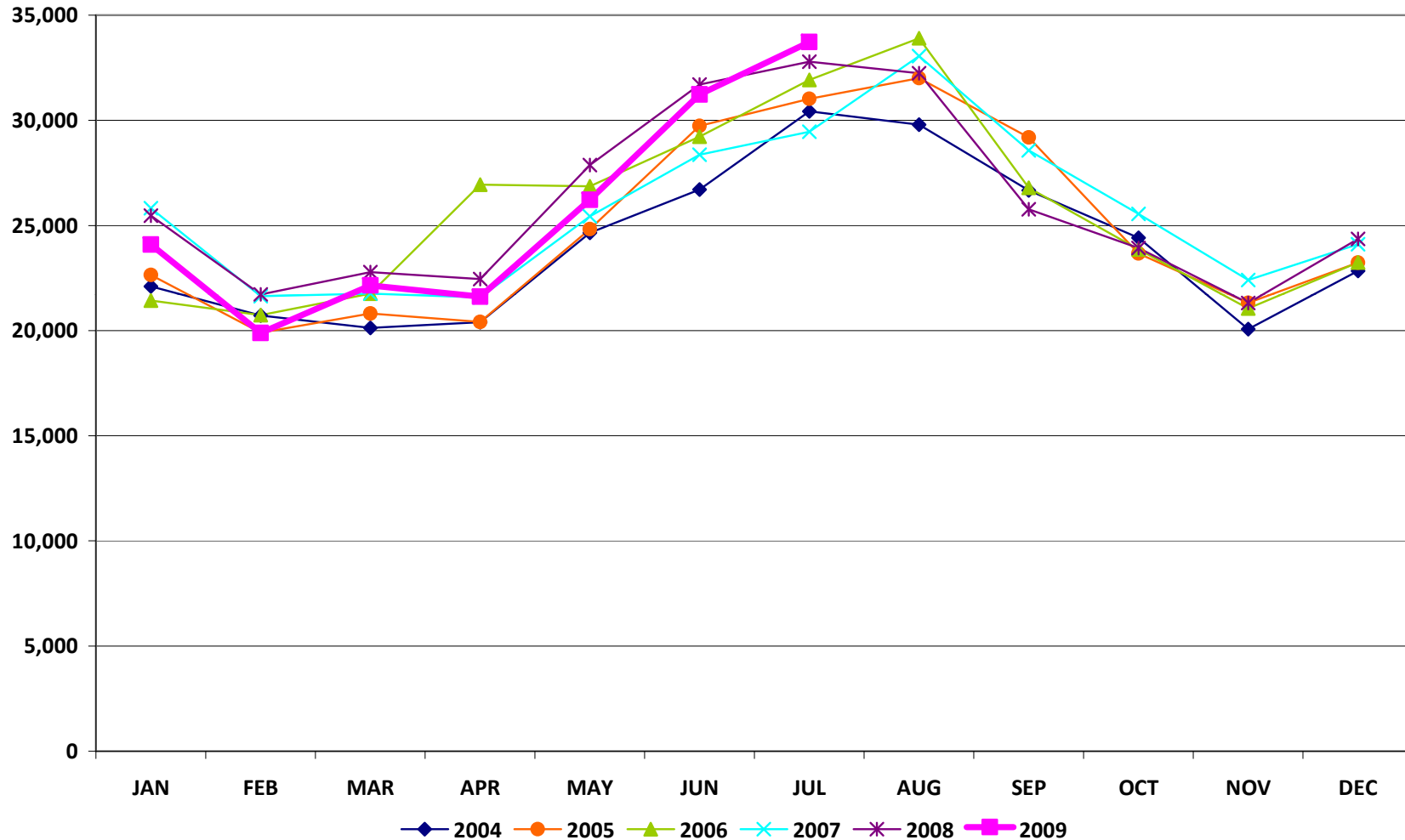
% Increase

% of Market

-\$198.5	-\$331.1	-\$32.8	-\$67.9
-40.0%		-51.7%	
-10,867.2	-6,786.2	-1,462.6	-1,010.6
60.1%		44.7%	
6.1%	3.7%	4.3%	3.1%

Energy Services

Total Market Volume (GWh)

