



Market Operations Presentation

ERCOT Board of Directors

January 19, 2010

Betty Day

Summary

Retail Activity

- **Overall Activity** – Continued strong retail activity in 2009 compared to 2008. The higher switching numbers in December 2008 compared to 2009 are primarily due to a REP utilizing switch transactions to combine ESIIDS into one DUNS within their umbrella.
- **Migration From Native AREPs** – All customer classes now show at least 50% migration.
- **Transaction Performance Measures** – Quarterly performance was above the 98% target in all reported categories. Dec 2009 was slightly under for one measurement due to a delay in transaction processing early in the month.

Project Update

- **Advanced Metering** – Project successfully implemented all functionality in December. To date, more than 500k ESIIDs have been converted to AMI and settled using interval data.

Wholesale Activity

- **Settlements & Billing Performance Measures** – Perfect performance in November.
- **Energy Services** – YTD total market volumes are lower in 2009 compared to 2008. Natural gas prices remain very low.
- **Capacity Services** – Prices for capacity services continue to be significantly lower in 2009 compared to 2008 while volumes procured by ERCOT remain relatively stable.
- **Summary Balancing Energy Price Data** – Prices declined slightly in late 2009.
- **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**
 - 5 new REP
 - 4 new QSEs
 - 0 terminated REP
 - 0 terminated QSEs



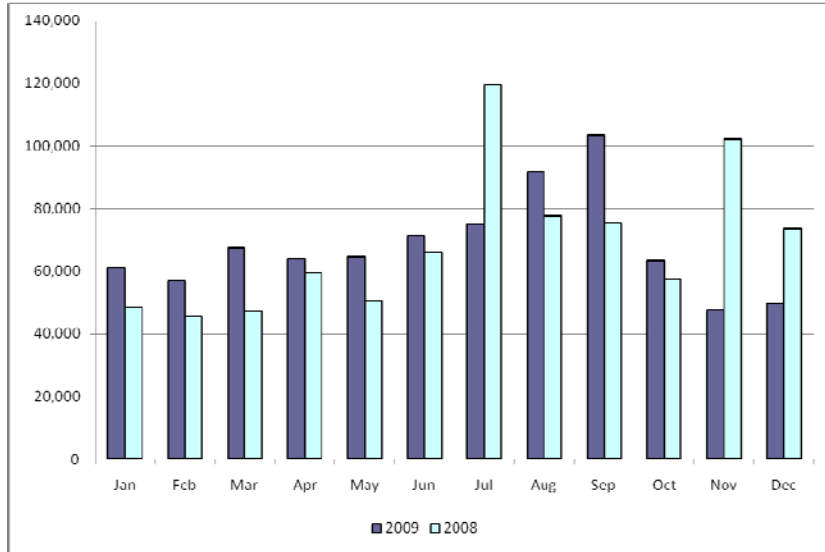
Overall Activity

Retail Transactions Summary

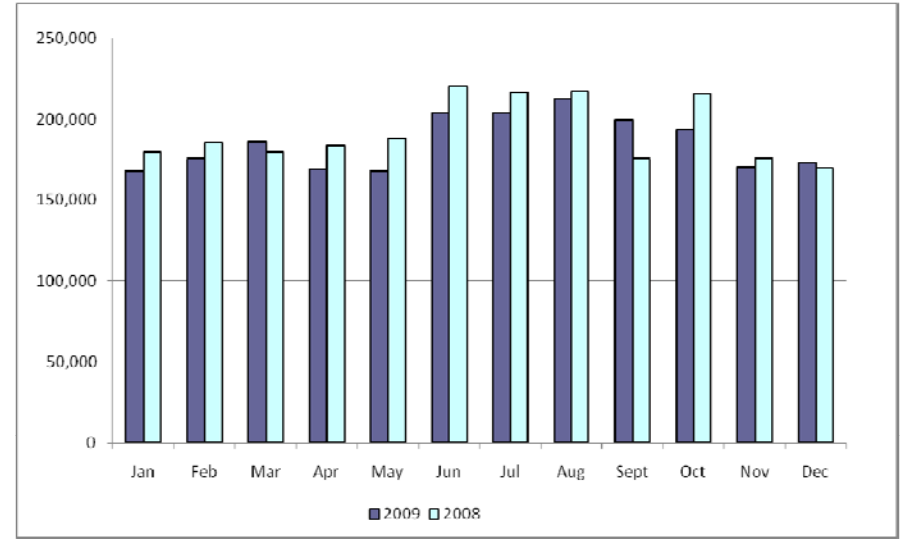
Transaction Type	YTD		December	
	<u>12/31/2009</u>	<u>12/31/2008</u>	<u>2009</u>	<u>2008</u>
Switches	815,708	822,607	49,828	73,680
Move - Ins	2,223,799	2,308,091	173,505	169,609
Move Out	1,291,870	1,266,190	102,986	100,636
CSA (Continuous Service Agreement)	376,141	316,408	40,920	14,719
Mass Transition	0	42,898	0	0
Total	4,707,518	4,756,194	367,239	358,644
Since June 1, 2001	35,746,386			

