Commercial Market Operations

ERCOT Board of Directors

December 14, 2010

Betty Day

Summary

Retail Activity

- **Overall Activity** – Switching activity higher in November 2010 than 2009.
- **Migration From Native AREPs** – Continued migration of customers away from the affiliate REP.
- **Transaction Performance Measures** – Near perfect performance in November.

Wholesale Activity

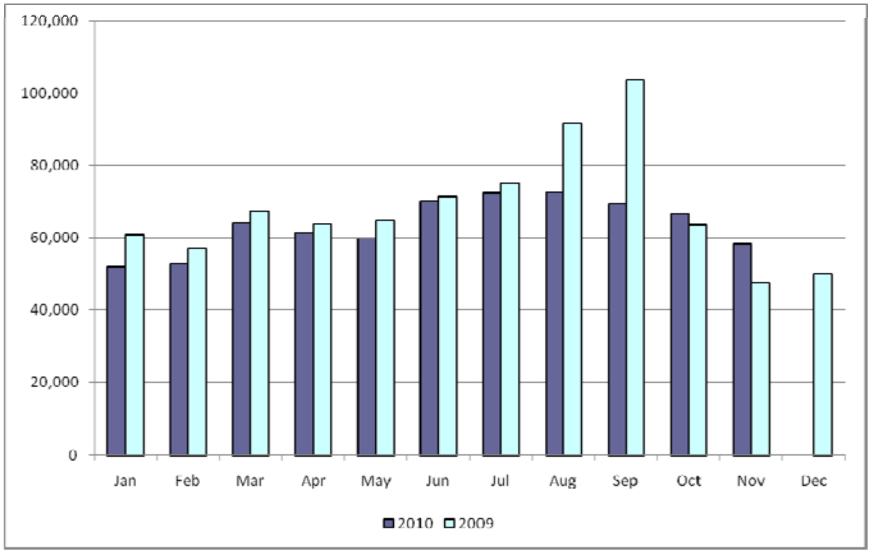
- **Day-Ahead Settlement Statistics –** Healthy participation in DAM. The first two operating days had invoicing totals around $4m each day.
- **Settlements & Billing Performance Measures** – All statements and invoices posted per Protocol timelines.
- **Energy Services** – Energy volumes up 3% compared to the same period last year. Natural gas prices have fallen to lowest level seen in October.
- **Capacity Services** – Procured volumes are comparable to last year. Capacity prices are slightly higher for most services.
- **Summary Balancing Energy Price Data** – Load zone price data is comparable to the same period last year. No major congestion issues to cause significant price separation.
- **Congestion Management** – Congestion volumes and costs are down in 2010 compared to 2009.
- **REPs and QSEs Added/Terminated**
  - 1 new REPs – 0 terminated REPs
  - 4 new QSEs – 2 terminated QSEs

Retail Transactions Summary

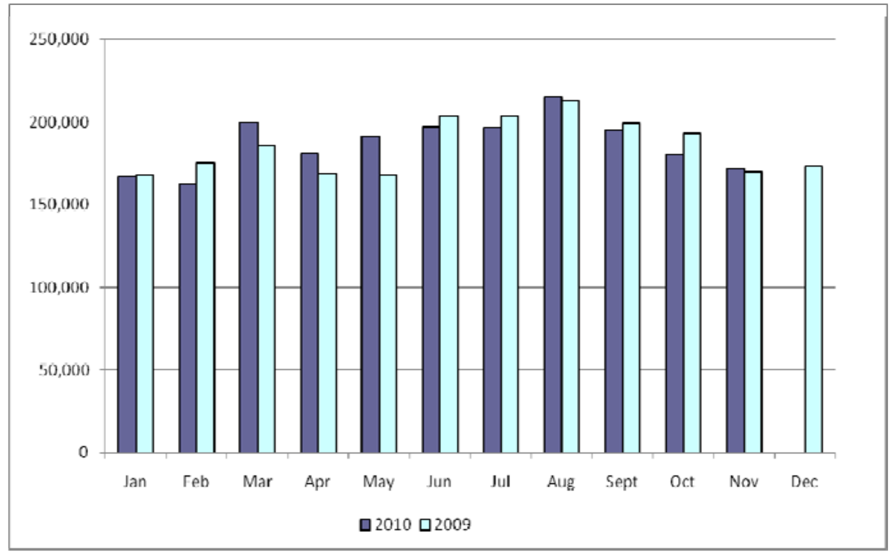
Transaction Type	YTD 11/30/2010	YTD 11/30/2009	November 2010	November 2009
Switches	698,725	765,880	58,232	47,400
Move - Ins	2,058,518	2,050,294	171,919	170,185
Move Out	1,136,841	1,188,884	94,427	105,060
CSA (Continuous Service Agreement)	359,919	335,221	25,194	30,709
Mass Transition	0	0	0	0
Total	4,254,003	4,340,279	349,772	353,354
Since June 1, 2001	40,000,389			

