

ERCOT QUICK FACTS

At a glance

- Customers served: 22 million
- Area served: 85% of Texas load, 75% of Texas land
- Generating units: ~550
- High-voltage transmission: 40,327 miles
- Installed capacity: 84,237 megawatts (MW)
- Available capacity: 75,755 MW, (includes 8.7 percent of wind capacity)
- Current reserve margin: 21.4% (minimum required 12.5%)
- Record peak demand: 63,400 MW (July 2009)
- Energy produced: 308 billion kilowatt-hours (2009)
- Market size: \$34 billion, based on 308,277 GWh market volume and average \$0.11/KWh rate
- Market participants: ~800 active entities that generate, move, buy, sell or use wholesale electricity
- Wind capacity: 9,317 MW – most in nation
- Demand response: 1,062 MW (equal to three major power plants) in load resource program

What do we do?

The Texas Legislature restructured the Texas electric market in 1999 by unbundling the investor-owned utilities and creating retail customer choice in those areas, and assigned ERCOT four primary responsibilities:

- System reliability – planning and operations
- Open access to transmission
- Retail switching process for customer choice – the only independent system operator with responsibilities as registration agent for retail transactions
- Wholesale market settlement for electricity production and delivery.

Other Organizational Functions

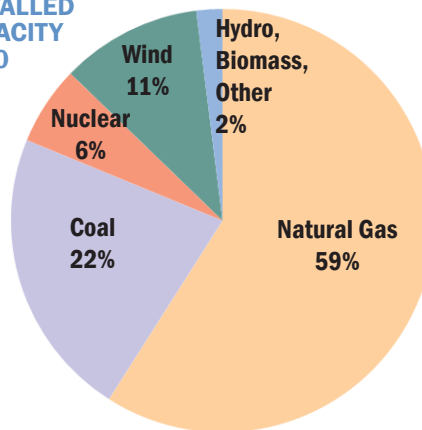
Wholesale market (bilateral): ~95% of market
Balancing energy/ancillary services market: ~5%
System planning coordination
Renewable Energy Credits management (statewide)
Market participant/stakeholder activity support

How are we doing?

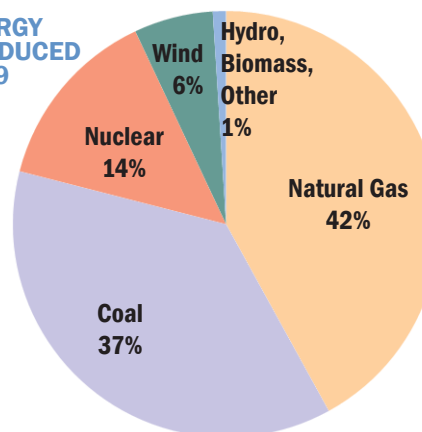
Transmission Investment

- 7,730 circuit miles of transmission improvements since 1999
- 5,729 circuit miles of transmission under study
- \$5.78 billion in transmission added since 1999
- \$8.2 billion under development in five-year plan, including \$5 billion to support 18,000 MW of wind

INSTALLED CAPACITY 2010



ENERGY PRODUCED 2009



Generation Development

- 41,000 MW new generation added since 1996
- 5,000 MW generation committed for the future (with transmission contract and air permit)
- 72,500 MW of new generation requests under review, including 44,300 MW wind; 5,900 MW nuclear; 14,000 MW natural gas; 5,000 MW coal; and 3,300 MW solar, biomass and other (June 2010)

Retail Service Switches to Competitive Retailers

53% of residential load (May 2010)
80% of small commercial load (May 2010)

What's ahead?

Comprehensive nodal market implementation, scheduled to "go live" December 1, 2010, including:

- Nodal locational marginal pricing for generation
- Day-ahead energy and ancillary services co-optimized market
- Day-ahead and hourly reliability unit commitment
- Congestion revenue rights.

