Market Operations Presentation

ERCOT Board of Directors

June 15, 2010

Betty Day

Summary

Retail Activity

- **Overall Activity** – Switches were down slightly 2010 compared to 2010. Other activity has trended higher in 2010.
- **Migration From Native AREPs** – Little change from last month. More than half the load and customers in competitive areas has moved a non-affiliate REP.
- **Transaction Performance Measures** – Some transaction performance was below the 98% target due to an internal system processing issue which limited the movement of transactions between systems.

Wholesale Activity

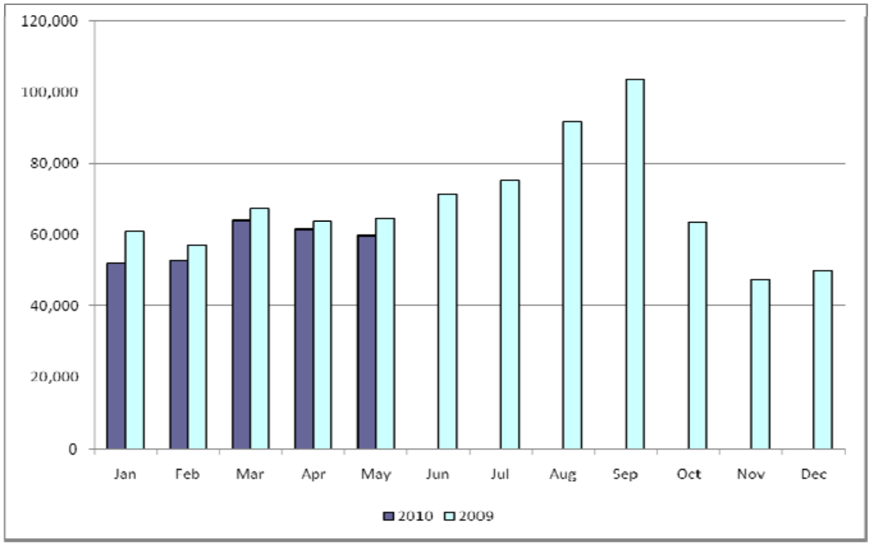
- **Settlements & Billing Performance Measures** – Perfect performance in April.
- **Energy Services** – YTD volumes in 2010 were above 2009 – primarily due to the colder winter weather in 2010. April volumes were comparable. Natural gas prices remained low.
- **Capacity Services** – Continued higher volume of Non-Spin procurement due to changes in A/S procurement methodology late last year. Reg Down procured was significantly more in 2010 than 2009 due to increased wind. OOMC procurements were lower in 2010.
- **Summary Balancing Energy Price Data** – Prices in April were comparable to the prior month in 2010 but still remain above 2009 levels due to higher natural gas prices in 2010.
- **Congestion Management** – Local congestion volumes and costs were down from the same period last year. Significantly less OOME.
- **REPs and QSEs Added/Terminated**
  - 1 new REPs – 1 terminated REPs
  - 3 new QSEs – 3 terminated QSEs

Retail Transactions Summary

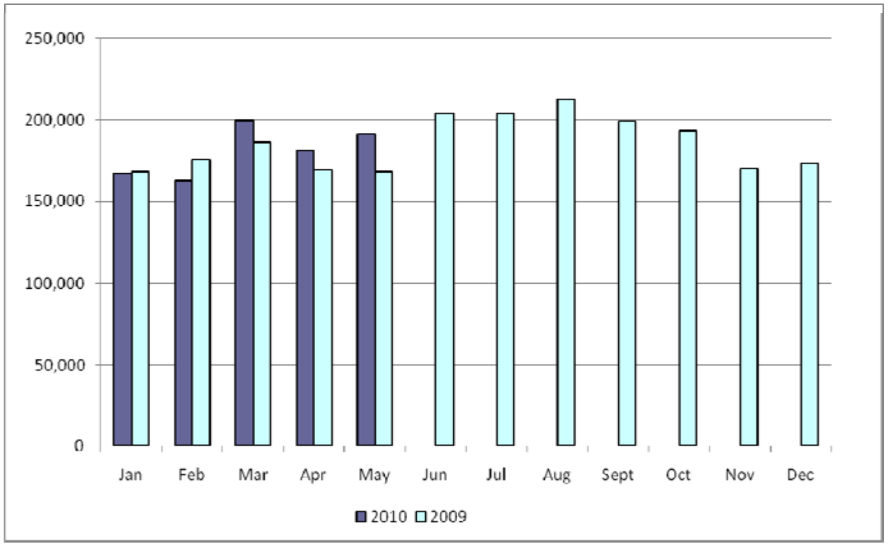
Transaction Type	YTD 05/31/2010	YTD 5/31/2009	May 2010	May 2009
Switches	289,435	313,521	59,680	64,614
Move - Ins	902,605	866,998	191,475	168,227
Move Out	493,710	489,221	108,148	98,137
CSA (Continuous Service Agreement)	176,918	131,788	38,457	19,492
Mass Transition	0	0	0	0
Total	1,862,668	1,801,528	397,760	350,470
Since June 1, 2001	37,609,054			

