



Commercial Market Operations Report

Board of Directors Meeting
February 21, 2012

Summary

Retail Activity

- **Overall Activity** – Switch volume in January 2012 was higher than normal due to two Retail Electric Providers (REPs) transferring all their customers to other REPs.
- **Transaction Performance Measures** – For January, all transactions are processed above the 98 percent target.
- **Advanced Metering** – Advanced Metering System (AMS) Electric Service Identifier (ESIID)s settled in January 2012 totaled 4.4M.

Wholesale Activity

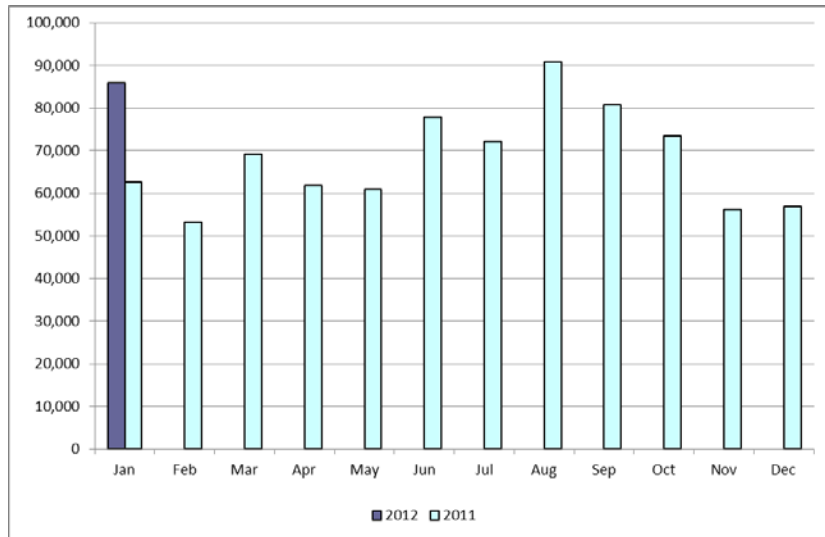
- **Settlements & Billing Performance** – All settlement statements and invoices were posted timely in January 2012.
- **Settlement Dollars** – Daily average settlement dollars transacted were down in January 2012 to \$6.1M compared to \$7.0M in December 2011.
- **Reliability Services** – Reliability Unit Commitment (RUC) Make-Whole payments were down in January 2012 to \$0.03M, the lowest level of the Nodal market.
- **Ancillary Services** – Ancillary Services (AS) Costs were down in January 2012 to \$16.5 compared to \$17.1M in December 2011.
- **Congestion Management** – Congestion Revenue Rights (CRR)s were not fully funded in January 2012, there is a remaining shortfall of \$0.18M.
- **Revenue Neutrality** – Load received a charge of \$0.3 M in January 2012, compared to \$3.75M in December 2011.
- **Verifiable Costs** – Five new approvals for Standard Costs and two new approvals for 100% Verifiable Costs.
- **Disputes** – Volumes continue to remain low for disputes.
- **REPs and Qualified Scheduling Entity (QSEs) Added/Terminated**
 - 1 new REP – 2 terminated REPs
 - 1 new QSE – 10 terminated QSEs
 - 0 QSE Level Change

Retail Transactions Summary

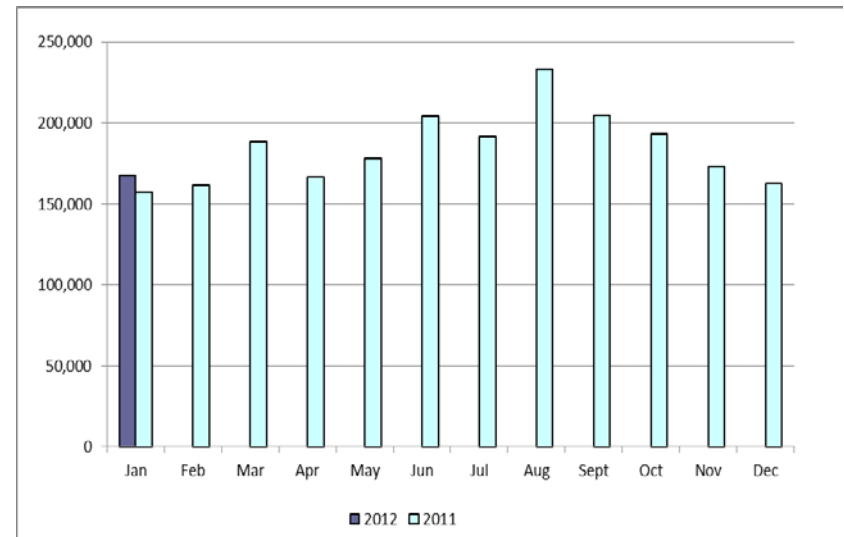
Transaction Type	YTD		January	
	<u>1/31/2012</u>	<u>1/31/2011</u>	<u>2012</u>	<u>2011</u>
Switches	85,862	62,642	85,862	62,642
Move - Ins	167,611	157,019	167,611	157,019
Move Out	82,537	82,300	82,537	82,300
CSA (Continuous Service Agreement)	39,292	21,322	39,292	21,322
Mass Transition	0	0	0	0
Total	375,302	323,283	375,302	323,283
Since June 1, 2001	45,300,146			

