



Market Operations Presentation

ERCOT Board of Directors
November 17, 2009

Betty Day

Summary

Retail Activity

- **Overall Activity** – Continued strong retail activity in 2009 compared to 2008.
- **Migration From Native AREPs** – Switching from the native AREP is healthy in all customer classes.
- **Transaction Performance Measures** – Performance was above the 98% target in all reported categories.

Project Update

- **Advanced Metering** – Due to testing environment issues, the schedule was revised to implement in 2 phases. The first phase will be on 11/24/09 and will deliver all data loading and settlement functionality. The second phase will be on 12/13 and will deliver remaining web services.

Wholesale Activity

- **Settlements & Billing Performance Measures** – Perfect performance in September.
- **Energy Services** – Total market volumes were higher in September 2009 compared to 2008. Natural gas prices remain very low.
- **Capacity Services** – Prices for capacity services are significantly lower in 2009 compared to 2008 while volumes procured by ERCOT remain relatively stable.
- **Summary Balancing Energy Price Data** – Prices continue to be significantly lower in 2009 compared to 2008.
- **Congestion Management** – Significantly more OOME to resolve local congestion in 2009 compared to 2008 – primarily due to increased installed wind capacity and outages taken to maintain and improve the transmission system.
- **REPs and QSEs Added/Terminated**
 - 1 new REP
 - 4 new QSEs
 - 1 terminated REP
 - 1 terminated QSE

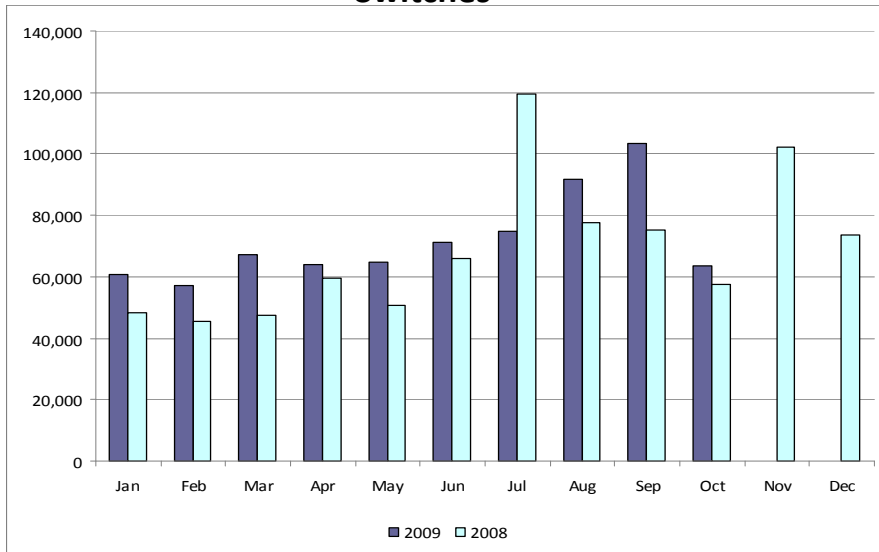
Overall Activity

Retail Transactions Summary

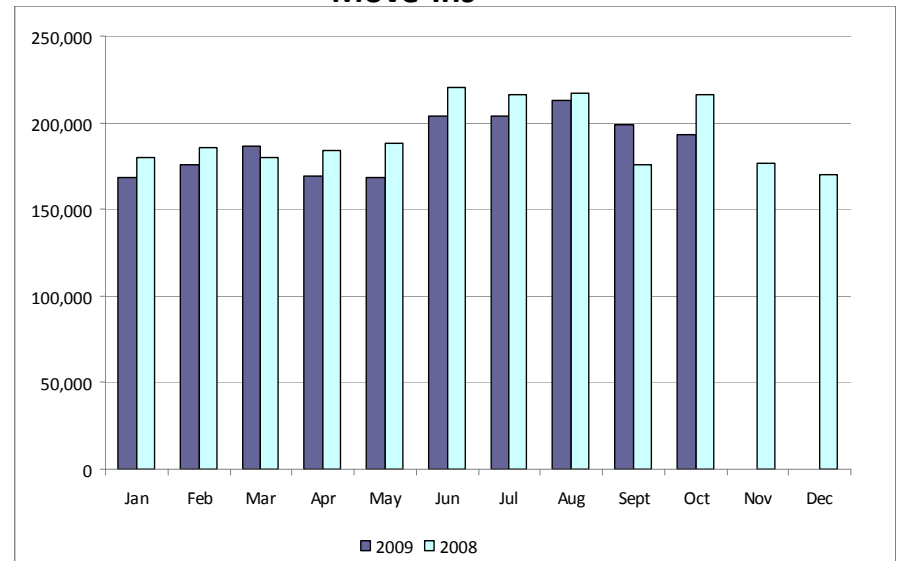
Transaction Type	YTD		October	
	<u>10/30/2009</u>	<u>10/31/2008</u>	<u>2009</u>	<u>2008</u>
Switches	718,480	646,883	63,452	57,405
Move - Ins	1,880,109	1,962,296	193,317	215,811
Move Out	1,083,824	1,065,902	120,312	120,626
CSA (Continuous Service Agreement)	304,512	286,100	41,676	23,840
Mass Transition	0	42,898	0	0
Total	3,986,925	4,004,079	418,757	417,682
Since June 1, 2001	35,025,793			

