

Megawatt Daily

Thursday, April 9, 2009

Northwest prices continue gradual erosion

Northwest spot power prices continue to hold on to a significant premium over May forward power prices as cool weather has delayed spring snow melt and heavy river flows, which produce surplus power at the region's many hydro electric dams.

Day-ahead power prices at Mid-Columbia, the Northwest key power trading hub, have fallen steadily since early February as frigid weather has eased reducing heating loads. Mid-C day-ahead on-peak prices have dropped about \$17 since
(continued on page 10)

Texas legislative action includes nodal market

The Texas Legislature is suddenly in a frenzy of committee hearings, lobbying and other activity, a surprising amount of it focused on electricity-related matters such as the planned nodal market, renewable energy, aggregation and consumer protection.

Legislative and other sources said Wednesday that it is weeks too soon to predict with any certain which measures will advance through the state's House of Representatives and Senate to the desk of Republican Governor Rick Perry. However, most
(continued on page 11)

Service launched for nodal power contracts

LCH.Clearnet and Nodal Exchange on Wednesday launched a new service to provide trading and clearing of cash-settled financial nodal power contracts in North America.

The companies said that industry participants, for the first time, will benefit from the ability to more precisely hedge their positions by trading the locational marginal price of power at granular nodes while also allowing them to minimize their counterparty risk.

The new effort will offer several benefits to market participants
(continued on page 11)

Holiday notice

Megawatt Daily will not publish Friday, April 10, due to the Good Friday holiday.

Electricity price information collected Thursday, April 9, will be published in the issue of Monday, April 13. For the West, which is trading on an altered schedule this week to accommodate a Friday holiday, Thursday trading will be for Sunday and Monday delivery. For the Electric Reliability Council of Texas, trading Thursday will be for delivery Friday through Monday.

For electricity markets outside of the West and ERCOT, trading Thursday will follow a normal pattern, and those prices will be published in the issue of Monday, April 13. Prices based on Friday trading in markets outside of the West and ERCOT will be for weekend and Monday flow, and will be published in the issue of Tuesday, April 14.

Day-ahead markets for delivery Apr 9 (\$/MWh)

ERCOT	Index	Change	Range	Deals	Volume	Avg \$/Mo
On-peak						
ERCOT	20.25	-2.50	20.25-20.25	N.A.	N.A.	22.79
ERCOT, North	27.14	1.62	26.50-30.00	53	4,100	25.79
ERCOT, Houston	27.50	0.87	27.00-29.00	31	1,650	27.67
ERCOT, West	20.33	-2.42	20.00-21.00	12	750	22.82
ERCOT, South	27.96	1.84	27.25-30.00	30	1,575	27.44
Off-Peak						
ERCOT	11.00	-3.25	11.00-11.00	N.A.	N.A.	15.19
ERCOT, North	16.69	0.75	16.00-17.05	26	2,150	16.98
ERCOT, Houston	16.08	-0.35	15.95-16.25	11	600	17.93
ERCOT, West	11.00	-3.25	11.00-11.00	N.A.	N.A.	15.21
ERCOT, South	16.60	0.62	16.25-17.05	8	600	17.84

Southeast	Index	Change	Range	Deals	Volume	Avg \$/Mo
On-peak						
VACAR	34.50	-2.00	34.50-34.50	N.A.	N.A.	32.96
Southern, into	34.00	-2.75	34.00-34.00	N.A.	N.A.	34.04
Florida	35.50	-2.50	35.50-35.50	N.A.	N.A.	37.68
TVA, into	34.00	-2.00	34.00-34.00	N.A.	N.A.	33.64
Entergy, into	30.50	-2.50	30.50-30.50	N.A.	N.A.	30.68
Off-Peak						
VACAR	25.50	-2.25	25.50-25.50	N.A.	N.A.	25.54
Southern, into	26.50	-1.50	26.50-26.50	N.A.	N.A.	25.79
Florida	25.25	-3.25	25.25-25.25	N.A.	N.A.	27.75
TVA, into	24.50	-3.00	24.50-24.50	N.A.	N.A.	25.21
Entergy, into	20.50	-0.50	20.50-20.50	N.A.	N.A.	19.54

West	Index	Change	Range	Deals	Volume	Avg \$/Mo
On-peak						
COB	25.39	-2.27	25.00-25.80	22	650	28.15
Mid-C	23.27	-3.19	22.50-24.75	174	5,575	26.38
Palo Verde	26.94	-1.15	26.25-27.75	15	450	28.15
Mead	27.00	-1.50	27.00-27.00	N.A.	N.A.	28.62
Mona	27.00	-2.25	27.00-27.00	N.A.	N.A.	28.13
Four Corners	27.00	-1.48	27.00-27.00	N.A.	N.A.	28.05
NP15	27.75	-1.75	27.75-27.75	N.A.	N.A.	30.15
SP15	27.00	-1.50	27.00-27.00	N.A.	N.A.	29.40
Off-Peak						
COB	21.04	-2.72	23.50-24.50	8	225	26.24
Mid-C	20.45	-3.46	22.75-25.25	181	4,775	26.07
Palo Verde	18.08	-0.80	18.50-19.00	36	925	20.73
Mead	19.00	-2.50	21.50-21.50	N.A.	N.A.	22.97
Mona	18.00	-3.00	21.00-21.00	N.A.	N.A.	21.11
Four Corners	18.50	-1.75	20.25-20.25	N.A.	N.A.	21.08
NP15	21.50	-2.00	23.50-23.50	N.A.	N.A.	22.44
SP15	19.25	-1.25	20.50-20.50	N.A.	N.A.	20.51

Northeast	Index	Change	Range	Deals	Volume	Avg \$/Mo
On-peak						
Mass Hub	40.00	-1.00	40.00-40.00	N.A.	N.A.	40.86
N.Y. Zone-G	44.00	-8.75	44.00-44.00	N.A.	N.A.	46.32
N.Y. Zone-J	47.00	-6.00	47.00-47.00	N.A.	N.A.	48.86
N.Y. Zone-A	26.00	0.00	26.00-26.00	N.A.	N.A.	25.64
Ontario*	35.00	-1.00	35.00-35.00	N.A.	N.A.	33.71
Off-Peak						
Mass Hub	32.00	-1.25	32.00-32.00	N.A.	N.A.	31.61
N.Y. Zone-G	34.00	-2.25	34.00-34.00	N.A.	N.A.	32.46
N.Y. Zone-J	34.50	-2.25	34.50-34.50	N.A.	N.A.	33.11
N.Y. Zone-A	28.50	-1.50	28.50-28.50	N.A.	N.A.	24.36
Ontario	22.00	5.00	22.00-22.00	N.A.	N.A.	18.86

(continued on page 2)

MARKET WRAP

EAST MARKETS

Spot gas drags dailies down; forwards mixed

A drop off in spot gas prices, as well as warmer weather, helped to drive power prices for Thursday delivery in the East lower, while forwards in the region finished mixed as the May NYMEX gas contract settled 6.8 cents higher at \$3.63/MMBtu Wednesday.

A sharp drop in Northeast city-gate spot gas, in addition to warmer weather, softened power prices for Thursday delivery. Boston and New York city-gate spot gas fell about 27 cents, trading near \$4.17/MMBtu Wednesday morning on IntercontinentalExchange. Weather forecasts were calling for highs to range from the upper 40s to the low 60s, near normal. Peak demand forecasts for today were 2% to 3% lower than Wednesday's expected peak demand.

New England's Mass Hub dailies shed about \$1.25, trading near \$39.75/MWh. Off-peak packages traded about \$1 lower near \$32/MWh. Bal-week (Friday) traded near \$37.50/MWh. Highs were forecast a few degrees above normal in the mid-to upper 50s for both days. Mass Hub bal-month (April 10-30) traded at \$41/MWh.