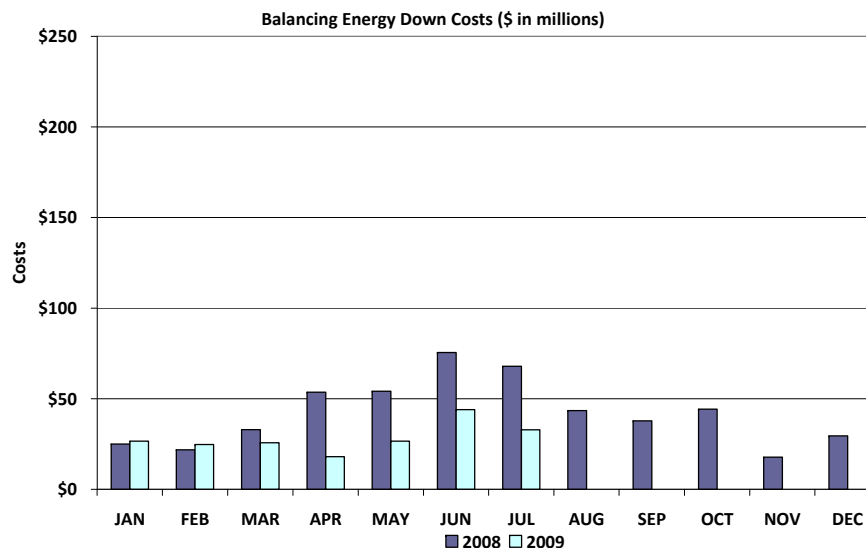
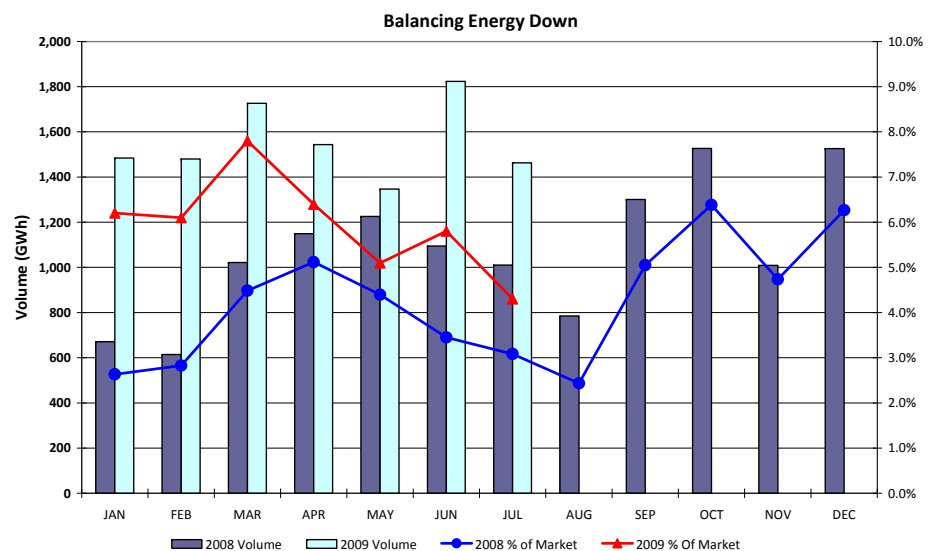