Retail Transactions Summary

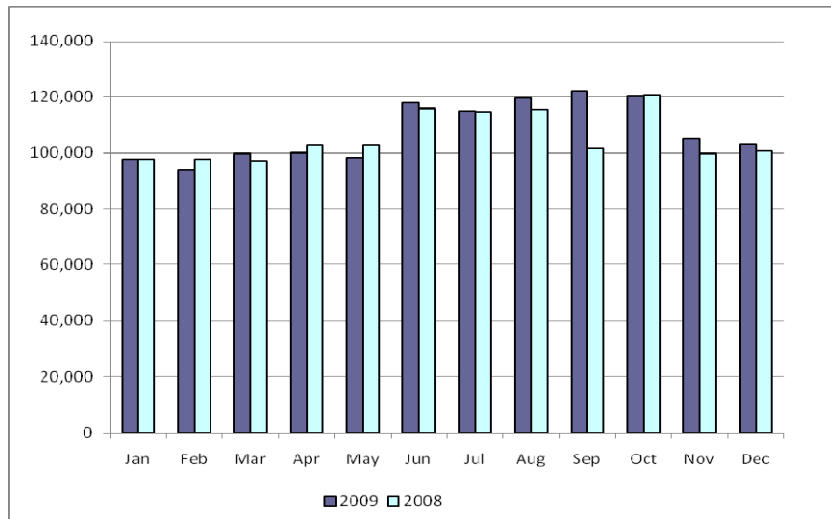
Switches



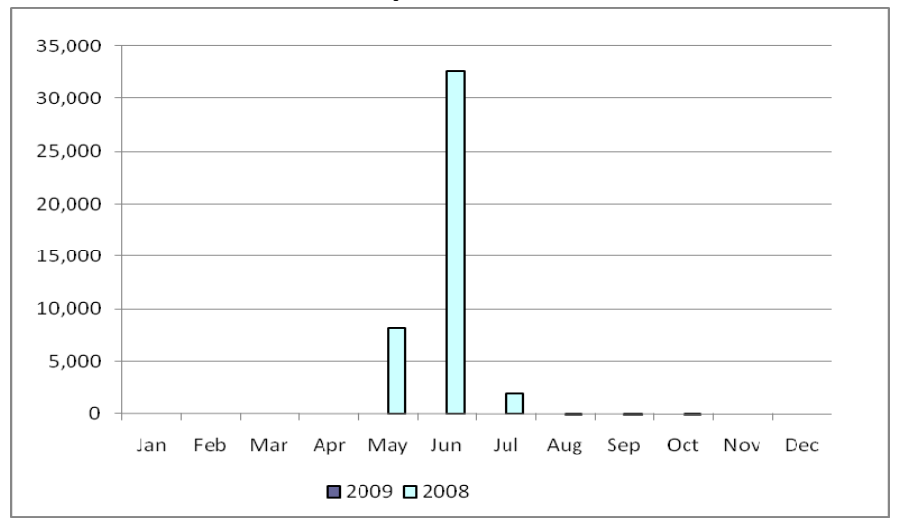
Move-Ins



Move-Outs



Drop to POLR



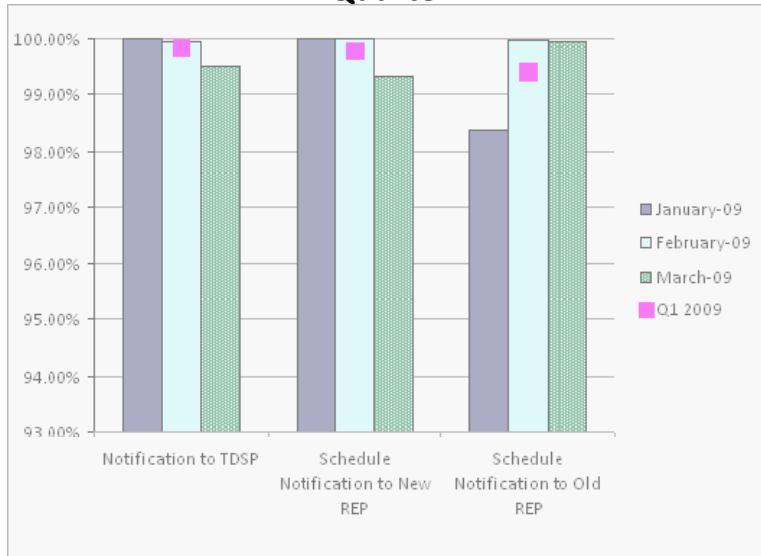
Migration from Native Affiliate REP

	% of Load ¹		% of ESI IDs	
	at <u>11/30/09</u>	at <u>11/30/08</u>	at <u>11/30/09</u>	at <u>11/30/08</u>
Residential	50%	46%	49%	44%
Small Non-Residential	80%	79%	56%	49%
Large Non-Residential	75%	74%	78%	75%