New York Zone-A dailies were steady at \$26/MWh. Zone-G fell \$8.75, trading near \$44/MWh on ICE. Zone-J dailies fell \$6 to \$47/MWh. New York balance-of-the-week prices were a few dollars lower than for-Thursday prices. Zone-A bal-week was bid

Day-ahead markets for delivery Apr 9 (\$/MWh)

PJM	Index	Change	Range	Deals	Volume	Avg \$/Mo
On-peak						
PJM West	37.50	-6.00	37.50-37.50	N.A.	N.A.	40.74
Dominion Hub	36.50	-4.75	36.50-36.50	N.A.	N.A.	39.96
AD Hub	32.00	-6.50	32.00-32.00	N.A.	N.A.	36.04
NI Hub	28.75	-6.75	28.75-28.75	N.A.	N.A.	33.43

Off-Peak						
PJM West	31.00	-8.50	31.00-31.00	N.A.	N.A.	32.21
Dominion Hub	31.25	-7.75	31.25-31.25	N.A.	N.A.	32.43
AD Hub	29.50	-3.50	29.50-29.50	N.A.	N.A.	29.25
NI Hub	23.75	-4.75	23.75-23.75	N.A.	N.A.	23.04

MISO	Index	Change	Range	Deals	Volume	Avg \$/Mo
On-peak						
Michigan Hub	31.50	-2.50	31.50-31.50	N.A.	N.A.	33.82
First Energy Hub	31.25	-2.50	31.25-31.25	N.A.	N.A.	34.54
Cinergy Hub	31.00	-2.00	31.00-31.00	N.A.	N.A.	32.93
Illinois Hub	23.50	-4.25	23.50-23.50	N.A.	N.A.	30.00
Minnesota Hub	28.00	-1.00	28.00-28.00	N.A.	N.A.	30.18

Off-Peak						
Michigan Hub	25.00	-0.50	25.00-25.00	N.A.	N.A.	25.36
First Energy Hub	27.00	-1.75	27.00-27.00	N.A.	N.A.	27.46
Cinergy Hub	26.50	-2.50	26.50-26.50	N.A.	N.A.	25.71
Illinois Hub	18.00	-1.50	18.00-18.00	N.A.	N.A.	21.57
Minnesota Hub	13.75	-0.50	13.75-13.75	N.A.	N.A.	15.14

SPP/MRO	Index	Change	Range	Deals	Volume	Avg \$/Mo
On-peak						
MAPP, South	30.00	-2.00	30.00-30.00	N.A.	N.A.	31.14
SPP, North	29.00	-2.00	29.00-29.00	N.A.	N.A.	30.07

Off-Peak						
MAPP, South	25.00	1.00	25.00-25.00	N.A.	N.A.	23.86
SPP, North	24.00	1.00	24.00-24.00	N.A.	N.A.	22.93

*Ontario prices are in Canadian dollars

†West markets traded for Friday and Saturday delivery

platts Megawatt Daily

Volume 14, Issue 68 — April 9, 2009

ISSN: 1088-4319

Managing Editor

Paul Ciampoli

Ethan Howland, Harriet King,
Bob Matyi, Mary Powers, Pam
Radtke Russell, Lisa Wood

News Desk

202-383-2254,
electric@platts.com
Amy Fickling, Editor

Editorial Director,
U.S. Market Reporting
Brian Jordan

Rod Kuckro, Chief Editor

Editorial Director,
U.S. Electricity
Kathy Carolin Larsen

Market Reporters

Eric Wieser, Daniel Guido,
Leticia Vasquez, Milena
Yordanova-Kline, Nushin Huq

Global Editorial Director,
Power
Larry Foster

Market Editors

Lisa Lawson, Mike Wilczek

Vice President, Editorial
Dan Tanz

Staff Reporters

Paul Carlsen, Catherine
Cash, Jeffrey Ryser, Jason
Fordney, Tom Tiernan, Lisa
Weinzimer

Platts President
Larry Neal

Manager,

Advertising Sales
Ann Forte

Correspondents

Housley Carr, Lyn Corum,

Prices quoted in tables published in *Megawatt Daily* are obtained first-hand in confidential surveys of actual buyers and sellers. Platts makes no warranties, express or implied, as to the accuracy, adequacy or completeness of the data and other information set forth in this publication ("data") or as to the merchantability or fitness for a particular use with respect to the data. Platts assumes no liability in connection with any party's use of the data. Corporate policy prohibits editorial personnel from holding any financial interest in companies they cover and from disclosing information prior to the publication date of an issue.

Megawatt Daily is published daily by Platts, a division of The McGraw-Hill Companies. Registered office Two Penn Plaza, 25th Floor, New York, NY 10121-2298

Officers of the Corporation: Harold McGraw III, Chairman, President and Chief Executive Officer; Kenneth Vittor, Executive Vice President and General Counsel; Robert J. Bahash, Executive Vice President and Chief Financial Officer; John Weisenseel, Senior Vice President, Treasury Operations.

Copyright 2009 by Platts, The McGraw-Hill Companies, Inc.

All rights reserved. No portion of this publication may be photocopied, reproduced, retransmitted, put into a computer system or otherwise redistributed without prior authorization from Platts.

Permission is granted for those registered with the Copyright Clearance Center (CCC) to photocopy material herein for internal reference or personal use only, provided that appropriate payment is made to the CCC, 222 Rosewood Drive, Danvers, MA 01923, phone (978) 750-8400. Reproduction in any other form, or for any other purpose, is forbidden without express permission of The McGraw-Hill Companies, Inc.

Text-only archives available on Dialog, Factiva and LexisNexis.

Platts is a trademark of The McGraw-Hill Companies, Inc.

To reach Platts

E-mail: support@platts.com

North America

Tel: 800-PLATTS-8 (toll-free)
+1-212-904-3070 (direct)

Latin America

Tel: +54-11-4804-1890

Europe & Middle East

Tel: +44-20-7176-6111

Asia Pacific

Tel: +65-6530-6430

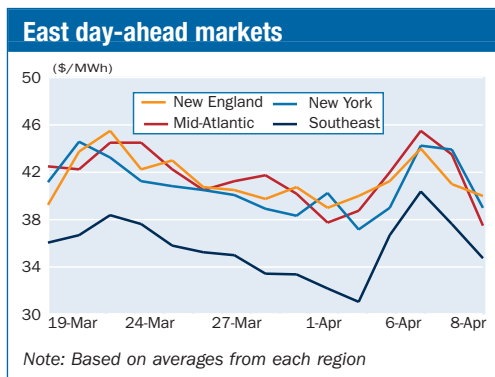
Advertising

Tel: +1-720-548-5479

at \$23.25 and offered at \$25/MWh. Zone-G bal-week traded at \$42/MWh. Zone-J had bids at \$43.75 and offers at \$53/MWh. Further out in Zone-A, early on-peak weekend packages traded near \$22.75/MWh on ICE. Colder weather was forecast for the weekend with highs expected in the low 40s. Next-week prices in Zone-A will remain in the mid-to upper \$20s/MWh. The April 13-17 package was bid at \$26 and offered at \$27.50/MWh. Zone-G next-week was bid at \$42 and offered at \$46/MWh.

Also in Zone-G, balance-of-the-month (April 10-30) was bid at \$44 and offered at \$45.75/MWh.

Northeast forwards were mixed Wednesday with the front of the curve falling, while the rest of the packages finished flat to higher. On ICE, the Mass Hub was the most active hub and New York Zone-G saw more bids and offers than usual. Mass Hub May and June closed the day flat at \$41.75/MWh and \$46.25/MWh,



respectively. New York Zone-A May turned lower 25 cents to \$33.50/MWh, while June jumped \$1.50 into the high \$30s/MWh.

Prices in the Mid-Atlantic slipped on higher temperatures and lower spot gas

prices. Weather outlooks for today predicted high in the 60s for most of the region, slightly higher than normal. Texas Eastern M-3 spot gas lost about 19 cents, trading around \$4.10/MMBtu on ICE. PJM Interconnection West Hub day-ahead shed about \$6.25, trading around \$37.25/MWh on ICE at about 11:30 am EDT. Off-peak traded around \$31/MWh, about \$8.50 less than Platts' for-Wednesday index.

