



# Commercial Market Operations Report Updated as of September 16, 2011

Dale Goodman  
Director, Market Services

Board of Directors Meeting  
September 20, 2011

# Summary

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## Retail Activity

- **Overall Activity** – Increase in Switching and Move-In activity in August 2011 compared to August 2010.
- **Transaction Performance Measures** – All performance measures again exceeded target of 98% in August.
- **Advanced Metering** – August AMS Load Volume was 24.3% representing 3.5M settled in the Market.

## Wholesale Activity

- **Settlements & Billing Performance** – Perfect performance in August.
- **Settlement Dollars** – Daily average settlement dollars transacted were \$49.36M compared to \$16.97M in July. As expected, the significant increase is due to higher prices and warmer weather. August 4<sup>th</sup> was the largest impacted Operating Day with DAM and RTM billings totaling approximately \$159M.
- **Reliability Services** – Decreased levels of RUC Make-Whole payments and increased levels of RUC Clawback Charges, compared to July.
- **Capacity Services** – Significant increases in Ancillary Services Costs; \$274.55M in August compared to \$49.3 in July.
- **RMR Settlement** - RMR costs for August totaled \$1.61M.
- **Congestion Management** – CRRs were fully funded for August.
- **Revenue Neutrality** – Load received a credit of \$0.24M, compared to a charge of \$3.02M in July.
- **Verifiable Costs** – Four resources approved for Standard Costs and 1 resource approved for 100% Verifiable Costs.
- **Disputes** – Disputes remain low in volume. Minor corrections to category total counts were made to adjust counts for inadvertent “test disputes” appearing in totals. No material changes required. Corrections actually caused reduction in total count.
- **REPs and QSEs Added/Terminated**
  - 1 new REPs
  - 2 new QSEs
  - 2 new QSEs are Level 3 additions.
  - 0 terminated REP
  - 0 terminated QSEs

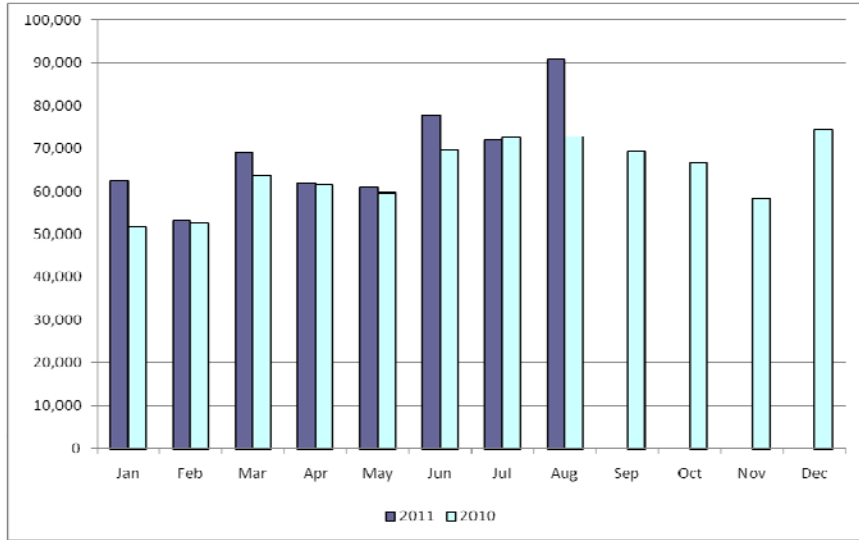
# Overall Activity

## Retail Transactions Summary

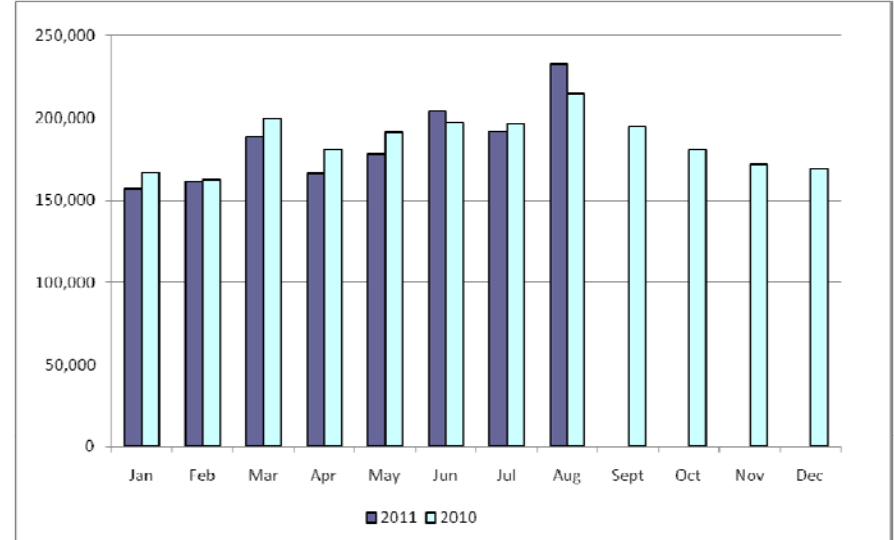
| Transaction Type                      | YTD               |                   | August         |                |
|---------------------------------------|-------------------|-------------------|----------------|----------------|
|                                       | <u>08/31/2011</u> | <u>08/31/2010</u> | <u>2011</u>    | <u>2010</u>    |
| Switches                              | 548,504           | 504,514           | 90,927         | 72,770         |
| Move - Ins                            | 1,481,144         | 1,511,060         | 233,248        | 214,907        |
| Move Out                              | 752,732           | 829,563           | 108,570        | 111,305        |
| CSA<br>(Continuous Service Agreement) | 249,338           | 280,088           | 32,589         | 28,158         |
| Mass Transition                       | 22,056            | 0                 | 0              | 0              |
| <b>Total</b>                          | <b>3,053,744</b>  | <b>3,125,225</b>  | <b>465,334</b> | <b>427,140</b> |
| Since<br>June 1, 2001                 | 43,435,366        |                   |                |                |

