

Megawatt Daily

Tuesday, May 15, 2012

Load shifting may ease oversupply in NW

Convincing server farms, irrigators, water treatment plants and other commercial or industrial customers to shift operations from daytime to overnight off-peak hours may be the answer to the oversupply conditions that plague the Pacific Northwest, according to recommendations hashed out Monday by the Northwest Power and Conservation Council.

This strategy, known as load shifting, has the potential to absorb an excess 1,500 to 2,000 MW — the most wind capacity that has been curtailed at one time by the Bonneville Power Administration in two years of managing excess hydropower by displacing wind and thermal generation.

Led by BPA Administrator Steven Wright and Council member Tom Karier, the meeting was the first of the council's wind

(continued on page 8)

Nodal Exchange proposes clearing ISO-NE FTRs

Nodal Exchange is proposing to conduct independent third-party clearing for ISO New England's financial transmission rights market, according to a white paper presented to ISO-NE's Budget and Finance Subcommittee on Friday.

FTRs are financially settled instruments used by market participants to hedge the costs of transmission congestion between two points. FTRs are awarded by independent system operators through auctions, but Nodal Exchange believes there could be benefits in using an independent third party for clearing.

"For many years there has been industry discussion around the possibility of developing a cleared market for congestion products (e.g., FTRs) which would offer participants default protection, margining efficiencies, and improve the opportunities

(continued on page 9)

Prices incite surge in long-dated open interest

Weeks of low natural gas prices have driven a sharp increase in long-dated investments in gas futures, with open interest in months well along the curve increasing as the prompt-month price stays at near-historic lows, according to data and sources.

Trading in NYMEX gas futures is still largely concentrated in the nearby months. The June, July and August futures contracts, for example, accounted for nearly 40% of open interest this week, according to NYMEX data.

However, the amount of open interest in contracts well into 2013, particularly those between 16 and 20 months out, has been growing quickly and steadily since prices cratered late last month.

On April 30, when overall open interest was over 1.25 million contracts, open interest in October 2013 to January 2014

(continued on page 10)

Day-ahead markets for delivery May 15 (\$/MWh)

ERCOT	Index	Change	Range	Deals	Volume	Avg \$/Mo
On-peak						
ERCOT, North	24.75	-0.44	24.50-25.55	12	1,000	27.06
ERCOT, Houston	26.00	-0.50	26.00-26.00	N.A.	N.A.	28.34
ERCOT, West	24.25	0.50	24.25-24.25	N.A.	N.A.	27.34
ERCOT, South	24.50	-1.00	24.50-24.50	N.A.	N.A.	26.92

Off-Peak						
ERCOT, North	15.96	0.46	15.75-16.00	9	700	15.64
ERCOT, Houston	16.00	0.25	16.00-16.00	N.A.	N.A.	15.73
ERCOT, West	15.50	0.75	15.50-15.50	N.A.	N.A.	11.30
ERCOT, South	15.75	-0.25	15.75-15.75	N.A.	N.A.	15.60

Southeast	Index	Change	Range	Deals	Volume	Avg \$/Mo
On-peak						
VACAR	27.75	1.25	27.75-27.75	N.A.	N.A.	31.32
Southern, into	25.25	0.75	25.25-25.25	N.A.	N.A.	26.91
Florida	30.75	0.75	30.75-30.75	N.A.	N.A.	32.91
TVA, into	27.25	1.00	27.25-27.25	N.A.	N.A.	28.84
Entergy, into	23.75	1.25	23.75-23.75	N.A.	N.A.	24.77

Off-Peak						
VACAR	18.75	0.50	18.75-18.75	N.A.	N.A.	18.90
Southern, into	17.75	0.75	17.75-17.75	N.A.	N.A.	17.87
Florida	20.25	0.75	20.25-20.25	N.A.	N.A.	19.97
TVA, into	18.50	1.25	18.50-18.50	N.A.	N.A.	18.60
Entergy, into	19.25	0.75	19.25-19.25	N.A.	N.A.	19.37

