

# Megawatt Daily

Thursday, March 3, 2011

## Wis. PSC wary of MISO capacity market plans

Wisconsin's utilities will have an ample reserve margin through 2016, providing opportunities to sell excess capacity into the Midwest wholesale market, according to a report from state regulators.

In the 1990s, Wisconsin's reserve margin fell, hitting just 6.7% in 1995. In response, the state embarked on a power plant and transmission line construction cycle. Since 2008, Wisconsin utilities have added 3,100 MW of generating capacity, the Wisconsin Public Service Commission said in its Strategic Energy Assessment released Monday.

Some of the new power plants have been coming online in the middle of a recession, which has dampened electric use. While this has given the state more than enough capacity —

*(continued on page 9)*

## Enernoc compensation position draws support

Several parties are voicing support for a recent petition filed by Enernoc at the Federal Energy Regulatory Commission related to a dispute over compensation for demand response providers in the PJM Interconnection. But PJM and its independent market monitor continue to disagree with Enernoc's position in the matter.

Various parties, including PJM, its independent market monitor — Monitoring Analytics — and several demand response providers filed comments with FERC in response to a request for a declaratory order filed by Enernoc, a large demand response provider in PJM, last week (Docket No. EL11-23).

Enernoc asked the commission to declare that the company can continue to manage its demand response portfolio as it did

*(continued on page 10)*

## Nodal Exchange view on Dodd-Frank changes

When President Barack Obama signed the new financial reform bill into law in July, executives with Nodal Exchange were not exactly ardent advocates of the legislation, but they thought new rules on central clearing and transparency in markets would generally be good for business.

"We are an innovative market that should be the ideal poster child, if you will, of what is intended [in the law]," Nodal Exchange's CEO Paul Cusenza said in an interview Wednesday. "We read the legislation in July and thought: 'That's fine by us.'"

In the more than seven months since the Dodd-Frank Wall Street Reform and Consumer Protection Act became law, however, the exchange has taken a far more cautious view.

*(continued on page 10)*

## Day-ahead markets for delivery Mar 3 (\$/MWh)

ERCOT	Index	Change	Range	Deals	Volume	Avg \$/Mo
<b>On-peak</b>						
ERCOT, North	30.97	-1.23	30.75-31.15	47	3,300	32.06
ERCOT, Houston	31.50	-1.19	31.50-31.50	N.A.	N.A.	32.65
ERCOT, West	27.00	-1.25	27.00-27.00	N.A.	N.A.	29.00
ERCOT, South	31.85	-1.40	31.75-32.00	11	575	33.05
<b>Off-Peak</b>						
ERCOT, North	18.97	-1.87	18.50-19.50	21	1,525	20.85
ERCOT, Houston	19.50	-2.00	19.50-19.50	N.A.	N.A.	21.58
ERCOT, West	10.50	1.75	10.50-10.50	N.A.	N.A.	13.25
ERCOT, South	19.50	-0.75	19.50-19.50	N.A.	N.A.	21.00
<b>Southeast</b>						
<b>On-peak</b>						
VACAR	38.25	-0.25	38.25-38.25	N.A.	N.A.	37.92
Southern, into	35.00	-0.50	35.00-35.00	N.A.	N.A.	35.08
Florida	44.50	-0.50	44.50-44.50	N.A.	N.A.	44.33
TVA, into	35.25	0.50	35.25-35.25	N.A.	N.A.	34.83
Energy, into	32.00	-0.50	32.00-32.00	N.A.	N.A.	32.42
<b>Off-Peak</b>						
VACAR	35.25	-0.50	35.25-35.25	N.A.	N.A.	34.25
Southern, into	28.50	-0.75	28.50-28.50	N.A.	N.A.	28.33
Florida	31.00	-0.75	31.00-31.00	N.A.	N.A.	30.75
TVA, into	30.75	-0.25	30.75-30.75	N.A.	N.A.	30.00
Energy, into	22.75	-1.50	22.75-22.75	N.A.	N.A.	24.00
<b>West</b>						
<b>On-peak</b>						
COB	27.85	-3.52	27.00-28.75	15	375	30.90
Mid-C	25.59	-2.75	22.75-28.00	240	6,075	28.59
Palo Verde	29.71	-2.56	27.00-30.25	21	625	31.78
Mead	30.48	-2.63	28.75-31.25	9	300	32.70
Mona	28.00	-4.00	28.00-28.00	N.A.	N.A.	31.17
Four Corners	29.25	-2.75	29.25-29.25	N.A.	N.A.	31.58
NP15	31.25	-3.50	31.25-31.25	N.A.	N.A.	34.08
SP15	32.00	-2.25	32.00-32.00	N.A.	N.A.	33.92
<b>Off-Peak</b>						
COB	16.91	-3.05	16.00-18.00	11	275	19.29
Mid-C	16.21	-2.06	14.00-18.00	201	5,825	18.11
Palo Verde	18.97	-2.95	18.00-20.00	23	625	21.36
Mead	19.00	-3.47	19.00-19.00	N.A.	N.A.	21.94
Mona	17.75	-3.75	17.75-17.75	N.A.	N.A.	20.58
Four Corners	18.25	-2.25	18.25-18.25	N.A.	N.A.	20.33
NP15	18.50	-4.00	18.50-18.50	N.A.	N.A.	21.33
SP15	19.00	-3.50	19.00-19.00	N.A.	N.A.	21.33
<b>Northeast</b>						
<b>On-peak</b>						
Mass Hub	89.50	27.25	89.50-89.50	N.A.	N.A.	69.58
N.Y. Zone-G	73.75	19.50	73.75-73.75	N.A.	N.A.	60.67
N.Y. Zone-J	74.50	17.75	74.50-74.50	N.A.	N.A.	63.58
N.Y. Zone-A	42.00	5.50	42.00-42.00	N.A.	N.A.	38.92
Ontario*	42.75	8.75	42.75-42.75	N.A.	N.A.	36.75

## MARKET WRAP

### EAST MARKETS

### Dailies see big gains; terms lower

Surging spot natural gas prices helped to drive power prices for Thursday delivery in the East higher, while forwards turned lower as the April NYMEX natural gas futures contract settled 5.5 cents lower at \$3.818/MMBtu on Wednesday.

Big gains in spot natural gas prices and jumps in projected peak loads for today gave Northeast daily power markets a large boost. Spot gas at Transco Zone-6 New York traded around \$8.02/MWh on IntercontinentalExchange, up \$2.92 from the Platts index. High temperatures in New York state were forecast to fall into the 20s today, while lows were expected to range from the single digits to 20 degrees, both well below normal. The New York ISO projected peak load today at 21,090 MW, up 3% from Wednesday.

