



# Operations Report (April 2012)

## May 15, 2012

Trip Doggett  
President & CEO

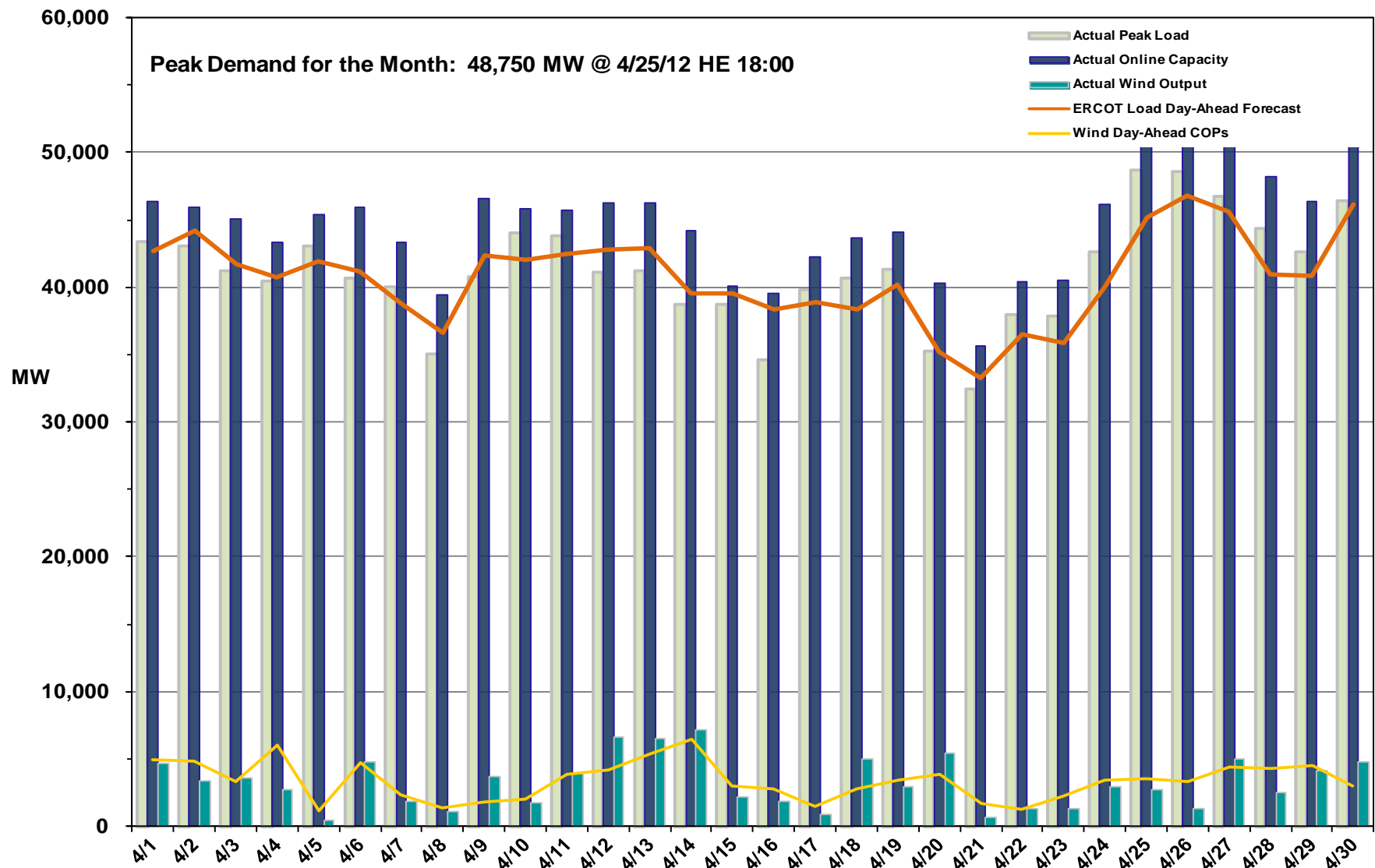
- **April 2012 Operations**

- The peak demand of 48,750 MW on April 25<sup>th</sup> was greater than the mid-term forecast peak of 45,223 MW and less than the April 2011 actual peak demand of 50,713 MW. The instantaneous peak on April 25<sup>th</sup> was 48,950 MW.
- Day-ahead load forecast error for April was 2.78%
- Advisory for Physical Responsive Capability (PRC) below 3000 MW was issued for 2 days
- No Watches for PRC under 2500 MW issued
- No Energy Emergency Alert (EEA) events issued

- **Planning Activities**

- 125 active generation interconnect requests totaling almost 34,000 MW, including 18,000 MW of wind, as of April 30, 2012. Three fewer requests but about the same amount of MW as March 31, 2012
- 10,004 MW wind capacity on line April 30, 2012; 166 MW more than March 31, 2012.