West	Index	Change	Range	Deals	Volume	Avg \$/Mo
On-peak						
COB	24.89	-1.97	24.00-25.50	8	475	17.42
Mid-C	17.68	-2.49	16.75-18.50	197	5,175	12.24
Palo Verde	30.75	0.50	30.75-30.75	N.A.	N.A.	25.59
Mead	31.60	-1.34	31.00-32.00	5	125	26.91
Mona	31.50	0.00	31.50-31.50	N.A.	N.A.	25.23
Four Corners	31.00	-0.50	31.00-31.00	N.A.	N.A.	25.21
NP15	28.00	-2.00	28.00-28.00	N.A.	N.A.	26.31
SP15	37.00	1.00	37.00-37.00	N.A.	N.A.	30.00

Off-Peak						
COB	5.45	-4.85	4.50-6.00	19	525	5.49
Mid-C	-0.15	-6.05	-1.00-0.75	101	3,200	0.87
Palo Verde	16.13	-4.62	15.40-16.25	14	475	16.19
Mead	17.00	-5.04	17.00-17.00	N.A.	N.A.	17.05
Mona	17.25	-3.50	17.25-17.25	N.A.	N.A.	16.52
Four Corners	15.75	-3.75	15.75-15.75	N.A.	N.A.	15.67
NP15	16.75	-2.25	16.75-16.75	N.A.	N.A.	15.82
SP15	17.50	-5.50	17.50-17.50	N.A.	N.A.	17.42

Northeast	Index	Change	Range	Deals	Volume	Avg \$/Mo
On-peak						
Mass Hub	27.25	1.00	27.25-27.25	N.A.	N.A.	29.05
N.Y. Zone-G	31.75	1.75	31.75-31.75	N.A.	N.A.	32.27
N.Y. Zone-J	32.75	2.25	32.75-32.75	N.A.	N.A.	33.07
N.Y. Zone-A	27.00	0.75	27.00-27.00	N.A.	N.A.	28.16
Ontario*	19.75	-0.25	19.75-19.75	N.A.	N.A.	18.89

MARKET WRAP

EAST MARKETS

Dailies mostly higher; terms mixed

Power prices for Tuesday delivery in the East were mostly higher Monday, while forwards were mixed as the NYMEX June natural gas futures contract settled 7.8 cents lower at \$2.431/MMBtu Monday.

Northeast dailies rose Monday with firmer spot gas and rising load forecasts. Spot gas at Tennessee-Zone 6 delivered traded around \$2.55/MMBtu on IntercontinentalExchange, up 10 cents. Mass Hub day-ahead on-peak swaps for Tuesday delivery traded around \$27.25/MWh, up \$1 on ICE. Day-ahead off-peak traded around \$18/MWh, up 25 cents. ISO New England forecast peak load for Tuesday at 15,480 MW, down 220 MW from Monday. The ISO was expecting peak load to reach 15,850 MW on Wednesday. In Boston, the temperature for Tuesday was expected to be near 70 degrees, with rain. Mass Hub Next-week on-peak swaps were bid at \$26.50 and offered at \$28/MWh on ICE, nearly flat with day-ahead markets.

Across New York state, forecasts showed daily highs dropping 5 degrees to the mid- to low-60s. Transco Zone-6 spot natural gas traded around \$2.56/MMBtu on ICE, up 8 cents. The New York ISO projected Tuesday's peak load at 19,377 MW, up about 500 MW from Monday's forecasted peak. The ISO was forecasting a peak of 19,804 MW for Wednesday. NYISO Zone-G day-ahead on-peak swaps rose \$2 to about \$32/MWh. Zone-G bal-week peak was bid at \$29.75 and offered at \$32/MWh on ICE. Zone-G on-peak bal-month was bid at \$30.50 and offered at \$33.50/MWh on ICE. NYISO Zone-J day-ahead on-peak swaps rose \$2.50 to about \$33/MWh. Zone-J bal-month on-peak was bid at \$31.50 on ICE.

NYISO Zone-A day-ahead on-peak climbed \$1.25 to about

Day-ahead markets May 15 (\$/MWh)

Off-Peak

Mass Hub	18.25	0.50	18.25-18.25	N.A.	N.A.	19.00
N.Y. Zone-G	19.50	1.25	19.50-19.50	N.A.	N.A.	18.95
N.Y. Zone-J	19.75	1.25	19.75-19.75	N.A.	N.A.	19.20
N.Y. Zone-A	19.25	2.50	19.25-19.25	N.A.	N.A.	17.91
Ontario*	15.25	-1.25	15.25-15.25	N.A.	N.A.	13.52

