Market Operations Presentation

ERCOT Board of Directors

August 17, 2010

Betty Day

Summary

Retail Activity

- **Overall Activity** – Retail activity is relatively unchanged from prior months.
- **Migration From Native AREPs** – The trend continues of customers migrating from the affiliate REP.
- **Transaction Performance Measures** – Stellar performance in July.

Wholesale Activity

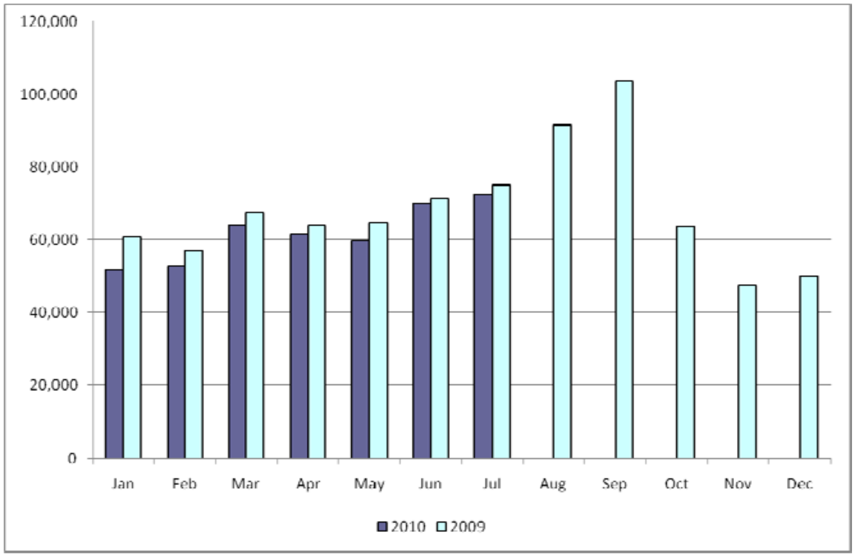
- **Settlements & Billing Performance Measures** – Perfect performance in June for posting of statements/invoices.
- **Energy Services** – Continued strong energy volumes – primarily due to weather. Some uptick in natural gas prices.
- **Capacity Services** – Most capacity service volumes YTD are comparable to 2009. Significantly less Replacement Reserve (both zonal and local) has been procured in 2010. In general, MCPCs are higher in 2010.
- **Summary Balancing Energy Price Data** – Load zone price data is up in June compared to the prior month but down significantly from June 2009 when there were significant congestion issues affecting South and Houston.
- **Congestion Management** – Local congestion (volumes and costs) are down significantly from the same period last year.
- **REPs and QSEs Added/Terminated**
  - 2 new REP
  - 3 new QSEs
  - 1 terminated REP
  - 2 terminated QSEs

Retail Transactions Summary

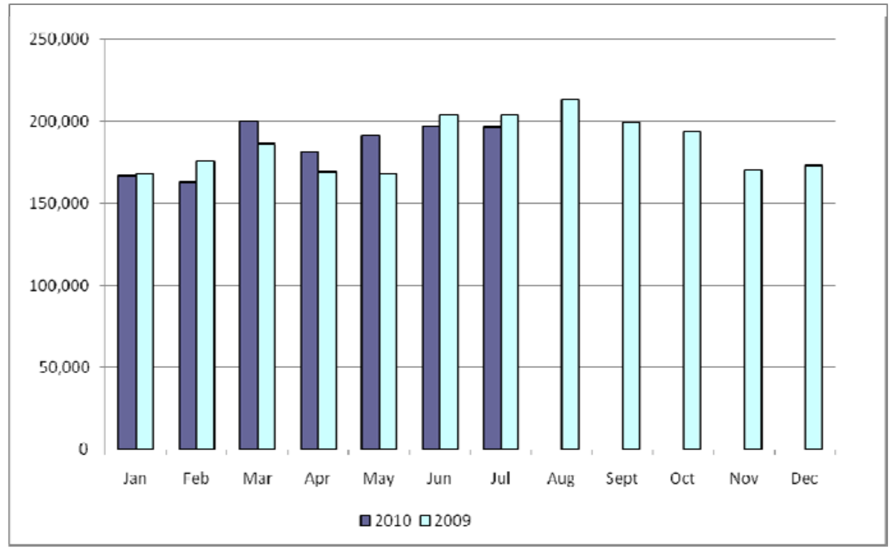
Transaction Type	YTD 07/31/2010	YTD 07/31/2009	July 2010	July 2009
Switches	431,744	459,932	72,438	75,028
Move - Ins	1,296,153	1,274,918	196,580	204,118
Move Out	718,258	721,901	111,341	114,790
CSA (Continuous Service Agreement)	251,930	194,497	35,357	23,867
Mass Transition	0	0	0	0
Total	2,698,085	2,651,248	415,716	417,803
Since June 1, 2001	38,444,471			