# Retail Transactions Summary

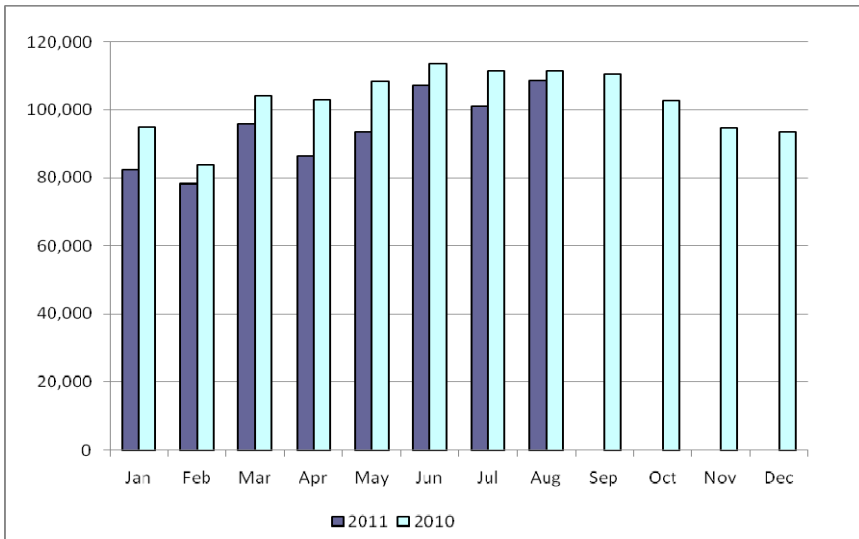
## Switches



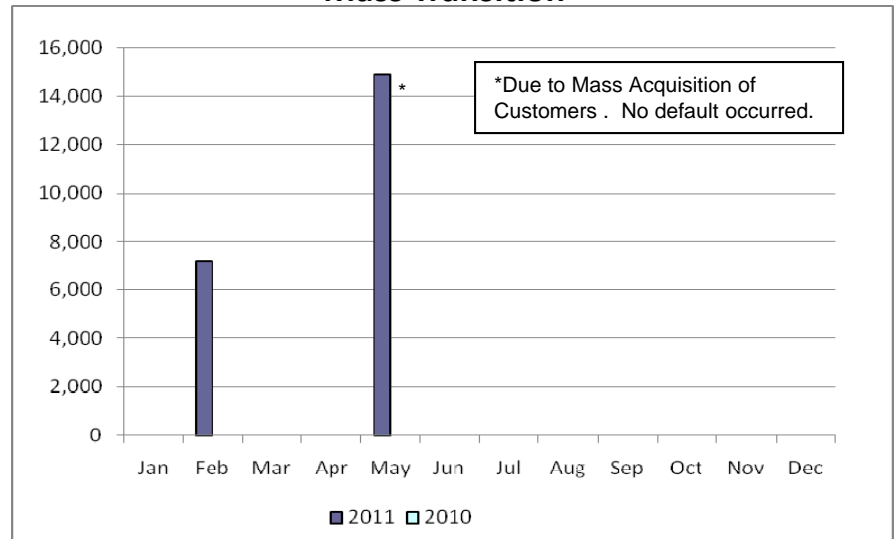
## Move-Ins



## Move-Outs

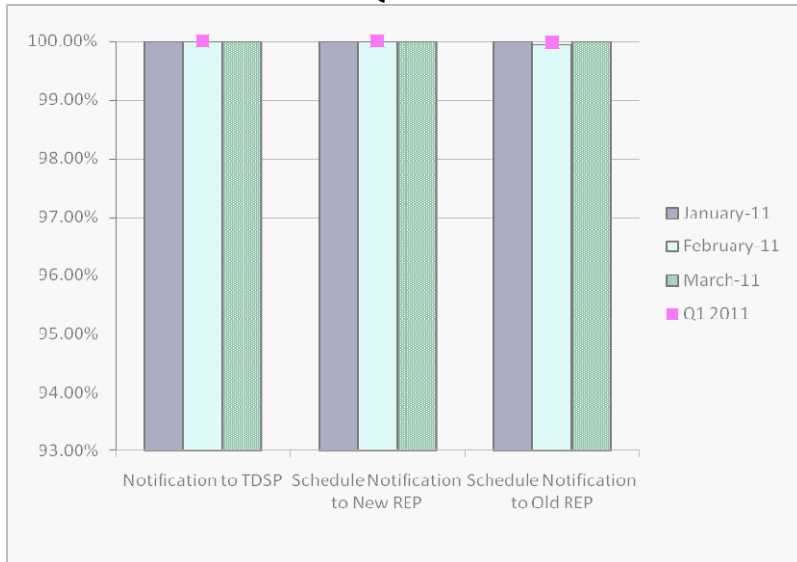


## Mass Transition



# Retail Performance Measures - 2011 Switch

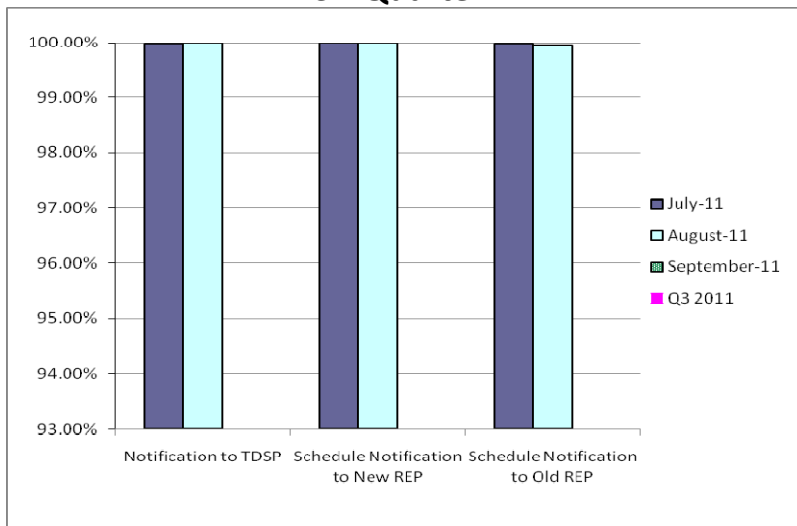
## 1<sup>st</sup> Quarter



## 2<sup>nd</sup> Quarter



## 3<sup>rd</sup> Quarter

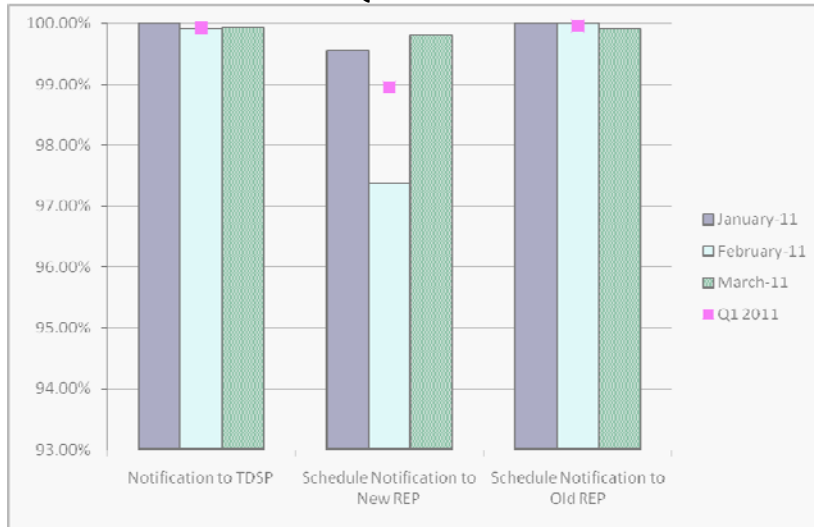


## 4<sup>th</sup> Quarter

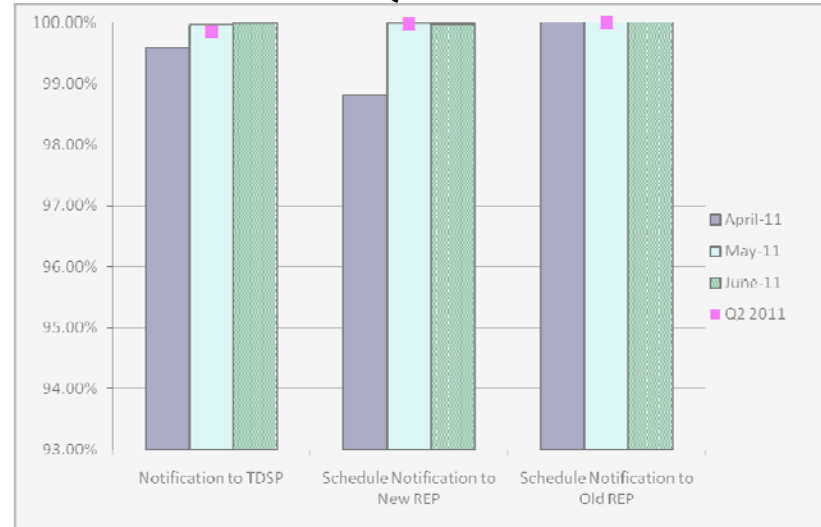


# Retail Performance Measures – 2011 Move-In / Priority

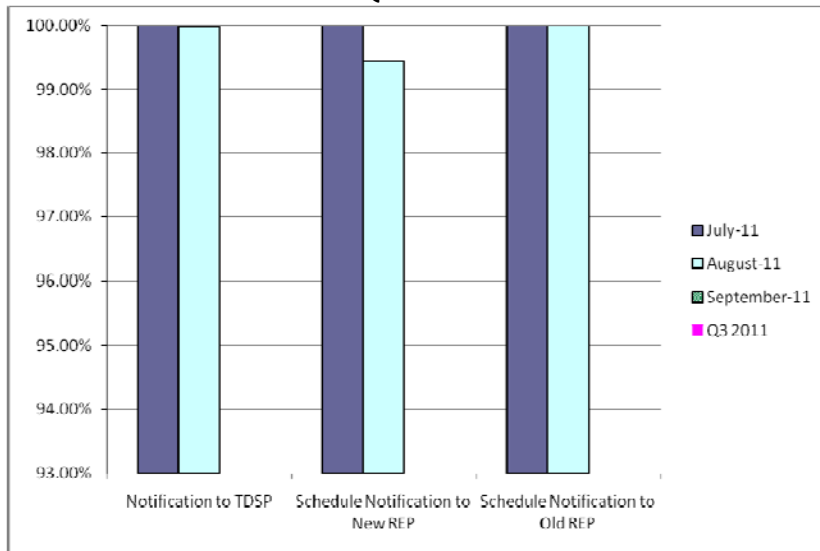
### 1<sup>st</sup> Quarter



### 2<sup>nd</sup> Quarter



### 3<sup>rd</sup> Quarter

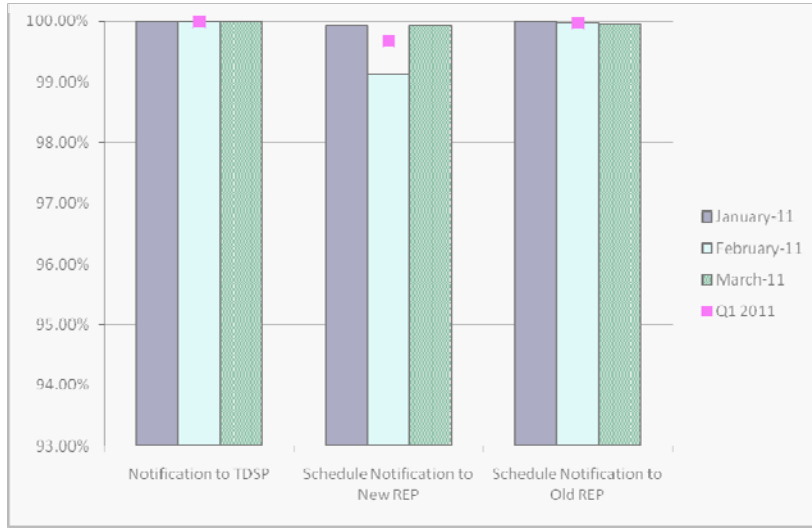


### 4<sup>th</sup> Quarter

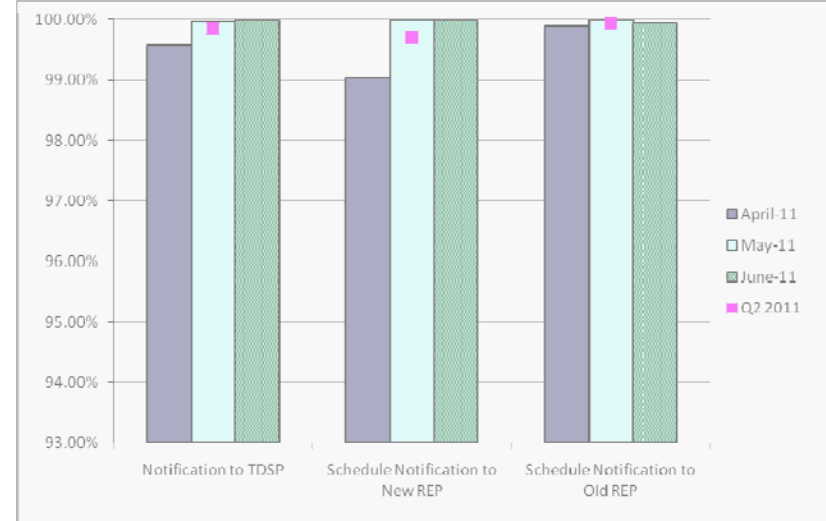


# Retail Performance Measures – 2011 Move-In / Standard

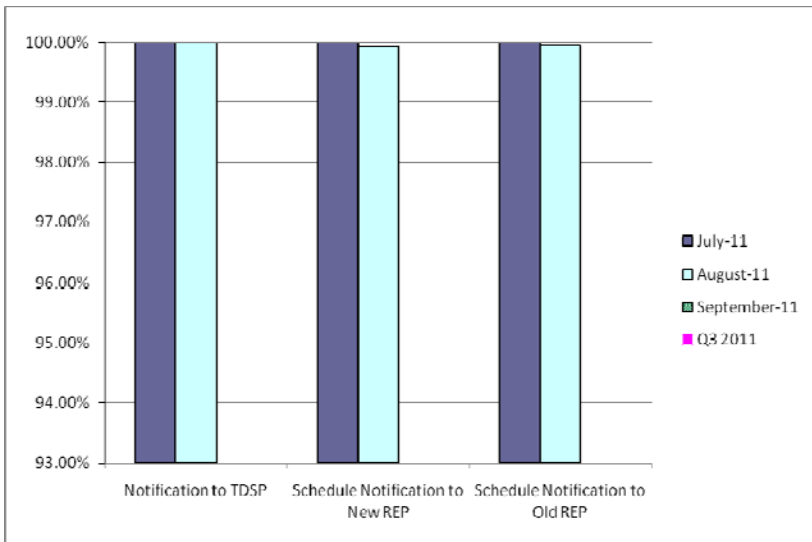
### 1<sup>st</sup> Quarter



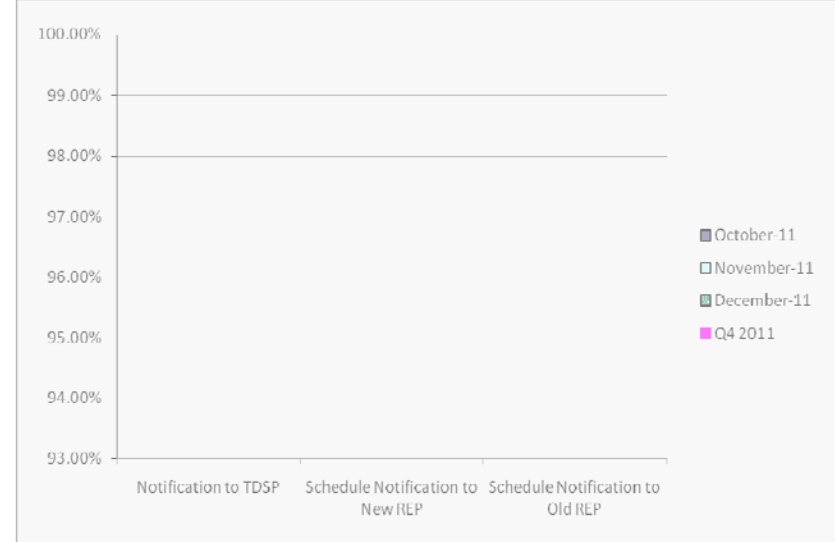