Retail Transactions Summary

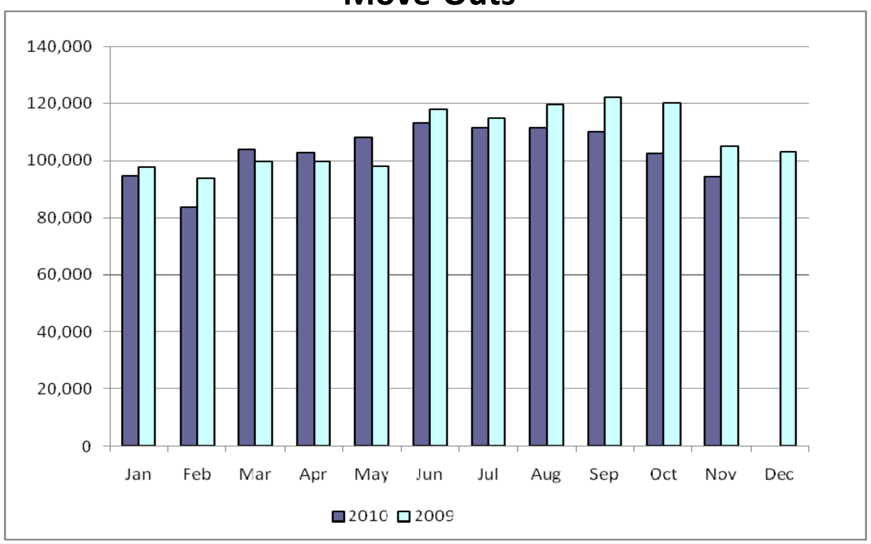
Switches



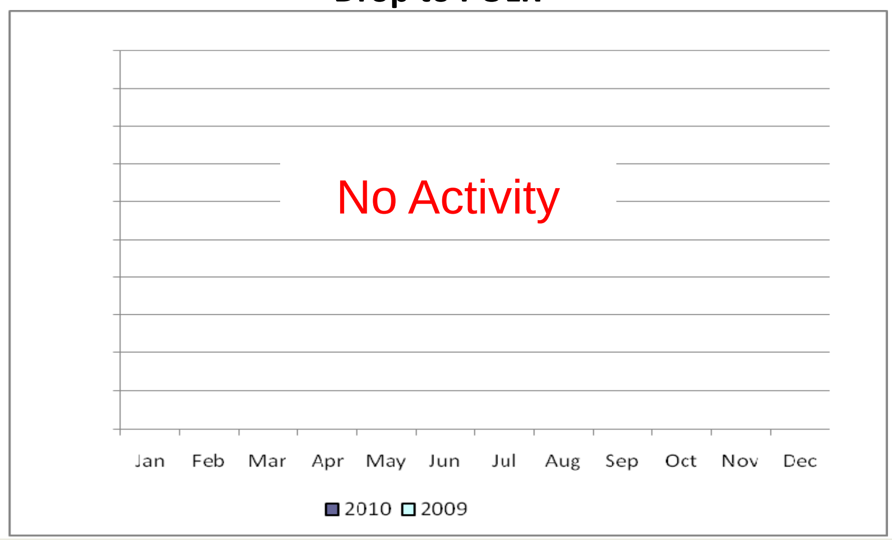
Move-Ins



Move-Outs



Drop to POLR



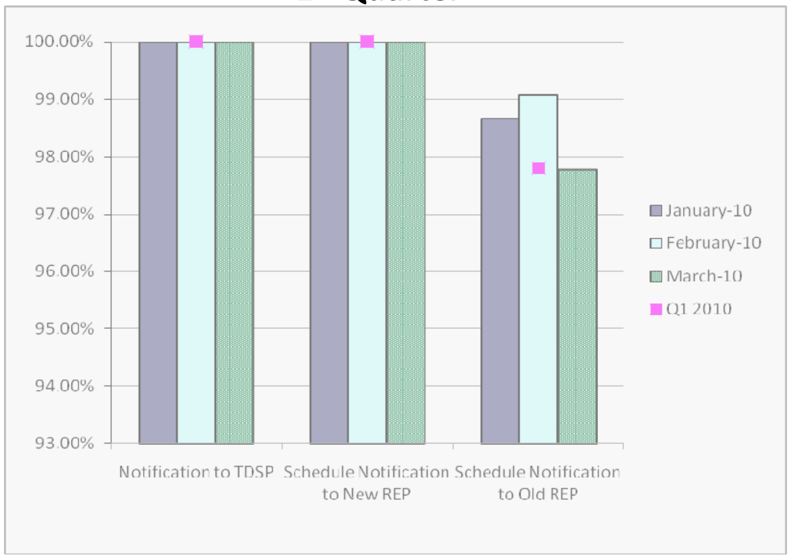
Migration from Native Affiliate REP

	% of Load [1]		% of ESI IDs	
	at 10/31/10	at 10/31/09	at 10/31/10	at 10/31/09
Residential	55%	51%	53%	48%
Small Non-Residential	81%	80%	59%	55%
Large Non-Residential	77%	76%	79%	78%

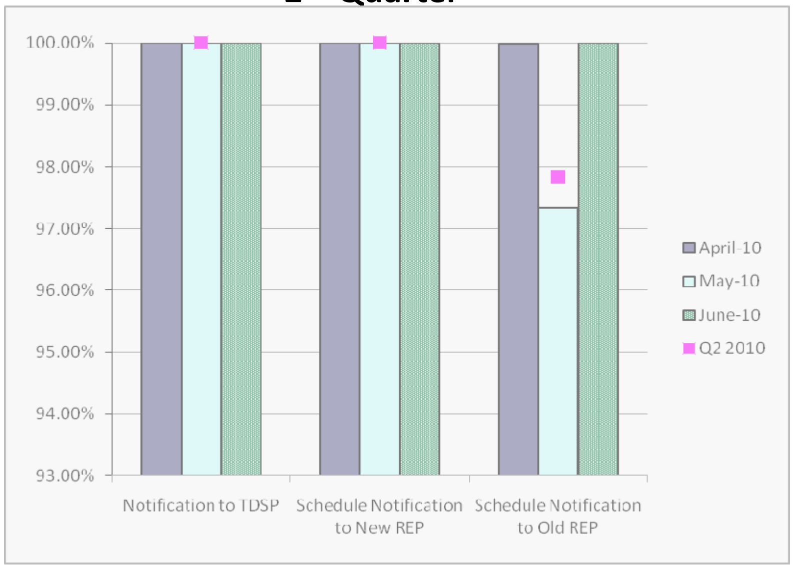
[1] - **Percent of Deregulated (Non-NOIE) ESI IDs and Load. Usage based on monthly settlement results.**

Retail Performance Measures – 2010 Switch

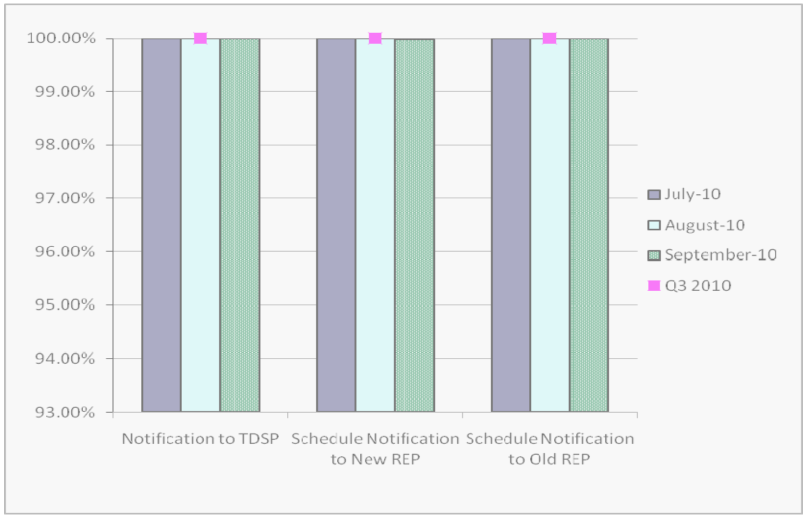
1st Quarter



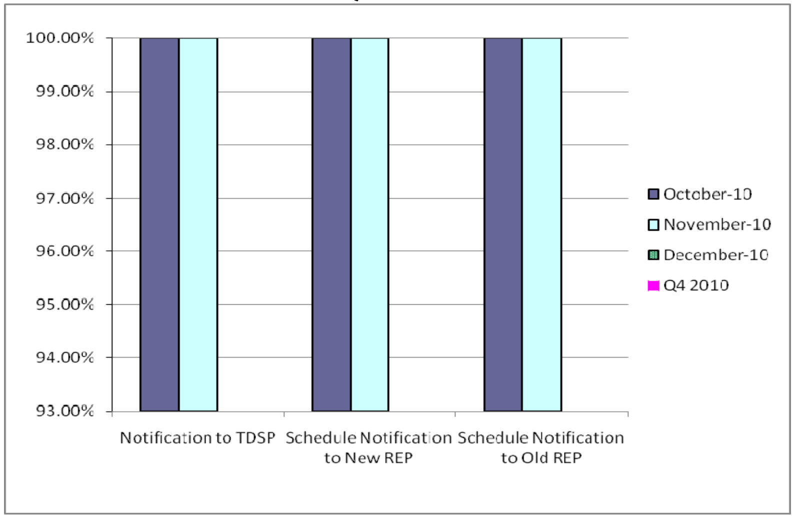
2nd Quarter



3rd Quarter

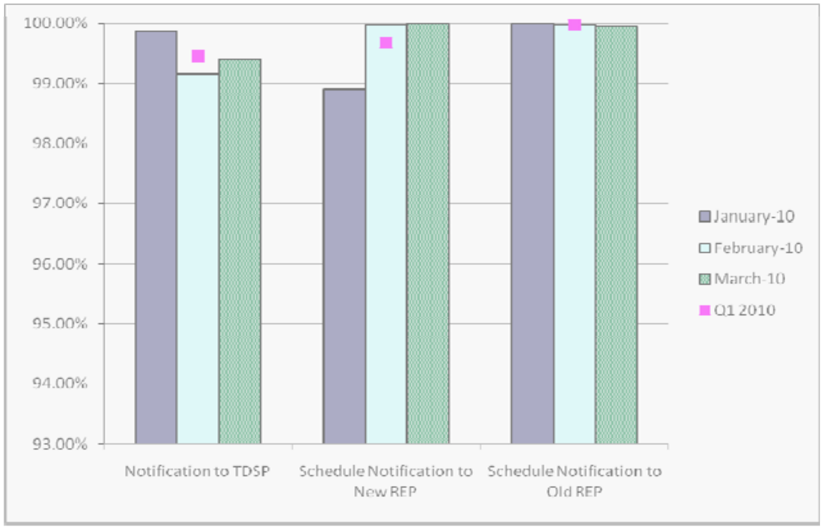


4th Quarter



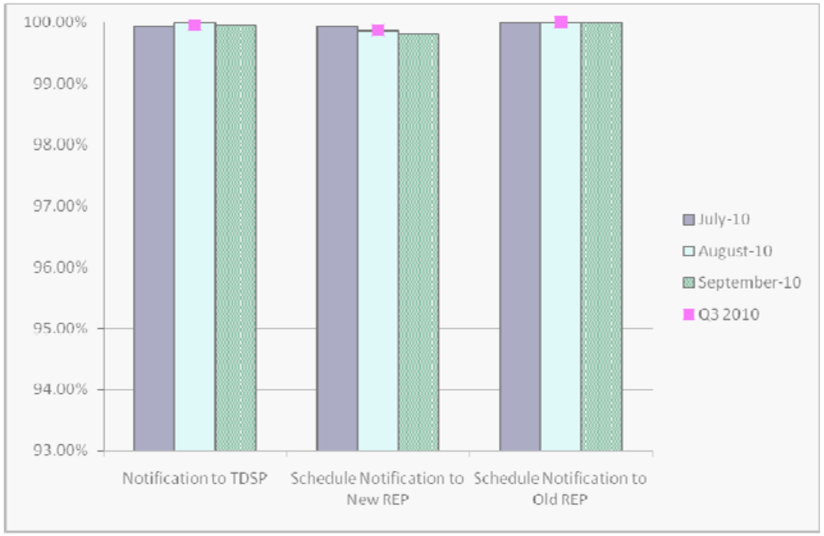
Retail Performance Measures – 2010 Move-In / Priority