Retail Transactions Summary

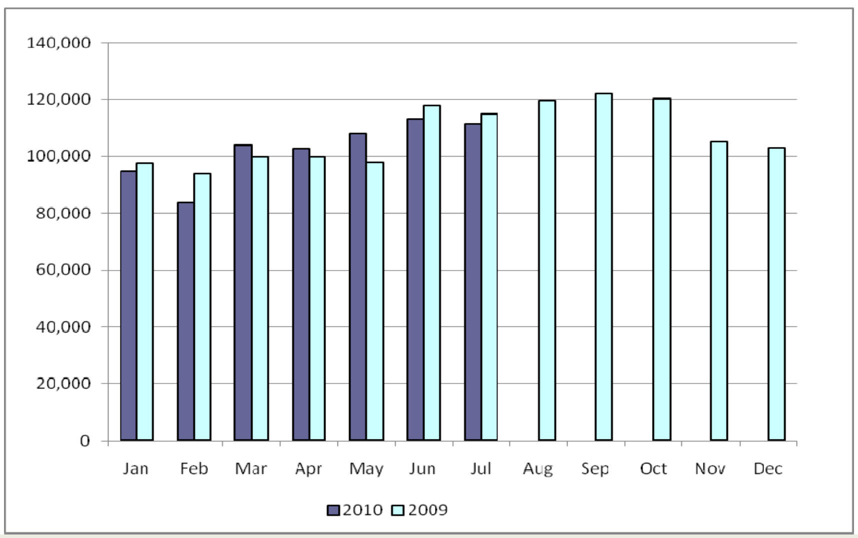
Switches



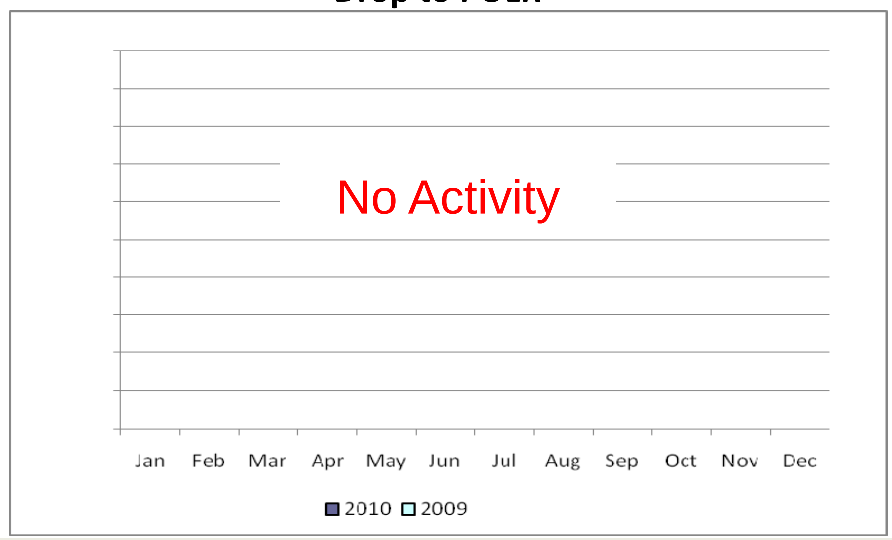
Move-Ins



Move-Outs



Drop to POLR



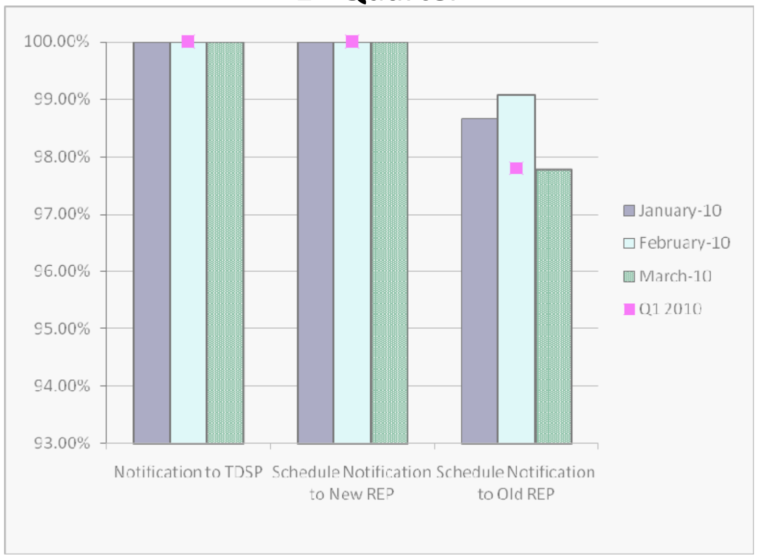
Migration from Native Affiliate REP

	% of Load [1]		% of ESI IDs	
	at 06/30/10	at 06/30/09	at 06/30/10	at 06/30/09
Residential	52%	48%	51%	46%
Small Non-Residential	80%	77%	58%	53%
Large Non-Residential	76%	74%	78%	76%

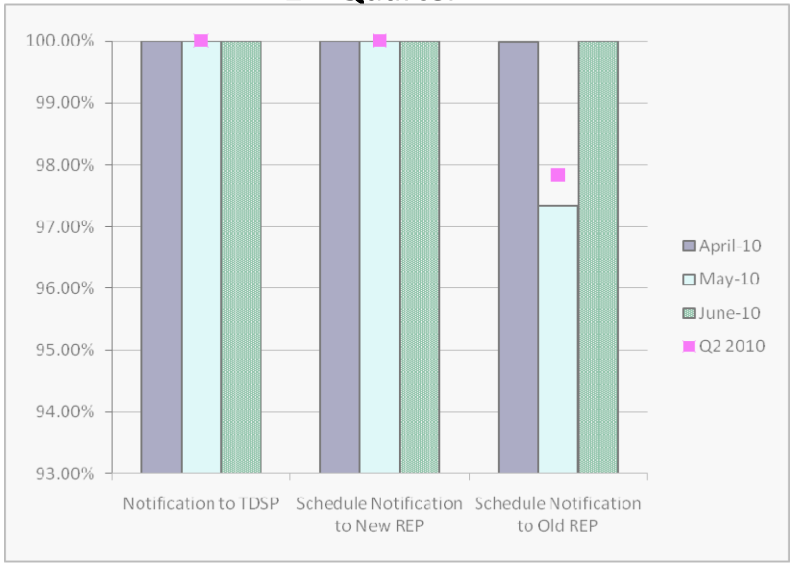
[1] - Percent of Deregulated (Non-NOIE) ESI IDs and Load. Usage based on monthly settlement results.