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

Retail Performance Measures – 2009 Switch

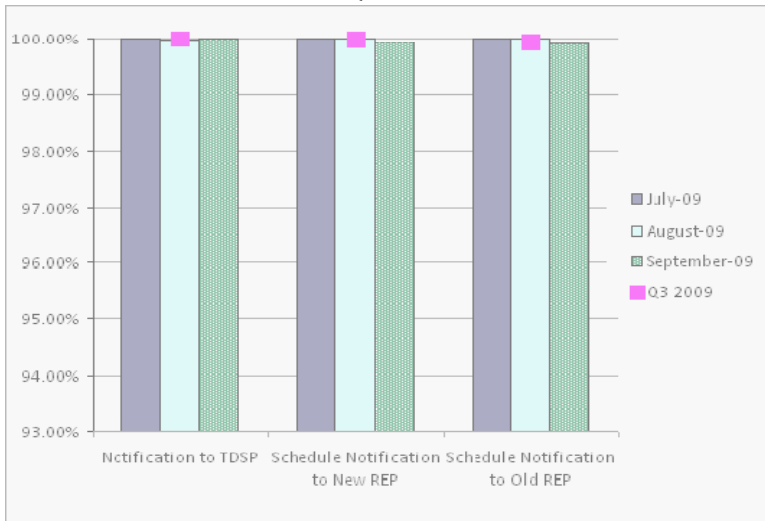
1st Quarter



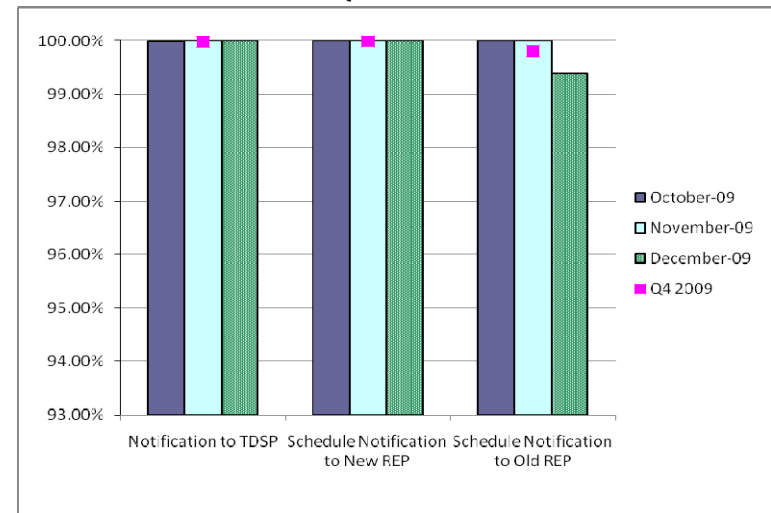
2nd Quarter



3rd Quarter

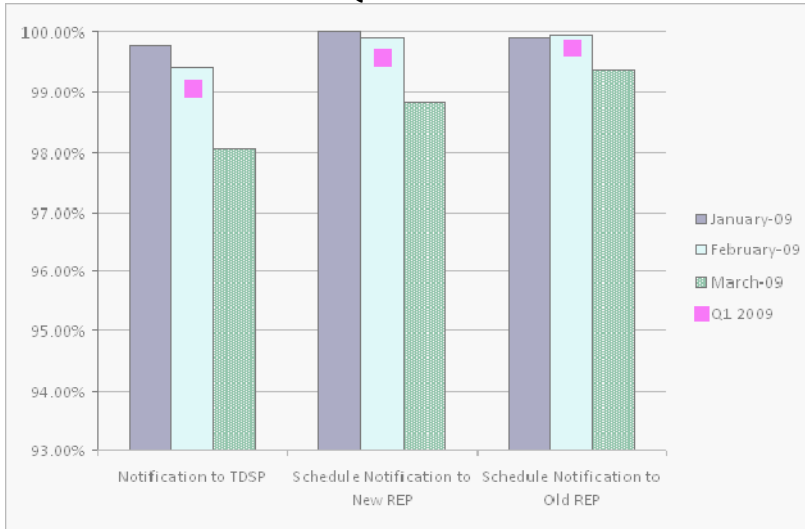


4th Quarter

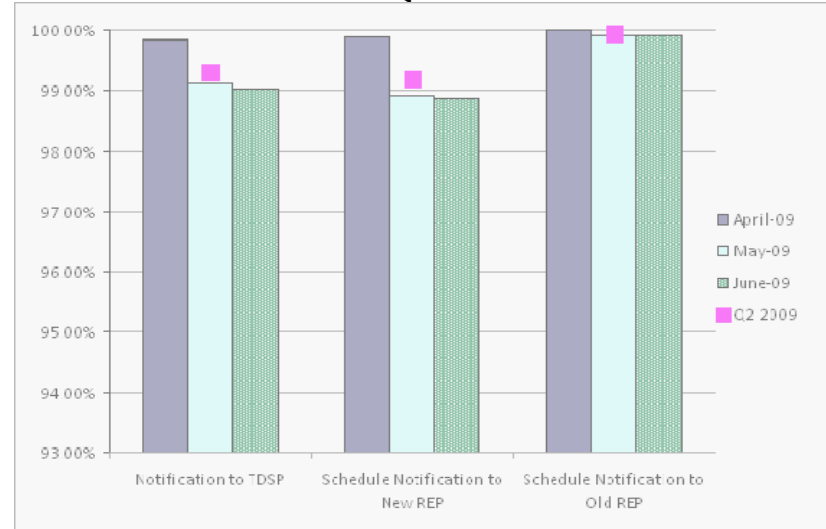


Retail Performance Measures – 2009 Move-In / Priority

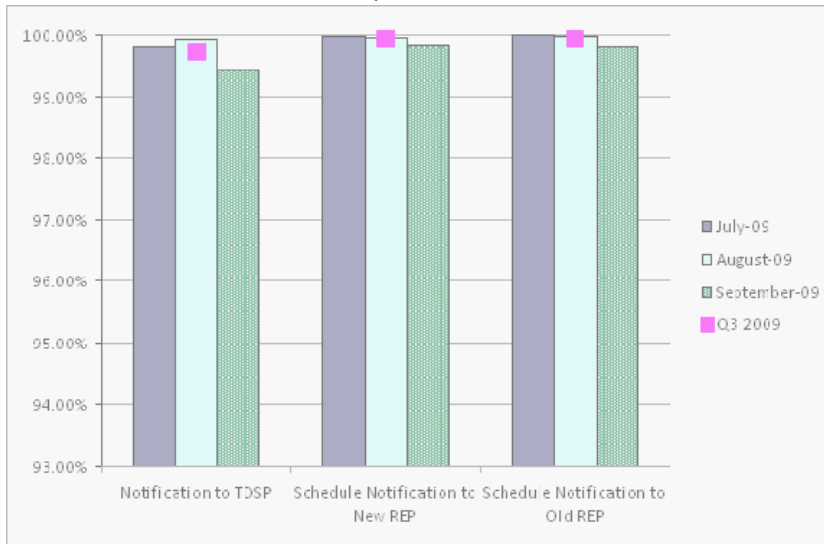
1st Quarter



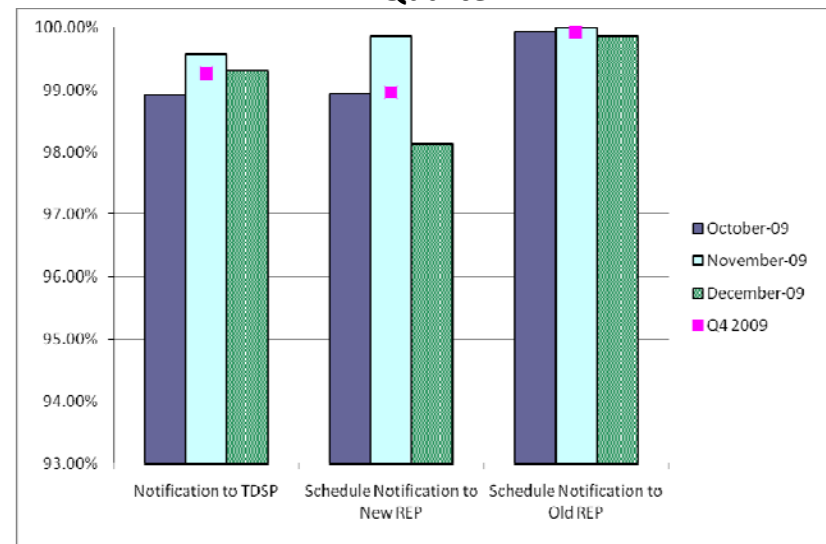
2nd Quarter



3rd Quarter

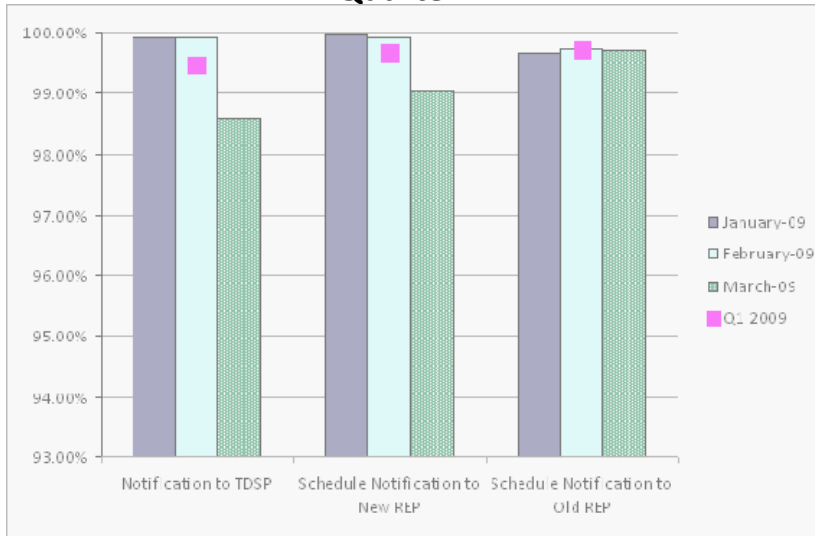


4th Quarter

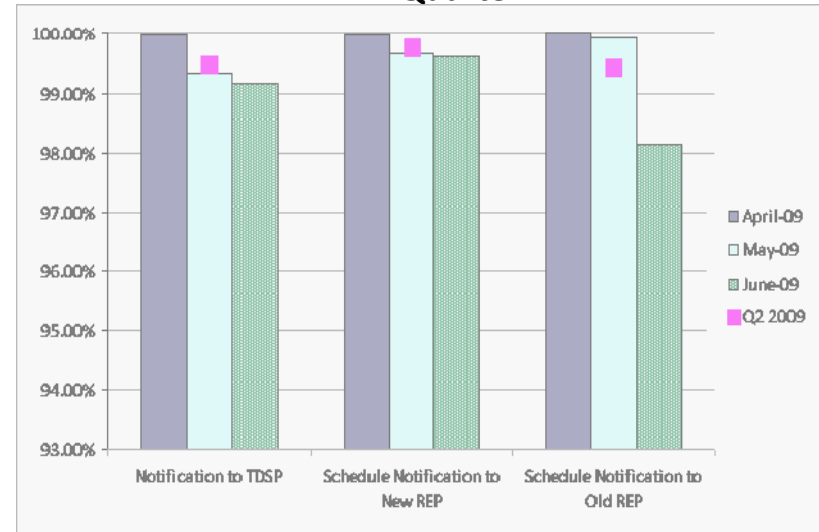


Retail Performance Measures – 2009 Move-In / Standard

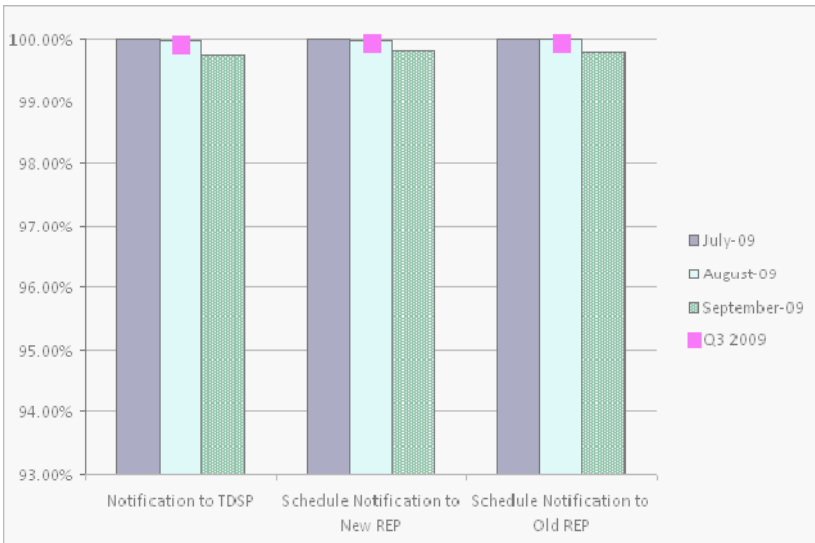
1st Quarter