Retail Transactions Summary

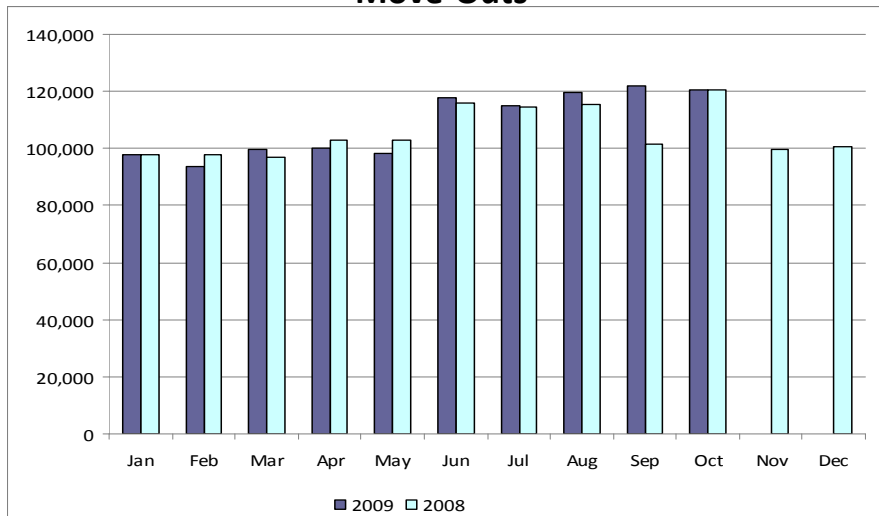
Switches



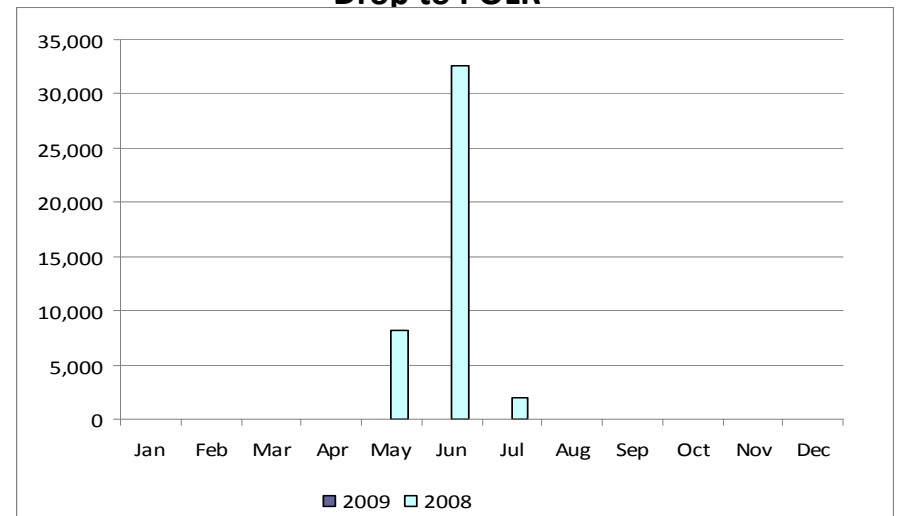
Move-Ins



Move-Outs



Drop to POLR



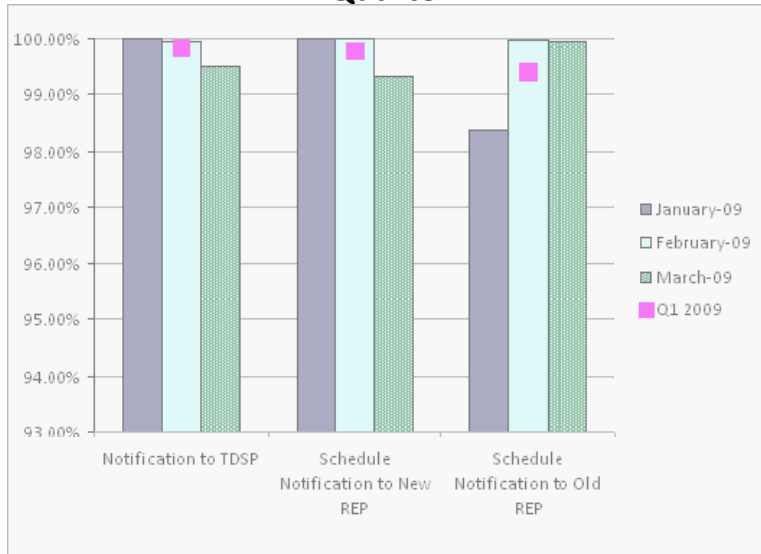
Migration from Native Affiliate REP

	% of Load ¹		% of ESI IDs	
	at <u>09/30/09</u>	at <u>09/30/08</u>	at <u>09/30/09</u>	at <u>09/30/08</u>
Residential	49%	45%	48%	44%
Small Non-Residential	78%	77%	55%	47%
Large Non-Residential	75%	74%	78%	74%

