Market Operations Presentation

ERCOT Board of Directors

May 18, 2010

Betty Day

Summary

Retail Activity

- **Overall Activity** – YTD overall retail activity is comparable between 2009 and 2010.
- **Migration From Native AREPs** – No changes from prior month. More than half the load in all customer classes has migrated away from the Affiliate REP.
- **Transaction Performance Measures** – All April 2010 measures are above the 98% target.

Wholesale Activity

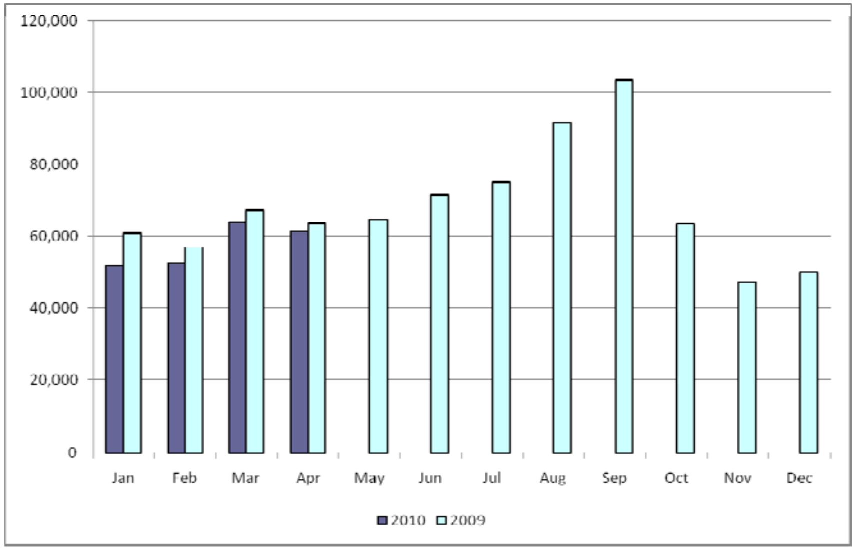
- **Settlements & Billing Performance Measures** – Perfect performance in March.
- **Energy Services** – Monthly energy volumes for March are comparable to last year but YTD volumes are up significantly in 2010 compared to 2009 due to colder weather. In addition, natural gas prices are up from the same period last year.
- **Capacity Services** – Capacity service costs are up from a year ago – MCPCs are higher. Procured a higher volume of Non-Spin due to changes in A/S procurement methodology late last year. In addition, the percent procured for Reg Down is significantly more in 2010 than 2009 due to increased wind. Finally, significantly less OOMC procured in 2010 compared to 2009.
- **Summary Balancing Energy Price Data** – Price by zone is up from same period last year but somewhat down from the first months in 2010.
- **Congestion Management** – Local congestion (volumes and costs) are down from the same period last year.
- **REPs and QSEs Added/Terminated**
  - 3 new REPs – 1 terminated REPs
  - 2 new QSEs – 3 terminated QSEs

Retail Transactions Summary

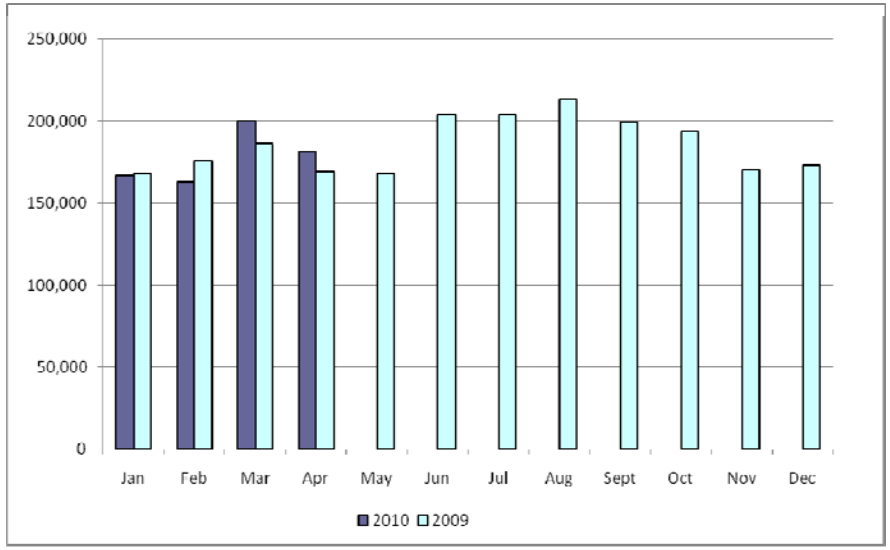
Transaction Type	YTD 04/30/2010	YTD 04/30/2009	April 2010	April 2009
Switches	229,755	248,907	61,425	63,807
Move - Ins	711,130	698,771	181,374	168,971
Move Out	385,562	391,084	102,826	99,912
CSA (Continuous Service Agreement)	138,461	112,296	32,159	23,204
Mass Transition	0	0	0	0
Total	1,464,908	1,451,058	377,784	355,894
Since June 1, 2001	37,211,294			