Retail Performance Measures – 2010 Switch

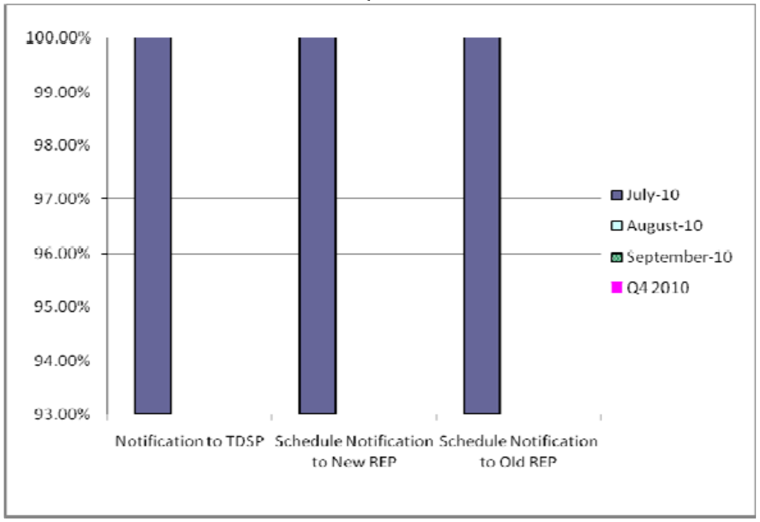
1st Quarter



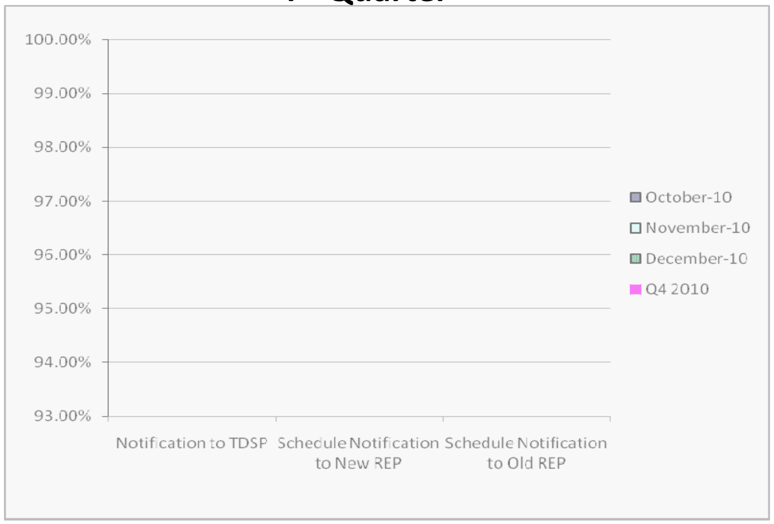
2nd Quarter



3rd Quarter

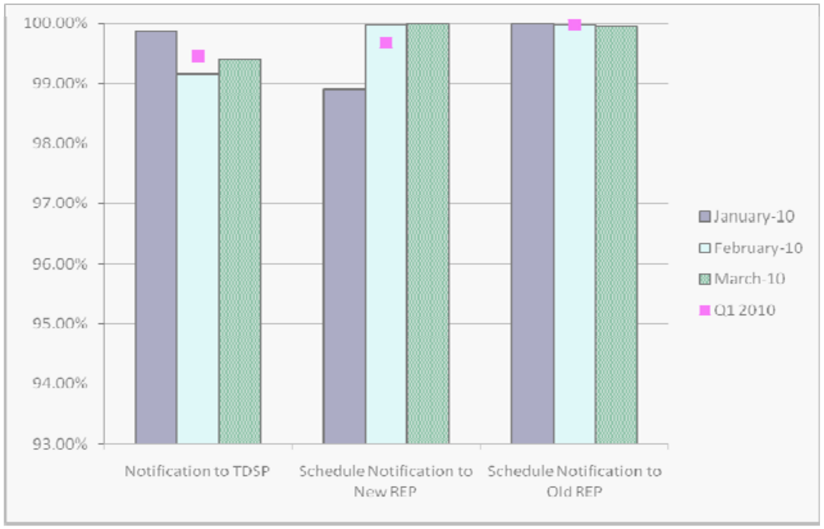


4th Quarter

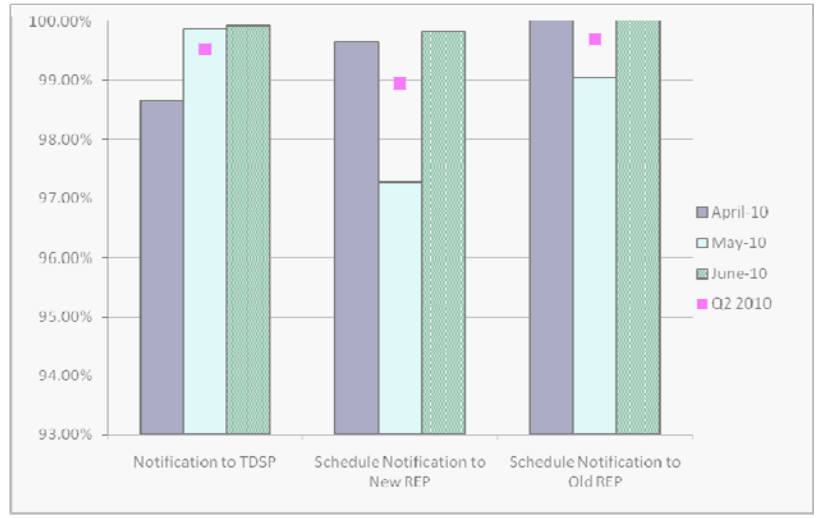


Retail Performance Measures – 2010 Move-In / Priority

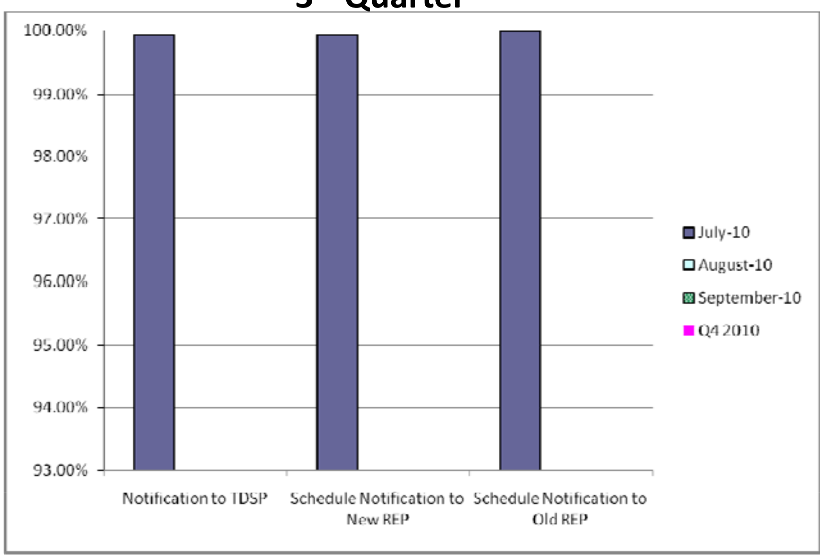
1st Quarter



2nd Quarter



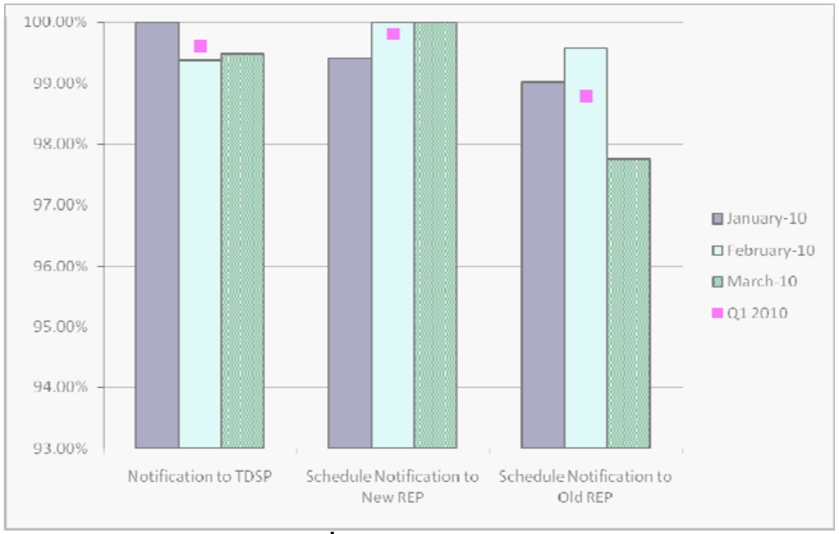
3rd Quarter



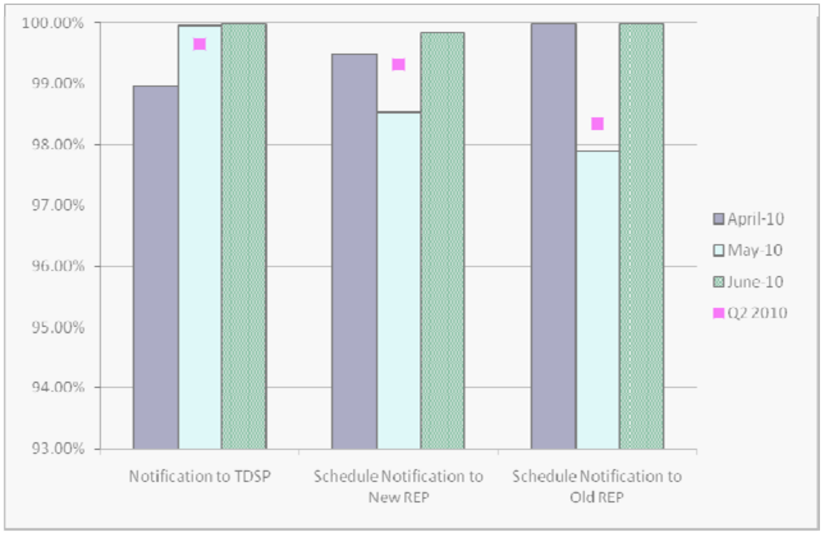
4th Quarter

Retail Performance Measures – 2010 Move-In / Standard

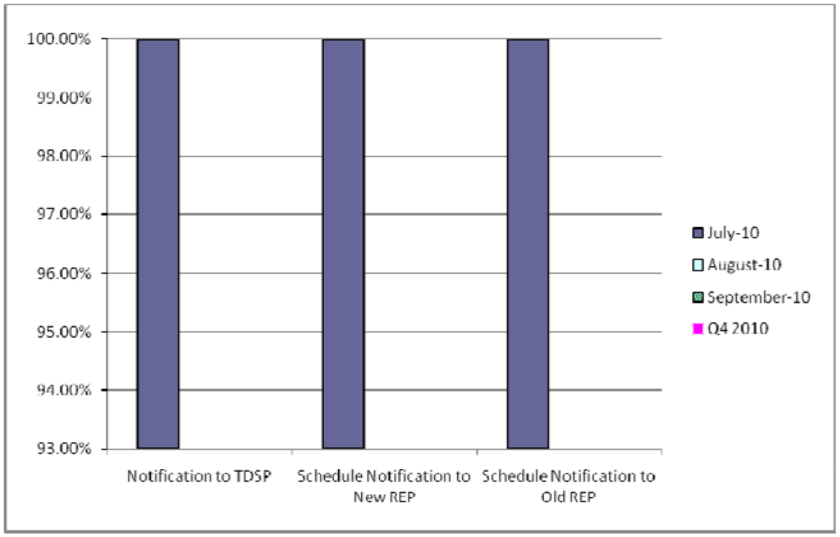
1st Quarter



2nd Quarter



3rd Quarter



4th Quarter

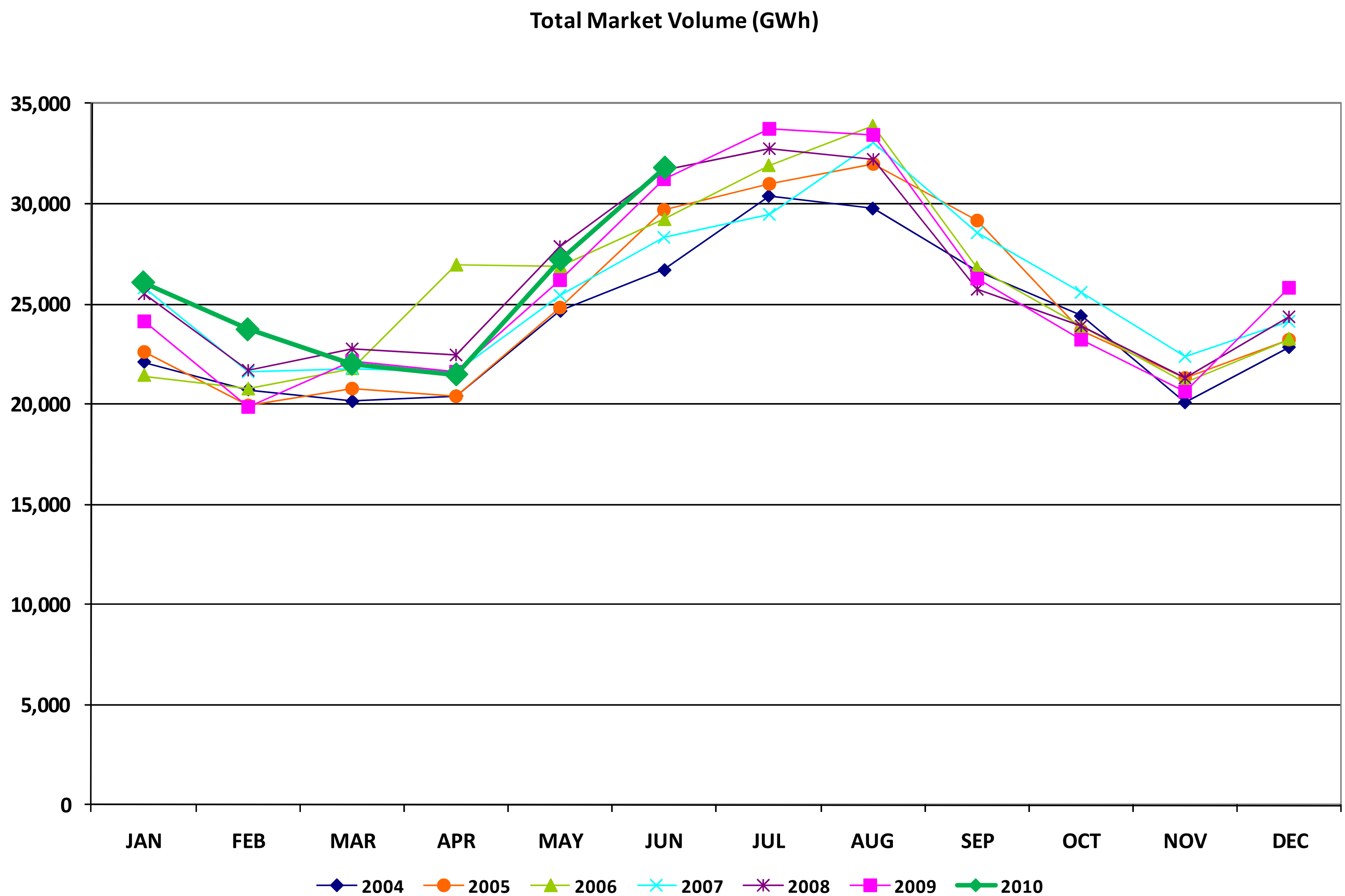
Settlements and Billing Performance Measures – June 2010

	YTD		June	
	06/30/10	06/30/09	2010	2009
Settlement Statements:				
Total	89,418	78,501	16,529	14,494
– Less than 24 hours late	**174**	**109**	**0**	**0**
– Greater than 24 hours late	**0**	**0**	**0**	**0**
Balance	89,244	78,392	16,529	14,494
% Within Protocol	**99.81%**	**99.86%**	**100.00%**	**100.00%**
