



Commercial Market Operations Report Updated as of August 11, 2011

Dale Goodman

Board of Directors Meeting
August 16, 2011

Summary

Retail Activity

- **Overall Activity** – Switching and Move-In activity in July was comparable to the previous year's activity.
- **Transaction Performance Measures** – All performance measures exceeded the 98% target.
- **Advanced Metering** – Now settling 3.4 M Advanced Meters in the Market as of July 2011. AMS Load Volume was 23.0% in July compared to 20.7% in June.

Wholesale

- **Settlements & Billing Performance** – Perfect performance in July.
- **Settlement Dollars** – Daily average settlement dollars transacted were \$16.97M in July compared to \$15.5M in June. This increase was due to higher prices and warmer weather.
- **Reliability Services** – Decreased levels of RUC commitments and RUC payments compared to June.
- **Capacity Services** – Increased Ancillary services costs in July. Increased costs were seen in Regulation Up, Non-Spin, and Responsive Reserve.
- **Congestion Management** – CRRs were fully funded for July. July is the first month for which the payout of CRR Auction Revenue includes revenue from both the Monthly Auction and the Balance of Year Auction.
- **Revenue Neutrality** – Load received a revenue neutrality charge of \$3.02M, increased from a charge of \$1.06M in June. The net impact to load for July was a credit of \$6.65M.
- **Verifiable Costs** – Seven additional resources approved for Standard Costs.
- **Disputes** – The volume of submitted disputes remains low. Columns were added to the report to show the three market's current and year-to-date combined totals.
- **REPs and QSEs Added/Terminated**
 - 0 new REPs
 - 0 terminated REP
 - 7 new QSEs
 - 0 terminated QSEs
 - 5 of the 7 new QSEs are Level 1 additions.
 - QSE Level Change category added.

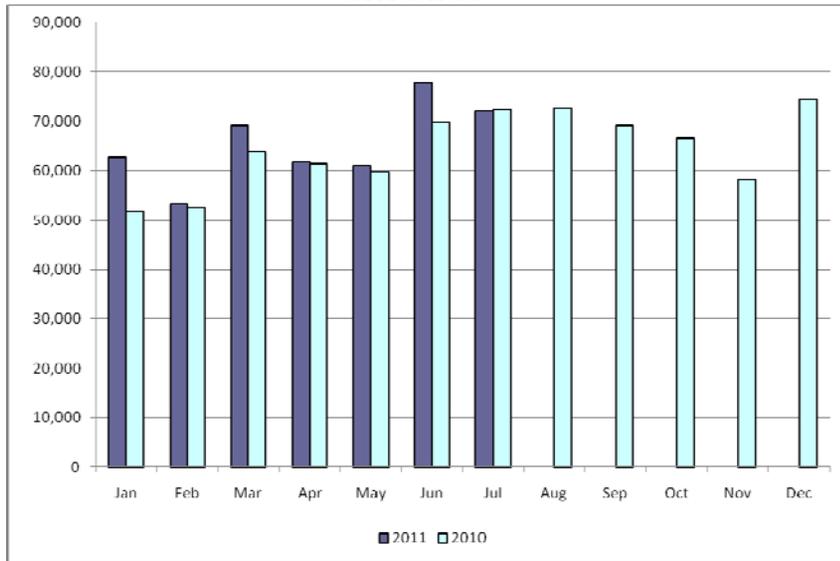
Overall Activity

Retail Transactions Summary

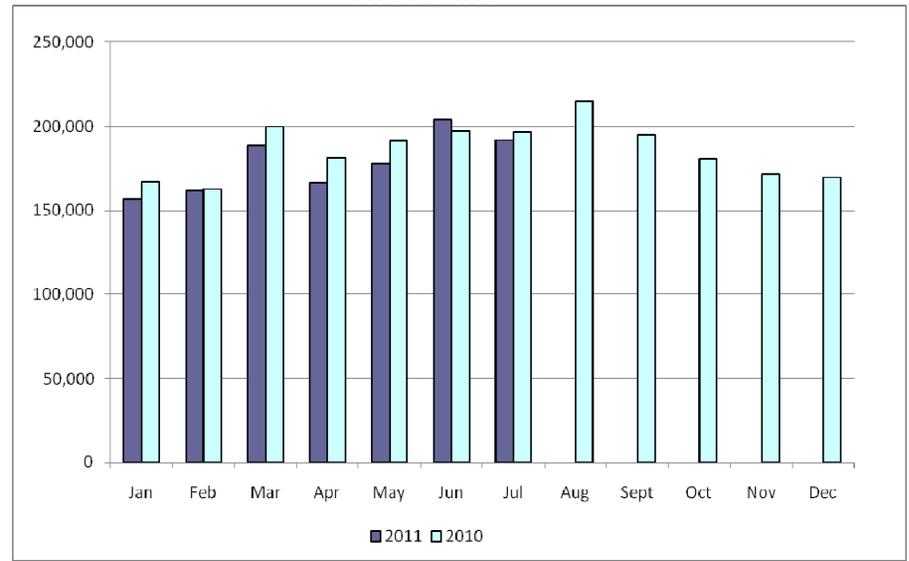
Transaction Type	YTD		July	
	<u>07/29/2011</u>	<u>07/31/2010</u>	<u>2011</u>	<u>2010</u>
Switches	457,577	431,744	72,044	72,438
Move - Ins	1,247,896	1,296,153	191,916	196,580
Move Out	644,162	718,258	100,829	111,341
CSA (Continuous Service Agreement)	216,749	251,930	49,643	35,357
Mass Transition	22,056	0	0	0
Total	2,588,440	2,698,085	414,432	415,716
Since June 1, 2001	42,970,032			