Retail Transactions Summary

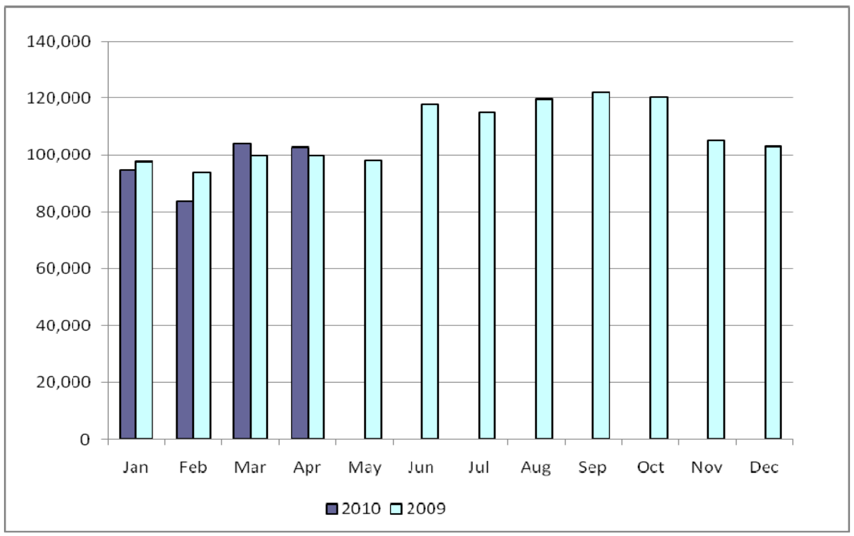
Switches



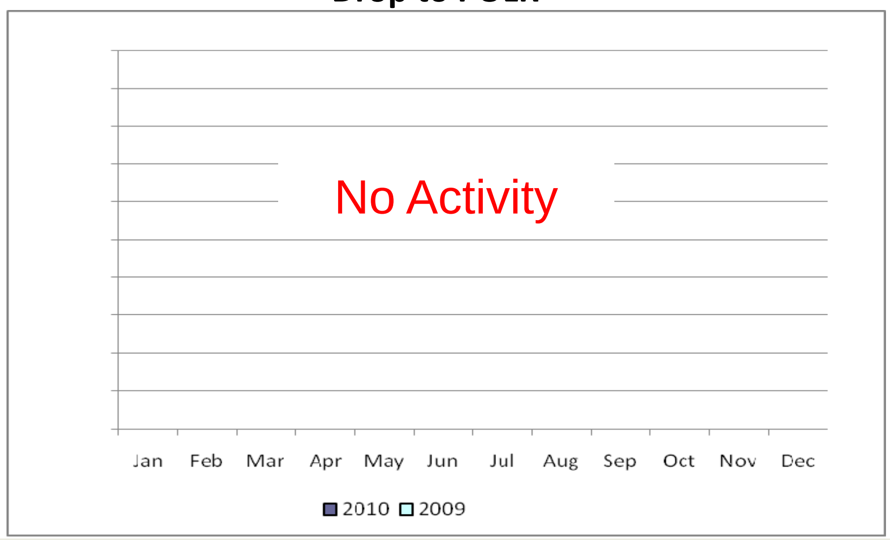
Move-Ins



Move-Outs



Drop to POLR



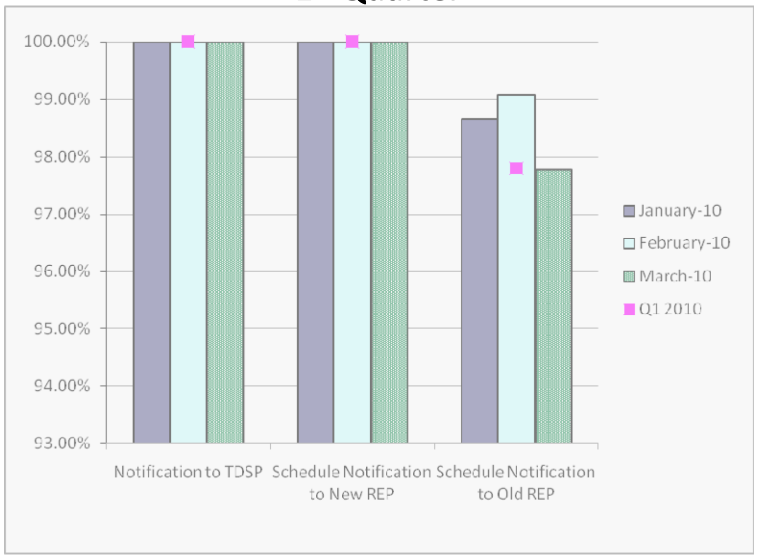
Migration from Native Affiliate REP

	% of Load [1]		% of ESI IDs	
	at 03/31/10	at 03/31/09	at 03/31/10	at 03/31/09
Residential	51%	47%	50%	45%
Small Non-Residential	79%	78%	56%	51%
Large Non-Residential	76%	74%	77%	75%

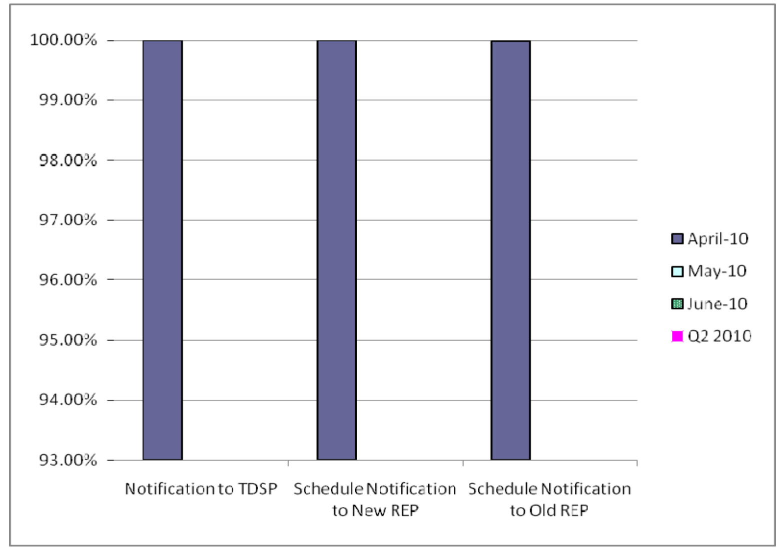
[1] - Percent of Deregulated (Non-NOIE) ESI IDs and Load. Usage based on monthly settlement results.