PJM

Index Change Range Deals Volume Avg \$/Mo

On-peak

PJM West	34.75	0.50	34.75-34.75	N.A.	N.A.	36.64
Dominion Hub	36.25	0.50	36.25-36.25	N.A.	N.A.	38.20
AD Hub	34.00	1.75	34.00-34.00	N.A.	N.A.	34.11
NI Hub	32.25	2.00	32.25-32.25	N.A.	N.A.	30.57

Off-Peak

PJM West	22.00	0.00	22.00-22.00	N.A.	N.A.	22.61
Dominion Hub	22.75	0.25	22.75-22.75	N.A.	N.A.	23.27
AD Hub	22.25	0.00	22.25-22.25	N.A.	N.A.	22.68
NI Hub	18.50	1.25	18.50-18.50	N.A.	N.A.	15.91

MISO

Index Change Range Deals Volume Avg \$/Mo

On-peak

Michigan Hub	34.75	-2.25	34.75-34.75	N.A.	N.A.	34.82
Indiana Hub	33.25	1.50	33.25-33.25	N.A.	N.A.	33.00
Illinois Hub	31.50	-4.75	31.50-31.50	N.A.	N.A.	32.14
Minnesota Hub	38.50	12.25	38.50-38.50	N.A.	N.A.	27.18

Off-Peak

Michigan Hub	23.50	1.00	23.50-23.50	N.A.	N.A.	24.30
Indiana Hub	20.75	2.50	20.75-20.75	N.A.	N.A.	21.16
Illinois Hub	20.25	-2.00	20.25-20.25	N.A.	N.A.	20.30
Minnesota Hub	21.00	5.25	21.00-21.00	N.A.	N.A.	17.64

SPP/MRO

Index Change Range Deals Volume Avg \$/Mo

On-peak

MAPP, South	28.50	-0.25	28.50-28.50	N.A.	N.A.	27.59
SPP, North	27.00	1.75	27.00-27.00	N.A.	N.A.	26.11

Off-Peak

MAPP, South	17.75	0.75	17.75-17.75	N.A.	N.A.	16.97
SPP, North	16.50	1.25	16.50-16.50	N.A.	N.A.	15.70

*Ontario prices are in Canadian dollars

platts Megawatt Daily

Volume 17 / Issue 93 / Tuesday, May 15, 2012

ISSN # 1088-4319

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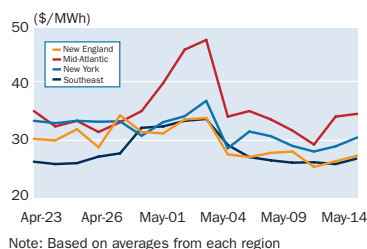
\$27.50/MWh. Zone-A bal-week peak was bid at \$25 and offered at \$31/MWh on ICE. Zone-A on-peak bal-month was bid at \$26 and offered at \$29/MWh on ICE, a discount to dailies.

Northeast term power was mixed Monday. In New England, Mass Hub on-peak June financial swaps were unchanged with bids at \$32.90 and offers at \$33.05/MWh on ICE at about 2:30 p.m. EDT. Mass Hub July-August packages gave up 25 cents, falling to about \$40.60/MWh. Mass Hub off-peak June slipped 15 cents to about \$24.35/MWh. New York Zone G on-peak June stood still at about \$39/MWh. Zone G on-peak July-August packages moved down 45 cents to about \$47.15/MWh. New York Zone A on-peak June rose 50 cents to about \$31/MWh. Zone A on-peak July-

August climbed 60 cents to about \$35/MWh.

Mid-Atlantic dailies were mixed in for Tuesday trading on ICE as forecast temperatures rose to highs from upper 70s to low 80s. The PJM Interconnection projected peak load at 92,575 MW for Tuesday. Texas Eastern

East day-ahead markets



M-3 spot natural gas traded around \$2.50/MMBtu on ICE, up 6.5 cents. PJM West Hub day-ahead peak traded around \$34.50/MWh, up about 25 cents. Day-ahead off-peak was around \$22/MWh, about flat. Next week packages had bids at \$35 and offers at \$35.50/MWh.

Mid-Atlantic forwards were mixed Monday as gas futures fell. PJM West on-peak June financial swaps were 40 cents stronger with bids at \$39.60 and offers at \$39.80/MWh on ICE at about 2:30 p.m. EDT. PJM West on-peak July-August packages lost 15 cents to about \$46.50/MWh. PJM West off-peak June fell 15 cents to about \$26.10/MWh.