New York Zone-G day-ahead peak packages traded around \$74/MWh on ICE, up \$19.75 from the Platts for-Wednesday index. Zone-G bal-week was bid at \$62 and offered at \$68/MWh, down from deals around \$69.50/MWh seen Tuesday on ICE. Next-week was bid at \$52 and offered at \$55/MWh, close to Tuesday on ICE. Zone-A day-ahead peak was bid at \$40 and offered at \$44/MWh, up from the Platts for-Wednesday index of \$36.50/MWh. Zone-A bal-week was down, with bids at \$38 and offers at \$39/MWh, while next-week was bid at \$36.50 and offered at \$43/MWh. In New England, spot gas at Tennessee Zone 6 delivered traded around \$10.47/MMBtu on ICE, up \$3.36 from the Platts index. Boston was forecast to have a high temperature of 23 degrees and a low of 12 today, far below normal for this time of year.

The ISO New England projected peak load today at 19,250 MW, up 8% from Wednesday. Mass Hub day-ahead peak power

### Day-ahead markets for delivery Mar 3 (\$/MWh)

#### Off-Peak

	Index	Change	Range	Deals	Volume	Avg \$/Mo
Mass Hub	65.00	22.50	65.00-65.00	N.A.	N.A.	49.67
N.Y. Zone-G	53.50	13.25	53.50-53.50	N.A.	N.A.	44.33
N.Y. Zone-J	53.75	13.00	53.75-53.75	N.A.	N.A.	44.67
N.Y. Zone-A	40.50	6.50	40.50-40.50	N.A.	N.A.	36.00
Ontario*	29.00	4.00	29.00-29.00	N.A.	N.A.	26.00

#### PJM

	Index	Change	Range	Deals	Volume	Avg \$/Mo
<b>On-peak</b>						
PJM West	54.00	9.75	54.00-54.00	N.A.	N.A.	47.58
Dominion Hub	45.75	0.25	45.75-45.75	N.A.	N.A.	44.67
AD Hub	39.00	1.50	39.00-39.00	N.A.	N.A.	38.08
NI Hub	36.00	0.50	36.00-36.00	N.A.	N.A.	36.17

#### Off-Peak

PJM West	43.50	5.75	43.50-43.50	N.A.	N.A.	38.42
Dominion Hub	40.50	1.25	40.50-40.50	N.A.	N.A.	37.75
AD Hub	33.75	2.00	33.75-33.75	N.A.	N.A.	31.83
NI Hub	31.25	3.25	31.25-31.25	N.A.	N.A.	29.00

#### MISO

	Index	Change	Range	Deals	Volume	Avg \$/Mo
<b>On-peak</b>						
Michigan Hub	40.75	1.25	40.75-40.75	N.A.	N.A.	39.75
First Energy Hub	42.00	3.25	42.00-42.00	N.A.	N.A.	40.00
Cinergy Hub	38.75	1.75	38.75-38.75	N.A.	N.A.	37.75
Illinois Hub	36.75	1.50	36.75-36.75	N.A.	N.A.	36.00
Minnesota Hub	39.75	3.00	39.75-39.75	N.A.	N.A.	37.00

#### Off-Peak

Michigan Hub	33.50	0.75	33.50-33.50	N.A.	N.A.	32.25
First Energy Hub	32.75	0.50	32.75-32.75	N.A.	N.A.	31.42
Cinergy Hub	31.50	0.25	31.50-31.50	N.A.	N.A.	30.25
Illinois Hub	29.75	0.75	29.75-29.75	N.A.	N.A.	28.42
Minnesota Hub	23.00	4.75	23.00-23.00	N.A.	N.A.	21.17

#### SPP/MRO

	Index	Change	Range	Deals	Volume	Avg \$/Mo
<b>On-peak</b>						
MAPP, South	21.00	-1.00	21.00-21.00	N.A.	N.A.	22.92
SPP, North	24.00	-1.00	24.00-24.00	N.A.	N.A.	26.00

#### Off-Peak

MAPP, South	14.75	-1.50	14.75-14.75	N.A.	N.A.	16.00
SPP, North	16.75	-1.50	16.75-16.75	N.A.	N.A.	18.00

\*Ontario prices are in Canadian dollars

**platts** Megawatt Daily

Volume 16 / Issue 42 / Thursday, March 3, 2011

1088-4319

#### Managing Editor

Paul Ciampoli

#### News Desk

202.383.2254,  
electric@platts.com

Amy Fickling, Editor  
Rod Kuckro, Chief Editor

#### Market Reporters

Eric Wieser, Milena  
Yordanova-Kline, John-  
Laurent Tronche, Mark  
Watson, Patrick Badgley,  
Geoffrey Craig, Hilary Costa,  
T.L. Hamilton

#### Market Editor

Mike Wilczek

#### Vice President, Editorial

Dan Tanz

#### Platts President

Larry Neal

#### Staff Reporters

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

#### Correspondents

Housley Carr, Lyn Corum,  
Ethan Howland, Bob Matyi,  
Mary Powers, Pam Radtke  
Russell, Lisa Wood

#### Editorial Director, U.S.

Market Reporting  
Brian Jordan

#### Editorial Director, U.S.

Electricity  
Kathy Carolin Larsen

#### Global Editorial Director, Power

Larry Foster

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; Jack F. Callahan, Jr., Executive Vice President and Chief Financial Officer; John Weisenseel, Senior Vice President, Treasury Operations.

Prices, indexes, assessments and other price information published herein are based on material collected from actual market participants. 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 of 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.

Copyright © 2011 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. For article reprints contact: The YGS Group, phone +1-717-505-9701 x105 Text-only archives available on Dialog File 624, Data Star, Factiva, LexisNexis, and Westlaw. 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

#### Manager, Advertisement Sales

Ann Forte

#### Advertising

Tel: +1-720-548-5479

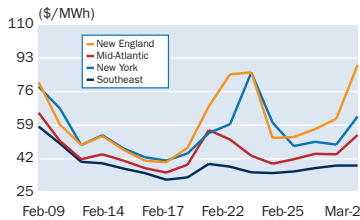
The McGraw-Hill Companies

packages traded around \$91/MWh on ICE, up \$28.75 from the Platts for-Wednesday index. Mass Hub day-ahead off-peak traded up about \$24 at around \$66.50/MWh. Bal-week traded around \$75.50/MWh, and next-week was bid at \$53.30 and offered at \$55/MWh, both down a few dollars from prices seen Tuesday on ICE. Mass Hub bal-month was bid at \$49.50 and offered at \$51.75/MWh, down from deals around \$54/MWh seen Tuesday on ICE.

Northeast forward terms ended the day lower in reaction to falling NYMEX gas. In New England, Mass Hub April financial swaps were down \$1 to \$48/MWh and July-August was lower 25 cents to \$56/MWh. New York Zone-G summer packages were down 25 cents to \$64.25/MWh, while New York Zone-A summer lost 50 cents to \$44.75/MWh.

