



Market Operations Presentation

ERCOT Board of Directors

February 16, 2010

Betty Day

Summary

Retail Activity

- **Overall Activity** – Retail activity was down in January 2010 compared to 2009.
- **Migration From Native AREPs** – Continued healthy migration away from the native affiliate REP
- **Transaction Performance Measures** – Performance in January above the 98% target. Still analyzing some transactions due to retail production issues in late January.

Wholesale Activity

- **Settlements & Billing Performance Measures** – Perfect performance in December. Have not had late invoices in the last 24 month period.
- **Energy Services** – December volumes were up compared to the prior year – likely due to the cold December weather. Natural Gas prices have returned to the levels seen in late 2008.
- **Capacity Services** – Weighted average prices for capacity services remained significantly lower than the prior year while the percent procured remained relatively stable.
- **Summary Balancing Energy Price Data** – Prices were up in December and approached the levels seen in December 2008.
- **Congestion Management** – Significantly lower local congestion volumes in December 2009 compared to 2008,
- **REPs and QSEs Added/Terminated**
 - 1 new REP
 - 2 terminated REP
 - 7 new QSEs
 - 0 terminated QSEs

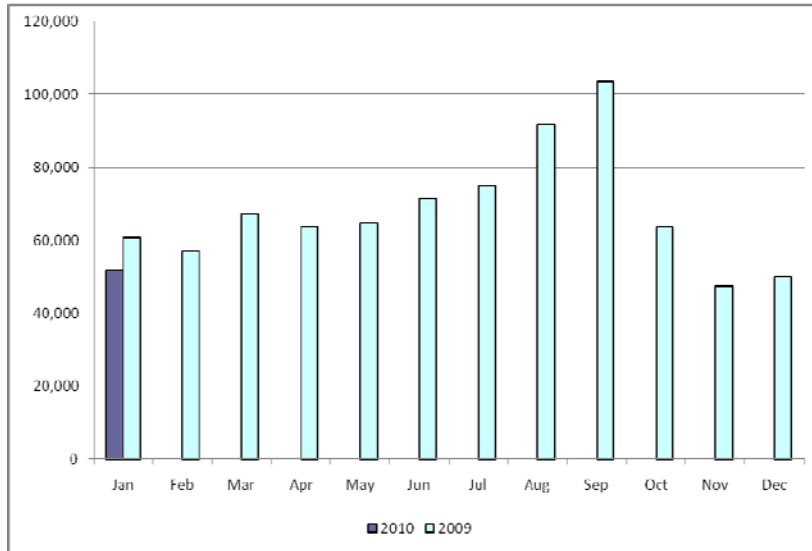
Overall Activity

Retail Transactions Summary

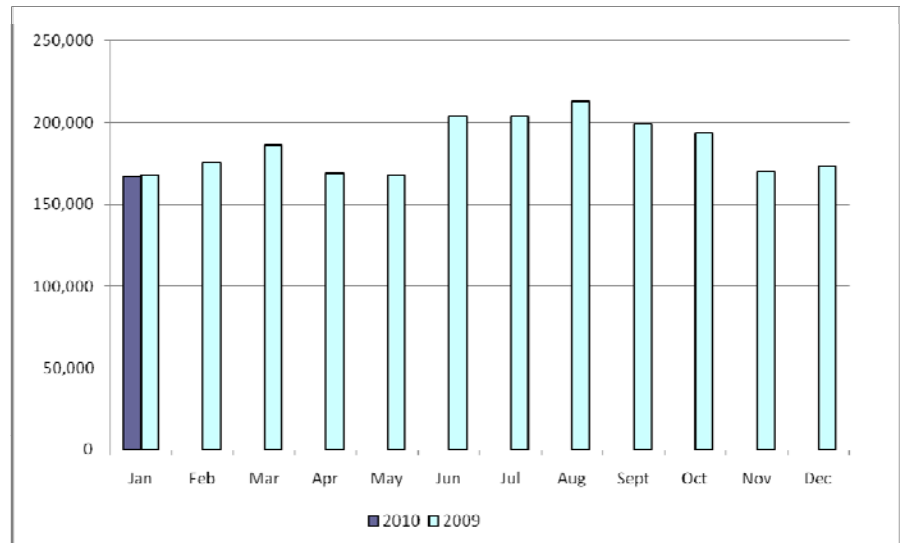
Transaction Type	YTD		January	
	<u>01/31/2010</u>	<u>01/31/2009</u>	<u>2010</u>	<u>2009</u>
Switches	45,340	60,812	45,340	60,812
Move - Ins	146,257	168,325	146,257	168,325
Move Out	84,107	97,589	84,107	97,589
CSA (Continuous Service Agreement)	32,885	25,962	32,885	25,962
Mass Transition	0	0	0	0
Total	308,589	352,688	308,589	352,688
Since June 1, 2001	36,054,975			

