Market Operations Presentation

ERCOT Board of Directors

March 23, 2010

Betty Day

Summary

Retail Activity

- **Overall Activity** – Retail activity was down in February 2010 compared to 2009.
- **Migration From Native AREPs** – More than half the load in all customer classes has migrated away from the Affiliate REP.
- **Transaction Performance Measures** – Good performance in February.

Wholesale Activity

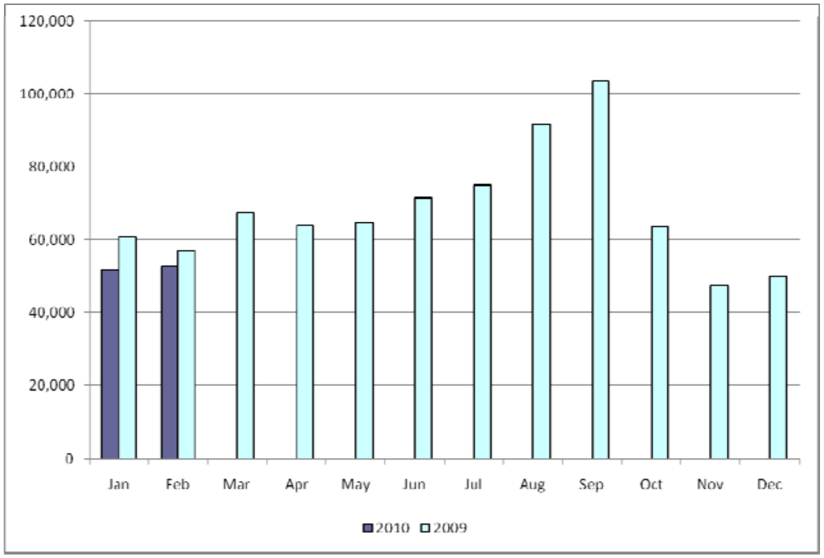
- **Settlements & Billing Performance Measures** – Perfect performance for statement/invoice posting in February.
- **Energy Services** – February market volumes are at the highest level in the last 6 years. Natural gas prices are slightly higher.
- **Capacity Services** – Capacity service costs are up from a year ago. MCPCs are slightly higher.
- **Summary Balancing Energy Price Data** – Load Weighted Average Price by zone is up from the same period last year. Prices have converged somewhat across the zones.
- **Congestion Management** – Local congestion costs are down from the same period last year.
- **REPs and QSEs Added/Terminated**
  - 2 new REP
  - 2 new QSEs
  - 1 terminated REP
  - 2 terminated QSEs

Retail Transactions Summary

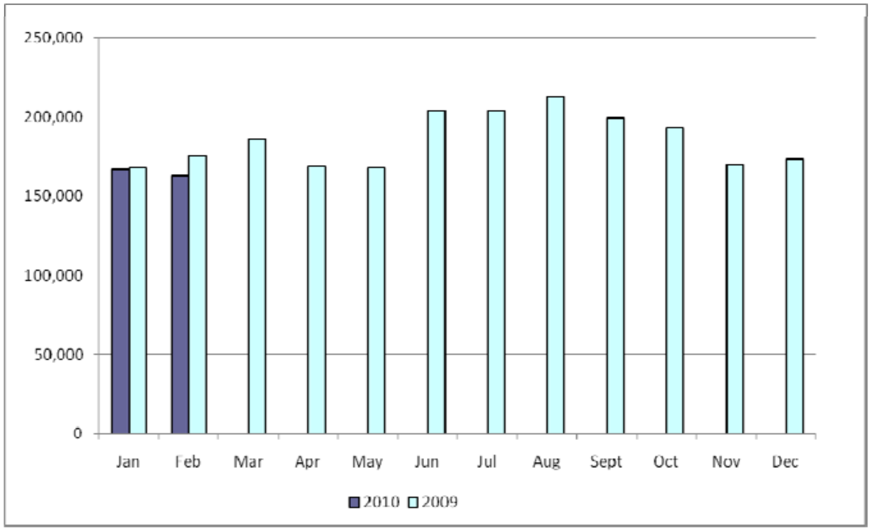
Transaction Type	YTD 02/28/2010	YTD 02/28/2009	February 2010	February 2009
Switches	104,467	117,839	52,663	57,027
Move - Ins	329,894	343,703	162,765	175,378
Move Out	178,726	191,399	83,829	93,810
CSA (Continuous Service Agreement)	69,842	63,440	30,503	37,478
Mass Transition	0	0	0	0
Total	682,929	716,381	329,760	363,693
Since June 1, 2001	36,429,315			