# April 2012 Daily Peak Demand: Hourly Average Actual vs. Forecast, Wind Day-Ahead COPs & On-line Capacity at Peak



Note: All data are hourly averages during the peak load hour obtained from COPs, and EMMS.

# Market Statistics – April 2012

Market Statistics	Apr 2011	Apr 2012	2011 Average	2012 YTD Average
Percentage of Real-Time load hedged in Day-Ahead Market	111.07%	119.40%	115.13%	126.81%
Average 'ERCOT Hub Average 345 kV Hub' Settlement Point Price in Day-Ahead Market (\$/MWh)	34.10	25.58	55.19	23.19
Average 'ERCOT Hub Average 345 kV Hub' Settlement Point Price in Real-Time (\$/MWh)	29.80	24.12	50.83	23.75

# Operational Performance Measures – April 2012

Performance Measure	Target Met	Further Information
Retail Transaction Performance (Target 98%)	Yes	<ul style="list-style-type: none"><li>• Retail transaction processing for all but one transaction type was above target (98%)</li><li>• Switch notification to losing REP at 96.5%</li></ul>
Settlements Performance (Target 99%)	Yes	<ul style="list-style-type: none"><li>• 100% timely statement and invoice posting</li></ul>

# Operational Dashboard – April 2012

Metric	Trending as Expected	Further Information
Day-Ahead Schedule	Yes	<ul style="list-style-type: none"> <li>• Normal level of market activity and liquidity</li> <li>• Loads appear to have hedged against exposure to Real-Time prices</li> </ul>
Day-Ahead Electricity And Ancillary Service Hourly Average Prices	Yes	<ul style="list-style-type: none"> <li>• Hourly average prices correctly reflect the opportunity cost of energy</li> </ul>
Day-Ahead vs Real-Time Load Zone Settlement Point Price (Hourly Average)	Yes	<ul style="list-style-type: none"> <li>• Day-Ahead &amp; Real-Time prices for different Load Zones reflect relative transmission congestion</li> </ul>
Day-Ahead vs Real-Time Trading Hub Settlement Point Price (Hourly Average)	Yes	<ul style="list-style-type: none"> <li>• The average energy price across the system reflects marginal offers and scarcity pricing impacts</li> <li>• Higher average Day-Ahead energy prices reflect the risk premium between Day-Ahead &amp; Real-Time</li> </ul>
Day-Ahead Reliability Unit (DRUC) Commitment Monthly Summary	Yes	<ul style="list-style-type: none"> <li>• Capacity committed by the DRUC process indicates the level of out of market activity needed Day-Ahead to maintain reliability</li> <li>• This month, one resource was committed for voltage support.</li> </ul>

# Operational Dashboard – April 2012

Metric	Trending as Expected	Further Information
Hourly Reliability Unit Commitment (HRUC) Monthly Summary	Yes	<ul style="list-style-type: none"><li>Capacity committed by the HRUC process indicates the level of out of market activity needed during the Operating Day to maintain reliability</li><li>This month, two resources were committed for voltage support</li></ul>
Supplemental Ancillary Service Market Monthly Summary	Yes	<ul style="list-style-type: none"><li>Normal trend indicates that deliverability was not a major concern</li></ul>
Non-Spinning Reserve Service Deployment	Yes	<ul style="list-style-type: none"><li>Offline Non-Spin was deployed to solve local congestion</li></ul>
Congestion Revenue Rights Price Convergence	Yes	<ul style="list-style-type: none"><li>Normal trend indicates good ability of market participants to estimate value of hedges</li></ul>