Retail Transactions Summary

Switches



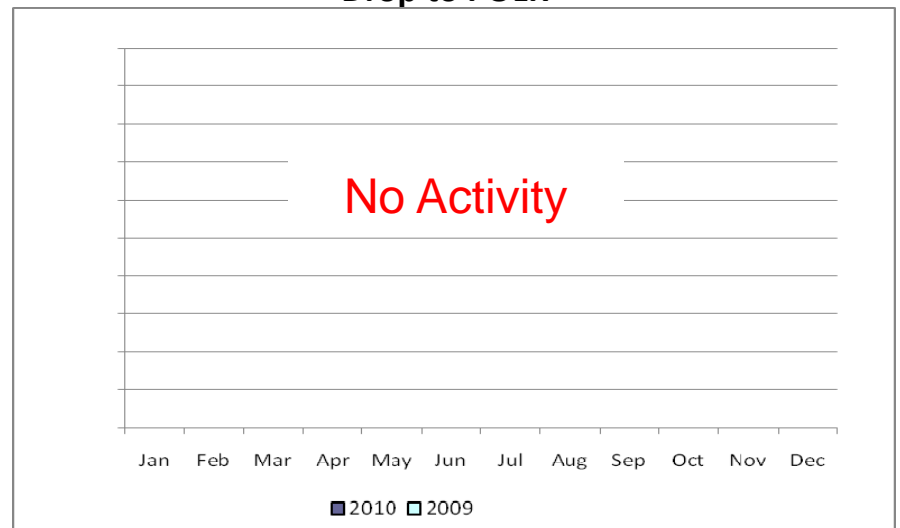
Move-Ins



Move-Outs



Drop to POLR



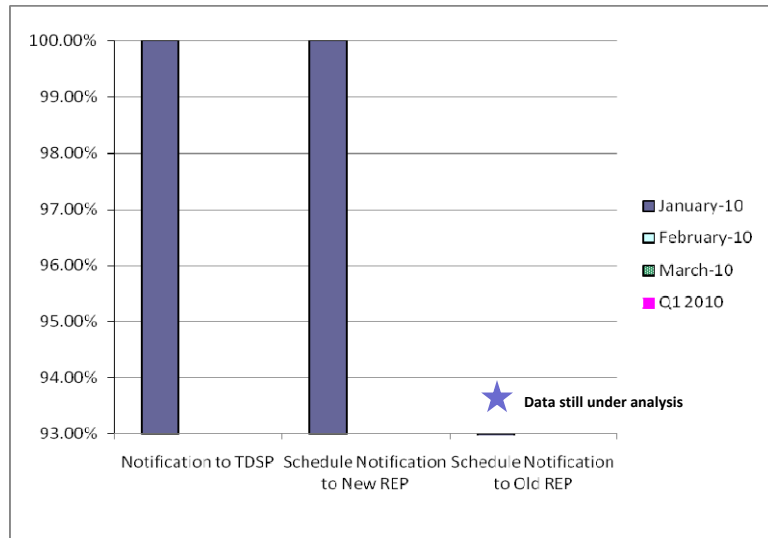
Migration from Native Affiliate REP

	% of Load ¹		% of ESI IDs	
	at <u>12/31/09</u>	at <u>12/31/08</u>	at <u>12/31/09</u>	at <u>12/31/08</u>
Residential	50%	46%	49%	44%
Small Non-Residential	79%	78%	56%	49%
Large Non-Residential	75%	74%	77%	75%