### 2<sup>nd</sup> Quarter



### 3<sup>rd</sup> Quarter



### 4<sup>th</sup> Quarter



# Migration from Native Affiliate REP

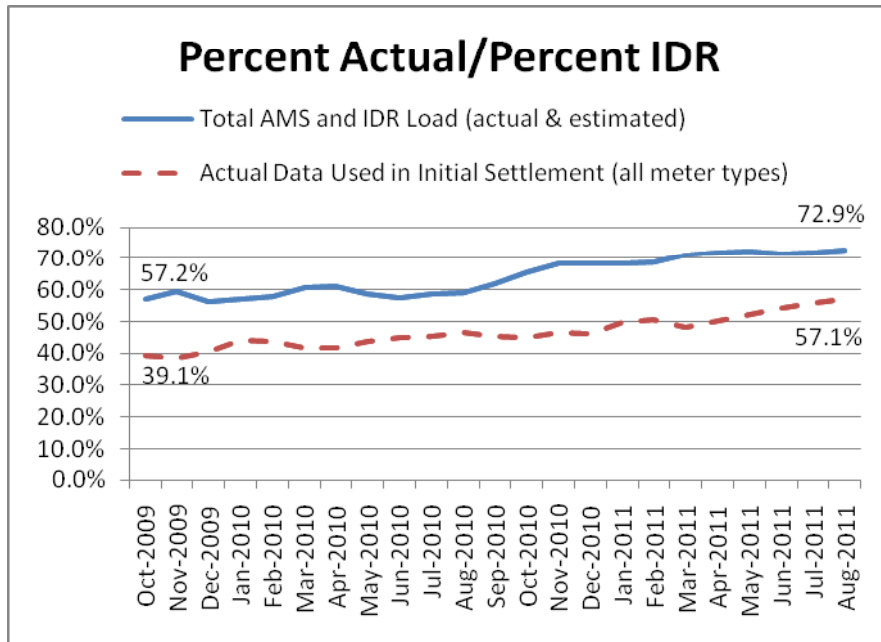
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|                              | % of Load <sup>1</sup> |                      | % of ESI IDs         |                      |
|------------------------------|------------------------|----------------------|----------------------|----------------------|
|                              | at<br><u>7/31/11</u>   | at<br><u>7/31/10</u> | at<br><u>7/31/11</u> | at<br><u>7/31/10</u> |
| <b>Residential</b>           | 56%                    | 52%                  | 55%                  | 51%                  |
| <b>Small Non-Residential</b> | 82%                    | 81%                  | 62%                  | 58%                  |
| <b>Large Non-Residential</b> | 79%                    | 78%                  | 80%                  | 78%                  |