1st Quarter

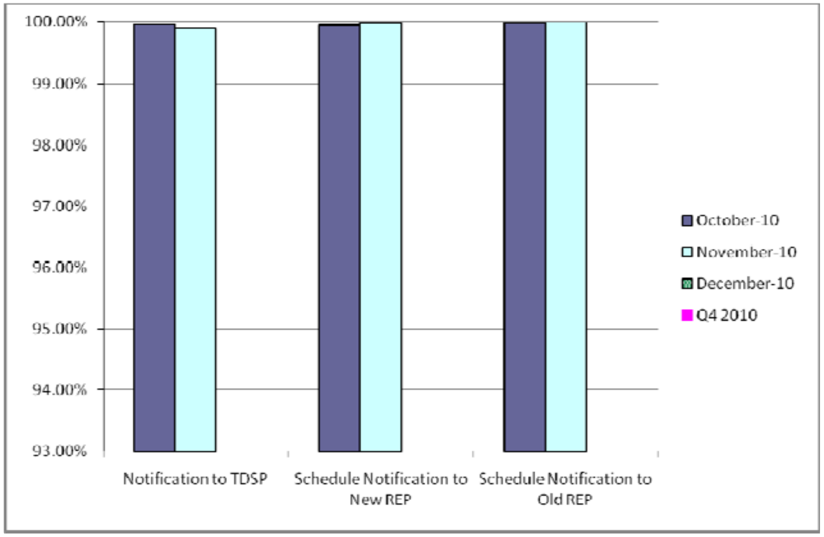


2nd Quarter

3rd Quarter

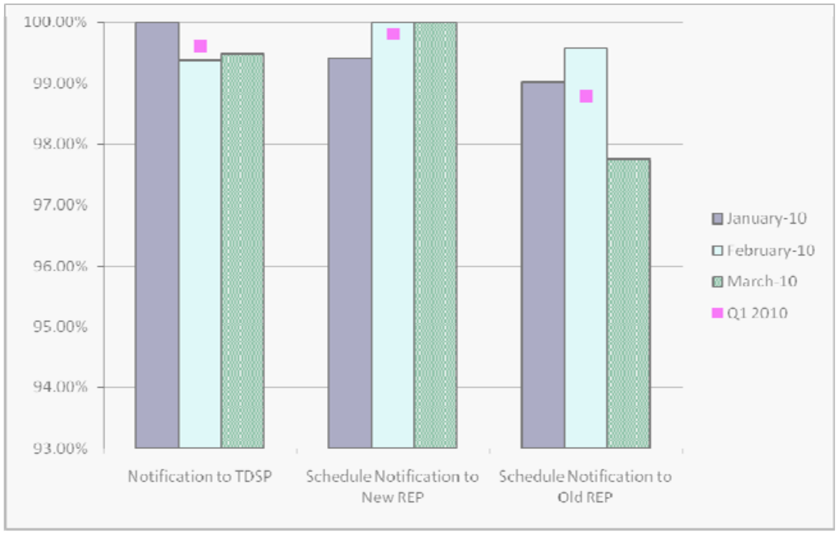


4th Quarter

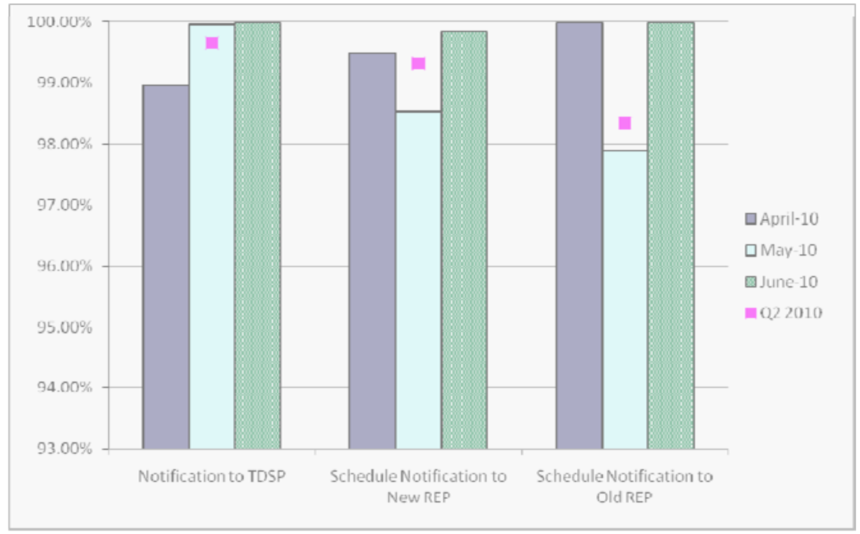


Retail Performance Measures – 2010 Move-In / Standard

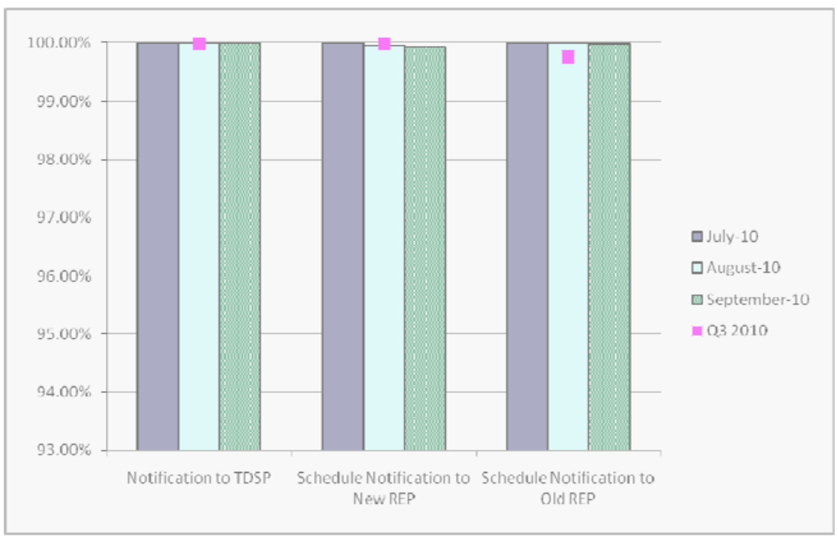
1st Quarter



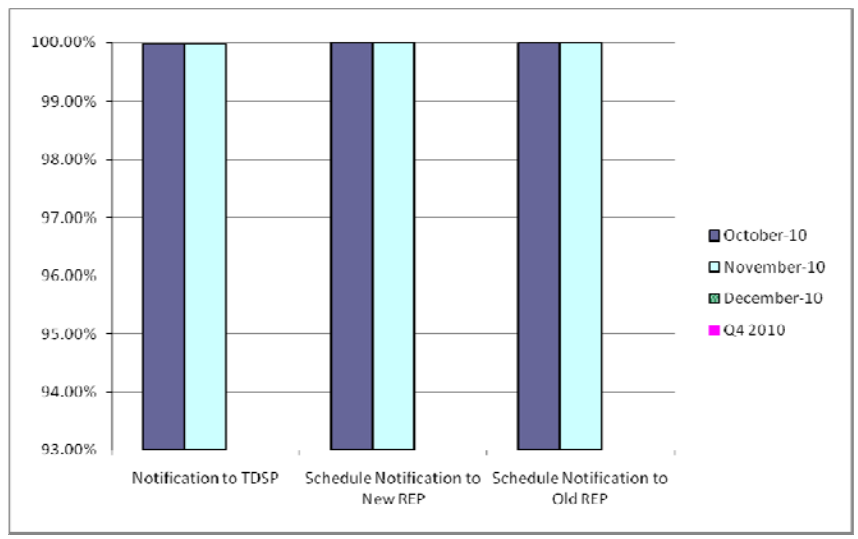
2nd Quarter



3rd Quarter



4th Quarter



Day-Ahead Market – Settlement Statistics

DAM Operating Day	12/1/2010
Invoice Payout Date	12/9/2010
CH Invoice Total	$3,970,576.14
CR Invoice Total	-$3,947,315.51
RMR Total	$0.00
CRR Balancing Account Total	$23,261.10
Variance	-$0.47
# of Statements	191
# of Invoices	191
# of QSE Invoices	113
# of CRRAH Invoices	78