# Operational Dashboard – April 2012

Metric	Trending as Expected	Further Information
Retail Transactions	Yes	<ul style="list-style-type: none"><li>Seasonal variations in transaction volumes trending as expected</li></ul>
Advanced Metering	Yes	<ul style="list-style-type: none"><li>85.8% of ERCOT load settled with 15-minute interval data.</li><li>4.97M Advanced Metering System (AMS) Electric Service Identifier (ESIID)s included in settlement as of 4/25/2012</li></ul>
Settlement Dollars	Yes	<ul style="list-style-type: none"><li>The daily average settlement is expected to be less than the \$10M and similar to April 2011</li></ul>
Revenue Neutrality	Yes	<ul style="list-style-type: none"><li>As of Operating Day April 24th, Revenue Neutrality uplift is trending towards \$1M, which is within the expected range of +/- \$5M.</li><li><i>For full month detail refer to the appendix.</i></li></ul>
Market-Based Uplift to Load	Yes	<ul style="list-style-type: none"><li>No anomalies observed to-date</li><li><i>For full month detail refer to the appendix.</i></li></ul>



# Market Enhancements Under Consideration

Enhancement	Further Information
Evaluating market design improvement proposals	<ul style="list-style-type: none"><li>• Increasing System Wide Offer Cap to \$4500<ul style="list-style-type: none"><li>• Power Balance penalty cost to \$4500</li><li>• Offer Regulation / Responsive / Reliability Unit Commitments (RUC) / Reliability Must Run (RMR) Resource capacity at \$4500</li></ul></li><li>• NPRR444 to address<ul style="list-style-type: none"><li>• 0 to LSL of RUC, RMR, Non-Spin and Quick Starts</li><li>• ERS deployments</li><li>• Load Resource deployments</li></ul></li><li>• Competitive Constraint Test design improvements</li><li>• CRR rolling auction design improvements</li></ul>
Evaluating Pilot Project Feasibility	<ul style="list-style-type: none"><li>• 30 min ERS pilot by summer</li><li>• Fast response regulation service pilot by fall</li></ul>
Look-Ahead SCED	<ul style="list-style-type: none"><li>• NPRR351 - Phase I of Implementation (indicative future prices and ramping) is scheduled to be implemented by this summer</li><li>• Working with Market Participants to draft scope for future stages of Look Ahead SCED</li></ul>

# Major Project Highlights

Project	Trending as Expected	Further Information
NPRR351 Look-Ahead SCED Indicative Pricing – Provides future advisory/indicative pricing and ramping	Yes	Project on track for release in late June.
SCR760 – Recommended Changes Needed for Information Model Manager and Topology Processor for Planning Models	Yes	Potential risks of poor quality software that is delivered late and the vendor's ability to add more resources to meet agreed upon schedule. There are regular meetings with the project vendor and ERCOT project teams to review quality and schedule.
Texas Set 4.0 – Implement NPRR294, NPRR403, PUCT Project 34610, RMGRR100, Subst R 25.126	Yes	Project on track for June 3rd release date. Internal and market testing on schedule.
MarkeTrak Enhancements for TXSET 4.0 – Add functionality to the MarkeTrak Issue Resolution Tool	Yes	Project on track for June 3rd release date. Internal and market testing on schedule.
NPRR347/400 – Combines the DAM and the Real-Time Market Invoices into a single daily Settlement Invoice; Eliminate Unsecured Credit for CRR Auctions and for Future Credit Exposure (FCE); Eliminate netting of FCE with Current Credit Exposure (CCE)	Yes	Iterative project approach will be applied by continuing to define reports and execute on core system changes. Extensive hours for several key resources could delay completion due to competing priorities.
Settlement System Re-Write – Replace proprietary code, data structures and tools with an ERCOT supported solution	Yes	Potential risks include new NPRR cross system impacts, loss of SME resources, and software performance.
CRR Upgrade – Upgrades the CRR clearing engine and associated components to Linux in order to provide measurable performance improvements in the annual auction	Yes	On track for a September delivery, however, high risk due to an aggressive schedule to deliver improvements by September in order to support annual auction activities in October.

# Projects with Red or Yellow Status

Project	Trending as Expected	Further Information
Resource Asset Registration Form Upgrade (RARF) - Increase the data collected for Wind resources and add new resource type data	Yes, per revised schedule/budget	On track for June release per revised schedule. Budget is tracking to new forecasted amount.
Security Project #2 – Security solution delivery	Yes, per revised budget	Project tracking to revised 2012 budget forecast.

The ***ERCOT Monthly Operational Overview*** will be posted to (<http://www.ercot.com/committees/board/>) on the 15<sup>th</sup> day of the following month