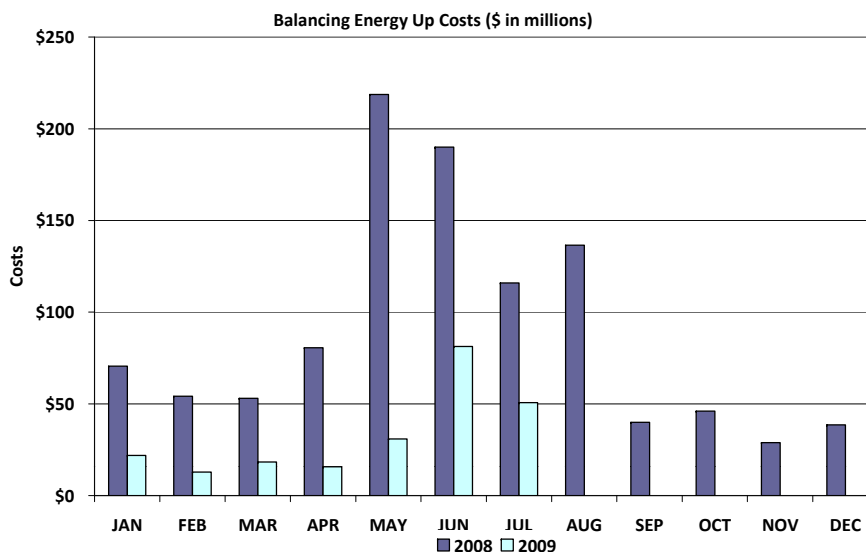
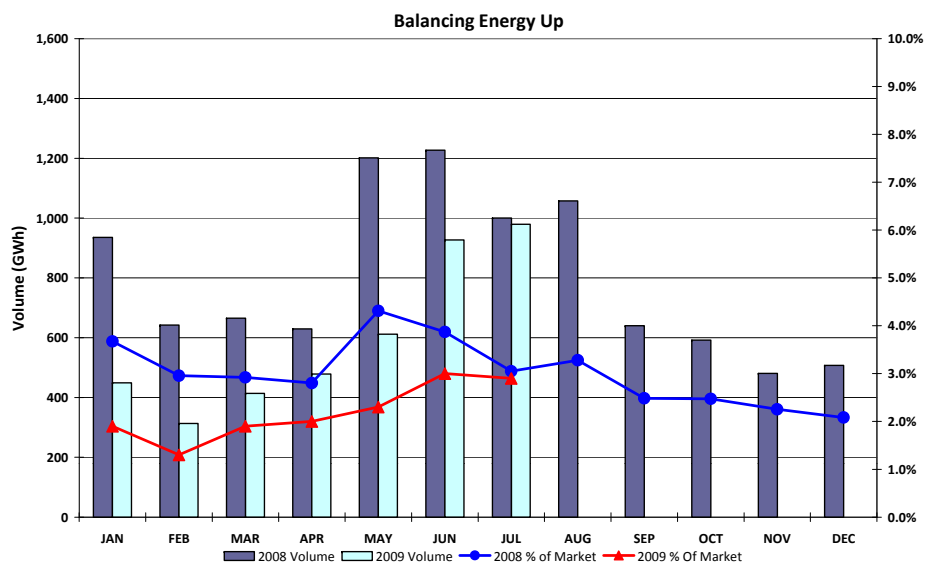