DAM Operating Day	12/2/2010
Invoice Payout Date	12/10/2010
CH Invoice Total	$3,706,740.81
CR Invoice Total	-$3,697,755.44
RMR Total	$0.00
CRR Balancing Account Total	$8,985.08
Variance	$0.29
# of Statements	191
# of Invoices	191
# of QSE Invoices	113
# of CRRAH Invoices	78

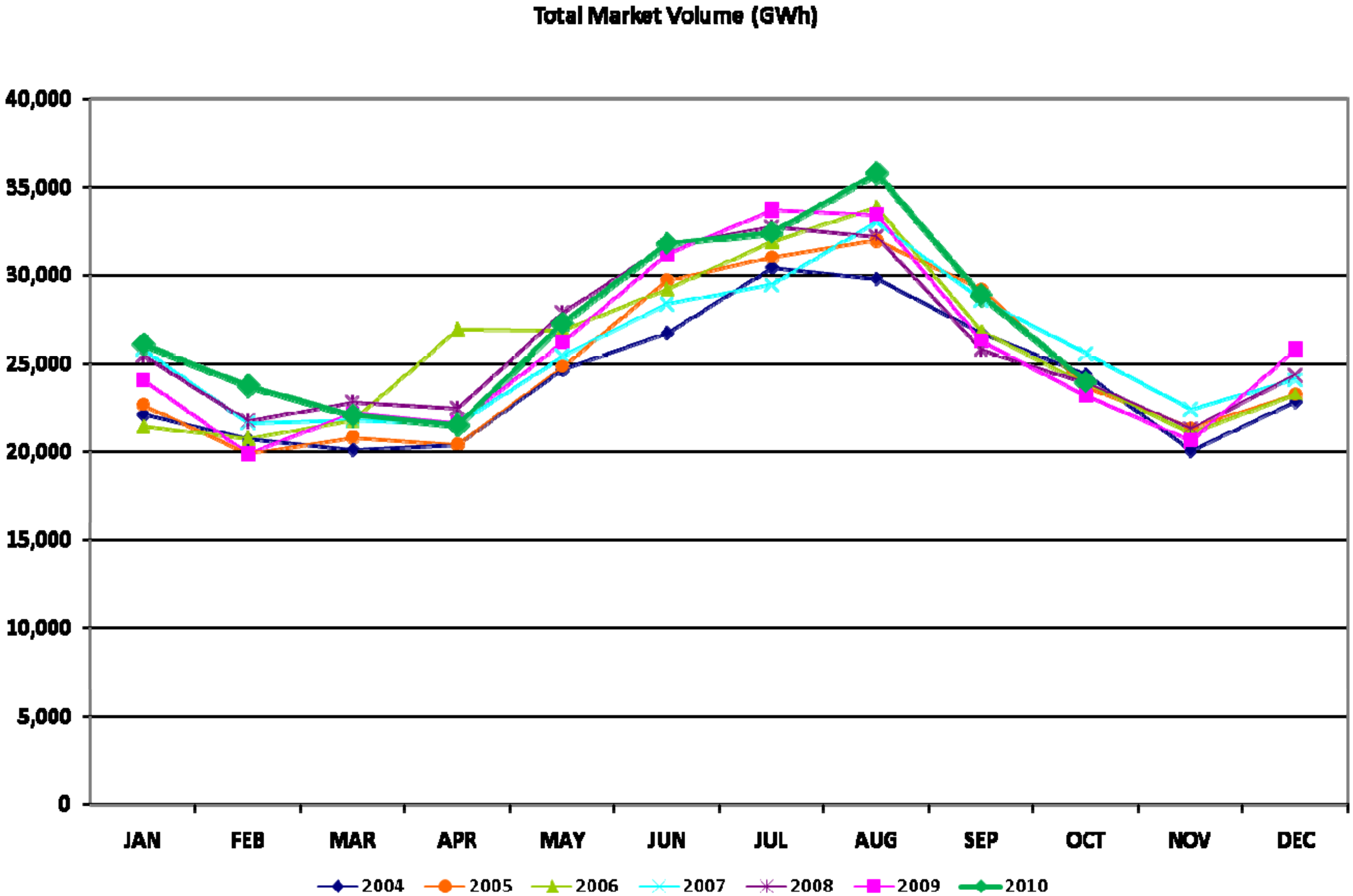
Settlements and Billing Performance Measures – October 2010

	YTD		October	
	10/31/10	10/31/09	2010	2009
Settlement Statements:				
Total	152,079	135,055	14,989	14,215
– Less than 24 hours late	**174**	**109**	**0**	**0**
– Greater than 24 hours late	**95**	**0**	**0**	**0**
Balance	151,810	134,946	14,989	14,215
% Within Protocol	**99.82%**	**99.92%**	**100.00%**	**100.00%**
Invoices:				
Total	8,276	7,909	763	895
– Less than 24 hours late	**0**	**0**	**0**	**0**
– Greater than 24 hours late	**0**	**0**	**0**	**0**
Balance	8,276	7,909	763	895
% Within Protocol	**100.00%**	**100.00%**	**100.00%**	**100.00%**