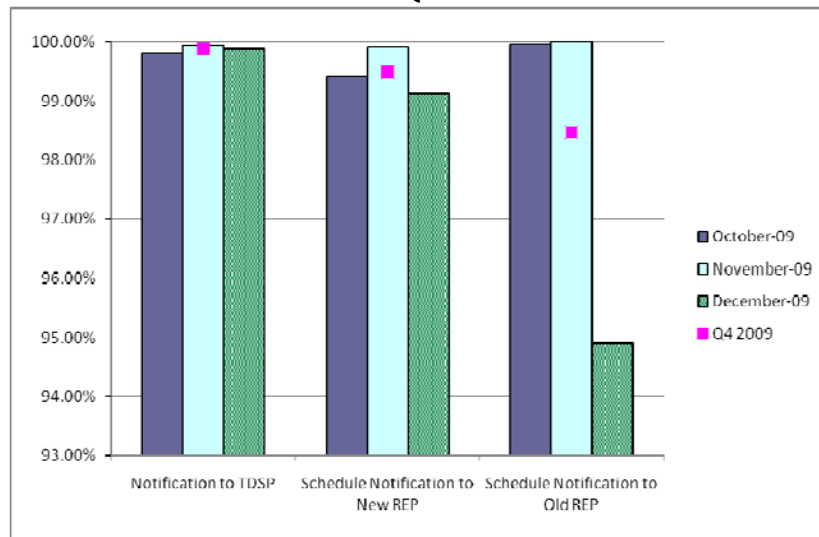
2nd Quarter



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

Settlements and Billing Performance Measures – November 2009

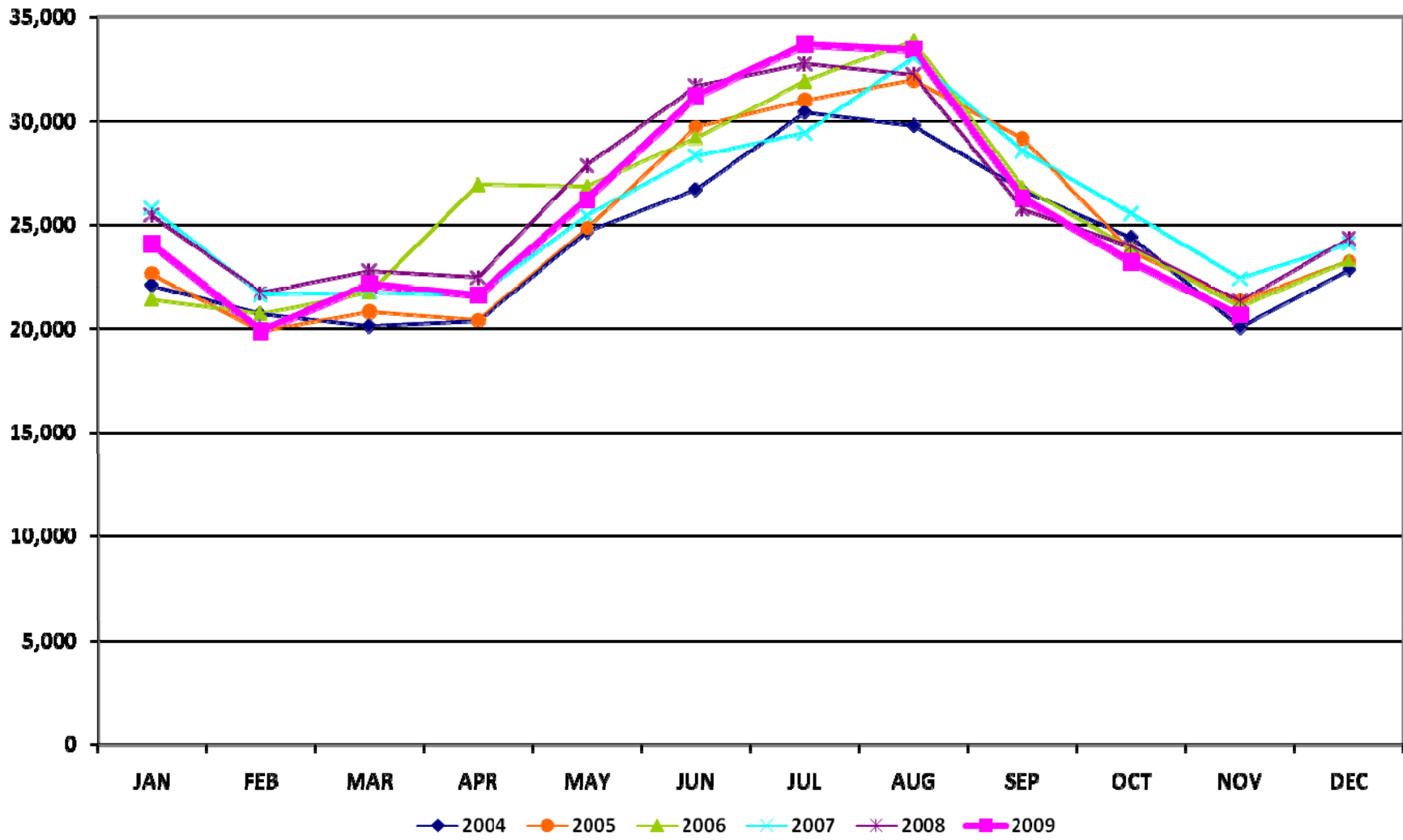
	YTD		November	
	<u>11/30/09</u>	<u>11/30/08</u>	<u>2009</u>	<u>2008</u>
Settlement Statements:				
Total	149,855	131,270	14,691	10,588
Late	109	754	0	0
– Less than 24 hours late	109	754	0	0
– Greater than 24 hours late	0	0	0	0
Balance	149,746	130,516	14,691	10,588
% Within Protocol	99.93%	99.43%	100.00%	100.00%
Invoices:				
Total	8,625	7,370	716	500
Late	0	0	0	0
– Less than 24 hours late	0	0	0	0
– Greater than 24 hours late	0	0	0	0
Balance	8,625	7,370	716	500
% Within Protocol	100.00%	100.00%	100.00%	100.00%