Retail Transactions Summary

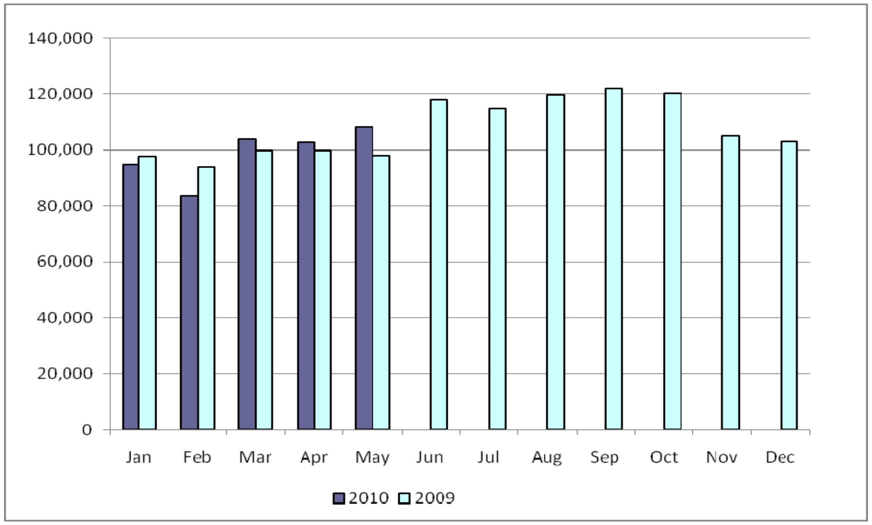
Switches



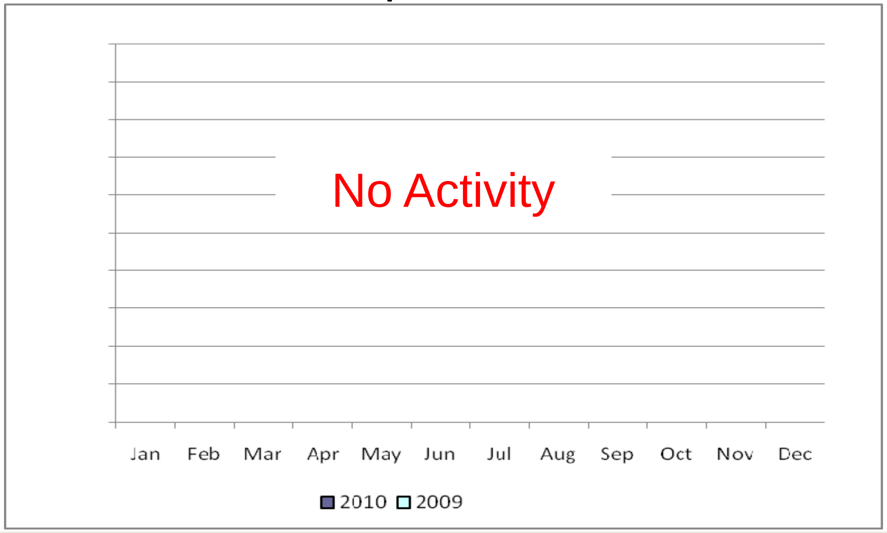
Move-Ins



Move-Outs



Drop to POLR



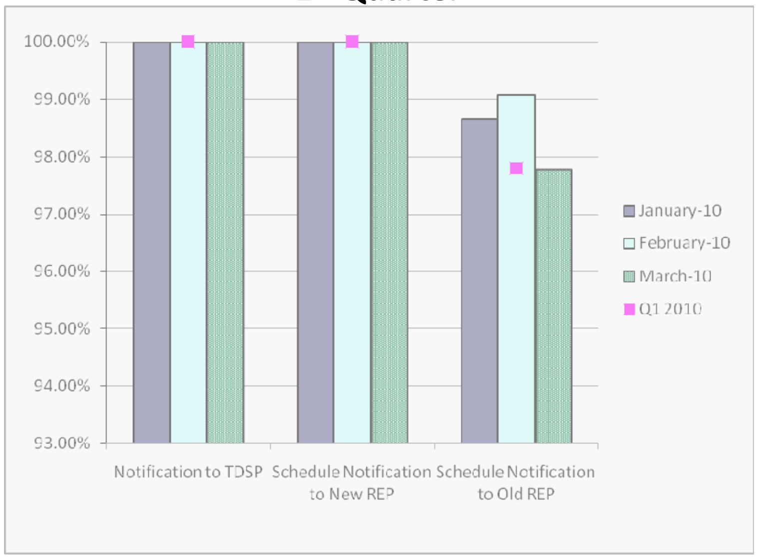
Migration from Native Affiliate REP

	% of Load [1]		% of ESI IDs	
	at 04/30/10	at 04/30/09	at 04/30/10	at 4/30/09
Residential	52%	48%	50%	46%
Small Non-Residential	80%	78%	57%	52%
Large Non-Residential	75%	74%	78%	75%

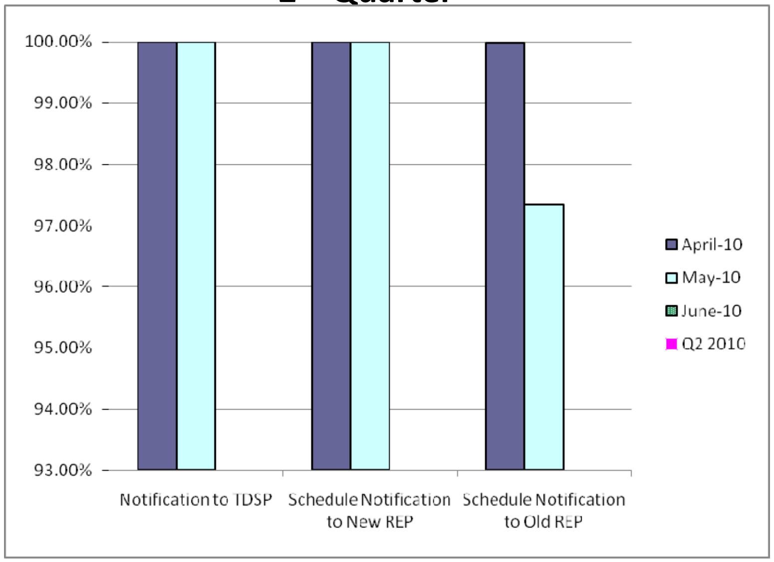
[1] - Percent of Deregulated (Non-NOIE) ESI IDs and Load. Usage based on monthly settlement results.