Retail Transactions Summary

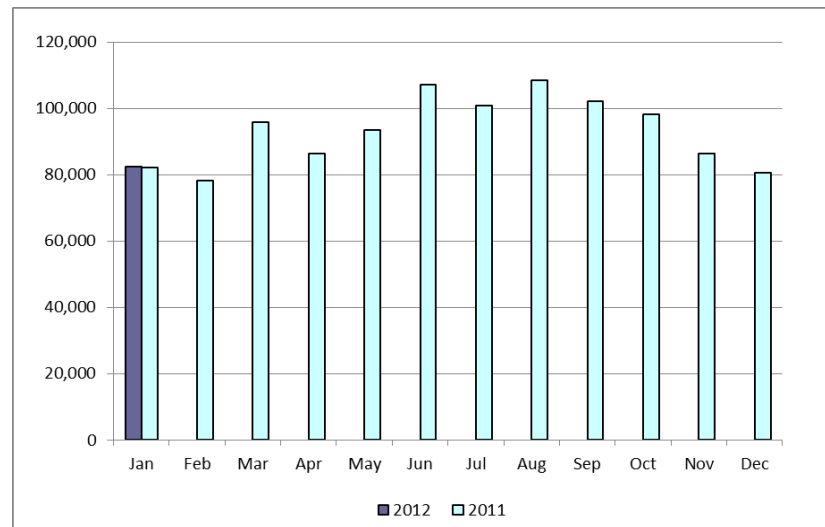
Switches



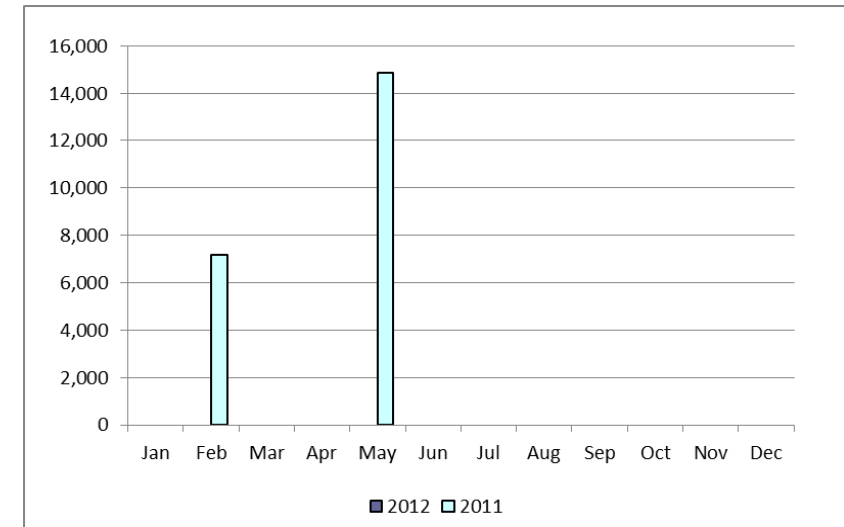
Move-Ins



Move-Outs

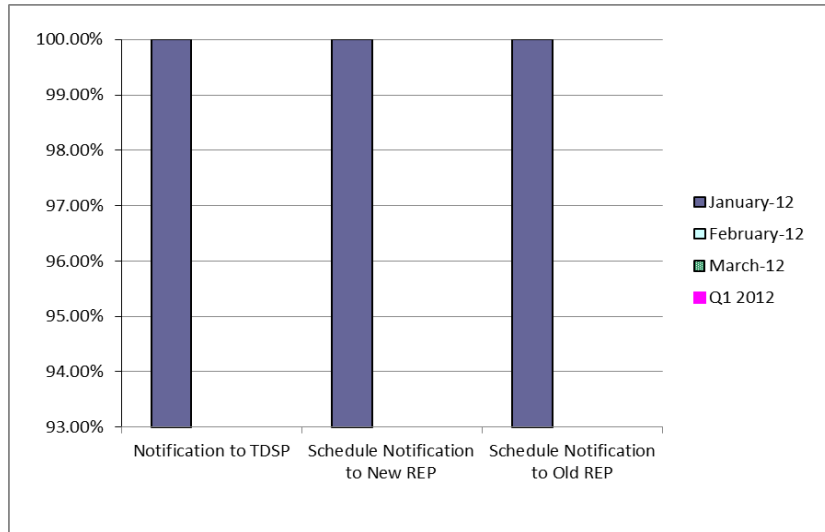


Mass Transition

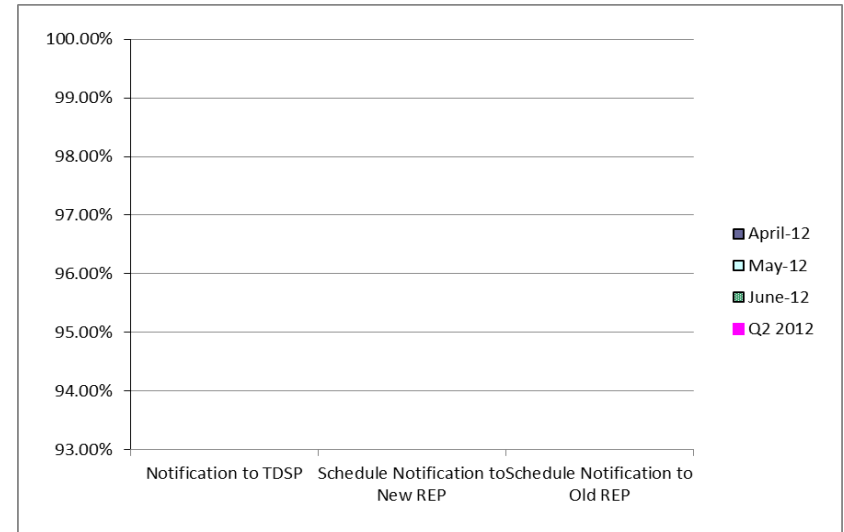


Retail Performance Measures – 2012 Switch

1st Quarter



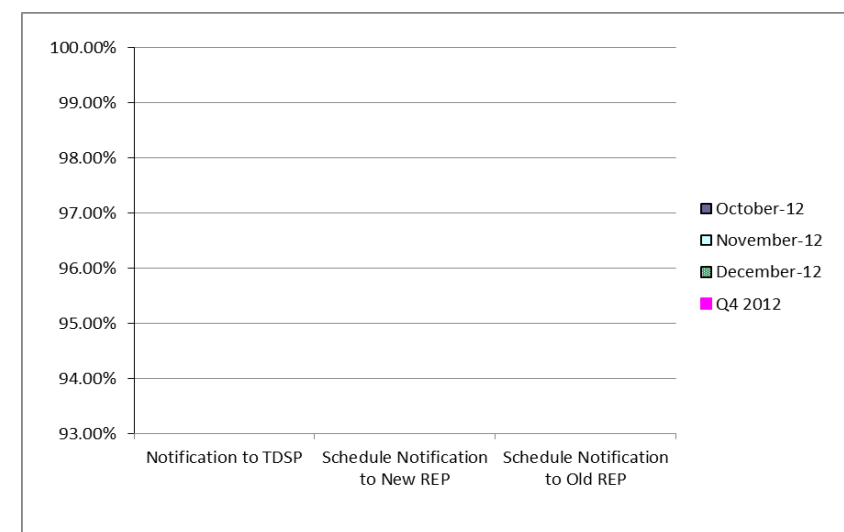
2nd Quarter



3rd Quarter

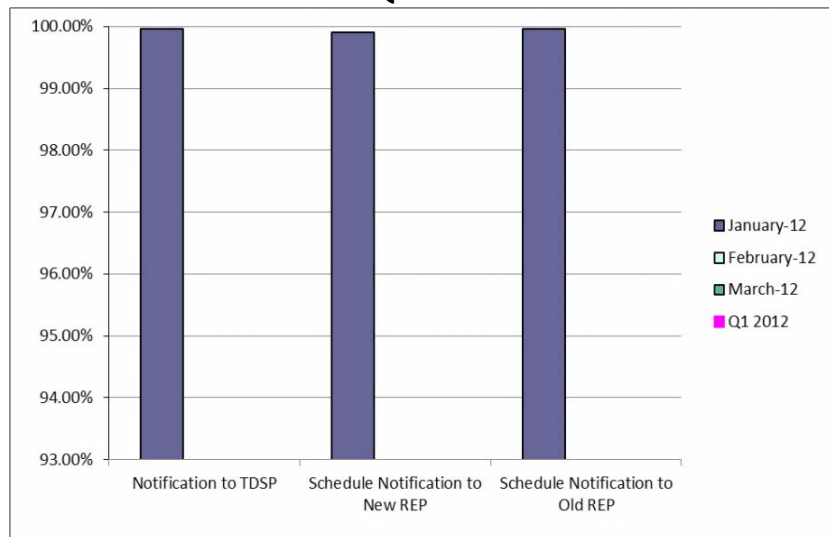


4th Quarter

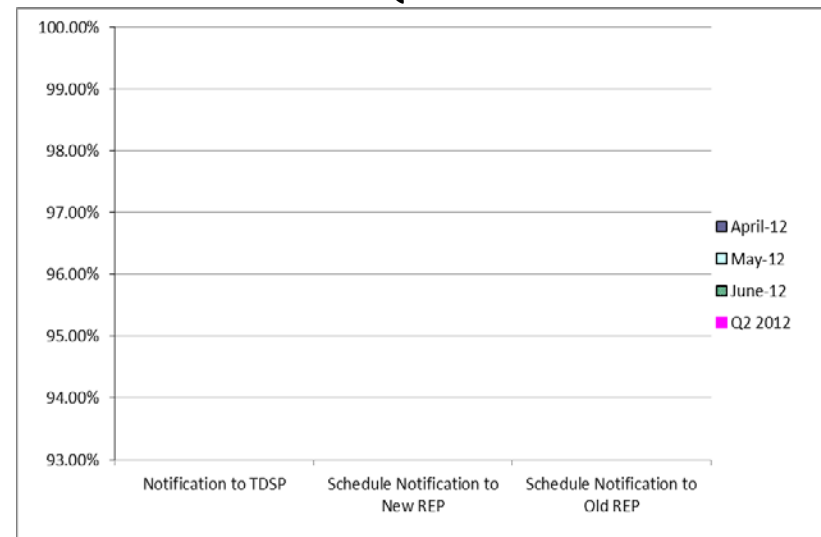


Retail Performance Measures – 2012 Move-In / Priority

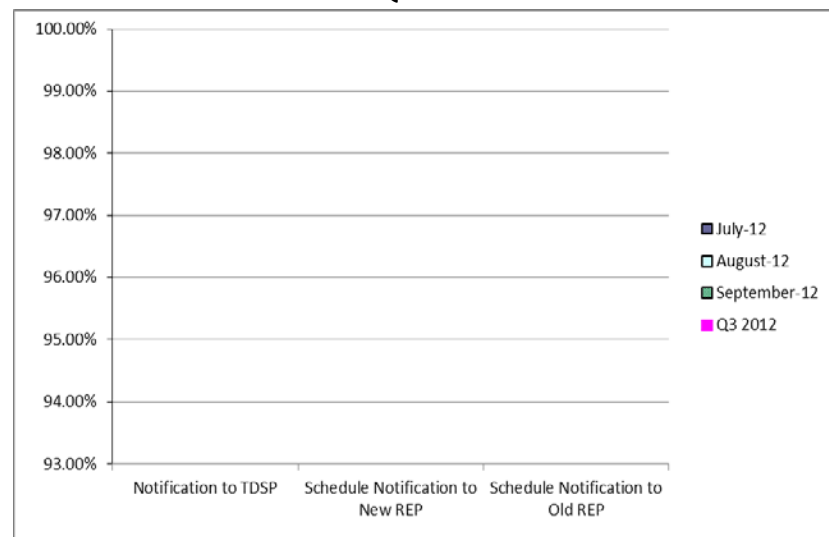
1st Quarter



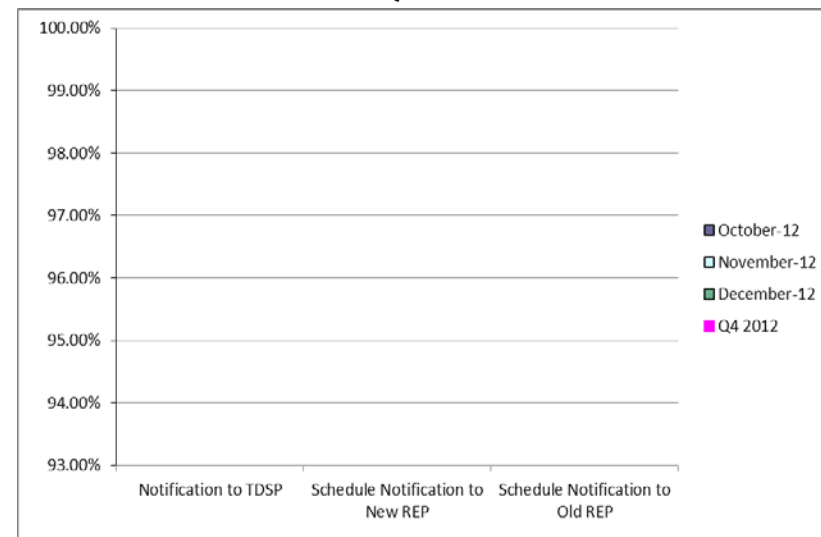