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

Retail Performance Measures – 2010 Switch

1st Quarter



2nd Quarter



3rd Quarter

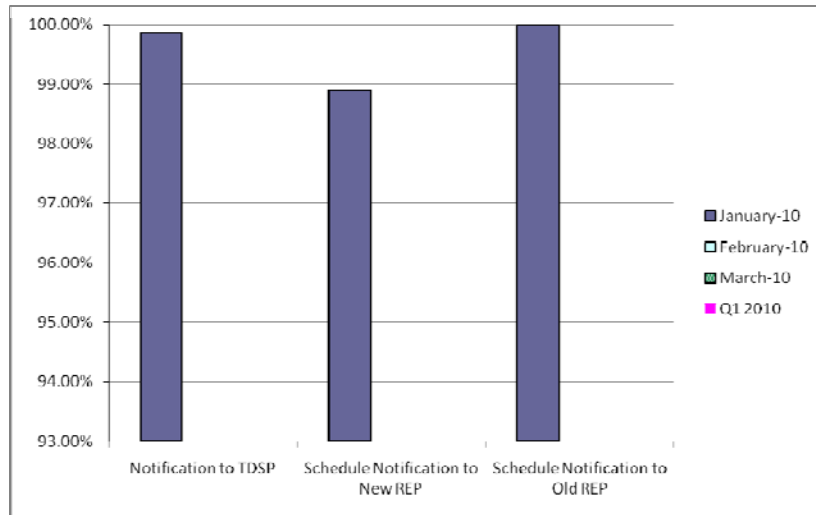


4th Quarter



Retail Performance Measures – 2010 Move-In / Priority

1st Quarter



2nd Quarter



3rd Quarter

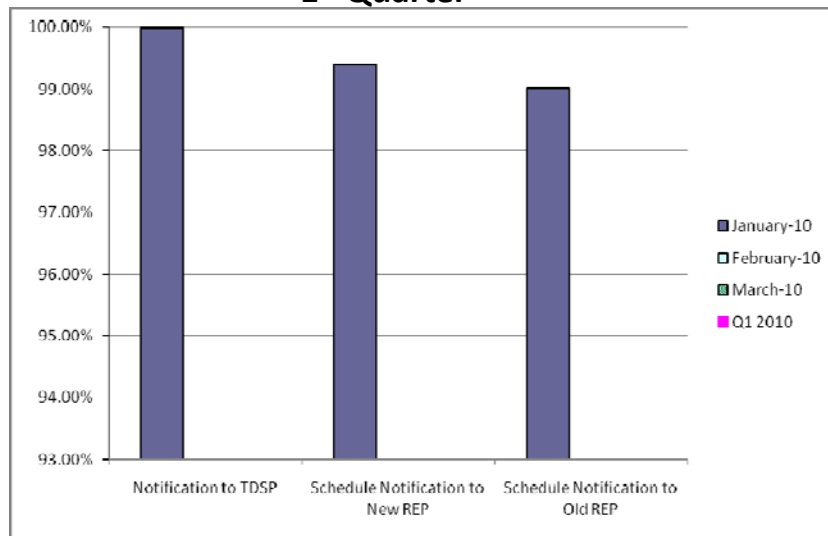


4th Quarter

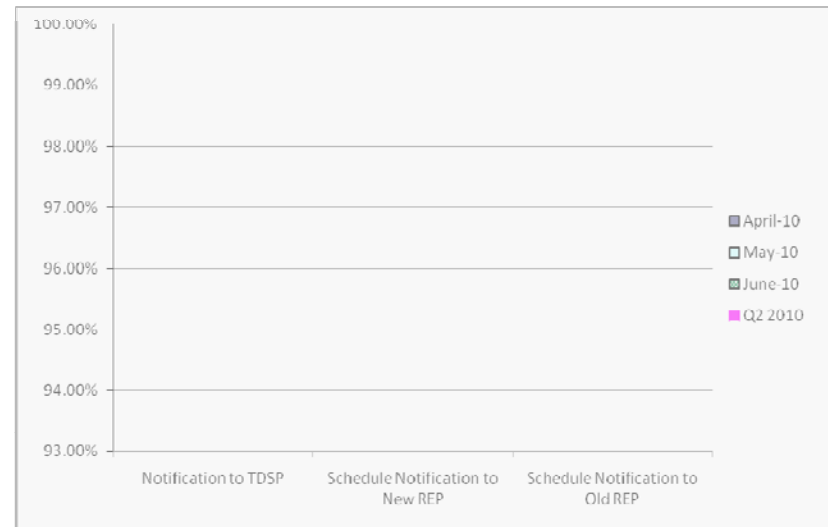


Retail Performance Measures – 2010 Move-In / Standard

1st Quarter



2nd Quarter



3rd Quarter



4th Quarter



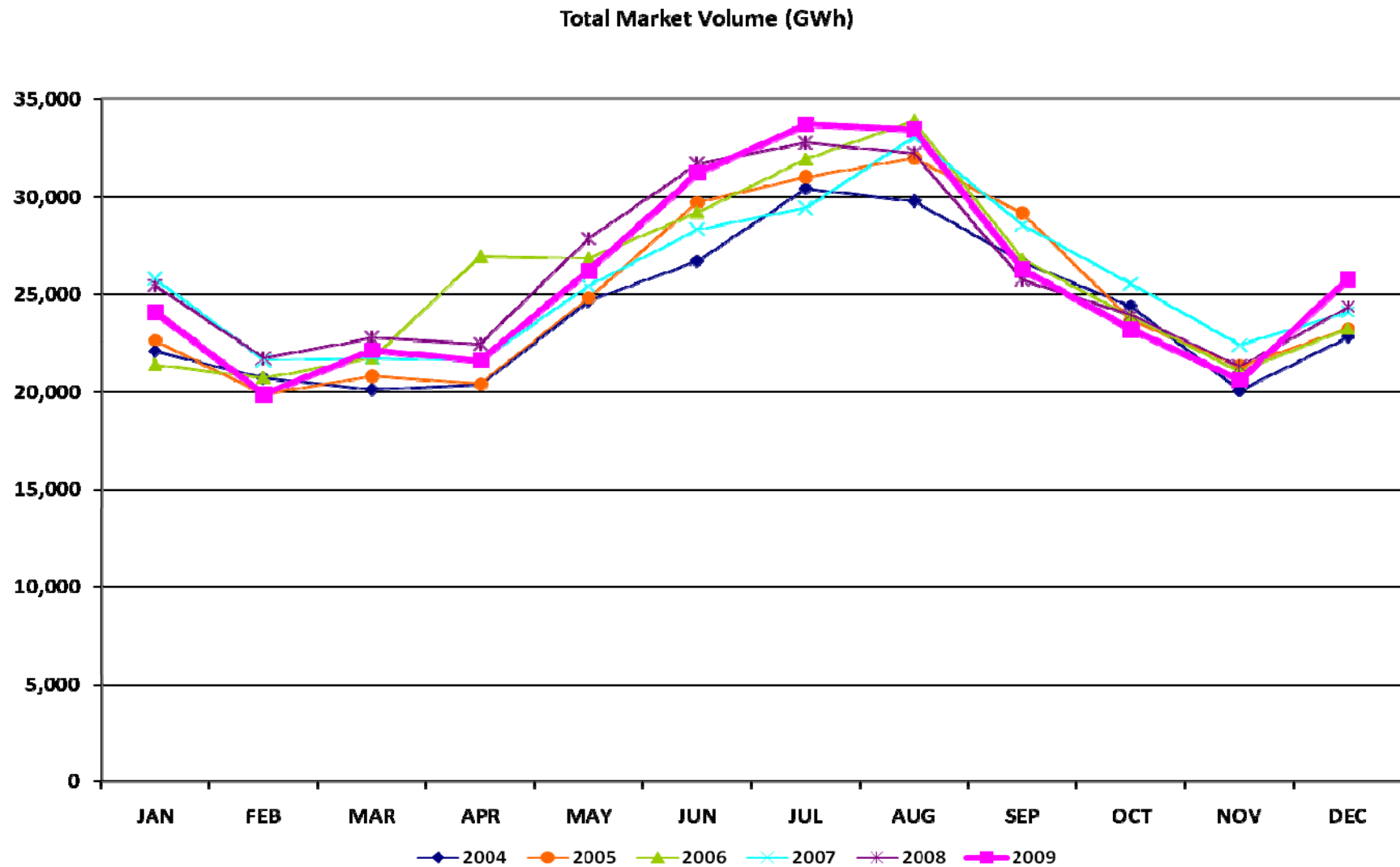
Settlements and Billing Performance Measures – December 2009

	YTD		December	
	<u>12/31/09</u>	<u>12/31/08</u>	<u>2009</u>	<u>2008</u>
Settlement Statements:				
Total	164,683	145,604	14,828	14,334
Late	109	754	0	0
– Less than 24 hours late	109	754	0	0
– Greater than 24 hours late	0	0	0	0
Balance	164,574	144,850	14,828	14,334
% Within Protocol	99.93%	99.48%	100.00%	100.00%
Invoices:				
Total	9,545	8,244	920	874
Late	0	0	0	0
– Less than 24 hours late	0	0	0	0
– Greater than 24 hours late	0	0	0	0
Balance	9,545	8,244	920	874
% Within Protocol	100.00%	100.00%	100.00%	100.00%