Invoices:				
Total	4,775	4,655	786	729
– Less than 24 hours late	**0**	**0**	**0**	**0**
– Greater than 24 hours late	**0**	**0**	**0**	**0**
Balance	4,775	4,655	786	729
% Within Protocol	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Energy Services

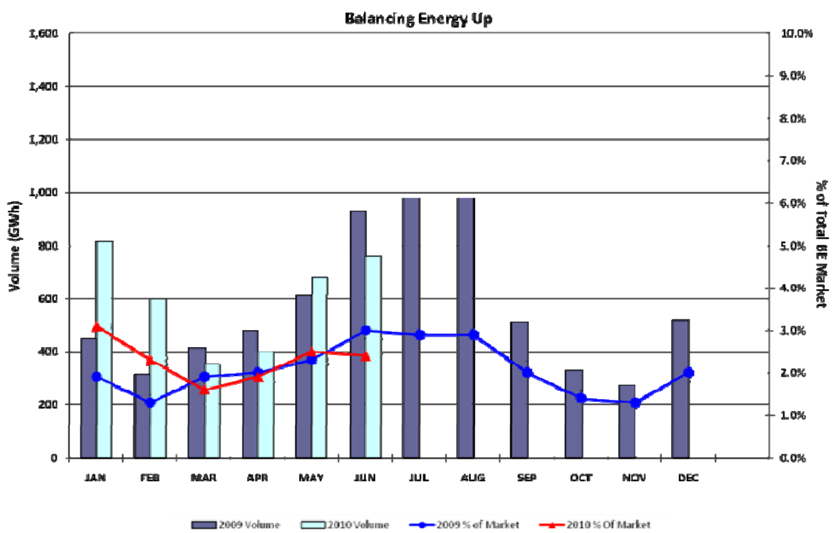
	YTD ($'s in millions)		June ($'s in millions)	
	06/30/10	06/30/09	2010	2009
• **Market Perspective:**				
Approximate Retail Market (at $.11/kWh)	**$16,758.2**	**$15,973.1**	**$3,496.0**	**$3,435.4**
Volume (GWh)	152,347	145,210	31,782	31,231
% Increase	4.9%		1.8%	
Natural Gas Price Index ($/MMBTU)	4.7	3.6	4.7	3.7
% Increase	30.6%		27.0%	
• **Balancing Energy:**				
Balancing Energy - Up	**$220.1**	**$187.9**	**$48.2**	**$81.3**
% Increase	17.1%		-40.7%	
Up (GWh)	3,603.1	3,193.8	759.6	926.9
% Increase	12.8%		-18.0%	
% of Market	2.4%	2.2%	2.4%	3.0%
Balancing Energy - Down	**-$175.7**	**-$165.7**	**-$35.8**	**-$44.0**
% Increase	6.0%		-18.6%	
Down (GWh)	-7,789.4	-9,404.7	-1,338.9	-1,823.4
% Increase	-17.2%		-26.6%	
% of Market	5.1%	6.5%	4.2%	5.8%