In the Southeast, dailies for Tuesday delivery were firmer Monday as temperatures forecast to rise slightly. Into Southern next-day on-peak power rose about \$1.50 trading around \$26/MWh on ICE. Off-peak had bids at \$16/MWh. Spot natural gas at Transco Zone-3 rose 4.3 cents to trade around \$2.383/MMBtu. High temperatures were forecast to rise a couple degrees Tuesday to the upper-70s and then slowly rise throughout the week to the mid-80s for Thursday and Friday.

Southeast on-peak June terms rose Monday, despite falling June NYMEX gas futures. Into Southern June rose 25

cents to about \$27.25/MWh, July rose 25 cents to about \$32.50/MWh, and August stayed at about \$32.65/MWh.

CENTRAL MARKETS

Dailies, forwards close mixed

Day-ahead power prices ended mixed on Monday as spot natural gas rallied but weather forecast varied across the region. Most forwards were mixed as the NYMEX June gas futures con-

Generation unit outage report

Plant/Operator	Cap	Fuel	State	Status	Return	Shut
East						
Browns Ferry-3/TVA	1155	n	Ala.	RF/PMO	Unk	04/06/12
Bruce-2/Bruce	750	n	Ont.	MO	Unk	03/20/12
Bruce-3/Bruce	750	n	Ont.	PMO	Unk	11/06/11
Crystal River-3/Progress	838	n	Fla.	MO	Unk	09/26/09
Darlington-3/OPG	935	n	Ont.	PMO	Unk	03/26/12
Davis-Besse/First Energy	971	n	Oh.	RF/PMO	Unk	05/06/12
Grand Gulf-1/Entergy	1320	n	Miss.	MO/RF	Unk	02/19/12
Nine Mile Point-2/Const.	640	n	N.Y.	RF	Unk	04/07/12
Oconee-3/Duke	839	n	S.C.	RF	Unk	04/14/12
Pickering-1/OPG	500	n	Ont.	MO	Unk	04/22/12
Pickering-8/OPG	520	n	Ont.	PMO	Unk	02/06/12
Surry-1/Dominion	847	n	Va.	RF	Unk	05/06/12
Susquehanna-1/PPL	1319	n	Pa.	RF/PMO	Unk	03/31/12
Turkey Point-3/FP&L	760	n	Fla.	RF	Unk	02/26/12

Central

Braidwood-1/Exelon	1194	n	Ill.	RF	Unk	04/15/12
Fort Calhoun/Ohama PPD	526	n	Neb.	RF	Unk	04/11/11
Oklahoma-1/OKM	101	c	Tex.	PMO	Unk	04/08/12
Prairie Island-2/Xcel	585	n	Minn.	RF	Unk	02/21/12

West

Ace Cogen	118	g	Calif.	PMO	Unk	05/13/12
Alamitos-1/AES	174	g	Calif.	MO	Unk	05/13/12
Colgate-1/PCWA	176	h	Calif.	PMO	Unk	05/07/12
Diablo Canyon-1/PG&E	1197	n	Calif.	PMO	Unk	04/22/12
Encina-5/Cabrillo	330	g	Calif.	PMO	Unk	05/07/12
Harbor Cogen/HCC	109	g	Calif.	PMO/MO	Unk	05/09/12
Helms-1/PG&E	407	h	Calif.	MO	Unk	11/19/11
Helms-3/PG&E	404	h	Calif.	PMO/MO	Unk	11/12/11
High Desert/HDP	830	g	Calif.	PMO	Unk	05/13/12
Inland Empire-1/IEEC	376	g	Calif.	MO	Unk	05/13/12
Inland Empire-2/IEEC	366	g	Calif.	PMO	Unk	04/01/12
Intermountain-1/IPA	900	g	Utah	MO	05/27/12	01/06/12
La Paloma-2/LPGC	260	g	Calif.	PMO	Unk	05/03/12
Los Esteros/Calpine	188	g	Mex.	PMO	Unk	01/02/12
Martinez Cogen	115	g	Calif.	PMO	Unk	04/02/12
Morro Bay-3/Dynegy	325	g	Calif.	PMO	Unk	05/09/12
Morro Bay-4/Dynegy	325	g	Calif.	PMO	Unk	05/13/12
Pastoria/Calpine	751	g	Calif.	PMO	Unk	04/29/12
Redondo-6/AES	175	g	Calif.	MO	Unk	05/13/12
San Onofre-2/SCE	1124	n	Calif.	PMO	Unk	01/09/12
San Onofre-3/SCE	1126	n	Calif.	MO	Unk	01/31/12
Sunrise-2/Edison	590	g	Calif.	PMO	Unk	05/13/12

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.