Mid-Atlantic forwards moved down slightly lower Wednesday despite firmer NYMEX gas. Power trading on ICE was active with deals done across the curve, including some calendar 2012 deals. PJM West May on peak financial swaps finished flat at \$40.50/MWh and June lost 25 cents to \$47/MWh.

Southeast day-ahead markets dropped more than \$5 in Thursday trading on slightly weaker spot gas prices and seasonable weather forecast for the region. Transco 3 spot gas shed more than 5 cents, trading around \$3.59/MMBtu on ICE. Weather outlooks showed daytime temperatures in the 60s and 70s in most areas today and through the weekend. Into Southern day-ahead traded in the low \$30s/MWh in morning trading on ICE, down almost \$7 from the Platts for-Wednesday index. Off-peak traded in the mid-\$20s/MWh, down \$2.50 on the day. Into Southern bal-week was bid at \$28 and offered at \$31/MWh. Next-week was valued in the low \$30s/MWh. The April 20-24 package was bid at \$29.50 and offered at \$32/MWh.

Southeast forwards also moved up with NYMEX gas. Into Southern May rose 25 cents to about \$32.50/MWh. Into TVA May rose 25 cents to about \$31.75/MWh.

Generation unit outage report

East

Plant/Operator	Cap	Fuel	State	Status	Return	Shut
Brunswick-2/Progress Energy	938	n	N.C.	RF	Unk	03/02/09
Catawba-2/Duke Energy	1,145	n	S.C.	RF	Unk	03/07/09
Farley-1.Southern	851	n	Ala.	RF	Unk	04/02/09
Hatch-2/Georgia Power	863	n	Ga.	RF	Unk	02/07/09
Indian Point-3/Entergy	1,025	n	N.Y.	RF	Unk	03/11/09
Limerick-2/Exelon	1,134	n	Pa.	RF	Unk	03/23/09
Nine Mile Point-1/Constellation	621	n	N.Y.	RF	Unk	03/21/09
Pickering-4/Ontario Power	440	n	Ont	PMO	Unk	01/05/09
Pickering-5/Ontario Power	440	n	Ont	PMO	Unk	02/12/09
Sequoyah-1/TVA	1,147	n	Tenn.	RF	Unk	03/26/09
Turkey Point-3/FPL	760	n	Fla.	RF	Unk	03/16/09

Central

Plant/Operator	Cap	Fuel	State	Status	Return	Shut
Braidwood-1/Exelon	1,120	n	Ill.	RF	Unk	03/29/09
Cook - 1/AEP	1,026	n	Mich.	MO	09-Q3/Q4	09/20/08
Cook - 2/AEP	1,060	n	Mich.	RF	Unk	03/25/09
Davis-Besse/ FirstEnergy	908	n	Ohio	PMO	Unk	04/05/09
Fermi-2/Detroit Edison	1,179	n	Mich.	MO	Unk	03/28/09
Monticello/Xcel Energy	597	n.	Minn.	RF	Unk	03/14/09
Palisades/Entergy	798	n	Mich.	RF	April	03/22/09
Perry-1/FirstEnergy	1,231	n	Ohio	RF/PMO	Unk	02/23/09
Sixth Street/Alliant Energy	55	c	Iowa	MO	09-Q3/Q4	06/12/08

West

Plant/Operator	Cap	Fuel	State	Status	Return	Shut
Alamitos-5/AES	498	g	Calif.	PMO	Unk.	03/31/09
Belden-1/PG&E	119	h	Calif.	PMO	Unk.	04/01/09
Contra Costa-7/Mirant	337	g	Calif.	PMO	Unk.	04/05/09
Coolwater-4/Reliant	246	g	Calif.	PMO	Unk.	03/01/09
EI Segundo-4/NRG	335	g	Calif.	PMO	Unk.	02/22/09
Elk Hills/Sempra	552	g	Calif.	PMO	Unk.	04/01/09
Encina-4/NRG	300	g	Calif.	MO	Unk.	04/06/09
Encina-5/NRG	330	g	Calif.	PMO	Unk.	04/06/09
Etiwanda-4/Reliant	320	g	Calif.	PMO	Unk.	03/04/09
Helms Pump-1/PG&E	407	g	Calif.	PMO	Unk.	03/01/09
Helms Pump-2/PG&E	407	g	Calif.	PMO	Unk.	03/01/09
Helms Pump-3/PG&E	404	h	Calif.	PMO	Unk.	01/26/09
Huntington Beach-1/AES	226	g	Calif.	PMO	Unk.	04/05/09
Huntington Beach-2/AES	226	g	Calif.	PMO	Unk.	04/05/09
Huntington Beach-3/AES	225	g	Calif.	PMO	Unk.	04/05/09
Huntington Beach-4/AES	227	g	Calif.	PMO	Unk.	04/05/09
Inland Empire-2/Inland	337	g	Calif.	MO	Unk.	08/14/08
Intermountain-2/PCorp	900	c	Utah	PMO	Unk.	03/29/09
La Rosita-1/Intergen	322	g	Mexico	PMO	Unk.	03/03/09
Mandalay-2/Reliant	215	g	Calif.	PMO	Unk.	03/15/09
Mexicali CC/Sempra	180	g	Mexico	PMO	Unk.	03/08/09
Midway/Starwood Power	120	g	Calif.	PMO	Unk.	03/15/09
Palo Verde-3/APS	1,245	n,c,g,h,w	Ariz.	RF	Unk.	04/05/09
Solano Wind Farm/SMUD	102	w	Calif.	MO	Unk.	03/26/09
Southbay-2/LS Power	150	g	Calif.	PMO	Unk.	04/06/09
Southbay-4/LS Power	222	g	Calif.	PMO	Unk.	04/06/09

For methodology, see table.

Daily generation outage references

MO	unplanned maintenance outage
PMO	planned maintenance outage
RF	refueling outage
Unk	unknown
OA	offline/available

Fuels: Nuclear=n; Coal=c; Natural gas=g; Hydro=h

Sources: Generation owners, public information and other market sources.

CENTRAL MARKETS

Dailies close mostly lower; forwards mixed

Day-ahead power prices ended Wednesday mostly lower. Forwards closed mixed as the May NYMEX natural gas contract settled 6.8 cents higher at \$3.63/MMBtu as buyers emerged in search of bargains after the contract posted a new intraday low.

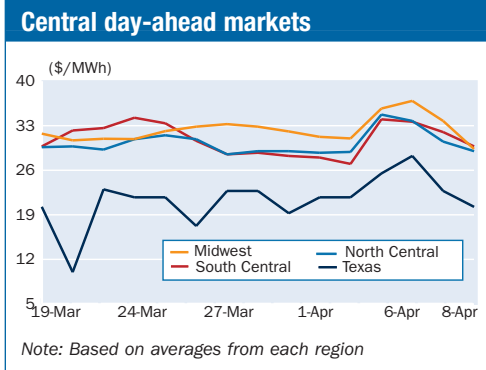
Prices in the Midwest lost ground due to near-normal temperatures and weakened spot gas prices. Today, highs are expected to be mostly in the 50s. Chicago city-gates spot gas was trading around \$3.49/MMBtu on

IntercontinentalExchange. Cinergy Hub day-ahead moved down about \$2.25, trading around \$30.75/MWh on ICE. Off-peak lost about \$3, trading around \$26.75/MWh. Minnesota Hub day-ahead was bid at \$28 and offered at \$29.50/MWh, on par with Platts' for-Wednesday index. In the Midwestern portion of the PJM Interconnection, bids and offers were lower than Platts' for-Wednesday indices, but no deals had been executed in early morning trading on ICE.