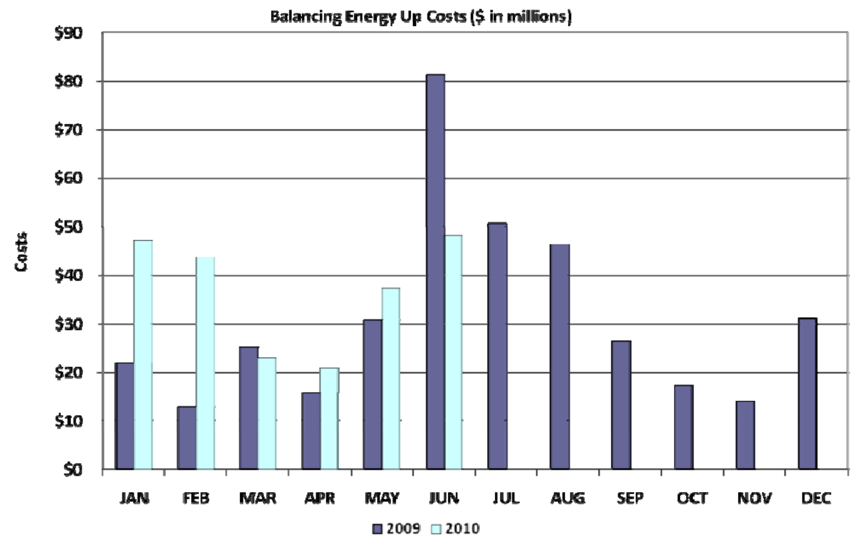
Energy Services

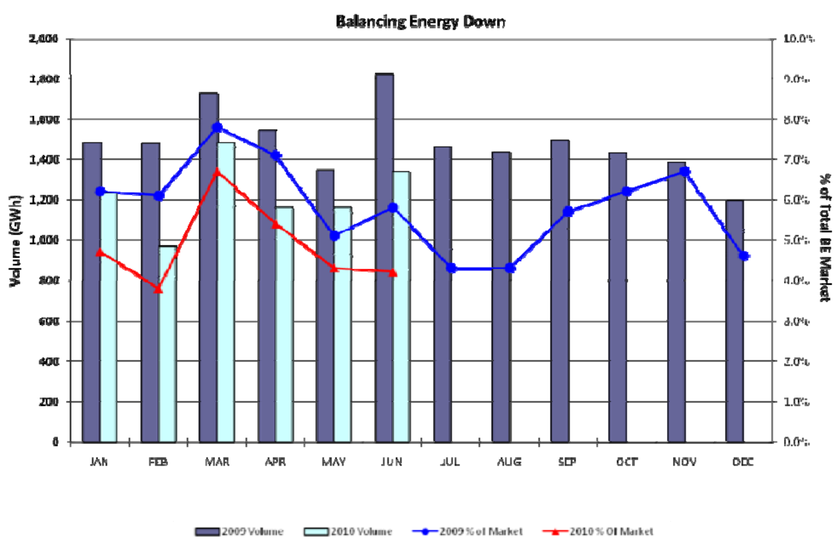


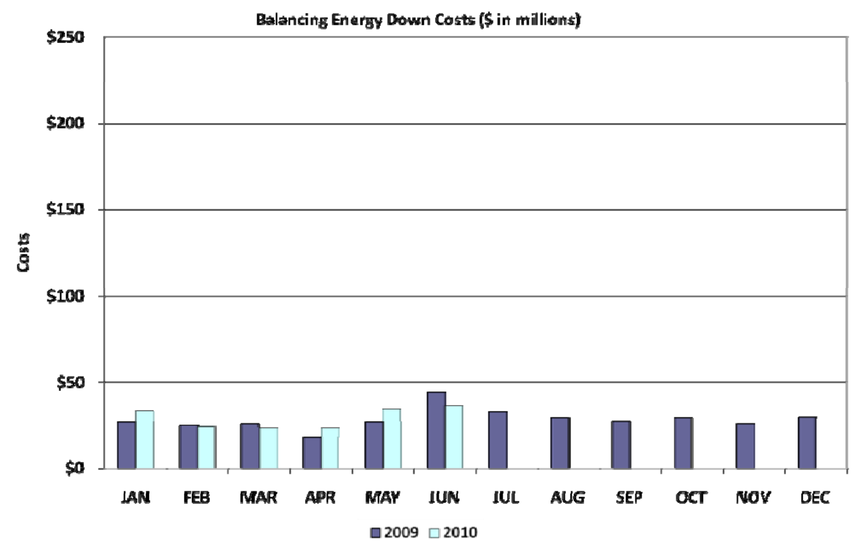
*Please note: July data will be provided at the Board Meeting

Balancing Energy Services – Volume and Cost









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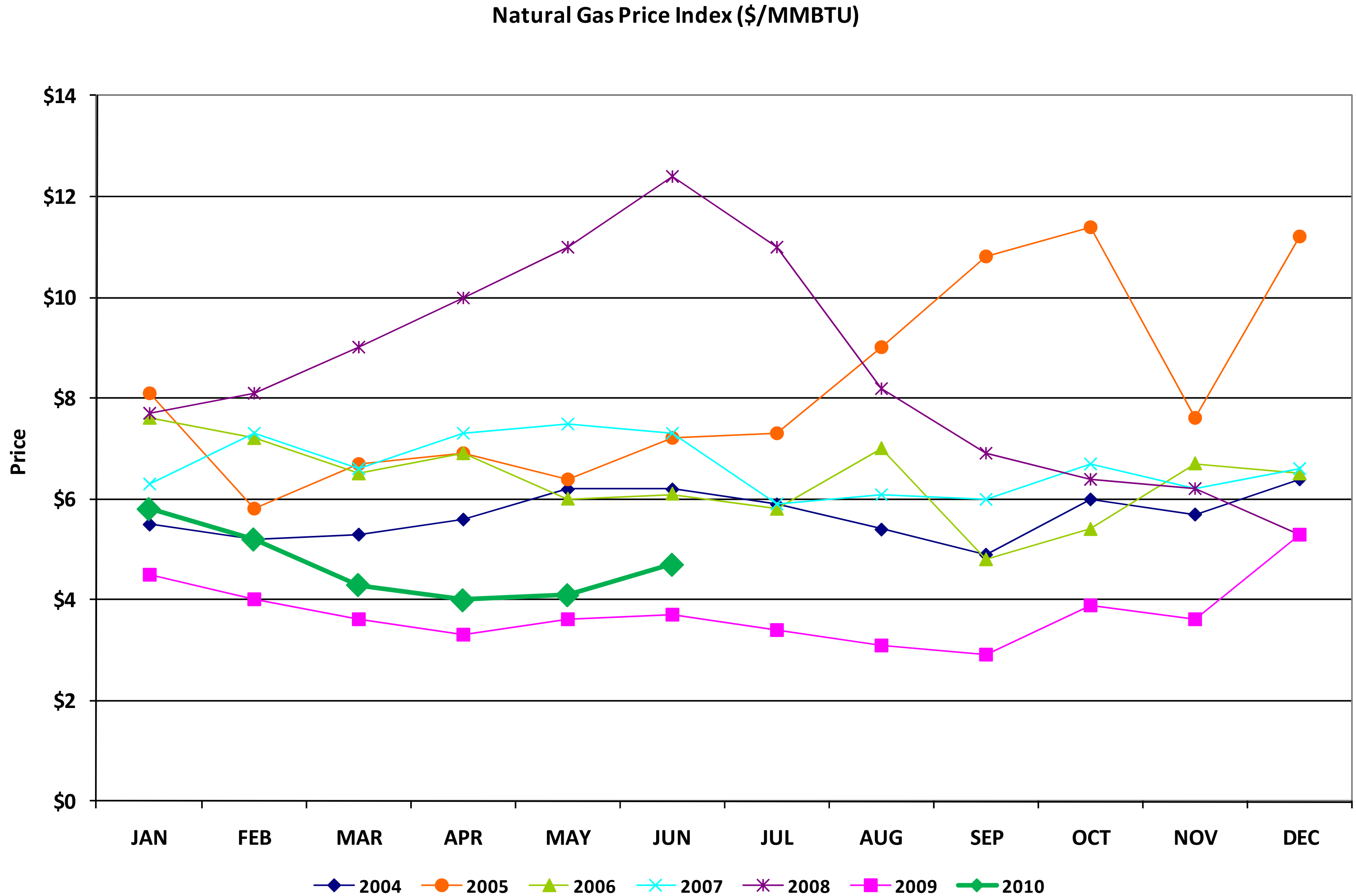
Natural Gas