Retail Transactions Summary

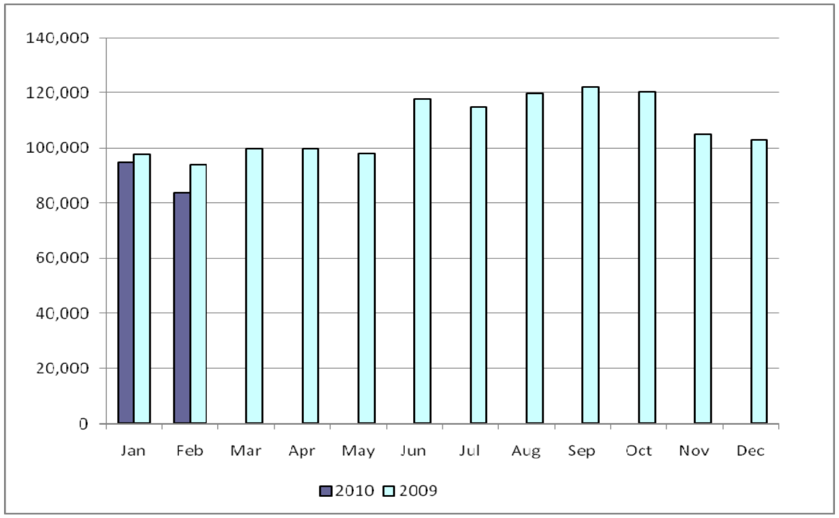
Switches



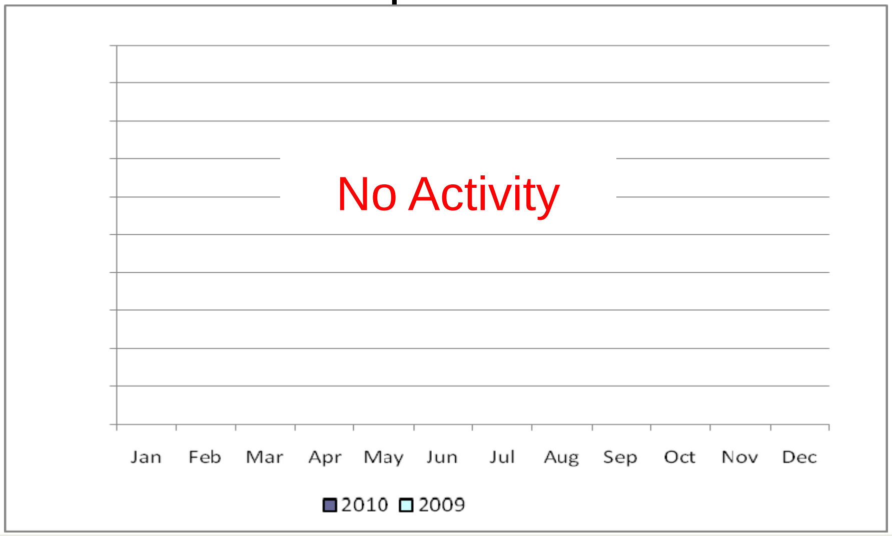
Move-Ins



Move-Outs



Drop to POLR



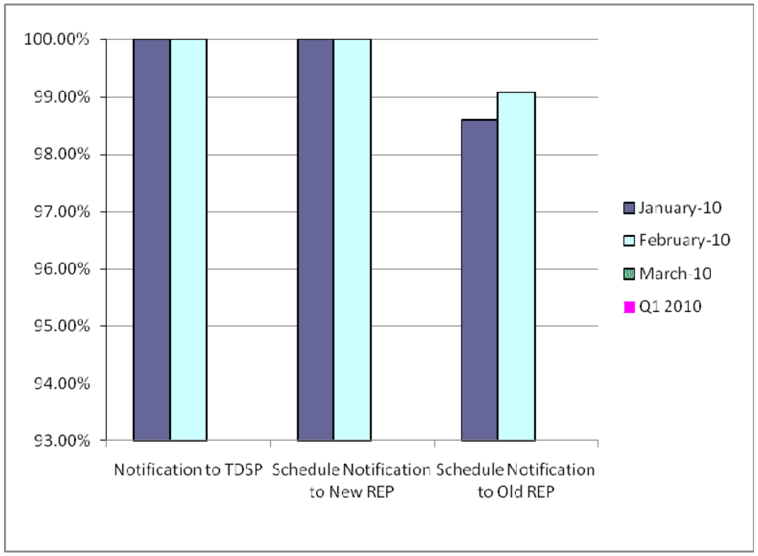
Migration from Native Affiliate REP

	% of Load [1]		% of ESI IDs	
	at 01/31/10	at 01/31/09	at 01/31/10	at 01/31/09
Residential	51%	46%	49%	45%
Small Non-Residential	79%	78%	56%	50%
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