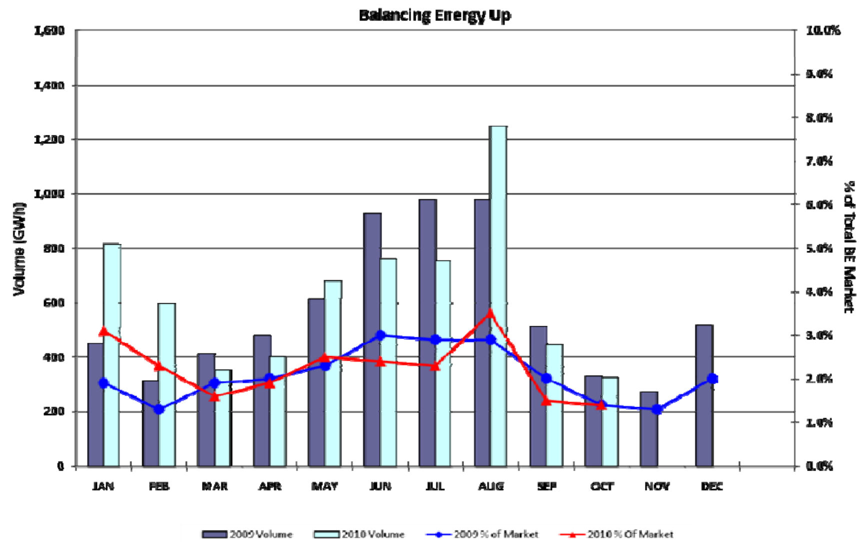
Energy Services

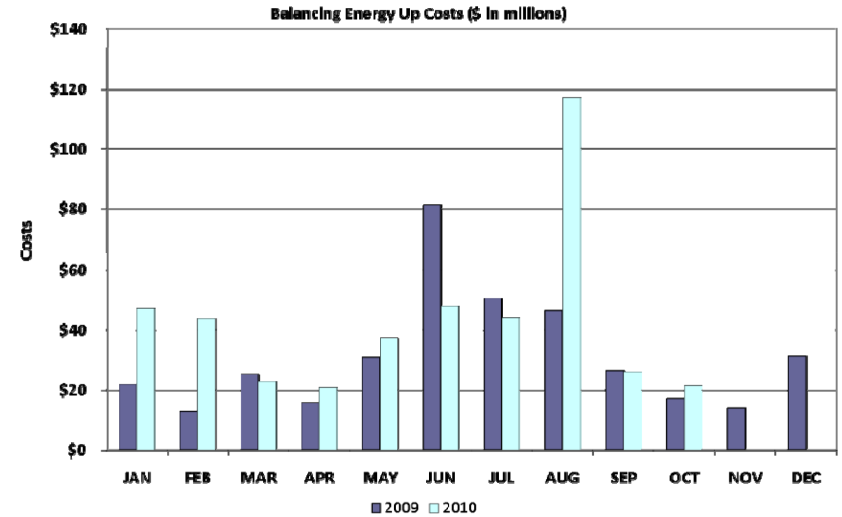
	YTD ($'s in millions) 10/31/10	YTD ($'s in millions) 10/31/09	October ($'s in millions) 2010	October ($'s in millions) 2009
• **Market Perspective:**				
Approximate Retail Market (at $.11/kWh)	**$30,062.7**	**$28,805.2**	**$2,632.6**	**$2,552.3**
Volume (GWh)	273,297	261,865	23,933	23,203
% Increase	4.4%		3.1%	
Natural Gas Price Index ($/MMBTU)	4.4	3.6	3.5	3.8
% Increase	22.2%		-7.9%	
• **Balancing Energy:**				
Balancing Energy - Up	**$428.6**	**$328.6**	**$21.3**	**$17.2**
% Increase	30.4%		23.8%	
Up (GWh)	6,372.6	5,995.8	324.3	329.3
% Increase	6.3%		-1.5%	
% of Market	2.3%	2.3%	1.4%	1.4%
Balancing Energy - Down	**-$330.4**	**-$284.0**	**-$28.5**	**-$29.3**
% Increase	16.3%		-2.7%	
Down (GWh)	-13,768.4	-15,236.3	-1,515.0	-1,435.7
% Increase	-9.6%		5.5%	
% of Market	5.0%	5.8%	6.3%	6.2%