Retail Transactions Summary

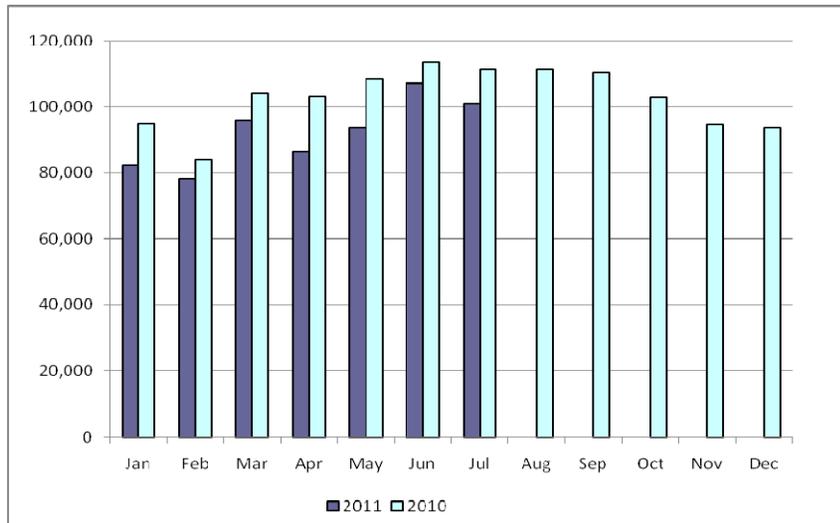
Switches



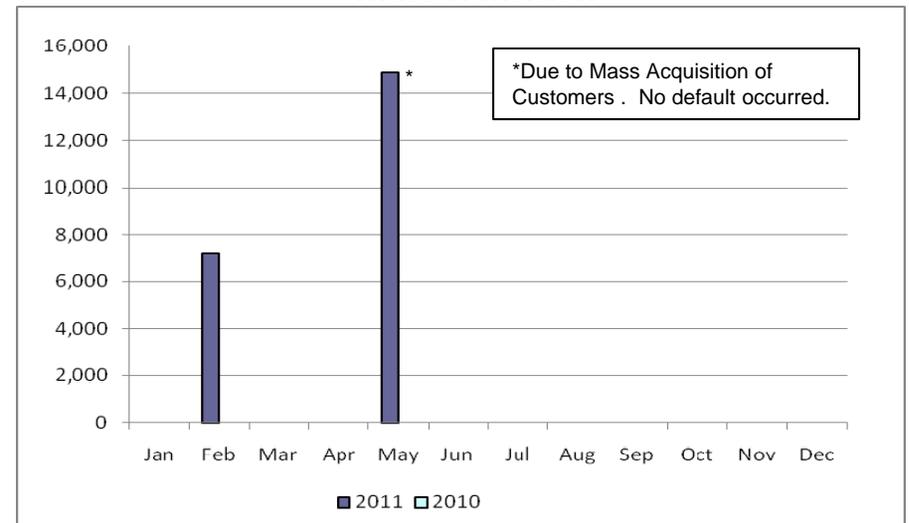
Move-Ins



Move-Outs

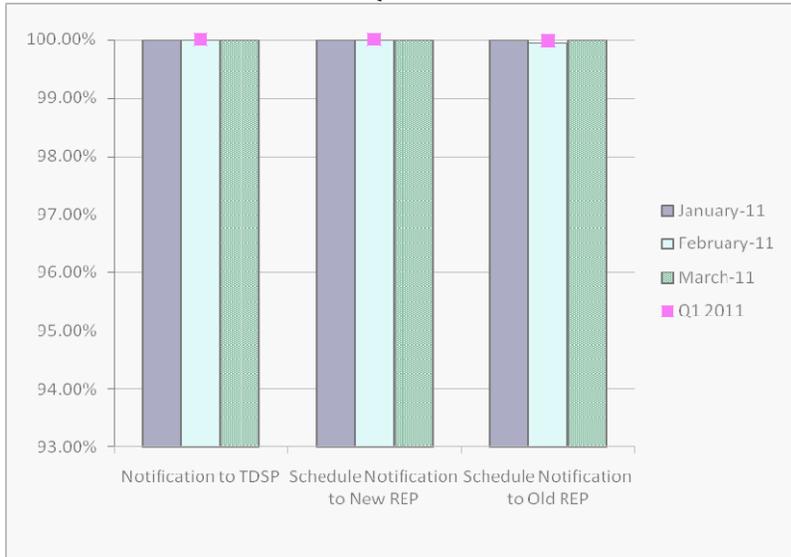


Mass Transition



Retail Performance Measures - 2011 Switch

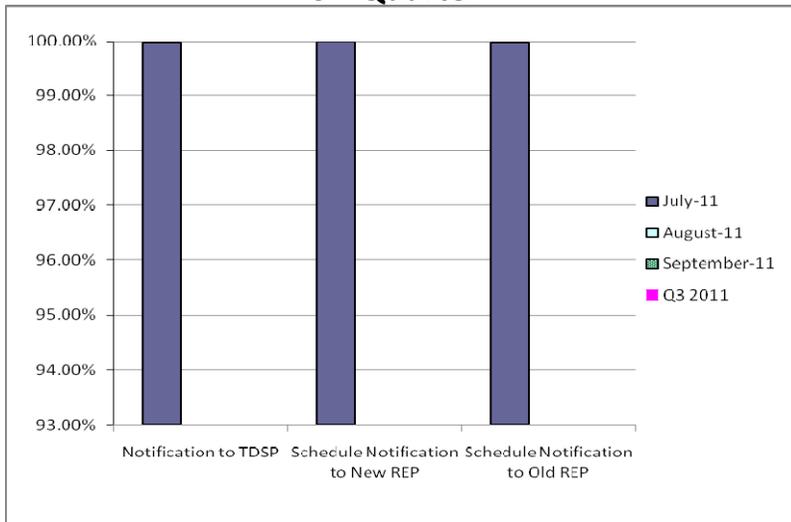
1st Quarter



2nd Quarter



3rd Quarter



4th Quarter

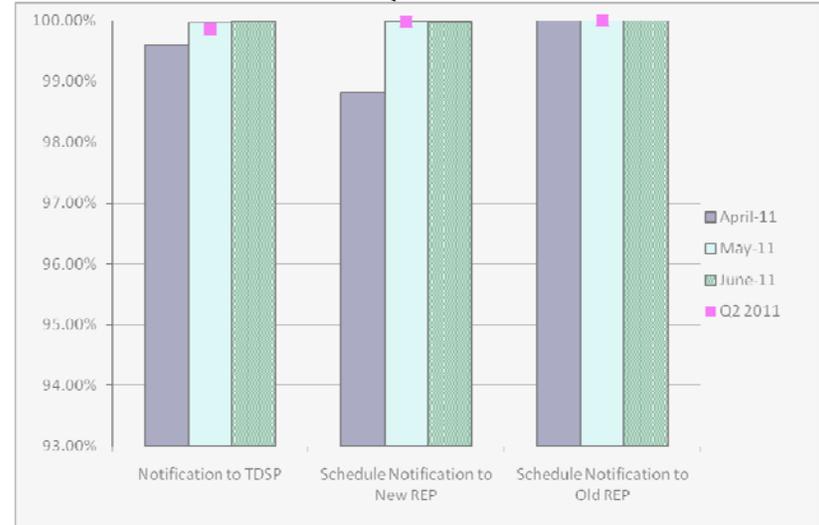


Retail Performance Measures – 2011 Move-In / Priority

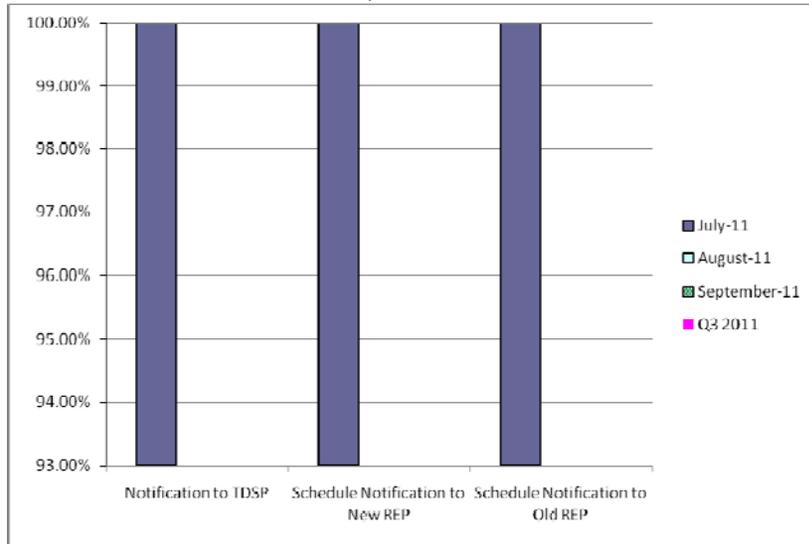
1st Quarter



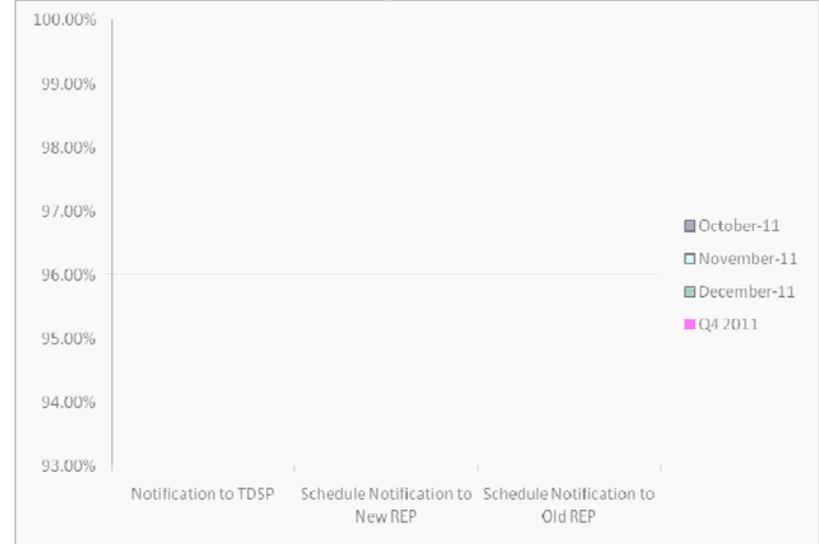
2nd Quarter



3rd Quarter



4th Quarter