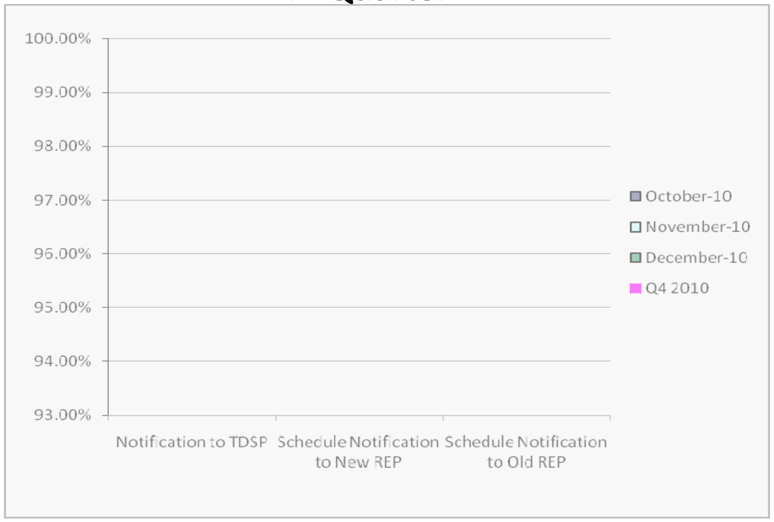
1st Quarter



2nd Quarter

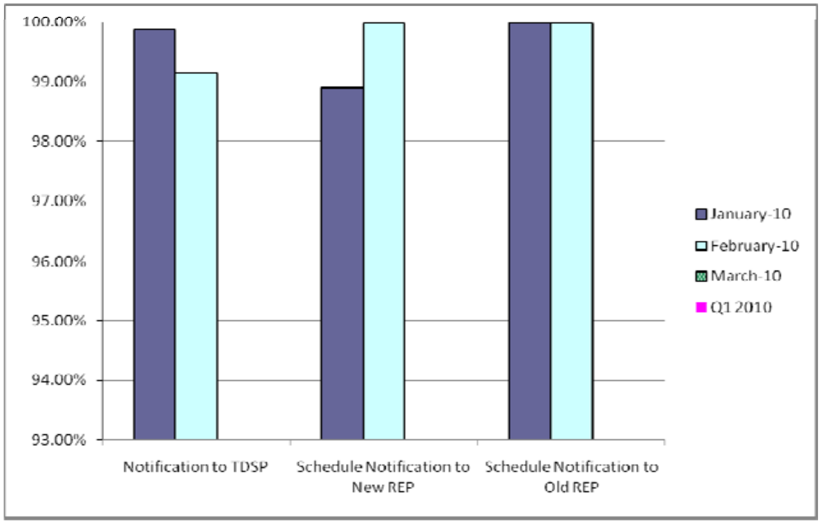
3rd Quarter

4th Quarter



Retail Performance Measures – 2010 Move-In / Priority

1st Quarter



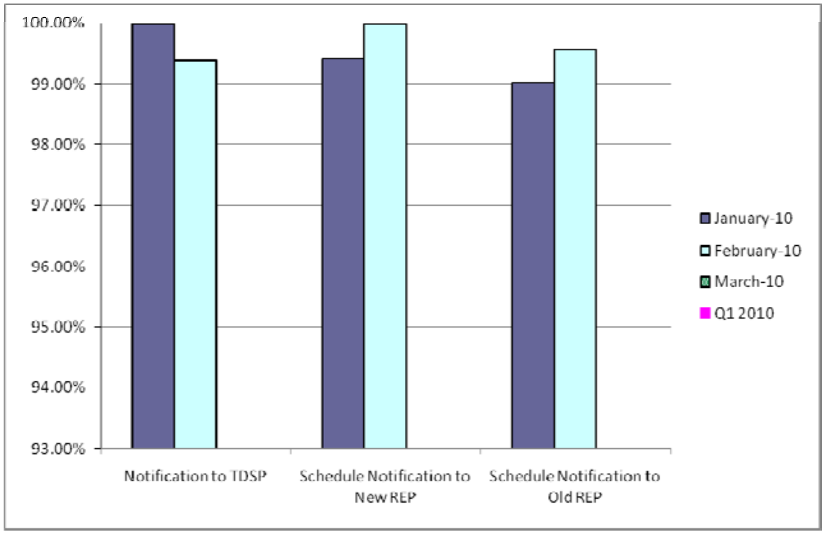
2nd Quarter

3rd Quarter

4th Quarter

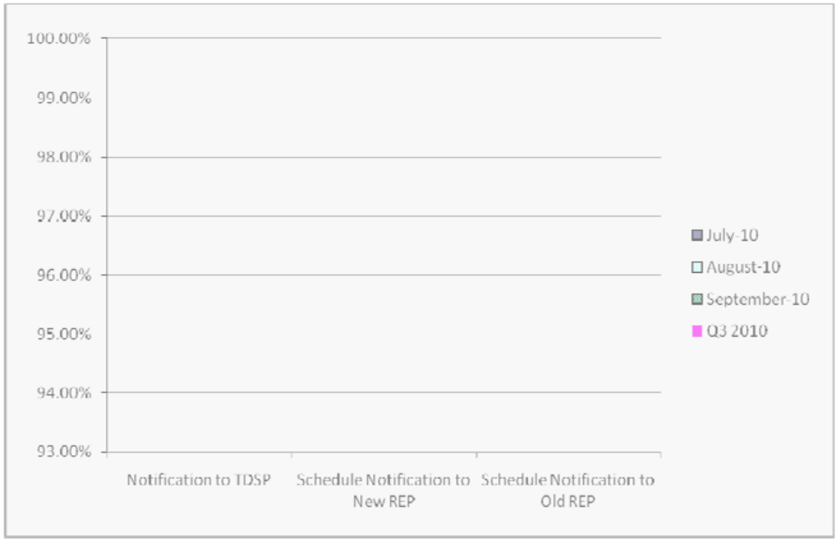
Retail Performance Measures – 2010 Move-In / Standard

1st Quarter



2nd Quarter

3rd Quarter



4th Quarter

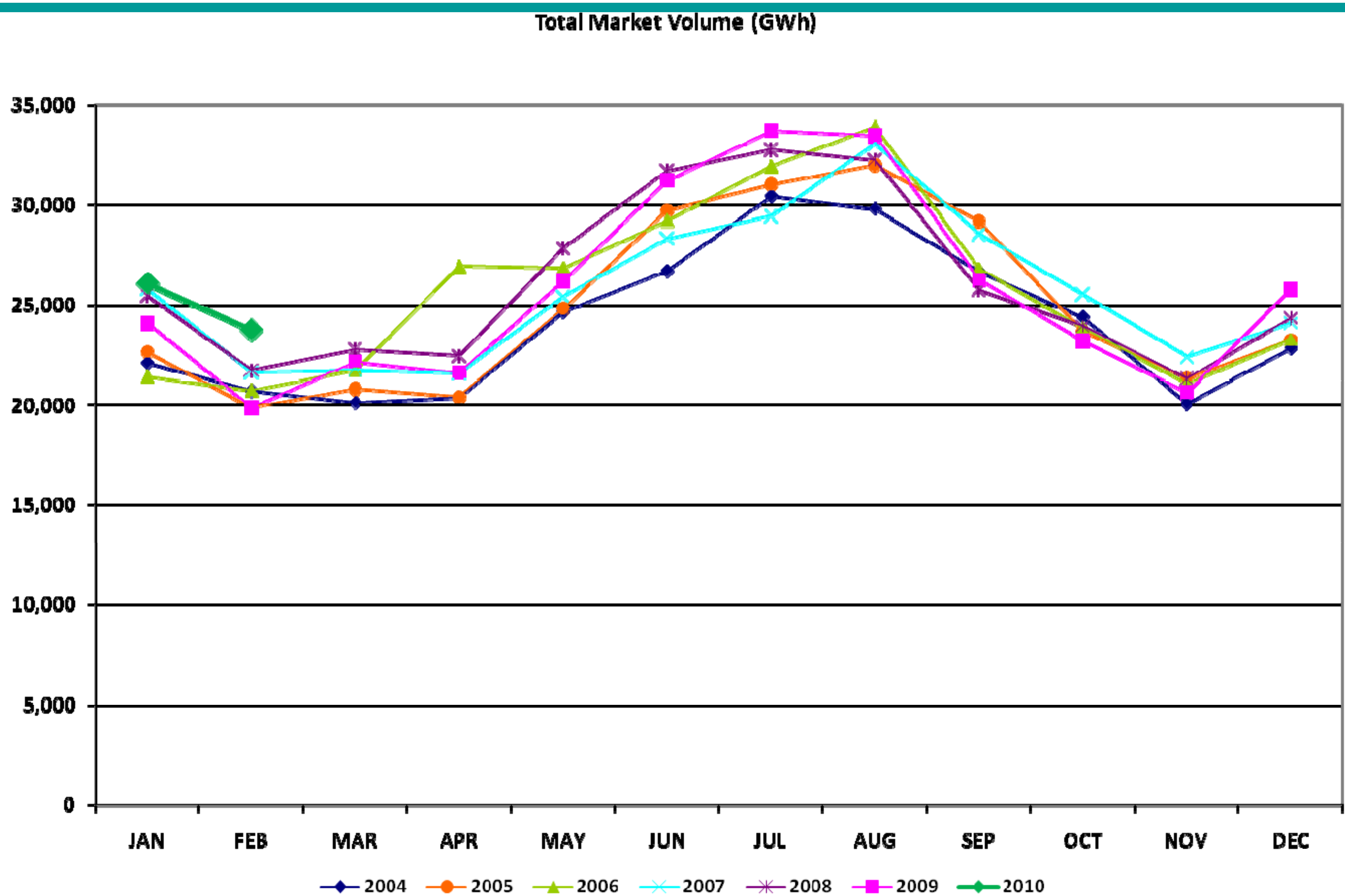
Settlements and Billing Performance Measures – February 2010

	YTD 02/28/10	YTD 02/28/09	February 2010	February 2009
Settlement Statements:				
Total	27,475	24,388	13,663	11,820
Late	0	0	0	0
– Less than 24 hours late	**0**	**109**	**0**	**109**
– Greater than 24 hours late	**0**	**0**	**0**	**0**
Balance	27,475	24,279	13,663	11,711
% Within Protocol	**100.00%**	**99.55%**	**100.00%**	**99.08%**
Invoices:				
Total	1,470	1,628	743	713
Late	0	0	0	0
– Less than 24 hours late	**0**	**0**	**0**	**0**
– Greater than 24 hours late	**0**	**0**	**0**	**0**
Balance	1,470	1,628	743	713
% Within Protocol	**100.00%**	**100.00%**	**100.00%**	**100.00%**