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

Retail Performance Measures – 2009 Switch

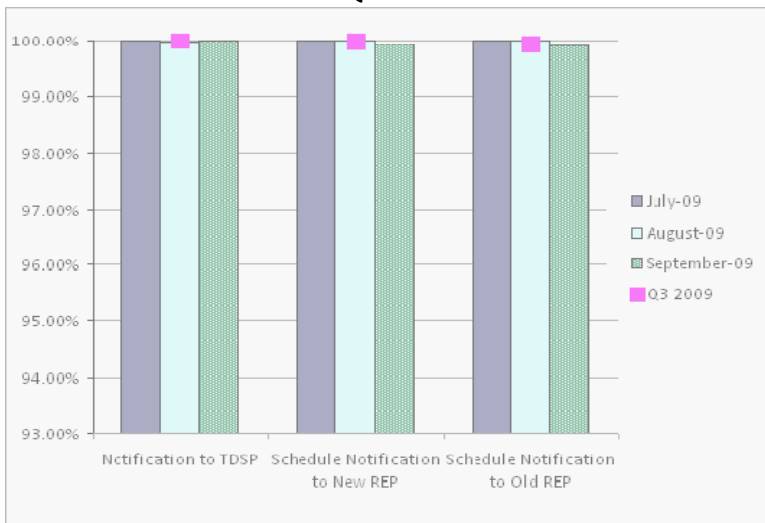
1st Quarter



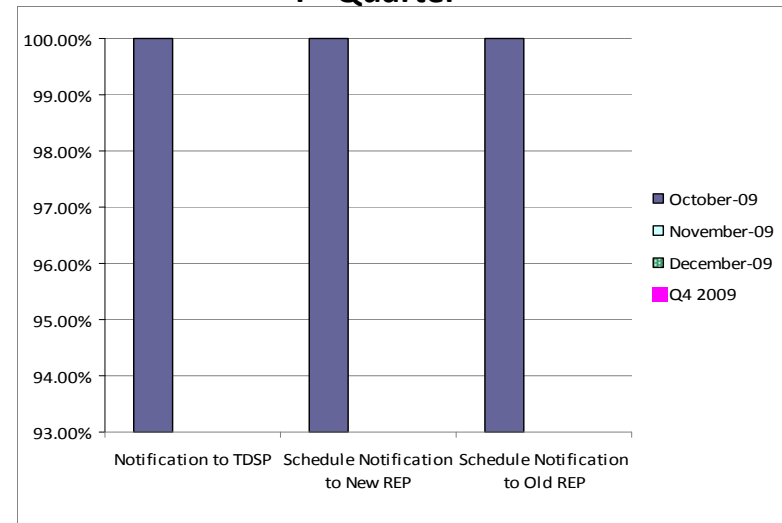
2nd Quarter



3rd Quarter

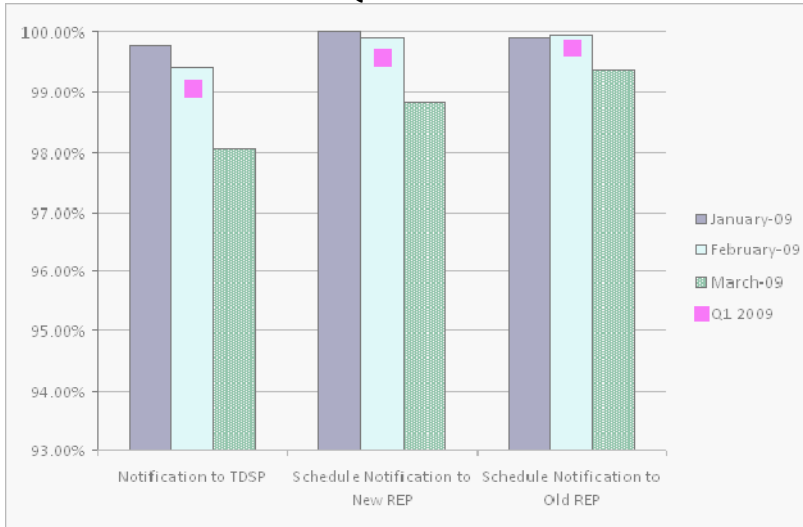


4th Quarter

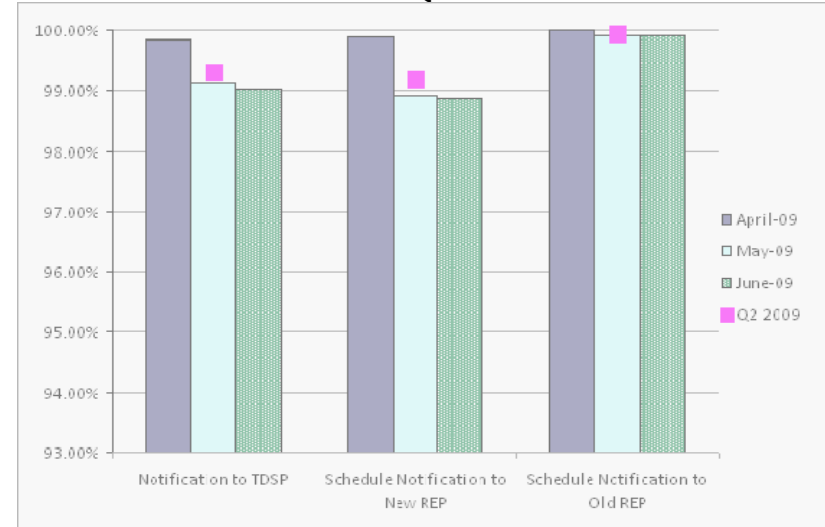


Retail Performance Measures – 2009 Move-In / Priority

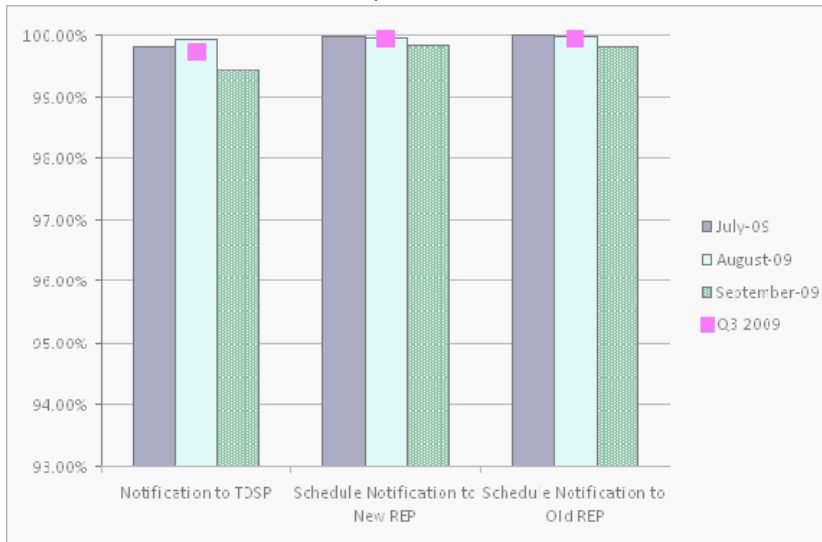
1st Quarter



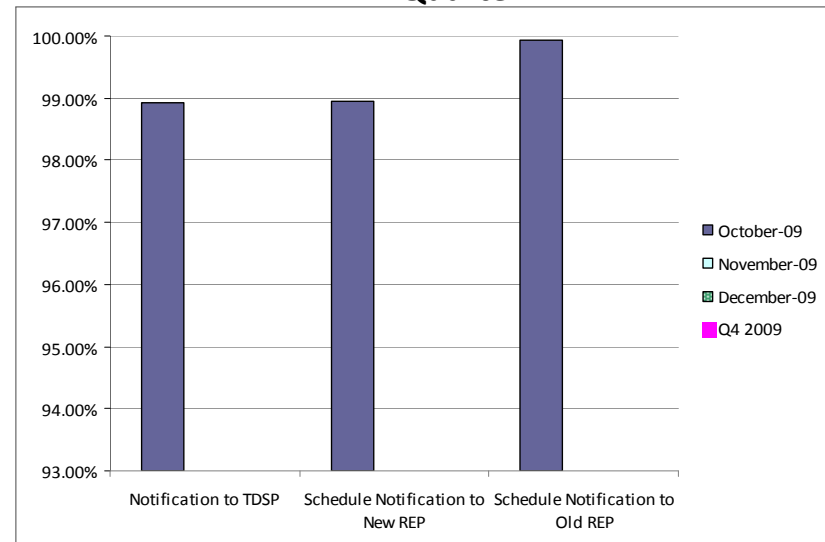
2nd Quarter



3rd Quarter

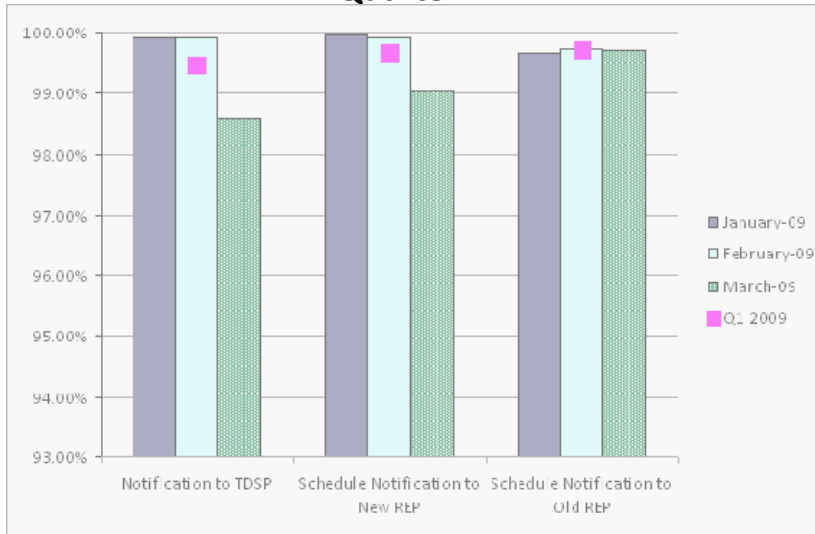


4th Quarter

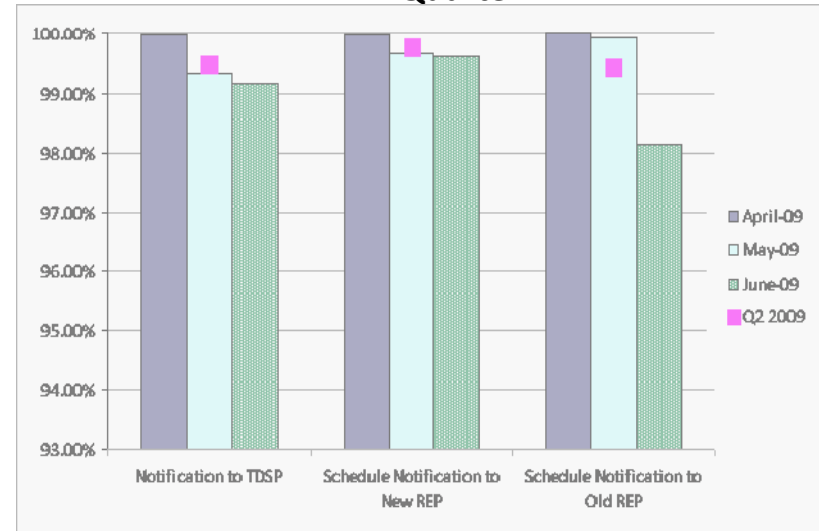


Retail Performance Measures – 2009 Move-In / Standard

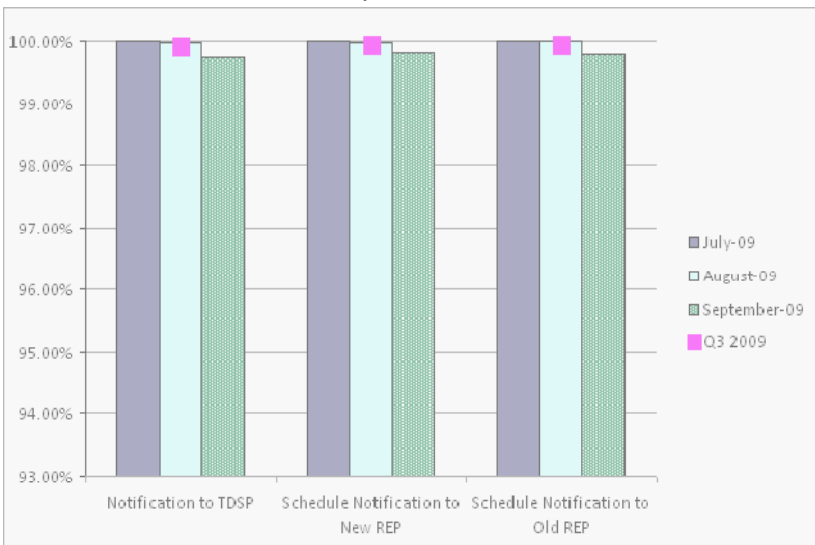
1st Quarter



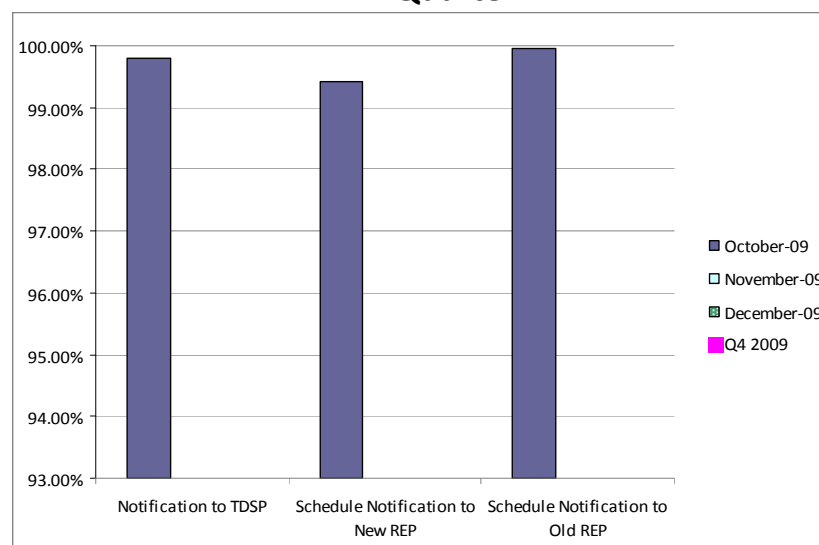
2nd Quarter



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 – Implementation 1	IN PROGRESS	11/04/2009	11/13/2009	
Go Live – Implementation 1	-	11/14/2009	11/21/2009	
Integration Testing Complete – Implementation 2	IN PROGRESS	11/04/2009	11/25/2009	
Go Live – Implementation 2	-	11/14/2009	12/13/2009	
Execution Complete	-	03/19/2010	03/19/2010	