Retail Performance Measures – 2011 Move-In / Standard

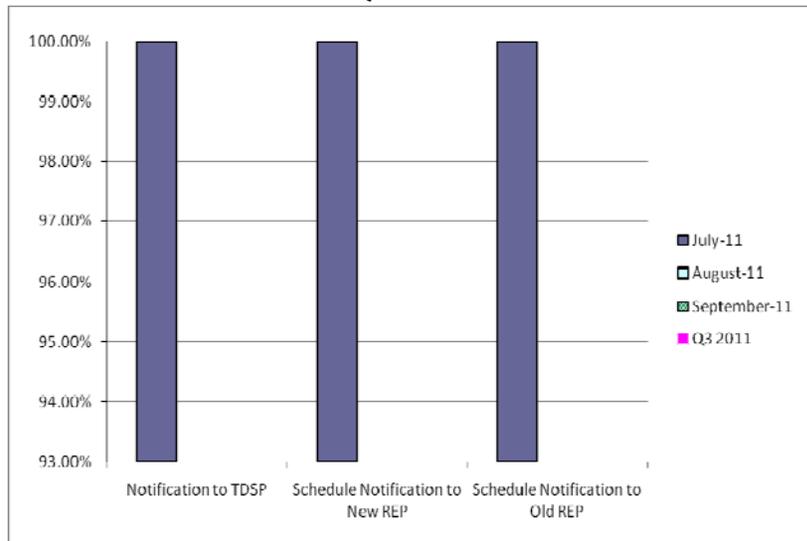
1st Quarter



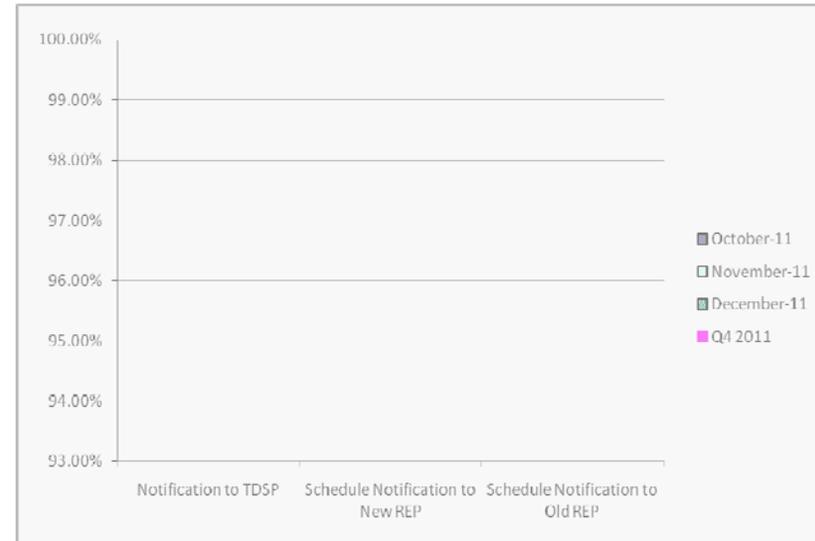
2nd Quarter



3rd Quarter



4th Quarter

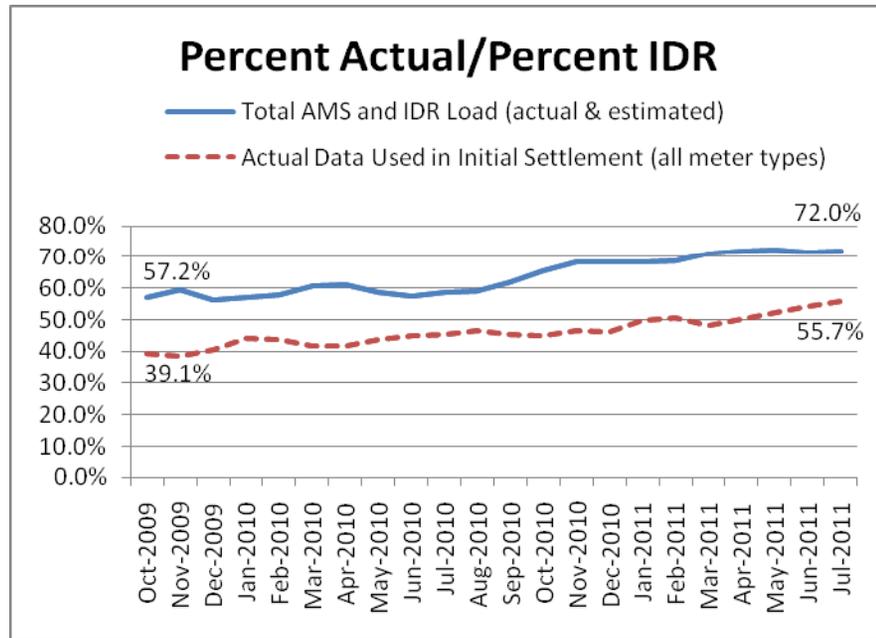


Migration from Native Affiliate REP

	% of Load ¹		% of ESI IDs	
	at <u>6/30/11</u>	at <u>6/30/10</u>	at <u>6/30/11</u>	at <u>6/30/10</u>
Residential	56%	52%	55%	51%
Small Non-Residential	82%	81%	62%	58%
Large Non-Residential	79%	78%	80%	78%

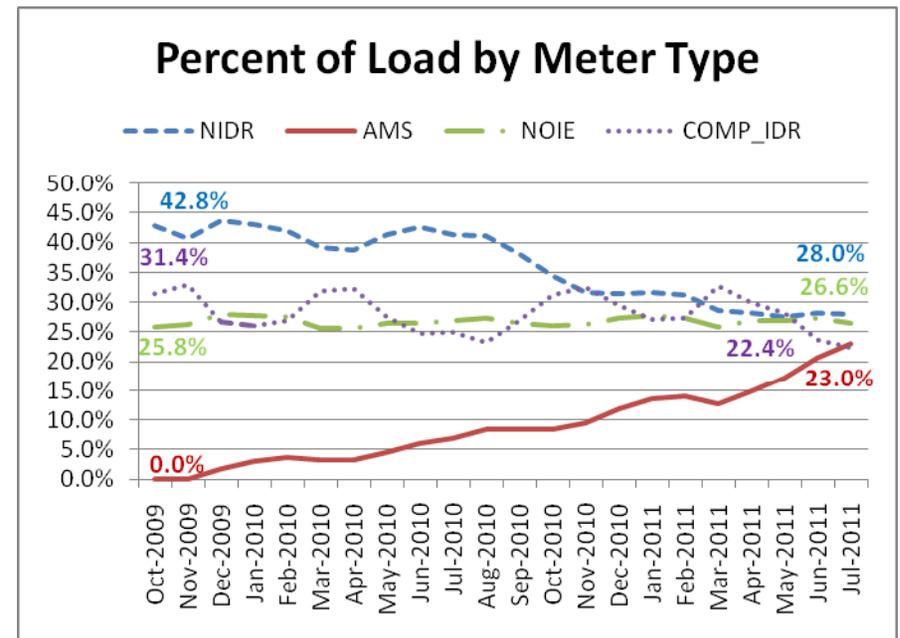
¹ - Percent of Deregulated (Non-NOIE) ESI IDs and Load. Usage based on monthly settlement results.