Energy Services

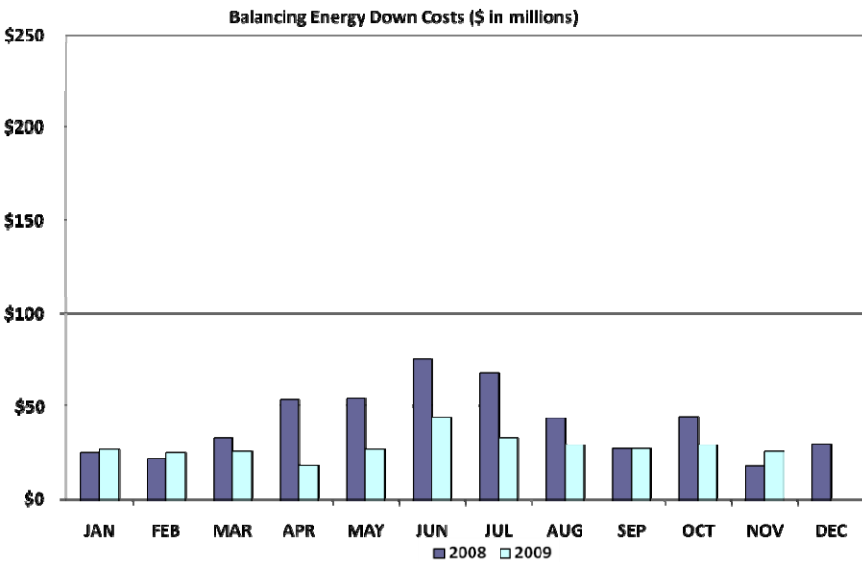
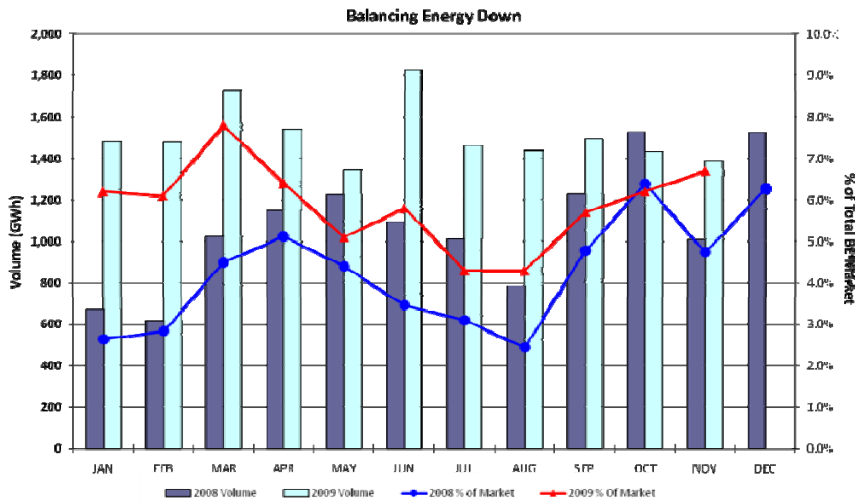
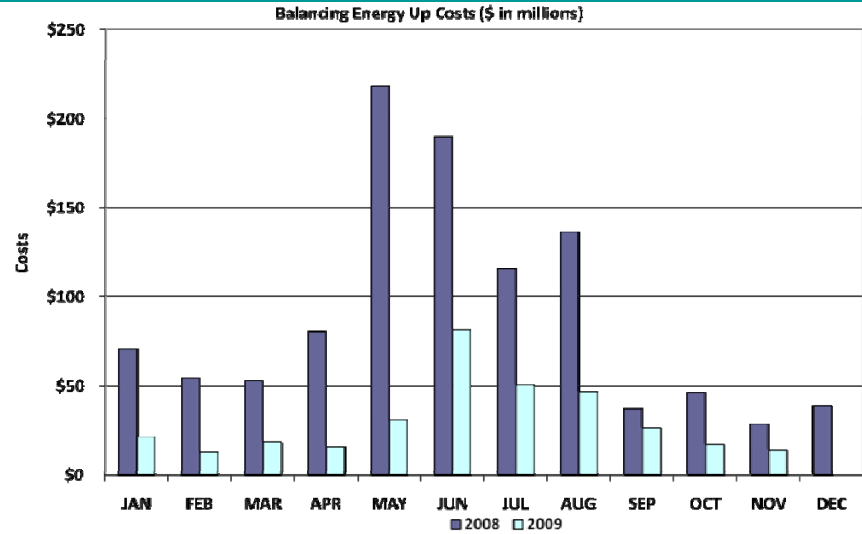
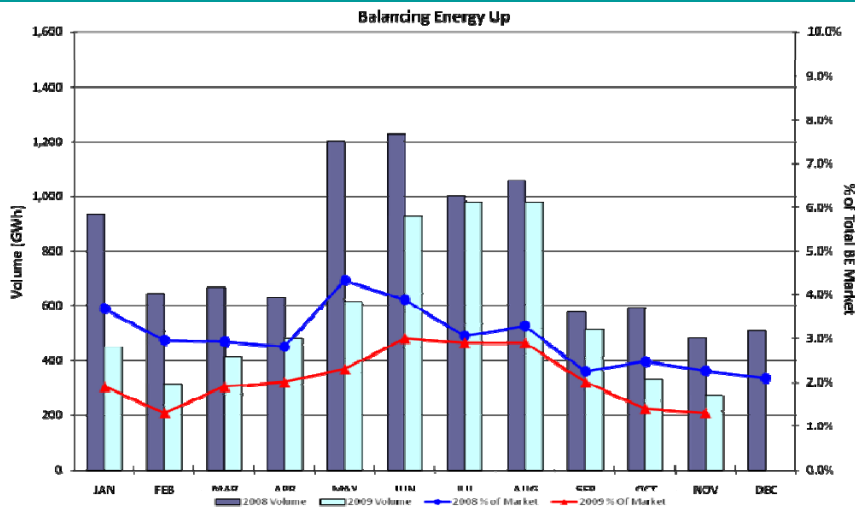
	YTD (\$'s in millions)		November (\$'s in millions)	
	<u>11/30/09</u>	<u>11/30/08</u>	<u>2009</u>	<u>2008</u>
• Market Perspective:				
Approximate Retail Market (at \$.11/kWh)	\$31,073.7	\$31,684.8	\$2,268.5	\$2,343.9
Volume (GWh)	282,488	288,044	20,623	21,308
% Increase	-1.9%		-3.2%	
Natural Gas Price Index (\$/MMBTU)	3.6	9.0	3.6	6.2
% Increase	-60.0%		-41.9%	
• Balancing Energy:				
Balancing Energy - Up	\$335.8	\$1,033.1	\$14.0	\$28.9
% Increase	-67.5%		-51.6%	
Up (GWh)	6,268.9	8,890.9	273.2	480.4
% Increase	-29.5%		-43.1%	
% of Market	2.2%	3.1%	1.3%	2.3%
Balancing Energy - Down	-\$309.8	-\$463.7	-\$25.8	-\$17.8
% Increase	-33.2%		44.9%	
Down (GWh)	-16,623.3	-11,338.2	-1,387.1	-1,009.1
% Increase	46.6%		37.5%	
% of Market	5.9%	3.9%	6.7%	4.7%

Energy Services

Total Market Volume (GWh)