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

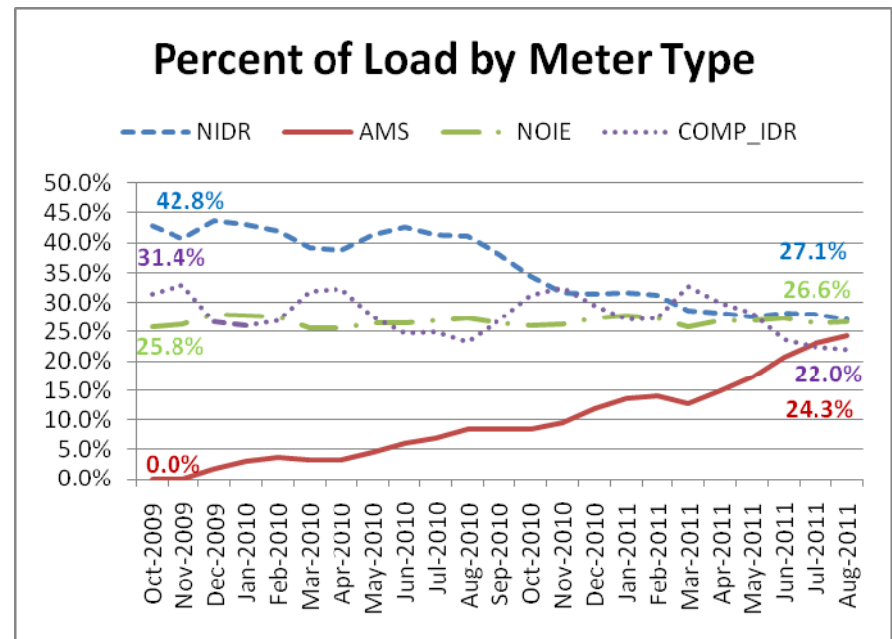


# Advanced Meter Settlement Impacts

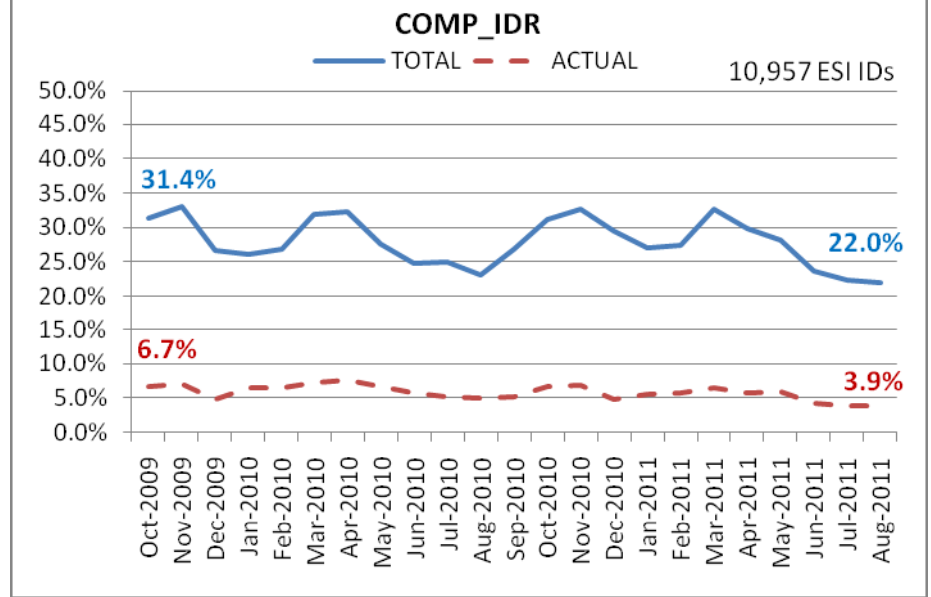
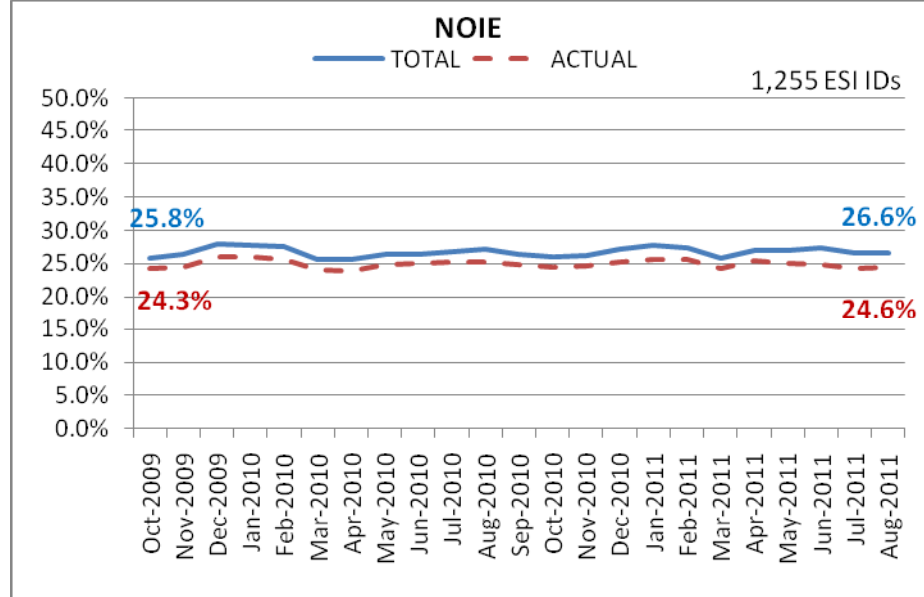
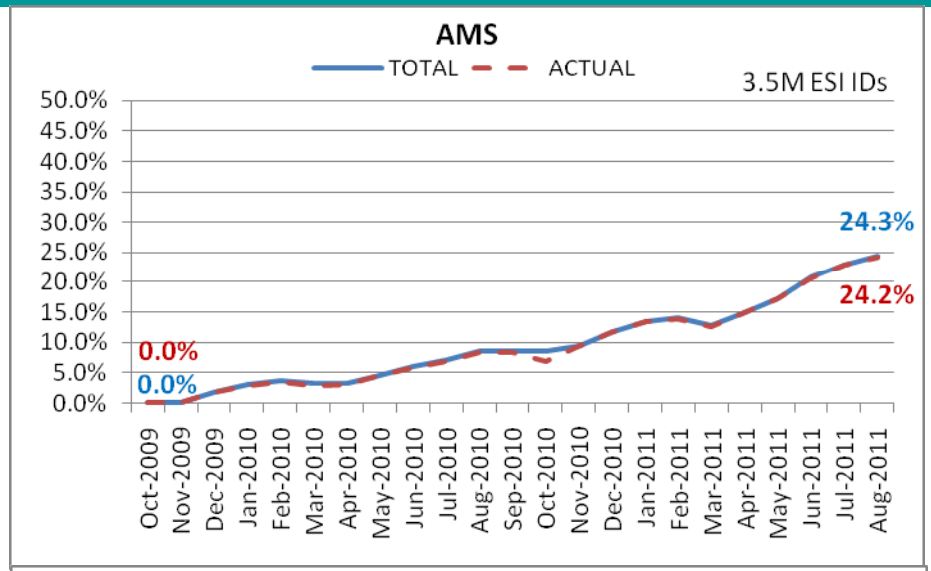
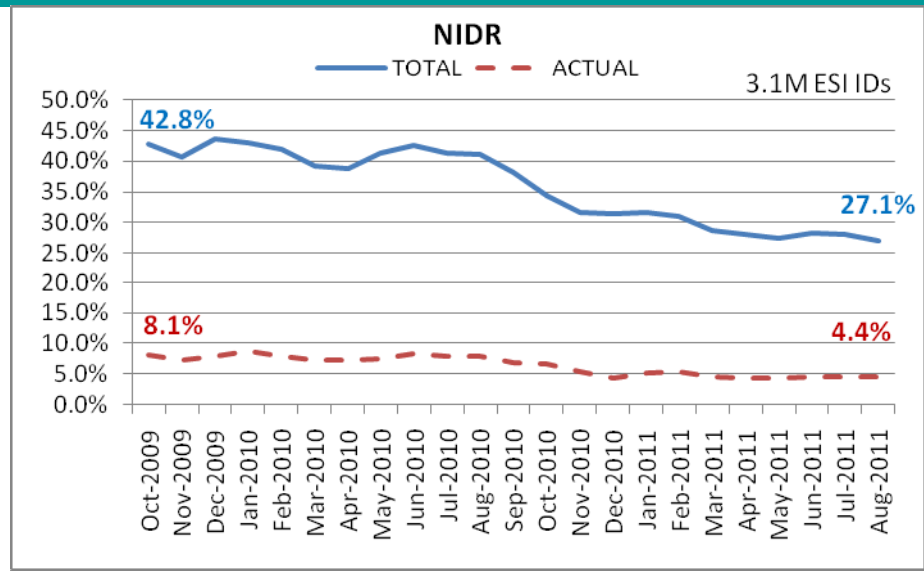