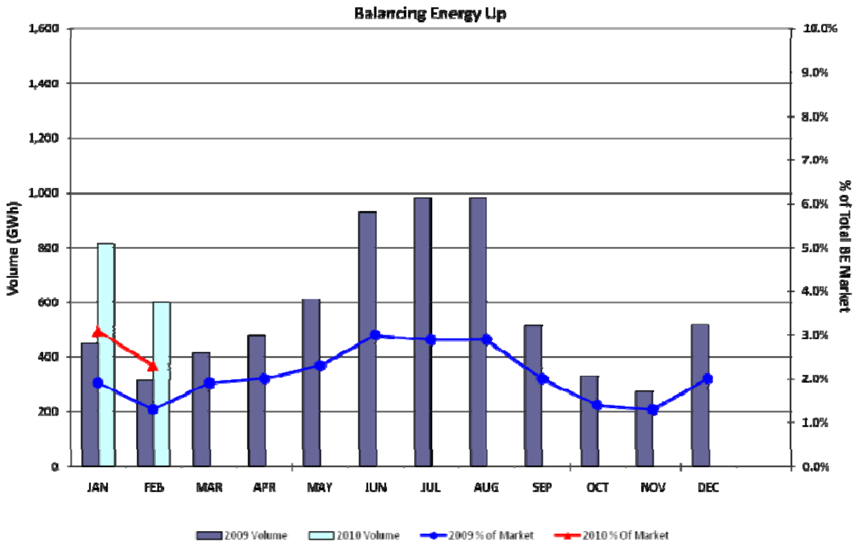
Energy Services

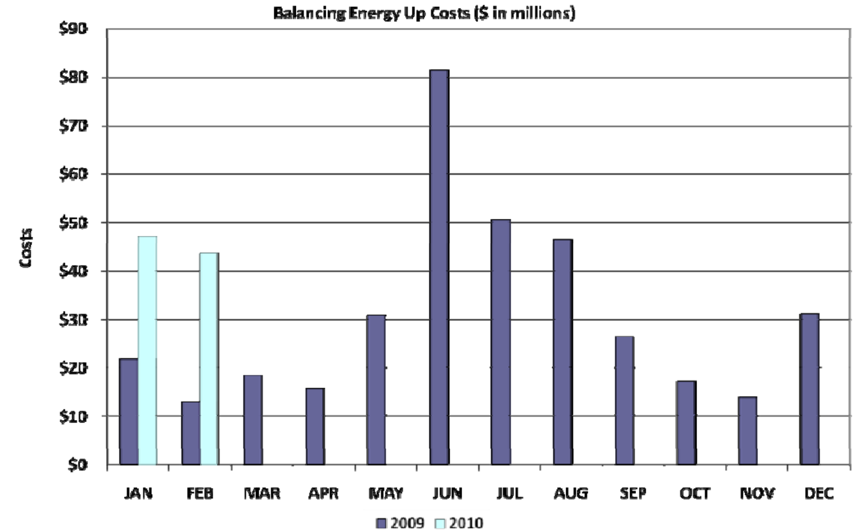
	YTD ($'s in millions) 02/28/10	YTD ($'s in millions) 02/28/09	February ($'s in millions) 2010	February ($'s in millions) 2009
• Market Perspective:				
Approximate Retail Market (at $.11/kWh)	**$5,479.2**	**$4,838.8**	**$2,611.2**	**$2,187.8**
Volume (GWh)	49,811	43,989	23,738	19,889
% Increase	-1.3%		5.9%	
Natural Gas Price Index ($/MMBTU)	5.5	4.3	5.2	4.0
% Increase	27.9%		30.0%	
• Balancing Energy:				
Balancing Energy - Up	**$90.8**	**$34.9**	**$43.7**	**$12.9**
% Increase	160.2%		238.8%	
Up (GWh)	1,414.1	761.7	599.3	312.9
% Increase	85.7%		91.5%	
% of Market	0.5%	0.2%	2.3%	1.3%
Balancing Energy - Down	**-$58.1**	**-$51.4**	**-$24.5**	**-$24.8**
% Increase	13.0%		-1.2%	
Down (GWh)	-2,200.7	-2,964.2	-967.4	-1,480.1
% Increase	-25.8%		-34.6%	
% of Market	0.7%	0.9%	3.8%	6.1%