Advanced Meter Settlement Impacts

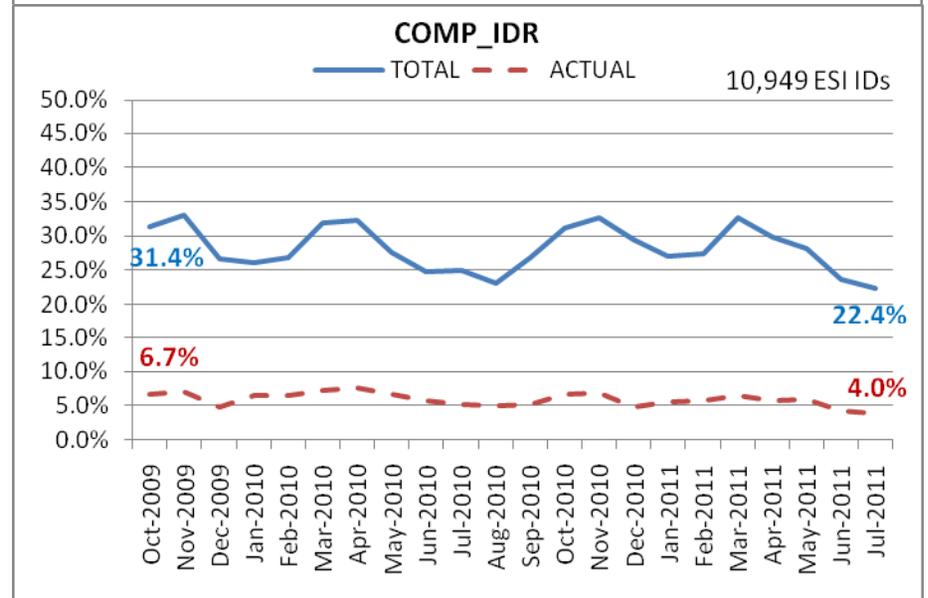
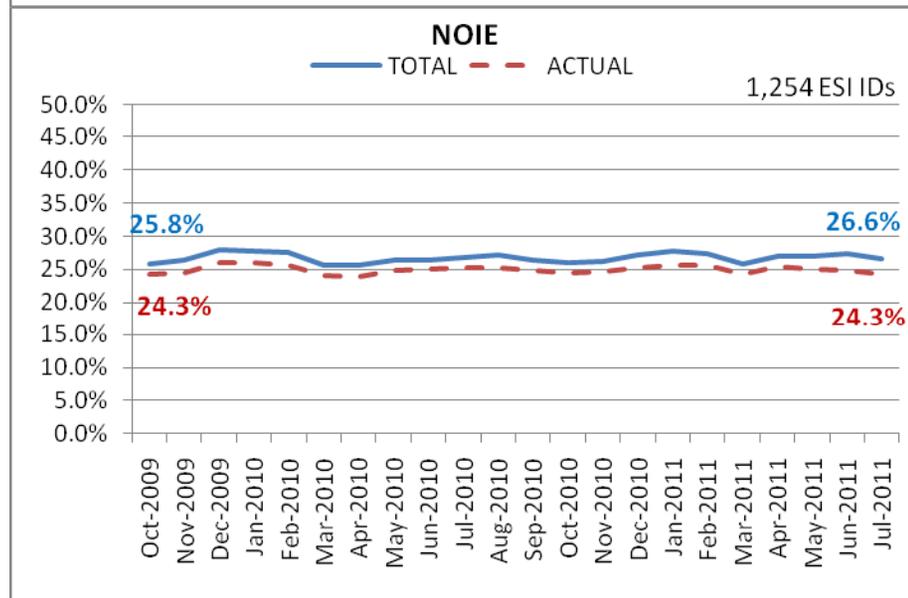
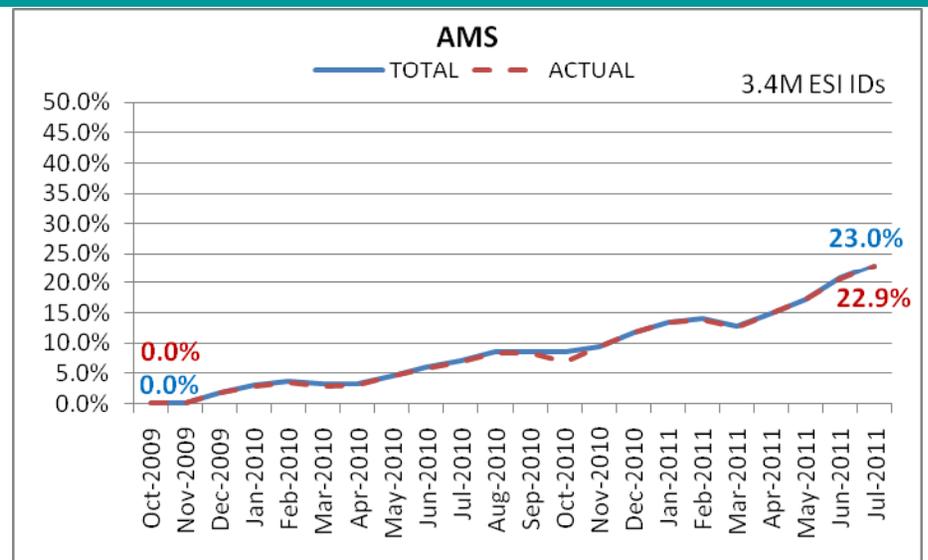
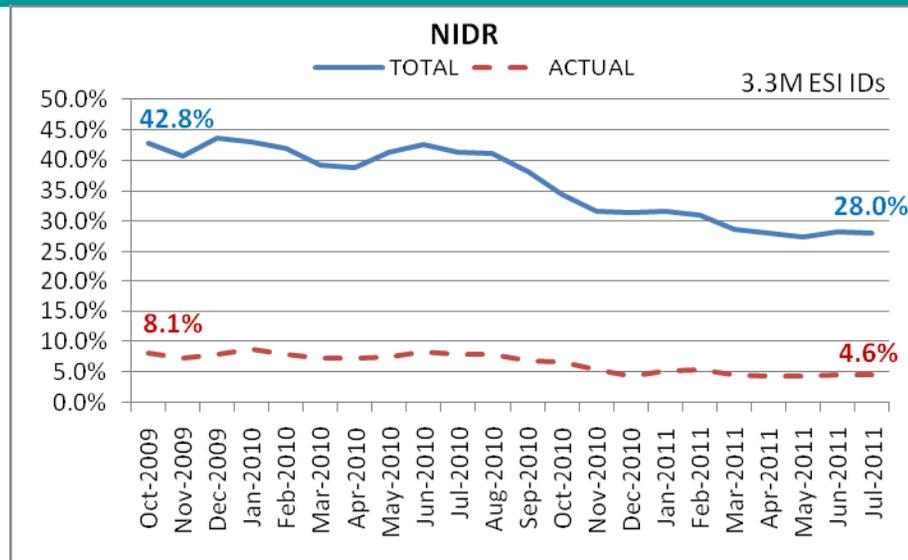


Settling 3.4M ESIIDs using Advanced Meter data. 0.2M increase from last month.

72% of the load in ERCOT is settled with 15-min interval data (AMS and IDR).