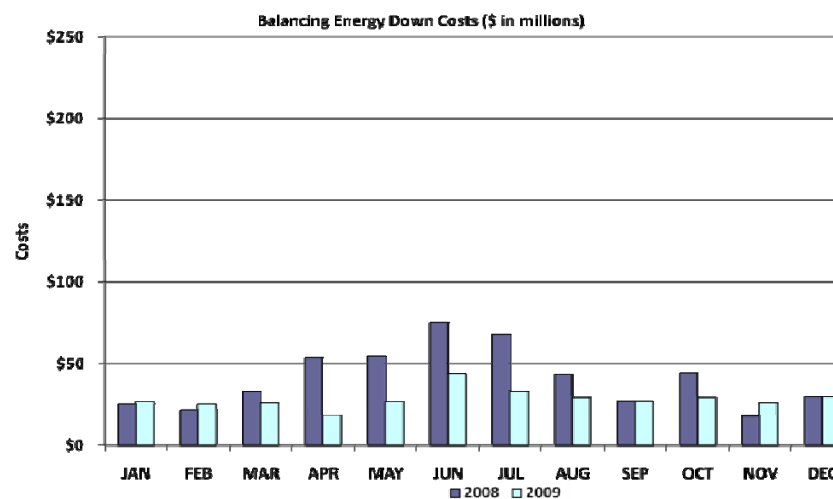
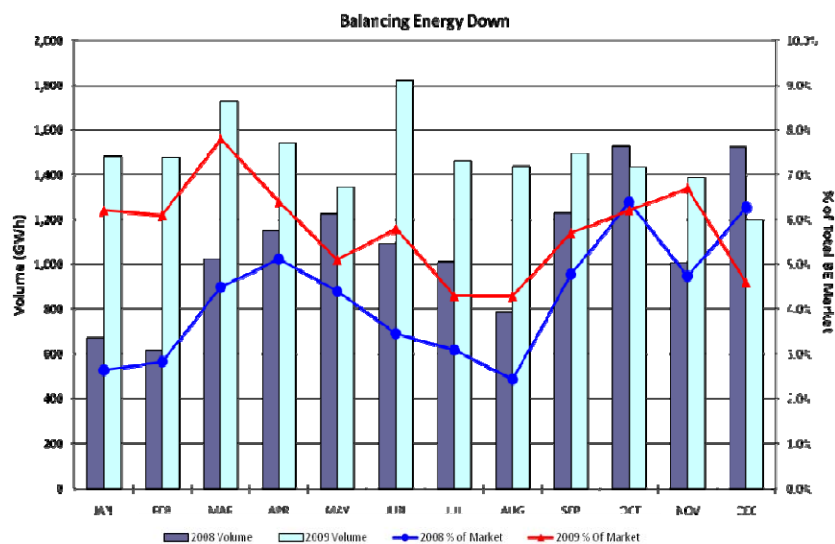
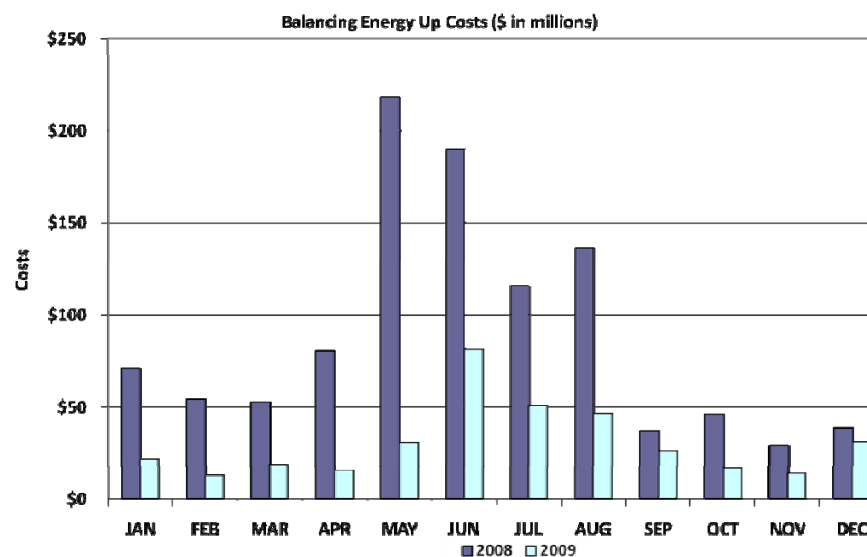
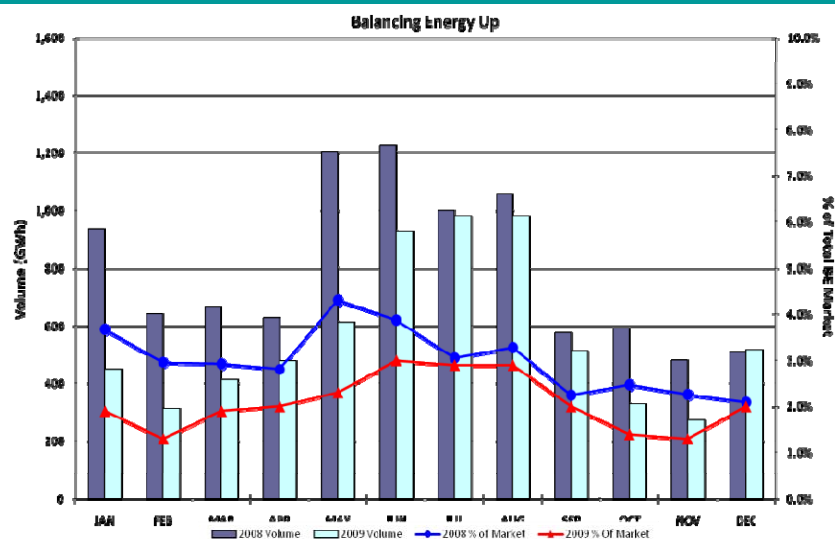
Energy Services

	YTD (\$'s in millions)		December (\$'s in millions)	
	<u>12/31/09</u>	<u>12/31/08</u>	<u>2009</u>	<u>2008</u>
• Market Perspective:				
Approximate Retail Market (at \$.11/kWh)	\$33,910.5	\$34,364.2	\$2,836.8	\$2,679.4
Volume (GWh)	308,277	312,402	25,789	24,358
% Increase	-1.3%		5.9%	
Natural Gas Price Index (\$/MMBTU)	3.7	8.7	5.3	5.3
% Increase	-57.5%		0.0%	
• Balancing Energy:				
Balancing Energy - Up	\$367.0	\$1,071.6	\$31.2	\$38.6
% Increase	-65.8%		-19.2%	
Up (GWh)	6,787.7	9,398.4	518.7	507.6
% Increase	-27.8%		2.2%	
% of Market	2.2%	3.0%	2.0%	2.1%
Balancing Energy - Down	-\$339.4	-\$493.2	-\$29.6	-\$29.5
% Increase	-31.2%		0.3%	
Down (GWh)	-17,820.0	-12,864.2	-1,196.6	-1,526.0
% Increase	38.5%		-21.6%	
% of Market	5.8%	4.1%	4.6%	6.3%