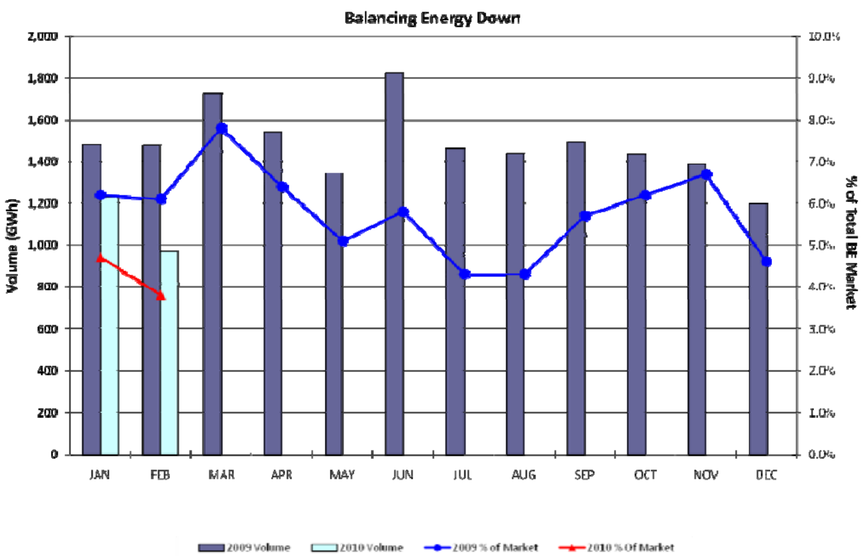
Energy Services

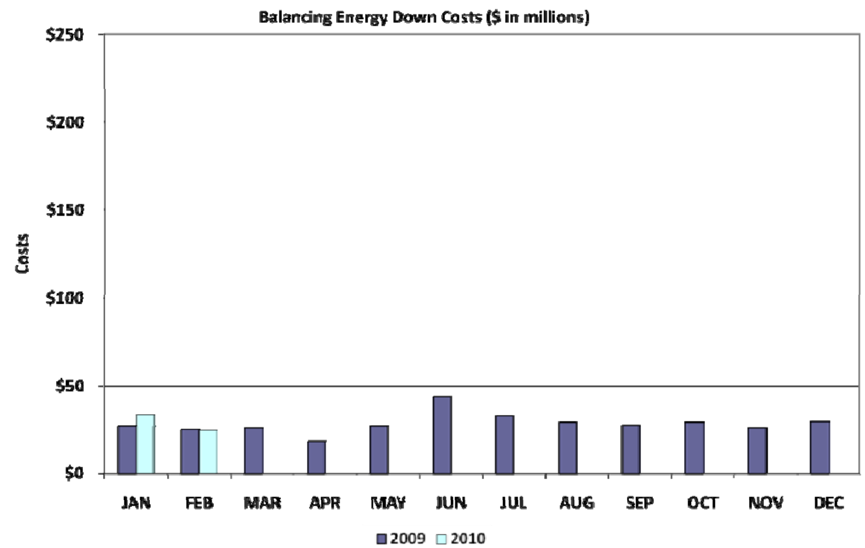


Balancing Energy Services – Volume and Cost

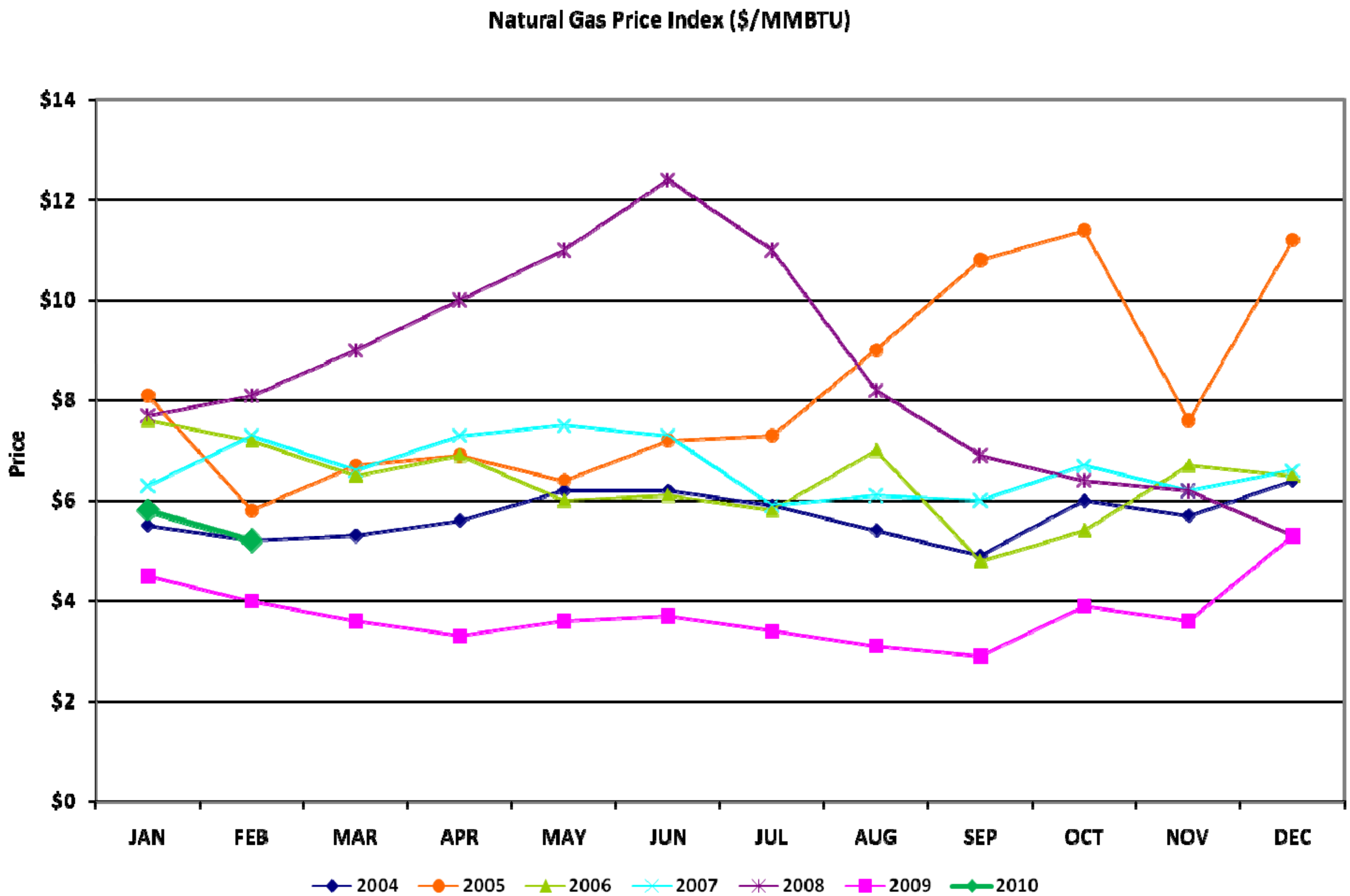








Natural Gas



Natural Gas Price Index ($/MMBTU)
$14
$12
$10
$8
$6
$4
$2
$0
Price
JAN
FEB
MAR
APR
MAY
JUN
JUL
AUG
SEP
OCT
NOV
DEC
2004
2005
2006
2007
2008
2009
2010