Retail Performance Measures – 2010 Switch

1st Quarter

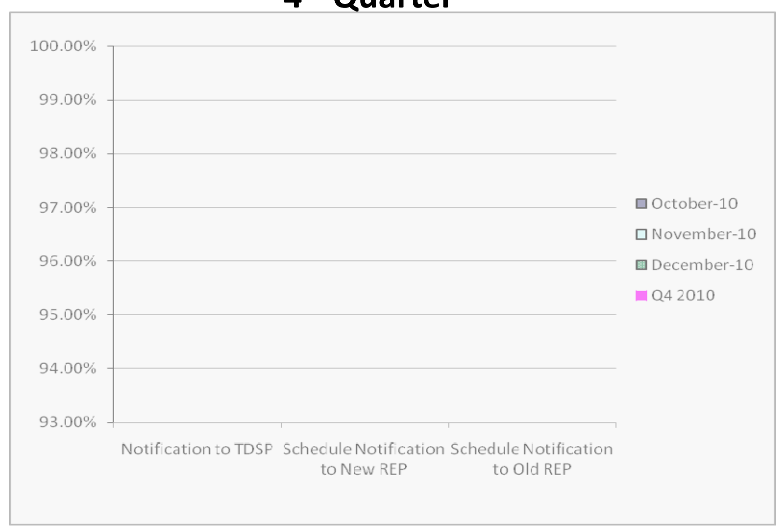


2nd Quarter



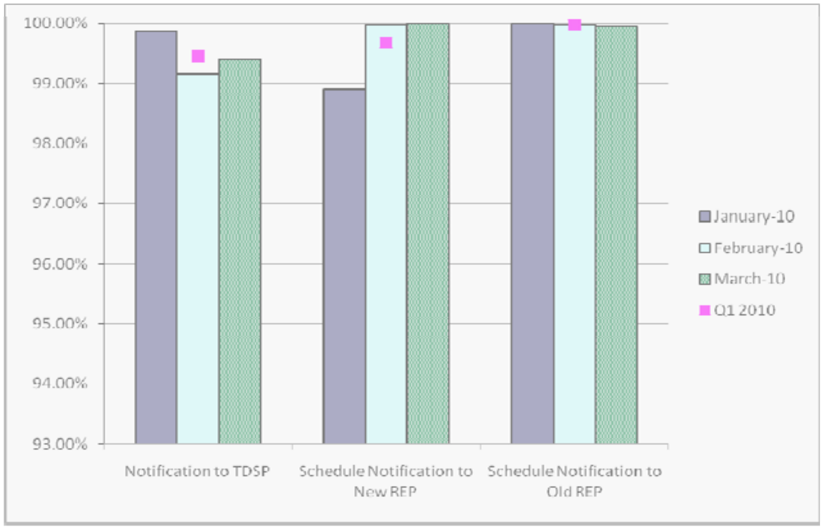
3rd Quarter

4th Quarter

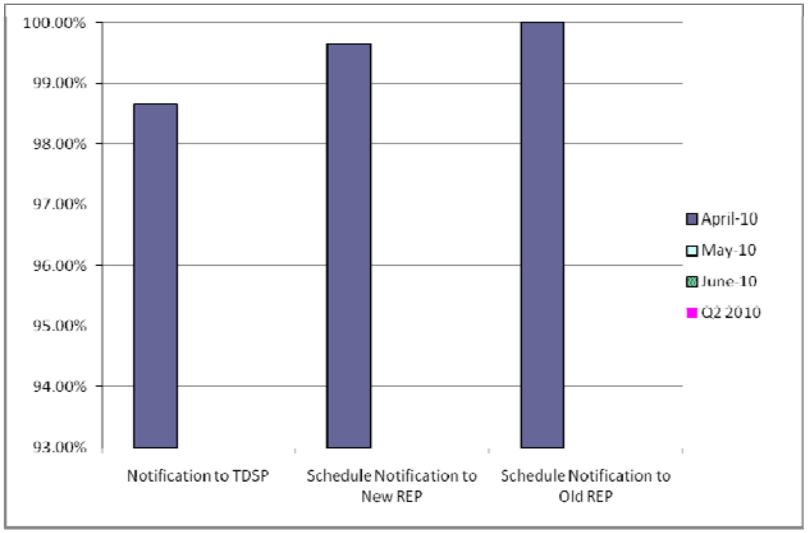


Retail Performance Measures – 2010 Move-In / Priority

1st Quarter



2nd Quarter

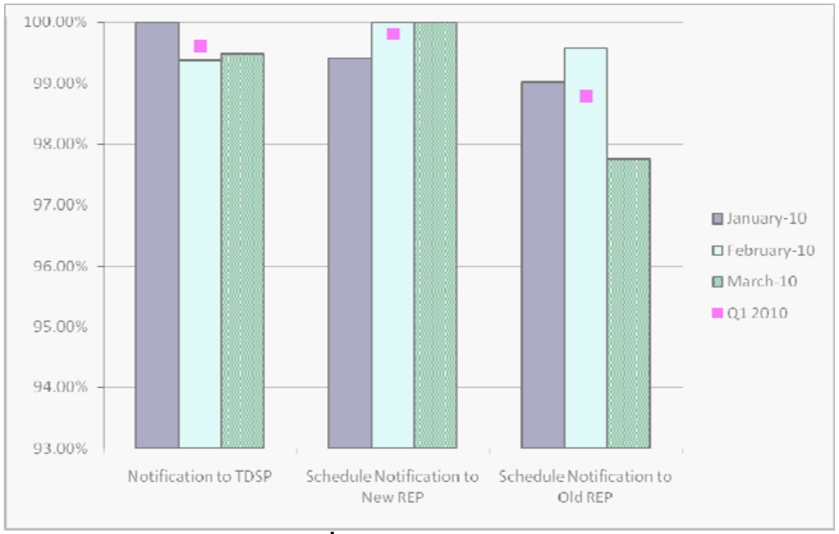


3rd Quarter

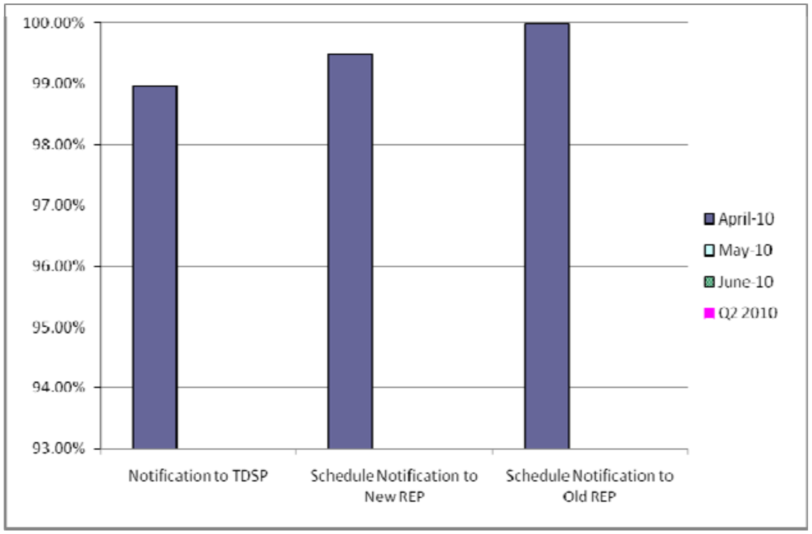
4th Quarter

Retail Performance Measures – 2010 Move-In / Standard

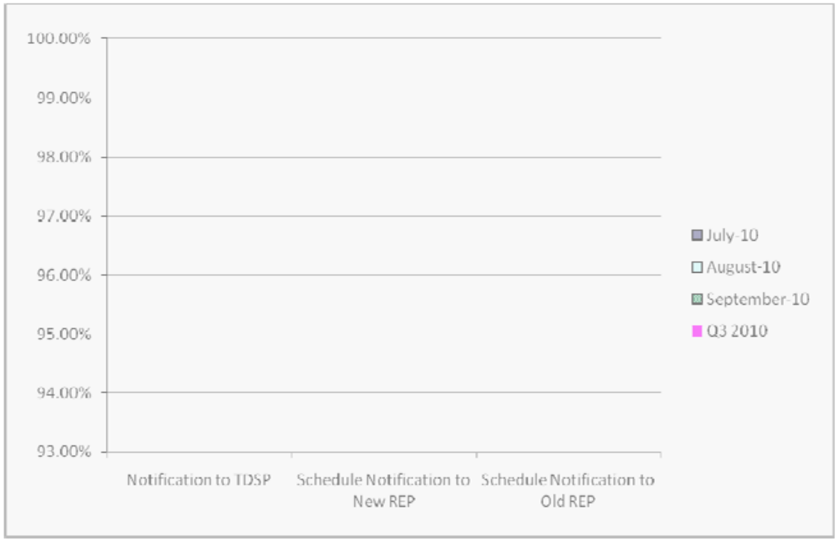
1st Quarter



2nd Quarter



3rd Quarter



4th Quarter

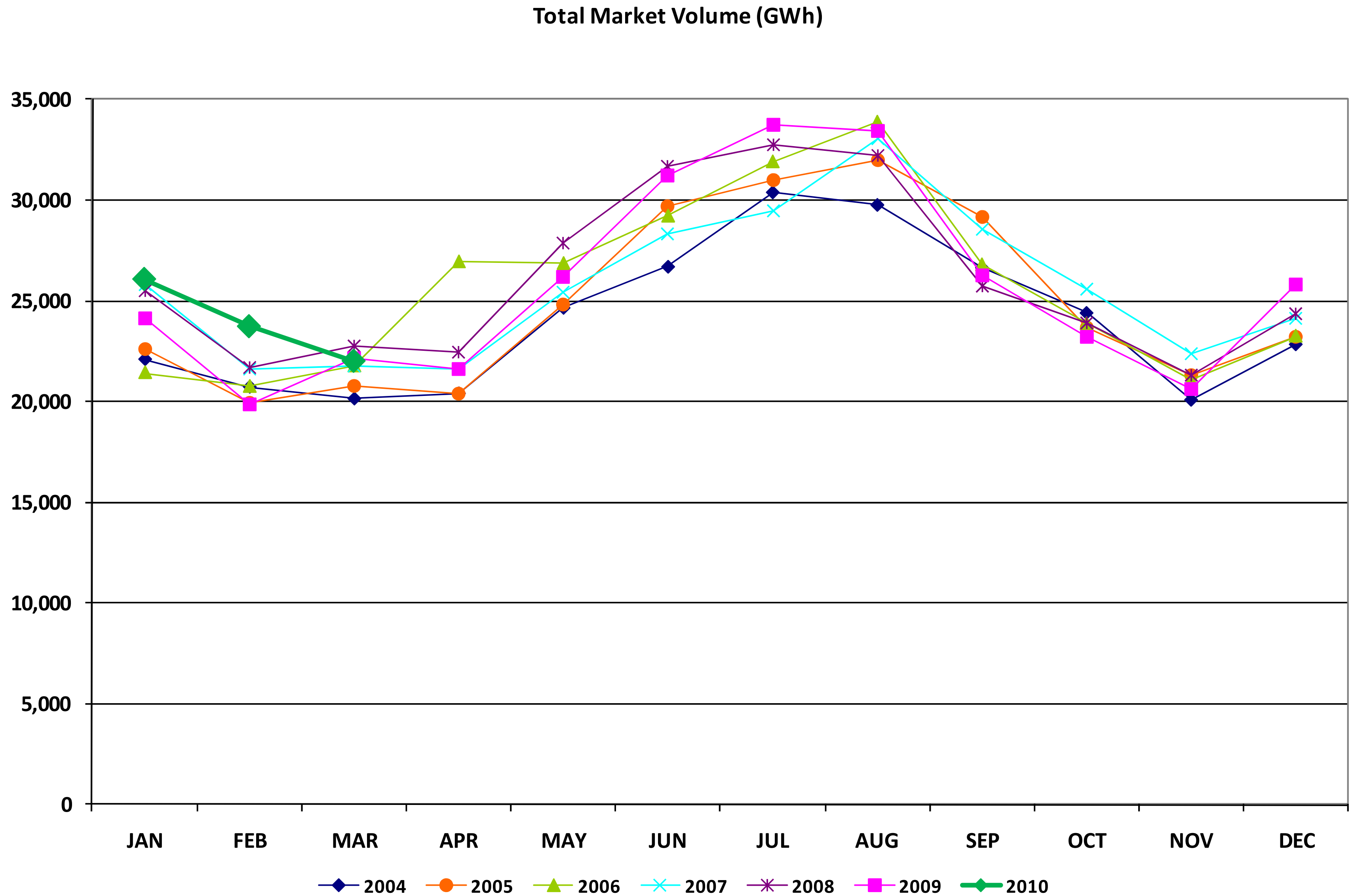
Settlements and Billing Performance Measures – March 2010

	YTD		March	
	03/31/10	03/31/09	2010	2009
Settlement Statements:				
Total	43,766	38,080	16,291	13,692
– Less than 24 hours late	**0**	**109**	**0**	**0**
– Greater than 24 hours late	**0**	**0**	**0**	**0**
Balance	43,766	37,971	16,291	13,692
% Within Protocol	**100.00%**	**99.71%**	**100.00%**	**100.00%**
Invoices:				
Total	2,229	2,323	759	695