2nd Quarter



3rd Quarter

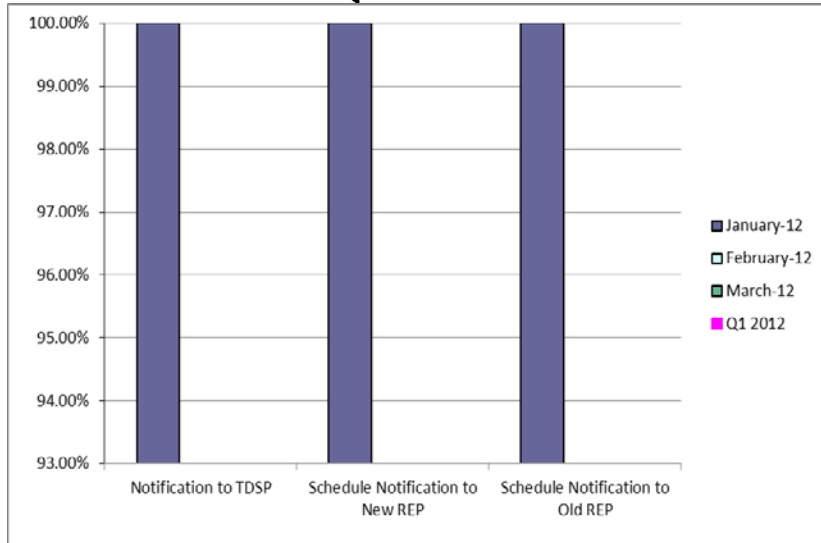


4th Quarter

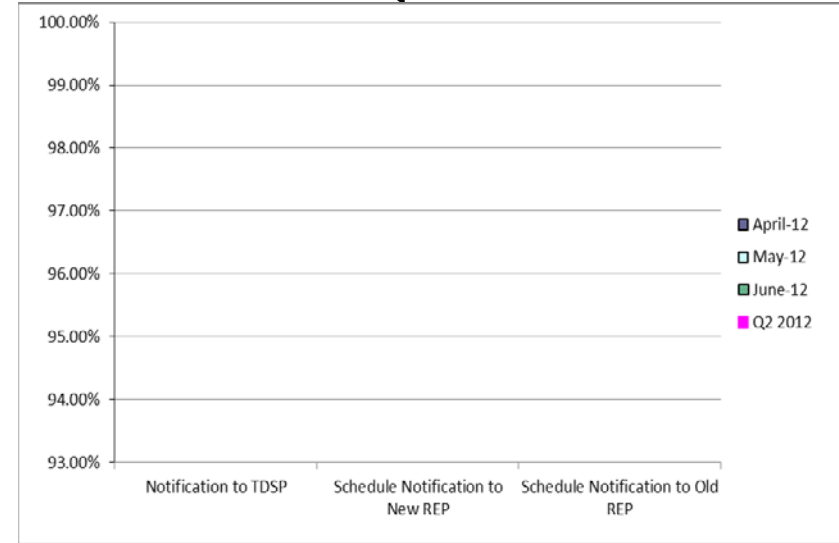


Retail Performance Measures – 2012 Move-In / Standard

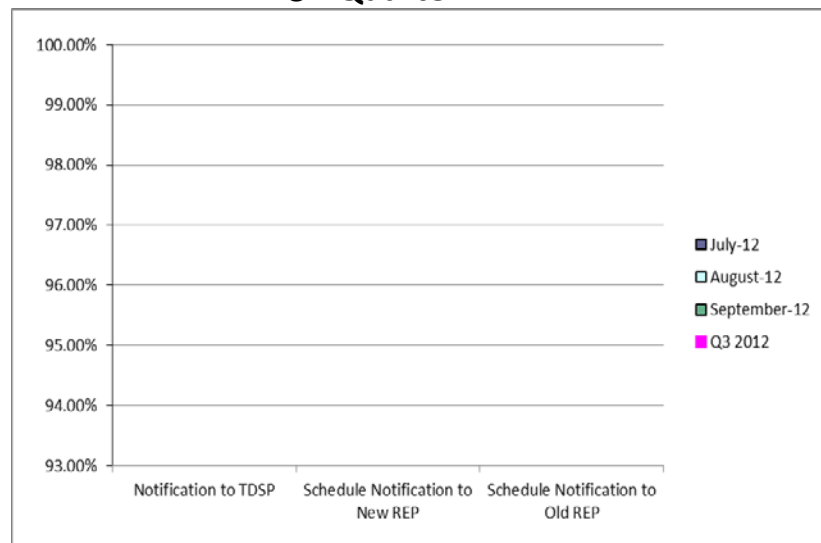
1st Quarter



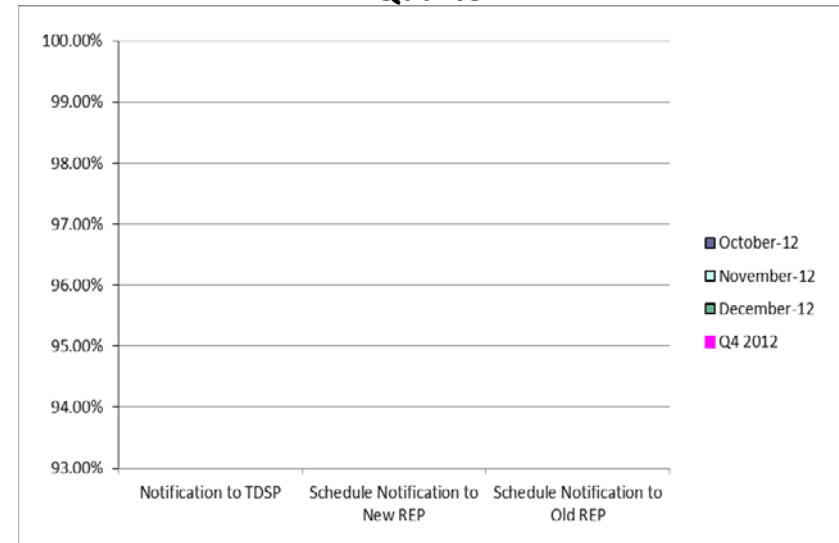
2nd Quarter



3rd Quarter



4th Quarter



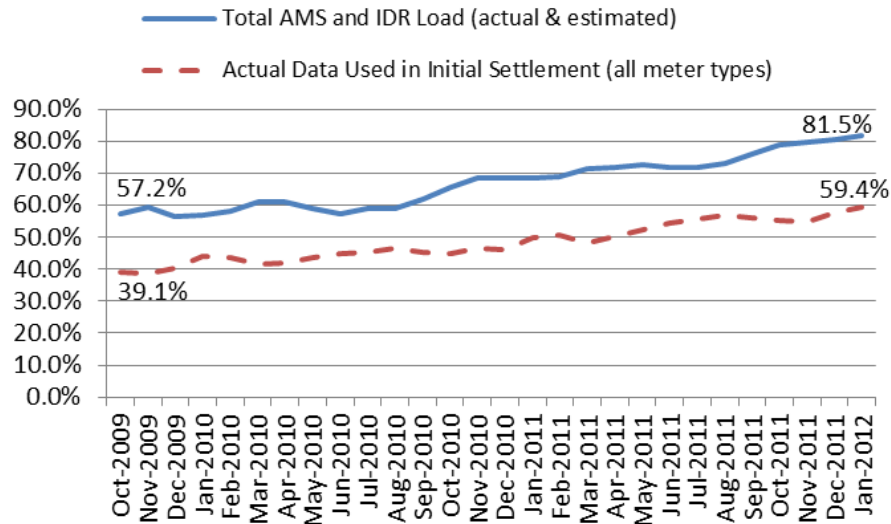
Migration from Native Affiliate REP

	% of Load ¹		% of ESI IDs	
	at <u>12/31/11</u>	at <u>12/31/10</u>	at <u>12/31/11</u>	at <u>12/31/10</u>
Residential	58%	55%	56%	53%
Small Non-Residential	83%	82%	63%	60%
Large Non-Residential	81%	80%	81%	79%

