

ERCOT QUICK FACTS

At a glance

- Customers served: 22 million
- Area served: 85% of Texas load, 75% of Texas land
- Generating units: ~550
- High-voltage transmission: 40,327 miles
- Installed capacity: ~84,000 megawatts (MW), including ~3,000 MW of “mothballed” generation
- Available capacity: 76,363 MW, includes 8.7 percent of wind capacity
- Current reserve margin: 21.8% (minimum required 12.5%)
- Record peak demand: 63,400 MW (July 2009)
- Energy produced: 308 billion kilowatt-hours (2009)
- Market size: \$34 billion, based on 308,277 GWh market volume and average \$0.11/KWh rate
- Market participants: ~800 active entities that generate, move, buy, sell or use wholesale electricity
- Wind generation: ~9,000 MW – most in nation
- Demand response: 1,115 MW (equal to three major power plants) in load resource program

What do we do?

The Texas Legislature restructured the Texas electric market in 1999 by unbundling the investor-owned utilities and creating retail customer choice in those areas, and assigned ERCOT four primary responsibilities:

- System reliability – planning and operations
- Open access to transmission
- Retail switching process for customer choice – the only independent system operator with responsibilities as registration agent for retail transactions
- Wholesale market settlement for electricity production and delivery.

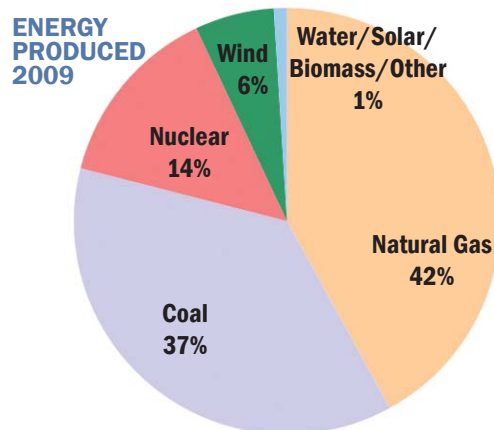
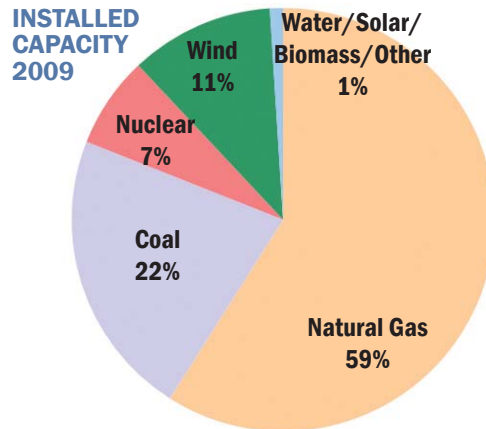
Other Organizational Functions

Wholesale market (bilateral): ~95% of market
Balancing energy/ancillary services market: ~5%
System planning coordination
Renewable Energy Credits management (statewide)
Market participant/stakeholder activity support

How are we doing?

Transmission Investment

- 7,730 circuit miles of transmission improvements since 1999
- 5,729 circuit miles of transmission under study
- \$5.78 billion in transmission added since 1999
- \$8.2 billion under development in five-year plan, including \$5 billion to support 18,000 MW of wind



Generation Development

- 41,000 MW new generation added since 1996
- 5,000 MW generation committed for the future (with transmission contract and air permit)
- 73,400 MW of new generation requests under review, including 44,900 MW wind; 5,900 MW nuclear; 14,100 MW natural gas; 5,100 MW coal; and 3,400 MW solar, biomass and other (January 2010)

Retail Service Switches to Competitive Retailers

50% of residential load (December 2009)
80% of small commercial load (December 2009)

What's ahead?

Comprehensive nodal market implementation, anticipated launch in 2010, to include:

- Nodal locational marginal pricing for generation
- Congestion revenue rights
- Day-ahead energy and ancillary services co-optimized market
- Day-ahead and hourly reliability unit commitment.