Mid-Atlantic dailies rose in for-Thursday trading on ICE as temperatures were forecast to decline and spot gas rose. Forecasts called for lower temperatures today, with highs from the low 30s to the upper 40s. Lows were expected to range from 16 degrees to 30 degrees. Meanwhile, Texas Eastern M-3 spot natural gas traded around \$4.76/MMBtu

#### East day-ahead markets



Note: Based on averages from each region

on ICE, 42 cents above the Platts index. The PJM Interconnection projected peak load for today will rise about 2% from the peak load on Wednesday at 92,348 MW. PJM West Hub day-ahead peak traded near \$52.75/MWh, about \$8.50 above the Platts index. Day-ahead off-peak traded around \$43.50/MWh on ICE, \$5.75 above the index. PJM West Hub bal-week peak traded near \$45/MWh, down \$4.75 from trades on Tuesday.

Mid-Atlantic power terms declined as the NYMEX gas contract slipped throughout the day. PJM West on-peak April financial shed 35 cents to \$44.15/MWh and May gave back 50 cents to \$43.75/MWh on ICE. PJM West July-August rolled back 60 cents to \$57.15/MWh.

Southeast dailies trended downward on falling spot natural gas and rising temperatures; highs today were forecast ranging from 57 degrees in Kansas City to 73 in Amarillo, with regional lows in the low-30s to low-40s. Transco Zone-3 spot natural gas traded around \$3.79/MMBtu on ICE, down 14 cents. Into Southern bal-week was bid at \$32 and offered at \$33/MWh, less than Tuesday bids and offers. Weekend peak was bid at \$32 and offered at \$35/MWh. Weekend off-peak was bid at \$24 and offered at \$27/MWh on ICE. Next-week was bid at \$34.50/MWh on ICE, steady with Tuesday bids.

Southeast forwards stayed weak Wednesday with declining NYMEX gas futures. Into Southern April was down \$1 to \$35.50/MWh and May eased 50 cents to \$35.75/MWh. July-August packages decreased 50 cents to \$44.50/MWh.

## CENTRAL MARKETS

### Dailies close mixed; forwards end lower

Day-ahead power prices traded in a mixed range on Wednesday as spot natural gas prices fell and weather was varied. Forwards slipped as the April NYMEX natural gas futures contract continued to ignore soaring oil prices to settle 5.5 cents

#### Generation unit outage report

Plant/Operator	Cap	Fuel	State	Status	Return	Shut
<b>East</b>						
Browns Ferry-2/TVA	1155	n	Ala.	RF	Unk.	02/26/11
Calvert Cliffs-2/Constellation	890	n	Md.	RF	Unk.	02/13/11
Crystal River-3/Progress	838	n	Fla.	MO	Unk.	09/26/09
McGuire-2/Duke	1305	n	N.C.	RF	Unk.	02/26/11
Pickering-4/OPG	542	n	Ont.	MO	Unk.	02/24/11
Pickering-5/OPG	530	n	Ont.	PMO	Unk.	02/05/11
St. Lucie-2/FPL	882	n	Fla.	RF	Unk.	01/02/11
<b>Central</b>						
Arkansas Nuclear-2/Entergy	1065	n	Ark.	RF	Unk.	02/20/11
Kewaunee/Dominion	581	n	Wisc.	RF	Unk.	02/26/11
LaSalle-2/Exelon	1178	n	Ill.	MO	Unk.	02/14/11
Point Beach-2/NextEra	530	n	Wisc.	RF	Unk.	03/01/11
<b>West</b>						
Alamitos-4/AES	336	g	Calif.	PMO	Unk.	02/17/11
Alamitos-5/AES	497	g	Calif.	PMO	Unk.	02/01/11
American-1/Calpine	135	g	Calif.	PMO	Unk.	03/01/11
Belden/P&G&E	119	h	Calif.	PMO	Unk.	02/07/11
Colgate-1/PCWA	177	h	Calif.	PMO	Unk.	03/01/11
Coolwater-3/GenOn	245	g	Calif.	PMO	Unk.	01/08/11
Encina-5/Cabrillo	330	g	Calif.	PMO	Unk.	02/23/11
Helms-1/P&G&E	407	h	Calif.	PMO	Unk.	09/13/10
Huntington-1/AES	226	g	Calif.	PMO	Unk.	01/08/11
Mandalay-2/GenOn	215	g	Calif.	PMO	Unk.	02/26/11
Moss Landing-7/Dynegy	756	g	Calif.	PMO	Unk.	01/24/11
Mountainview-3/Edison	525	g	Calif.	PMO	Unk.	03/01/11
Mountainview-4/Edison	525	g	Calif.	PMO	Unk.	03/01/11
Redondo-6/AES	175	g	Calif.	PMO	Unk.	02/21/11
Sunrise-2/EME	590	g	Calif.	PMO	Unk.	01/08/11

#### Daily generation outage references

MO	unplanned maintenance outage	RF	refueling outage
PMO	planned maintenance outage	Unk	unknown
OA	offline/available		
Fuels: Nuclear=n; Coal=c; Natural gas=g; Hydro=h ; Wind=w			
Sources: Generation owners, public information and other market sources.			

lower at \$3.818/MMBtu after failing to break through strong technical support in the \$3.80/MMBtu area.

Midwest dailies were mixed as temperatures were forecast to rise and spot gas fell. Temperatures were expected to rise today with highs from the upper 20s to the upper 50s. Lows were forecast to range from 7 degrees to 33 degrees. Chicago city-gates spot gas traded around \$4/MMBtu on IntercontinentalExchange, about 14 cents lower than the Platts index. Cinergy Hub day-ahead peak traded around \$38.75/MWh, \$1.75 above the index. Day-ahead off-peak traded near \$31.50/MWh on ICE, 25 cents higher than the Platts index. Minnesota day-ahead peak was bid at \$38/MWh, \$1.25 above the index, and offered at \$40/MWh on ICE. Day-ahead off-peak was bid at \$18/MWh, 25 cents below the Platts index, and offered at \$23/MWh.

Dailies were mixed in the Midwestern portion of the PJM Interconnection. AEP-Dayton Hub day-ahead peak traded near \$39/MWh on ICE, \$1.50 higher than the Platts index. Day-ahead off-peak traded around \$33.75/MWh, \$2 above the index. North Illinois Hub day-ahead peak was offered at \$39/MWh, \$3.50 above the Platts index. Day-ahead off-peak was bid at \$31.25/MWh, \$3.25 above the index, and offered at \$31.50/MWh.