ERCOT GOVERNANCE

Board of Directors

Michehl Gent
Interim Chairman
(unaffiliated)

Jorge Bermudez
(unaffiliated)

Calvin Crowder
Electric Transmission
Texas (investor-owned
utility)

Andrew Dalton
Valero Energy Corporation
(industrial consumer)

H.B. “Trip” Doggett
President and
Chief Executive Officer,
ERCOT (*ex-officio*)

Laura R. Doll
(unaffiliated)

Mark Dreyfus
Austin Energy
(municipal utility)

Miguel Espinosa
(unaffiliated)

Nick Fehrenbach
City of Dallas
(commercial consumer)

Sheri Givens
Office of Public Utility
Counsel
(residential consumer,
ex-officio)

Bob Helton
International Power
America
(independent generator)

Clifton Karnei
Brazos Electric
Cooperative
(cooperative)

Alton D. “Dee” Patton
(unaffiliated)

Jean Ryall
Constellation Energy
Commodities
(independent power
marketer)

Barry T. Smitherman
Chairman,
Public Utility Commission
(*ex-officio*, non-voting)

Marcie Zlotnik
StarTex Power
(retail electric provider)

Segment Alternates

Deryl Brown
Hudson Energy Services
(retail electric provider)

Mike Packard
South Texas Electric
Cooperative (cooperative)

Scott Prochazka
CenterPoint Houston
(investor-owned
utility)

Ray Schwertner
Garland Power & Light
(municipal utility)

Mark Walker
NRG Texas
(independent generator)

Brandon Whittle
DB Energy Trading
(independent
power marketer)

ERCOT Officers

Trip Doggett
President and
Chief Executive Officer

Mike Cleary
Senior Vice President and
Chief Operating Officer

Bill Magness
Interim Vice President and
General Counsel

Charles B. Manning, Jr.
Vice President and
Chief Compliance Officer

Richard Morgan
Vice President and
Chief Information Officer

Kent Saathoff
Vice President of System
Planning and Operations

(position vacant)
Vice President and
Chief Financial Officer

Board, Stakeholder Process

The ERCOT Board of Directors has general overall responsibility for managing the affairs of ERCOT, including approval of the budget and capital spending priorities, approval of revisions to ERCOT protocols and guides, and endorsement of major new transmission recommendations. ERCOT’s 16-member “hybrid” board includes five independent (or unaffiliated) members; three consumer segment representatives (industrial, commercial and residential); the ERCOT CEO; the Public Utility Commission (PUC) chairman (non-voting), and six representatives from each of the industry segments – investor-owned utilities (or transmission owners), municipally-owned utilities, cooperatives, generators, power marketers and retail electric providers.

The Board also oversees the affairs of the Texas Regional Entity (Texas RE), the independent division that the Federal Energy Regulatory Commission established in 2006 to serve as the regional entity for the ERCOT region, pursuant to the reliability provisions of the federal Energy Policy Act of 2005. [Note: The Texas RE is in the process of legally separating from ERCOT; FERC approval is anticipated in 2010.]

Under the Board’s oversight, ERCOT’s stakeholder process is responsible for developing policies, procedures, and guidelines for power grid coordination, reliability, and market operations. Six standing committees and subcommittees supported by numerous working groups and task forces function within the stakeholder process.

PUC, Legislative Oversight

ERCOT is unique because its electricity grid is not synchronously connected outside of the state. Because of its separateness, ERCOT is primarily regulated by the Public Utility Commission of Texas (PUC) and the Texas Legislature, not federal authorities. The PUC approves the ERCOT system administration fee and has general oversight authority including the ability to order audits.

For most purposes, ERCOT, like the PUC, is accountable to the Texas Legislature and its jurisdictional committees. For federal reliability standards, ERCOT is accountable to the Texas RE, the North American Electric Reliability Corporation, and the Federal Energy Regulatory Commission.

The Electric Reliability Council of Texas (ERCOT) manages the flow of electric power to approximately 22 million Texas customers – representing 85 percent of the state’s electric load and 75 percent of the Texas land area. As the Independent System Operator for the region, ERCOT schedules power on an electric grid that connects 40,000 miles of transmission lines and more than 550 generation units. ERCOT also manages financial settlement for the competitive wholesale bulk-power market and administers customer switching for 6.5 million Texans in competitive choice areas. ERCOT is a membership-based 501(c)(4) nonprofit corporation, governed by a board of directors and subject to oversight by the Public Utility Commission of Texas and the Texas Legislature.