ERCOT GOVERNANCE

Board of Directors

Chairman

Jan Newton
Chairman
(unaffiliated)

Vice Chairman

Michehl Gent
Vice Chairman
(unaffiliated)

Calvin Crowder
Electric Transmission
Texas (investor-owned
utility)

Andrew Dalton
Valero Energy Corporation
(industrial consumer)

H.B. “Trip” Doggett
Interim President and
Chief Executive Officer,
ERCOT (*ex-officio*)

Mark Dreyfus
Austin Energy
(municipal utility)

Miguel Espinosa
(unaffiliated)

Nick Fehrenbach
City of Dallas
(commercial consumer)

Sheri Givens
Office of Public Utility
Counsel
(residential consumer,
ex-officio)

Bob Helton
International Power
America
(independent generator)

Clifton Karnei
Brazos Electric
Cooperative
(cooperative)

Alton D. “Dee” Patton
(unaffiliated)

Jean Ryall
Constellation Energy
Commodities
(independent power
marketer)

Barry T. Smitherman
Chairman
Public Utility Commission
(*ex-officio*, non-voting)

Marcie Zlotnik
StarTex Power
(retail electric provider)

(Position vacant)
(unaffiliated)

Segment Alternates

Deryl Brown
Hudson Energy Services
(retail electric provider)

Mike Packard
South Texas Electric
Cooperative (cooperative)

Scott Prochazka
CenterPoint Houston
(investor-owned
utility)

Ray Schwertner
Garland Power & Light
(municipal utility)

Mark Walker
NRG Texas
(independent generator)

Brandon Whittle
DB Energy Trading
(independent
power marketer)

ERCOT Officers

Trip Doggett
Interim President and
Chief Executive Officer

Mike Cleary
Senior Vice President and
Chief Technology Officer

Roy P. Bowman
Interim Vice President and
Chief Financial Officer

(position vacant)
Vice President and
Chief Administrative Officer

Mike G. Grable
Vice President and
General Counsel

Charles B. Manning, Jr.
Vice President and
Chief Compliance Officer

Richard Morgan
Interim Vice President and
Chief Information Officer

Kent Saathoff
Vice President of System
Planning and Operations

Board, Stakeholder Process

The ERCOT Board of Directors has general overall responsibility for managing the affairs of ERCOT, including approval of the budget and capital spending priorities, approval of revisions to ERCOT protocols and guides, and endorsement of major new transmission infrastructure recommendations. ERCOT’s 16-member “hybrid” board includes five independent (or unaffiliated) members; three consumer segment representatives (industrial, commercial and residential); the ERCOT CEO; the Public Utility Commission chairman (non-voting), and six representatives from each of the industry segments – investor-owned utilities (or transmission owners), municipally-owned utilities, cooperatives, generators, power marketers and retail electric providers.

The Board also oversees the affairs of the Texas Regional Entity (Texas RE), the independent division that FERC established in 2006 to serve as the regional entity for the ERCOT region, pursuant to the reliability provisions of the federal Energy Policy Act of 2005 (EPAct).

Under the Board’s oversight, ERCOT’s stakeholder process is responsible for developing policies, procedures, and guidelines for power grid coordination, reliability, and market operations. Six standing committees and subcommittees supported by numerous working groups and task forces function within the stakeholder process.

Legislative Oversight

Other than on issues arising under federal EPAct provisions, ERCOT is subject to oversight by the Texas Legislature and is fully regulated by the Public Utility Commission of Texas (PUC). The PUC approves the ERCOT system administration fee, which provides 98 percent of ERCOT’s revenues, and has general oversight authority including the ability to conduct or order audits. Texas RE funds under EPAct are administered separately. For most purposes, ERCOT, like the PUC, is accountable to the Texas Legislature and its jurisdictional committees. For EPAct purposes, ERCOT is accountable to the Texas RE, NERC, and the Federal Energy Regulatory Commission.

The Electric Reliability Council of Texas (ERCOT) manages the flow of electric power to approximately 22 million Texas customers – representing 85 percent of the state’s electric load and 75 percent of the Texas land area. As the Independent System Operator for the region, ERCOT schedules power on an electric grid that connects 40,000 miles of transmission lines and more than 550 generation units. ERCOT also manages financial settlement for the competitive wholesale bulk-power market and administers customer switching for 6.5 million Texans in competitive choice areas. ERCOT is a membership-based 501(c)(4) nonprofit corporation, governed by a board of directors and subject to oversight by the Public Utility Commission of Texas and the Texas Legislature.