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tract settled 7.8 cents lower at \$2.431/MMBtu as traders took profits following last week's gains.

Midwestern dailies were higher as spot gas prices and forecast temperatures rose, with highs expected to be around 80 degrees. Chicago city-gates spot gas traded around \$2.44/MMBtu on IntercontinentalExchange, up about 6.5 cents. Indiana Hub next-day peak was around \$33.50/MWh, up \$1.75. Indiana Hub off-peak was around \$20.50/MWh, up \$2.25. Next week was bid at \$30.75 and offered at \$32.50/MWh, while balance-of-the-week swaps were bid at \$32.75 and offered at \$33/MWh.

Dailies were mixed in the Midwestern portion of the PJM Interconnection. AEP-Dayton Hub next-day peak was around \$33.50/MWh, up about \$1.25. Next-day off-peak was in low \$20s/MWh, about flat. Bal-week had bids at \$33 and offers at \$34.75/MWh, while next week was bid at \$32.75 and offered at \$34.25/MWh. Northern Illinois Hub next-day peak was in the upper \$20s to low \$30s/MWh, down about \$1. Day-ahead off-peak was around \$18/MWh, up about \$1.

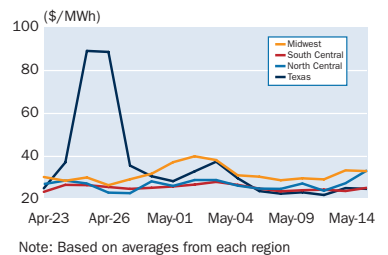
Midwest forwards were mixed Monday as NYMEX gas peeled back. AD Hub on-peak June financial swaps rose 50 cents to about \$35.75/MWh. AD Hub on-peak July-August packages lost 10 cents to about \$41.25/MWh. Indiana Hub on-peak June gained 50 cents to about \$33/MWh while Indiana Hub on-peak July-August was unchanged at about \$37.25/MWh. NI Hub on-peak June and July-August packages were absent from trading.

Electric Reliability Council of Texas dailies for Tuesday delivery were mixed on ICE as peak loads were forecast

decreasing and weather remaining mild. Spot gas at Houston Ship Channel rose 6.4 cents to trade around \$2.364/MMBtu. ERCOT North Hub next-day on-peak physical power fell about 50 cents trading around \$24.75/MWh on ICE. Off-peak rose about 50 cents trading around \$16/MWh. Houston Hub on-peak had bids at \$25.40 and offers at \$26.50/MWh, about 50 cents below Friday prices. Off-peak had bids at \$15.25 and offers at \$16.50/MWh, up about 25 cents from Friday prices. South Hub on-peak lost about \$1.25 trading around \$24.25/MWh. Off-peak had bids at \$15/MWh. West Hub on-peak market was in the mid-\$20s/MWh.

High temperatures across ERCOT's footprint were forecast in the low to mid-80s and expected to increase slowly through the week to the mid- to upper 80s by Friday. System load in ERCOT was forecast to peak at 43,350 MW and 41,650 MW Tuesday, compared with an actual peak of 38,896 MW Sunday. Wind generation was forecast to peak at 1,925 MW at 1 a.m. CDT and 1,825 MW at midnight CDT Tuesday. North Hub on-peak balance-of-the-week swaps were bid at \$27 and offered at \$28.75/MWh on ICE. Next-week on-peak swaps were bid at \$31.75 and offered at \$33/MWh. Balance-of-the-month on-peak swaps were bid at \$30 and offered at \$35/MWh.