*Now settling 3.5M ESIIDs using Advanced Meter data.*

*72.9% of the load in ERCOT is settled with 15-min interval data (AMS and IDR).*



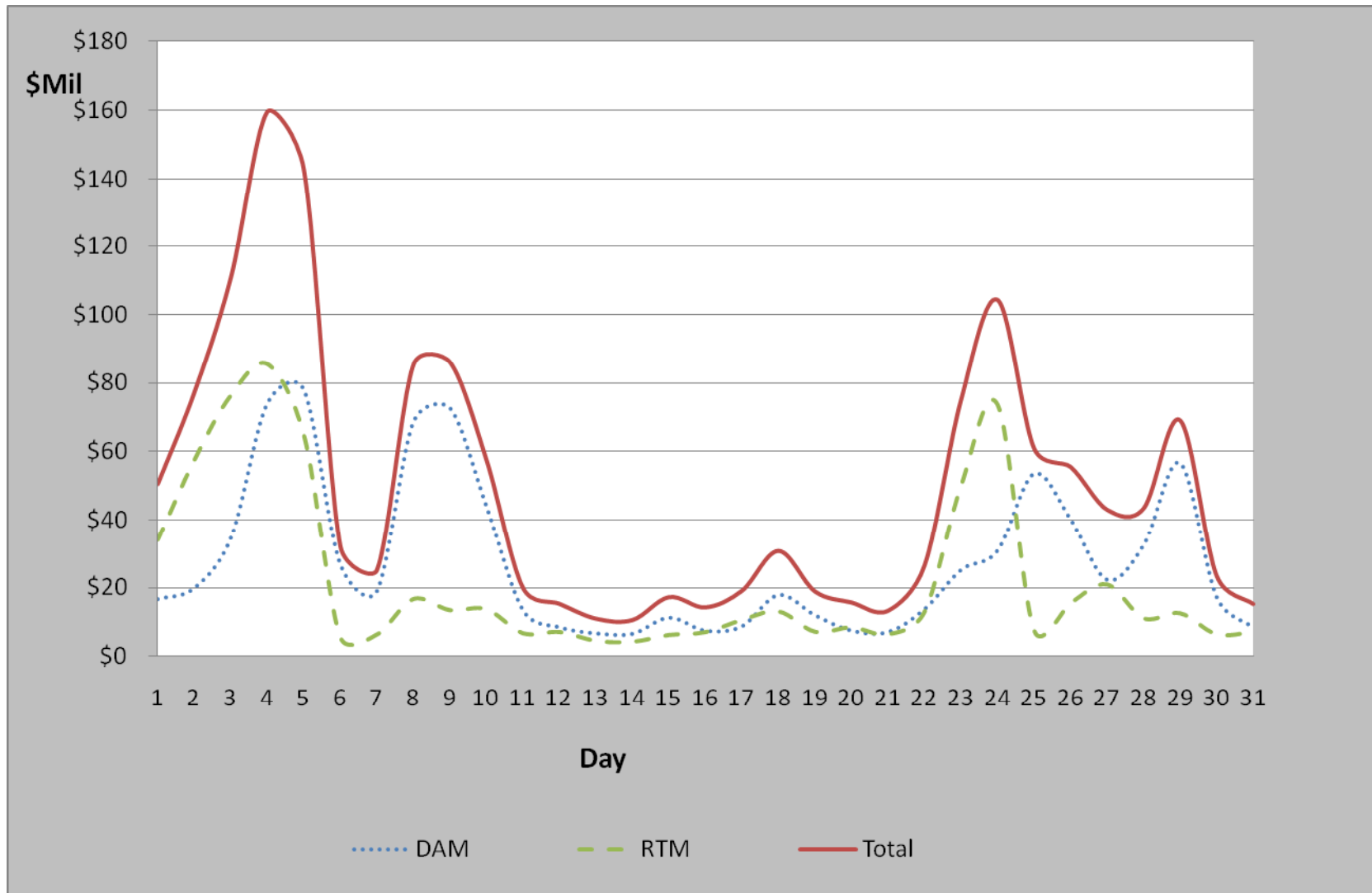
# ERCOT Wide Load Volumes by Meter Type - INITIAL Settlement



# Settlements and Billing Performance Measures – August 2011

|   | To Date<br><u>08/31/11</u> | August<br><u>2011</u> |
|---|----------------------------|-----------------------|
| <b>Settlement Statements:</b>           |                            |                       |
| Zonal                                   | 44,436                     | 0                     |
| Day Ahead Market                        | 56,671                     | 7,659                 |
| Real Time Market                        | 118,275                    | 20,705                |
| Total                                   | 219,382                    | 28,364                |
| Untimely                                | 199                        | 0                     |
| Balance                                 | 219,183                    | 28,364                |
| % Within Protocol                       | <b>99.91%</b>              | <b>100.00%</b>        |
| <b>Invoices:</b>                        |                            |                       |
| Zonal                                   | 5,148                      | 0                     |
| Day Ahead Market                        | 56,671                     | 7,659                 |
| Real Time Market                        | 8,246                      | 985                   |
| CRR Auction                             | 864                        | 82                    |
| Balancing Account                       | 1,456                      | 200                   |
| CRR Auction Revenue Disbursement (CARD) | 1,482                      | 294                   |
| Total                                   | 73,867                     | 9,220                 |
| Untimely                                | -                          | -                     |
| Balance                                 | 73,867                     | 9,220                 |
| % Within Protocol                       | <b>100%</b>                | <b>100%</b>           |

# August 2011 Market Total Settlement Dollars



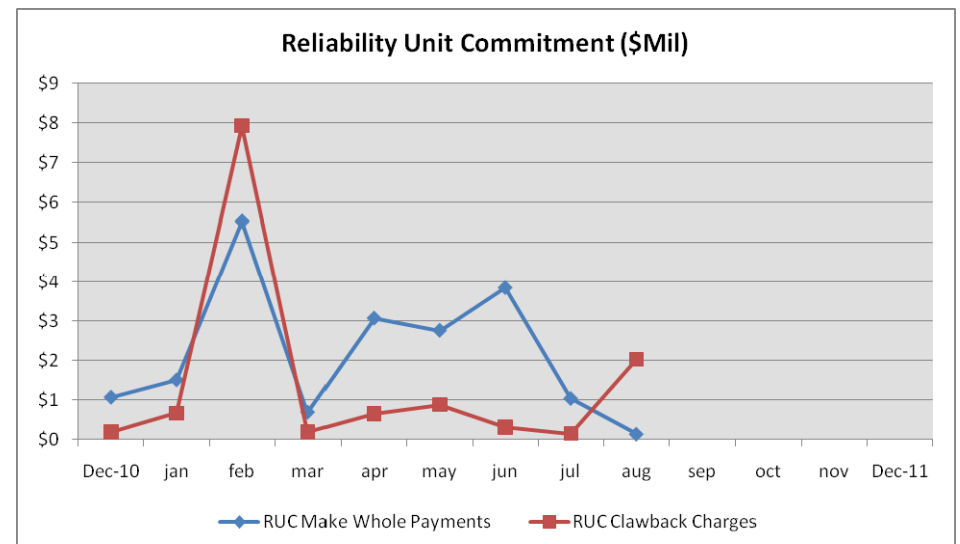
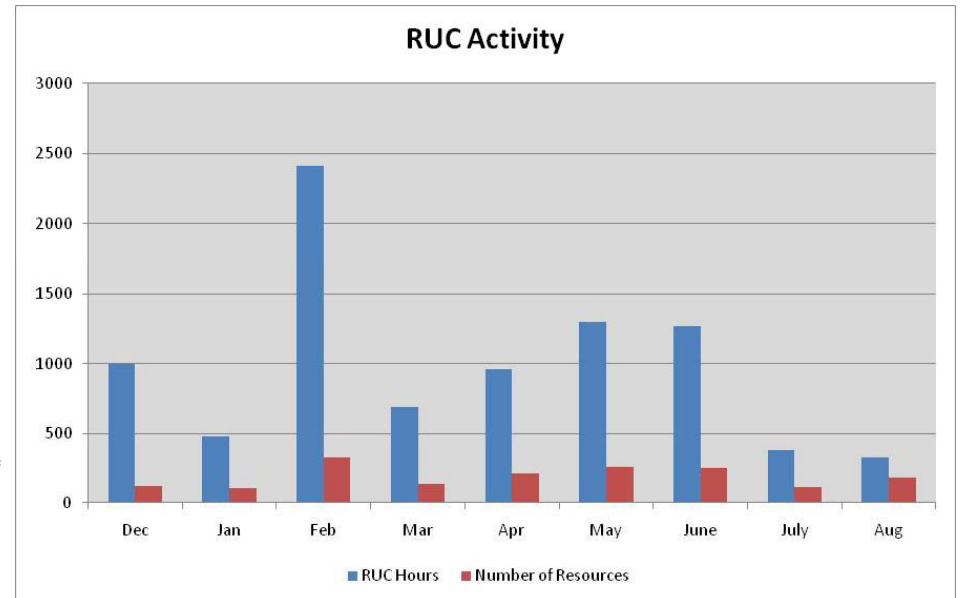
# Reliability Services

August 2011  
(\$'s in millions)

## Reliability Unit Commitment

|  |               |
|--|---------------|
| • Make Whole Payments                    | (\$0.12)      |
| • Claw Back Charges                      | \$2.03        |
| <b>Total Reliability Unit Commitment</b> | <b>\$1.91</b> |
|  |               |
| • Capacity Short Charges                 | \$0.12        |
| • Make Whole Uplift                      | \$0.00        |
|  |               |
| • RUC Decommitment Payments              | \$0.00        |

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



# Capacity Services - Cost

|  | August<br>(\$'s in millions)<br><u>2010</u> | August<br>(\$'s in millions)<br><u>2011</u> |
|--|---|---|
| <b>Capacity Services*:</b>                 |   |   |
| <b>Reg Up</b>                              | <b>\$5.9</b>                                | <b>\$46.1</b>                               |
| <b>Reg Down</b>                            | <b>\$3.3</b>                                | <b>\$4.6</b>                                |
| <b>Responsive Reserve</b>                  | <b>\$12.8</b>                               | <b>\$169.4</b>                              |
| <b>Non-Spinning Reserve</b>                | <b>\$12.4</b>                               | <b>\$53.9</b>                               |
| <b>Black Start</b>                         | <b>\$0.5</b>                                | <b>\$0.5</b>                                |
| <b>Voltage Services - Reactive Power</b>   | <b>n/a</b>                                  | <b>\$0.0</b>                                |
| <b>Voltage Services - Lost Opportunity</b> | <b>n/a</b>                                  | <b>\$0.0</b>                                |
| <b>TOTAL CAPACITY SERVICES</b>             | <b>\$34.90</b>                              | <b>\$274.55</b>                             |