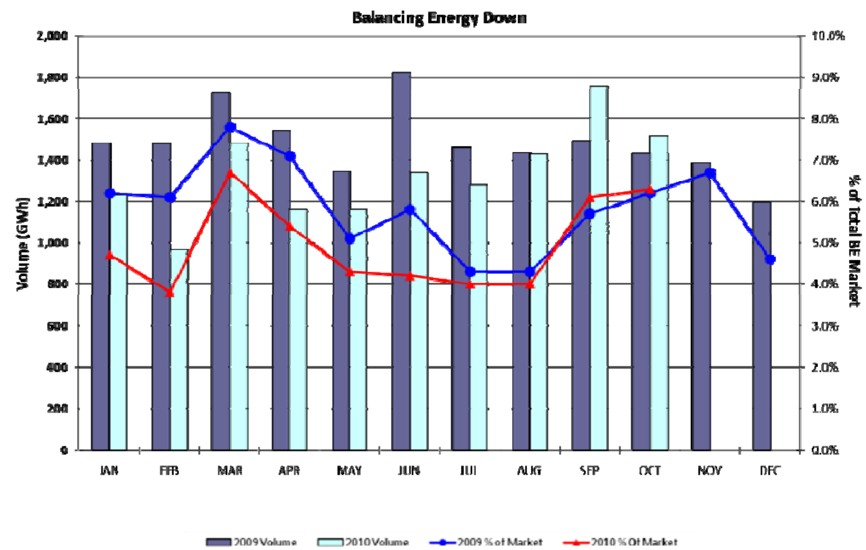
Energy Services

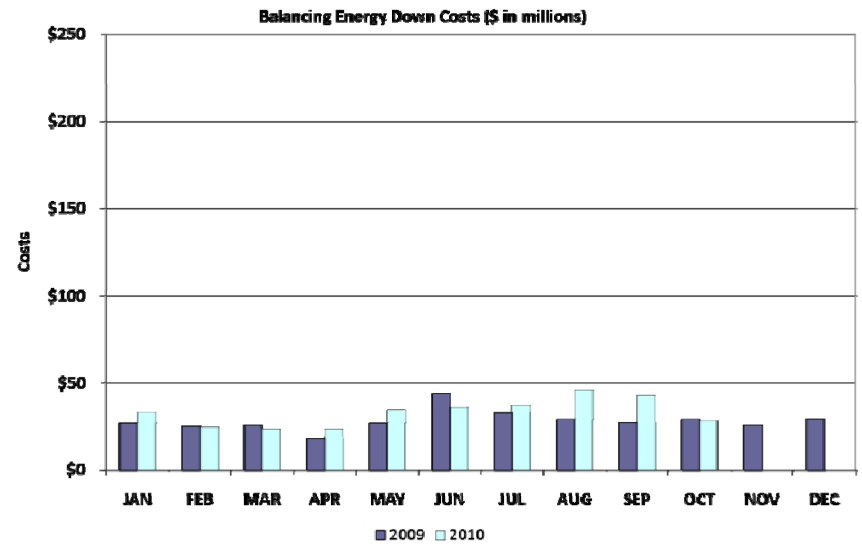


Balancing Energy Services – Volume and Cost

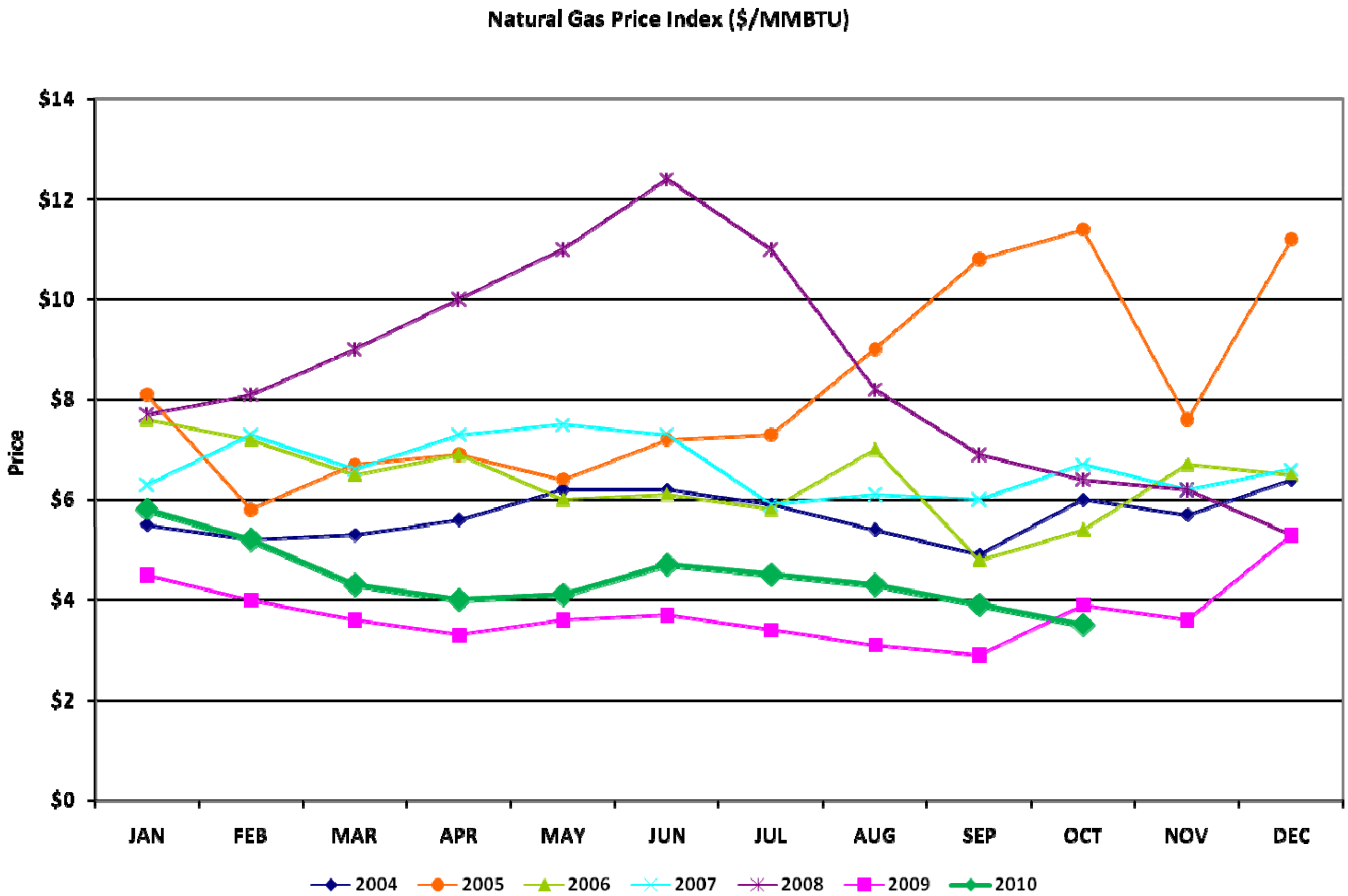








Natural Gas


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 10/31/10	YTD 10/31/09	October 2010	October 2009
Reg Up:				
Required (MW)	6,365,551	5,997,925	679,978	596,193
Self Arranged (MW)	1,227,147	1,309,715	128,803	119,447
Procured (MW)	5,157,664	4,703,140	553,042	477,768
Mismatch Schedules (MW)	(19,260)	(14,930)	(1,867)	(1,022)
% Procured	***81%***	***78%***	***81%***	***80%***
Weighted Avg MCPC ($/MW)	11.0	10.7	10.2	12.1
Reg Down:				
Required (MW)	6,546,810	6,240,035	704,264	610,363
Self Arranged (MW)	1,346,703	1,626,301	141,919	132,425
Procured (MW)	5,219,909	4,625,913	564,045	479,050
Mismatch Schedules (MW)	(19,802)	(12,179)	(1,700)	(1,112)
% Procured	***80%***	***74%***	***80%***	***78%***
Weighted Avg MCPC ($/MW)	9.4	7.2	8.0	5.8
Responsive Reserve:				
Required (MW)	16,760,960	16,758,813	1,709,995	1,709,391
Self Arranged (MW)	6,205,632	7,036,831	601,956	732,950
Procured (MW)	10,573,790	9,742,429	1,109,192	978,249
Mismatch Schedules (MW)	(18,462)	(20,447)	(1,153)	(1,808)
% Procured	***63%***	***58%***	***65%***	***57%***
Weighted Avg MCPC ($/MW)	9.4	10.0	7.7	8.2
Non-Spinning Reserve:*				
Required (MW)	12,227,644	7,682,261	1,237,350	420,502
Self Arranged (MW)	2,746,346	1,154,312	360,272	63,303
Procured (MW)	9,499,139	6,540,664	877,744	357,305
Mismatch Schedules (MW)	(17,841)	(12,715)	(666)	(106)
% Procured	***78%***	***85%***	***71%***	***85%***
Weighted Avg MCPC ($/MW)	5.6	3.4	1.7	0.9
Local Replacement Reserve:				
Procured (MW)	162,292	231,921	0	13,896
Zonal Replacement Reserve:				
Procured (MW)	80,659	548,455	392	24,694
OOMC:				
Procured (MW)	4,316,829	5,486,731	28,065	484,415

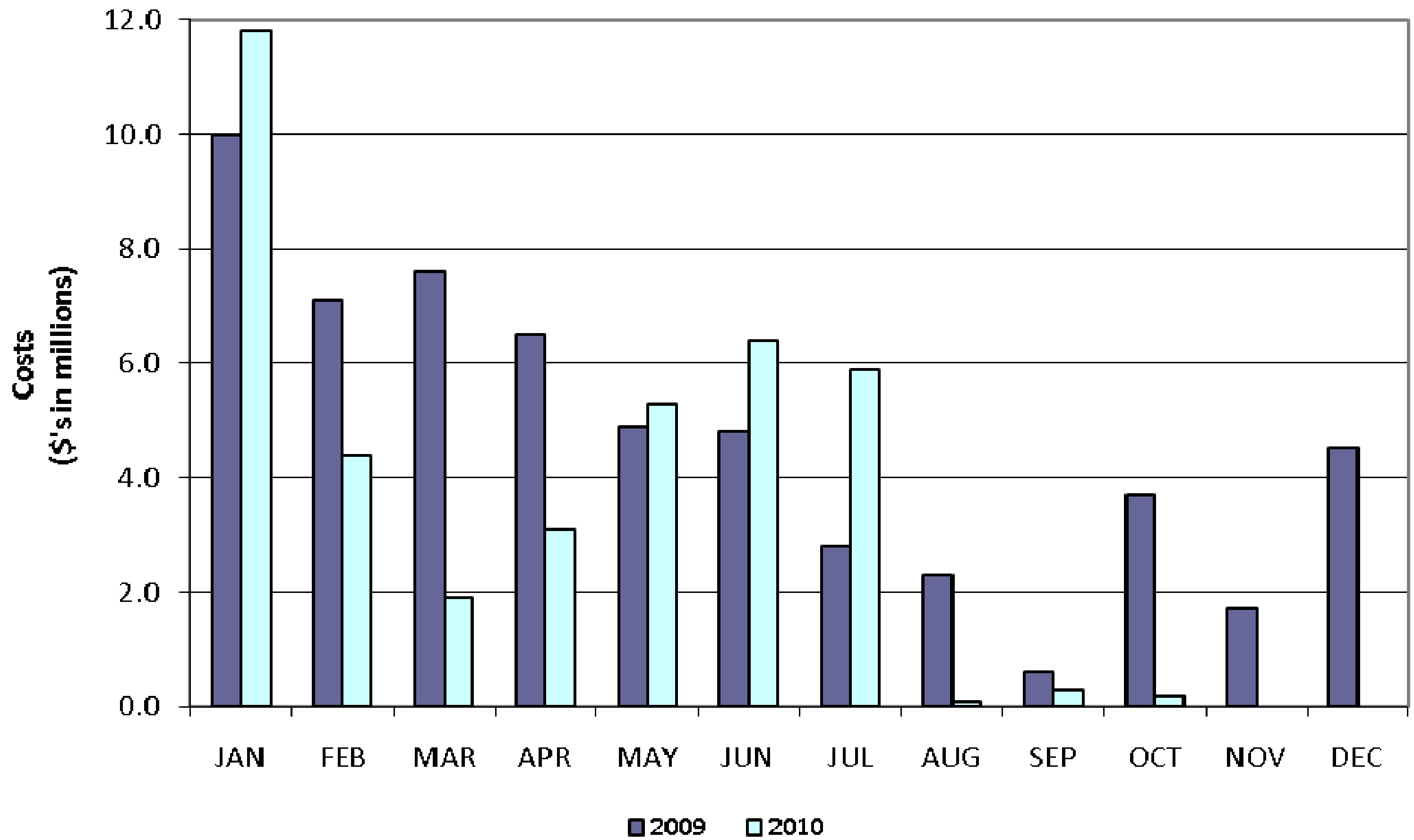
*A/S procurement methodology changed in December 2009

Capacity Services – Cost

	YTD ($'s in millions)		October ($'s in millions)	
	10/31/10	10/31/09	2010	2009
• Capacity Services:				
Reg Up	56.8	50.5	5.6	5.8
Reg Down	49.3	33.4	4.5	2.8
Responsive Reserve	99.5	97.4	8.6	8.0
Non-Spinning Reserve *	53.3	22.2	1.5	0.3
Local Replacement Reserve	1.7	2.9	0.0	0.2
Zonal Replacement Reserve	3.2	18.1	0.01	2.3
Black Start	4.9	4.6	0.5	0.5
OOMC	43.3	51.9	0.2	4.0
RMR Capacity and Start Up	$11.8	$1.2	$0.8	$0.5
TOTAL CAPACITY SERVICES	**$323.8**	**$282.2**	**$21.7**	**$24.4**