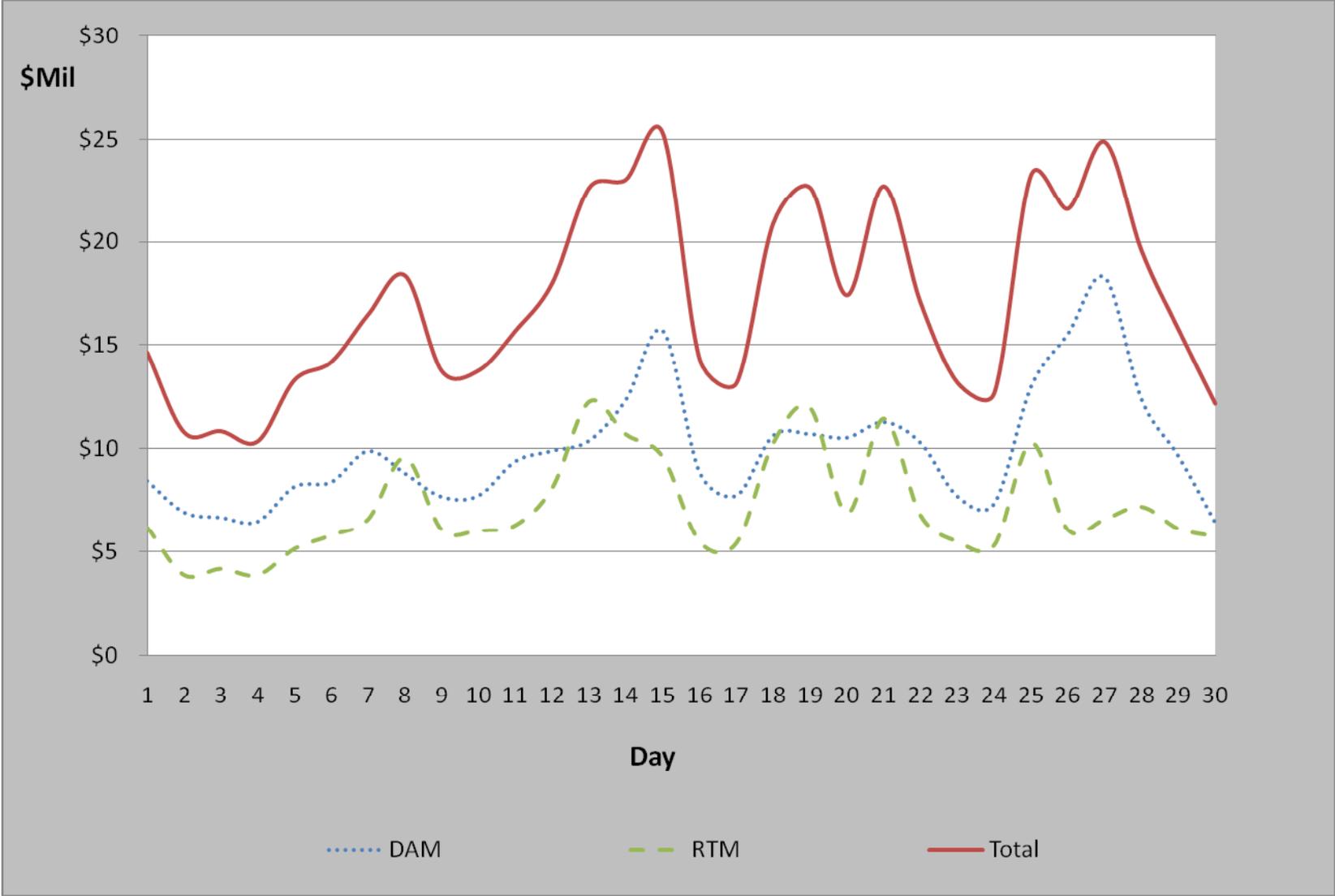
ERCOT Wide Load Volumes by Meter Type - INITIAL Settlement



Settlements and Billing Performance Measures – July 2011

	To Date <u>07/31/11</u>	July <u>2011</u>
Settlement Statements:		
Zonal	44,436	0
Day Ahead Market	49,012	6,689
Real Time Market	97,570	18,093
Total	191,018	24,782
Untimely	199	0
Balance	190,819	24,782
% Within Protocol	99.90%	100.00%
Invoices:		
Zonal	5,148	0
Day Ahead Market	49,012	6,689
Real Time Market	7,261	962
CRR Auction*	782	92
Balancing Account*	1,256	184
CRR Auction Revenue Disbursement (CARD)	1,188	96
Total	64,647	8,023
Untimely	-	-
Balance	64,647	8,023
% Within Protocol	100%	100%

July 2011 Market Total Settlement Dollars



Reliability Services

July 2011
(\$'s in millions)

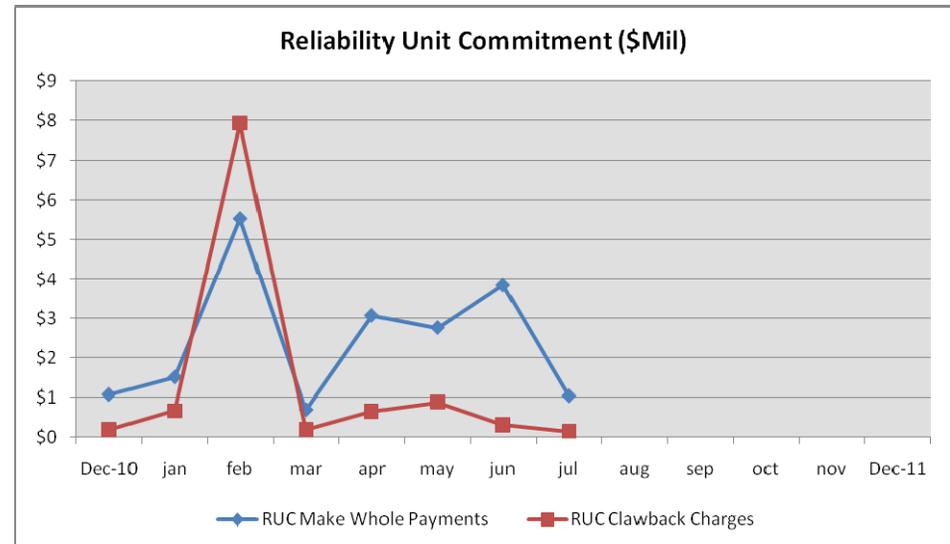
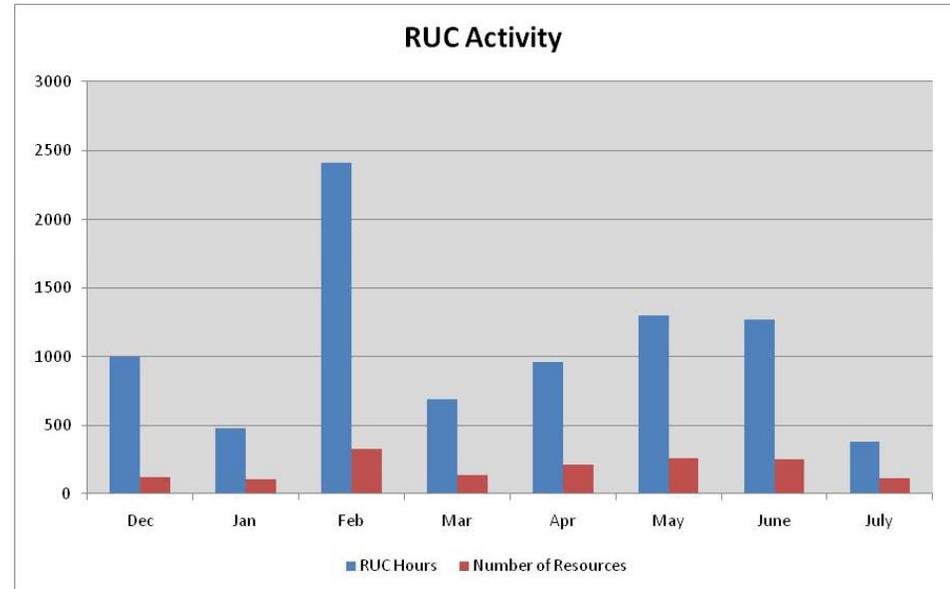
Reliability Unit Commitment

• Make Whole Payments	(\$1.03)
• Claw Back Charges	\$0.14
Total Reliability Unit Commitment	(\$0.88)

• Capacity Short Charges	\$1.03
• Make Whole Uplift	\$0.00

• RUC Decommitment Payments	\$0.00
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Note:
Positive amounts are a charge to the Market Participant
Negative amounts are a payment to the Market Participant



Capacity Services - Cost

	July (\$'s in millions) <u>2010</u>	July (\$'s in millions) <u>2011</u>
Capacity Services**:		
Reg Up	\$4.2	\$6.8
Reg Down	\$3.0	\$2.1
Responsive Reserve	\$9.1	\$22.3
Non-Spinning Reserve	\$3.8	\$18.2
Black Start	\$0.5	\$0.5
RMR Capacity*	\$1.3	\$0.0
Voltage Services - Reactive Power	n/a	\$0.0
Voltage Services - Lost Opportunity	n/a	\$0.0
TOTAL CAPACITY SERVICES	\$21.9	\$49.8