AEP-Dayton Hub was bid at \$31 and offered at \$34/MWh on ICE. Off-peak was bid at \$28.75 and offered at \$30.50/MWh. Northern Illinois Hub day-ahead was bid at \$28 and offered \$3.50 lower than Platts' for-Wednesday index at \$32/MWh. Off-

peak was bid at \$21.50 and offered at \$26/MWh.

Midwest forwards edged down with the front of the curve taking the biggest hit. Trading on ICE was slow in the morning but more volume made it through in the afternoon. Cinergy Hub May was down 25 cents to \$30.25 and June remained flat at \$34/MWh. AEP Dayton Hub May lost \$1.25 to \$33/MWh and June decreased 75 cents to \$36.75/MWh.



South Central day-ahead markets were mixed amid a combination of warmer weather and marginally lower spot gas prices in the region. Today, forecasts called for high temperatures mostly in the upper 70s to mid-80s, about 5 degrees above normal. Meanwhile, Gulf Coast spot gas markets were down about 10 cents on average in morning trading on ICE. ERCOT day-ahead power traded mostly in the mid- to high \$20s/MWh in morning deals on ICE, within \$2 of the Platts' for-Wednesday indexes. West zone

fell \$2.50 but held in the low \$20s/MWh. ERCOT North balance-of-the-month traded at \$27/MWh.

Into Entergy day-ahead packages traded nearly \$3 lower into the low \$30s/MWh. Bal-week was offered at \$30/MWh, \$1 below earlier offers. Weekend on-peak was bid at \$26 and offered at \$29/MWh. Next-week was bid at \$28 and offered at \$30.50/MWh, steady with bids and offers seen Tuesday on ICE.

South Central forwards rose with firmer NYMEX gas and heat rate markets. ERCOT South zone May moved up 75 cents to about

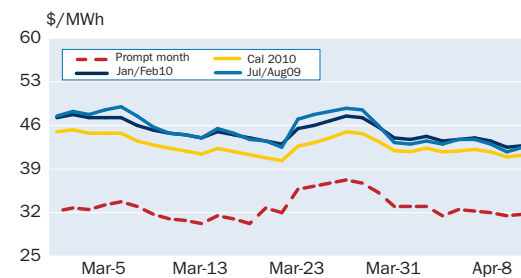
Platts-ICE Forward Curve — Electricity, Apr 8 (\$/MWh)

Prompt month: May 09

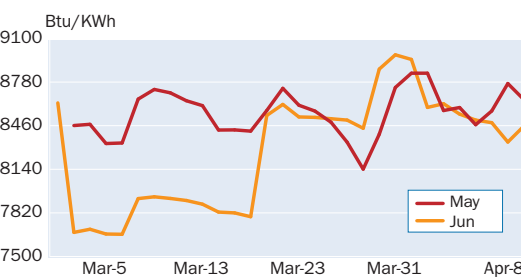
Mass Hub	41.75
N.Y. Zone G	45.75
N.Y. Zone J	54.25
N.Y. Zone A	33.50
Ontario*	38.50
PJM West	40.50
AD Hub	33.00
NI Hub	28.00
Cinergy Hub	30.25
TVA Into	31.75
Southern Into	32.50
Entergy Into	30.50
ERCOT South	33.00
Mid-C	16.00
Palo Verde	27.75
NP15	32.25
SP15	31.00

*Ontario prices are in Canadian dollars. Prices are on-peak and energy only

TVA Into: Key packages, last 30 days



TVA Into: Marginal heat rate



TVA Into: Forward curve

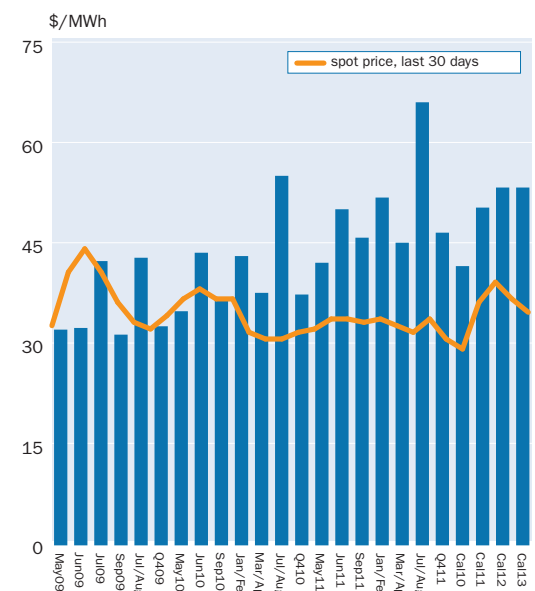


Table and graphs are created using Platts-ICE Forward Curve — Electricity (North America) data. Both on-peak and off-peak electricity forward assessments are available for periods spanning four years. To see a sample and find information on how to subscribe to the full data set go to www.risk.platts.com. For more information about Platts services, please call +1-800-PLATTS8. For editorial questions call Mike Wilczek +202-383-2246 or Eric Wieser +202-383-2092

\$32.75/MWh at about 2:30 pm EDT, with heat rate markets higher on ICE. Into Entergy May increased \$1 to about \$30.50/MWh.

WEST MARKETS

Dailies weaken; bal-month falls; terms slump

On-peak day-ahead prices on Wednesday crumbled on the traditional weekend discount as an altered week had the market trading for Friday and Saturday delivery. April financial balance-of-the-month also dropped. Forwards were in a decline at the front of the curve even as the May NYMEX gas futures contract moved higher.

Dailies slid by about \$2.25 day over day on Northern California, and fell by about \$2.50 in Southern California in morning action on IntercontinentalExchange. Northern California dailies were off by about \$1.25, and the Southwest was down by about \$1 on ICE. Bal-month fell by as much as about \$2.50 the Northwest in the morning and by about \$1.75

in Northern California. Bal-months in the Southwest fell by about \$1.50, and Southern California bal-month was off by about \$1.25 during the morning on ICE.

Trading is on an altered schedule due to the Good Friday holiday. Wednesday's trades were for Friday and Saturday. Today's trades are for Sunday and Monday.

Daily on-peak at California's NP15 averaged \$27.75/MWh on ICE. The California Independent System Operator projected peak load Wednesday of 28,784 MW. The Western Electricity Coordinating Council projected the California-Mexico border area would have peak load Wednesday of 33,413 MW, about 100 less than on Tuesday. Bal-months at NP15 were bid at about \$29.50 and offered at around \$32.75/MWh. Bal-months at SP15 were bid at about \$28.25 and offered at about \$29/MWh, with average deals done at about \$28.50/MWh in the afternoon on ICE.

In day-ahead sales in the Southwest, Palo Verde on-peak averaged about \$27/MWh on ICE. Total volume traded at Palo Verde on ICE was about 1,375 MW, around 400 MW less than on Tuesday. WECC projected peak load for the Southwest at 14,308 MW Wednesday, about 900 MW less than actual peak on

Near-term markets (\$/MWh)

Contract	Transacted	Range
East		
Mass Hub		
Bal-week	04/08	37.25-37.75
Bal-week	04/03	42.75-43.25
Bal-month	04/08	41.25-41.75
PJM West		
Bal-week	04/08	36.00-36.75
Bal-week	04/07	38.75-39.25
Bal-week	04/06	42.00-42.75
Bal-week	04/03	45.50-46.00
Bal-month	04/07	39.50-40.00
Bal-month	04/03	41.75-42.25
Bal-month	04/02	42.50-43.00
Next-week	04/08	39.25-39.75
Next-week	04/07	40.00-40.50
Next-week	04/06	40.00-40.50
Next-week	04/03	41.25-41.75
Next-week	04/02	44.50-45.50
Next-week (off-peak)	04/02	36.75-37.25
Southern, Into		
Bal-week	04/07	31.50-32.00
Bal-week	04/06	33.75-34.25
Bal-week	04/03	34.50-35.00
Next-week	04/03	31.75-32.25
Next-week	04/02	33.75-34.25
Central		
AD Hub		
Bal-month	04/02	36.25-36.75
Cinergy Hub		
Bal-week	04/07	29.50-30.00
Bal-month	04/07	30.50-31.00
Next-week	04/03	30.75-31.25
Next-week	04/02	35.00-35.50