Retail Performance Measures – 2010 Switch

1st Quarter

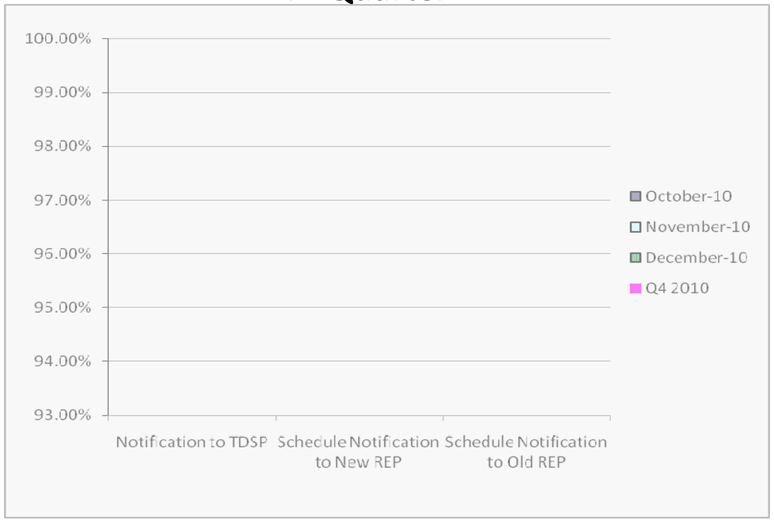


2nd Quarter



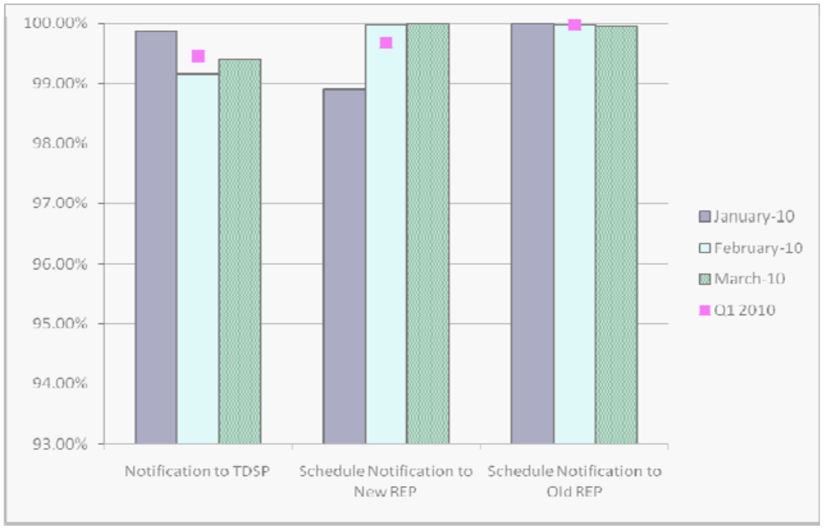
3rd Quarter

4th Quarter

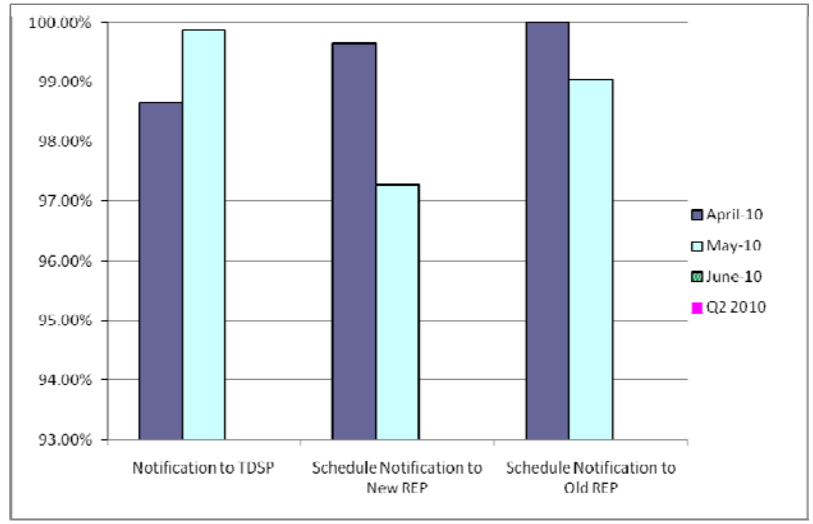


Retail Performance Measures – 2010 Move-In / Priority

1st Quarter

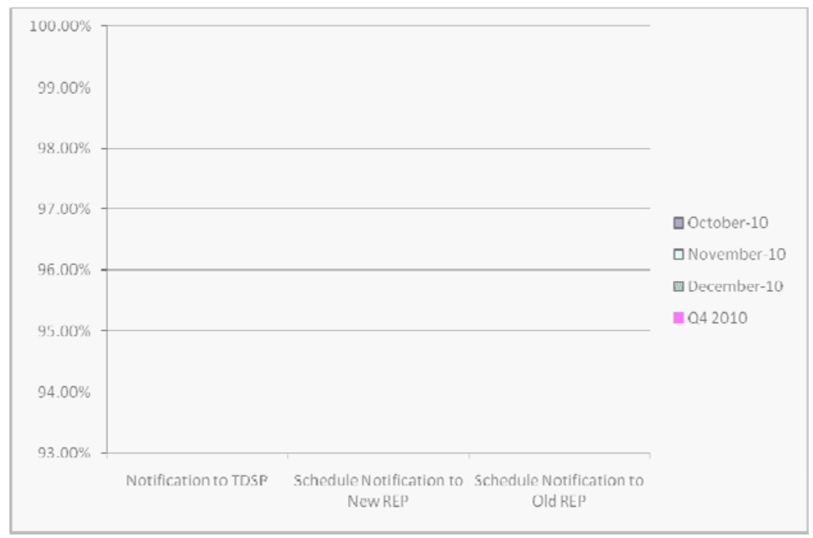


2nd Quarter



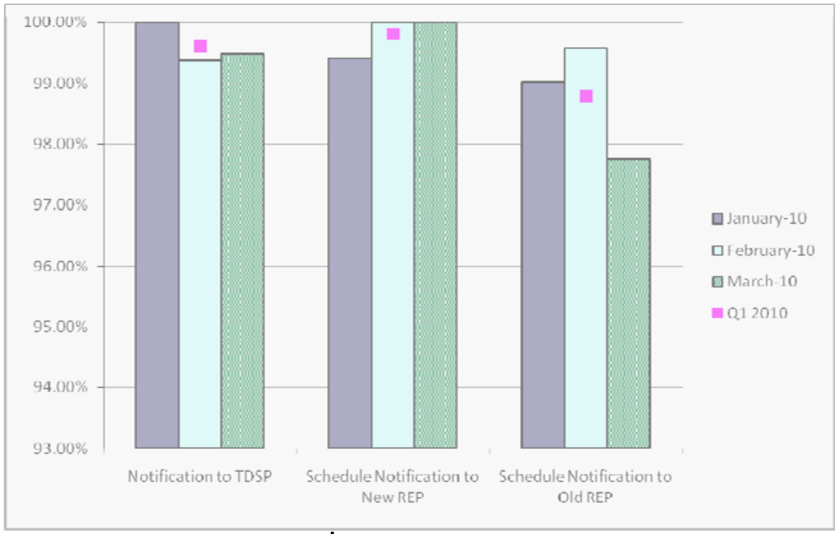
3rd Quarter

4th Quarter

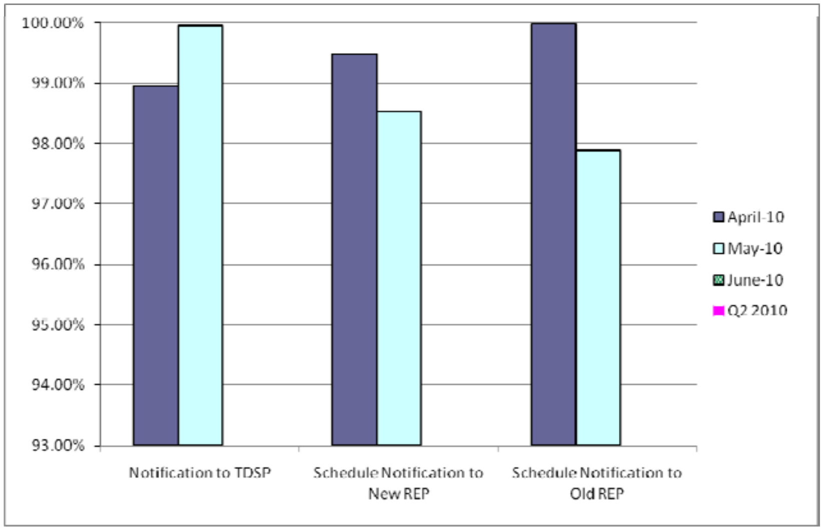


Retail Performance Measures – 2010 Move-In / Standard

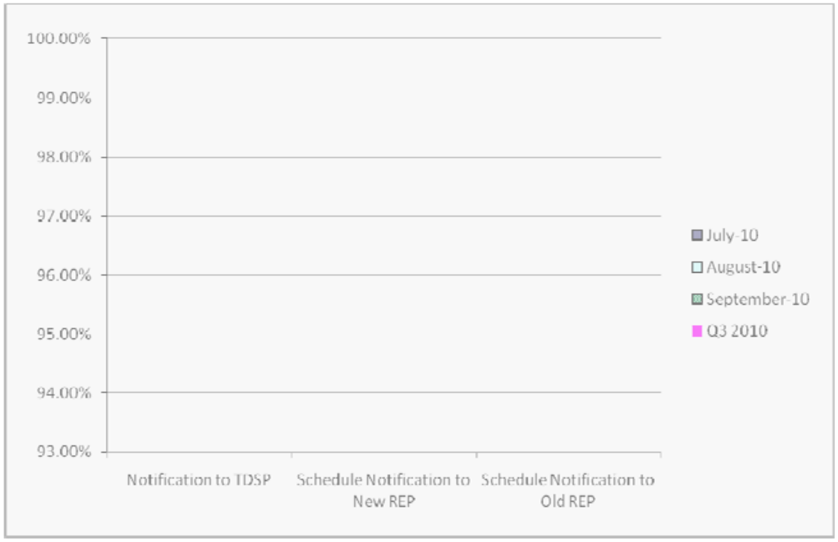
1st Quarter



2nd Quarter



3rd Quarter



4th Quarter

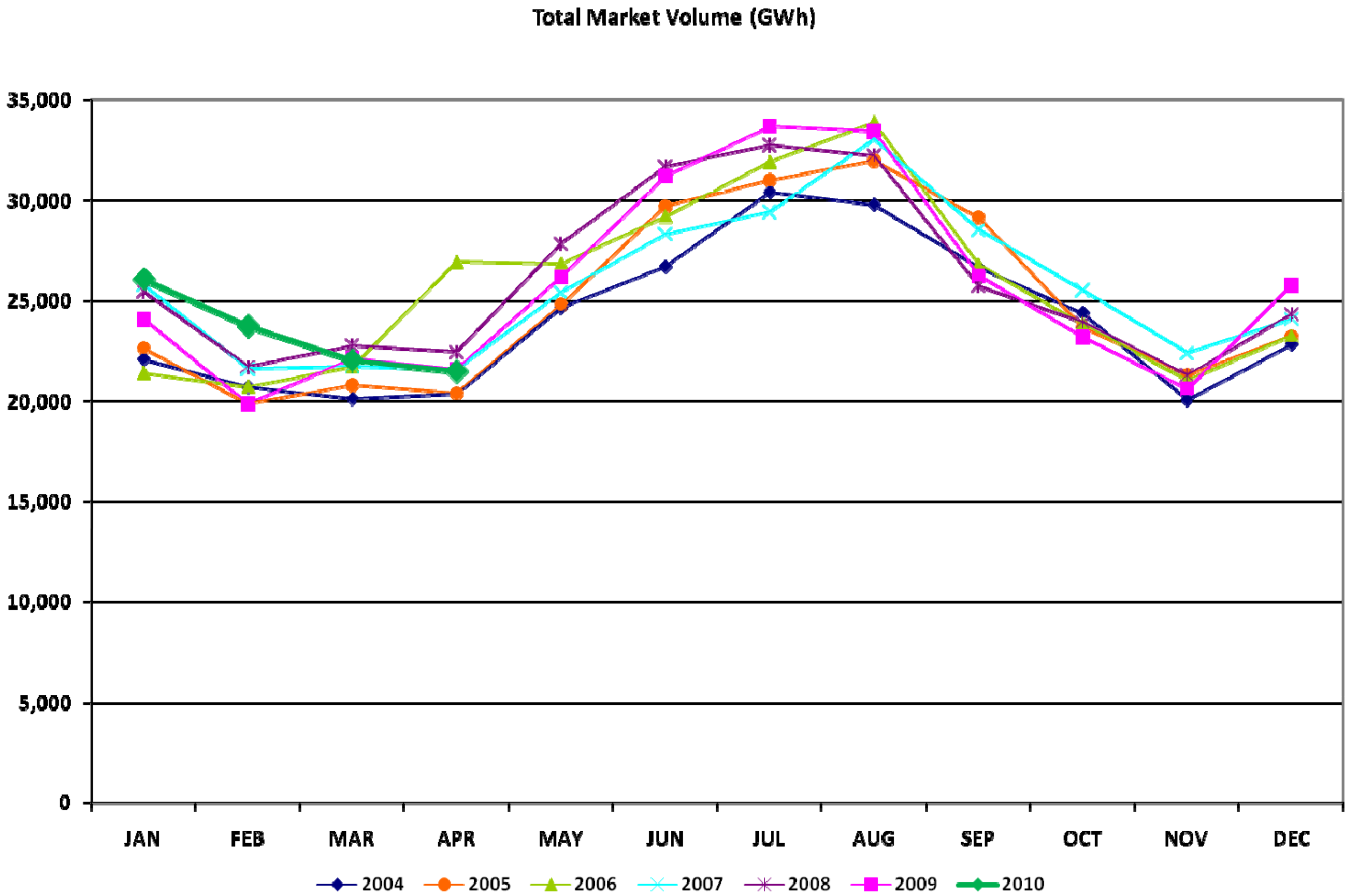
Settlements and Billing Performance Measures – April 2010

	YTD		April	
	04/30/10	04/30/09	2010	2009
Settlement Statements:				
Total	58,506	51,258	14,740	13,178
– Less than 24 hours late	**0**	**109**	**0**	**0**
– Greater than 24 hours late	**0**	**0**	**0**	**0**
Balance	58,506	51,149	14,740	13,178
% Within Protocol	**100.00%**	**99.79%**	**100.00%**	**100.00%**
Invoices:				
Total	3,204	3,218	975	895