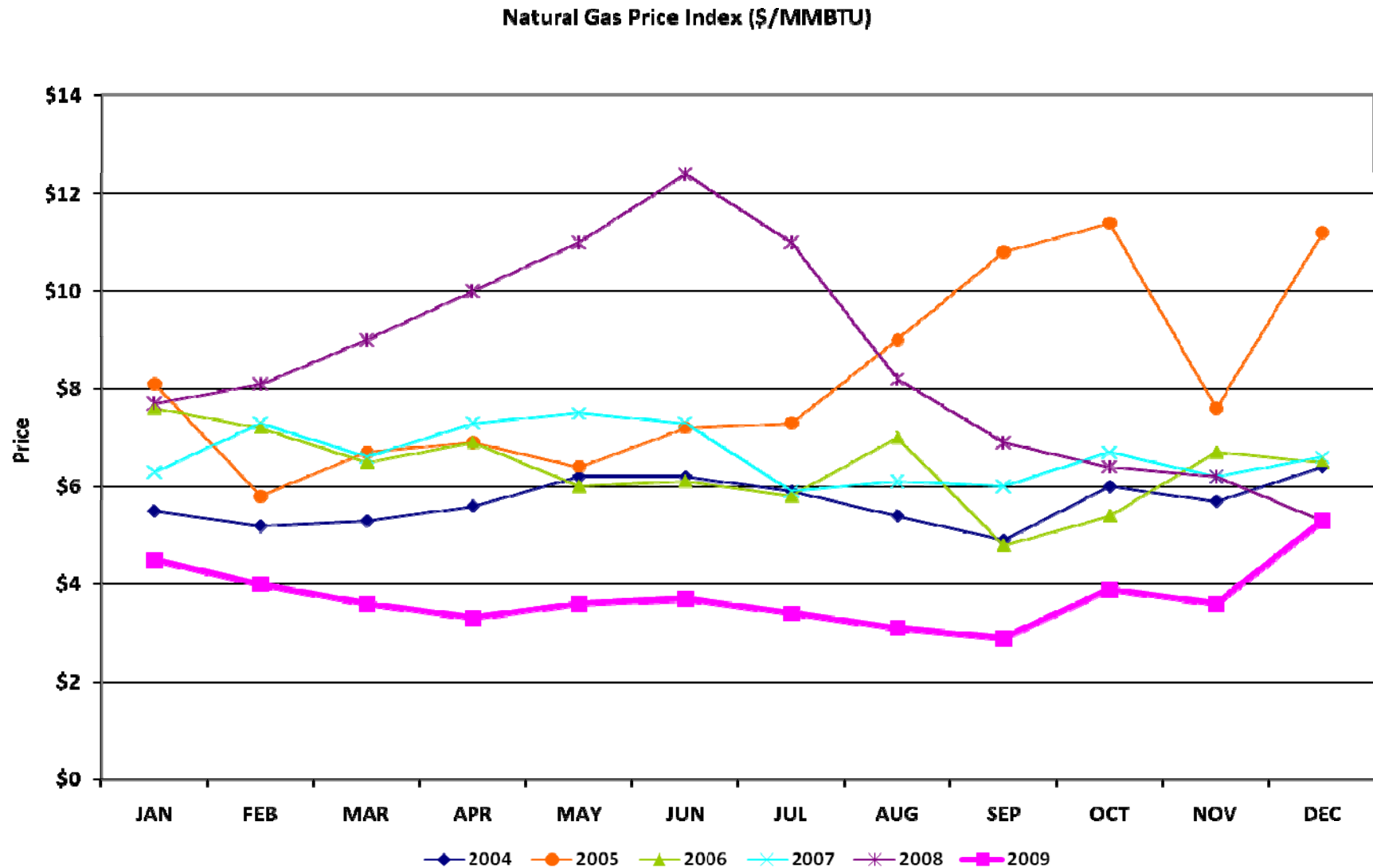
Energy Services



Balancing Energy Services – Volume and Cost



Natural Gas



Capacity Services

	YTD		December	
	<u>12/31/09</u>	<u>12/31/08</u>	<u>2009</u>	<u>2008</u>
Reg Up:				
Required (MW)	7,209,173	7,404,211	603,257	654,543
Self Arranged (MW)	1,560,174	1,559,561	120,614	125,261
Procured (MW)	5,665,731	5,863,808	483,731	530,854
Mismatch Schedules (MW)	(16,732)	(19,158)	(1,088)	(1,572)
% Procured	79%	79%	80%	81%
Weighted Avg MCPC (\$/MW)	10.9	24.9	11.8	18.9
Reg Down:				
Required (MW)	7,439,628	7,117,943	599,126	596,201
Self Arranged (MW)	1,875,793	1,395,329	125,845	120,842
Procured (MW)	5,578,126	5,742,631	474,470	476,476
Mismatch Schedules (MW)	(14,291)	(20,017)	(1,189)	(1,117)
% Procured	75%	81%	79%	80%
Weighted Avg MCPC (\$/MW)	7.7	20.7	11.4	20.1
Responsive Reserve:				
Required (MW)	20,124,834	21,136,531	1,709,320	1,708,226
Self Arranged (MW)	8,437,265	8,933,109	711,413	653,465
Procured (MW)	11,711,495	12,194,159	999,787	1,057,675
Mismatch Schedules (MW)	(23,926)	9,263	(1,880)	(2,914)
% Procured	58%	58%	58%	62%
Weighted Avg MCPC (\$/MW)	10.2	28.7	12.7	25.9
Non-Spinning Reserve:*				
Required (MW)	8,361,462	5,823,062	367,702	944,930
Self Arranged (MW)	1,251,175	975,756	53,085	132,652
Procured (MW)	7,125,822	4,857,166	315,815	813,716
Mismatch Schedules (MW)	(15,535)	(9,860)	(1,198)	(1,438)
% Procured	85%	83%	86%	86%
Weighted Avg MCPC (\$/MW)	3.1	8.5	0.1	1.0
Local Replacement Reserve:				
Procured (MW)	245,929	288,244	9,632	20,016
Zonal Replacement Reserve:				
Procured (MW)	643,283	525,684	69,151	59,109