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

# Capacity Services - Volumes

| <b>Reg Up:*</b>              | <u>August 2010</u> | <u>August 2011</u> |
|------------------------------|--------------------|--------------------|
| Required (MW)                | 626,312            | 460,164            |
| Self Arranged (MW)           | 123,253            | 33,644             |
| Procured DAM (MW)            |                    | 426,521            |
| Procured RTM (MW)            |                    | 278                |
| Failure to Provide (MW)      |                    | 725                |
| Total Procured               | 505,582            | 426,798            |
| % Procured                   | 80.7%              | 92.7%              |
| <b>Reg Down:*</b>            |                    |                    |
| Required (MW)                | 648,945            | 356,904            |
| Self Arranged (MW)           | 137,359            | 26,403             |
| Procured DAM (MW)            |                    | 330,501            |
| Procured RTM (MW)            |                    | 109                |
| Failure to Provide (MW)      |                    | 110                |
| Total Procured               | 514,237            | 330,609            |
| % Procured                   | 79.2%              | 92.6%              |
| <b>Responsive Reserve:</b>   |                    |                    |
| Required (MW)                | 1,710,003          | 1,711,226          |
| Self Arranged (MW)           | 653,821            | 407,410            |
| Procured DAM (MW)            |                    | 1,303,816          |
| Procured RTM (MW)            |                    | 1,421              |
| Failure to Provide (MW)      |                    | 2,322              |
| Total Procured               | 1,057,951          | 1,305,237          |
| % Procured                   | 61.9%              | 76.3%              |
| <b>Non-Spinning Reserve:</b> |                    |                    |
| Required (MW)                | 1,161,213          | 1,145,647          |
| Self Arranged (MW)           | 345,313            | 191,683            |
| Procured DAM (MW)            |                    | 953,964            |
| Procured RTM (MW)            |                    | 170                |
| Failure to Provide (MW)      |                    | 455                |
| Total Procured               | 817,583            | 954,134            |
| % Procured                   | 70.4%              | 83.3%              |

\*A/S Methodology changed in Dec 2010

# RMR Settlement

August 2011  
(\$'s in millions)

|  |                        |
|--|------------------------|
| <b>• Reliability Must Run Settlement</b>                   |                        |
| <b>Contracted Standby</b>                                  | <b>(\$1.44)</b>        |
| <b>Contracted Energy</b>                                   | <b>(\$0.17)</b>        |
| <b>Adjustment Charge to the RMR</b>                        | <b>\$1.87</b>          |
| <b>Energy Payment to the RMR</b>                           | <b>(\$2.22)</b>        |
| <b>Clawback Charge<br/>(Make-Whole Payment) to the RMR</b> | <b>\$0.35</b>          |
| <b>Total RMR Settlement</b>                                | <b><u>(\$1.61)</u></b> |



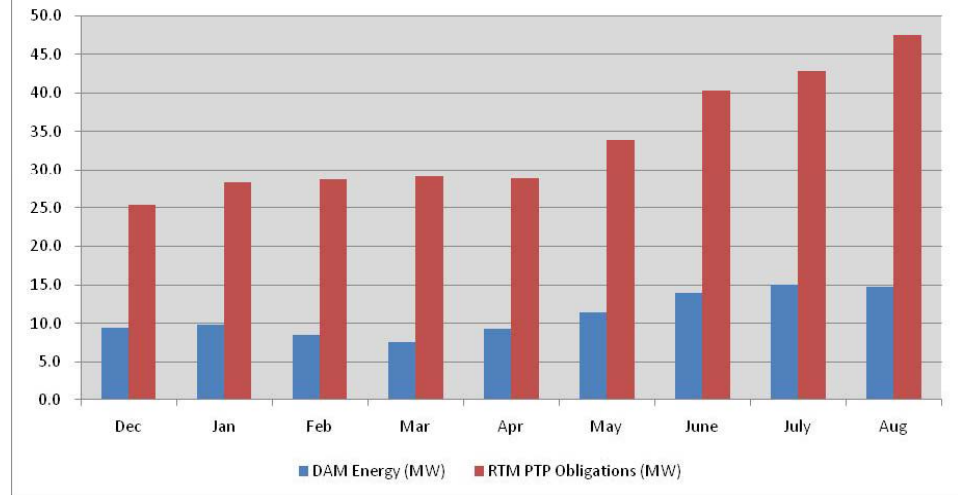
# Energy Settlement

August 2011  
(\$'s in millions)

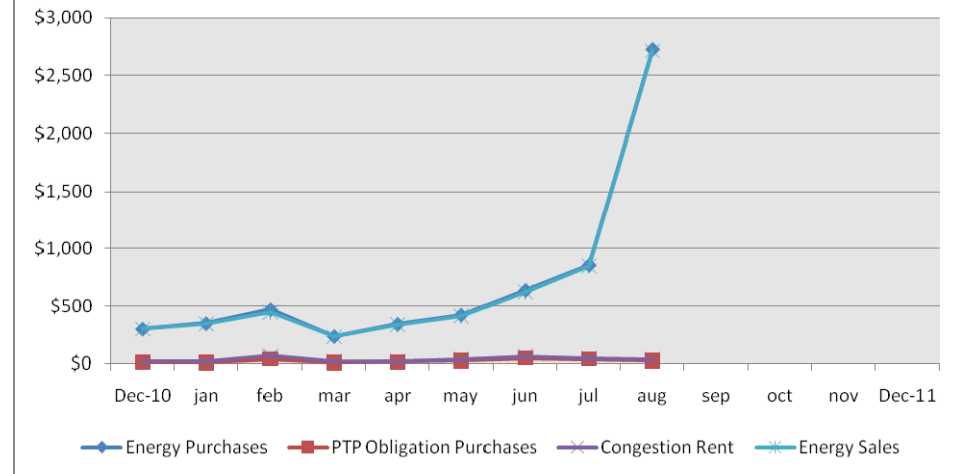
|   |                     |
|---|---------------------|
| <b>• Day Ahead Market Energy Settlement</b>     |                     |
| Energy Purchases                                | \$2,726.72          |
| Point to Point Obligations Purchases            | \$26.53             |
| RMR Day Ahead Revenue                           | \$0.00              |
| Energy Sales                                    | <u>(\$2,715.38)</u> |
| Day Ahead Congestion Rent                       | \$37.88             |
| Day Ahead Make Whole Payments                   | (\$0.02)            |
| <b>• Real Time Market Energy Settlement</b>     |                     |
| <b>Real Time Energy Imbalance</b>               |                     |
| ~Resource Node Settlement Points                | (\$3,784.15)        |
| ~Load Zone Settlement Points                    | \$5,156.31          |
| ~ Hub Settlement Points                         | (\$1,263.80)        |
| Real Time Congestion from Self Schedules        | (\$0.00)            |
| Block Load Transfers and DC Ties                | <u>(\$68.32)</u>    |
| Energy Settlements Impact to Revenue Neutrality | <u>\$40.03</u>      |
| Emergency Energy Payments                       | (\$0.04)            |
| Base Point Deviation                            | \$1.43              |
|   | (MWh in millions)   |
| Real Time Metered Generation                    | 37.83               |

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

DAM Energy Volumes (MW Mil)



Day-Ahead Market Energy (\$Mil)



# Congestion Management

August 2011  
(\$'s in millions)

- **Auction Disbursements**

|                            |                  |
|----------------------------|------------------|
| <b>Annual Auction</b>      | <b>(\$39.21)</b> |
| <b>Monthly Auction</b>     | <b>(\$21.72)</b> |
| <b>Total Disbursements</b> | <b>(\$60.93)</b> |

- **CRR Settlement**

|   |                  |
|---|------------------|
| <b>Day Ahead CRR Settlement</b>             | <b>(\$29.14)</b> |
| <b>Day Ahead CRR Short Charges</b>          | <b>\$0.03</b>    |
| <b>Day Ahead CRR Short Charges Refunded</b> | <b>(\$0.03)</b>  |
| <b>Real Time CRR Settlement</b>             | <b>(\$2.53)</b>  |
| <b>Real Time CRR Short Charges</b>          | <b>\$0.00</b>    |
| <b>Real Time CRR Short Charges Refunded</b> | <b>(\$0.00)</b>  |
| <b>Total Proceeds</b>                       | <b>(\$31.68)</b> |