Project Complete	-	05/21/2010	05/21/2010	

NOTE: The project is using contingency dollars due to delays in schedule and a higher than expected number of data aggregation code defects requiring additional time by contractors and FTEs to troubleshoot and resolve. The project is not expected to exceed the total approved budget of \$1,540,063 (which includes contingency of \$250K). However, additional contingency funds are being requested to cover the risk of more defects being discovered during the remaining testing.

Settlements & Billing Performance Measures – September 2009

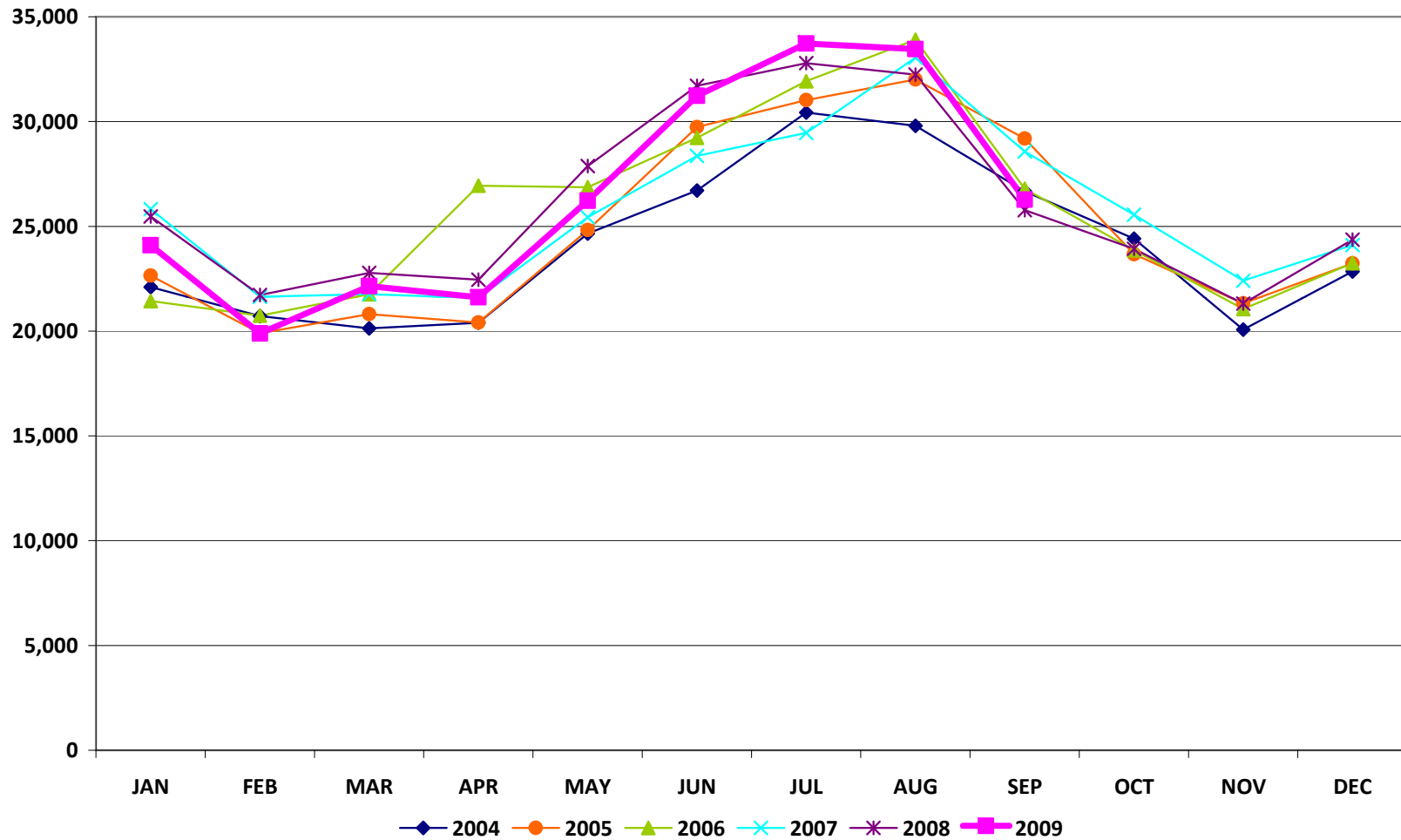
	YTD		September	
	<u>09/30/09</u>	<u>09/30/08</u>	<u>2009</u>	<u>2008</u>
Settlement Statements:				
Total	120,949	107,654	14,045	12,858
Late	109	754	0	0
– Less than 24 hours late	109	754	0	0
– Greater than 24 hours late	0	0	0	0
Balance	120,840	106,900	14,045	12,858
% Within Protocol	99.91%	99.30%	100.00%	100.00%
Invoices:				
Total	7,014	6,035	706	650
Late	0	0	0	0
– Less than 24 hours late	0	0	0	0
– Greater than 24 hours late	0	0	0	0
Balance	7,014	6,035	706	650
% Within Protocol	100.00%	100.00%	100.00%	100.00%