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Capacity Services

	YTD		June	
	06/30/10	06/30/09	2010	2009
Reg Up:				
Required (MW)	3,839,940	3,651,954	653,570	629,860
Self Arranged (MW)	742,181	796,184	123,667	153,459
Procured (MW)	3,108,580	2,865,026	531,683	477,891
Mismatch Schedules (MW)	(10,821)	(9,256)	(1,780)	(1,490)
% Procured	***81%***	***78%***	***81%***	***76%***
Weighted Avg MCPC ($/MW)	11.9	11.2	9.3	14.7
Reg Down:				
Required (MW)	3,888,695	3,613,235	665,830	647,264
Self Arranged (MW)	788,106	1,040,933	137,052	179,470
Procured (MW)	3,111,691	2,581,211	530,748	468,830
Mismatch Schedules (MW)	(11,102)	(8,909)	(1,970)	(1,036)
% Procured	***80%***	***71%***	***80%***	***72%***
Weighted Avg MCPC ($/MW)	11.6	9.4	7.6	5.2
Responsive Reserve:				
Required (MW)	9,976,344	9,977,487	1,653,742	1,653,932
Self Arranged (MW)	3,701,383	4,093,900	633,628	686,194
Procured (MW)	6,288,292	5,894,730	1,022,369	969,802
Mismatch Schedules (MW)	(13,331)	(11,143)	(2,255)	(2,064)
% Procured	***63%***	***59%***	***62%***	***59%***
Weighted Avg MCPC ($/MW)	9.8	10.5	8.9	13.3
Non-Spinning Reserve: *				
Required (MW)	7,541,790	5,399,369	1,201,090	746,994
Self Arranged (MW)	1,358,612	807,291	360,591	100,175
Procured (MW)	6,195,549	4,600,789	842,984	647,785
Mismatch Schedules (MW)	(12,371)	(8,711)	(2,485)	(966)
% Procured	***82%***	***85%***	***70%***	***87%***
Weighted Avg MCPC ($/MW)	5.7	3.7	5.7	7.8
Local Replacement Reserve:				
Procured (MW)	34,540	120,805	7,721	28,107
Zonal Replacement Reserve:				
Procured (MW)	58,115	213,041	11,520	72,520
OOMC:				
Procured (MW)	3,216,925	4,701,181	516,124	521,431

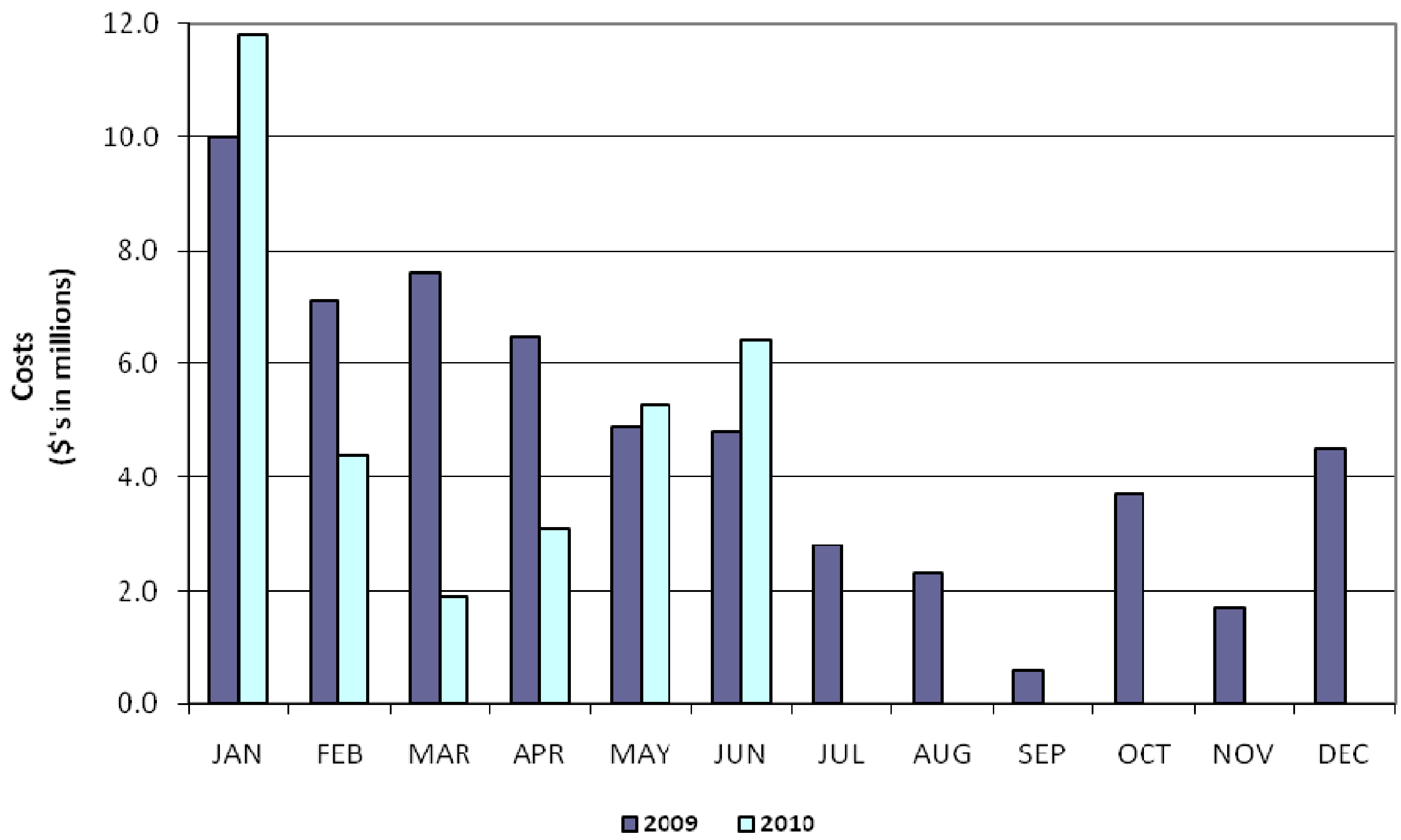
*A/S procurement methodology changed in December 2009