*A/S procurement methodology changed in December 2009

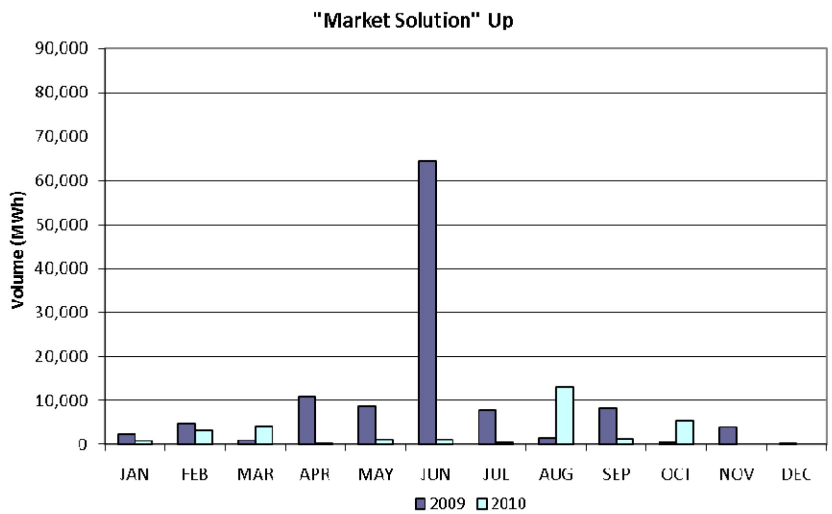
Capacity Cost – OOMC

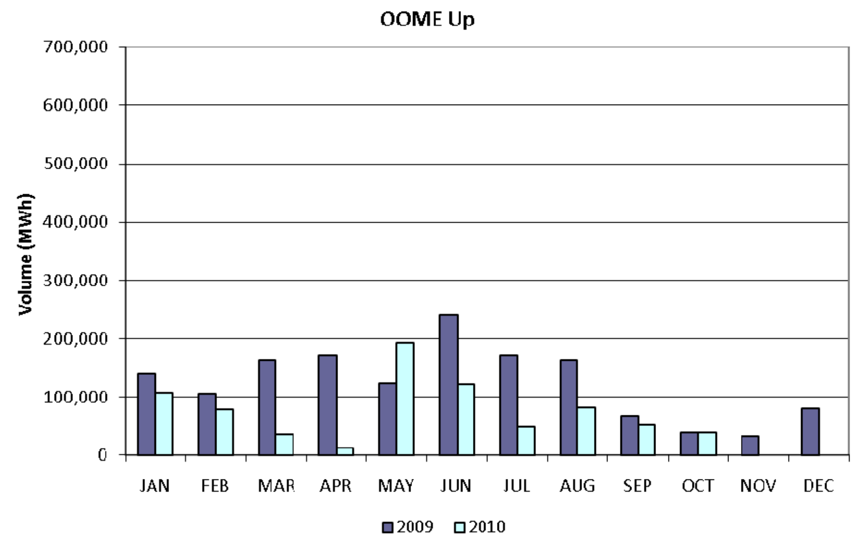


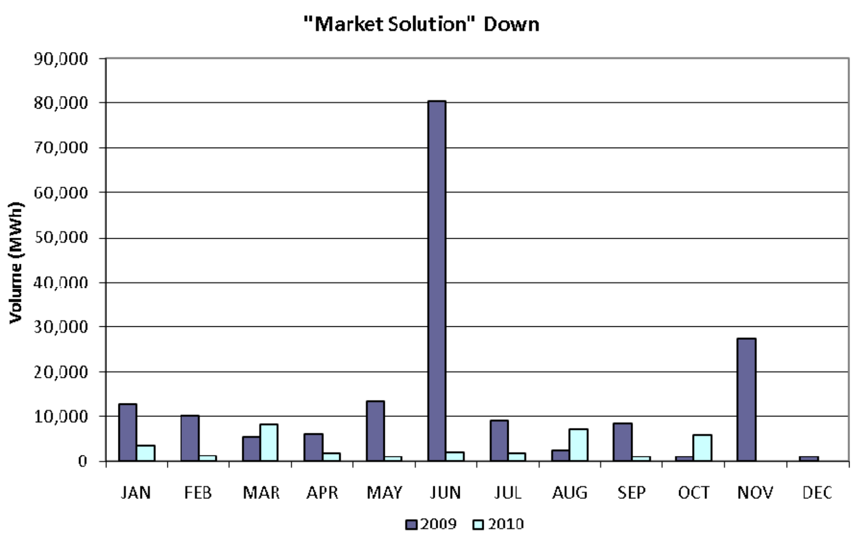
Congestion Management

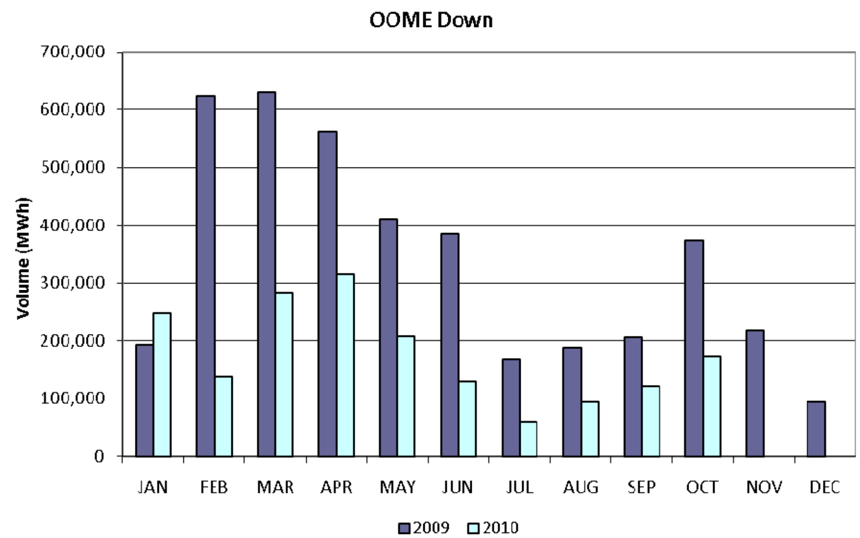
	YTD ($'s in millions)		October ($'s in millions)	
	10/31/10	10/31/09	2010	2009
• **Local Congestion:**				
"Market Solution" Down	1.8	8.4	0.60	0.01
"Market Solution" Up	0.2	0.8	0.009	0.004
OOME - Down	50.1	78.4	3.8	9.1
OOME - Up	12.3	16.6	0.3	0.4
Total Local Congestion Costs	**$64.4**	**$104.2**	**$4.7**	**$9.5**
• **Local Congestion Volume: (units in MWh)**				
"Market Solution" Down	34,435	149,604	5,872	1,125
"Market Solution" Up	31,273	110,994	5,428	425
OOME - Down	1,770,631	3,741,458	171,813	374,073
OOME - Up	772,518	1,386,050	39,523	40,232
Total Local Congestion Volume	**2,608,856**	**5,388,105**	**222,635**	**415,855**
• **Zonal Congestion and TCR / PCR:**				
TCR / PCR Annual Auction Proceeds received from Holders	($44.4)	($85.3)	($4.1)	($7.8)
TCR Monthly Auction Proceeds received from TCR Holders	($51.9)	($65.6)	($5.4)	($5.0)
Direct Assignment Proceeds received from QSEs based on schedules	($1.3)	($66.2)	($0.6)	($2.3)
Proceeds Paid to TCR / PCR Holders including Auction Refunds	$68.3	$188.8	$8.0	$4.5
Total Zonal Congestion and TCR / PCR Costs Uplift	**($29.4)**	**($28.4)**	**($2.2)**	**($10.7)**