* Includes Stand-by, Energy, and Non-Performance

**Includes Day-Ahead Market and Supplementary Ancillary Service Markets

Capacity Services - Volumes

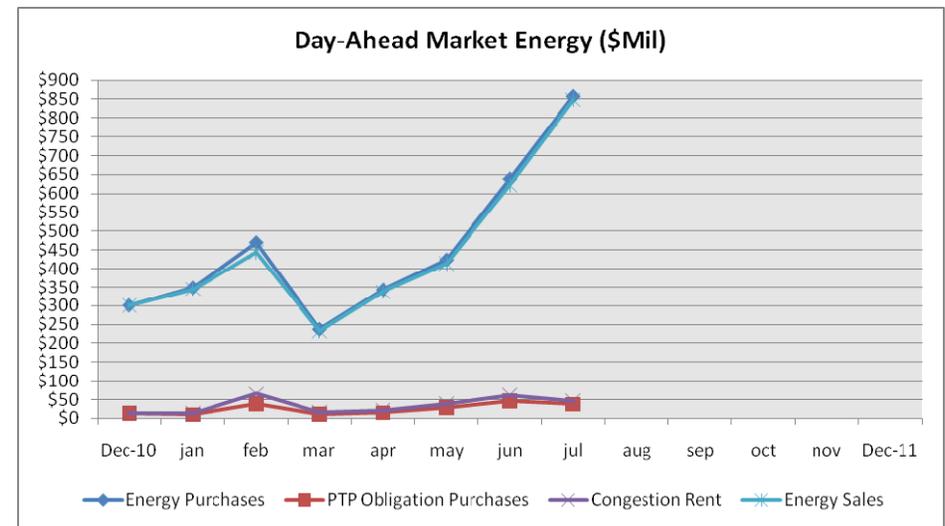
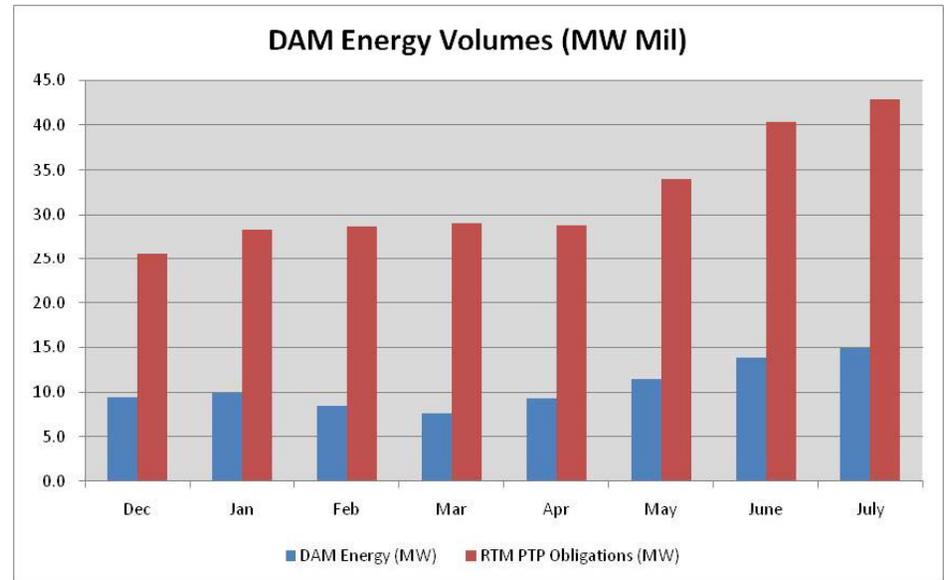
Reg Up:*	<u>July 2010</u>	<u>July 2011</u>
Required (MW)	619,889	435,521
Self Arranged (MW)	114,824	20,537
Procured DAM (MW)		414,985
Procured RTM (MW)		323
Failure to Provide (MW)		473
Total Procured	507,346	415,308
% Procured	81.8%	95.4%
Reg Down:*		
Required (MW)	678,482	399,439
Self Arranged (MW)	143,803	27,777
Procured DAM (MW)		371,662
Procured RTM (MW)		-
Failure to Provide (MW)		-
Total Procured	536,802	371,662
% Procured	79.1%	93.0%
Responsive Reserve:		
Required (MW)	1,709,848	1,711,258
Self Arranged (MW)	647,495	391,250
Procured DAM (MW)		1,320,007
Procured RTM (MW)		1,342
Failure to Provide (MW)		1,751
Total Procured	1,063,358	1,321,350
% Procured	62.2%	77.2%
Non-Spinning Reserve:		
Required (MW)	1,195,347	1,350,863
Self Arranged (MW)	364,192	124,133
Procured DAM (MW)		1,226,729
Procured RTM (MW)		-
Failure to Provide (MW)		-
Total Procured	832,780	1,226,729
% Procured	69.7%	90.8%

*A/S Methodology changed in Dec 2010

Energy Settlement

	July 2011 (\$'s in millions)
Day Ahead Market Energy Settlement	
Energy Purchases	\$856.98
Point to Point Obligations Purchases	\$37.58
RMR Day Ahead Revenue	\$0.00
Energy Sales	(\$848.24)
Day Ahead Congestion Rent	\$46.31
Day Ahead Make Whole Payments	(\$0.04)
Real Time Market Energy Settlement	
Real Time Energy Imbalance	
~Resource Node Settlement Points	(\$1,058.50)
~Load Zone Settlement Points	\$1,500.70
~ Hub Settlement Points	(\$370.06)
Real Time Congestion from Self Schedules	(\$0.74)
Block Load Transfers and DC Ties	(\$15.78)
Energy Settlements Impact to Revenue Neutrality	\$55.62
Emergency Energy Payments	(\$0.07)
Base Point Deviation	\$0.65
	(MWh in millions)
Real Time Metered Generation	35.96

Note:
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Negative amounts are a payment to the Market Participant



Congestion Management

July 2011
 (\$'s in millions)

• Auction Disbursements	
Annual Auction	(\$37.77)
Monthly Auction	(\$22.24)
Total Disbursements	(\$60.01)
• CRR Settlement	
Day Ahead CRR Settlement	(\$31.37)
Day Ahead CRR Short Charges	\$0.01
Day Ahead CRR Short Charges Refunded	(\$0.01)
Real Time CRR Settlement	(\$4.37)
Real Time CRR Short Charges	\$0.00
Real Time CRR Short Charges Refunded	(\$0.00)
Total Proceeds	(\$35.75)
• PTP Obligations Acquired in DAM	
Day Ahead Point to Point Obligation Settlement	\$37.58
Real Time Point To Point Obligation Settlement	(\$54.27)
Net Settlement	(\$16.69)

Note:
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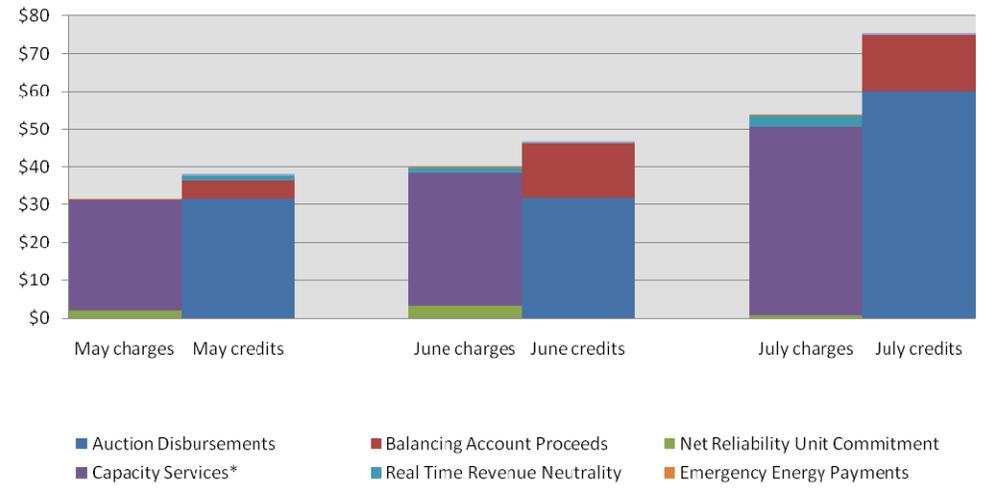
Net Impact to Load