Capacity Services – Cost

	YTD ($'s in millions)		June ($'s in millions)	
	06/30/10	06/30/09	2010	2009
• **Capacity Services:**				
Reg Up	37.0	32.2	4.9	7.0
Reg Down	36.1	24.3	4.0	2.5
Responsive Reserve	61.6	62.1	9.1	12.9
Non-Spinning Reserve *	35.1	17.2	4.8	5.0
Local Replacement Reserve	0.6	1.4	0.1	0.4
Zonal Replacement Reserve	2.3	5.6	0.4	2.4
Black Start	2.9	2.8	0.5	0.5
OOMC	35.1	41.7	6.4	4.9
RMR Capacity and Start Up	$6.4	$0.3	$1.6	$0.1
TOTAL CAPACITY SERVICES	**$217.1**	**$187.6**	**$31.8**	**$35.7**

*A/S procurement methodology changed in December 2009

Capacity Cost – OOMC



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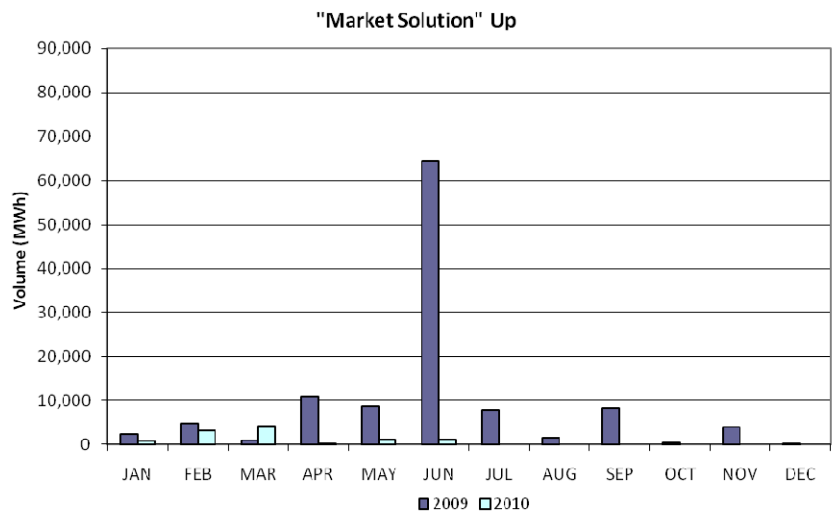
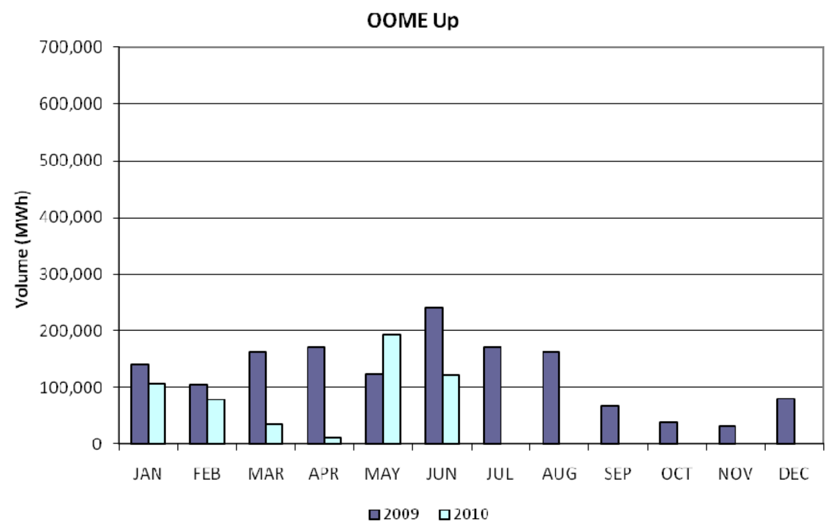
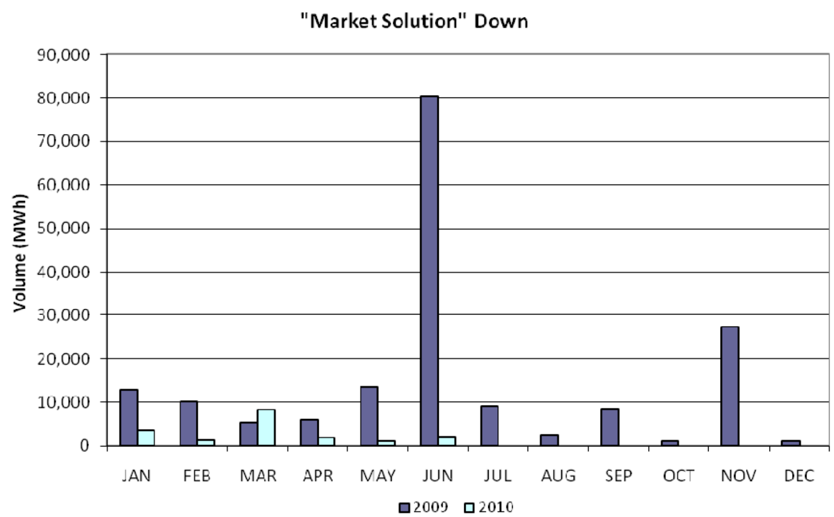
Congestion Management

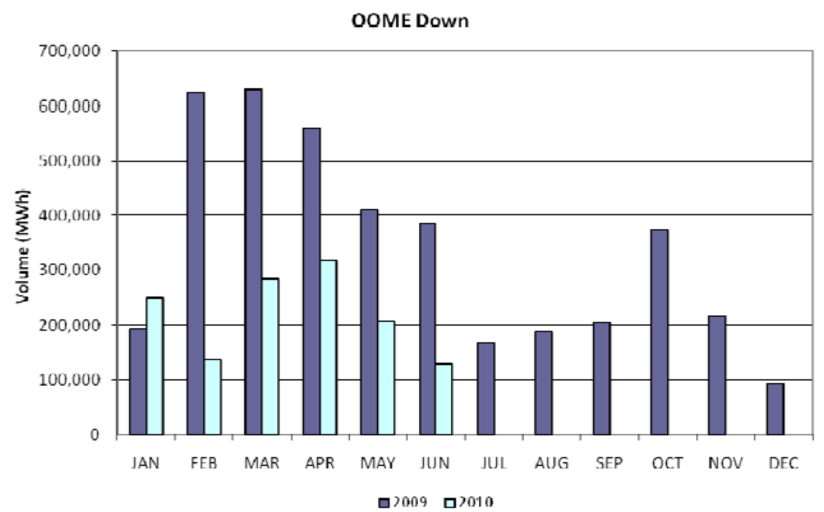
	YTD ($'s in millions)		June ($'s in millions)	
	06/30/10	06/30/09	2010	2009
• **Local Congestion:**				
"Market Solution" Down	0.8	7.9	0.3	6.6
"Market Solution" Up	0.1	0.7	0.004	0.4
OOME - Down	34.5	56.9	3.9	9.6
OOME - Up	10.0	13.0	1.4	2.7
Total Local Congestion Costs	**$45.4**	**$78.5**	**$5.6**	**$19.3**
• **Local Congestion Volume: (units in MWh)**				
"Market Solution" Down	18,222	128,340	2,081	80,293
"Market Solution" Up	10,918	92,532	1,263	64,502
OOME - Down	1,322,590	2,804,630	129,776	385,838
OOME - Up	549,664	943,646	121,636	240,671
Total Local Congestion Volume	**1,901,394**	**3,969,149**	**254,755**	**771,302**
• **Zonal Congestion and TCR / PCR:**				
TCR / PCR Annual Auction Proceeds received from Holders	($25.0)	($48.2)	($5.0)	($9.4)
TCR Monthly Auction Proceeds received from TCR Holders	($36.7)	($44.4)	($5.4)	($5.2)
Direct Assignment Proceeds received from QSEs based on schedules	($0.1)	($57.7)	$0.7	($52.4)
Proceeds Paid to TCR / PCR Holders including Auction Refunds	$51.8	$163.2	$6.8	$81.4
Total Zonal Congestion and TCR / PCR Costs Uplift	**($10.0)**	**$13.0**	**($2.9)**	**$14.4**