Energy Services

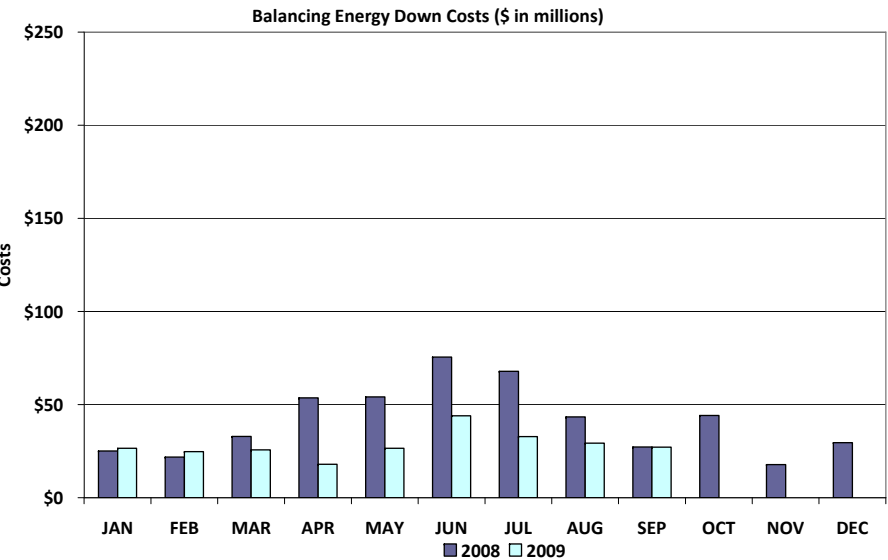
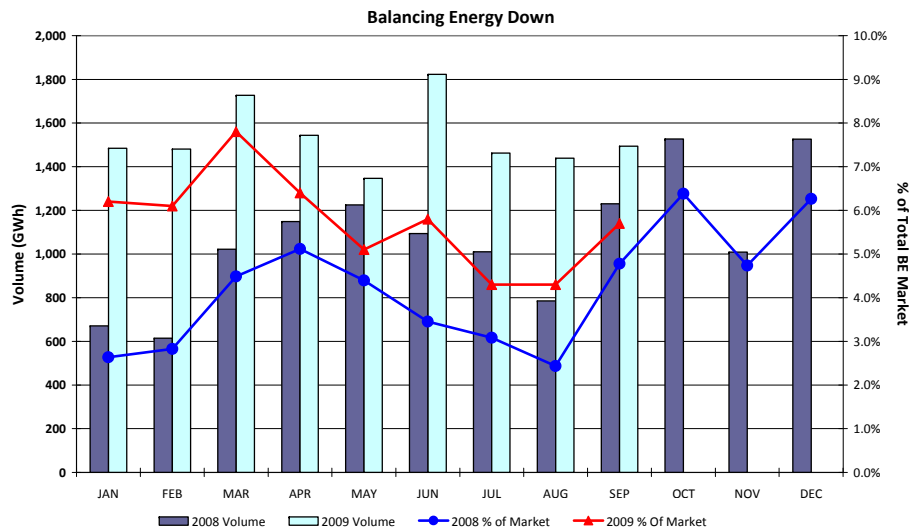
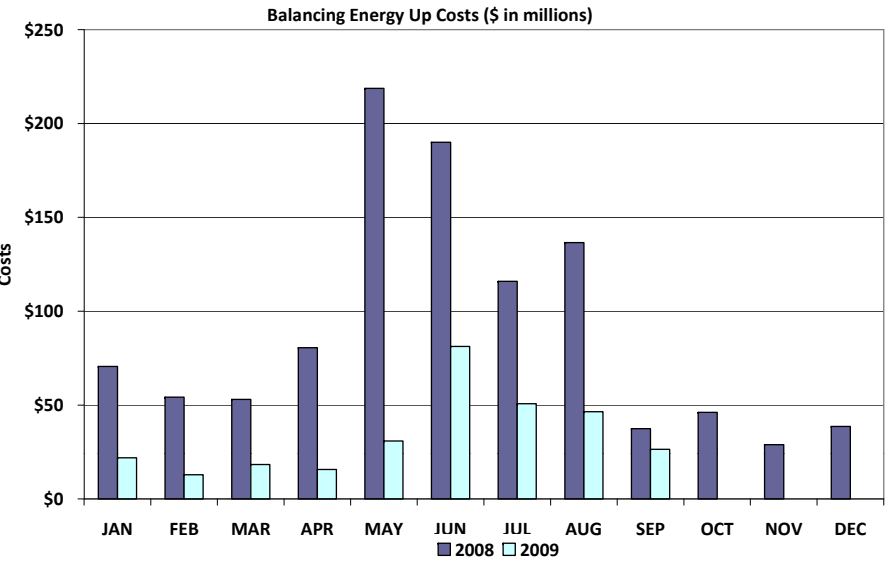
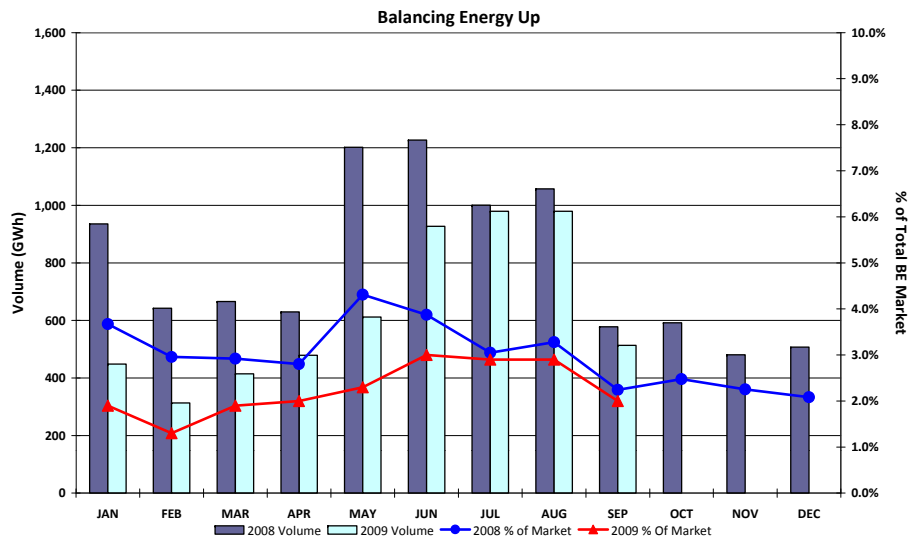
	YTD (\$'s in millions)		September (\$'s in millions)	
	<u>09/30/09</u>	<u>09/30/08</u>	<u>2009</u>	<u>2008</u>
<ul style="list-style-type: none"> Market Perspective: <ul style="list-style-type: none"> Approximate Retail Market (at \$.11/kWh) <ul style="list-style-type: none"> Volume (GWh) % Increase Natural Gas Price Index (\$/MMBTU) % Increase 	\$26,252.8	\$26,709.2	\$2,890.0	\$2,834.5
	238,662	242,811	26,273	25,768
	-1.7%		2.0%	
	3.5	9.5	2.9	6.9
	-63.2%		-58.0%	
<ul style="list-style-type: none"> Balancing Energy: <ul style="list-style-type: none"> Balancing Energy - Up <ul style="list-style-type: none"> % Increase Up (GWh) % Increase % of Market Balancing Energy - Down <ul style="list-style-type: none"> % Increase Down (GWh) % Increase % of Market 	\$304.6	\$958.1	\$26.4	\$37.5
	-68.2%		-29.6%	
	5,666.4	7,818.6	513.9	577.6
	-27.5%		-11.0%	
	2.4%	3.2%	2.0%	2.2%
	-\$254.7	-\$401.7	-\$27.1	-\$27.2
	-36.6%		-0.4%	
	-13,800.6	-8,802.1	-1,494.3	-1,230.7
	56.8%		21.4%	
	5.8%	3.6%	5.7%	4.8%