Contract	Transacted	Range
Entergy, Into		
Bal-week (off-peak)	04/08	19.75-20.25
ERCOT, North		
Bal-month	04/08	26.75-27.75
Bal-month	04/06	26.25-27.00
ERCOT, Houston		
Bal-week	04/08	31.50-32.25
ERCOT, South		
Bal-week	04/08	31.75-32.25
Bal-week	04/06	27.75-28.25
West		
Mid-C		
Bal-month	04/08	19.25-20.00
Bal-month	04/07	21.75-22.50
Bal-month	04/06	23.50-24.75
Bal-month	04/03	24.00-25.00
Bal-month	04/02	24.75-25.25
Bal-month (off-peak)	04/08	15.00-16.00
Bal-month (off-peak)	04/07	18.00-20.00
Bal-month (off-peak)	04/06	21.25-22.25
Bal-month (off-peak)	04/03	21.50-22.00
Bal-month (off-peak)	04/02	21.00-21.75

*Ontario prices are in Canadian dollars

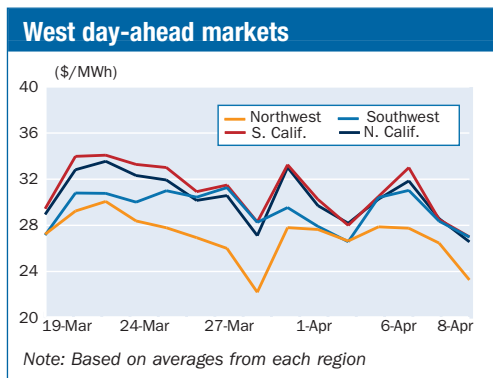
Electricity market coverage

More information about Platts electricity market coverage, explanations of methodology and descriptions of delivery points are available at www.platts.com/Electric Power/Resources/Methodology & Specifications/.

Questions may also be directed to our market editors; Lisa Lawson, (713) 658-3267, lisa_lawson@platts.com and Mike Wilczek, (202) 383-2246, mike_wilczek@platts.com.

Tuesday. Palo Verde bal-month was bid at about \$25 and offered at around \$26/MWh, with average deals done at about \$25.25/MWh in the afternoon on ICE.

In the Northwest, Mid-Columbia daily on-peak averaged around



\$23.25/MWh. About 8,400 MW traded on ICE at Mid-C, about 550 MW more than on Tuesday. WECC projected the Northwest would have peak load Wednesday of 46,135 MW, about 2,100 MW more than on

Tuesday. Northwest bal-months at Mid-C were bid at about \$19.25 and offered at around \$20/MWh, with average deals done at about \$19.25/MWh in the afternoon on ICE.

Forwards fell in the front of the curve even as NYMEX gas futures inched up. The May NYMEX gas futures contract climbed 3.3 cents to \$3.595/MMBtu, with open out-cry trading following electronic trading on Globex. Ultimately, the contract settled 6.8 cents higher at \$3.63/MMBtu.

In California, SP15 on-peak May financial swaps dropped \$1, with bids at \$31 and offers at \$31.25/MWh on ICE at about 2:30

pm EST. SP15 on-peak third quarter 2009 moved up 40 cents to about \$46/MWh. NP15 on-peak May financial swaps fell \$1.25 to about \$32.25/MWh.

In the Northwest, Mid-Columbia on-peak May financial swaps moved down 50 cents to about \$16/MWh. Mid-C on-peak third quarter 2009 increased 65 cents to about \$35.50/MWh.

In the Southwest, Palo Verde on-peak May financial swaps slipped 50 cents to about \$27.75/MWh. Palo Verde on-peak third quarter 2009 rose 75 cents to about \$40.75/MWh.

Platts discontinues ERCOT seller's choice daily assessment

This April 9 issue is the last issue in which Platts will publish an assessment of the daily seller's choice product for the Electric Reliability Council of Texas.

Platts is discontinuing the assessment in response to changes in the daily electricity trading market in ERCOT. The discontinuance reflects the shift that has occurred in bilateral trading in the ERCOT market away from the seller's choice product, which is traded infrequently.

For questions regarding this change, please contact Mike Wilczek at mike_wilczek@platts.com; 202-383-2246.

Daily emissions assessments, Apr 8

	\$/allowance	Change	\$/st
SO2 2009	55.00	-2.00	55.00
NOx 2009	450.00	0.00	450.00
NOx 2010	475.00	0.00	475.00
NOx 2011	450.00	0.00	450.00

For methodology, visit www.emissions.platts.com.

Full coverage of SO2 and NOx emissions markets now appears in Platts Coal Trader. For information on Coal Trader, contact support@platts.com or call 1-800-PLATTS-8.

Spark spreads for Apr 9

	Marginal heat rate	Spark spreads				
		@7k	@8k	@10k	@12k	@15k
East						
Mass Hub	9558	10.70	6.52	-1.85	-10.22	-22.78
N.Y. Zone-G	10732	15.30	11.20	3.00	-5.20	-17.50
N.Y. Zone-J	11231	17.71	13.52	5.15	-3.22	-15.77
N.Y. Zone-A	6428	-2.31	-6.36	-14.45	-22.54	-34.67
Ontario*	7255	1.23	-3.59	-13.24	-22.89	-37.36
PJM West	8982	8.28	4.10	-4.25	-12.60	-25.12
TVA, into	9497	8.94	5.36	-1.80	-8.96	-19.70
Central						
Cinergy Hub	8042	4.02	0.16	-7.55	-15.26	-26.83
NI Hub	8382	4.74	1.31	-5.55	-12.41	-22.70
Entergy, into	9576	8.21	5.02	-1.35	-7.72	-17.27
ERCOT	6911	-0.26	-3.19	-9.05	-14.91	-23.70
West						
Mid-C	8577	4.87	1.78	-4.39	-10.56	-19.81
Palo Verde	9636	7.68	4.77	-1.06	-6.89	-15.64
NP15	8899	6.30	2.98	-3.65	-10.28	-20.23
SP15	9406	7.29	4.26	-1.80	-7.86	-16.95

*Ontario prices in Canadian dollars

†Spark spreads are reported in (\$) and Marginal heat rates in (Btu/kWh)

Power Lines

What will electrify the 21st century?

Platts editors who follow nuclear, gas, coal and electricity blog about the people, events and ideas that are the present and the future of the US power grid.

Make this a regular stop in your day.

www.platts.com/weblog/powerlines

IN THE NEWS

NERC wants more focus on cybersecurity

The power industry needs to take a new look at how it views its ability to respond to cyber threats and the ability of the power grid to respond to online hackers, the head of cybersecurity at the North American Electric Reliability Corp. said.

Before industry members are graded on their compliance with cybersecurity reliability standards, they should improve their understanding of how cyber threats can undermine the security of the power grid, said Michael Assante, chief security officer at NERC.

In a letter to the industry, Assante said that traditional thinking on the grid's physical reliability is not sufficient in analyzing risks of cybersecurity, which can affect multiple assets simultaneously, and not just one device or asset in a particular region. New considerations by the industry need to take into account "the cross-cutting and horizontal nature of networked technology that provides the means for an intelligent cyber attacker to impact multiple assets at once, and from a distance," Assante said.

The letter preceded an article in *The Wall Street Journal* that raised questions about the power grid's vulnerability to cyber attacks. That article prompted statements from NERC and the Edison Electric Institute, emphasizing steps the groups are taking on cybersecurity.

Assante also warned utilities and others that audits of their compliance with NERC's existing cybersecurity standards will start this summer, and that NERC will hold information sessions to bring companies up to speed on cybersecurity issues.