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

Advanced Meter Settlement Impacts

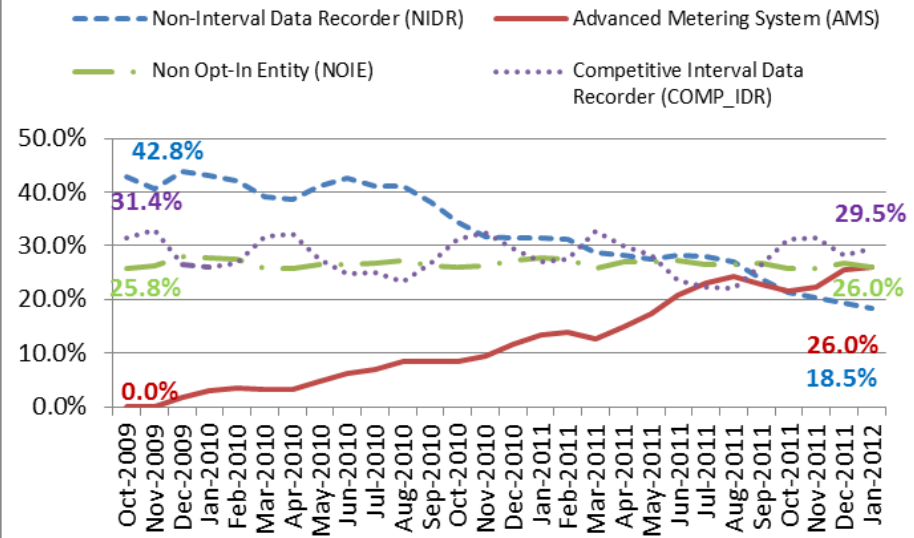
Percent Actual/Percent Interval Data Recorder (IDR)



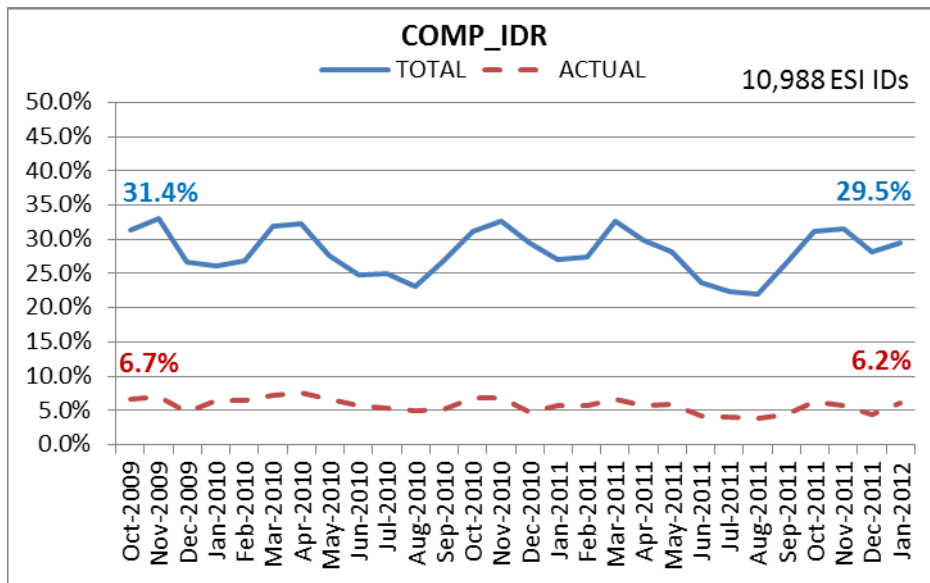
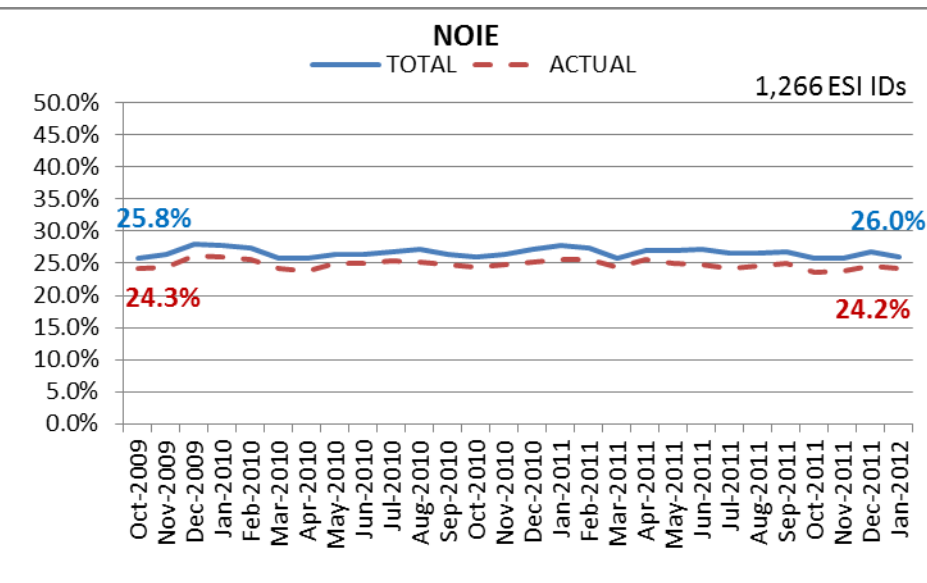
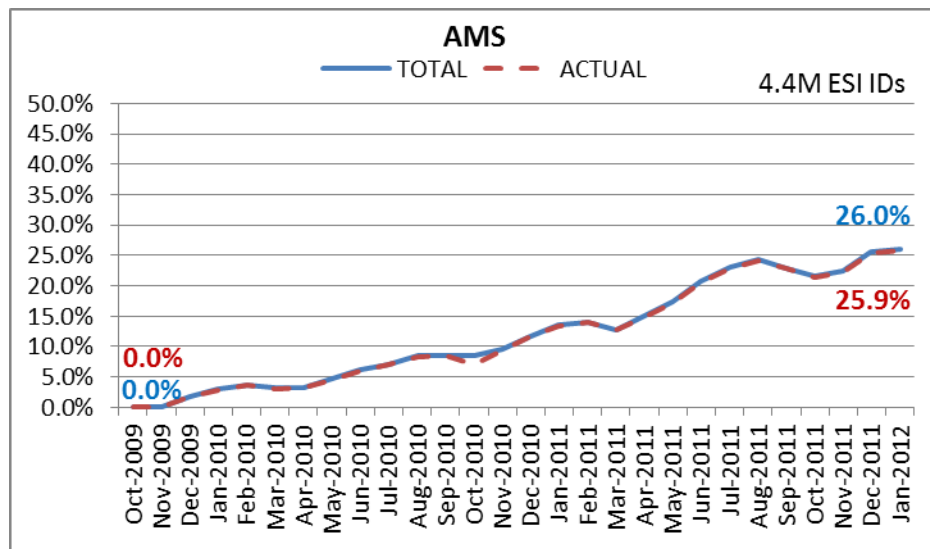
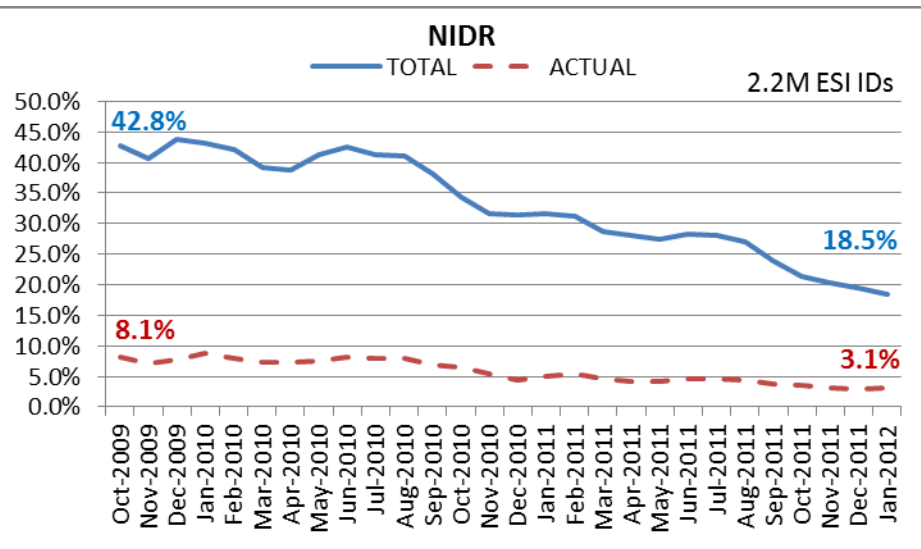
January 2012--Now settling 4.4M ESIIDs using Advanced Meter data.