Midwest forwards declined about 50 cents on average Wednesday morning led by a weaker natural gas market. Cinergy Hub April financial swaps were down 50 cents to \$35/MWh and July-August rolled back 75 cents to \$43/MWh. AD Hub summer was down \$1 to \$46.50/MWh and Northern Illinois April turned lower 75 cents to \$43.75/MWh.

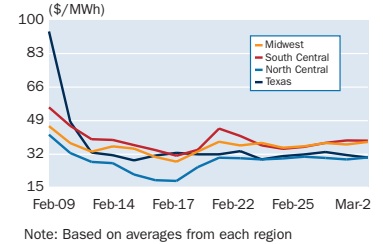
South Central dailies edged down for a second day in a row

as spot natural gas fell and forecasts called for steady temperatures. Major cities in the Electric Reliability Council of Texas' footprint were expected to have above-normal high temperatures in the mid-70s with lows in the upper-40s. Meanwhile, spot gas at Houston Ship Channel fell 13 cents from the index to trade around \$3.74/MMBtu on ICE. ERCOT South next-day peak traded around \$31.75/MWh on ICE, down about \$1.50 from the index. Houston fell about \$1.25 to trade around \$31.50/MWh. North traded around \$31/MWh, also down about \$1.25. West was offered \$1.75 more than the index at \$30/MWh on ICE.

ERCOT South next-day off-peak traded around \$19.50/MWh, about a 75-cent discount to the index and the highest of the four zones. North traded around \$19/MWh, down about \$2. Houston was offered at \$20/MWh, \$1.50 less than the index. West traded around \$11/MWh, a few dollars more than the index. ERCOT North bal-month packages were bid at \$33.50 and offered at \$34/MWh on ICE, slightly less than Tuesday bids and offers. Into Entergy bal-week traded around \$30.50/MWh, less than Tuesday offers. Today's high in Little Rock was forecast 3 degrees warmer than Wednesday at 68, with a low of 42, also warmer than Wednesday.

South Central term power contracts remained weak. ERCOT North April was down 50 cents to \$35.25/MWh. ERCOT North

**Central day-ahead markets**



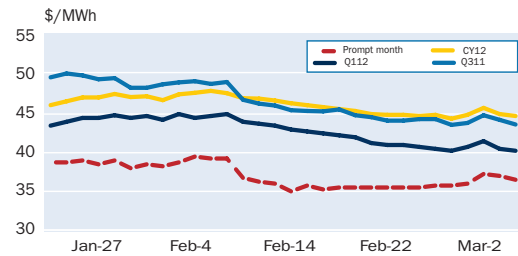
**Platts-ICE Forward Curve Electricity, Mar 2 (\$/MWh)**

**Prompt month: Apr 11**

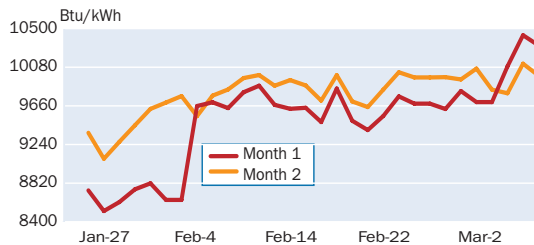
Mass Hub	48.00
N.Y. Zone G	48.50
N.Y. Zone J	54.00
N.Y. Zone A	36.50
Ontario*	34.50
PJM West	44.15
AD Hub	37.25
NI Hub	34.50
Cinergy Hub	35.00
Southern Into	35.50
Entergy Into	32.25
ERCOT North	35.25
Houston	38.75
ERCOT West	25.75
ERCOT South	39.25
Mid-C	23.75
Palo Verde	31.00
NP15	31.25
SP15	32.00
Mead	36.50

\*Ontario prices are in Canadian dollars

**Mead: Key packages, last 30 days**



**Mead: Marginal heat rate**



**Mead: Forward curve**

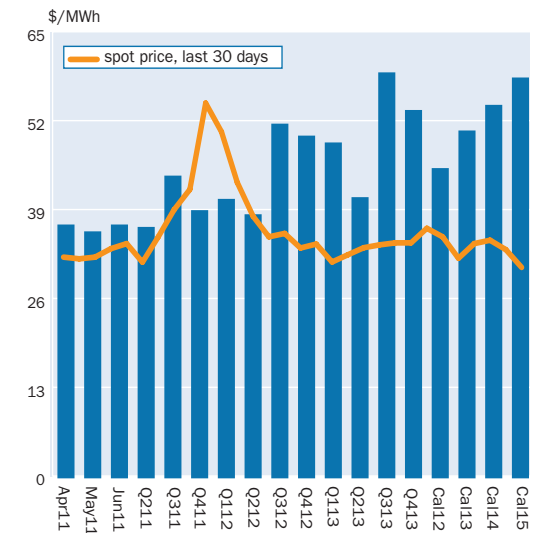


Table and graphs are created using Platts-ICE Forward Curve — Electricity (North America) data. Both on-peak and off-peak electricity forward assessments are available for periods spanning four years. To see a sample and find information on how to subscribe to the full data set go to [www.risk.platts.com](http://www.risk.platts.com). 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

May fell \$1.25 to \$36.75/MWh and July-August packages decreased 75 cents to \$50.50/MWh. ERCOT Houston April slipped 50 cents to \$38.75/MWh and May was 50 cents lower to \$39.50/MWh. Into Entergy April packages lost 75 cents going to \$32.25/MWh and May eased 50 cents to \$32.75/MWh.

## WEST MARKETS

### Dailies lose ground; forwards also move lower

Western day-ahead prices for Thursday delivery lost ground Wednesday morning on a drop in spot gas prices. Forwards also moved lower, as the April NYMEX gas futures contract continued to fall.

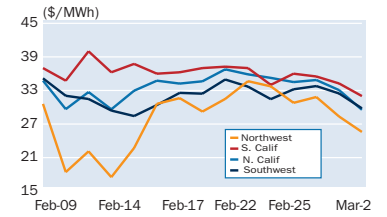
In the Pacific Northwest, Mid-Columbia on-peak prices were down about \$3, trading between \$23 and \$28/MWh on IntercontinentalExchange. Mid-C off-peak prices also eased \$3 to trade between \$14 and \$18/MWh on ICE. The high temperature in Portland, Oregon, was forecast to reach 47 today, with rain. Rockies spot gas was down about 11 cents, trading between \$3.62 and \$3.64/MMBtu on ICE. The Bonneville Power Administration showed wind generation at 1,500 MW at 1:30 p.m. EST, and hydroelectric output at 12,600 MW. Mid-C on-peak balance-of-the-month swaps were at a discount to dailies, bid at \$22.55 and offered at \$25/MWh on ICE.