- **PTP Obligations Acquired in DAM**

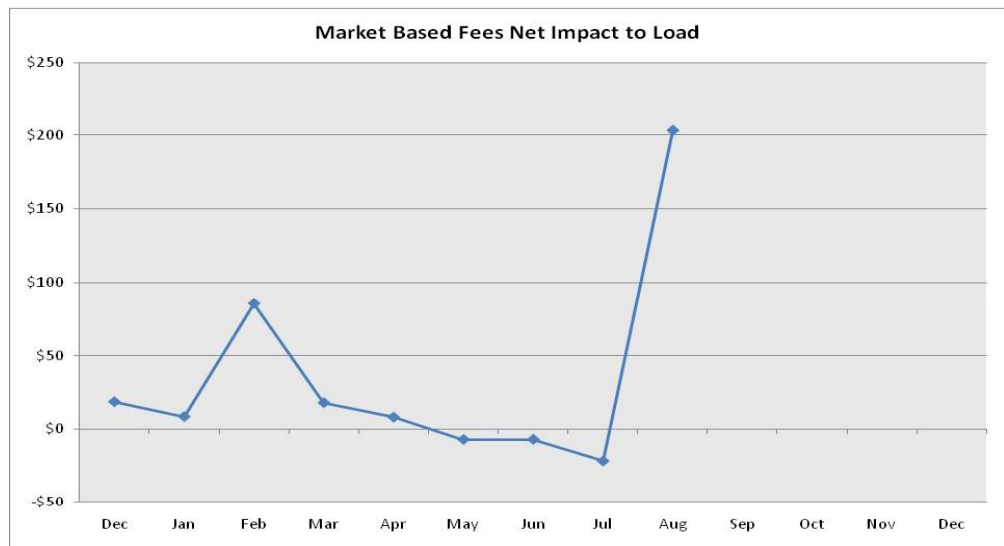
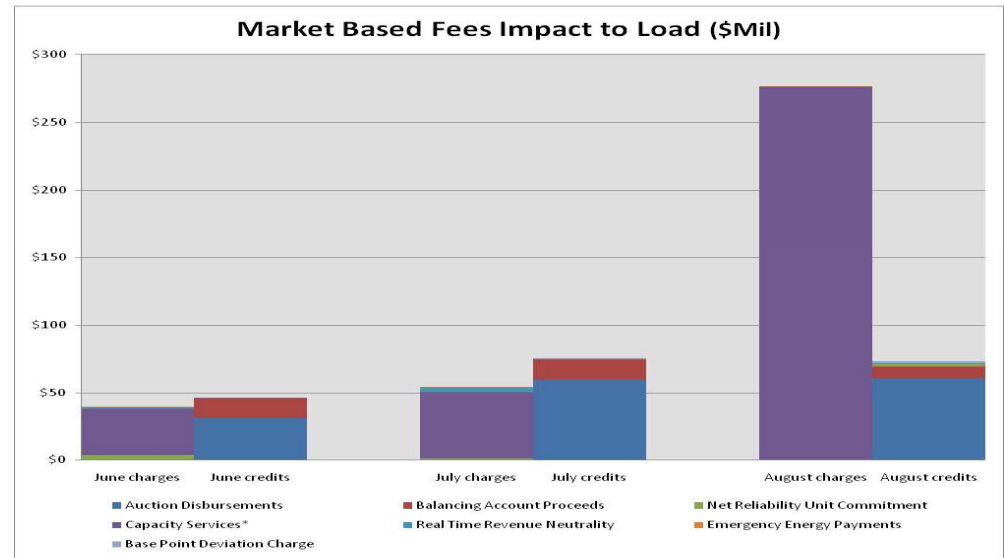
|   |                  |
|---|------------------|
| <b>Day Ahead Point to Point Obligation Settlement</b> | <b>\$26.53</b>   |
| <b>Real Time Point To Point Obligation Settlement</b> | <b>(\$37.26)</b> |
| <b>Net Settlement</b>                                 | <b>(\$10.72)</b> |

Note:  
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Negative amounts are a payment to the Market Participant

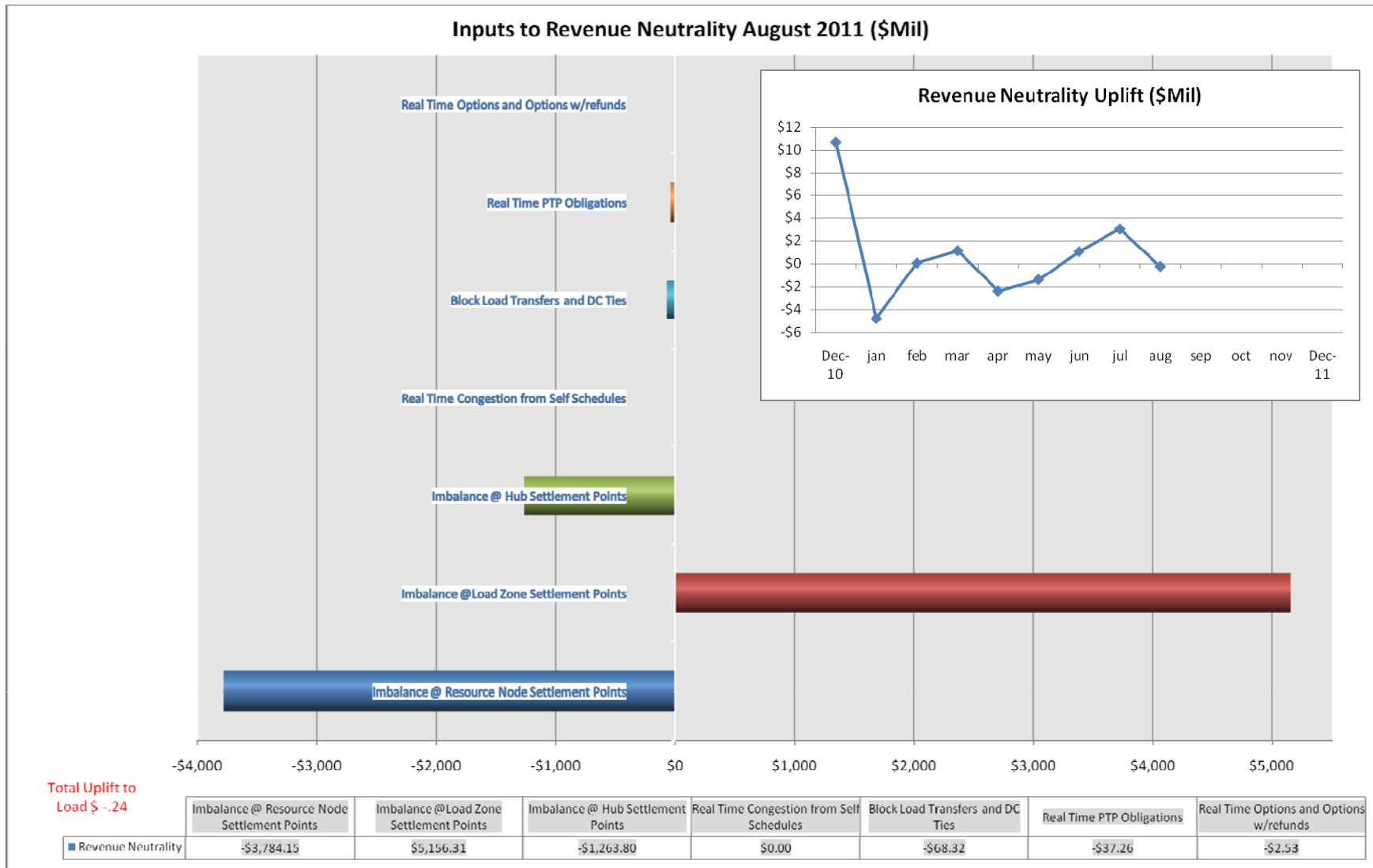
# Net Impact to Load

August 2011  
(\$'s in millions)