January 2012—81.5% of the load in ERCOT is settled with 15-min interval data (AMS, Competitive IDR, and NOIE IDR).

Percent of Load by Meter Type



ERCOT Wide Load Volumes by Meter Type - INITIAL Settlement



Settlements and Billing Performance Measures – January 2012

January
2012

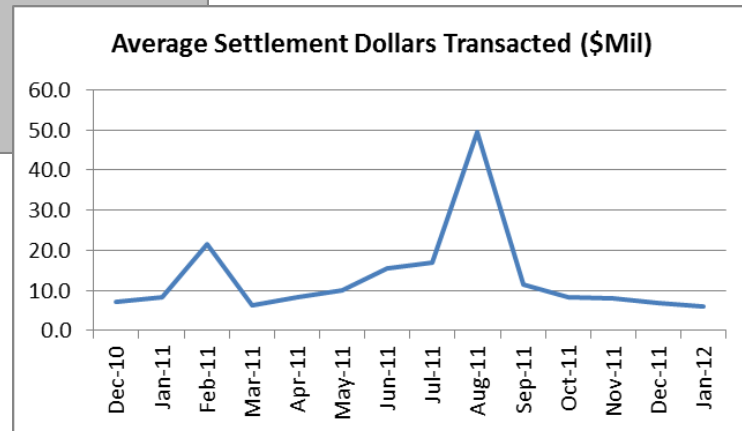
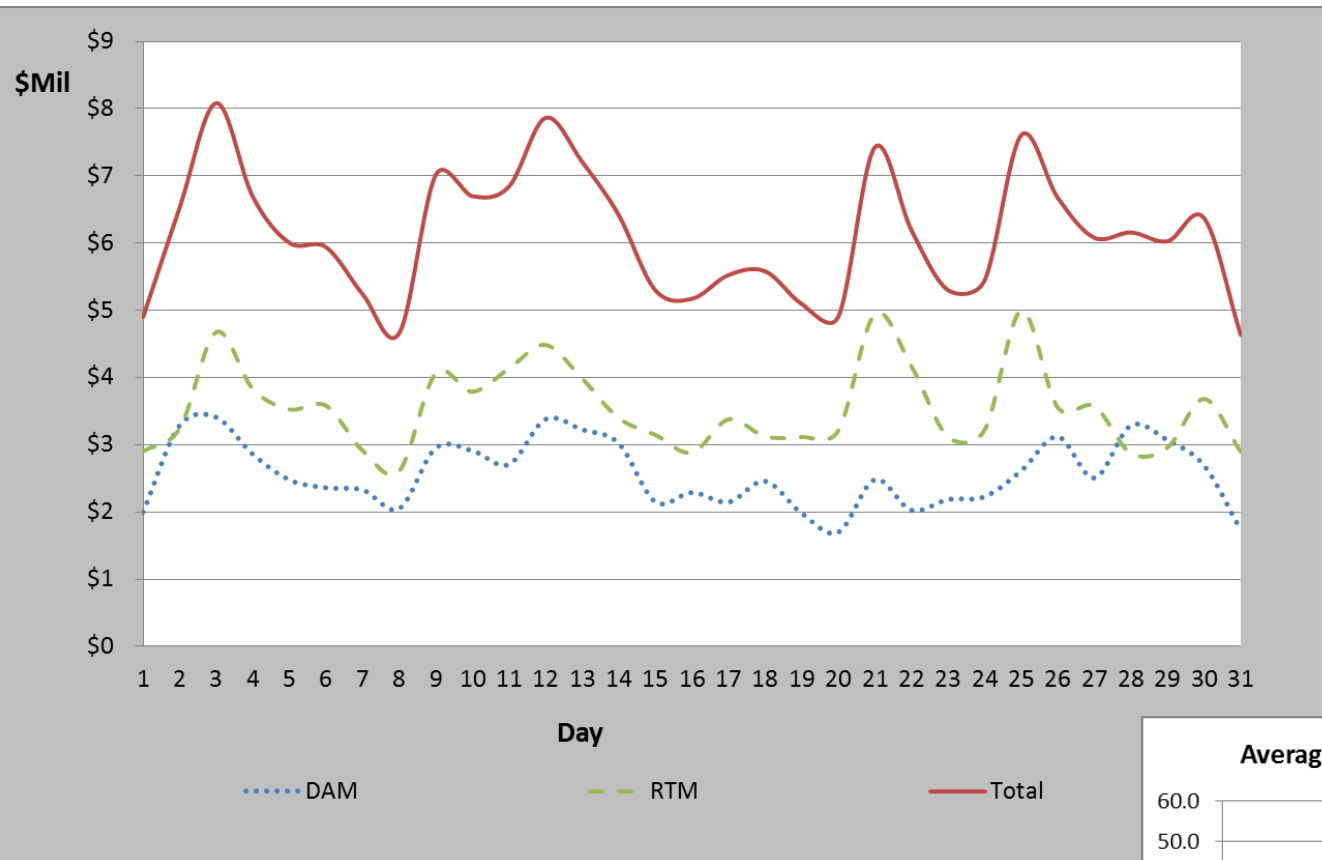
Settlement Statements:

Zonal	0
Day Ahead Market	13,194
Real Time Market	26,367
Total	39,561
Untimely	0
Balance	39,561
% Within Protocol	100.00%

Invoices:

Zonal	0
Day Ahead Market	13,194
Real Time Market	1,059
CRR Auction	90
Balancing Account	202
CRR Auction Revenue Disbursement (CARD)	297
Total	14,842
Untimely	-
Balance	14,842
% Within Protocol	100%

January 2012 Market Total Settlement Dollars



Reliability Services

Reliability Unit Commitment

January
2012
(\$'s in millions)

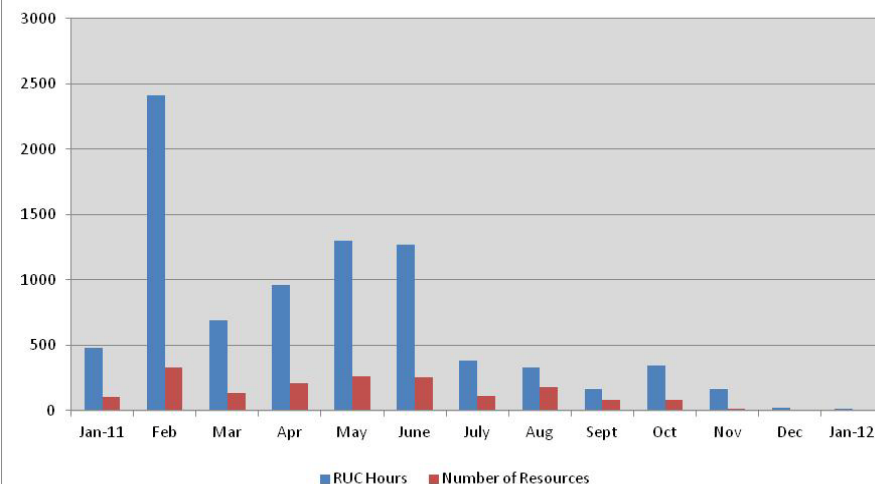
• Make Whole Payments	(\$0.03)
• Claw Back Charges	\$0.00
Total Reliability Unit Commitment	(\$0.03)

• Capacity Short Charges	\$0.03
• Make Whole Uplift	\$0.00

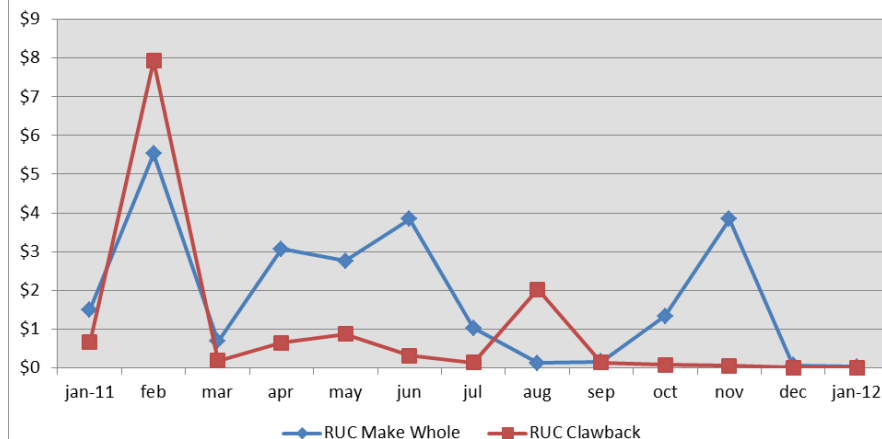
• RUC Decommitment Payments	\$0.00
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Note:
Positive amounts are a charge to the Market Participant
Negative amounts are a payment to the Market Participant