Energy Services

Total Market Volume (GWh)



Balancing Energy Services – Volume and Cost

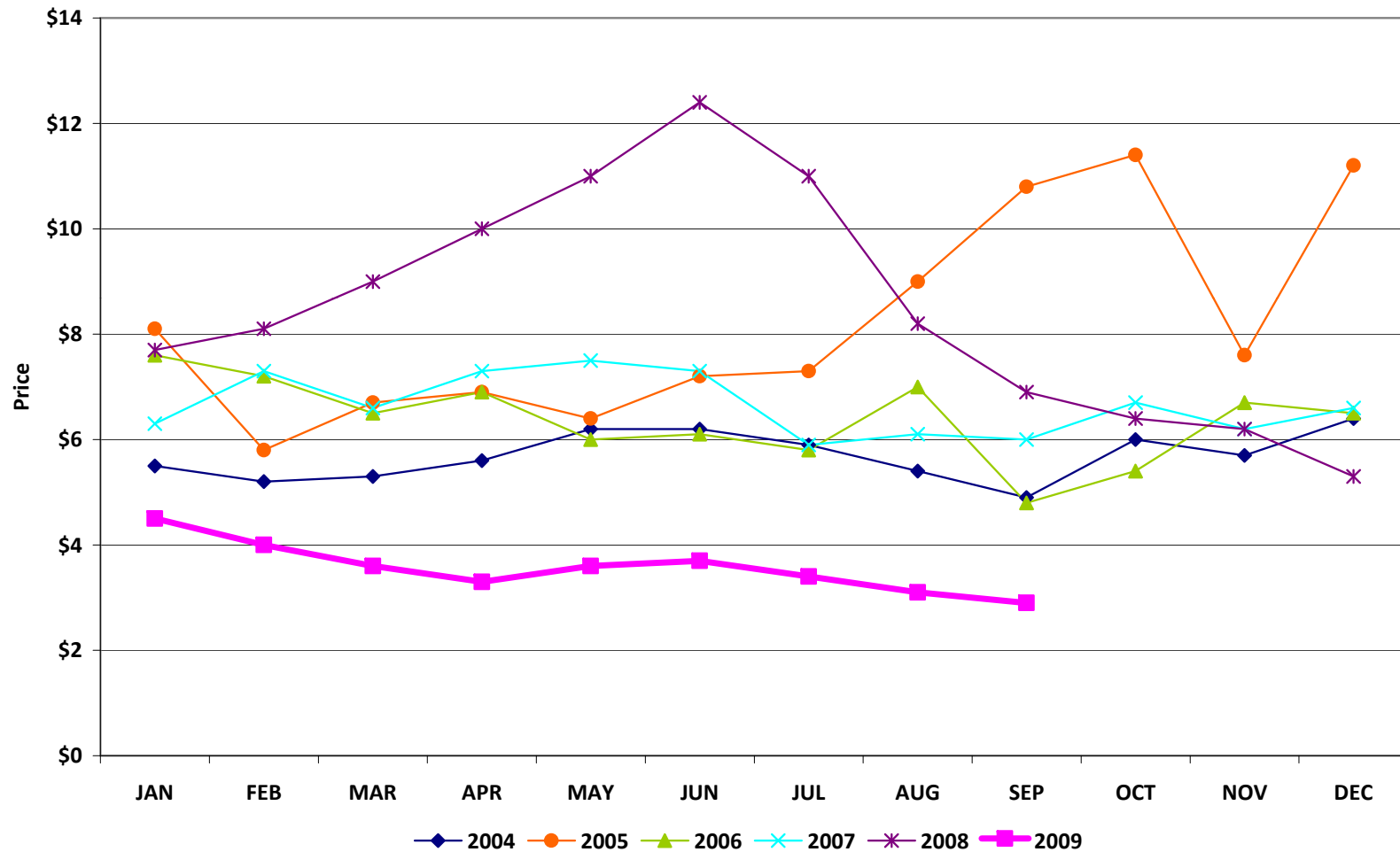


*Please note: October data will be provided at the Board Meeting



Natural Gas

Natural Gas Price Index (\$/MMBTU)



Capacity Services

	YTD		September	
	09/30/09	09/30/08	2009	2008
Reg Up:				
Required (MW)	5,401,732	5,526,337	574,072	577,263
Self Arranged (MW)	1,190,268	1,199,563	115,725	128,304
Procured (MW)	4,225,372	4,341,498	459,068	449,646
Mismatch Schedules (MW)	(13,908)	(14,724)	(721)	(687)
% Procured	78%	79%	80%	78%
Weighted Avg MCPC (\$/MW)	10.6	27.7	5.6	22.1
Reg Down:				
Required (MW)	5,629,672	5,343,083	633,683	609,483
Self Arranged (MW)	1,493,876	1,040,451	140,871	130,687
Procured (MW)	4,146,863	4,318,129	493,179	480,263
Mismatch Schedules (MW)	(11,067)	(15,497)	(367)	(1,467)
% Procured	74%	81%	78%	79%
Weighted Avg MCPC (\$/MW)	7.4	21.8	3.7	27.3
Responsive Reserve:				
Required (MW)	15,049,422	16,063,948	1,654,257	1,653,191
Self Arranged (MW)	6,303,881	6,932,442	709,287	616,909
Procured (MW)	8,764,180	9,113,912	946,563	1,037,241
Mismatch Schedules (MW)	(18,639)	17,594	(1,593)	(959)
% Procured	58%	57%	57%	63%
Weighted Avg MCPC (\$/MW)	10.2	31.8	6.1	33.5
Non-Spinning Reserve:*				
Required (MW)	7,261,759	3,633,943	483,174	331,131
Self Arranged (MW)	1,091,009	645,722	77,186	61,782
Procured (MW)	6,183,359	2,995,155	406,998	269,948
Mismatch Schedules (MW)	(12,609)	(6,934)	(1,010)	(599)
% Procured	85%	82%	84%	82%
Weighted Avg MCPC (\$/MW)	3.5	12.2	0.9	6.4
Local Replacement Reserve:				
Procured (MW)	218,441	245,710	12,654	8,961
Zonal Replacement Reserve:				
Procured (MW)	523,761	439,152	64,667	113,800

*A/S procurement methodology changed in November 2008 to procure in all hours rather than peak hours only.



Capacity Services – Cost

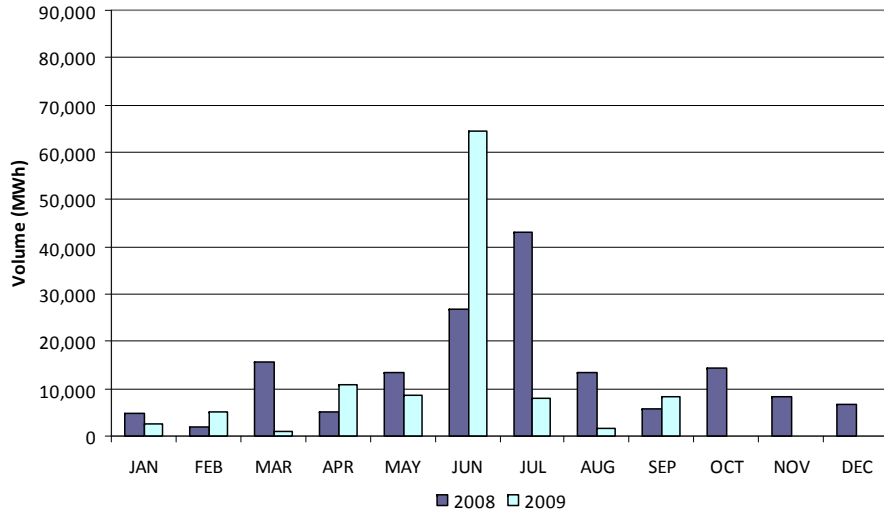
	YTD (\$'s in millions)		September (\$'s in millions)	
	<u>09/30/09</u>	<u>09/30/08</u>	<u>2009</u>	<u>2008</u>
• Capacity Services:				
Reg Up	44.7	120.1	2.6	9.9
Reg Down	30.7	94.2	1.8	13.1
Responsive Reserve	89.4	289.7	5.7	34.7
Non-Spinning Reserve*	21.9	36.6	0.4	1.7
Local Replacement Reserve	2.6	8.1	0.2	0.3
Zonal Replacement Reserve	15.9	22.9	1.6	3.1
Black Start	4.2	5.8	0.5	0.6
OOMC	47.4	33.6	0.6	4.9
RMR Capacity and Start Up	<u>\$1.8</u>	<u>\$11.4</u>	<u>\$0.4</u>	<u>\$1.3</u>
TOTAL CAPACITY SERVICES	\$258.6	\$622.4	\$13.8	\$69.6