In California, SP15 next-day on-peak financial swaps lost

\$2, trading between \$31.85 and \$33/MWh on ICE. NP15 on-peak swaps were bid at \$30.75 and offered at \$31.70/MWh. SP15 on-peak bal-month swaps were at a slight premium to dailies, with bids at \$33.30 and offers at \$33.75/MWh on ICE. The Pacific Gas and Electric city-gates spot gas price slipped about 14 cents, trading between \$3.98 and \$4.025/MMBtu on ICE. The high temperature forecast in Burbank, California, was 64 for today, with morning showers. The California Independent System Operator showed wind generation at 660 MW at 1:30 p.m. EST. CalISO forecast peak demand for Wednesday at 29,319 MW, and peak demand for today at 29,141 MW.

In the Southwest Palo Verde on-peak prices lost \$4, trading between \$27 and \$30.75/MWh on ICE. Palo Verde off-peak prices were down about \$3, trading between \$18 and \$20/MWh on ICE. The high temperature in Phoenix, Arizona, was forecast to reach 79 today, slightly above normal. Opal, Wyoming, spot gas prices were trading down roughly 15 cents, between \$3.63 and \$3.68/MMBtu on ICE. Palo Verde on-peak bal-month swaps were even with dailies, with bids at \$29.05 and offers at \$29.75/MWh. Palo Verde off-peak bal-month was at a \$1 discount to

### West day-ahead markets



Note: Based on averages from each region

### Near-term markets (\$/MWh)

Contract	Transacted	Range
<b>East</b>		
<b>PJM West</b>		
Bal-week	03/02	44.75-45.25
Bal-week	03/01	49.50-50.00
Bal-week	02/28	45.75-46.25
Bal-month	03/02	44.25-44.75
Bal-month	03/01	45.00-45.50
Bal-month (off-peak)	03/02	35.50-36.00
Next-week	03/02	45.75-46.25
Next-week	03/01	46.25-46.75
Next-week	02/28	46.50-47.00
Next-week	02/24	42.75-43.25
Next-week (off-peak)	02/24	33.75-34.25
<b>Southern, Into</b>		
Bal-week	03/01	34.00-34.50
Bal-week	02/28	34.50-35.00
Bal-week (off-peak)	02/28	28.25-28.75
Next-week	03/01	35.25-35.75
<b>Central</b>		
<b>Entergy, Into</b>		
Bal-week	03/02	30.25-30.75

### ERCOT, North

Bal-month	03/02	33.50-34.00
-----------	-------	-------------

### West

### Mid-C

Bal-month	03/02	24.75-25.50
Bal-month	03/01	26.50-27.50
Bal-month	02/28	28.25-29.25
Bal-month (off-peak)	03/02	14.25-15.25
Bal-month (off-peak)	03/01	15.00-16.00

### SP15

Bal-month	03/02	33.50-34.50
-----------	-------	-------------

\*Ontario prices are in Canadian dollars

### Market coverage

Platts provides a detailed Data Submission Guide specifying the information it collects in its North American gas and electricity price surveys. The guide is available at [www.platts.com](http://www.platts.com). From the home page, follow links to either Electricity or Natural Gas and then to Methodology & Specifications.

dailies, with bids at \$17.50 and offers at \$19/MWh on ICE.

Forward markets were down, with NYMEX gas futures moving lower. The April NYMEX gas futures contract lost about 5.9 cents going to \$3.814/MMBtu day on day, then settled 5.5 cents lower at \$3.818/MMBtu after failing to break through strong technical support in the \$3.80/MMBtu area.

In California, SP15 on-peak April financial swaps eased 75 cents, with bids at \$31.85 and offers at \$32.15/MWh on ICE at around 2:30 p.m. EST. SP15 May fell 50 cents to \$31.25/MWh. SP15 third quarter gave up 75 cents, going to \$43/MWh. NP15 April dipped 75 cents to \$31.25/MWh.

In the Northwest, Mid-Columbia on-peak April lost 75 cents to \$23.75, and May fell 75 cents to \$17/MWh. Mid-C on-peak third quarter was off 60 cents to \$34.65/MWh.

In the Southwest, Palo Verde on-peak April dropped \$1.50 to \$31, and May was down 75 cents to \$32.50/MWh. Palo Verde third quarter decreased 60 cents to \$41.25/MWh.



**Megawatt Daily RFP  
dataset now available**

A dataset of power supply solicitations encompassing Megawatt Daily RFP coverage is available through Platts' Custom Data & Analysis product offerings. From 2007 forward, data include type of supply, contract type, issue date, proposal due date, and many additional details. Call 1-800-752-8878 for details.

### RGGI carbon allowance futures, Mar 1 (\$/allowance)

CCFE	Settlement	Volume	NYMEX GE	Settlement	Volume
Mar11 V09	1.97	0	Feb11	1.94	0
Mar11 V10	1.95	0	Mar11	1.94	0
Mar11 V11	1.95	0	Apr11	1.94	0
Jun11 V09	1.97	0	May11	1.94	0
Jun11 V10	1.95	0	Jun11	1.94	0
Dec11 V09	1.99	0	Jul11	1.94	0
Dec11 V10	1.97	0	Aug11	1.94	0
Dec11 V11	1.97	0	Sep11	1.94	0
Dec12 V09	1.99	25	Oct11	1.94	0
Dec12 V10	1.98	0	Nov11	1.94	0
Dec12 V11	1.98	0	Dec11	1.94	0
Dec12 V12	1.96	0	Jan12	1.87	0

The Regional Greenhouse Gas Initiative is a carbon cap-and-trade program for power generators in 10 Northeast and Mid-Atlantic US states. One RGGI allowance is equivalent to one short ton of CO<sub>2</sub>. The volume listed is the number of futures contracts traded. Each futures contract represents 1,000 RGGI allowances.

### Daily emissions assessments, Mar 2

	\$/allowance	Change	\$/st
SO <sub>2</sub> 2011	4.00	0.00	8.00
NO <sub>x</sub> 2011	30.00	0.00	30.00
NO <sub>x</sub> 2012	NA	NA	NA

For methodology, visit [www.emissions.platts.com](http://www.emissions.platts.com). Full coverage of SO<sub>2</sub> and NO<sub>x</sub> emissions markets now appears in Platts Coal Trader. For information on Coal Trader, contact [support@platts.com](mailto:support@platts.com) or call 1-800-PLATTS-8.