RUC Activity



Reliability Unit Commitment (\$Mil)



Ancillary Services - Cost

	January (\$'s in millions) <u>2011</u>	January (\$'s in millions) <u>2012</u>
Ancillary Services*:		
Reg Up	\$4.6	\$2.7
Reg Down	\$1.8	\$1.9
Responsive Reserve	\$15.7	\$8.5
Non-Spinning Reserve	\$6.5	\$2.8
Black Start	\$0.5	\$0.6
Voltage Services - Reactive Power	\$0.0	\$0.0
Voltage Services - Lost Opportunity	\$0.0	\$0.0
TOTAL ANCILLARY SERVICES	\$29.10	\$16.53

*Includes Day-Ahead Market and Supplementary Ancillary Service Markets

Ancillary Services - Volumes

	January 2011	January 2012
Reg Up*:		
Required (MW)	371,412	373,677
Self Arranged (MW)	4,449	8,007
Procured DAM (MW)	366,963	365,670
Procured RTM (MW)	1,102	459
Failure to Provide (MW)	823	421
Total Procured	368,065	366,129
% Procured	99.1%	98.0%
Reg Down*:		
Required (MW)	339,017	312,758
Self Arranged (MW)	16,484	12,940
Procured DAM (MW)	322,534	299,818
Procured RTM (MW)	1,909	175
Failure to Provide (MW)	1,756	175
Total Procured	324,442	299,993
% Procured	95.7%	95.9%
Responsive Reserve:		
Required (MW)	1,711,303	1,711,282
Self Arranged (MW)	309,929	315,706
Procured DAM (MW)	1,401,375	1,395,576
Procured RTM (MW)	6,788	1,783
Failure to Provide (MW)	6,068	2,137
Total Procured	1,408,163	1,397,359
% Procured	82.3%	81.7%
Non-Spinning Reserve:		
Required (MW)	1,475,228	1,488,010
Self Arranged (MW)	13,223	46,429
Procured DAM (MW)	1,462,005	1,441,580
Procured RTM (MW)	2,933	160
Failure to Provide (MW)	1,766	160
Total Procured	1,464,938	1,441,741
% Procured	99.3%	96.9%

*A/S Methodology changed in Dec 2010

Energy Settlement

January
2012
(\$'s in millions)

• Day Ahead Market Energy Settlement

Energy Purchases	\$255.50
Point to Point Obligations Purchases	\$11.62
RMR Day Ahead Revenue	\$0.00
Energy Sales	<u>(\$251.66)</u>
Day Ahead Congestion Rent	\$15.46
Day Ahead Make Whole Payments	<u>(\$0.15)</u>

• Real Time Market Energy Settlement

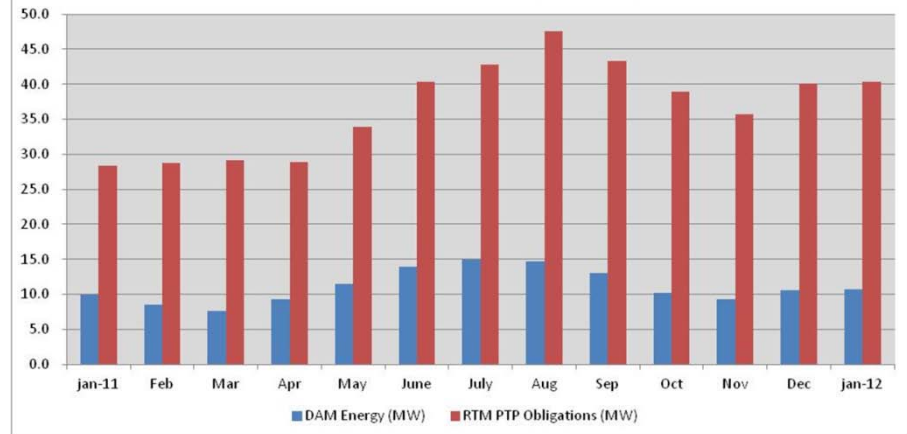
Real Time Energy Imbalance	
~Resource Node Settlement Points	(\$315.38)
~Load Zone Settlement Points	\$449.67
~ Hub Settlement Points	(\$116.59)
Real Time Congestion from Self Schedules	\$0.18
Block Load Transfers and DC Ties	<u>(\$6.50)</u>
Energy Settlements Impact to Revenue Neutrality	<u>\$11.38</u>
Emergency Energy Payments	(\$0.03)
Base Point Deviation	\$0.24

(MWh in millions)

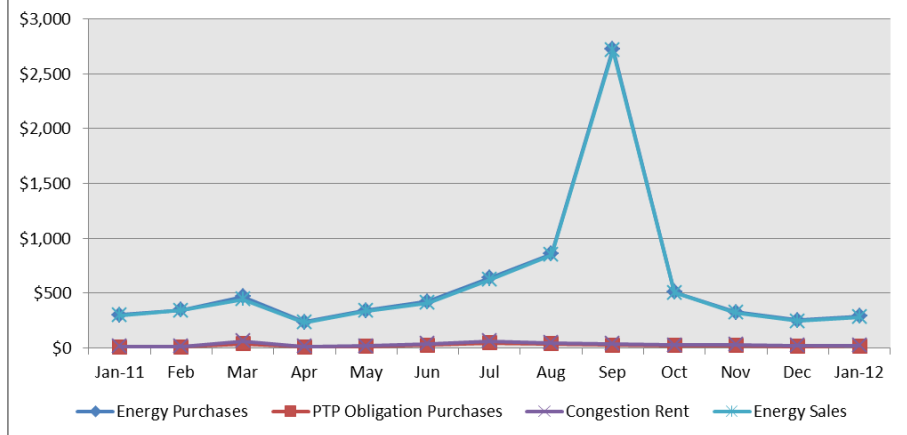
Real Time Metered Generation	23.81
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Note:
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Negative amounts are a payment to the Market Participant

DAM Energy Volumes (MW Mil)



Day-Ahead Market Energy (\$Mil)



Congestion Management

January
2012
(\$'s in millions)

- **Auction Disbursements**

Annual Auction	(\$12.70)
Monthly Auction	(\$10.16)
Total Disbursements	(\$22.86)

- **CRR Settlement**

Day Ahead CRR Settlement	(\$15.68)
Day Ahead CRR Short Charges	\$1.28
Day Ahead CRR Short Charges Refunded	(\$1.11)
Real Time CRR Settlement	(\$1.46)
Real Time CRR Short Charges	\$0.05
Real Time CRR Short Charges Refunded	(\$0.04)
Total Proceeds	(\$16.97)

- **PTP Obligations Acquired in DAM**

Day Ahead Point to Point Obligation Settlement	\$11.62
Real Time Point To Point Obligation Settlement	(\$10.24)
Net Settlement	\$1.39

Note:
Positive amounts are a charge to the Market Participant
Negative amounts are a payment to the Market Participant