Local Congestion Volume

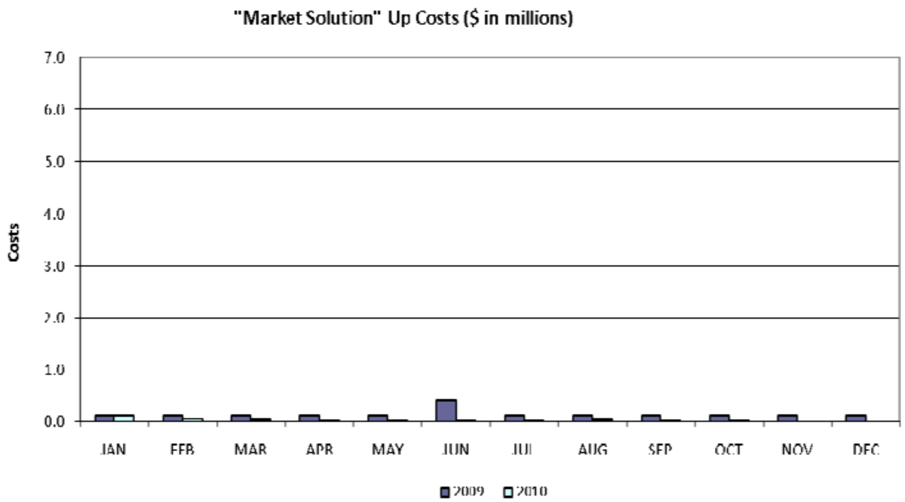


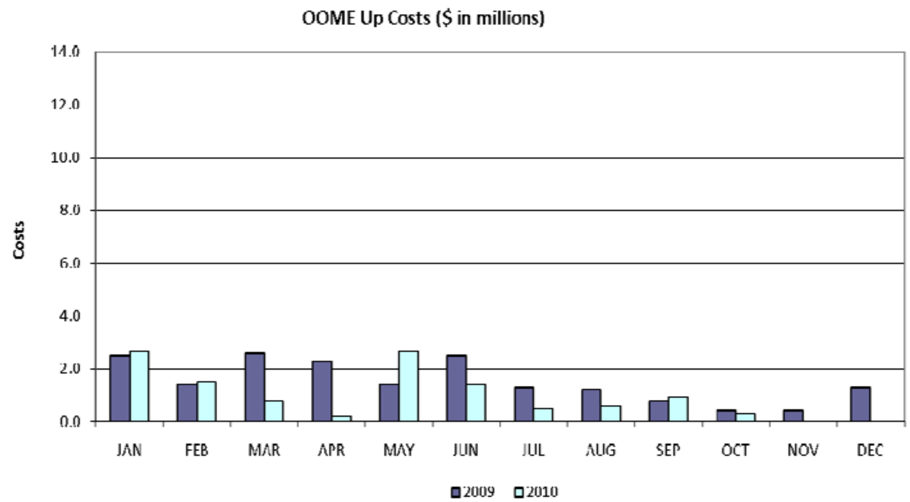


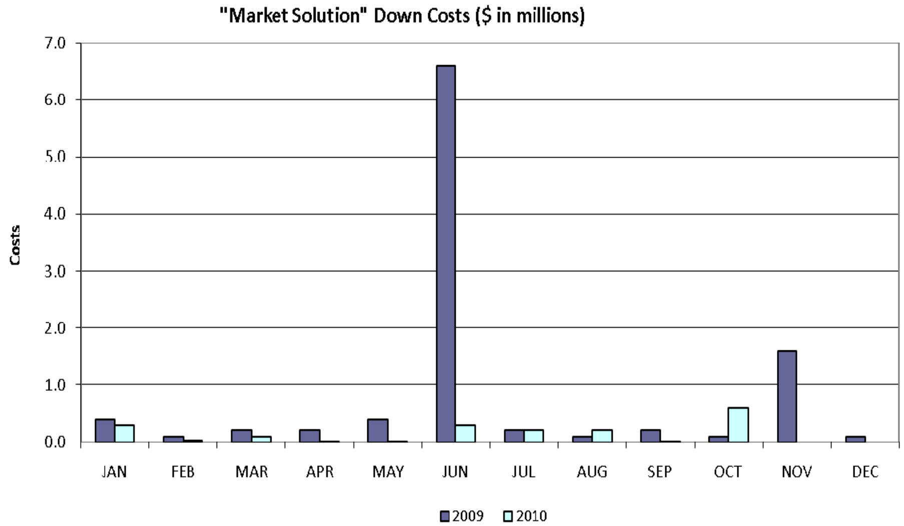


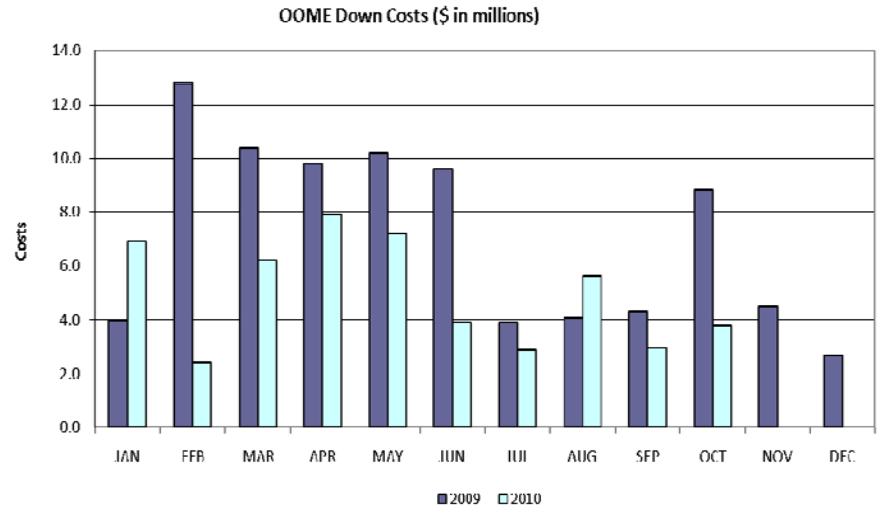


Local Congestion Costs









Load Zone Price Data

Total Load Weighted Average Price ($/MWH)*

[MCPE weighted by Total Zonal Load]

LOAD ZONE	Oct 2010	Sep 2010	Aug 2010	Jul 2010	June 2010	May 2010	Apr 2010	Mar 2010	Feb 2010	Jan 2010
South	$32.75	$35.83	$59.91	$41.39	$43.20	$35.50	$32.54	$33.43	$47.56	$44.43
North	$32.24	$35.84	$60.78	$41.36	$43.12	$35.54	$32.96	$34.22	$47.57	$42.96
Houston	$33.12	$36.00	$59.68	$41.60	$43.37	$35.61	$32.65	$32.81	$46.65	$42.75
West	$25.67	$33.05	$56.68	$39.25	$37.19	$30.39	$24.42	$23.17	$40.28	$39.19

LOAD ZONE	Oct 2009	Sep 2009	Aug 2009	Jul 2009	Jun 2009	May 2009	Apr 2009	Mar 2009	Feb 2009	Jan 2009
South	$31.22	$30.82	$32.51	$35.67	$82.81	$32.97	$24.27	$26.35	$27.27	$34.69
North	$30.25	$26.96	$32.47	$35.81	$35.15	$32.99	$24.82	$32.21	$27.89	$32.31
Houston	$31.61	$31.25	$32.81	$35.68	$61.82	$32.70	$24.58	$29.11	$27.19	$32.78
West	$27.84	$24.32	$29.84	$33.75	$32.95	$24.57	$12.93	$25.70	$19.93	$24.04

Represents the average price for loads within the zone

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

- **Added REPs**
  - ✓ JPMorgan Ventures Energy Corp. (LSE)

- **Added QSEs**
  - ✓ Twin Cities Energy LLC (QSE – L2)
  - ✓ TX Active Power Investments LLC (QSE - L1)
  - ✓ Otter Tail Power Company (QSE - L1)
  - ✓ BNP (SQ4 - L2)

- **Terminated REPs**
  - ✓ None

- **Terminated QSEs**
  - ✓ Bounce Energy Inc. (QSE – L2)
  - ✓ QSE Group LLC (QSE – L2)

Levels of QSE Qualification

QSE without Resources:
Level 1: Qualified to perform Inter-QSE trades only; does not have direct representation of Load Serving Entities or Resource Entities.
Level 2: Qualified to represent Load serving Entities; does not have direct representation of Resource Entities.
QSE with Resources
Level 3: Qualified to represent Load Serving Entities and/or Resource Entities without providing Ancillary Services; may also perform QSE without Resources activities.
QSE with Resources-AS Qualified
Level 4: Qualified to represent Load Serving Entities and/or Resource Entities and provide Ancillary Services; may also perform level QSE without Resources activities.

Questions?