– Less than 24 hours late	**0**	**0**	**0**	**0**
– Greater than 24 hours late	**0**	**0**	**0**	**0**
Balance	3,204	3,218	975	895
% Within Protocol	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Energy Services

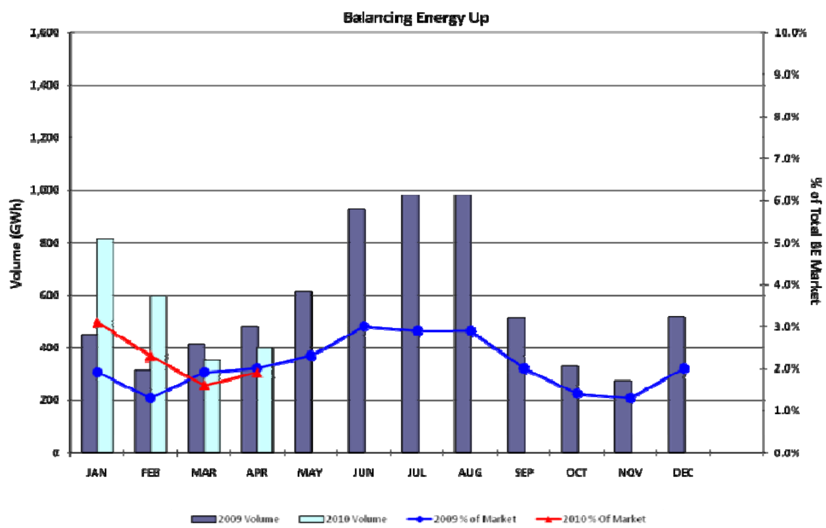
	YTD ($'s in millions) 04/30/10	YTD ($'s in millions) 04/30/09	April ($'s in millions) 2010	April ($'s in millions) 2009
• **Market Perspective:**				
Approximate Retail Market (at $.11/kWh)	**$10,267.7**	**$9,653.7**	**$2,365.3**	**$2,378.3**
Volume (GWh)	93,343	87,761	21,503	21,621
% Increase	6.4%		-0.5%	
Natural Gas Price Index ($/MMBTU)	4.9	3.6	4.0	3.3
% Increase	36.1%		21.2%	
• **Balancing Energy:**				
Balancing Energy - Up	**$134.7**	**$75.7**	**$20.9**	**$15.7**
% Increase	77.9%		33.1%	
Up (GWh)	2,165.9	1,654.8	399.4	479.0
% Increase	30.9%		-16.6%	
% of Market	2.3%	1.9%	1.9%	2.2%
Balancing Energy - Down	**-$105.4**	**-$95.1**	**-$23.8**	**-$18.0**
% Increase	10.8%		32.2%	
Down (GWh)	-4,844.3	-6,234.6	-1,159.5	-1,543.8
% Increase	-22.3%		-24.9%	
% of Market	5.2%	7.1%	5.4%	7.1%