*Please note: August data will be provided at the Board Meeting



15 September 2009

Balancing Energy Services – Volume and Cost

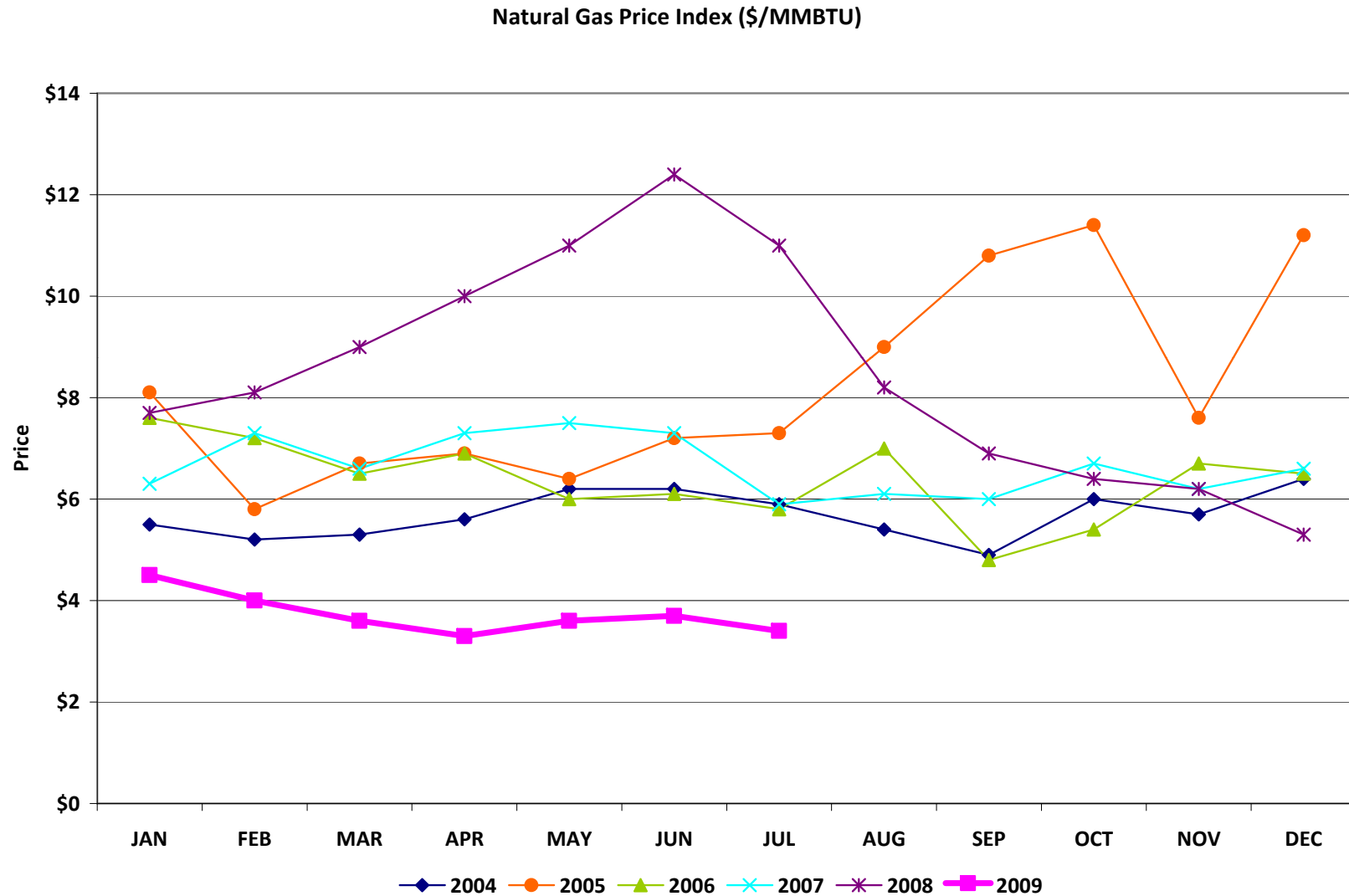


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15 September 2009

Natural Gas Price Index



Capacity Services

	YTD		July	
	<u>07/31/09</u>	<u>07/31/08</u>	<u>2009</u>	<u>2008</u>
Reg Up:				
Required (MW)	4,244,865	4,335,895	592,911	618,891
Self Arranged (MW)	936,113	934,984	139,929	140,097
Procured (MW)	3,320,229	3,413,209	455,203	480,118
Mismatch Schedules (MW)	(11,477)	(12,298)	(2,221)	(1,324)
% Procured	78%	79%	77%	78%
Weighted Avg MCPC (\$/MW)	11.6	28.2	13.7	34.3
Reg Down:				
Required (MW)	4,301,946	4,106,387	688,711	634,102
Self Arranged (MW)	1,194,933	778,325	154,000	130,252
Procured (MW)	3,116,961	3,340,625	535,750	505,558
Mismatch Schedules (MW)	(9,948)	(12,563)	(1,039)	(1,708)
% Procured	72%	81%	78%	80%
Weighted Avg MCPC (\$/MW)	8.5	21.7	4.4	22.5
Responsive Reserve:				
Required (MW)	11,686,153	12,604,382	1,708,666	1,890,784
Self Arranged (MW)	4,844,896	5,546,492	750,996	792,560
Procured (MW)	6,856,124	7,040,378	961,394	1,098,140
Mismatch Schedules (MW)	(14,867)	17,512	(3,724)	84
% Procured	59%	56%	56%	58%
Weighted Avg MCPC (\$/MW)	11.1	30.6	14.2	34.0
Non-Spinning Reserve:				
Required (MW)	6,109,294	2,982,618	709,925	393,330
Self Arranged (MW)	909,842	535,903	102,551	50,614
Procured (MW)	5,209,006	2,452,346	608,217	343,400
Mismatch Schedules (MW)	(9,554)	(5,631)	(843)	(684)
% Procured	85%	82%	86%	87%
Weighted Avg MCPC (\$/MW)	3.9	12.7	4.7	13.5
Local Replacement Reserve:				
Procured (MW)	172,493	207,061	51,273	51,962
Zonal Replacement Reserve:				
Procured (MW)	326,268	202,423	113,228	67,505