– Less than 24 hours late	**0**	**0**	**0**	**0**
– Greater than 24 hours late	**0**	**0**	**0**	**0**
Balance	2,229	2,323	759	695
% Within Protocol	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Energy Services

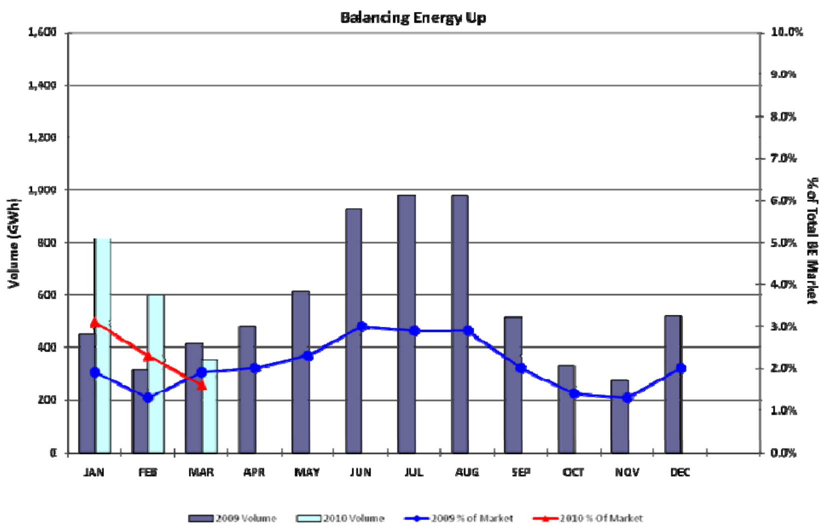
	YTD ($'s in millions)		March ($'s in millions)	
	03/31/10	03/31/09	2010	2009
• **Market Perspective:**				
Approximate Retail Market (at $.11/kWh)	**$7,902.4**	**$7,275.4**	**$2,423.2**	**$2,436.6**
Volume (GWh)	71,840	66,140	22,029	22,151
% Increase	8.6%		-0.6%	
Natural Gas Price Index ($/MMBTU)	5.2	3.6	4.3	3.6
% Increase	44.4%		19.4%	
• **Balancing Energy:**				
Balancing Energy - Up	**$113.8**	**$60.0**	**$23.0**	**$25.2**
% Increase	89.7%		-8.7%	
Up (GWh)	1,766.5	1,175.8	352.4	414.1
% Increase	50.2%		-14.9%	
% of Market	2.5%	1.8%	1.6%	1.9%
Balancing Energy - Down	**-$81.7**	**-$77.1**	**-$23.6**	**-$25.7**
% Increase	6.0%		-8.2%	
Down (GWh)	-3,684.9	-4,690.8	-1,484.2	-1,726.6
% Increase	-21.4%		-14.0%	
% of Market	5.1%	7.1%	6.7%	7.8%