The letter was sent to about 1,500 entities registered with NERC, including utilities, independent system operators, generators and transmission owners, NERC spokeswoman Kelly Ziegler said Wednesday. It was issued late Tuesday, shortly before the *Journal* article was published.

The article says federal government officials have detected software programs that could be used to disrupt the power grid, though it did not give a time frame or region where such threats were detected. Spies from other nations or cyberhackers have not tried to damage the power grid or other critical infrastructure, but officials warned that they could try during a time of crisis, the article states.

Both NERC and EEI issued statements that they are working to stay on top of cybersecurity threats against the power grid.

"Though we are not aware of any reports of cyber attacks that have directly impacted reliability of the power system in North America to date, it is an issue the industry is working to stay ahead of," NERC said in its statement.

"NERC and industry leaders are taking steps in the right direction to improve preparedness and response to potential cyber threats. There is definitely more to be done, and we look forward to continuing our work with the electric industry and our partners in US and Canadian government" to improve reliability standards and ensure emergency authority is in place to address imminent and specific cybersecurity threats, NERC said.

"The issue of cyber security has been on our industry's radar

for some time. We are taking aggressive action to ensure that we anticipate, detect and address any present or future potential cyber threats to the system," said James Fama, executive director for energy delivery at EEI.

"In this effort we are working closely with the Department of Homeland Security, the Federal Energy Regulatory Commission, [NERC] and other federal agencies. We will continue to do so to address potential threats now and in the future," Fama said.

NERC generally declined to comment on most elements of the *Journal* article. "We're sticking with what's in the statement," Ziegler said.

Of more interest to the industry should be Assante's letter. The results of a NERC survey on industry compliance with a cybersecurity standard "raise concern about the identification of critical assets and the associated critical cyber assets which could be used to manipulate them," Assante said. The results suggest certain assets may not have been identified as critical, which NERC defines as "facilities, systems and equipment which, if destroyed, degraded, or otherwise rendered unavailable, would affect the reliability or operability of the bulk electric system."

Of particular concern are assets owned and operated by generation owners or generation operators, only 29% of which reported identifying at least one critical asset, while less than 63% of transmission owners identified at least one critical asset, Assante said.

NERC is asking its regional reliability entities, or officials in the different NERC regions, to "take a fresh, comprehensive look at their risk-based methodology" and their resulting list of critical assets with a broader perspective. "We will also carry out more detailed analyses" to see if it is possible that such a large portion of the industry does not possess any critical assets.

Additionally, NERC will host educational seminars in the coming weeks to help the power industry share questions about compliance with cybersecurity standards, Assante said.

As the transmission and distribution systems move toward more automated and digital technology, including smart grid applications at utilities, there is increased potential for cyber attacks, an Electric Power Research Institute official noted. Advanced meters, digital controls of power flows and other steps are being integrated into industry operations, and "when you add cyber infrastructure you are creating a point of potential access that didn't exist before. Let's be clear about that," said Brian Seal, senior project manager for power delivery at EPRI.

The benefit of such automation and controls, however, generally outweigh the risk because they improve the ability to address threats and deal with both natural and manmade events, Seal said. — *Tom Tiernan*

Carbon caps not likely to boost gas demand

Demand for natural gas will remain the same even after greenhouse gas emissions caps are put in place in the US, according to a new study released by Duke University late Tuesday.

While many industry observers have predicted that GHG regulations — particularly cap-and-trade limits on carbon — would increase gas demand as a substitute for coal in electrici-

ty generation, the study by Duke's Climate Change Policy Partnership indicates that coal will maintain its place as the nation's baseload fuel for electricity in all nine scenarios the CCGP's study modeled.

"We found that climate legislation does not significantly increase natural gas demand, and coal electricity generation remains the primary baseload generation source in the US," lead author David Hoppock said. "With the exception of one scenario after 2026, natural gas demand remains at a relatively constant level between 23 and 24 Tcf/year."

The study used policies based on S.B. 2191 (Warner-Lieberman) while varying the technological development of both gas extraction and the rate of efficiency increases in electric generation and transmission.

The study's authors acknowledged that even after using the Energy Information Administration's 2008 forecasts to model gas supply, new shale plays probably caused them to be too conservative in the size of future gas supplies.

They also admit the study did not model the current economic downturn and the subsequent collapse in gas prices and demand.

Nonetheless, "even after factoring in the cost of [carbon] allowances, coal is cheaper than natural gas on a Btu basis in all years and for all scenarios," the study said. "Despite the significant drop in natural gas spot market prices over the last six months, natural gas prices are still 70% higher than the average coal prices paid by electric utilities."

What does determine future gas consumption and price is the pace of development of renewables and carbon capture technologies, the study said. "The ability to capture and sequester carbon will have a large impact on delivered natural gas prices because of the success of this technology will have a significant impact on GHG emission allowances under a carbon cap," the Duke study concluded.

Using a \$7.23/MMBtu 2008 average Henry Hub price as a baseline, the study predicts prices will average roughly \$7/MMBtu until 2025, increasing to \$7.78/MMBtu in 2030 at 2% economic growth.

Gas prices increase the most — 41% from the baseline — in a future in which natural gas extraction technology does not improve much, constricting supply, and electrical efficiency, including development of renewables, also does not improve greatly, according to the study.

Prices decrease the most, 7% over the next 22 years, if that future contains great increases in gas extraction technology and efficiency combined with a similar increase in efficiency in electricity generation, including increased use of renewables, the study said.

If no carbon cap is mandated, or "business-as-usual," the study predicts gas prices will increase only 5% between 2008 and 2030.

"Varying rates of improvement for natural gas extraction had little influence on prices in any scenario," Hoppock said.

The reference model used in the study, EIA's National Energy Modeling System, predicts that renewable generation capacity more than doubles to 233 GW by 2030, coal capacity declines 17% to 262 GW by 2030, while gas generation capacity dips in about 2012 to 400 GW and plateaus there through 2030.

The study included no increases for nuclear generation because the authors doubted any new nuclear units would come online because of high construction costs. They also discounted liquefied natural gas imports because of their marginal contribution to US gas supply and their variability based on the world market and world events.

"If policymakers are concerned about the impact of climate change legislation on future natural gas prices, our modeling results suggest that policymakers should invest in CCS, CCS retrofits [to existing coal plants] and renewable electricity generation research... and deployment," the study said.

"Future technology improvements and reduced costs on these two areas, especially CCS and CCS retrofits, will be critical to keeping future natural gas and electricity costs low under a carbon cap," the study concluded. "Our results indicate that development in these areas will be more important than advancement of natural gas extraction technology."

The CCGP's corporate sponsors include Duke Energy, ConocoPhillips and MeadWestvaco. The full study is available online at www.nicholas.duke.edu/ccpp/publications.html. — *Bill Holland*

FASB makes little headway on emissions

Accounting rule-makers on Wednesday took up emissions allowances for the first time since October, but once again had little to show for their efforts.

After more than an hour of discussion, Financial Accounting Standards Board Technical Director Russell Golden declared: "I don't sense we can make any decision today, and if we did it would not stick...we need to step back and regroup."

"We're all over the place," added FASB Fellow David Elsbree, co-manager of a project on "Emissions Trading Schemes" being conducted jointly with the London-based International Accounting Standards Board.

Although the European Union's greenhouse gas trading program has been operating for three years, trading in emission allowances has begun in the Northeast and Congress is considered likely to pass a carbon dioxide cap-and-trade program, there is still no authoritative guidance in US "generally accepted accounting principles" — or in countries now using the "international financial reporting standards" set by IASB — on how such allowances should be accounted for.

Wednesday meeting at FASB's Norwalk, Connecticut, headquarters was the first time FASB has dealt with this topic since an October joint meeting with the IASB.