Capacity Services – Costs

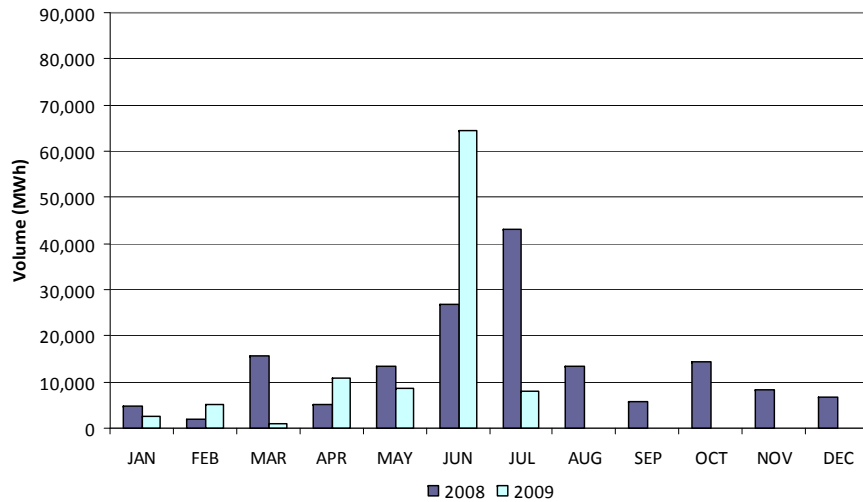
	YTD (\$'s in millions)		July (\$'s in millions)	
	<u>07/31/09</u>	<u>07/31/08</u>	<u>2009</u>	<u>2008</u>
• Capacity Services:				
Reg Up and Down	65.1	168.8	8.6	27.8
Responsive Reserve	75.8	215.6	13.7	37.4
Non-Spinning Reserve	20.1	31.0	2.8	4.6
Local Replacement Reserve	2.0	6.8	0.6	1.9
Zonal Replacement Reserve	9.6	9.6	4.0	3.5
Black Start	3.2	4.5	0.5	0.7
OOMC	43.9	28.3	2.8	4.6
RMR	<u>\$1.0</u>	<u>\$9.3</u>	<u>\$0.4</u>	<u>\$0.7</u>
TOTAL CAPACITY SERVICES	\$220.7	\$473.9	\$33.4	\$81.2

Congestion Management

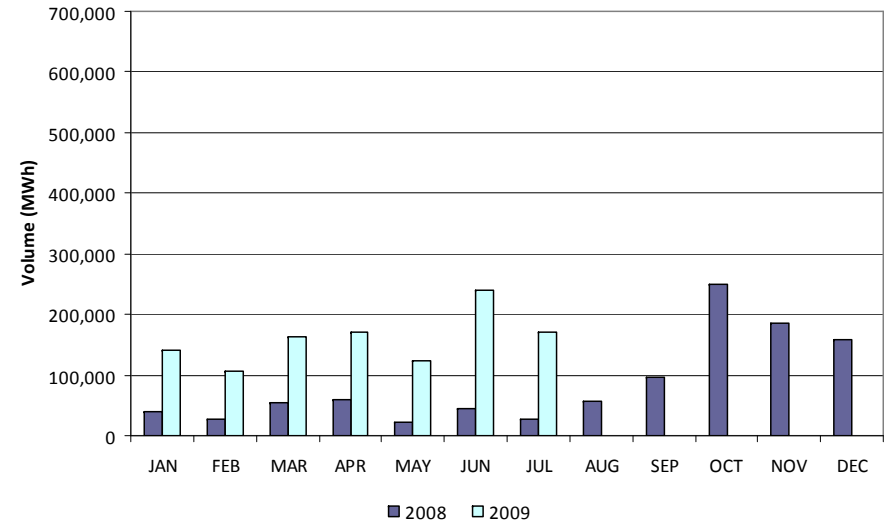
	YTD (\$'s in millions)		July (\$'s in millions)	
	<u>07/31/09</u>	<u>07/31/08</u>	<u>2009</u>	<u>2008</u>
• Local Congestion:				
"Market Solution" Down	8.1	7.9	0.2	2.3
"Market Solution" Up	0.8	3.7	0.1	0.8
OOME - Down	60.8	28.7	3.9	3.4
OOME - Up	<u>14.2</u>	<u>6.5</u>	<u>1.3</u>	<u>0.7</u>
Total Local Congestion Costs	\$83.9	\$46.8	\$5.5	\$7.2
• Local Congestion Volume: (units in MWh)				
"Market Solution" Down	137,448	98,572	9,107	39,028
"Market Solution" Up	100,541	110,580	8,009	43,011
OOME - Down	2,972,284	487,806	167,654	49,801
OOME - Up	<u>1,114,980</u>	<u>274,770</u>	<u>171,334</u>	<u>27,233</u>
Total Local Congestion Volume	4,325,253	971,728	356,105	159,074
• Zonal Congestion and TCR / PCR:				
TCR / PCR Annual Auction Proceeds received from Holders	(\$58.6)	(\$23.5)	(\$10.4)	(\$4.3)
TCR Monthly Auction Proceeds received from TCR Holders	(\$47.9)	(\$61.8)	(\$3.5)	(\$15.1)
Direct Assignment Proceeds received from QSEs based on schedules	(\$57.7)	(\$321.9)	(\$0.0)	(\$5.5)
Proceeds Paid to TCR / PCR Holders including Auction Refunds	<u>\$165.5</u>	<u>\$422.9</u>	<u>\$2.2</u>	<u>\$5.7</u>
Total Zonal Congestion and TCR / PCR Costs Uplift	\$1.3	\$15.6	(\$11.7)	(\$19.2)