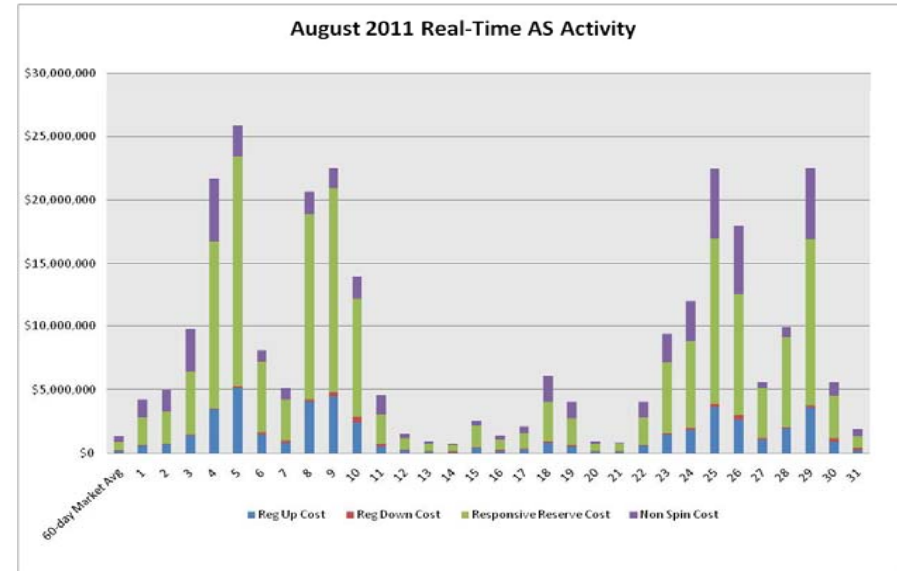
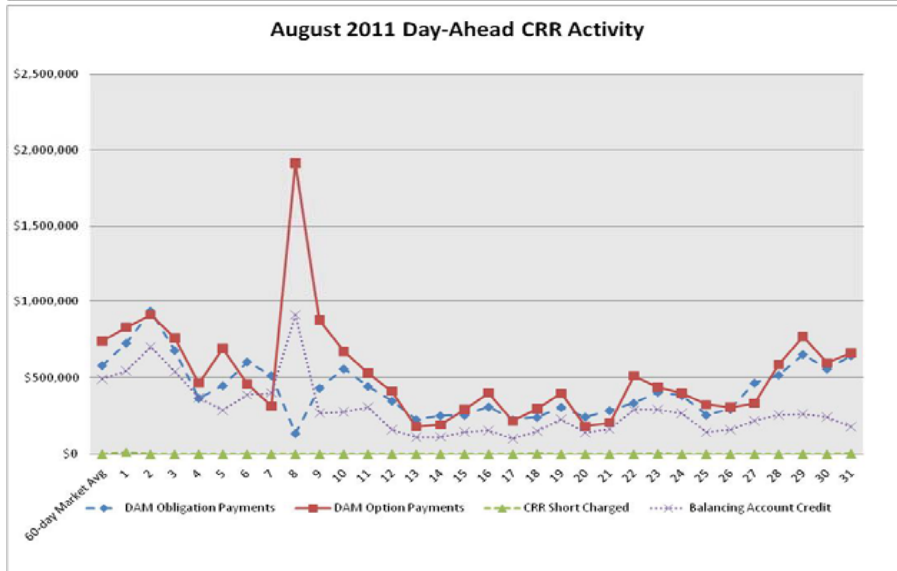
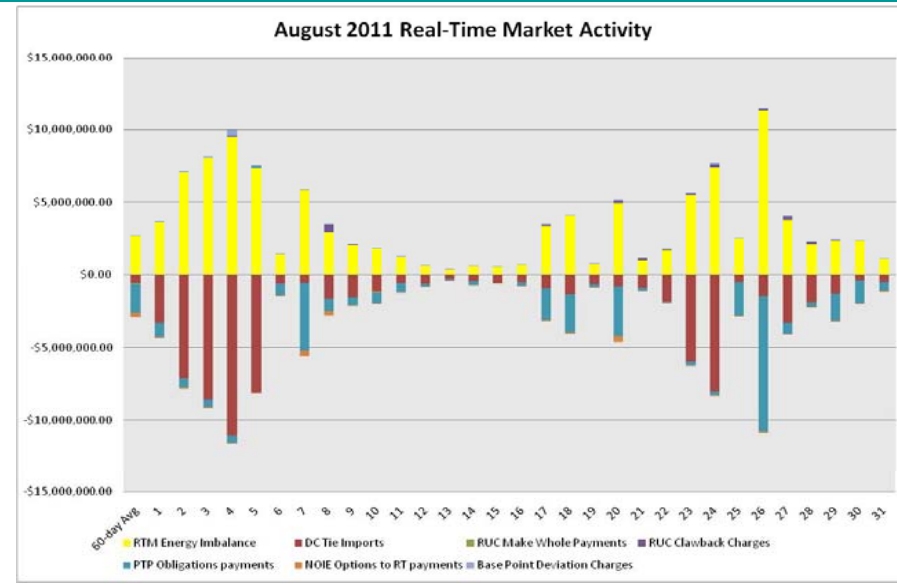
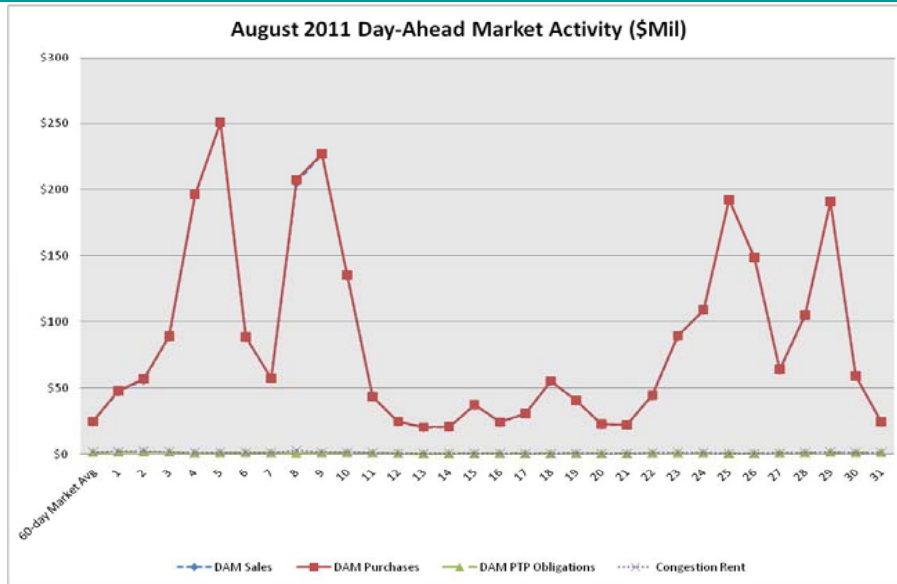
| <i>Market-Based Fees</i>               |                  |
|--|------------------|
| <b>Auction Disbursements</b>           | <b>(\$60.93)</b> |
| <b>Balancing Account Proceeds</b>      | <b>(\$8.73)</b>  |
| <b>Net Reliability Unit Commitment</b> | <b>(\$1.91)</b>  |
| <b>Capacity Services</b>               | <b>\$274.55</b>  |
| <b>RMR Settlement</b>                  | <b>\$1.61</b>    |
| <b>Real Time Revenue Neutrality</b>    | <b>(\$0.24)</b>  |
| <b>Emergency Energy Payments</b>       | <b>\$0.04</b>    |
| <b>Base Point Deviation Charge</b>     | <b>(\$1.43)</b>  |
|  | <b>\$202.96</b>  |
| <b>ERCOT Fees</b>                      |                  |
| <b>ERCOT Administrative Fee</b>        | <b>\$15.95</b>   |
| <b>Net Impact to Load</b>              | <b>\$218.90</b>  |



# Revenue Neutrality

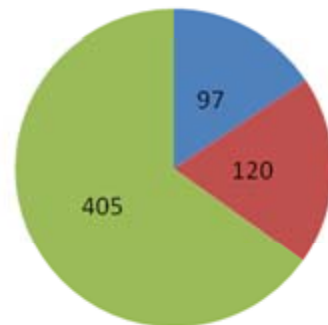


# Daily DAM and RTM Activity



# Verifiable Costs

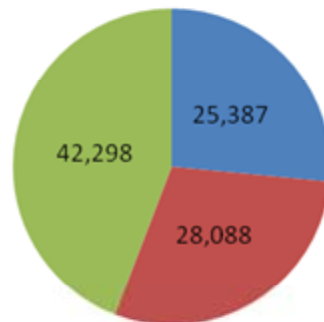
## Total Resources Under Different Cost Types



- Resources on Standard Costs
- Resources on 100% Verifiable Costs
- Total Resources on Generic Costs

Total Resources in ERCOT = 622

## Total MWs Under Different Cost types



- MW under Standard Costs
- MW under 100% Verifiable Costs
- MW under Generic Costs

# ERCOT Wholesale Market Settlement Dispute Report

## August 2011

|                     | CRR Market    |                   | Day-Ahead Mkt |                   | Real-Time Mkt |                   | Total         |                   |
|---------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|
|                     | Current Month | Since Dec 1, 2010 | Current Month | Since Dec 1, 2010 | Current Month | Since Dec 1, 2010 | Current Month | Since Dec 1, 2010 |
| Received            | 0             | 16                | 1             | 58                | 36            | 331               | 37            | 405*              |
| Granted             | 0             | 0                 | 0             | 0                 | 4             | 118               | 4             | 118*              |
| Granted w/Exception | 0             | 0                 | 0             | 0                 | 0             | 6                 | 0             | 6*                |
| Denied              | 0             | 14                | 0             | 52                | 12            | 128               | 12            | 194*              |
| Withdrawn**         | 0             | 2                 | 0             | 5                 | 10            | 46                | 10            | 53                |
| In Process          | 0             | 0                 | 1             | 1                 | 24            | 33                | 25            | n/a               |

\*Adjustments made due to inadvertent "test dispute" counts in previous months.

\*\*New category added.

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

- **Added REPs**

- ✓ True Electric LLC dba Milagro Electric (LSE)

- **Terminated REPs**

- ✓ N/A

- **Added QSEs**

- ✓ Exelon Generation Company LLC (SQ2 – L3)
- ✓ Sherbino I Wind Farm LLC Phase II (SQ1 – L3)

- **Terminated QSEs**

- ✓ N/A

- **QSE Level Changes**

- ✓ 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>                       |
| 67                                   | 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>              |
| <b>340 total (includes Sub-QSEs)</b> |       |   |



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Questions?