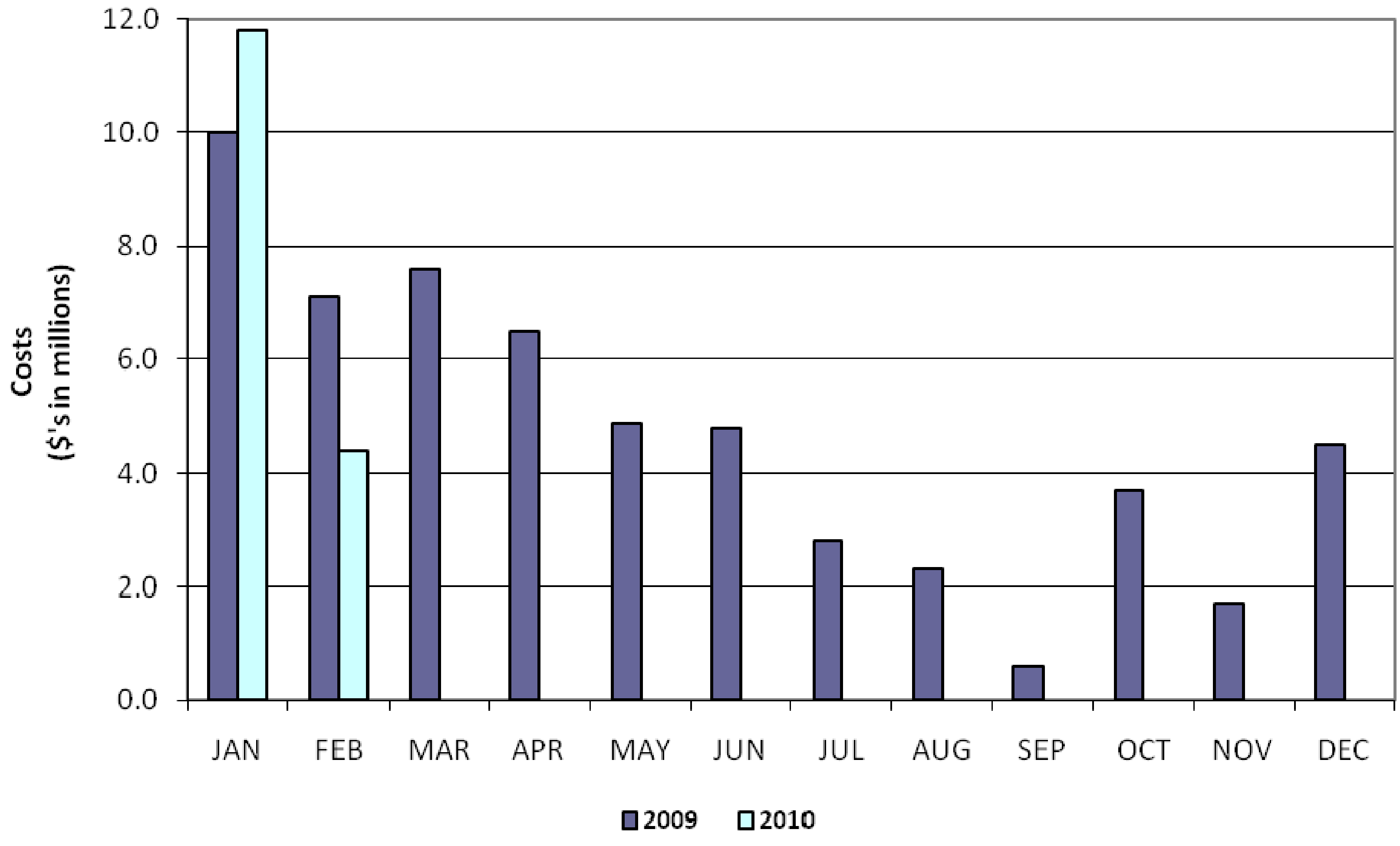
Capacity Services

	YTD 02/28/10	YTD 02/28/09	February 2010	February 2009
Reg Up:				
Required (MW)	1,173,596	1,150,541	557,712	547,756
Self Arranged (MW)	230,620	244,690	108,424	118,830
Procured (MW)	946,666	908,580	450,876	430,250
Mismatch Schedules (MW)	(3,690)	(2,729)	(1,588)	(1,324)
% Procured	***81%***	***79%***	***81%***	***79%***
Weighted Avg MCPC ($/MW)	14.5	11.4	11.8	10.6
Reg Down:				
Required (MW)	1,239,955	1,145,055	621,291	558,180
Self Arranged (MW)	257,830	345,296	128,575	173,692
Procured (MW)	985,445	802,330	494,285	385,748
Mismatch Schedules (MW)	(3,320)	(2,571)	(1,569)	(1,260)
% Procured	***79%***	***70%***	***80%***	***69%***
Weighted Avg MCPC ($/MW)	15.5	15.2	14.1	12.1
Responsive Reserve:				
Required (MW)	3,253,043	3,252,480	1,543,517	1,543,674
Self Arranged (MW)	1,194,077	1,315,772	575,224	645,792
Procured (MW)	2,063,280	1,940,783	970,376	899,803
Mismatch Schedules (MW)	(4,314)	(4,075)	(2,083)	(1,921)
% Procured	***63%***	***60%***	***63%***	***58%***
Weighted Avg MCPC ($/MW)	11.8	11.3	9.9	8.4
Non-Spinning Reserve:				
Required (MW)	2,694,147	1,959,836	1,232,447	902,273
Self Arranged (MW)	350,334	297,497	154,358	134,535
Procured (MW)	2,347,318	1,666,071	1,080,218	769,081
Mismatch Schedules (MW)	(3,505)	(3,732)	(2,129)	(1,343)
% Procured	***87%***	***85%***	***88%***	***85%***
Weighted Avg MCPC ($/MW)	7.2	1.1	4.0	1.0
Local Replacement Reserve:				
Procured (MW)	15,393	41,132	10,841	26,261
Zonal Replacement Reserve:				
Procured (MW)	40,884	32,024	19,009	14,830
OOMC:				
Procured (MW)	1,105,515	1,598,170	368,120	649,399

Capacity Services – Cost

	YTD ($'s in millions)		February ($'s in millions)	
	02/28/10	02/28/09	2010	2009
• **Capacity Services:**				
Reg Up	13.7	10.4	5.3	4.6
Reg Down	15.3	12.2	7.0	4.7
Responsive Reserve	24.3	22.0	9.6	7.6
Non-Spinning Reserve	16.9	1.9	4.3	0.8
Local Replacement Reserve	0.3	0.4	0.2	0.3
Zonal Replacement Reserve	1.7	1.0	0.7	0.2
Black Start	0.9	0.9	0.4	0.4
OOMC	16.6	17.1	4.4	7.1
RMR Capacity and Start Up	$1.1	$0.0	$0.5	$0.0
TOTAL CAPACITY SERVICES	**$90.8**	**$65.9**	**$32.4**	**$25.7**