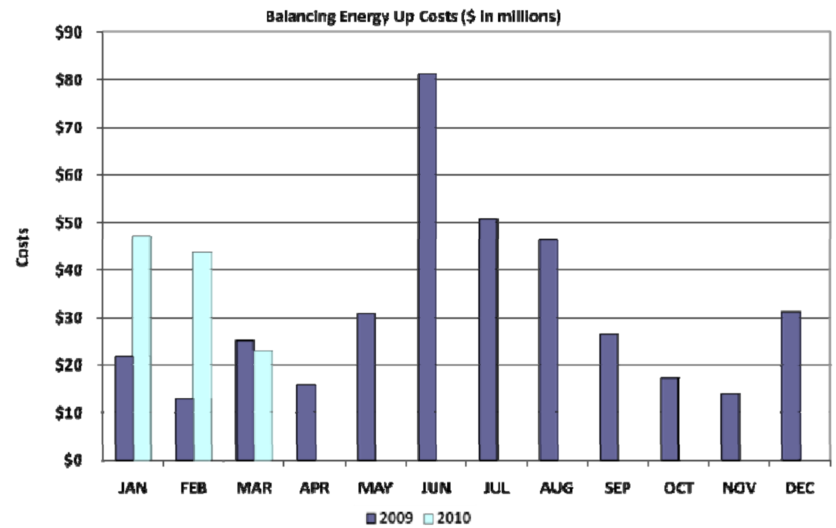
Energy Services

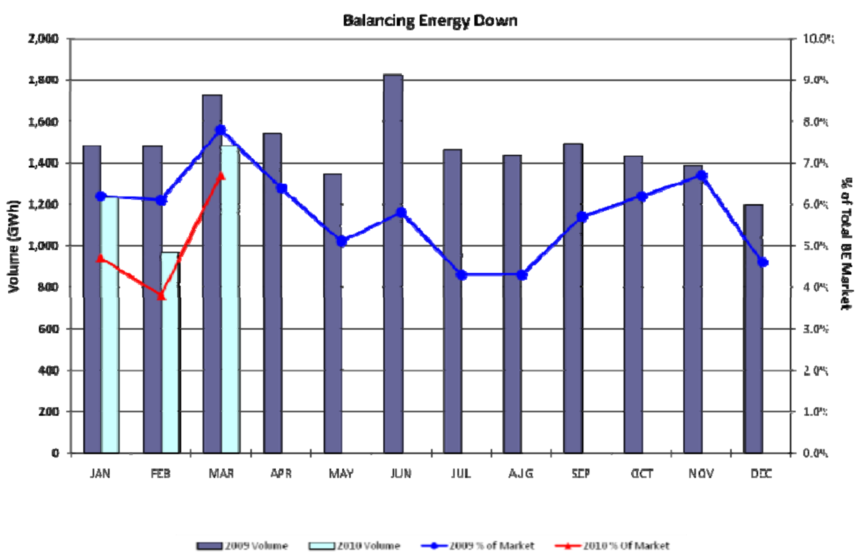


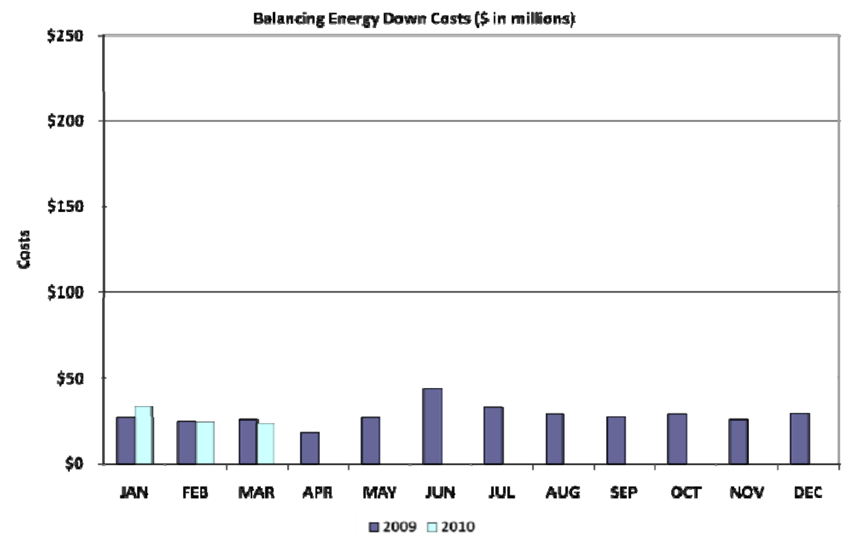
*Please note: April data will be provided at the Board Meeting

Balancing Energy Services – Volume and Cost









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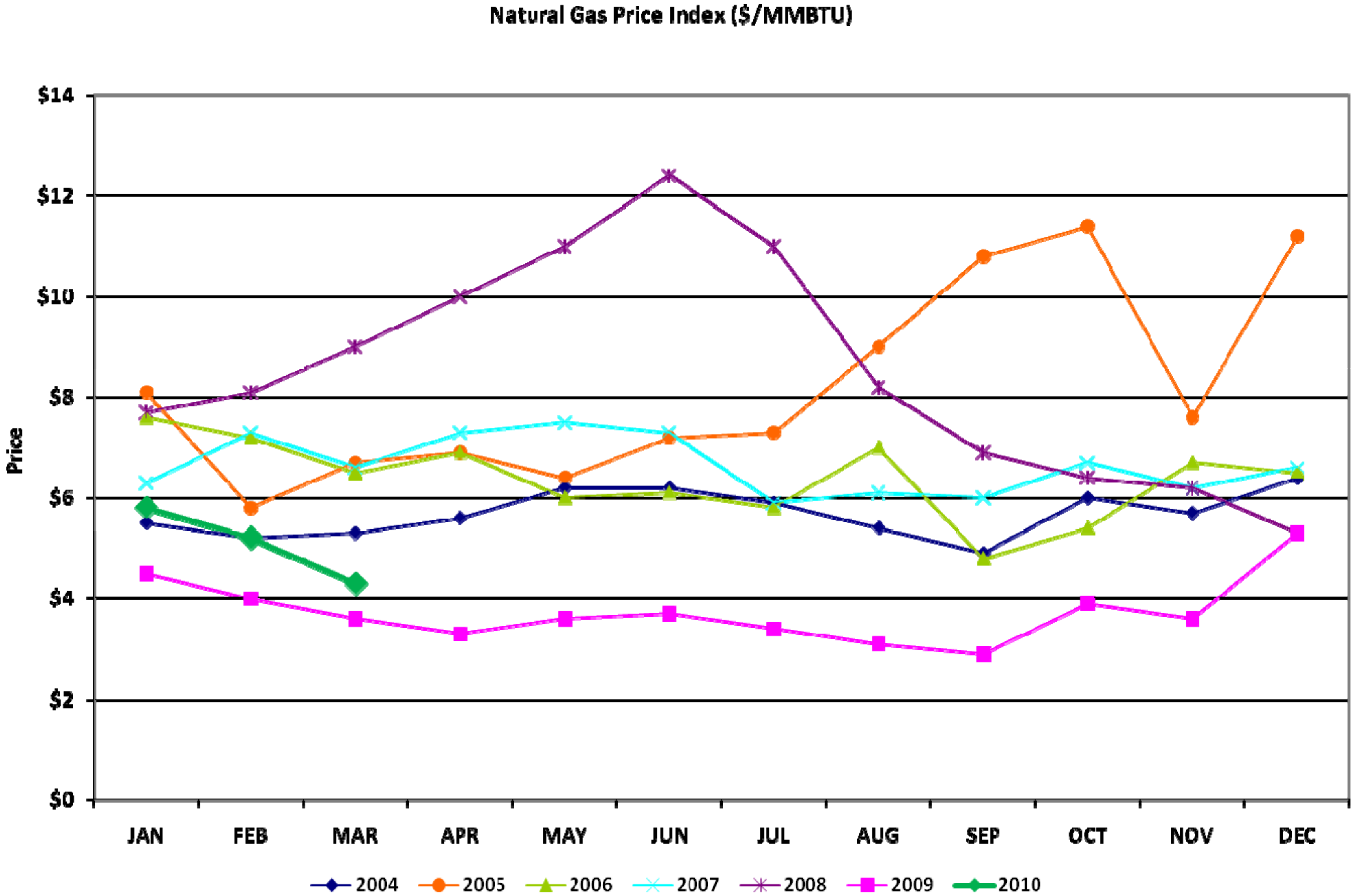
Natural Gas