Local Congestion Volume









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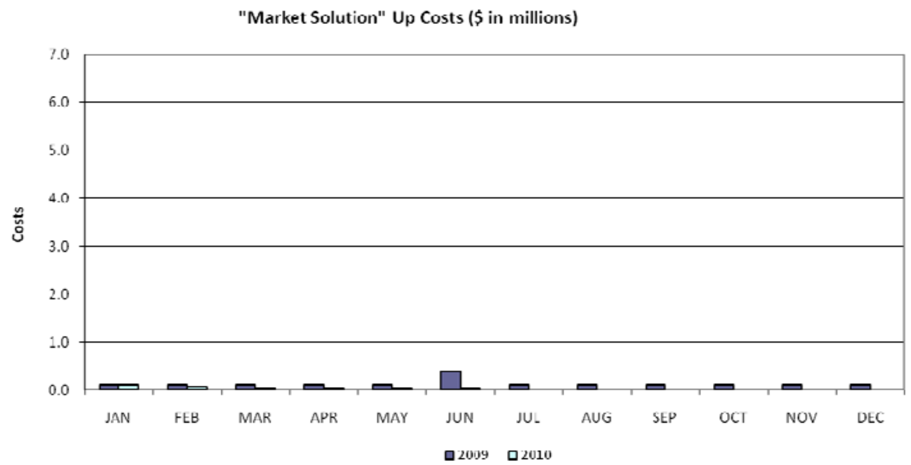
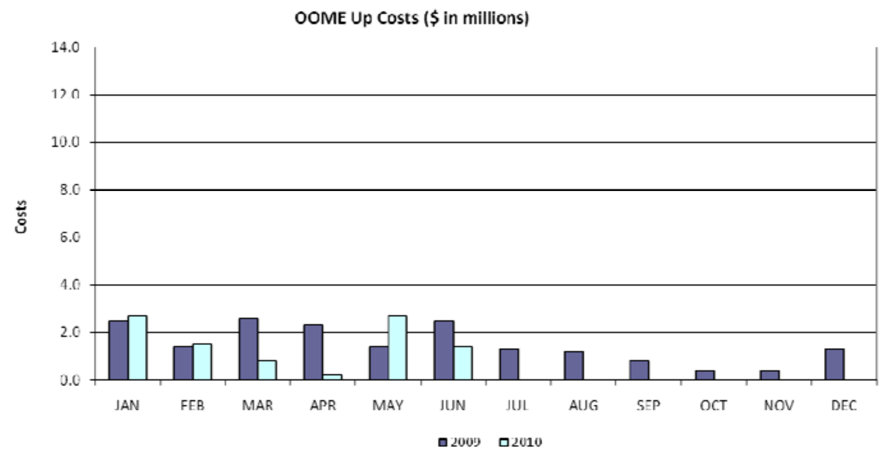
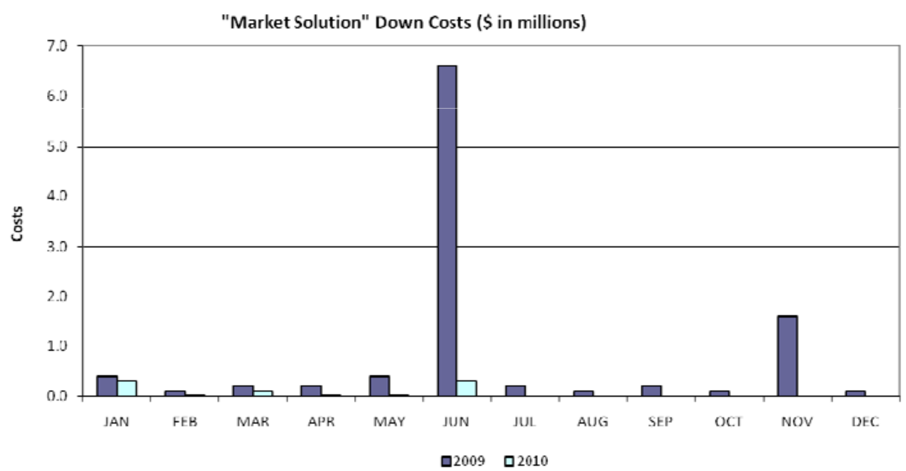
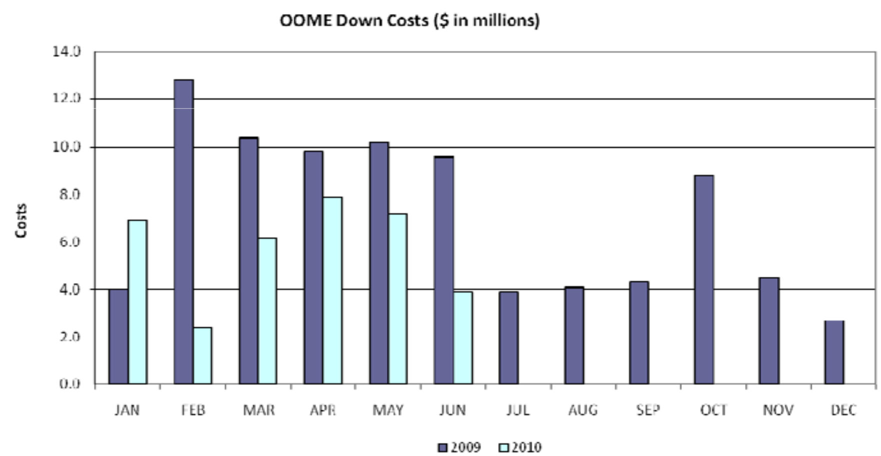
Local Congestion Costs









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Load Zone Price Data

Total Load Weighted Average Price ($/MWH)*

[MCPE weighted by Total Zonal Load]

LOAD ZONE	June 2010	May 2010	Apr 2010	Mar 2010	Feb 2010	Jan 2010
South	$43.20	$35.50	$32.54	$33.43	$47.56	$44.43
North	$43.12	$35.54	$32.96	$34.22	$47.57	$42.96
Houston	$43.37	$35.61	$32.65	$32.81	$46.65	$42.75
West	$37.19	$30.39	$24.42	$23.17	$40.28	$39.19

LOAD ZONE	Jun 2009	May 2009	Apr 2009	Mar 2009	Feb 2009	Jan 2009
South	$82.81	$32.97	$24.27	$26.35	$27.27	$34.69
North	$35.15	$32.99	$24.82	$32.21	$27.89	$32.31
Houston	$61.82	$32.70	$24.58	$29.11	$27.19	$32.78
West	$32.95	$24.57	$12.93	$25.70	$19.93	$24.04

Represents the average price for loads within the zone

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

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

- **Added REPs**
  - ✓ TEXREP7 LLC (LSE)
  - ✓ Monongahela Communications LLC (LSE)

- **Added QSEs**
  - ✓ Monongahela Communications LLC (QSE)
  - ✓ Jump Power LLC (SQ1)
  - ✓ Sempra Energy Solutions LLC (SQ1)

- **Terminated REPs**
  - ✓ Linde Energy Services Inc. (LSE)

- **Terminated QSEs**
  - ✓ Viasyn Inc.
  - ✓ Linde Energy Services Inc. (QSE)

Questions?