Congestion Management

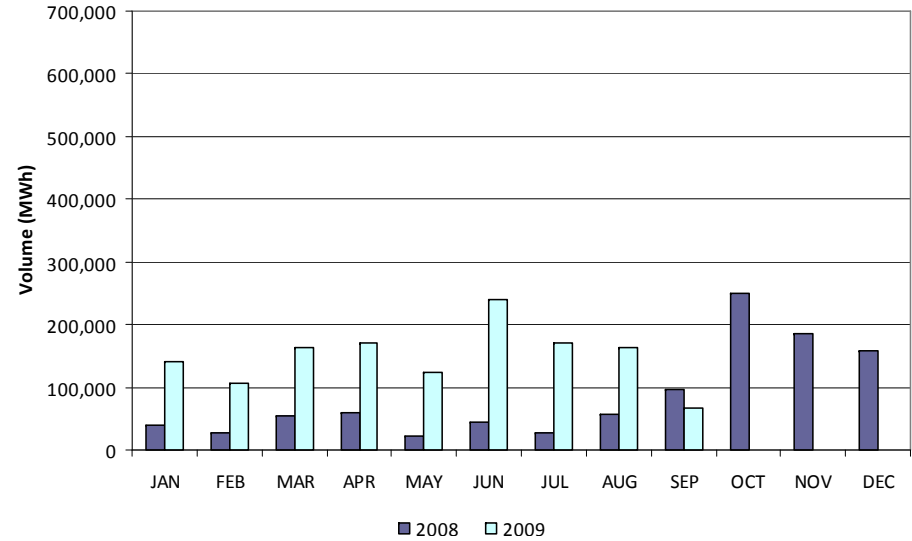
	YTD (\$'s in millions)		September (\$'s in millions)	
	<u>09/30/09</u>	<u>09/30/08</u>	<u>2009</u>	<u>2008</u>
• Local Congestion:				
"Market Solution" Down	8.4	11.1	0.2	0.7
"Market Solution" Up	0.8	4.0	0.1	0.2
OOME - Down	69.3	31.7	4.3	2.0
OOME - Up	<u>16.2</u>	<u>11.3</u>	<u>0.8</u>	<u>3.7</u>
Total Local Congestion Costs	\$94.7	\$58.1	\$5.4	\$6.6
• Local Congestion Volume: (units in MWh)				
"Market Solution" Down	148,479	110,802	8,508	5,912
"Market Solution" Up	110,569	129,649	8,426	5,699
OOME - Down	3,367,385	574,604	205,828	79,960
OOME - Up	<u>1,345,818</u>	<u>427,410</u>	<u>67,614</u>	<u>96,279</u>
Total Local Congestion Volume	4,972,250	1,242,465	290,375	187,850
• Zonal Congestion and TCR / PCR:				
TCR / PCR Annual Auction Proceeds received from Holders	(\$77.5)	(\$30.8)	(\$8.4)	(\$3.2)
TCR Monthly Auction Proceeds received from TCR Holders	(\$60.6)	(\$80.1)	(\$4.5)	(\$5.8)
Direct Assignment Proceeds received from QSEs based on schedules	(\$63.9)	(\$327.0)	(\$5.7)	(\$4.4)
Proceeds Paid to TCR / PCR Holders including Auction Refunds	<u>\$184.3</u>	<u>\$430.6</u>	<u>\$14.3</u>	<u>\$5.8</u>
Total Zonal Congestion and TCR / PCR Costs Uplift	(\$17.7)	(\$7.2)	(\$4.3)	(\$7.5)