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Capacity Services

	YTD		March	
	03/31/10	03/31/09	2010	2009
Reg Up:				
Required (MW)	1,857,112	1,772,004	683,516	621,463
Self Arranged (MW)	362,650	376,152	132,030	131,462
Procured (MW)	1,499,836	1,400,438	553,170	491,858
Mismatch Schedules (MW)	(5,374)	(4,586)	(1,684)	(1,857)
% Procured	***81%***	***79%***	***81%***	***79%***
Weighted Avg MCPC ($/MW)	14.8	12.2	15.5	13.7
Reg Down:				
Required (MW)	1,888,656	1,748,005	648,701	602,950
Self Arranged (MW)	384,269	524,733	126,439	179,437
Procured (MW)	1,509,913	1,227,473	524,468	425,143
Mismatch Schedules (MW)	(5,526)	(4,201)	(2,206)	(1,630)
% Procured	***80%***	***70%***	***81%***	***71%***
Weighted Avg MCPC ($/MW)	16.4	12.8	18.0	8.2
Responsive Reserve:				
Required (MW)	4,959,864	4,959,347	1,706,821	1,706,867
Self Arranged (MW)	1,809,032	2,014,272	614,955	698,500
Procured (MW)	3,157,352	2,951,172	1,094,072	1,010,389
Mismatch Schedules (MW)	(6,520)	(6,097)	(2,206)	(2,022)
% Procured	***64%***	***60%***	***64%***	***59%***
Weighted Avg MCPC ($/MW)	11.8	11.2	11.8	10.9
Non-Spinning Reserve: *				
Required (MW)	4,051,389	2,935,929	1,357,242	976,093
Self Arranged (MW)	534,955	449,686	184,621	152,189
Procured (MW)	3,522,323	2,491,386	1,175,005	825,315
Mismatch Schedules (MW)	(5,889)	(5,143)	(2,384)	(1,411)
% Procured	***87%***	***85%***	***87%***	***85%***
Weighted Avg MCPC ($/MW)	6.5	3.0	5.3	6.8
Local Replacement Reserve:				
Procured (MW)	19,330	52,511	3,937	11,379
Zonal Replacement Reserve:				
Procured (MW)	41,900	48,975	1,016	16,951
OOMC:				
Procured (MW)	1,326,376	2,590,127	220,861	991,957

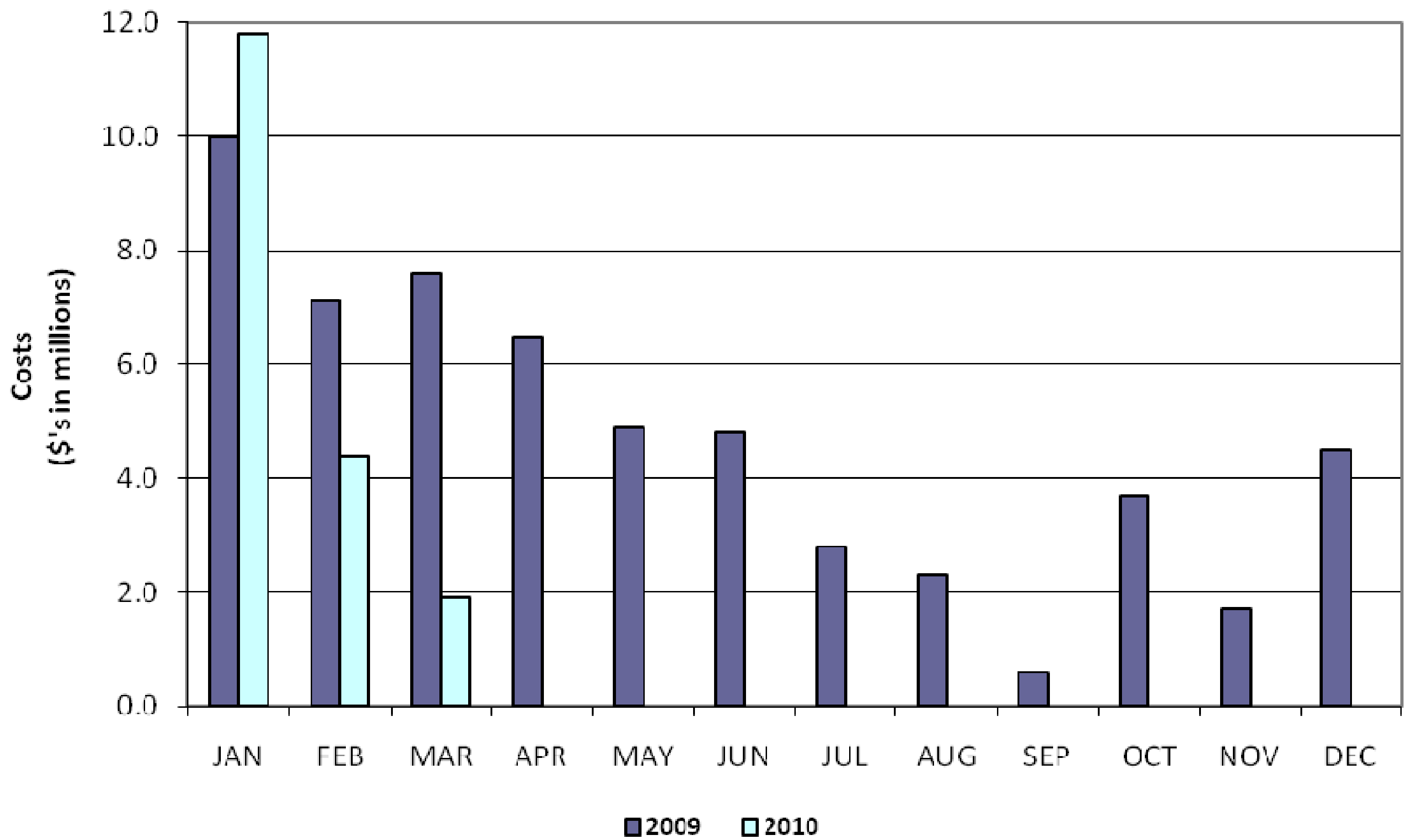
*A/S procurement methodology changed in December 2009

Capacity Services – Cost

	YTD ($'s in millions)		March ($'s in millions)	
	03/31/10	03/31/09	2010	2009
• **Capacity Services:**				
Reg Up	22.3	17.1	8.6	6.8
Reg Down	24.7	15.7	9.4	3.5
Responsive Reserve	37.1	33.0	12.9	11.0
Non-Spinning Reserve *	23.0	7.5	6.2	5.6
Local Replacement Reserve	0.4	0.5	0.04	0.1
Zonal Replacement Reserve	1.8	1.4	0.03	0.5
Black Start	1.4	1.4	0.5	0.5
OOMC	18.6	25.0	1.9	7.9
RMR Capacity and Start Up	$2.4	$0.0	$1.2	$0.0
TOTAL CAPACITY SERVICES	**$131.7**	**$101.6**	**$40.8**	**$35.9**