July 2011
(\$'s in millions)

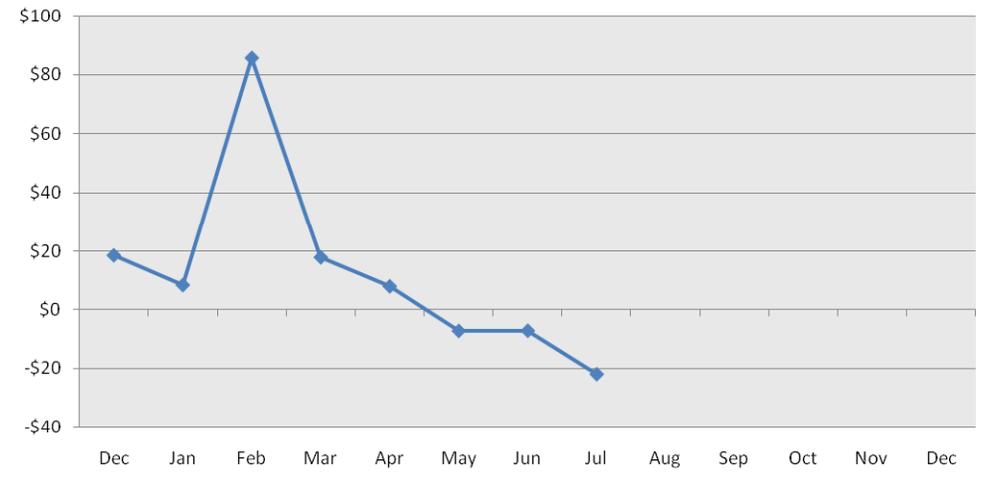
Market-Based Fees	
Auction Disbursements	(\$60.01)
Balancing Account Proceeds	(\$14.94)
Net Reliability Unit Commitment	\$0.88
Capacity Services*	\$49.83
Real Time Revenue Neutrality	\$3.02
Emergency Energy Payments	\$0.07
Base Point Deviation Charge	(\$0.65)
	(\$21.79)
ERCOT Fees	
ERCOT Administrative Fee	\$15.14
Net Impact to Load	(\$6.65)

* RMR included in Capacity Services

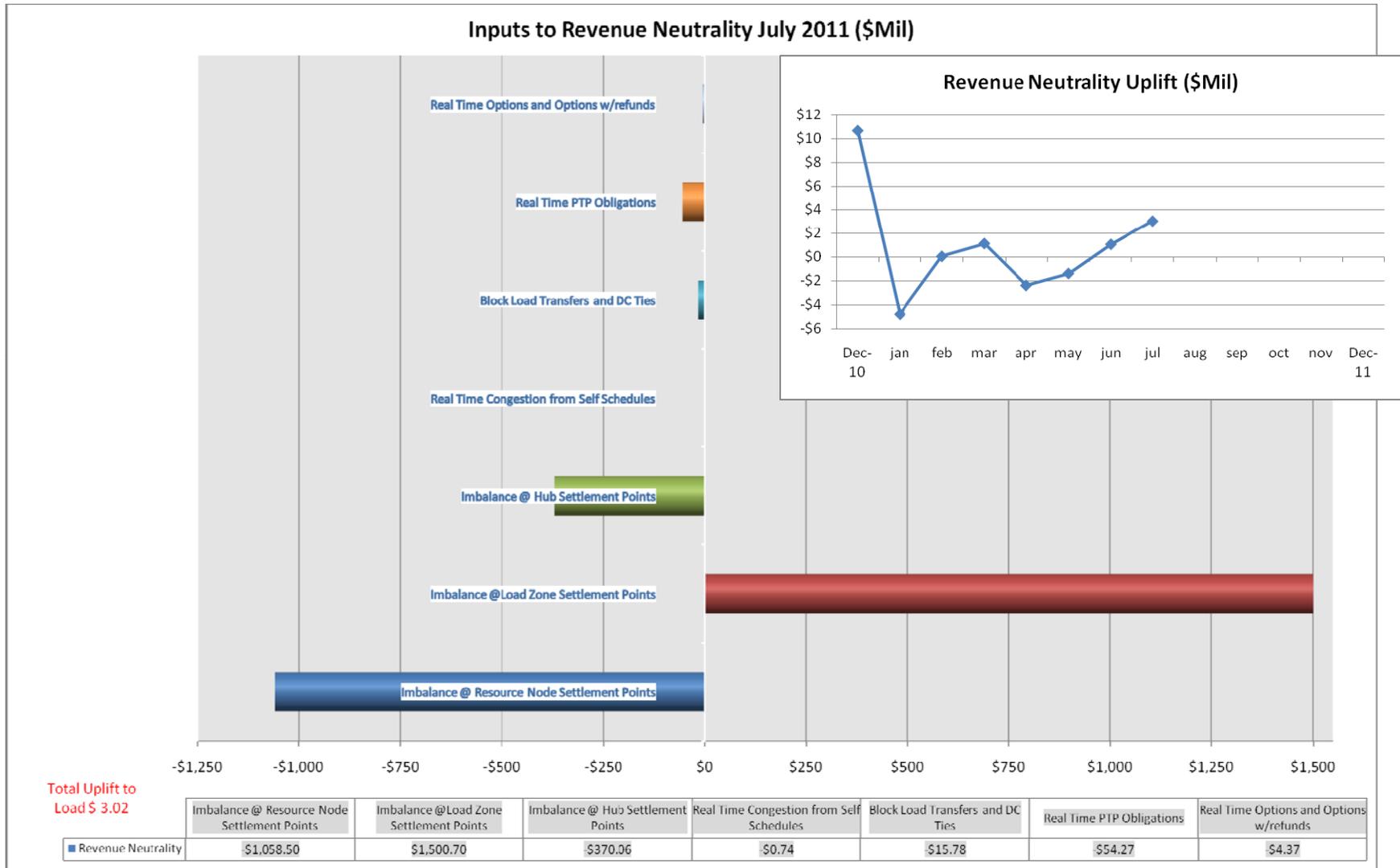
Market Based Fees Impact to Load (\$Mil)