### Spark spreads for Mar 3

	Marginal heat rate	Spark spreads				
		@7k	@8k	@10k	@12k	@15k
<b>East</b>						
Mass Hub	8595	16.61	6.20	-14.63	-35.45	-66.69
N.Y. Zone-G	15658	40.78	36.07	26.65	17.23	3.10
N.Y. Zone-J	9407	19.06	11.14	-4.70	-20.54	-44.30
N.Y. Zone-A	9323	10.47	5.96	-3.05	-12.06	-25.58
Ontario*	10061	13.01	8.76	0.26	-8.24	-20.99
PJM West	10987	19.60	14.68	4.85	-4.98	-19.73
TVA, into	9270	8.63	4.83	-2.78	-10.38	-21.79
<b>Central</b>						
Cinergy Hub	9823	11.14	7.19	-0.70	-8.59	-20.43
NI Hub	9011	8.04	4.04	-3.95	-11.94	-23.93
Entergy, into	8573	5.87	2.14	-5.33	-12.79	-23.99
ERCOT, Houston	8422	5.32	1.58	-5.90	-13.38	-24.60
<b>West</b>						
Mid-C	6743	-0.98	-4.77	-12.36	-19.95	-31.34
Palo Verde	8035	3.83	0.13	-7.27	-14.66	-25.75
NP15	7977	3.83	-0.09	-7.93	-15.76	-27.51
SP15	8488	5.61	1.84	-5.70	-13.24	-24.55

\*Ontario prices in Canadian dollars. \*\*Spark spreads are reported in (\$) and Marginal heat rates in (Btu/kWh)

---

## IN THE NEWS

---

### NERC forms cybersecurity task force

In its latest effort to improve the security of the bulk power grid, the North American Electric Reliability Corp. Wednesday said it formed a cyber attack task force to address the impacts of a coordinated cybersecurity attack on the grid.

The task force will identify ways to enhance protection, resilience and recovery capabilities for power grid operators, and develop plans to improve detection and response to an organized cyber attack, NERC said. By developing flexible plans, grid operators will be better prepared to recognize and respond to a cyber attack in ways that may include solutions not typical of regular grid operations, NERC said.

The task force will consist of more than 40 members and it will be chaired by Mark Engels, director of information technology risk management at Dominion. NERC staff will serve as a facilitator on the task force, as it does on other industry-led task forces that the reliability organization established, said Kimberly Mielcarek, spokeswoman for NERC.

“Operators are trained to spot anomalies and take the appropriate actions in real time. The cyber attack task force will build on that existing knowledge with recommendations that make it easier to detect and respond to indicators of an organized attack,” Engels said in a statement.

The effort is part of NERC’s coordinated attack plan, which was developed in response to a June 2010 report from NERC and the Department of Energy. That report found that the best approach to different types of rare events that would have a high impact on power grid operations is through a combination of industry-led task forces and NERC staff initiatives. Other task forces formed include the geomagnetic disturbance task force, the spare equipment database task force, the severe impact resilience task force and the smart grid task force.

A December report from the smart grid task force mentioned how the industry and regulators should develop risk metrics to measure current and future physical and cyber vulnerabilities from smart grid technologies, and refine approaches to risk assessment and cybersecurity. — *Tom Tiernan*

### PG&E outlines plan to procure renewables

Pacific Gas & Electric is asking California regulators to sign off on the utility’s plan to procure renewable energy through a renewable auction mechanism, or RAM, program.

PG&E’s Friday filing responds to a December decision issued by the California Public Utilities Commission. The RAM program will be for the procurement of small and mid-sized renewable energy projects.

The “advice letter” filed by the company details PG&E’s proposed implementation process and structure for the RAM program. The schedule for the first RAM solicitation will be determined upon CPUC approval of the filing.

PG&E will solicit new renewable energy projects that are eligible for the California renewable portfolio standard program. The company intends to conduct two RAM auctions for each program year — approximately once every six months — for the initial two-year period.

PG&E intends to issue its first request for offers thirty days after receiving a final and non-appealable decision from the CPUC on the advice letter. PG&E said that it has discussed this proposed schedule with Southern California Edison and San Diego Gas & Electric in an attempt to align schedules, as required by the December PUC decision.

PG&E is proposing to solicit approximately 35 MW from each of three product categories in each of the four initial auctions. The product categories are baseload; as available, non-peaking; and as-available, peaking.

The specific generation profiles for each of the three product categories sought by PG&E in the RAM auctions are described in an attachment to the filing.

PG&E expects that, in general, the generation profiles will correspond to specific technologies as follows — baseload: geothermal and biomass; as-available, non-peaking: wind; as-available, peaking: solar.

PG&E said that it will evaluate and select eligible offers based primarily on normalized prices. Offers will be ranked in order of the lowest to highest prices with the objective of selecting up to 35 MW of per product category. PG&E will consider supplier diversity as a secondary factor in project selection.

Although PG&E is not limiting the number of bids any entity may submit to the RAM program, it is proposing to limit the amount of capacity it awards to any single entity in any particular auction to 20 MW. “This seller concentration limit will help to ensure both the overall viability of the projects selected through RAM and the continued development of a competitive renewable distributed generation market in California.”

Although not explicitly required by the PUC decision, PG&E wants to limit eligibility in its RAM program to new projects that are certified by the California Energy Commission as eligible renewable resources. “This limitation is implied by the structure of the decision, since certain program features (for example, 18-month online deadline and project viability requirements) would not be applicable to existing projects.”

The focus on new projects “is appropriate given the commission’s longstanding effort to bring new renewable resources online in California, and it recognizes the potential that existing projects may crowd out new projects in the RAM competitive bidding process if the existing projects have already recovered initial capital investments,” PG&E said.

The company is asking the CPUC to approve the filing no later than June 15.

For additional details, go to:

[www.pge.com/b2b/energysupply/wholesaleelectricssupplier-solicitation/RAM/index.shtml](http://www.pge.com/b2b/energysupply/wholesaleelectricssupplier-solicitation/RAM/index.shtml). — *Paul Ciampoli*

## TransAlta to conduct power sale auction in May

Alberta-based TransAlta will hold its fourth fixed-price power auction on May 10, the company said Wednesday.

TransAlta will be selling a four-year strip of Alberta power (2012-2015). Key dates related to the auction include, among others, March 11, which is the RSVP deadline for the March 15 pre-auction conference call.

Notices of intent will be due April 15, while RFP package details will be released and request for proposals package details will be released with the complete auction schedule on April 21.

TransAlta has been holding Alberta power auctions since 2009, which it said has attracted a variety of participants including Canadian industrials, wholesale banks and trading companies.

The auction will be facilitated by World Energy Solutions, an operator of online exchanges for energy and green commodities.

Additional details about the auction, including other key dates, are available at:

<https://www.wesplatform.com/webportal/Public/Announcement.aspx?ID=KKE3H0u0GCc%3d>. — *Paul Ciampoli*

## Storage stocks to drop 81- to 85-Bcf: analysts

The consensus among analysts Wednesday was that the Energy Information Administration today will estimate a withdrawal from natural gas storage stocks of between 81 Bcf and 85 Bcf for the week that ended February 25.

A draw within those estimates would be smaller than both the 124-Bcf pull in the same week in 2010 and the five-year-average withdrawal of 131 Bcf.