*A/S procurement methodology changed in December 2009

Capacity Cost – OOMC



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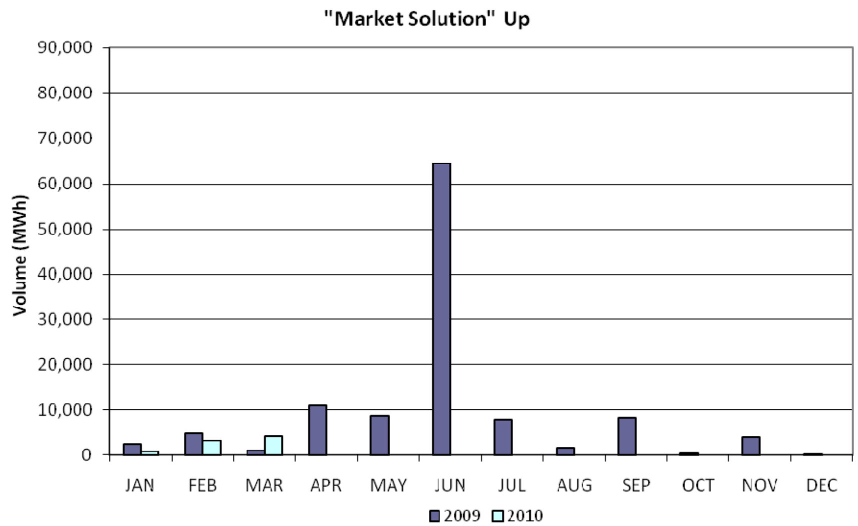
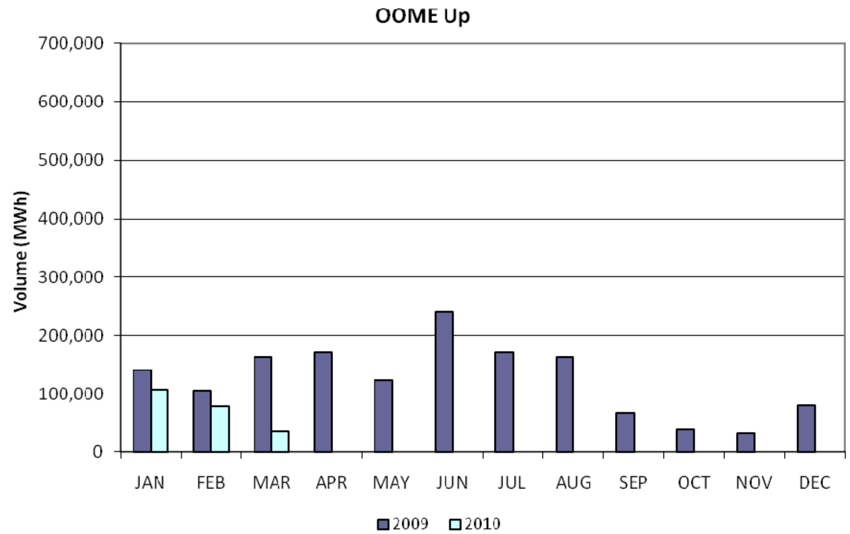
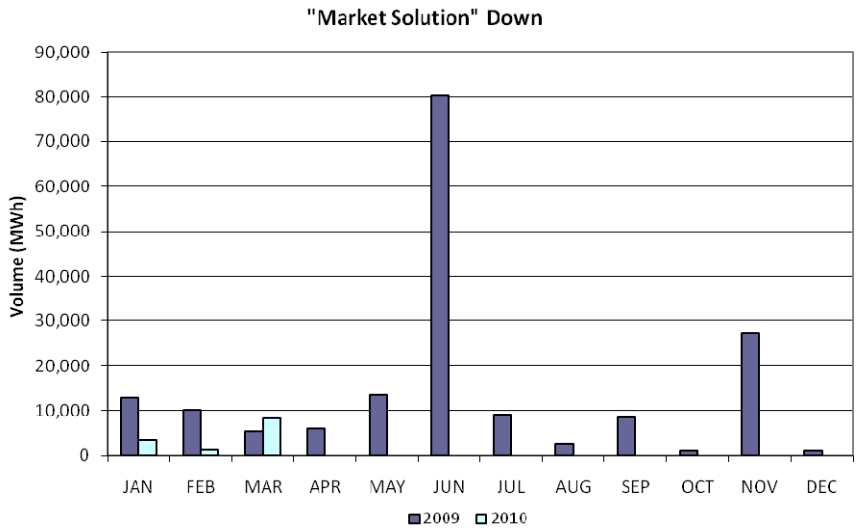
Congestion Management

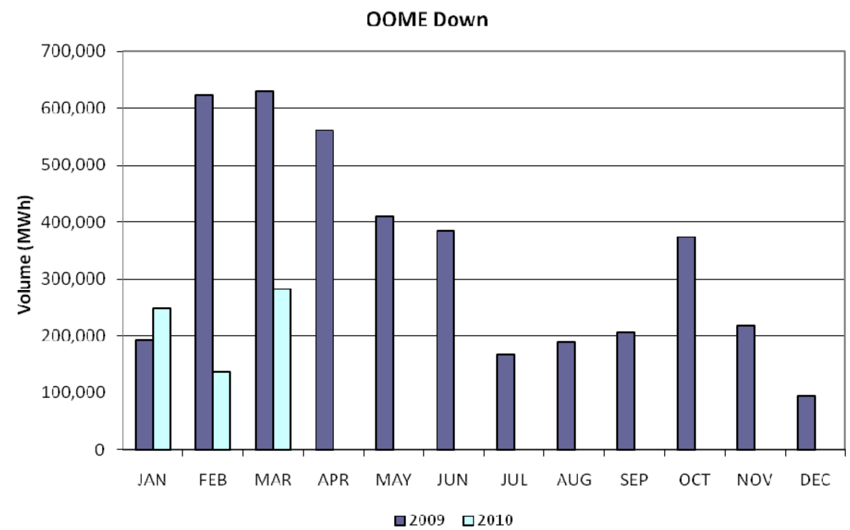
	YTD ($'s in millions)		March ($'s in millions)	
	03/31/10	03/31/09	2010	2009
• **Local Congestion:**				
"Market Solution" Down	0.5	0.8	0.1	0.2
"Market Solution" Up	0.1	0.2	0.04	0.02
OOME – Down	15.5	27.3	6.2	10.6
OOME – Up	5.7	6.5	0.8	2.6
Total Local Congestion Costs	**$21.8**	**$34.8**	**$7.1**	**$13.4**
• **Local Congestion Volume: (units in MWh)**				
"Market Solution" Down	13,155	28,631	8,227	5,422
"Market Solution" Up	8,243	8,338	4,180	917
OOME - Down	667,619	1,447,857	283,286	630,581
OOME - Up	222,441	408,462	35,735	162,785
Total Local Congestion Volume	**911,459**	**1,893,288**	**331,429**	**799,704**
• **Zonal Congestion and TCR / PCR:**				
TCR / PCR Annual Auction Proceeds received from Holders	($11.4)	($22.4)	($3.7)	($7.0)
TCR Monthly Auction Proceeds received from TCR Holders	($14.0)	($21.9)	($6.4)	($10.4)
Direct Assignment Proceeds received from QSEs based on schedules	($0.6)	($1.6)	($0.3)	$1.7
Proceeds Paid to TCR / PCR Holders including Auction Refunds	$30.5	$52.5	$12.0	$27.3
Total Zonal Congestion and TCR / PCR Costs Uplift	**$4.5**	**$6.6**	**$1.6**	**$11.6**