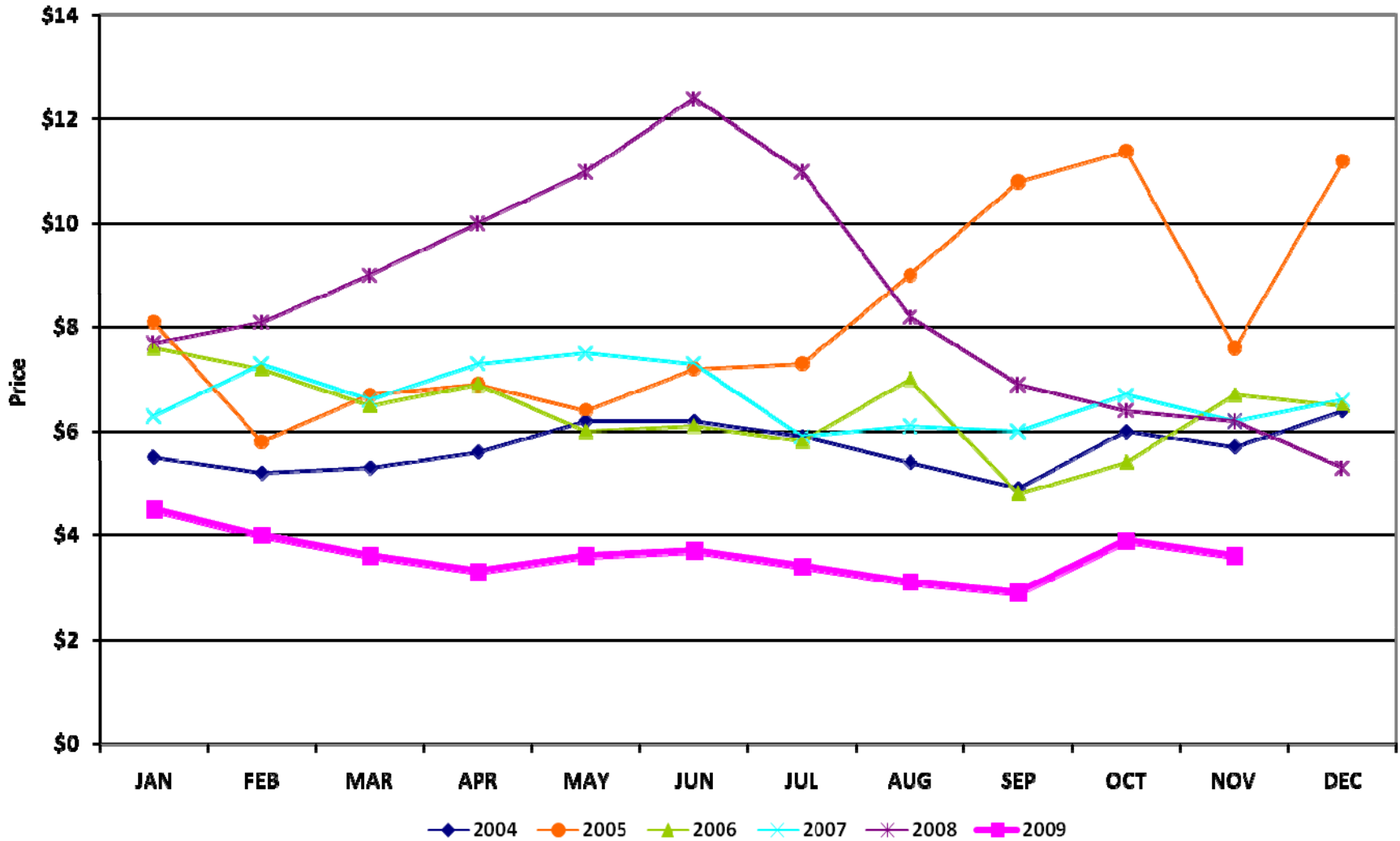
Balancing Energy Services – Volume and Cost



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

Natural Gas

Natural Gas Price Index (\$/MMBTU)



Capacity Services

	YTD		November	
	<u>11/30/09</u>	<u>11/30/08</u>	<u>2009</u>	<u>2008</u>
Reg Up:				
Required (MW)	6,605,916	6,749,668	607,991	602,759
Self Arranged (MW)	1,439,560	1,434,300	129,845	111,789
Procured (MW)	5,182,000	5,332,954	478,860	492,186
Mismatch Schedules (MW)	(15,644)	(17,586)	(714)	(1,216)
% Procured	78%	79%	79%	82%
Weighted Avg MCPC (\$/MW)	10.8	25.5	11.1	17.9
Reg Down:				
Required (MW)	6,840,502	6,521,742	600,467	575,532
Self Arranged (MW)	1,749,948	1,274,487	123,647	113,676
Procured (MW)	5,103,656	5,266,155	477,743	463,284
Mismatch Schedules (MW)	(13,102)	(18,900)	(923)	(1,428)
% Procured	75%	81%	80%	80%
Weighted Avg MCPC (\$/MW)	7.4	20.8	8.9	15.9
Responsive Reserve:				
Required (MW)	18,415,514	19,428,305	1,656,701	1,655,385
Self Arranged (MW)	7,725,852	8,279,644	689,021	666,573
Procured (MW)	10,711,708	11,136,484	969,279	991,726
Mismatch Schedules (MW)	(22,046)	12,177	(1,599)	(2,914)
% Procured	58%	57%	59%	60%
Weighted Avg MCPC (\$/MW)	9.9	28.9	9.2	19.9
Non-Spinning Reserve: *				
Required (MW)	7,993,760	4,878,132	311,499	753,355
Self Arranged (MW)	1,198,090	843,104	43,778	113,149
Procured (MW)	6,810,007	4,043,450	269,343	641,034
Mismatch Schedules (MW)	(14,337)	(8,422)	(1,622)	(828)
% Procured	85%	83%	86%	85%
Weighted Avg MCPC (\$/MW)	3.3	10.0	0.5	1.5
Local Replacement Reserve:				
Procured (MW)	236,296	268,228	3,959	16,154
Zonal Replacement Reserve:				
Procured (MW)	574,133	466,575	25,678	24,642

*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)		November (\$'s in millions)	
	<u>11/30/09</u>	<u>11/30/08</u>	<u>2009</u>	<u>2008</u>
• Capacity Services:				
Reg Up	55.8	136.1	5.3	8.8
Reg Down	37.7	109.5	4.3	7.3
Responsive Reserve *	106.4	322.3	8.9	19.8
Non-Spinning Reserve	22.3	40.2	0.1	1.0
Local Replacement Reserve	2.8	8.4	0.1	0.2
Zonal Replacement Reserve	18.7	23.7	0.5	0.7
Black Start	5.1	7.1	0.5	0.6
OOMC	53.0	44.9	1.7	4.8
RMR Capacity and Start Up	<u>\$3.0</u>	<u>\$11.4</u>	<u>\$0.7</u>	<u>\$0.0</u>
TOTAL CAPACITY SERVICES	\$304.8	\$703.6	\$22.1	\$43.2