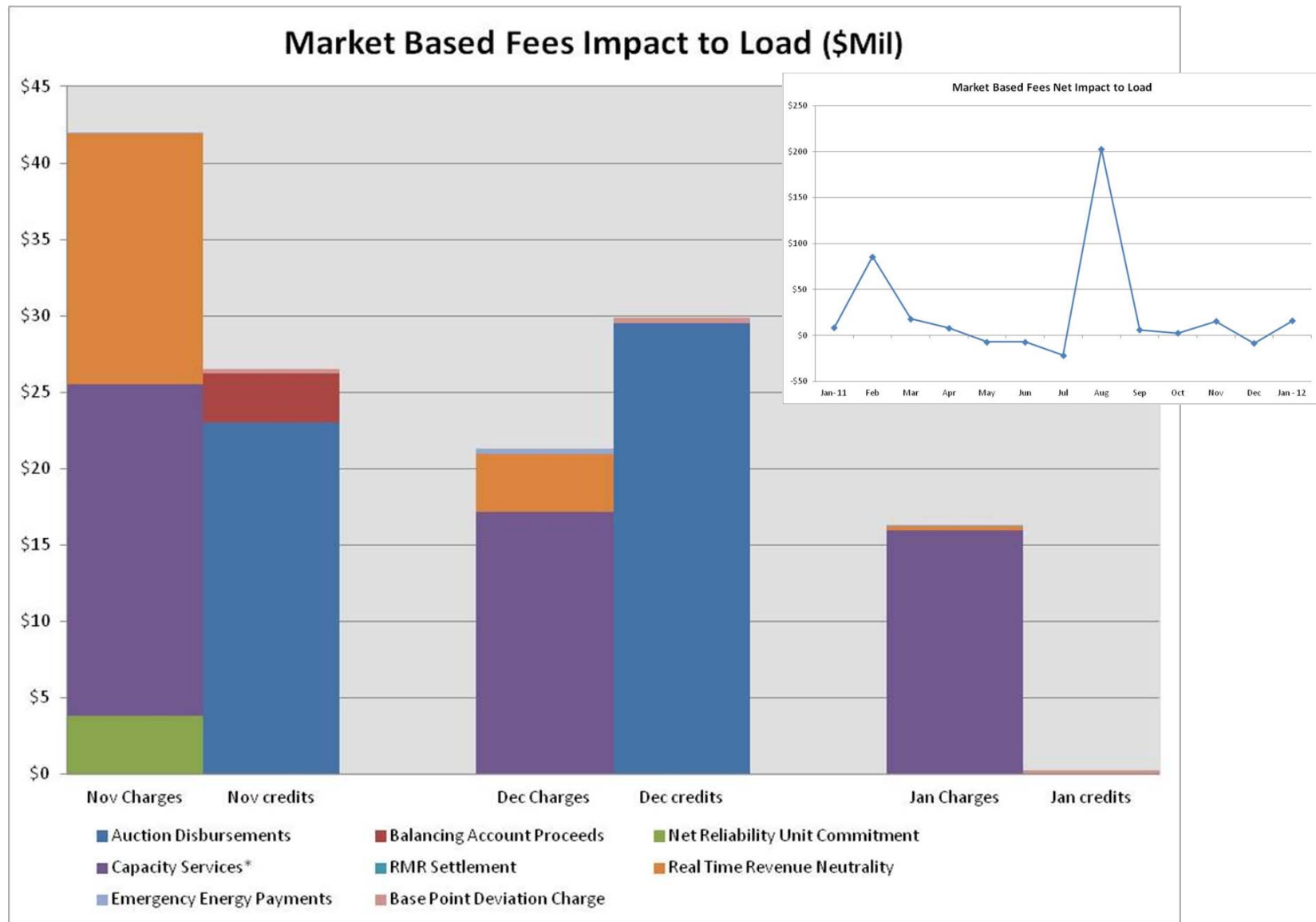
Net Impact to Load

January
2012
(\$'s in millions)

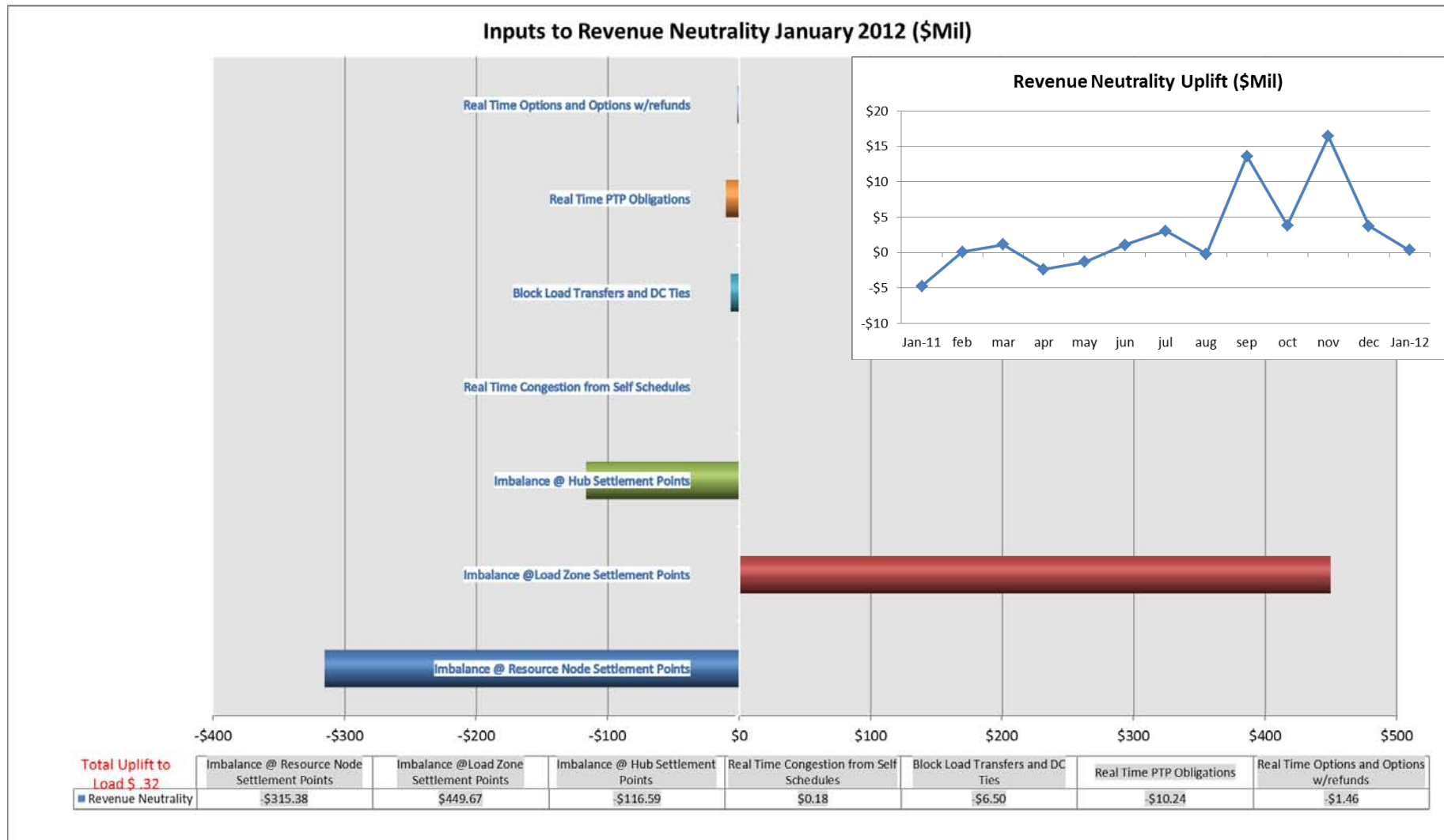
<i>Market-Based Fees</i>	
Auction Disbursements	(\$22.86)
Balancing Account Proceeds	\$0.00
Net Reliability Unit Commitment	\$0.03
Capacity Services	\$16.53
RMR Settlement	\$0.00
Real Time Revenue Neutrality	\$0.32
Emergency Energy Payments	\$0.03
Base Point Deviation Charge	(\$0.24)
	(\$6.19)
ERCOT Fees	
ERCOT Administrative Fee	\$10.06
<i>Net Impact to Load</i>	\$3.87

Graphical Representation
of data on following pages.

Net Impact to Load (Cont.)