Local Congestion Volume

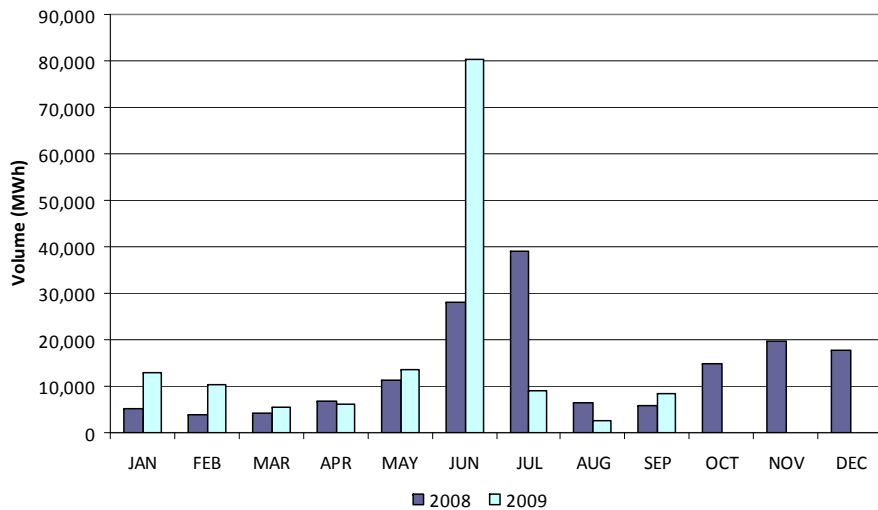
"Market Solution" Up



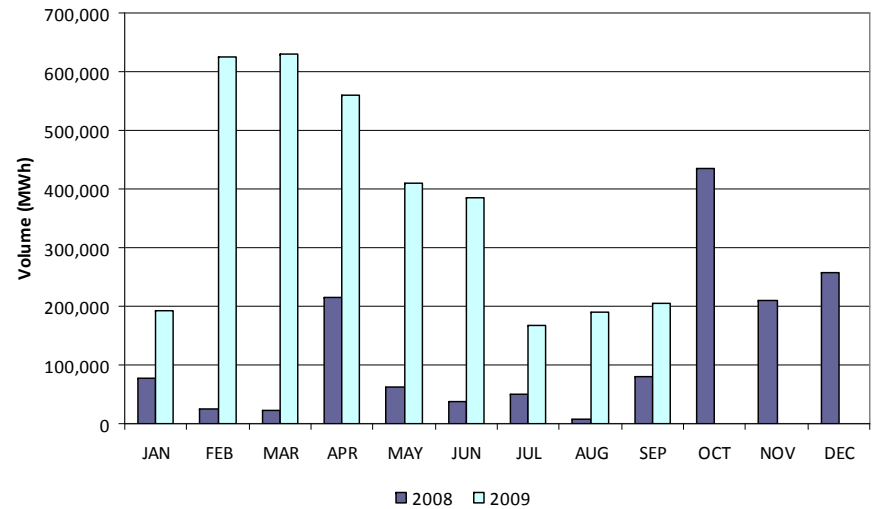
OOME Up



"Market Solution" Down

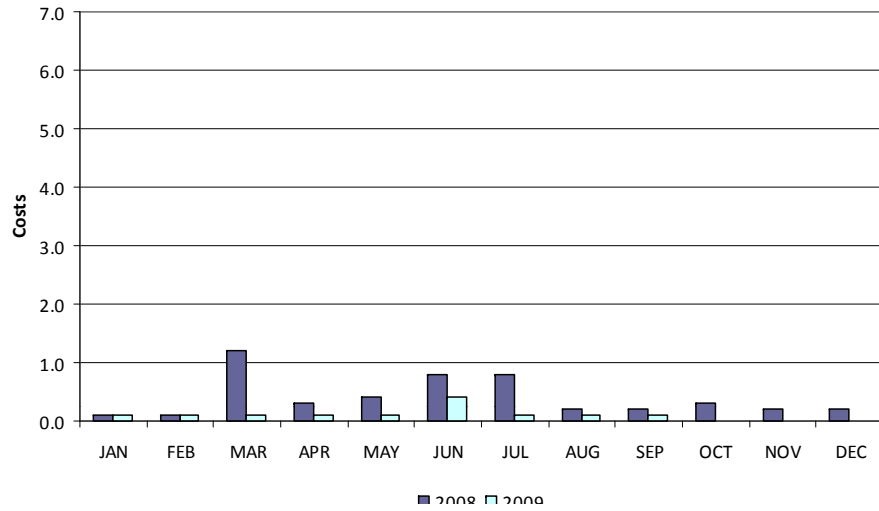


OOME Down

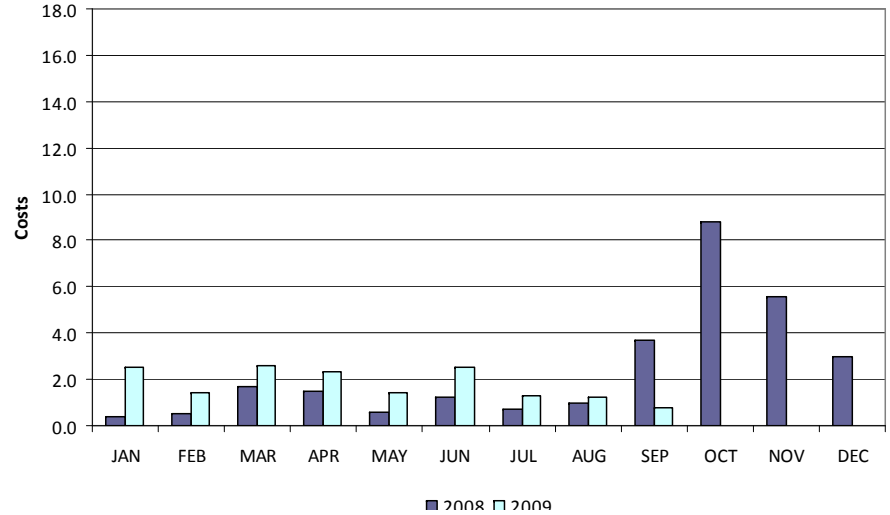


Local Congestion Costs

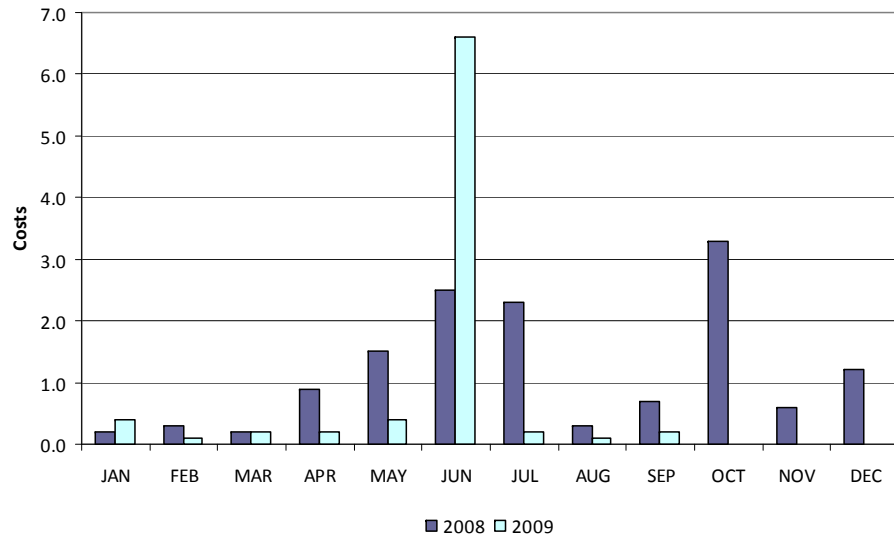
"Market Solution" Up Costs (\$ in millions)



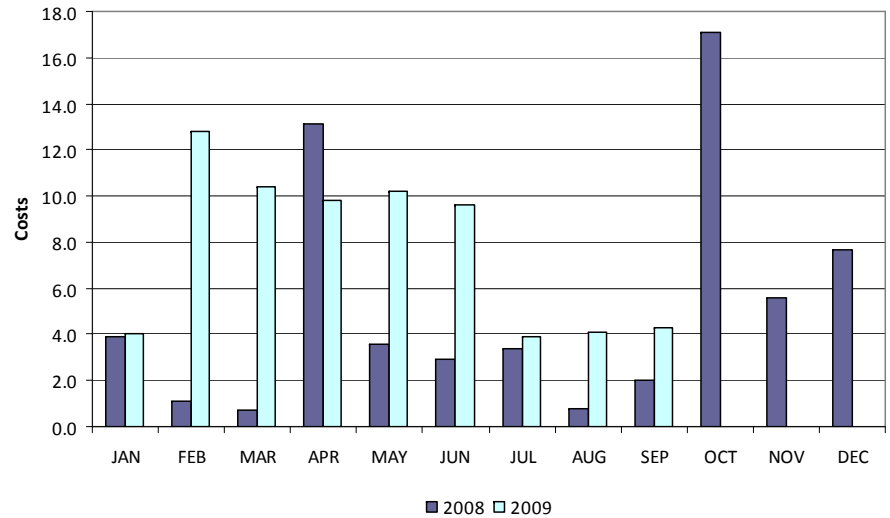
OOME Up Costs (\$ in millions)



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



OOME Down Costs (\$ in millions)



Load Zone Price Data

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

[MCPE weighted by Total Zonal Load]

LOAD ZONE	Sep 2009	Aug 2009	Jul 2009	Jun 2009	May 2009	Apr 2009	Mar 2009	Feb 2009	Jan 2009
South	\$30.82	\$32.51	\$35.67	\$82.81	\$32.97	\$24.27	\$26.35	\$27.27	\$34.69
North	\$26.96	\$32.47	\$35.81	\$35.15	\$32.99	\$24.82	\$32.21	\$27.89	\$32.31
Houston	\$31.25	\$32.81	\$35.68	\$61.82	\$32.70	\$24.58	\$29.11	\$27.19	\$32.78
West	\$24.32	\$29.84	\$33.75	\$32.95	\$24.57	\$12.93	\$25.70	\$19.93	\$24.04

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

*Represents the average price for loads within the zone



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

- **Added REPs**

- ✓ 10K Energy, LLC

- **Added QSEs**

- ✓ 10K Energy, LLC
- ✓ Eagle Industrial
- ✓ Energy Curtailment Specialist, Inc.
- ✓ FM Energy Scheduling, LLC

- **Terminated REPs**

- ✓ ExxonMobil Power and Gas Services, Inc.

- **Terminated QSEs**

- ✓ Texas Genco GP, LLC

Questions?