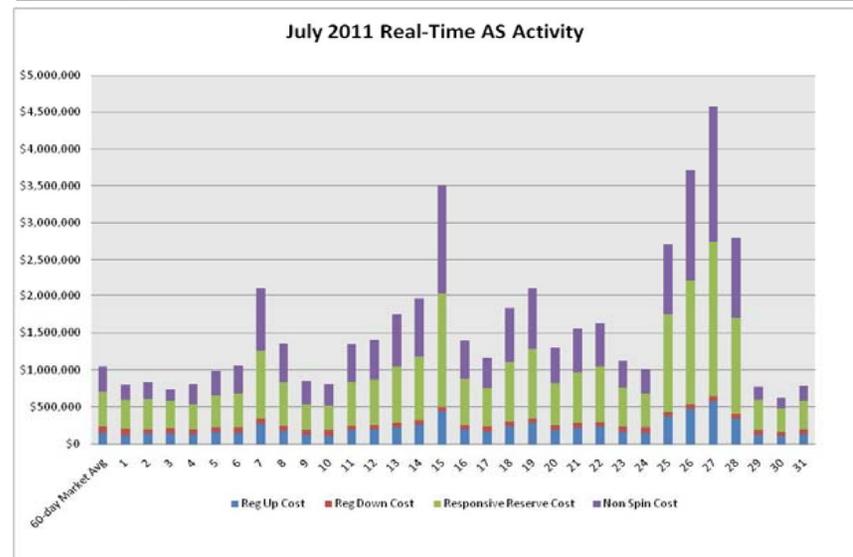
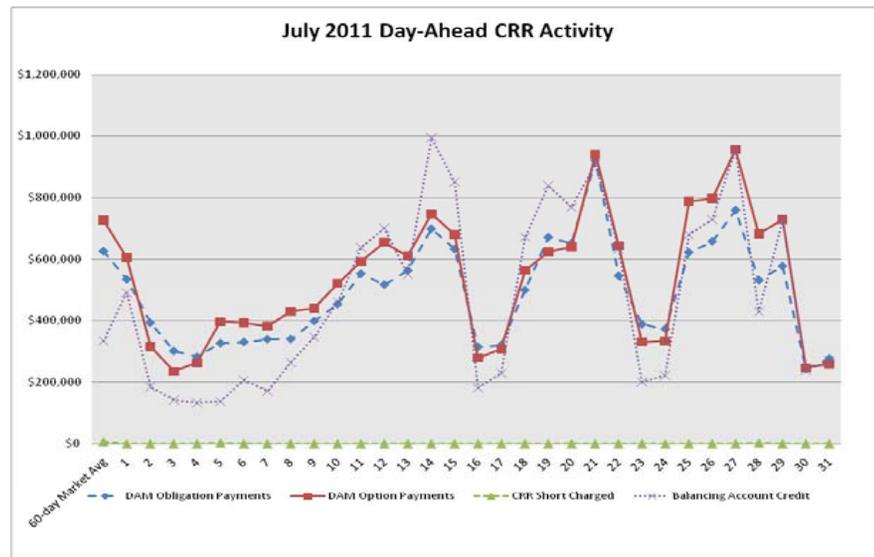
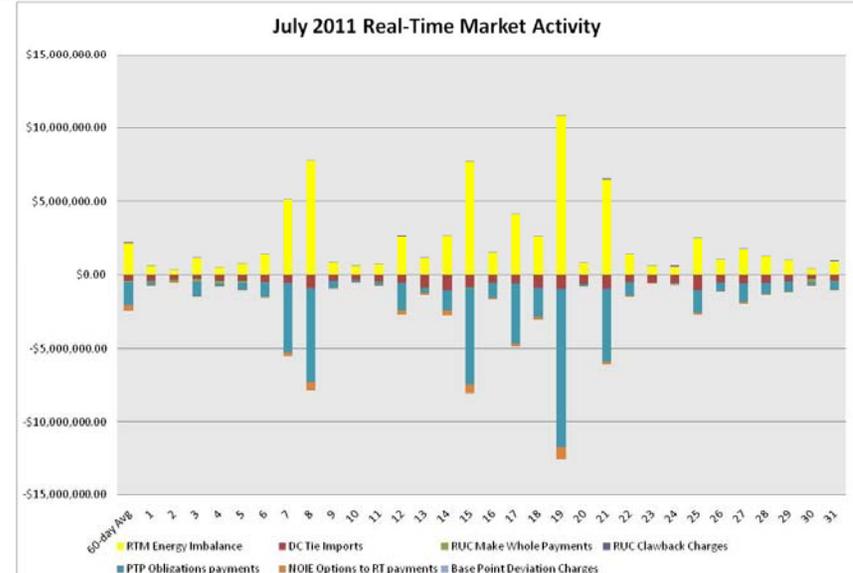
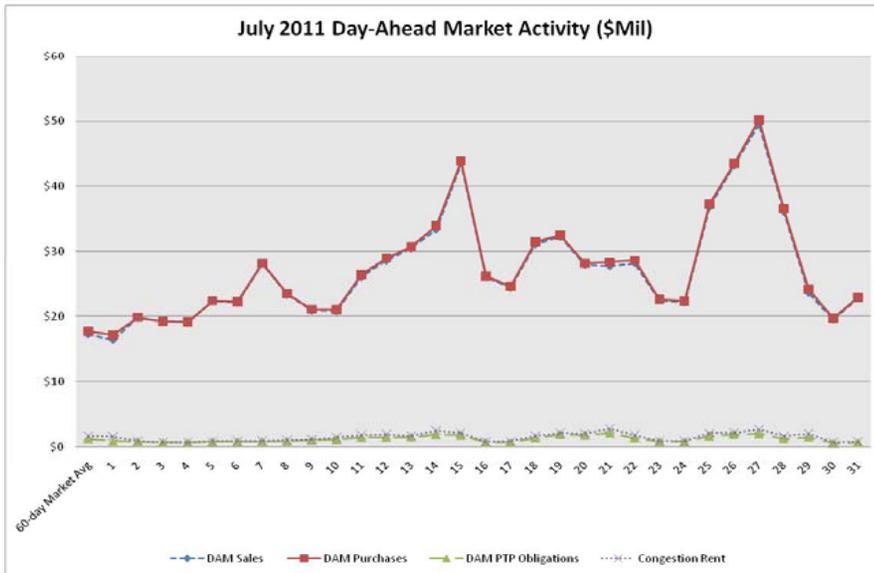
Market Based Fees Net Impact to Load



Revenue Neutrality

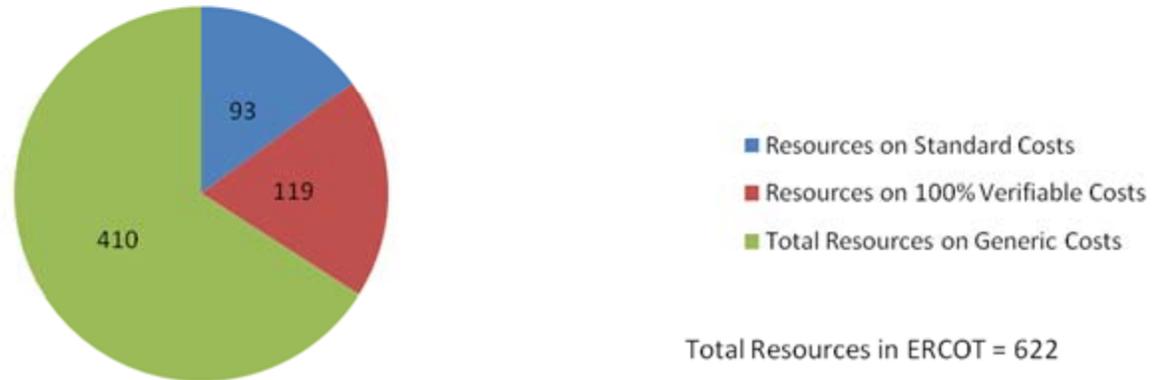


Daily DAM and RTM Activity



Verifiable Costs

Total Resources Under Different Cost Types



Total MWs Under Different Cost types



ERCOT Wholesale Market Settlement Dispute Report

July 2011

	CRR Market		Day-Ahead Mkt		Real Time Mkt		Total	
	Current Month*	Since Dec 1, 2010						
Received	0	17	2	68	19	298	21	383
Granted	0	1	0	1	25	120	25	122
Granted w/Exception	0	0	0	2	1	7	1	9
Denied	0	14**	2	55	11	119	13	188
In Process	0	2	0	11	0	59	0	n/a

*Some current month activity is on disputes that were received in prior months.

**Correction to prior month

REPs and QSEs Added/Terminated – as of July 31, 2011

- **Added REPs**

- ✓ N/A

- **Terminated REPs**

- ✓ N/A

- **QSE Level Changes**

- ✓ Kansas Energy LLC (QSE 1 to QSE 2)
 - ✓ NRG Texas Dent (SQ3 to SQ4)

- **Added QSEs**

- ✓ Oceanside Power LLC (QSE – L1)
 - ✓ Oklahoma Municipal Power Authority (QSE – L3)
 - ✓ Oklahoma Municipal Power Authority (SQ1 – L1)
 - ✓ Greenbelt Energy LLC (QSE – L1)
 - ✓ Denver Energy LLC dba Denen LLC (QSE – L1)
 - ✓ Velocity American Energy Master I LP (QSE – L1)
 - ✓ Veteran Energy LLC (QSE – L2)

- **Terminated QSEs**

- ✓ N/A

QSE Count	Level	Qualification Description
89	1	<i>Performs Inter-QSE trades only; no direct representation of Load Serving Entity or Resource Entity</i>
131	2	<i>Represents Load Serving Entity ; no direct representation of Resource Entity</i>
65	3	<i>Represents Load Serving Entity and/or Resource Entity without providing Ancillary Services</i>
53	4	<i>Represents Load Serving Entity and/or Resource Entity and provides Ancillary Services</i>
338 total (includes Sub-QSEs)		

Questions?