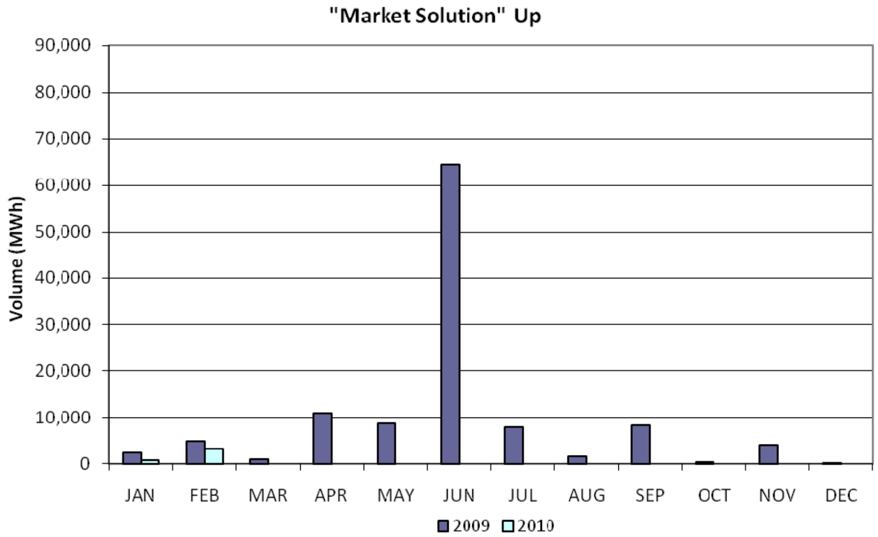
Capacity Cost – OOMC

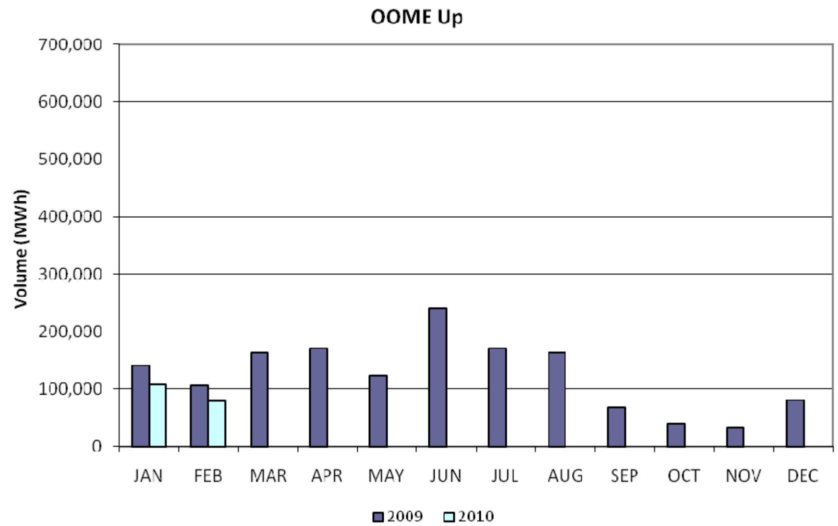


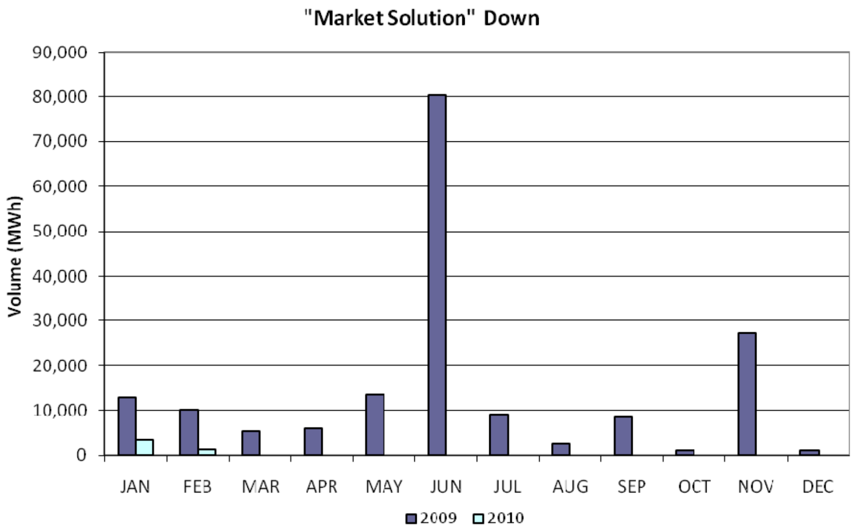
Congestion Management

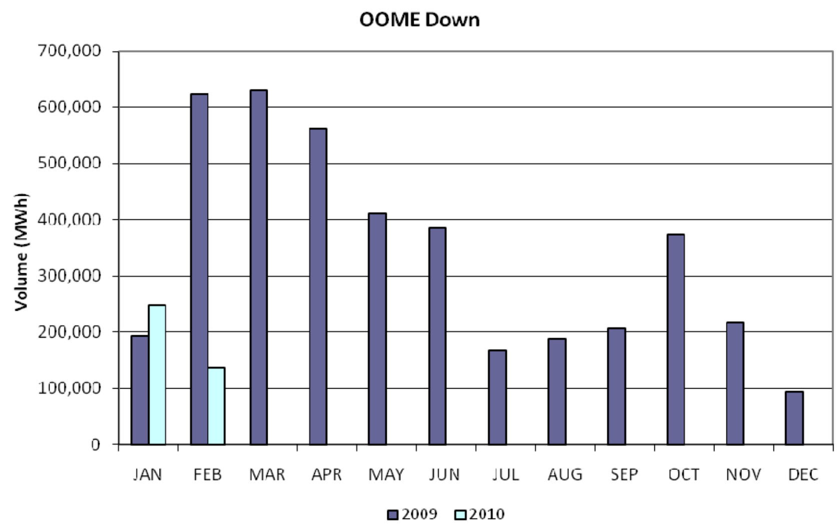
	YTD ($'s in millions)		February ($'s in millions)	
	02/28/10	02/28/09	2010	2009
• **Local Congestion:**				
"Market Solution" Down	0.4	0.6	0.03	0.1
"Market Solution" Up	0.1	0.2	0.05	0.1
OOME - Down	9.3	16.7	2.4	12.8
OOME - Up	4.9	3.9	1.5	1.4
Total Local Congestion Costs	**$14.7**	**$21.4**	**$4.0**	**$14.4**
• **Local Congestion Volume: (units in MWh)**				
"Market Solution" Down	4,929	23,209	1,291	10,251
"Market Solution" Up	4,063	7,421	3,298	4,952
OOME - Down	384,332	817,276	136,833	624,180
OOME - Up	186,706	245,677	79,605	105,256
Total Local Congestion Volume	**580,030**	**1,093,584**	**221,028**	**744,639**
• **Zonal Congestion and TCR / PCR:**				
TCR / PCR Annual Auction Proceeds received from Holders	($7.7)	($15.4)	($3.7)	($7.4)
TCR Monthly Auction Proceeds received from TCR Holders	($7.6)	($11.6)	($3.3)	($6.0)
Direct Assignment Proceeds received from QSEs based on schedules	($0.3)	($3.3)	$0.3	($0.1)
Proceeds Paid to TCR / PCR Holders including Auction Refunds	$18.5	$25.2	$10.4	$10.2
Total Zonal Congestion and TCR / PCR Costs Uplift	**$2.9**	**($5.0)**	**$3.8**	**($3.2)**