At Wednesday's meeting FASB staff urged the board to endorse two tentative decisions IASB made in March — that tradable emission allowances given by governments to emitting entities for free should be booked as assets, at "fair [i.e. market] value" on the balance sheet. The IASB also said there should not be a "day-one" gain recognized as profit because the entity would have to simultaneously book a liability — equal to that "fair value" — recognizing its obligation to reduce emissions over time.

Elsbree said after the meeting he believes that while there is "broad consensus" among the five FASB members that there

would be no such day-one gain, the board was unable to find any more common ground.

FASB members generally agreed that the discussion should not be done in the step-by-step manner proposed by the staff, but should examine all related accounting issues. “[Y]ou want to account for the program, rather than divide it into pieces,” said FASB member Larry Smith.

Many of the issues raised Wednesday were intended for later meetings, Elsbree said.

Since there are no specific disclosure requirements, most power companies are not saying how they account for allowances, and it is unclear how many emissions allowances are there, how they are being accounted for, and their impact on the bottom line.

The current FASB technical plan envisions an “exposure draft” of a proposed new accounting standard in fourth quarter and a final rule in 2010. — *Paul Carlsen*

NYISO wholesale prices plummet with gas

The New York Independent System Operator said Wednesday that wholesale prices in its region have dropped to their lowest level since 2003.

In March, the average cost of wholesale electricity in the state was \$45.63/MWh. The last time prices were close to that level was November 2003, when the average cost of power was \$43.40/MWh. Prices have decreased considerably since January, when the average cost of electricity was \$73.28/MWh.

The lower prices were attributed to the fuel New York uses to generate power. Most power plants in New York burn fossil fuels such as natural gas; gas prices in January were \$9.55/MMBtu, and in March they fell to \$5/MMBtu.

NYISO said that from June 2008 to March 2009, gas prices declined 63%, with wholesale electricity prices dropping 64%.

Lower demand was also a contributor to the low prices. “Prices in New York’s wholesale electricity markets currently reflect the reduced cost of producing power, as well as the lessened demand for electricity resulting from the economic downturn,” said NYISO President and CEO Stephen Whitley.

“Competition compels power producers to offer their electricity at prices that reflect their cost savings,” Whitley explained. — *Lisa Lawson*

MISO suspends another market participant

The Midwestern Independent Transmission System Operator suspended Midwest Virtual Power Specialists from participation in its markets because the company failed to meet its financial obligations related to revenues sufficiency guarantee charges.

Midwest Virtual Power Specialists is the 16th company to default in the MISO market since early January, when the grid operator began resettling its market retroactively and charging RSGs to financial participants.

RSG charges are incurred when demand in real time comes in

higher than what was prescheduled and grid operator is required to dispatch generation to make up the difference.

Midwest Virtual Power Specialists is a Minneapolis-based company, with Kevin Hilger and Timothy Lee listed as contacts.

The company did not return a call for comment by press time.

Midwest Virtual Power Specialists was to be suspended at the close of business on Wednesday, the MISO notice said.

MISO has not disclosed the amount of any of the defaults so far, but roughly \$23 million is expected to be declared uncollectable and charged to MISO’s active market participants sometime this year. — *Milena Yordanova-Kline*

Tri-State balks at Colorado PUC wholesale role

Tri-State Generation & Transmission Association is opposing a proposal that the Colorado Public Utilities Commission begin overseeing the wholesale cooperative’s resource planning process.

The PUC currently approves individual power plant and transmission projects for Tri-State, but the commission does not formally review the Westminster, Colorado-based wholesale cooperative’s resource plans like it does for investor-owned utilities.

The PUC used to approve Tri-State’s resource plans, but in 2002 decided that it was not necessary and dropped its review process for the wholesale cooperative. Instead Tri-state is required to present a plan every four years.

In August Tri-State made a presentation to the PUC on its resource plans. PUC Chairman Ron Binz asked Tri-State for some follow-up information on the plans. Tri-State refused to give the PUC the additional information, saying that the commission lacked the authority to demand it. In late January, the PUC launched an investigation into possibly expanding its planning requirements for Tri-State.

The PUC said its consideration of greater oversight was driven by recent changes in the energy industry, including climate change, renewable energy and rising infrastructure costs.

Tri-State, which operates in four states and serves 44 distribution cooperatives, believes the PUC does not have the legal authority to regulate the cooperative, according to a PUC filing released Tuesday. “The Commerce Clause to the United States Constitution prevents the commission from regulating Tri-State’s resource planning, and Colorado law provides no authority for the commission to do so,” the cooperative said in a filing released Tuesday.

Further, Tri-State believes PUC oversight would be burdensome. “Additional commission regulation of Tri-State would be duplicative, counter-productive, and would needlessly interfere with a proven system of governance that is based upon democratic, local control,” Tri-State said.

Tri-State is in the middle of its planning process. “It is presently evaluating options for its future resource needs and is considering all demand and supply-side options,” Tri-State said. “Under these circumstances, it would be unwise for the commission to impose a new resource planning regime upon Tri-State. Such regu-

lation would result in substantial compliance costs without any corresponding benefit.”

Tri-State, several of its members and the New Mexico Rural Electric Cooperative Association, which has Tri-State members, also argued that greater PUC oversight would undermine the democratic control of Tri-State’s board.

Tri-State’s members in New Mexico fear that they may be affected by greater PUC control over Tri-state’s planning process, according to the co-op group. “NMRECA’s members that are served by Tri-State are concerned that expanded resource planning regulation by the commission may well impact their contractual rights with Tri-State and the quality and reliability of the electric power provided to them,” the association said. “At a minimum, NMRECA’s members served by Tri-State are apprehensive that such expanded regulation will result in increased costs to Tri-State, which will be passed on to all of Tri-State’s members, including those in New Mexico.”

Environmental groups and renewable developers believe the PUC has the authority to oversee Tri-State’s planning process and that there are policy benefits to PUC review.

“The commission has the perspective to ensure that utility resource plans reflect broad public interests, but always in the context of how resource choices directly affect utility customers,” according to a coalition of environmental groups, including Natural Resources Defense Council and Sierra Club. “Commission review also creates transparency, accountability, and public participation, thus, better decision-making.”

Some environmental groups have complained in the past that Tri-State was overly focused on coal-fired generation and did not appear interested in renewables or energy efficiency. Tri-State wants to build a 700-MW coal plant in Holcomb, Kansas, but state environmental regulators have blocked air permits for the project.

Interwest Energy Alliance, which represents renewable developers, wants Tri-State to follow the same resource planning rules as IOUs, including competitive bidding requirements. — *Ethan Howland*

SoCal Ed peak demand expected to drop

Southern California Edison’s projected 2010 peak electricity demand has dropped by 693 MW to 24,152 MW under normal weather conditions, according to the California Energy Commission’s revised peak demand forecast released Wednesday.

Under warmer-than-normal conditions, the revised forecast for SoCal Ed is 26,027 MW, a reduction of 741 MW from earlier projections.

The CEC’s peak demand forecasts are used to, among other things, help determine resource adequacy and local area capacity requirements for load-serving entities in the California Independent System Operator’s control area.

Near-term economic projects must be different than those developed in 2007 given the unexpectedly severe economic downturn, the report said.

Peak demand forecasts for Pacific Gas and Electric and San Diego Gas and Electric have not been revised.

PG&E’s peak demand forecast totals 22,236 MW under average weather conditions and 23,053 MW under warmer-than-average weather conditions. This compares with 4,712 MW under normal conditions and 5,127 MW under warmer-than-normal conditions for SDG&E.

Also on Wednesday, the CEC approved a license for the 96-MW Orange Grove Power Plant simple-cycle peaking facility, owned by J-Power USA Development.

Orange Grove Energy, the developer, proposed the peaker in response to a SDG&E request for offers for new generating resources to support local reliability. The plant is expected to go online in October, according to the developer’s application.

— *Lisa Weinzimmer*

Utility output falls 6.2% on year in week: EEI

Utilities generated 67,476 GWh in the week ended Saturday, 6.2% below the 71,906 GWh generated in the corresponding week of 2008, the Edison Electric Institute said on Wednesday.