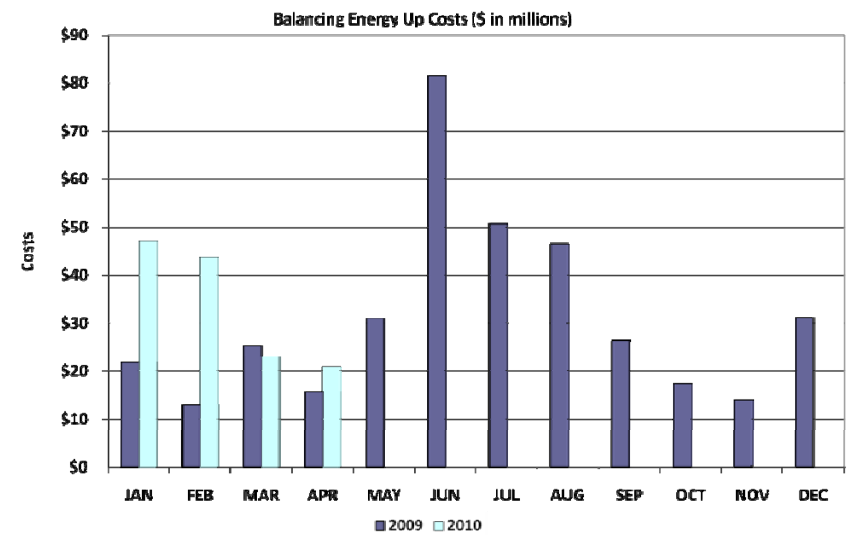
Energy Services

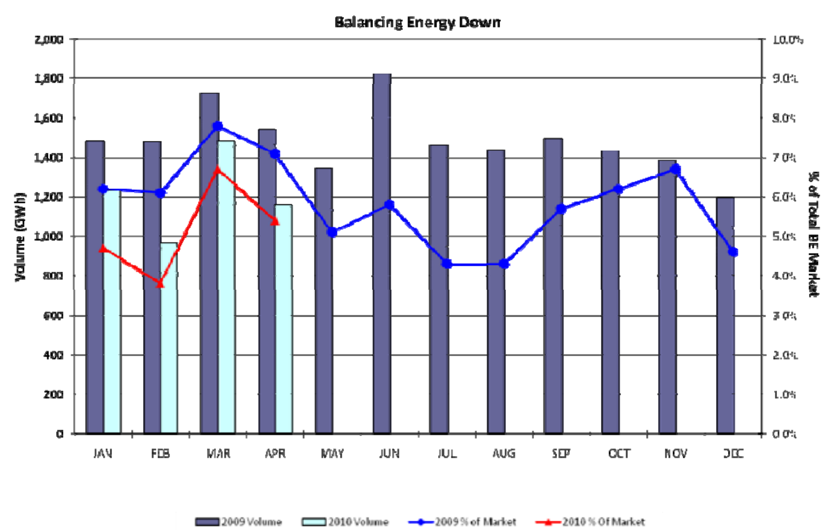


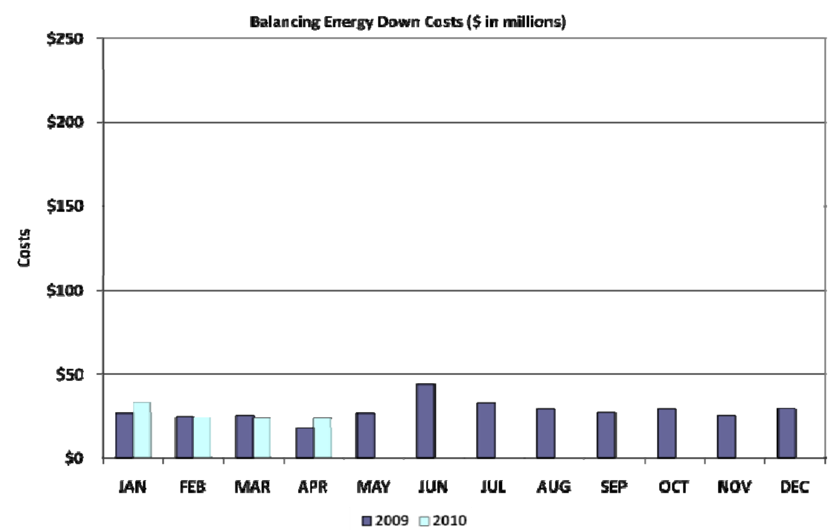
***Please note: May data will be provided at the Board Meeting**

Balancing Energy Services – Volume and Cost









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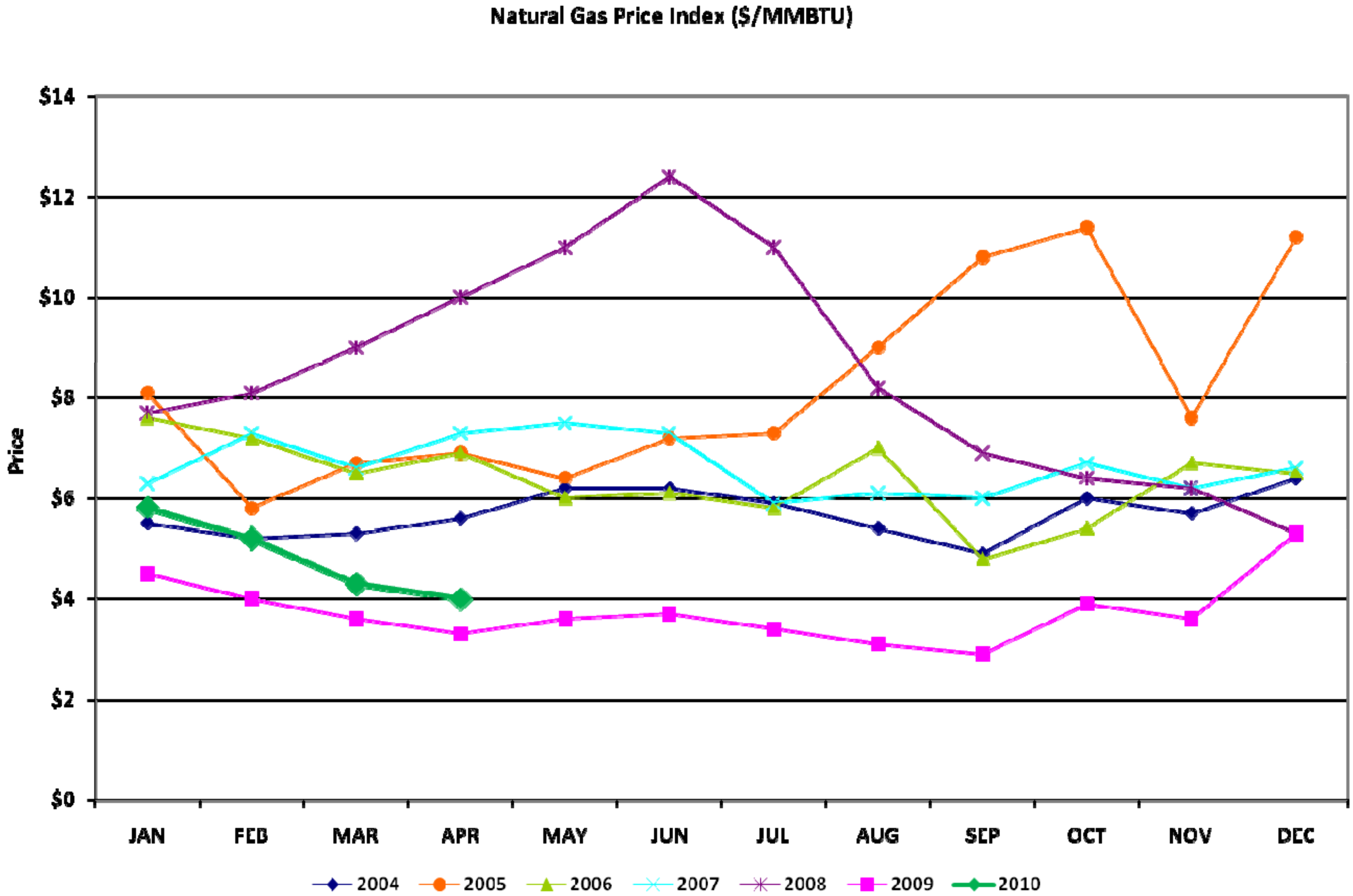
Natural Gas