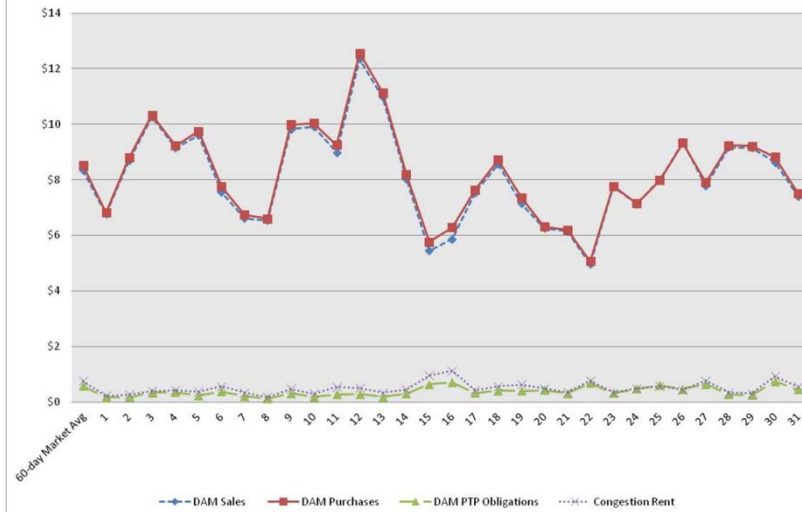


Revenue Neutrality

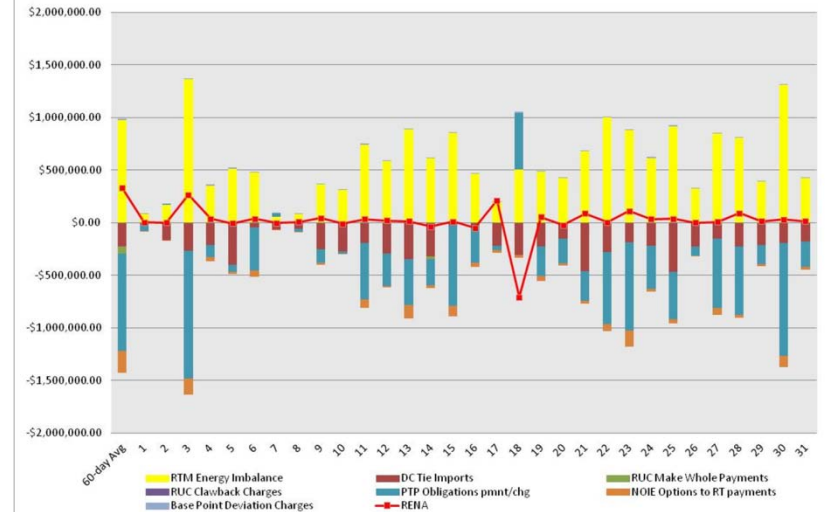


Daily DAM and RTM Activity

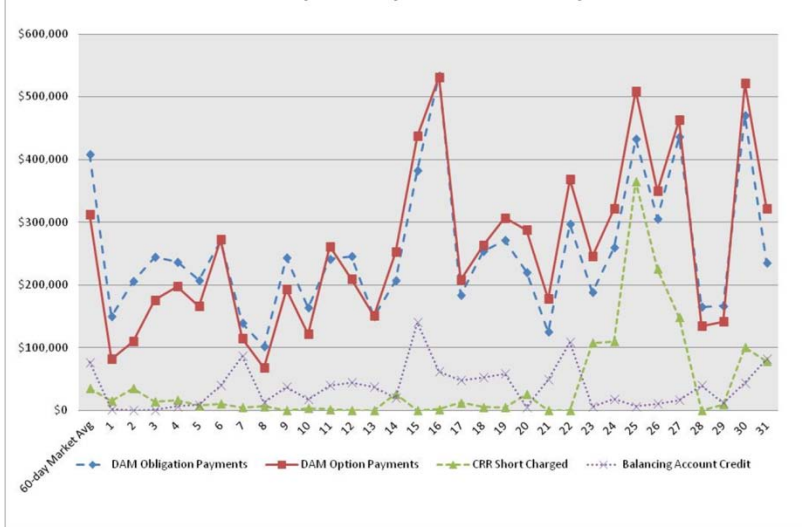
January 2012 Day-Ahead Market Activity (\$Mil)



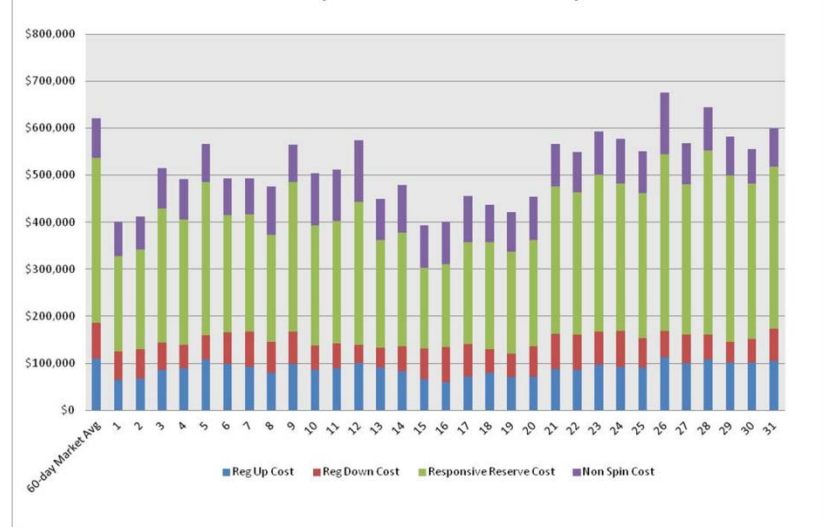
January 2012 Real-Time Market Activity



January 2012 Day-Ahead CRR Activity

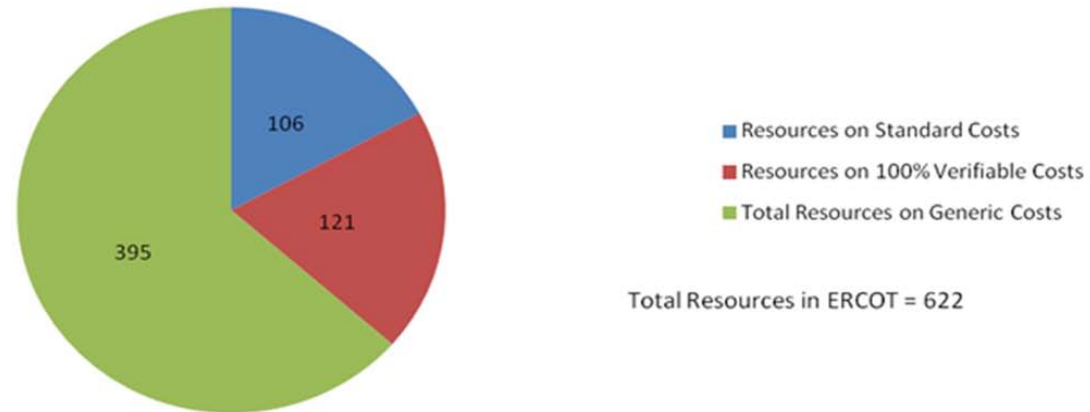


January 2012 Real-Time AS Activity



Verifiable Costs

Total Resources Under Different Cost Types



Total MWs Under Different Cost types



ERCOT Wholesale Market Settlement Dispute Report

January 2012

	CRR Market		Day-Ahead Mkt		Real-Time Mkt		Total	
	Current Month	Y-T-D	Current Month	Y-T-D	Current Month	Y-T-D	Current Month	Y-T-D
Received*	0	0	2	2	3	3	5	5
Granted	0	0	0	0	7	7	7	7
Granted w/Exception	0	0	0	0	0	0	0	0
Denied	0	0	0	0	6	6	6	6
Withdrawn	0	0	0	0	5	5	5	5
In Process**	0	N/A	2	N/A	6	N/A	8	N/A

* "Received" value represents disputes received starting January 1, 2012.

** "In Process" value includes disputes carried over from 2011 that are in process.

REPs and QSEs Added/Terminated – as of January 31, 2012

- **Added REPs**

- ✓ Smartcom Energy Services LLC (LSE)

- **Terminated REPs**

- ✓ BLU Power of Texas LLC
- ✓ TexRep3 LLC dba Milagro Electric (LSE)

- **QSE Level Changes**

- ✓ n/a

- **Added QSEs**

- ✓ Gem Energy LLC (QSE - L1)

- **Terminated QSEs**

- ✓ BLU Power of Texas LLC (QSE - L2)
- ✓ Fulcrum Power Services LP (QSE - L4)
- ✓ Fulcrum Power Services LP (SQ1 - L4)
- ✓ Fulcrum Power Services LP (SQ2 - L3)
- ✓ Milagro Power Company (QSE - L2)
- ✓ Sempra Energy Trading LLC (QSE - L1)
- ✓ Sempra Energy Trading LLC (SQ1 - L1)
- ✓ Sempra Energy Trading LLC (SQ2 - L3)
- ✓ Sempra Energy Trading LLC (SQ3 - L2)
- ✓ Vantage Wind Services LLC (QSE - L1)

QSE Count	Level	Qualification Description
90	1	<i>Performs Inter-QSE trades only; no direct representation of Load Serving Entity or Resource Entity</i>
134	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>
50	4	<i>Represents Load Serving Entity and/or Resource Entity and provides Ancillary Services</i>
339 total (includes Sub-QSEs)		

Acronyms

Advanced Metering System (AMS)

Ancillary Services (AS)

Competitive Interval Data Recorder (Comp IDR)

Congestion Revenue Rights (CRR)

Day Ahead Market (DAM)

Designated Settlement Point (Hub)

Direct Current Tie (DC Tie)

Electric Service Identifier (ESIID)

Interval Data Recorder (IDR) also Non Interval Data Recorder (NIDR)

Non Opt In Entity (NOIE)

Point to Point Obligations and Options (PTP)

Qualified Scheduling Entity (QSE)

Real Time Market (RTM)

Reliability Must Run (RMR)

Reliability Unit Commitment (RUC)

Retail Electric Provider (REP)

Transmission Distribution Service Provider (TDSP)

Questions?