As a result, both the 48-Bcf storage deficit to a year ago and the five-year-average deficit of 61 Bcf for the week that ended February 18 could shrink.

The wider estimates by analysts for the week ended February 25 ranged from a withdrawal of 65 Bcf to one as large as 103 Bcf. EIA on February 24 estimated an 81-Bcf withdrawal from storage for the week ended February 18, cutting stocks to 1.83 Tcf.

MF Global analyst Tom Pawlicki said he expects storage to fall only 65 Bcf for the week ended February 25 as temperatures were above normal in the heavy gas heating demand areas.

Credit Suisse analysts Hugh Li and Stefan Revielle said they expect EIA to report a 101-Bcf withdrawal for the week ended February 25, bringing total working gas in storage to 1,729 Bcf, or 16 Bcf below the same point a year earlier.

The analysts said that heating demand increased slightly week-on-week as cumulative heating degree-days rose 29% compared with the previous week.

“The colder weather was focused in key demand areas in the East and Western US,” the analysts said in commentary. “As many of our largest sample storage facilities are located in these areas, we are noting larger withdrawals in the respective regions and the US total.” — *Cheryl Buchta*

## Gas plant will not harm environment: CEC staff

A proposed 624-MW natural gas-fired project in Northern California project would not cause significant harm to the environment if mitigation measures are adopted, a siting committee of the California Energy Commission found.

The Oakley Generating Station project has been proposed by Contra Costa Generating Station, which is owned by Danville, California-based Radback Energy. The plant would be located on a 21.95-acre site in the city of Oakley in Contra Costa County.

As part of its final staff assessment on Tuesday, the committee said the project would be designed as a baseload facility with rapid startup, high turndown capability and high ramp rates. It would be expected to be frequently dispatched and operate up to 8,463 hours per year.

Power would be delivered through a 230-kV connection to Pacific Gas & Electric’s Contra Costa substation, located 2.4 miles from the power plant.

The assessment will be used in upcoming CEC hearings to help the agency’s staff determine whether to recommend that the full commission approve a construction license for the project.

The California Public Utilities Commission on a split vote in December approved a power purchase agreement that allows PG&E to take ownership of the plant in 2016.

The PUC’s move came after it had in July rejected PG&E’s first PPA for Oakley, saying the project was not needed for reliability. PG&E the next month petitioned the PUC to approve a modified deal that would push back the commercial availability date of Oakley to 2016, from 2014.

In approving the revised deal, the PUC said in part that Oakley would reduce the “risk that California will have an insufficient supply of generating resources due to a lack of financing for capital projects and regulatory lag.”

But Dian Grueneich, in her last meeting as a PUC member, said the utility’s push for the plant “ignores the fact that, according to our own internal analysis, PG&E has a 69% reserve margin in 2020 without Oakley.” — *Lisa Weinzimer*

## DPL unit buys Chicago-based retail supplier

DPL Energy Resources, a unit of DPL, has bought Chicago-based retail electricity supplier MC Squared Energy Services, DPL said Wednesday. Terms of the deal were not disclosed.

Mc2, which serves about 2,000 customers in northern Illinois “has a solid management team with extensive retail operating experience in competitive energy markets,” said DPL President and CEO Paul Barbas in a statement. “Their successful business model will complement our existing Ohio retail market activity and provide a platform to expand into other attractive markets.”

Mc2 President Chuck Sutton will continue to be responsible for the overall operation of the organization, DPL said.

— *Valarie Jackson*



## Columbia River flows seen at 103% of normal

Columbia River flows at The Dalles Dam on the Washington-Oregon border will likely be 103% of normal from April through September, according to the latest Ensemble Streamflow Prediction, a water supply forecast released late Tuesday by the National Oceanic and Atmospheric Administration's Northwest River Forecast Center.

The forecast is four percentage points above the ESP released February 22 and is one percentage point higher than NOAA's early-bird regression forecast, issued Thursday, which put flows at The Dalles at 98% of normal.

Released weekly, the ESP compares historical and current data and runs the information through model scenarios to project what water supplies could look like.

The regression reports are typically issued three times each month — in an early bird, a mid-month and an official format — and are statistics-based models that include data on actual precipitation, snowpack and runoff across the Pacific Northwest.

The water-supply report is closely watched by power markets and is an indication of upcoming water supplies for hydro generation in the Pacific Northwest. The next regression report is scheduled to be issued Monday. — *Hilary Costa*

## Utility output falls 4.9% on year in week: EEI

Utilities generated 73,152 GWh in the week that ended February 26, down 4.9% from the 76,892 GWh generated in the corresponding week of 2010, the Edison Electric Institute said Wednesday.

The weekly total also was 664 GWh below the 72,488 GWh total posted in the week that ended February 19, said EEI, a Washington-based industry group that represents investor-owned utilities.

Output fell in five of the nine regions EEI assesses, with double-digit percentage slides in the Southeast and South Central regions for the second week in a row.

The largest-percentage decrease came in the South Central region, where generation fell 13.1% from the comparable week a year ago, to 9,778 GWh. The second-largest slide was in the Southeast region, where generation fell 12.5% on the year to 18,333 GWh.

Output rose in the remaining four regions, with the highest-percentage rise in the Pacific Northwest, where output rose 16.8% to 3,931 GWh. The second-highest increase was in New England, where generation rose 5.9% to 2,590 GWh. There also was a 1.7% increase in the Rocky Mountain region, to 4,495 GWh.

Utility generation in the first nine weeks of 2011 was 717,135 GWh, which is 1.1% below the 724,810 GWh generated in the same period of 2010, EEI said.

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

— *Carla Bass*

## Wis. PSC wary of MISO plans ... from page 1

at a cost to ratepayers — it also provides opportunities for utilities, according to the report. "Since Wisconsin has been at the front edge of a construction cycle, the newer units in Wisconsin may have an efficiency benefit over generation located in other parts of the Midwest [Independent Transmission System Operator] footprint," the report said. "Other states may not be as well-positioned with capacity in their near futures, and Wisconsin utilities may increasingly serve as energy exporters if other states become capacity-strapped in the future."

On the issue of the Midwest Independent Transmission System Operator, the PSC is concerned that a possible mandatory capacity market could hurt Wisconsin ratepayers, the report said. The PSC expressed its concerns via the Organization for MISO States. In mid-February, the OMS filed comments with MISO opposing the grid operator's proposed forward capacity auction. There is no need to provide incentives for new power plants because MISO has excess capacity, the group said.

The proposal would expand MISO's role from transmission to include generation, which increases the chance for conflict with state resource planning rules and state regulatory authority, OMS said.

The PSC said in its report that increasingly decisions that affect Wisconsin are being made at the regional and national level.