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Capacity Services

	YTD 04/30/10	YTD 04/30/09	April 2010	April 2009
Reg Up:				
Required (MW)	2,545,923	2,381,527	688,811	609,523
Self Arranged (MW)	491,698	510,825	129,048	134,673
Procured (MW)	2,061,238	1,876,715	561,402	476,277
Mismatch Schedules (MW)	(7,013)	(6,013)	(1,639)	(1,427)
% Procured	***81%***	***79%***	***82%***	***78%***
Weighted Avg MCPC ($/MW)	13.3	11.3	9.2	8.6
Reg Down:				
Required (MW)	2,542,183	2,329,791	653,527	581,786
Self Arranged (MW)	512,395	685,149	128,126	160,416
Procured (MW)	2,037,137	1,650,707	527,224	423,234
Mismatch Schedules (MW)	(7,349)	(6,065)	(1,823)	(1,864)
% Procured	***80%***	***71%***	***81%***	***73%***
Weighted Avg MCPC ($/MW)	13.7	11.5	5.9	7.8
Responsive Reserve:				
Required (MW)	6,613,715	6,613,872	1,653,851	1,654,525
Self Arranged (MW)	2,416,767	2,708,621	607,735	694,349
Procured (MW)	4,205,617	3,912,817	1,048,265	961,645
Mismatch Schedules (MW)	(8,669)	(7,566)	(2,149)	(1,469)
% Procured	***64%***	***59%***	***63%***	***58%***
Weighted Avg MCPC ($/MW)	10.5	10.5	6.8	8.5
Non-Spinning Reserve: *				
Required (MW)	5,150,906	3,751,702	1,099,517	815,773
Self Arranged (MW)	691,641	570,960	156,686	121,274
Procured (MW)	4,466,757	3,187,432	944,434	696,046
Mismatch Schedules (MW)	(7,492)	(6,690)	(1,603)	(1,547)
% Procured	***87%***	***85%***	***86%***	***85%***
Weighted Avg MCPC ($/MW)	5.6	3.0	2.0	3.0
Local Replacement Reserve:				
Procured (MW)	19,833	53,044	503	533
Zonal Replacement Reserve:				
Procured (MW)	41,900	63,458	0	14,483
OOMC:				
Procured (MW)	1,751,416	3,575,505	425,040	985,379

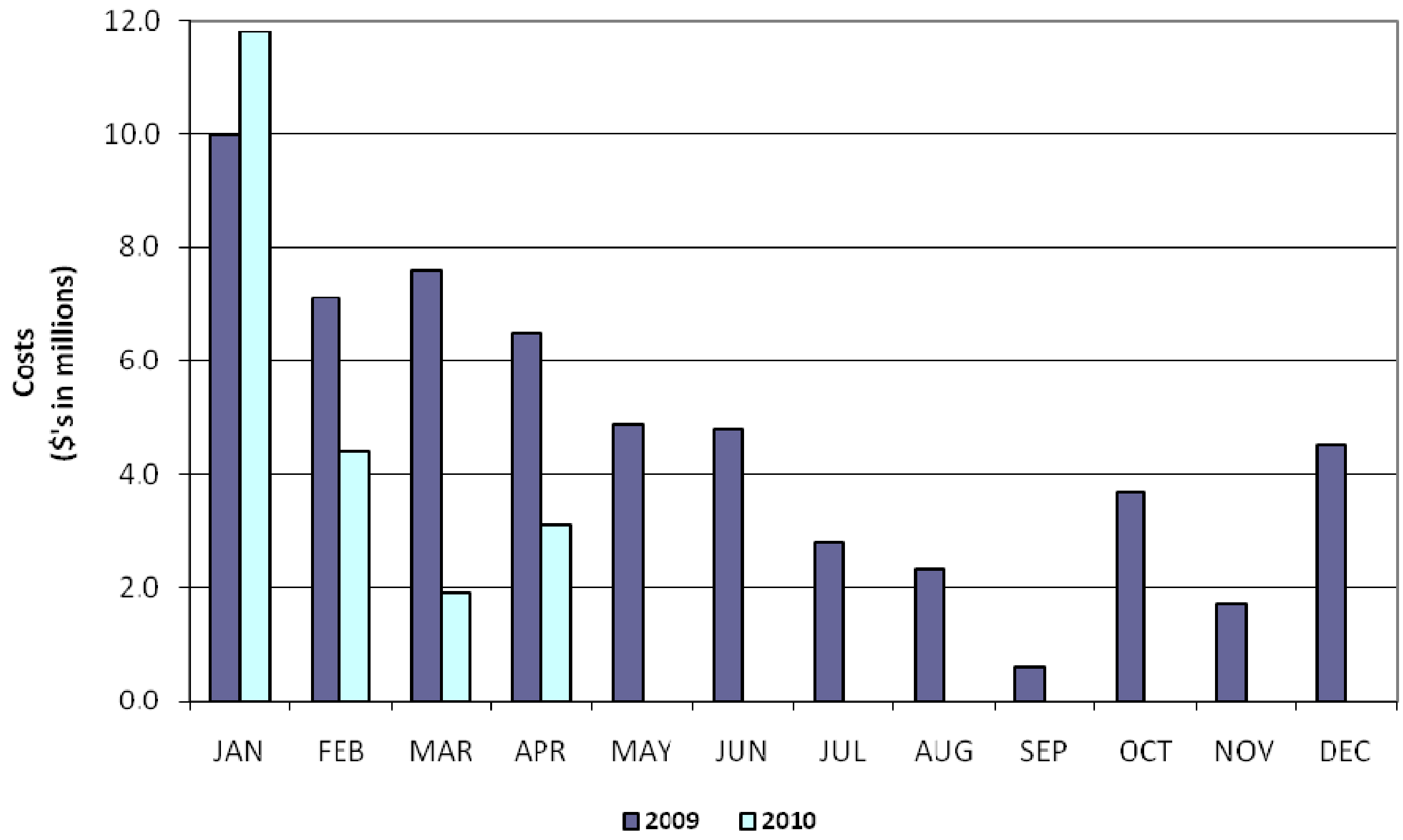
*A/S procurement methodology changed in December 2009