The weekly total was 506 GWh above the 66,970 GWh total posted in the week that ended March 28, EEI said.

Output fell in all of the nine regions EEI assesses, with the largest percentage decrease coming in the South Central region, where generation slid 7.8% compared with the prior year to 9,352 GWh.

The second-largest decline was in the Southeast region, where output fell 7.5% to 17,769 GWh. The Central Industrial region came in third, with a decline of 7.2% to 11,821 GWh.

Utility generation in the first 14 weeks of 2009 was 1.045 million GWh, 3.2% below the 1.080 million GWh generated in the same period of 2008, EEI said.

The numbers are based on generation from investor-owned utilities, cooperatives and government-owned utilities. — *Staff Report*

Northwest prices continue erosion... from page 1

February as heating demand has decreased.

However, on-peak day-ahead power at about \$26/MWh is trading for as much as \$10 more than on-peak May forward power. Off-peak day-ahead power at about \$24/MWh is seeing more than a \$14 premium over off-peak May forward power, which moved below \$10/MWh Wednesday.

This means that day-ahead power will have to drop by more than that premium from now and into May for those May trades to be “in the money.”

When and how fast spot prices fall will depend on when the spring melt starts. So far runoff has been limited. Much of the increase in flows reaching dams has been from precipitation coming over the last month — this is especially true for the Snake River — or water releases from dams upstream for seasonal flood control.

The inflow of water into John Day Dam was about 108,000 cubic feet per second in early March. By April 7, it had hit about 158,000 cubic feet per second. Similarly, inflow into The Dalles in early March was about 113,000 cubic feet per second,

but by April 7, it had grown to 160,000 cubic feet per second.

The increased flows are caused not by an early snowmelt, but by flood control operations that are required on the rivers, said Cathy Hlebechuk, a hydraulic engineer with the Army Corps of Engineers.

March snowfalls have forced the Corps to lower the levels of reservoirs behind dams on the Columbia River to keep in compliance with flood control rules and regulations.

Hlebechuk said current forecasts call for the snowmelt to peak in early June, with some 310,000 cubic feet per second of water flowing to Columbia River Dams.

Though prices are expected to decline inline with May forward prices, a power analyst with a Northwest utility said he does not expect to see a repeat of last year's negative off-peak day-ahead pricing that occurred on several days in the late spring.

"Last year, the snowpack was above average and the snowmelt came very late," he said. "We did not even see it really get started until about May 15." When it came, it came all at once at a time when load levels are historically lighter in the region, he said.

"This year, though, the wild card is the load loss that seems to be caused by the bad economy, which is happening all over the nation. That could continue to have an impact on pricing going forward," the analyst said.

The addition of more wind power facilities in the Northwest also impacts hydroelectric power, since often wind is packaged with hydro to provide a more reliable generation schedule, he said.

"Last year, we had the heavy run-off and with more wind power coming online at the same time, we had forced runs instead of spills to support wind scheduling, which had a very negative effect on pricing," he said.

Though the May prices are so much lower than current prices, the analyst said his company is not considering buying May power because they are not short for that month and would not want the risk of extra supply when hydro generation picks up.

"Some utilities have different appetites, but we are more risk-averse here," he explained. — *Daniel Guido*

Legislative action includes nodal... from page 1

agreed it already is clear that winners in the Legislature's 2009 biennial session will include solar energy and energy efficiency.

Some are predicting that game-changing bills — such as H.B. 3245, which, among other things, would complicate or even kill the Public Utility Commission of Texas' and the Electric Reliability Council of Texas' plan to implement a nodal market for transmission congestion — will be enacted, despite the powerful interests lined up against them.

"My guess is that nodal will probably meet its end this session, for cost reasons," said Tom Smith, director of the Texas office of Public Citizen. He compared what he sees as the piecemeal development of the nodal project, which has been plagued by cost overruns and scheduling delays, with an old Johnny Cash song, "One Piece at a Time."

In the song, Cash, playing the role of a part-pilfering auto assembly-line worker, was asked what model his unusual-looking

Cadillac was, answered, "Well, it's a '49, '50, '51, '52, '53, '54, '55, '56, '57, '58, '59 automobile ... It's a '60, '61, '62, '63, '64, '65, '66, '67, '68, '69, '70 automobile."

The bill was introduced by Representative Burt Solomons, Republican, chairman of the House State Affairs Committee, which discussed the bill late Tuesday without voting on it. The bill would require that the cost of developing the nodal market — now estimated at more than \$600 million — be absorbed by wholesale market participants and not passed on to retail customers.

Mike Cleary, who was recently selected to oversee ERCOT's implementation of a nodal market for transmission congestion management, said in a late March interview that he is "very confident" that the nodal market can "go live" on schedule and on budget at the end of next year.

Cleary, who ERCOT's board of directors appointed to the new position of senior vice president/chief technology office, added that while the reliability council's nodal development team still has a lot of complicated work ahead of it, the greatest risk to the implementation of a nodal market is the possibility that Texas legislators decide this year to forbid it.

Meanwhile, Bernie Sheffler, spokesman for Senator Wendy Davis, Democrat, who had introduced another anti-nodal bill that apparently will not advance — said that one important bill he is optimistic about is H.B. 2780, the identical House version of Davis' S.B. 1481, which would enable political subdivisions to automatically enroll its citizens in electricity-aggregation programs.

H.B. 2780 was introduced by Representative Jim Keffer, Republican, chairman of the House Energy Resources Committee, which discussed the bill and several other electric-related measures Wednesday.

"This bill boils down to how can we make utility bills lower?" said Keffer in starting the discussion. "We've got to come to some meeting of the minds here. As I've seen in my district, [residential and small commercial customers] have not seen the benefit of deregulation," and cities, towns and other jurisdictions must be able to aggregate the electricity needs of residential and small commercial customers."

Keffer dismissed the suggestions by critics such as Luminant Energy that so-called "opt-out" aggregation is equivalent to "slamming" and that the measure would undo deregulation. H.B. 2780 "is controversial, but it shouldn't be," he said.

The biennial legislative session continues for another two months or so. "As the saying goes, 'There's a long way to go, and a short time to get there,'" Smith said. — *Housley Carr*

Service launched for nodal contracts... from page 1

pants, specifically trade optimization, risk management and transparency and liquidity, LCH.Clearnet and Nodal Exchange added.

LCH.Clearnet will provide clearing services to all areas of the marketplace — both a nodal auction market and an over-the-counter trade submission facility for negotiated transactions.

"We are excited that trading has commenced and we very much look forward to growing the exchange," said Paul Cusenza, CEO of Nodal Exchange. "We believe Nodal Exchange with LCH.Clearnet clearing fills an unmet market need. Participants

should now be better able to meet their trading objectives and more effectively manage their basis and credit risk.”

At a Nodal Exchange demonstration at Platts’ offices in Washington last month, Cusenza said that among the goals the exchange aims to accomplish are bringing transparency and liquidity to electricity markets.

The service will initially cover trading at nodes across four market locations — ISO New England, New York ISO, the PJM Interconnection and the Midwest Independent Transmission System Operator — and will expand to cover additional markets as they develop nodal price histories, including the California Independent System Operator and the Electric Reliability Council of Texas.

Cal-ISO earlier this month rolled out its much-anticipated day-ahead nodal energy market. In Texas, the ERCOT board in February approved a revised \$660 million budget for implementing a nodal market, with a December 2010 “go-live” date.

Nodal Exchange, which is based just outside of Washington in Northern Virginia, conducts daily auctions offering 72 hubs and zones, and a once-per-week auction offering about 1,800 hubs, zones and nodes. In addition, Nodal Exchange accepts for clearing bilateral OTC transactions submitted by participants and brokers.

The first auction with the complete node set will be held April 15, LCH.Clearnet and Nodal Exchange said. — *Staff Report*
