



Item 3.2: Follow-Up Item Regarding August 2017 Committee Education on Day-Ahead and Real-Time Market Operation – DAM Net Flow vs. Real-Time Load

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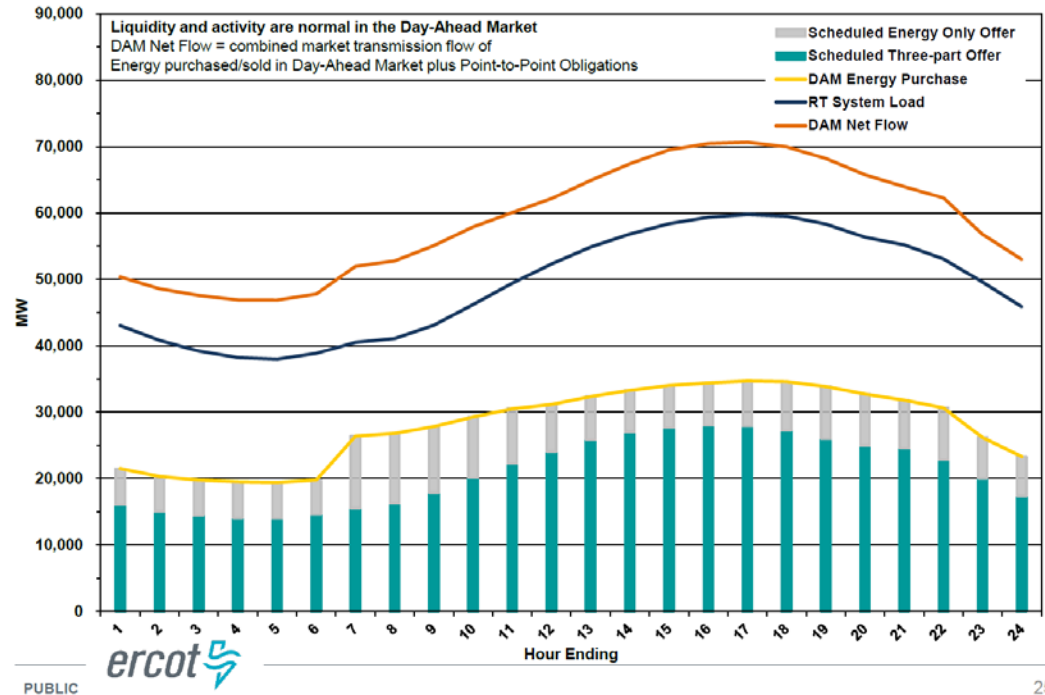
ERCOT Public

October 16, 2017

Day-Ahead Schedule (Hourly Average) – BOD Report

- Since the inception of the nodal market, the data in the chart to the right has been presented to inform the “Percentage of Real-Time Load Hedged in the Day-Ahead Market”
- This label implies that the metric includes only DAM activity to hedge RT load, and gives the appearance of persistent, significant over-hedging in the DAM
- This metric is based on total DAM net flow at all Resource Nodes, Hubs and Load Zones, which includes transactions made for hedging physical load positions as well as speculative trading

Day-Ahead Schedule (Hourly Average) – August 2017



DAM Net Flow Only at Load Zone

- A better estimation of the “percentage of RT load hedged in the DAM”
 - Include the DAM net flow only at Load Zones
 - Separate the DAM net flow at Load Zone results among QSEs with/without real-time load
 - Calculate the ratio of DAM net flow at Load Zones for QSEs with real-time load compared to real-time load