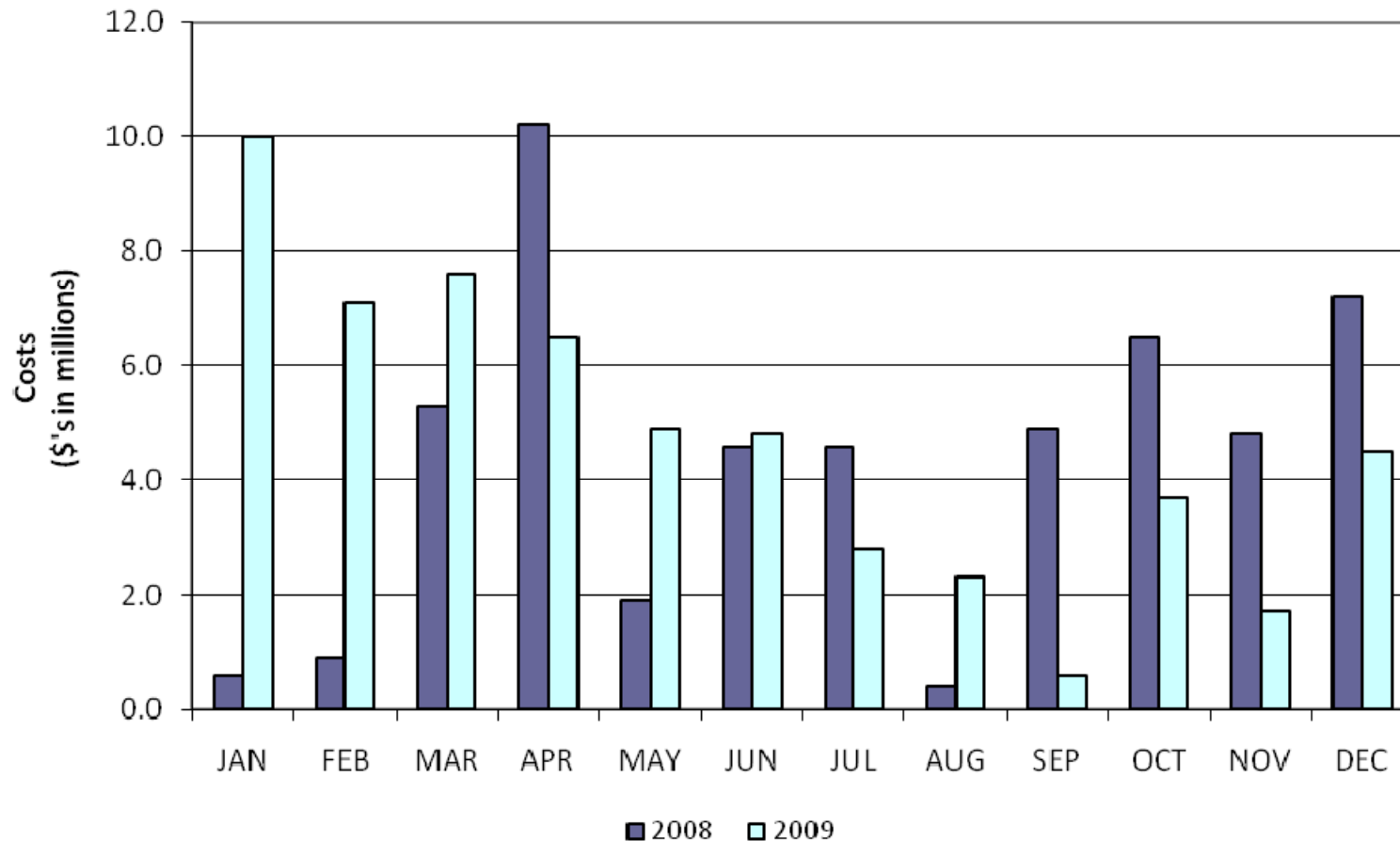
*A/S procurement methodology changed in November 2008 to procure in all hours rather than peak hours only.



Capacity Services – Cost

	YTD (\$'s in millions)		December (\$'s in millions)	
	<u>12/31/09</u>	<u>12/31/08</u>	<u>2009</u>	<u>2008</u>
• Capacity Services:				
Reg Up	61.5	146.1	5.7	10.0
Reg Down	43.1	119.0	5.4	9.6
Responsive Reserve	119.0	349.7	12.7	27.4
Non-Spinning Reserve *	22.3	41.1	0.1	0.8
Local Replacement Reserve	3.0	8.6	0.2	0.2
Zonal Replacement Reserve	23.0	25.8	4.4	2.2
Black Start	5.6	7.7	0.5	0.6
OOMC	57.7	52.1	4.5	7.2
RMR Capacity and Start Up	<u>\$3.5</u>	<u>\$11.4</u>	<u>\$0.8</u>	<u>\$0.0</u>
TOTAL CAPACITY SERVICES	\$338.7	\$761.5	\$34.3	\$58.0