Central day-ahead markets



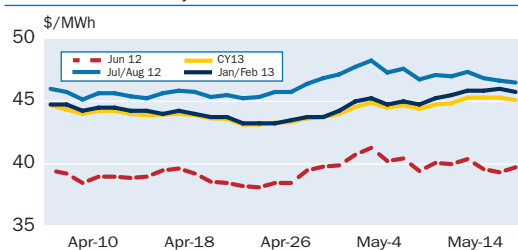
Platts-ICE Forward Curve — Electricity, May 14 (\$/MWh)

Prompt month: Jun 12

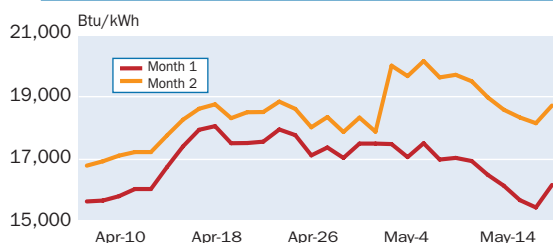
Mass Hub	33.00
N.Y. Zone G	39.00
N.Y. Zone J	43.25
N.Y. Zone A	31.00
Ontario*	21.75
PJM West	39.75
AD Hub	35.75
NI Hub	33.00
Indiana Hub	33.00
Southern Into	27.25
Entergy Into	25.25
ERCOT North	39.75
Houston	42.25
ERCOT West	39.75
ERCOT South	40.50
Mid-C	17.50
Palo Verde	29.50
NP15	27.50
SP15	32.50
Mead	30.75

All prices are on-peak *Ontario prices are in Canadian dollars

PJM West: last 30 days



PJM West: Marginal heat rate



PJM West: Forward curve

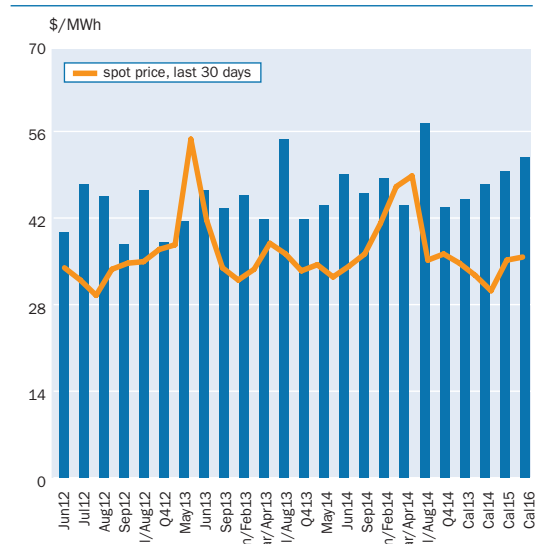


Table and graphs are created using Platts-ICE Forward Curve — Electricity (North America) data. Both on-peak and off-peak electricity forward assessments are available for periods spanning four years. To see a sample and find information on how to subscribe to the full data set go to www.risk.platts.com.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

West Hub bal-month on-peak swaps were bid at \$28 and offered at \$34.50/MWh. In other South Central markets, Into Entergy on-peak next-day gained about \$1.50 trading around \$24/MWh. High temperatures across Entergy's footprint were forecast in the low to mid-80s.

South Central June terms moved up. ERCOT Houston on-peak June gained 75 cents to about \$42.25/MWh, but the July-August package tumbled \$2 to about \$65.50/MWh. Heat rates were up about 880 Btu/kWh on ICE at about 2:30 p.m. EDT. ERCOT North June climbed 75 cents to about \$39.75/MWh, July dropped \$3 to about \$56.25/MWh, and August fell \$1 to about \$73.75/MWh. Into Entergy June rose 25 cents to about \$25.25/MWh, and the summer package rose 25 cents to about \$30.50/MWh.

WEST MARKETS

Dailies wind up mixed, but terms rise

Western day-ahead on-peak power prices for Tuesday delivery were mixed Monday amid above-normal temperatures and some higher natural gas prices. Terms advanced, even as the NYMEX June natural gas futures contract settled down 7.8 cents to \$2.431/MMBtu.

In the Pacific Northwest, Mid-Columbia on-peak prices shed about \$2.40 trading around \$17.75/MWh on IntercontinentalExchange. Mid-C off-peak prices tumbled \$6.15 from weekend packages, trading around nega-

tive \$0.25/MWh. OPAL spot gas moved 9 cents higher to trade about \$2.28/MMBtu on ICE. High temperatures in Portland, Oregon, were forecast in the mid-80s Tuesday, down 6 degrees from Monday's high, with lows around 50.