Capacity Services – Cost

	YTD ($'s in millions)		April ($'s in millions)	
	04/30/10	04/30/09	2010	2009
• **Capacity Services:**				
Reg Up	27.5	21.2	5.2	4.1
Reg Down	27.8	19.0	3.1	3.3
Responsive Reserve	44.3	41.1	7.1	8.1
Non-Spinning Reserve *	24.9	9.5	1.9	2.1
Local Replacement Reserve	0.4	0.5	0.01	0.01
Zonal Replacement Reserve	1.8	1.7	0.0	0.3
Black Start	1.9	1.8	0.5	0.5
OOMC	22.0	31.8	3.1	6.8
RMR Capacity and Start Up	$3.6	$0.0	$1.2	$0.0
TOTAL CAPACITY SERVICES	**$154.2**	**$126.6**	**$22.1**	**$25.2**

*A/S procurement methodology changed in December 2009

Capacity Cost – OOMC



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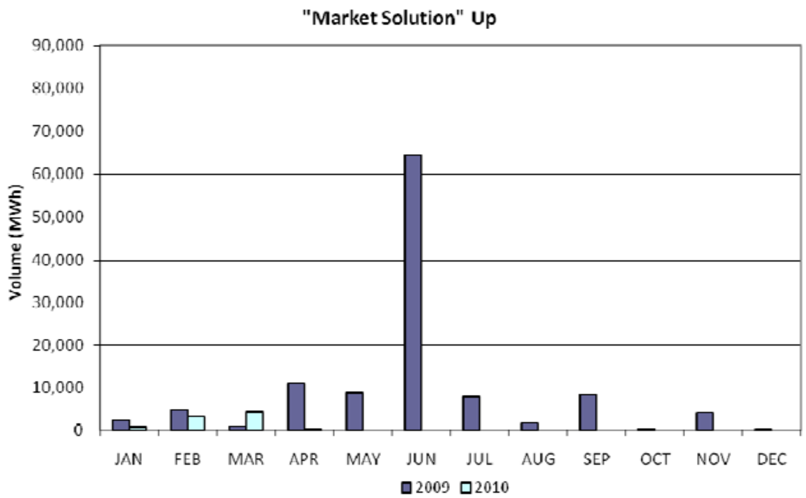
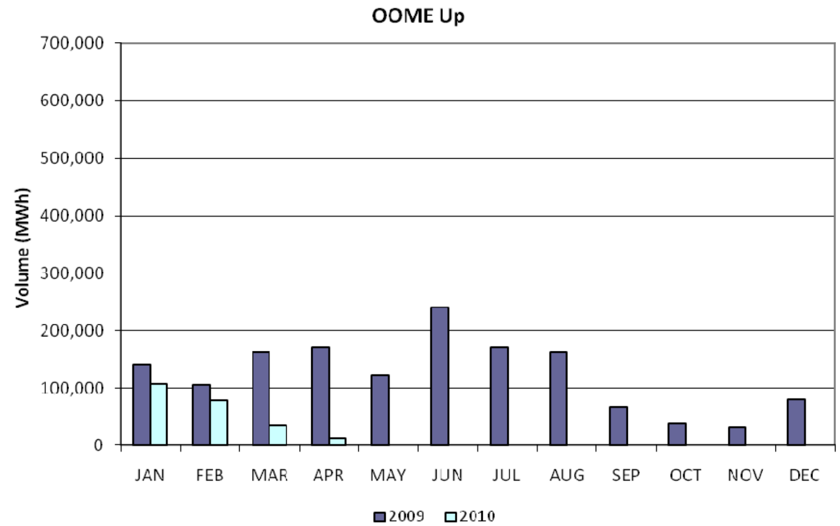
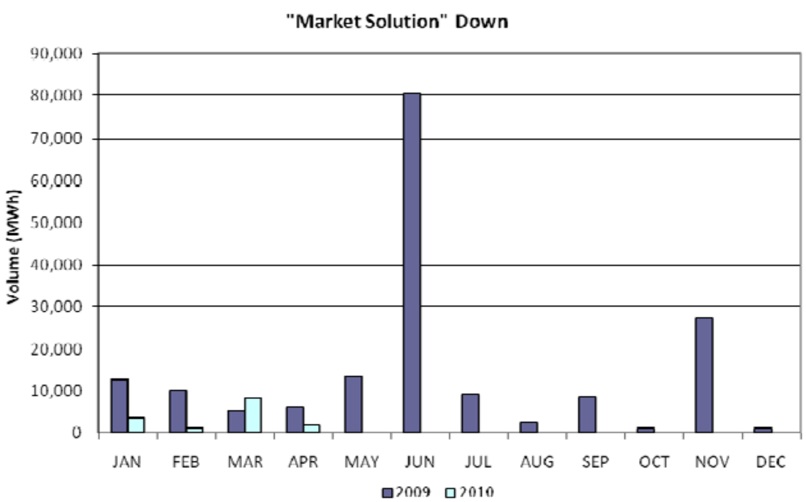
Congestion Management

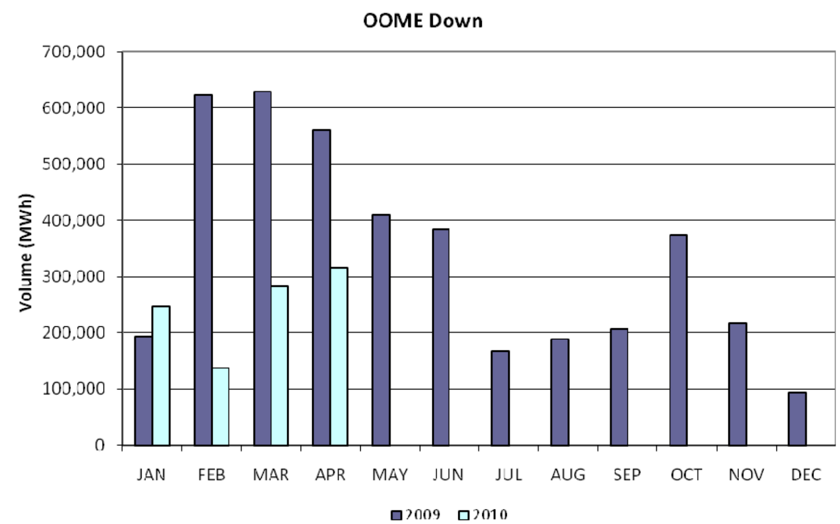
	YTD ($'s in millions)		April ($'s in millions)	
	04/30/10	04/30/09	2010	2009
• **Local Congestion:**				
"Market Solution" Down	0.5	1.0	0.02	0.2
"Market Solution" Up	0.1	0.3	0.002	0.08
OOME - Down	23.4	37.1	7.9	9.8
OOME - Up	5.9	8.8	0.2	2.4
Total Local Congestion Costs	**$29.9**	**$47.2**	**$8.1**	**$12.5**
• **Local Congestion Volume: (units in MWh)**				
"Market Solution" Down	15,075	34,607	1,920	5,976
"Market Solution" Up	8,513	19,290	269	10,952
OOME - Down	984,406	2,008,608	316,787	560,751
OOME - Up	235,755	579,054	13,314	170,592
Total Local Congestion Volume	**1,243,749**	**2,641,559**	**332,290**	**748,271**
• **Zonal Congestion and TCR / PCR:**				
TCR / PCR Annual Auction Proceeds received from Holders	($15.4)	($29.8)	($3.9)	($7.4)
TCR Monthly Auction Proceeds received from TCR Holders	($23.3)	($34.9)	($9.3)	($12.9)
Direct Assignment Proceeds received from QSEs based on schedules	($0.1)	($3.6)	$0.5	($2.1)
Proceeds Paid to TCR / PCR Holders including Auction Refunds	$39.5	$71.8	$9.0	$19.3
Total Zonal Congestion and TCR / PCR Costs Uplift	**$0.7**	**$3.5**	**($3.8)**	**($3.1)**