Capacity Cost – OOMC

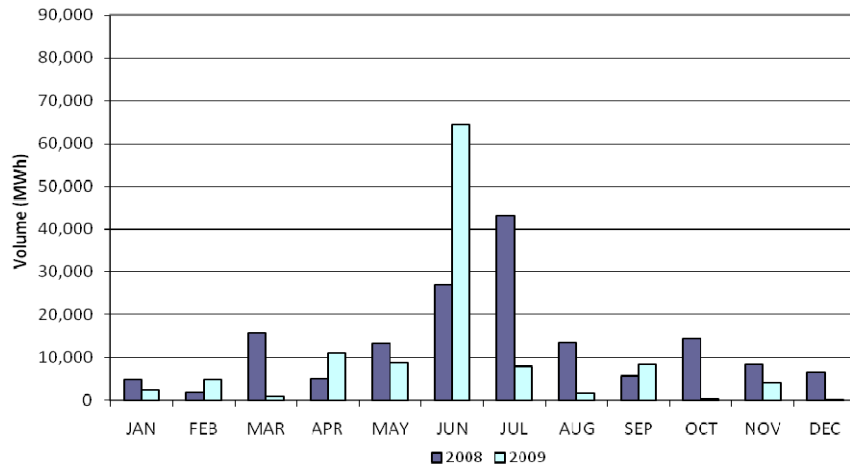


Congestion Management

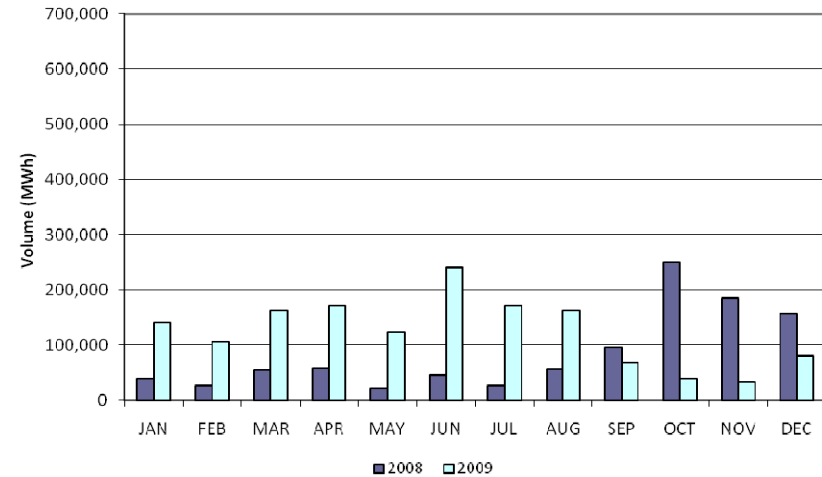
	YTD (\$'s in millions)		December (\$'s in millions)	
	<u>12/31/09</u>	<u>12/31/08</u>	<u>2009</u>	<u>2008</u>
• Local Congestion:				
"Market Solution" Down	10.2	16.2	0.1	1.2
"Market Solution" Up	0.9	4.8	0.1	0.2
OOME - Down	85.6	62.0	2.7	7.7
OOME - Up	<u>18.4</u>	<u>28.7</u>	<u>1.3</u>	<u>3.0</u>
Total Local Congestion Costs	\$115.1	\$111.7	\$4.2	\$12.1
• Local Congestion Volume: (units in MWh)				
"Market Solution" Down	178,016	162,945	1,182	17,592
"Market Solution" Up	115,330	159,102	267	6,606
OOME - Down	4,052,036	1,477,959	93,657	257,009
OOME - Up	<u>1,499,731</u>	<u>1,031,299</u>	<u>80,587</u>	<u>168,763</u>
Total Local Congestion Volume	5,845,112	2,831,305	175,692	449,970
• Zonal Congestion and TCR / PCR:				
TCR / PCR Annual Auction Proceeds received from Holders	\$100.1	\$39.6	\$7.6	\$3.0
TCR Monthly Auction Proceeds received from TCR Holders	\$75.7	\$107.6	\$3.1	\$6.8
Direct Assignment Proceeds received from QSEs based on schedules	\$65.9	\$349.0	\$0.4	\$3.6
Proceeds Paid to TCR / PCR Holders including Auction Refunds	<u>\$191.9</u>	<u>\$481.6</u>	<u>\$2.8</u>	<u>\$14.7</u>
Total Zonal Congestion and TCR / PCR Costs Uplift	\$49.9	\$14.6	\$7.5	\$1.2