Local Congestion Volume









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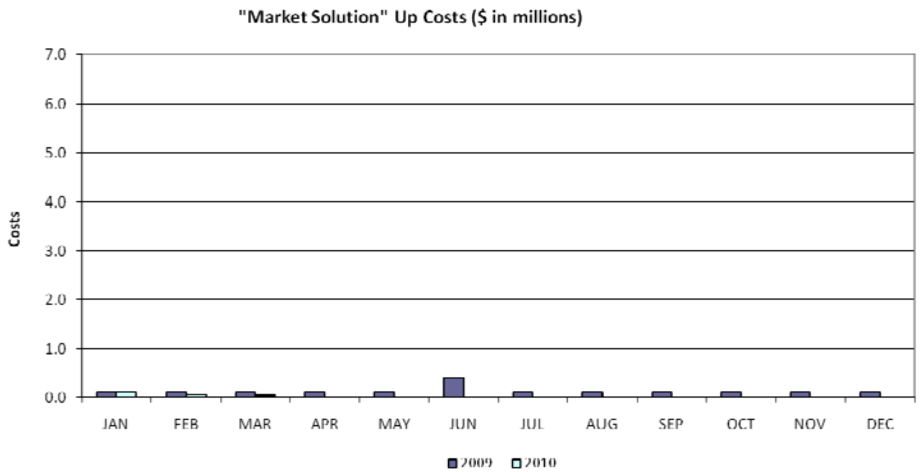
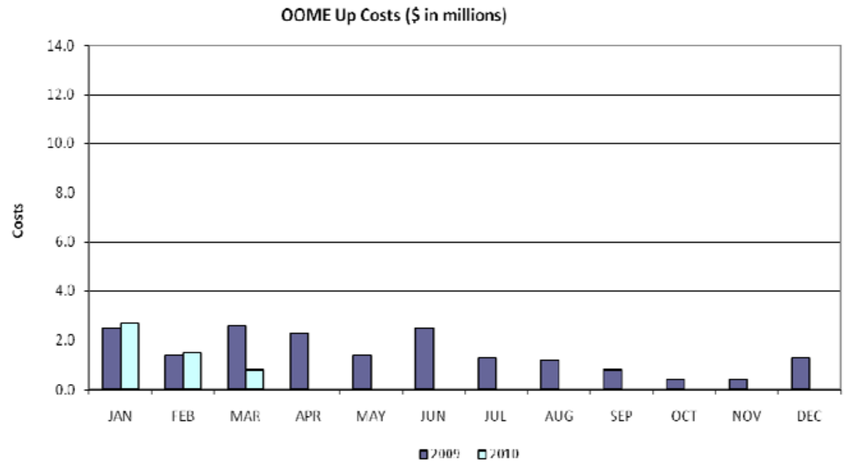
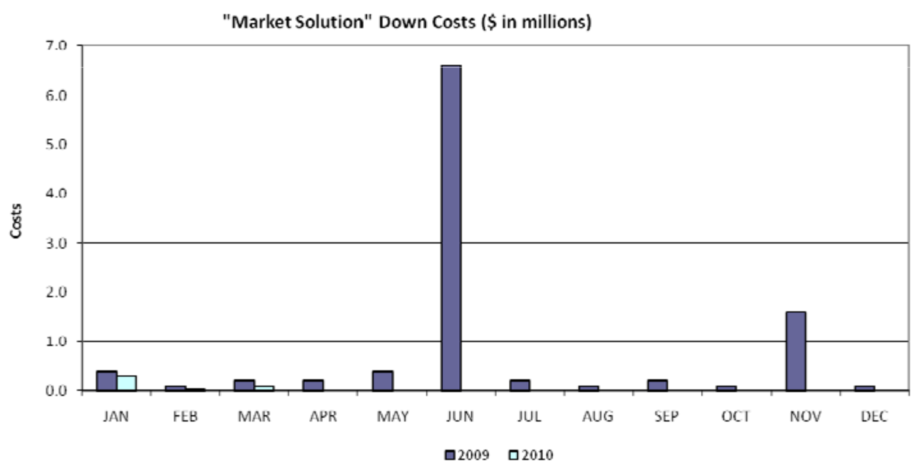
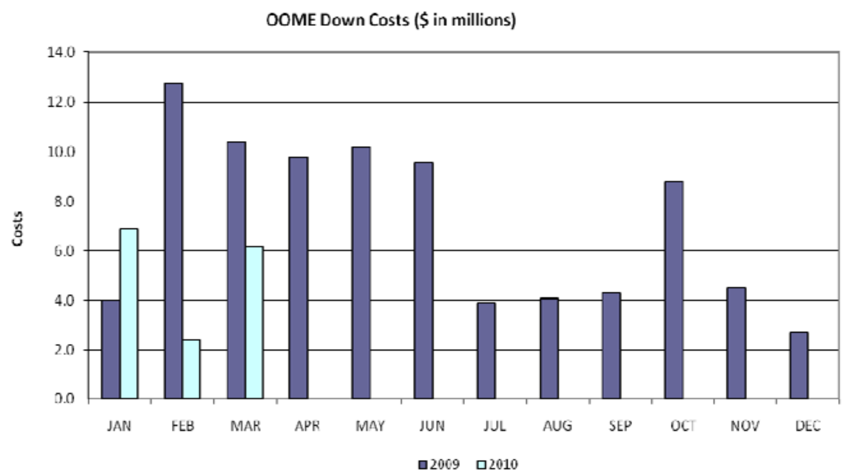
Local Congestion Costs









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Load Zone Price Data

Total Load Weighted Average Price ($/MWH)*

[MCPE weighted by Total Zonal Load]

LOAD ZONE	Mar 2010	Feb 2010	Jan 2010
South	$33.43	$47.56	$44.43
North	$34.22	$47.57	$42.96
Houston	$32.81	$46.65	$42.75
West	$23.17	$40.28	$39.19

LOAD ZONE	Mar 2009	Feb 2009	Jan 2009
South	$26.35	$27.27	$34.69
North	$32.21	$27.89	$32.31
Houston	$29.11	$27.19	$32.78
West	$25.70	$19.93	$24.04

Represents the average price for loads within the zone

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

REPs and QSEs Added/Terminated – as of April 30, 2010

- **Added REPs**
  - ✓ Gexa Energy LP III
  - ✓ Iluminar Energy LLC d/b/a Alltex Power and Light
  - ✓ Iluminar Energy LLC d/b/a Premium Power and Light
- **Added QSEs**
  - ✓ Kansas Energy LLC
  - ✓ Morgan Stanley Capital Group, Inc. (SQ5)
- **Terminated REPs**
  - ✓ Commerce Energy, Inc.
- **Terminated QSEs**
  - ✓ Consulting Groups Network LLC d/b/a Powerone
  - ✓ NRG South Texas LP
  - ✓ Commerce Energy, Inc.

Questions?