Local Congestion Volume









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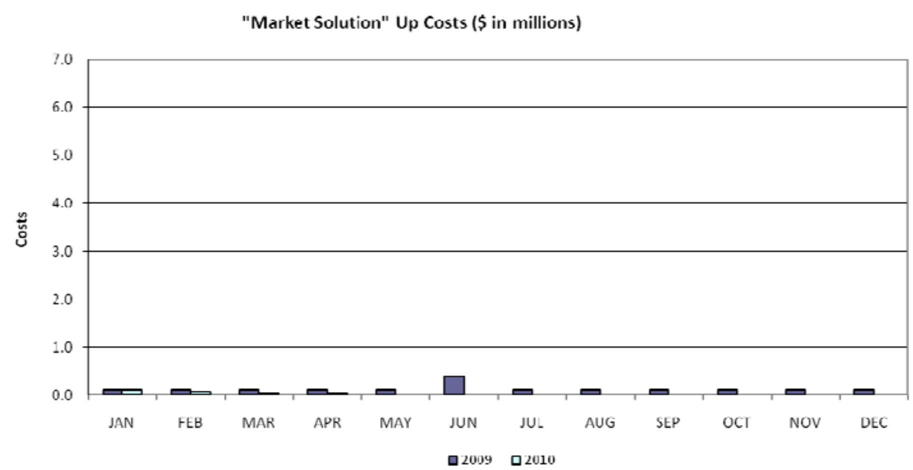
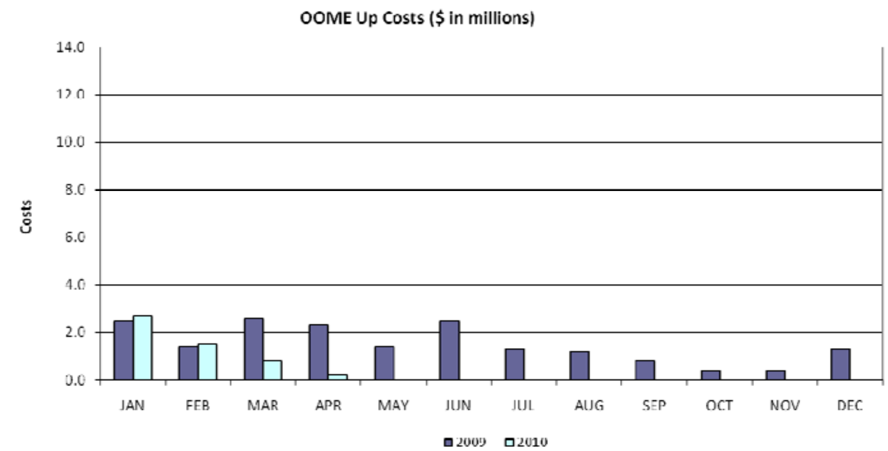
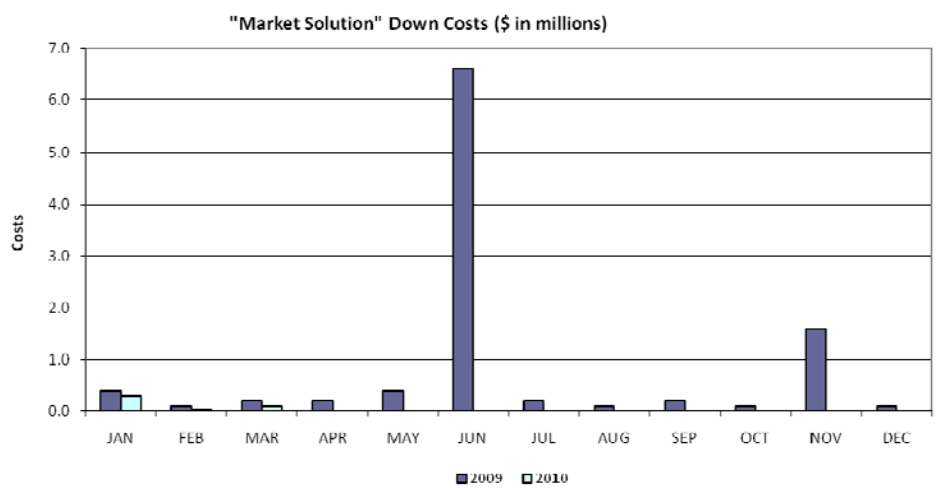
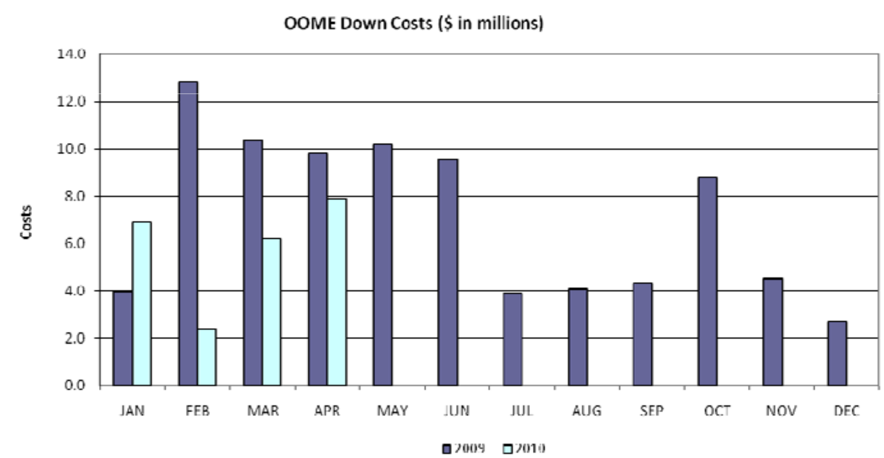
Local Congestion Costs









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Load Zone Price Data

Total Load Weighted Average Price ($/MWH)*

[MCPE weighted by Total Zonal Load]

LOAD ZONE	Apr 2010	Mar 2010	Feb 2010	Jan 2010
South	$32.54	$33.43	$47.56	$44.43
North	$32.96	$34.22	$47.57	$42.96
Houston	$32.65	$32.81	$46.65	$42.75
West	$24.42	$23.17	$40.28	$39.19

LOAD ZONE	Apr 2009	Mar 2009	Feb 2009	Jan 2009
South	$24.27	$26.35	$27.27	$34.69
North	$24.82	$32.21	$27.89	$32.31
Houston	$24.58	$29.11	$27.19	$32.78
West	$12.93	$25.70	$19.93	$24.04

Represents the average price for loads within the zone

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

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

- **Added REPs**
  - ✓ Gexa Energy LP IV (LSE)

- **Added QSEs**
  - ✓ Gexa Energy LP (SQ2)
  - ✓ Gexa Energy LP (SQ3)
  - ✓ EC and R South QSE LLC (SQ7)

- **Terminated REPs**
  - ✓ Ambridge Energy LLC (LSE)

- **Terminated QSEs**
  - ✓ Ambridge Energy LLC (QSE)
  - ✓ Epic Merchant Energy TX LLC (QSE)
  - ✓ Texas Utility Solutions LLC (QSE)

Questions?