Local Congestion Volume

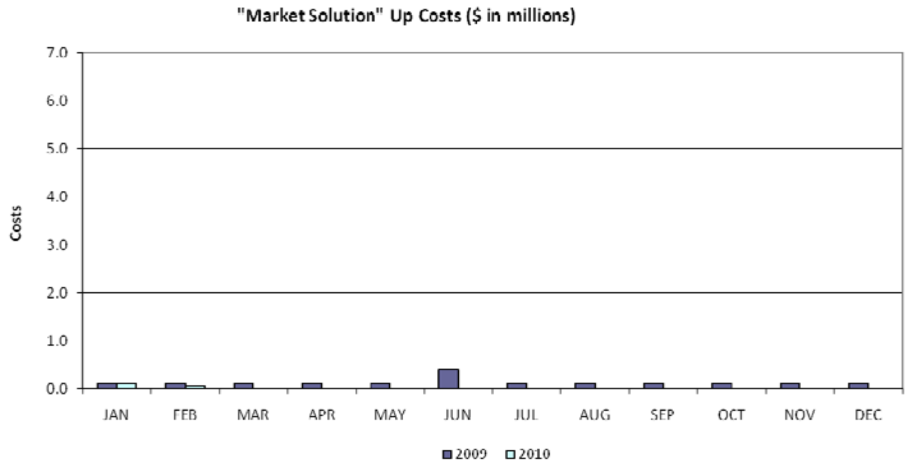


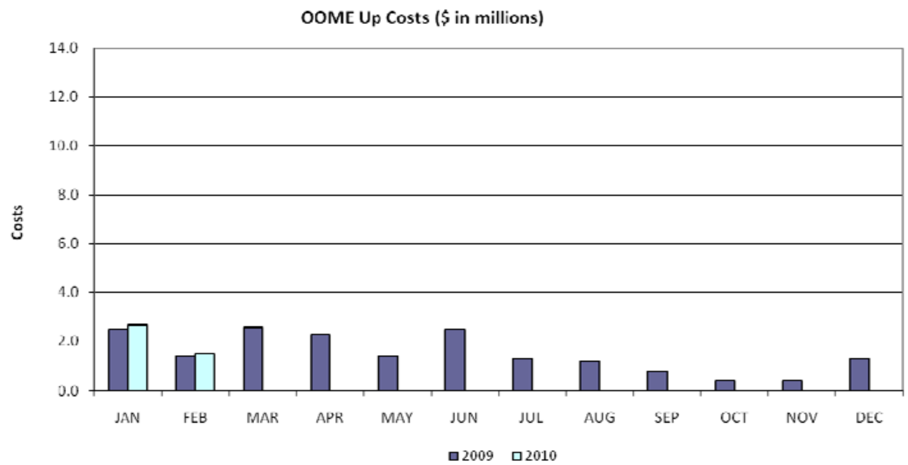


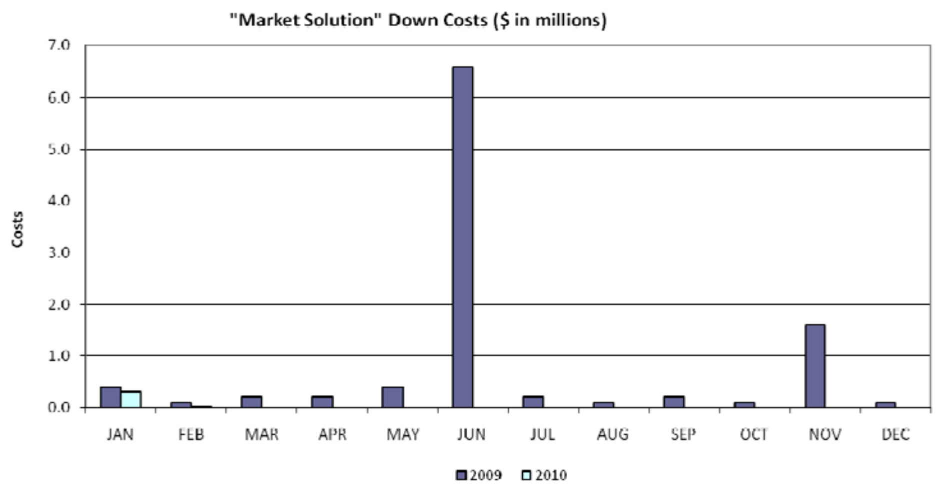


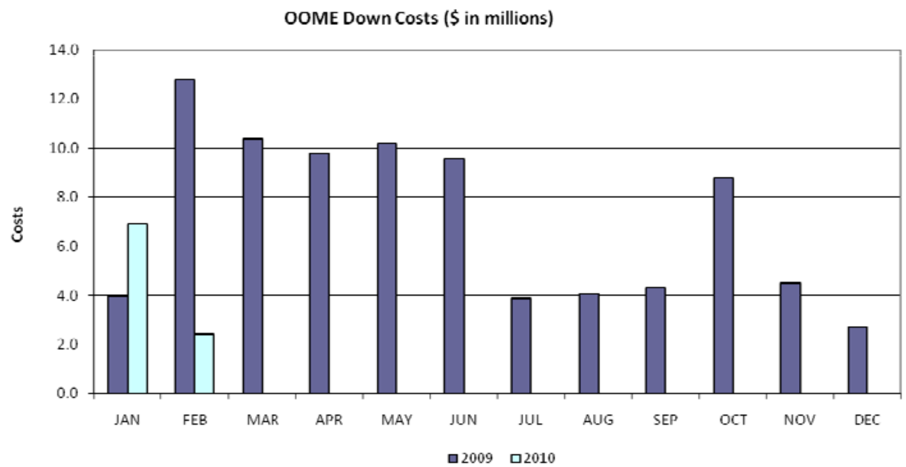


Local Congestion Costs









Load Zone Price Data

Total Load Weighted Average Price ($/MWH)*

[MCPE weighted by Total Zonal Load]

LOAD ZONE	Feb 2010	Jan 2010
South	$47.56	$44.43
North	$47.57	$42.96
Houston	$46.65	$42.75
West	$40.28	$39.19

LOAD ZONE	Feb 2009	Jan 2009
South	$27.27	$34.69
North	$27.89	$32.31
Houston	$27.19	$32.78
West	$19.93	$24.04

Represents the average price for loads within the zone

REPs and QSEs Added/Terminated – as of February 28, 2010

- **Added REPs**
  - ✓ Frontier Utilities, Inc. d/b/a Rodeo Energy
  - ✓ Frontier Utilities, Inc. d/b/a Sol Energy

- **Added QSEs**
  - ✓ City of Austin d/b/a Austin Energy
  - ✓ TRQ10

- **Terminated REPs**
  - ✓ Urban Energy Source, LLC

- **Terminated QSEs**
  - ✓ Urban Energy Source, LLC
  - ✓ Bank of America, N.A.

Questions?