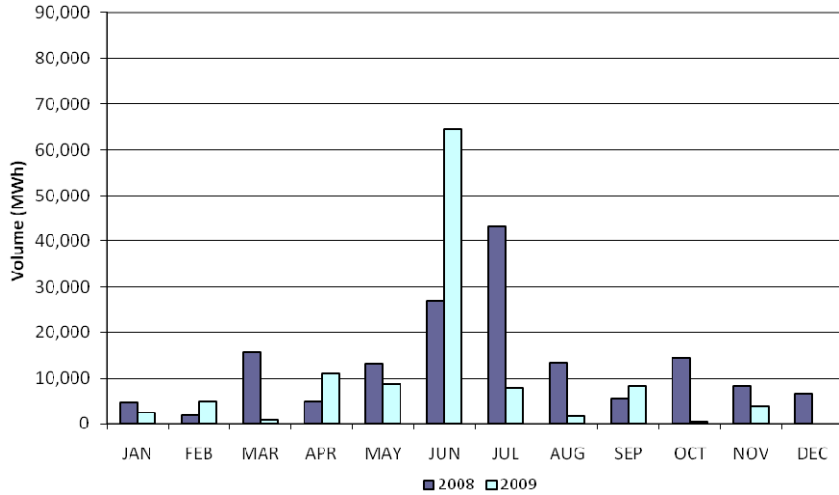


Congestion Management

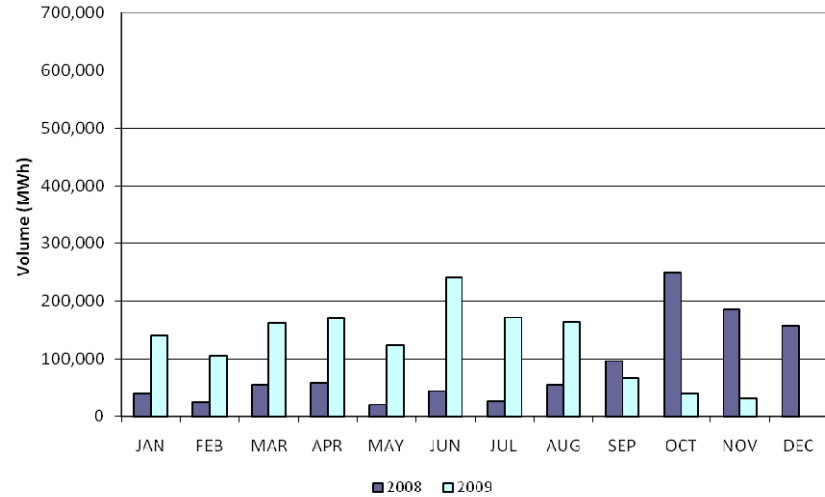
	YTD (\$'s in millions)		November (\$'s in millions)	
	<u>11/30/09</u>	<u>11/30/08</u>	<u>2009</u>	<u>2008</u>
• Local Congestion:				
"Market Solution" Down	10.0	15.0	1.6	0.6
"Market Solution" Up	0.9	4.6	0.1	0.2
OOME - Down	82.8	54.4	4.5	5.6
OOME - Up	<u>17.0</u>	<u>25.7</u>	<u>0.4</u>	<u>5.6</u>
Total Local Congestion Costs	\$110.7	\$99.7	\$6.6	\$12.0
• Local Congestion Volume: (units in MWh)				
"Market Solution" Down	176,834	145,353	27,230	19,569
"Market Solution" Up	115,063	152,496	4,069	8,446
OOME - Down	3,958,379	1,220,950	216,921	211,049
OOME - Up	<u>1,419,144</u>	<u>862,536</u>	<u>33,095</u>	<u>185,178</u>
Total Local Congestion Volume	5,669,420	2,381,335	281,315	424,242
• Zonal Congestion and TCR / PCR:				
TCR / PCR Annual Auction Proceeds received from Holders	(\$92.5)	(\$36.7)	(\$7.2)	(\$2.8)
TCR Monthly Auction Proceeds received from TCR Holders	(\$72.6)	(\$100.8)	(\$6.9)	(\$7.8)
Direct Assignment Proceeds received from QSEs based on schedules	(\$66.3)	(\$345.4)	(\$0.1)	(\$3.4)
Proceeds Paid to TCR / PCR Holders including Auction Refunds	<u>\$189.1</u>	<u>\$466.9</u>	<u>\$0.3</u>	<u>\$11.8</u>
Total Zonal Congestion and TCR / PCR Costs Uplift	(\$42.3)	(\$15.9)	(\$14.0)	(\$2.2)