Local Congestion Volume

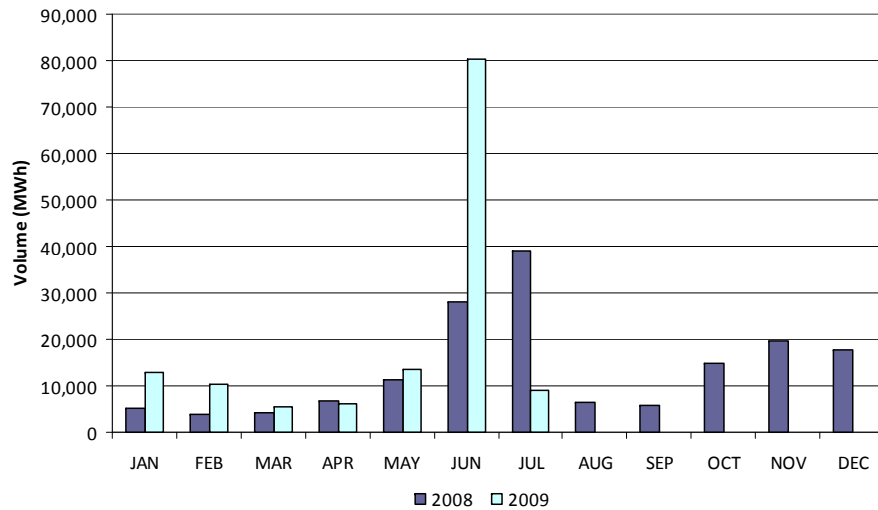
"Market Solution" Up



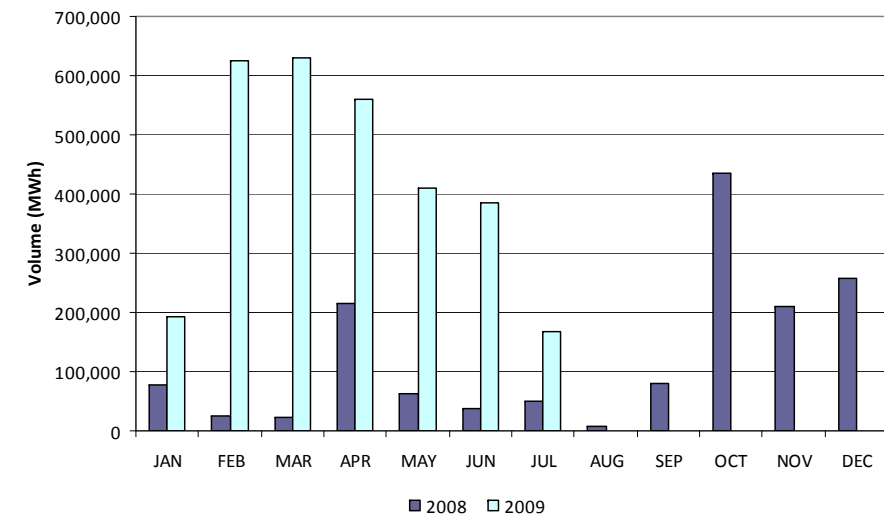
OOME Up



"Market Solution" Down



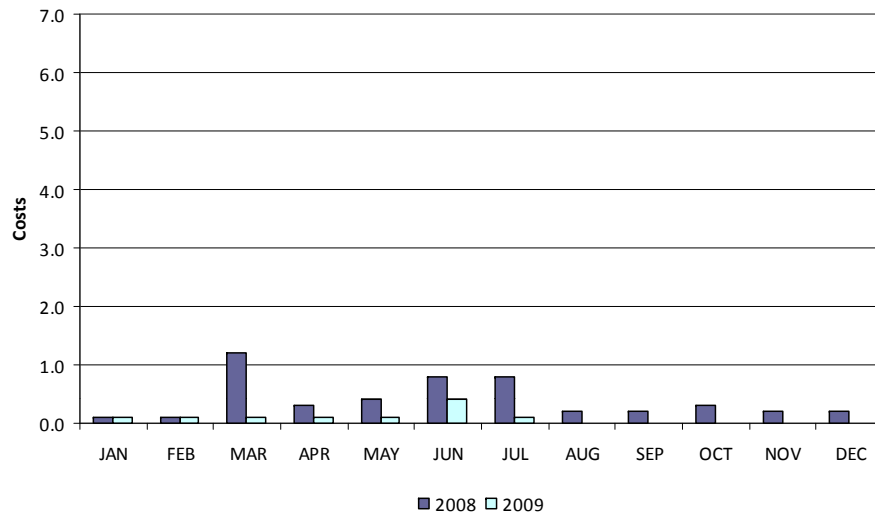
OOME Down