"To be proactive, I believe this commission must recognize, among other things, the increasing commingling between state and federal jurisdiction over power and the impact of regional energy markets on our utilities and their customers," PSC Commissioner Lauren Azar said in the report.

Wisconsin's utilities expects demand to grow by about 1% a year, down from previous expectations of about 2.1% a year.

With the increased power supply, reserve margins in Wisconsin are climbing. Utilities expect a 26.1% reserve margin this year, well above the required 15.4% margin, the report said. The reserve margin is expected to slowly fall to about 18.7% in 2015, the report said.

Although utilities have been adding renewable energy to their supplies, the state is heavily dependent on coal-fired generation, which makes up about 63% of energy production, according to the biennial report. Nuclear power accounts for 21% of energy production, followed by natural gas at 9%.

In part reflecting utility power plant and transmission line construction projects, Wisconsin rates are higher than most of its neighbors, the report said. In 2009, Wisconsin had the highest residential rates in the Midwest, with residential customers paying 11.94 cents/kWh on average compared with 10.44 cents/kWh across the Midwest. Industrial customers paid 6.73 cents/kWh in Wisconsin while Midwestern industrial customers paid 5.94 cents/kWh on average. — *Ethan Howland*

## Enernoc position draws support ... from page 1

it the past, despite the recent joint statement from the market monitor and PJM that certain behavior, although technically allowed by the rules, is inappropriate and will be referred to the commission for investigation and possible enforcement action.

PJM and the monitor's concern was that some demand response providers commit overlapping resources to two PJM programs — peak load contribution and emergency demand response — and end up being paid twice for a single curtailment, a situation known as “double counting.” Therefore, PJM and the monitor issued a joint statement clarifying their interpretation of the existing rules and asking companies not to engage in double counting in the future.

Energy Curtailment Specialists, a demand response provider in several organized markets, supported Enernoc's request, saying it disagrees with PJM and the monitor's statement that providers are paid twice for a single load reduction, and provided examples to support its argument. The company also said, among other things, that the joint statement of PJM and the monitor creates uncertainty in the market and inhibits participation of demand response.

The Demand Response and Smart Grid Coalition also supported Enernoc's petition, asking the commission to issue an order saying that demand response providers can continue their practices under the existing rules until the rules are changed formally.

The American Forest and Paper Association filed in support of Enernoc, urging the commission to make a decision on an expedited basis, as requested by Enernoc.

However, PJM and Monitoring Analytics also responded to Enernoc's petition, saying that the commission should not affirm Enernoc's past practices as acceptable in the future.

“PJM contends that past practices ... do not necessarily define whether such conduct is consistent with the tariff and leads to just and reasonable outcomes,” PJM's filing said.

In addition, PJM said it continues to believe that signing up some demand response resources in two different PJM programs and receiving payment for both should not be allowed in the future. PJM provided examples to support its position.

PJM admitted that the rules set forth in its tariff and manuals may not provide sufficient detail to participants as to how performance and reporting of curtailment in the PJM capacity market will be measured.

In its comments, Monitoring Analytics also disagreed with Enernoc, and said that the company “asks for *carte blanche* approval of how it manages its portfolio, but fails to include relevant facts about that management.” Therefore, the monitor asked the commission to set the matter for administrative hearing to determine the facts as they relate to Enernoc, but in the event that Enernoc fails to provide information about its portfolio management, the petition should be denied, the monitor said.

Monitoring Analytics argued that the peak load contribution and emergency demand response programs can coexist

individually. However, “what a customer cannot do is reduce its peak load contribution and also obtain payments under the demand response program for the same reduction,” Monitoring Analytics said. The market monitor provided some examples of the kind of conduct that could trigger referral to FERC for investigation. — *Milena Yordanova-Kline*

## Nodal Exchange view on law changes ... from page 1

“We had no issues with the way [Dodd-Frank] was written, but then we saw how the rules came out and said: ‘Whoa, I didn't see that in the act,’ and ‘This is a problem,’ “ Cusenza said.

Like many participants in US energy markets, Nodal Exchange officials have been surprised by the scope of the proposed Dodd-Frank rules that the Commodity Futures Trading Commission has been churning out frantically in an effort to implement a new regulatory regime by this summer. The law, which Cusenza first assumed would only bolster his new exchange, could severely hamper it under some of these proposed rules.

This week, Cusenza filed comments with the CFTC criticizing a proposed rule that would require 85% of a contract's trades to be executed on an exchange, a threshold that he claimed will kill market innovation.

“Instead of protecting the price discovery process, the inflexibility of threshold requirements may precipitate failures during market disruptions when unforeseen circumstances alter the trading environment within a given industry,” Cusenza wrote.

Several other exchanges, including CME Group and IntercontinentalExchange, filed comments this week against the proposed 85% rule.

In December, Cusenza and other exchanges also wrote to the CFTC in opposition of a proposed rule that would limit ownership of designated contract markets and swap execution facilities to no more than 20%.

“Such stringent ownership restrictions could create a barrier to establishing new competitive or niche cleared markets, which would preclude the ability to create and sustain innovative cleared markets to serve less liquid markets,” Cusenza wrote.

These proposals, neither of which Cusenza said were in the original law nor intended by Congress, could radically transform an exchange that Cusenza said he expected would face no changes under the Dodd-Frank regime.

The exchange was launched in 2009 and offers cash-settled contracts for power in North America through both a blind auction and an over-the-counter platform. All Nodal Exchange contracts are central counterparty-cleared, one of the main tenets of Dodd-Frank, Cusenza said.

“Our existence and our formation was very much, I think, in the spirit of what Congress had hoped to do through Dodd-Frank,” Cusenza said. “Entities like us are the perfect examples of trying to reduce overall systemic risk by making clearing available on contracts that are otherwise harder to clear. We're

exactly what they want.”

The CFTC has yet to approve any final rules and Cusenza said it is still unclear what the ultimate impact will be on his exchange.

“It’s a crystal ball and it changes as each set of rules comes out,” he said.

For example, it is unclear if the exchange, currently an exempt commercial market under CFTC jurisdiction, will need to register as a designated contract market or a swap execution facility, or which classification would ultimately be better for the exchange.

“We will have to be either, it’s just a question of which one is going to be a better fit for us,” Cusenza said. “There are disad-

vantages and advantages to both.”

Additionally, he said it remains unclear what impact a potential jurisdictional fight between the CFTC and the Federal Energy Regulatory Commission might be on his exchange if financial transmission rights are defined as swaps and subject to CFTC oversight.

“I am concerned about some of the rules and I’ll continue to express that, but I am also very confident that in the end we will get a workable system,” he said. “The hard part for everybody in the industry right now is that it’s a lot of reading and a lot of understanding and trying to weave this all together.”

— *Brian Scheid*

---