Local Congestion Volume

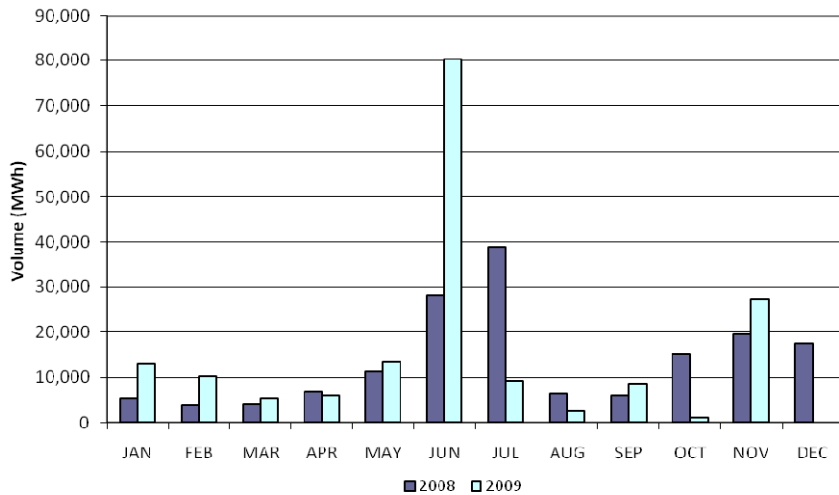
"Market Solution" Up



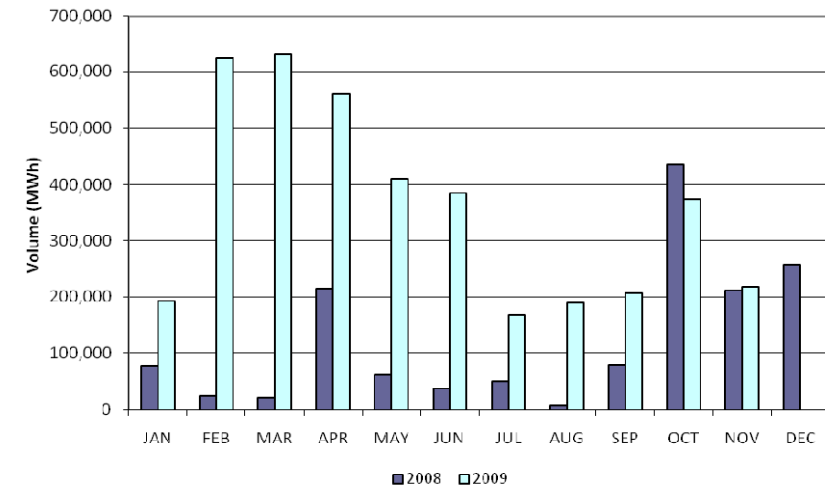
OOME Up



"Market Solution" Down



OOME Down

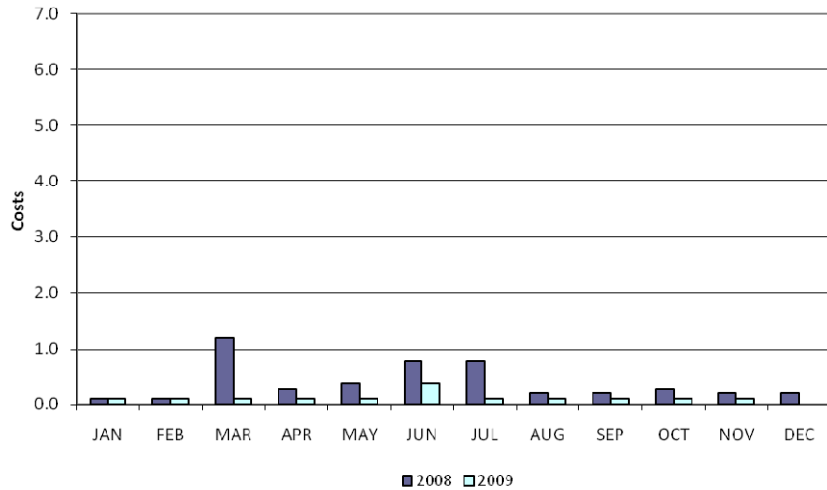


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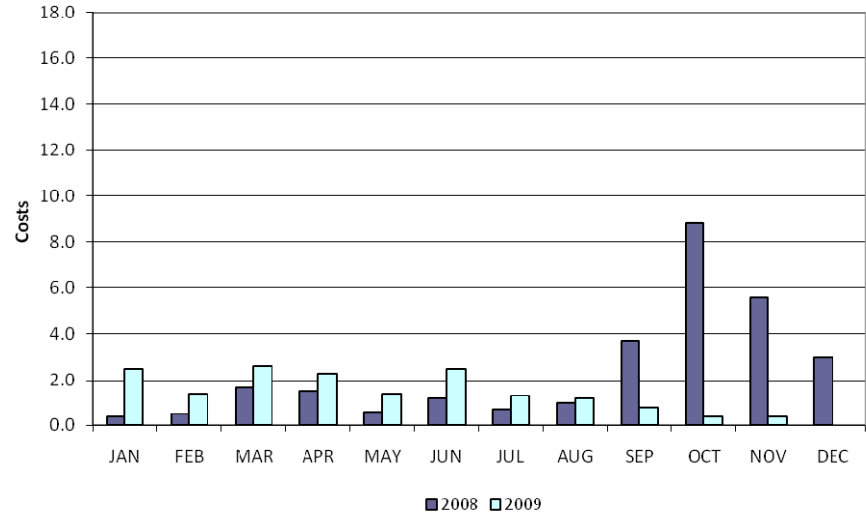


Local Congestion Costs

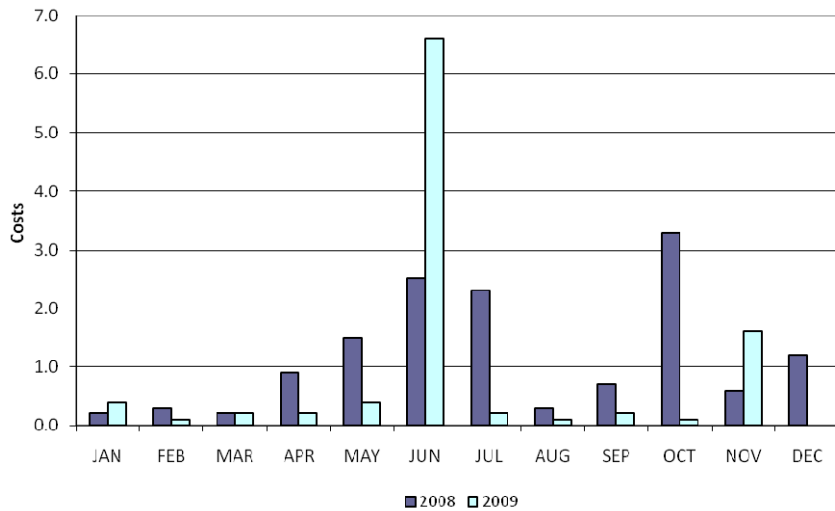
"Market Solution" Up Costs (\$ in millions)



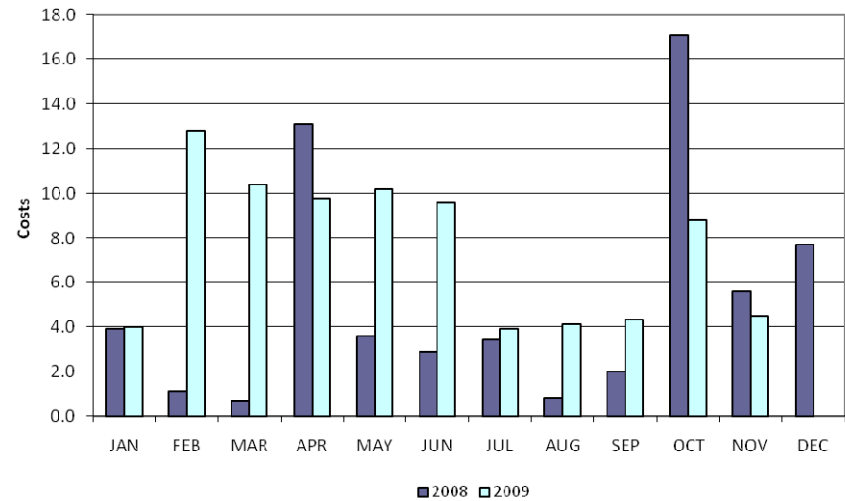
OOME Up Costs (\$ in millions)



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



OOME Down Costs (\$ in millions)



*Please note: December 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>Nov 2009</u>	<u>Oct 2009</u>	<u>Sep 2009</u>	<u>Aug 2009</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	\$27.77	\$31.22	\$30.82	\$32.51	\$35.67	\$82.81	\$32.97	\$24.27	\$26.35	\$27.27	\$34.69
North	\$27.75	\$30.25	\$26.96	\$32.47	\$35.81	\$35.15	\$32.99	\$24.82	\$32.21	\$27.89	\$32.31
Houston	\$27.72	\$31.61	\$31.25	\$32.81	\$35.68	\$61.82	\$32.70	\$24.58	\$29.11	\$27.19	\$32.78
West	\$27.02	\$27.84	\$24.32	\$29.84	\$33.75	\$32.95	\$24.57	\$12.93	\$25.70	\$19.93	\$24.04

<u>LOAD ZONE</u>	<u>Nov 2008</u>	<u>Oct 2008</u>	<u>Sep 2008</u>	<u>Aug 2008</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	\$41.11	\$55.19	\$46.77	\$88.47	\$97.86	\$147.24	\$171.09	\$83.65	\$64.34	\$63.26	\$60.24
North	\$40.69	\$48.98	\$45.38	\$89.19	\$97.08	\$104.37	\$86.41	\$74.92	\$69.64	\$59.05	\$62.31
Houston	\$40.88	\$56.01	\$48.61	\$88.40	\$97.30	\$129.48	\$152.76	\$100.00	\$68.19	\$60.06	\$60.16
West	\$34.62	\$41.16	\$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 December 31, 2009

- **Added REPs**

- ✓ Champion Energy Industrial Services III
- ✓ Eagle Industrial Power Services (TX) III, LLC
- ✓ Fulcrum Retail Energy, LLC d/b/a Tara Energy Resources
- ✓ Prier Energy, Inc. d/b/a General Power & Light
- ✓ Prier Energy, Inc. d/b/a Today's Energy

- **Terminated REPs**

- ✓ None

- **Added QSEs**

- ✓ Green Line Power, LLC
- ✓ Today's Energy, LP
- ✓ Endure Energy, LLC
- ✓ West Oaks Energy, LP

- **Terminated QSEs**

- ✓ None

Questions?