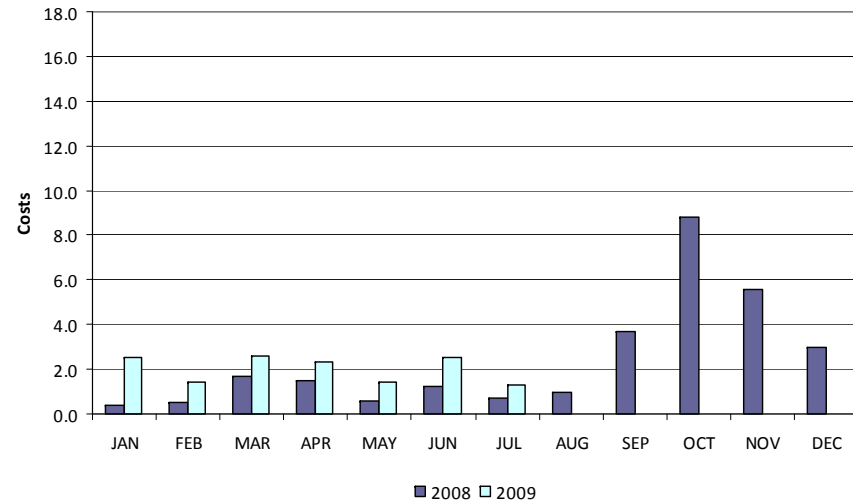
*Please note: August data will be provided at the Board Meeting.

Local Congestion Costs

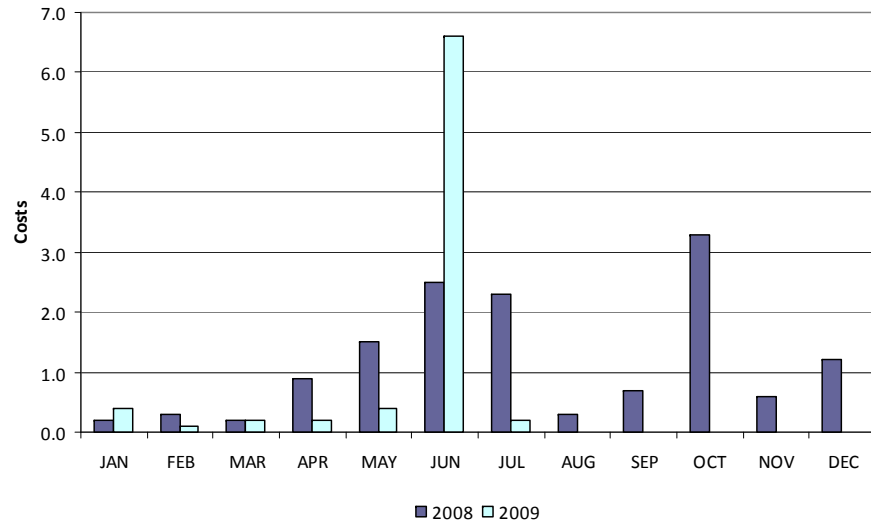
"Market Solution" Up Costs (\$ in millions)