Local Congestion Volume

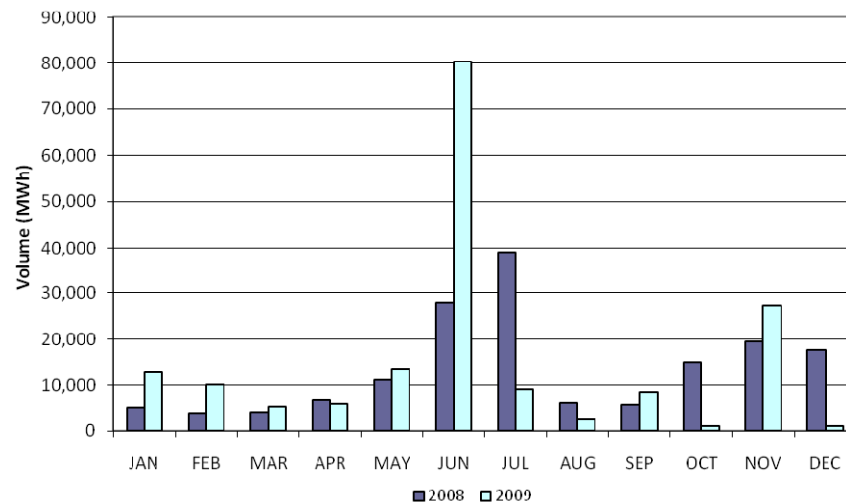
"Market Solution" Up



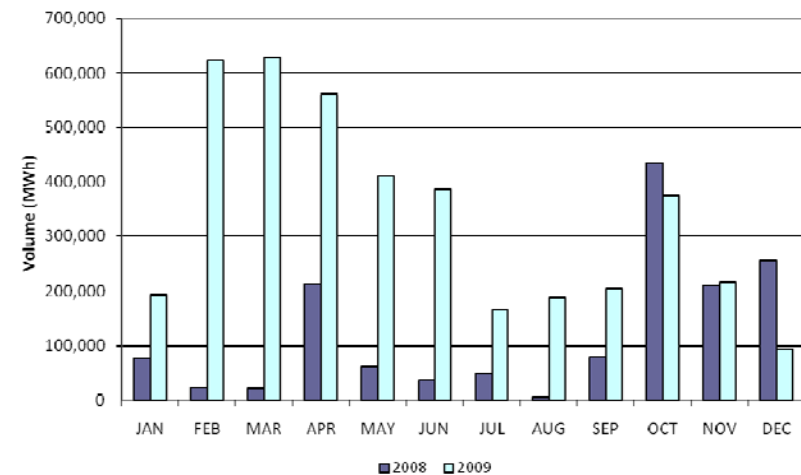
OOME Up



"Market Solution" Down

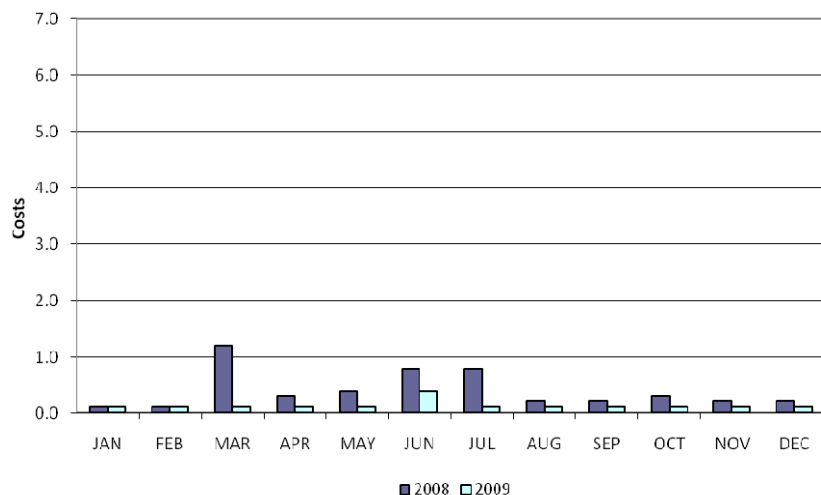


OOME Down

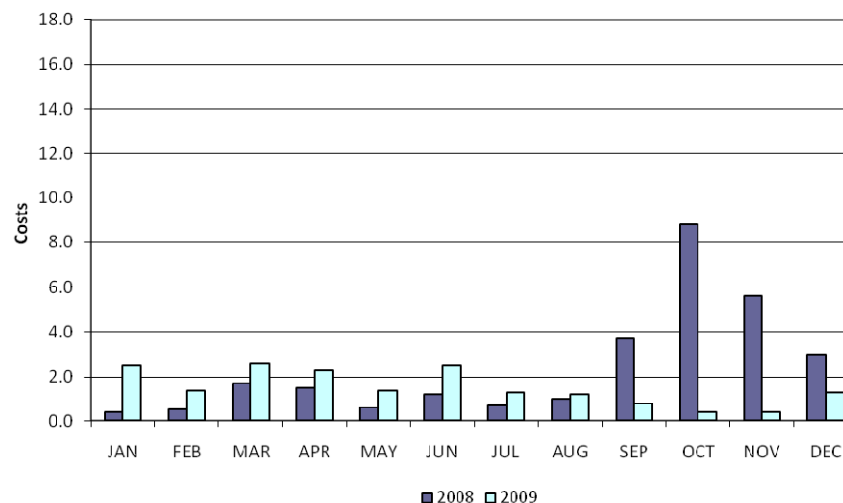


Local Congestion Costs

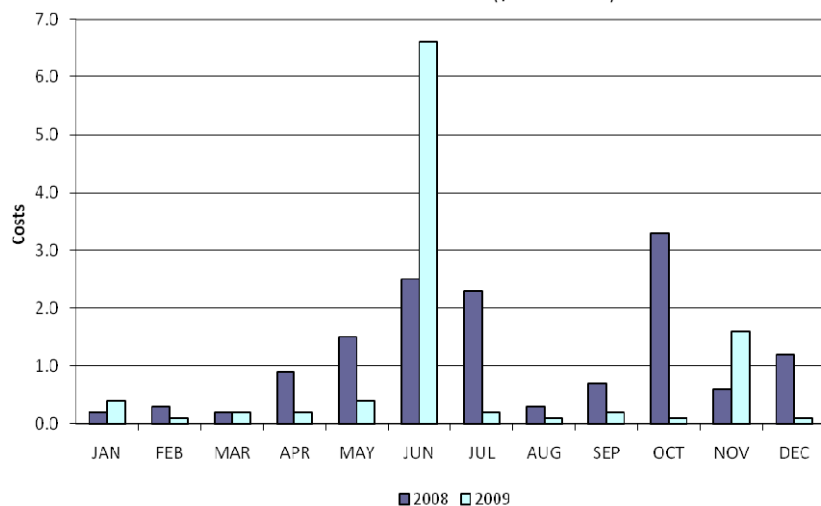
"Market Solution" Up Costs (\$ in millions)



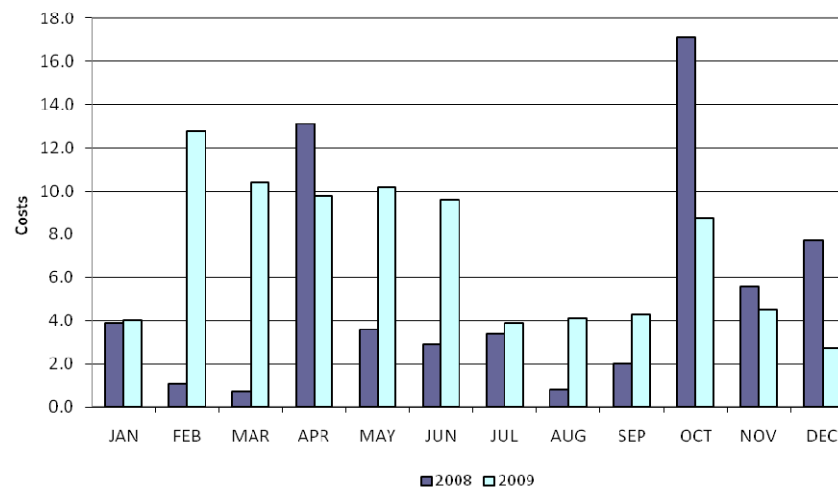
OOME Up Costs (\$ in millions)



"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	Dec 2009	Nov 2009	Oct 2009	Sep 2009	Aug 2009	Jul 2009	Jun 2009	May 2009	Apr 2009	Mar 2009	Feb 2009	Jan 2009
South	\$40.30	\$27.77	\$31.22	\$30.82	\$32.51	\$35.67	\$82.81	\$32.97	\$24.27	\$26.35	\$27.27	\$34.69
North	\$41.10	\$27.75	\$30.25	\$26.96	\$32.47	\$35.81	\$35.15	\$32.99	\$24.82	\$32.21	\$27.89	\$32.31
Houston	\$39.99	\$27.72	\$31.61	\$31.25	\$32.81	\$35.68	\$61.82	\$32.70	\$24.58	\$29.11	\$27.19	\$32.78
West	\$38.63	\$27.02	\$27.84	\$24.32	\$29.84	\$33.75	\$32.95	\$24.57	\$12.93	\$25.70	\$19.93	\$24.04

LOAD ZONE	Dec 2008	Nov 2008	Oct 2008	Sep 2008	Aug 2008	July 2008	Jun 2008	May 2008	Apr 2008	Mar 2008	Feb 2008	Jan 2008
South	\$43.50	\$41.11	\$55.19	\$46.77	\$88.47	\$97.86	\$147.24	\$171.09	\$83.65	\$64.34	\$63.26	\$60.24
North	\$43.93	\$40.69	\$48.98	\$45.38	\$89.19	\$97.08	\$104.37	\$86.41	\$74.92	\$69.64	\$59.05	\$62.31
Houston	\$43.09	\$40.88	\$56.01	\$48.61	\$88.40	\$97.30	\$129.48	\$152.76	\$100.00	\$68.19	\$60.06	\$60.16
West	\$29.60	\$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*



February 16, 2010

REPs and QSEs Added/Terminated – as of January 31, 2010

- **Added REPs**

- ✓ Eagle Industrial Power Services (TX) IV, LLC

- **Terminated REPs**

- ✓ NRG Texas Retail, LLC
- ✓ Reliant Energy Services Channelview, LLC

- **Added QSEs**

- ✓ Reach Energy, LLC
- ✓ Royal Bank of Canada
- ✓ TRQ9
- ✓ EDF Trading (SQ6)
- ✓ EDF Trading (SQ7)
- ✓ DTE Energy Trading, Inc. (SQ1)
- ✓ DTE Energy Trading, Inc. (SQ2)

- **Terminated QSEs**

- ✓ None

Questions?