Comparison of Current and Modified DAM Net Flow Metrics

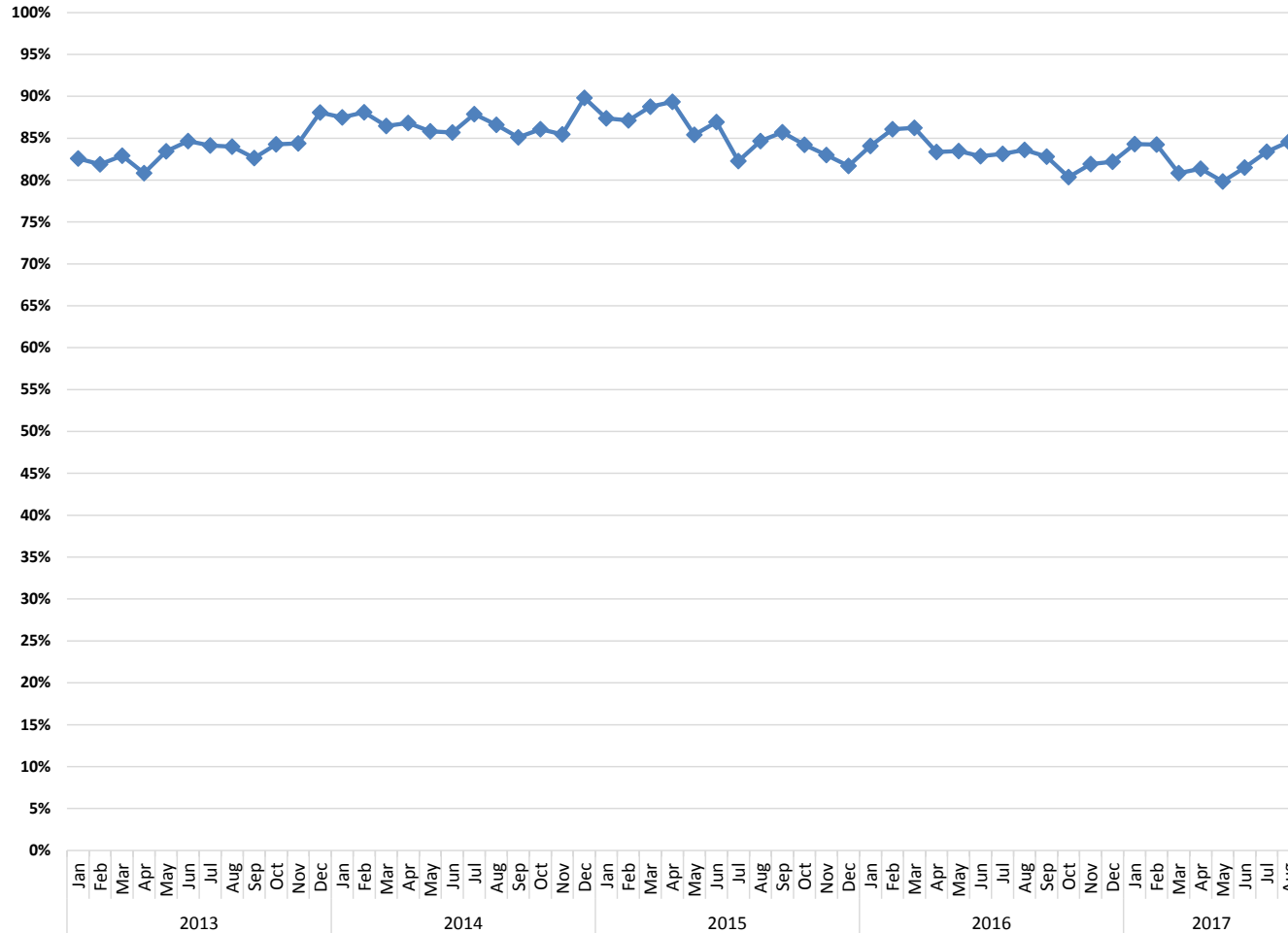
QSE A: Serves real-time load at Load Zone (LZ)

QSE B: Financial only (no real-time load)

Scenario	Included in Current Metric?	Included in Modified Metric?
QSE A buys X MW at LZ in DAM	✓	✓
QSE A has X MW Energy Trade Purchase with QSE B at HUB; QSE A buys X MW point-to-point obligation from HUB to LZ in DAM	✓	✓
QSE A has X MW Energy Trade Purchase with QSE B at LZ; QSE B buys X MW at LZ in DAM	✓	✗
QSE B buys X MW at LZ in DAM	✓	✗
QSE B buys X MW point-to-point obligation from Resource Node to HUB in DAM	✓	✗
QSE A buys X MW at HUB in DAM	✓	✗

Percentage of Real-Time Load Hedged in the DAM

(Modified Metric - Monthly Net Flow at LZ for QSEs with Load in RT)



Questions?