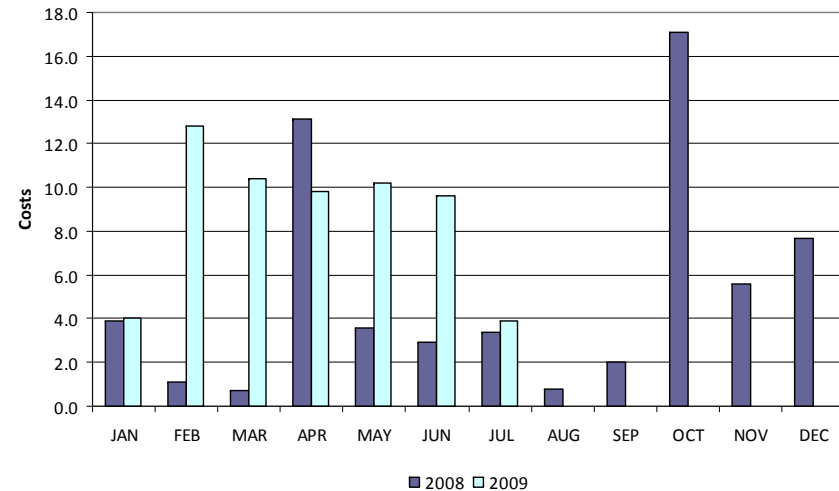
OOME Up Costs (\$ in millions)



"Market Solution" Down Costs (\$ in millions)



OOME Down Costs (\$ in millions)



*Please note: August data will be provided at the Board Meeting.

Load Zone Price Data

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

[MCPE weighted by Total Zonal Load]

<u>LOAD ZONE</u>	<u>Jul 2009</u>	<u>Jun 2009</u>	<u>May 2009</u>	<u>Apr 2009</u>	<u>Mar 2009</u>	<u>Feb 2009</u>	<u>Jan 2009</u>
South	\$35.67	\$82.81	\$32.97	\$24.27	\$26.35	\$27.27	\$34.69
North	\$35.81	\$35.15	\$32.99	\$24.82	\$32.21	\$27.89	\$32.31
Houston	\$35.68	\$61.82	\$32.70	\$24.58	\$29.11	\$27.19	\$32.78
West	\$33.75	\$32.95	\$24.57	\$12.93	\$25.70	\$19.93	\$24.04

<u>LOAD ZONE</u>	<u>July 2008</u>	<u>Jun 2008</u>	<u>May 2008</u>	<u>Apr 2008</u>	<u>Mar 2008</u>	<u>Feb 2008</u>	<u>Jan 2008</u>
South	\$97.86	\$147.24	\$171.09	\$83.65	\$64.34	\$63.26	\$60.24
North	\$97.08	\$104.37	\$86.41	\$74.92	\$69.64	\$59.05	\$62.31
Houston	\$97.30	\$129.48	\$152.76	\$100.00	\$68.19	\$60.06	\$60.16
West	\$90.98	\$82.22	\$58.01	\$58.59	\$38.52	\$56.84	\$52.04

**Represents the average price for loads within the zone*

***Please note: August data will be provided at the Board Meeting.**



REPs and QSEs Added/Terminated – as of August 31, 2009

- **Added REPs**

- ✓ Eagle Industrial Power Services (TX) I, LLC
- ✓ Eagle Industrial Power Services (TX) II, LLC
- ✓ Energy Plus Holdings, LLC
- ✓ Proton Energy, Inc.
- ✓ TexRep3, LLC d/b/a Milagro Electric

- **Terminated REPs**

- ✓ None

- **Added QSEs**

- ✓ Milagro Power Company
- ✓ Texas Energy Transfer Power, LLC
- ✓ Gradient Capital LLC
- ✓ Proton Energy, Inc.

- **Terminated QSEs**

- ✓ None

Questions?