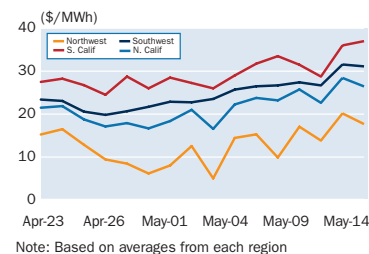
The Bonneville Power Administration showed wind generation around 35 MW at 2 p.m. EDT, and hydro generation was at 13,140 MW. Wind was forecast rising late Tuesday to around 2,500 MW.

Mid-C on-peak balance-of-the-month swaps were trading around \$16.75/MWh, a \$1 discount to dailies.

In the desert Southwest, Palo Verde on-peak prices were 50 cents higher around \$30.75/MWh on ICE. Palo Verde off-peak prices fell about \$5 with bids at \$15 and offers at \$15.75/MWh. Tuesday high temperatures in Phoenix were forecast staying near 105 degrees, with lows around 82. Palo Verde on-peak bal-month was bid at \$29.25 and offered at \$30.75/MWh.

In California, SP15 on-peak financial swaps took on \$1 to trade around \$37/MWh on ICE. SP15 off-peak was down \$5.50 trading near \$17.50/MWh. NP15 on-peak slipped 25 cents trading around \$16.50/MWh. High temperatures across California were forecast in the mid-80s Tuesday with

West day-ahead markets



Near-term markets (\$/MWh)

Contract	Transacted	Range
East		
PJM West		
Bal-week	05/14	35.25-35.75
Bal-week	05/11	34.75-35.25
Bal-week	05/08	31.75-32.25
Bal-month	05/09	35.75-36.25
Next-week	05/11	35.50-36.00
Next-week	05/10	32.75-33.25
Next-week	05/08	33.25-33.75
Southern, Into		
Bal-week (off-peak)	05/08	17.00-18.00
Central		
ERCOT, North		
Bal-week	05/09	22.50-23.50
Next-week	05/10	24.75-25.75
West		
Mid-C		
Bal-week	05/08	13.00-14.00
Bal-month	05/14	16.25-17.25
Bal-month	05/11	15.50-16.50
Bal-month	05/10	15.25-16.25
Bal-month	05/09	14.00-15.00

Contract	Transacted	Range
Bal-month	05/08	12.75-13.75
Bal-month (off-peak)	05/11	1.25-2.25
Bal-month (off-peak)	05/10	2.00-3.00
Bal-month (off-peak)	05/09	1.75-2.75
Bal-month (off-peak)	05/08	1.75-2.75
Palo Verde		
Bal-month	05/08	26.25-27.25
Bal-month (off-peak)	05/09	16.75-17.75
Bal-month (off-peak)	05/08	16.00-17.00
SP15		
Bal-month	05/08	31.25-32.25

*Ontario prices are in Canadian dollars

Market coverage

Platts provides a detailed methodology related to its coverage of North American electricity markets at: <http://platts.com/MethodologyAndSpecifications/ElectricPower>. Questions can be directed to Mike Wilczek, Market Editor, (202) 383-2246, Mike_Wilczek@platts.com.

lows around 55. PG&E spot gas prices inched up 1 cent trading at about \$2.78/MMBtu on ICE. SoCal Gas was up 5 cents to \$2.695/MMBtu. The California Independent System Operator forecast the state's demand to peak Monday at 30,520 MW, and rising Tuesday to 30,930 MW. Cal-ISO wind generation was around 750 MW at 9:30 a.m. EDT. SP15 on-peak bal-month swaps were bid trading at \$34.50/MWh on ICE. SP15 balance-of-the-week was bid at \$34.25 and offered at \$35.25/MWh.

In the Northwest, Mid-Columbia on-peak June was unchanged with bids at \$17.35 and offers at \$17.60/MWh on ICE around 2:30 p.m. EDT. July fell 25 cents to about \$24.50/MWh, and the third quarter fell 25 cents to about \$26.25/MWh. In California, SP15 on-peak June financial terms surged up 75 cents with bids at \$32.35 and offers at \$32.75/MWh. July swaps rose 25 cents to about \$40.75/MWh, and Q3 stayed at about \$37.90/MWh. NP15 June gained 50 cents to about \$27.50/MWh. In the Southwest, Palo Verde on-peak June rose 25 cents to about \$29.50/MWh, July jumped \$1.25 to about \$36.75/MWh, and Q3 fell 25 cents to about \$33.25/MWh.




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Spark spreads for May 15

	Marginal	Spark spreads				
	heat rate	@7k	@8k	@10k	@12k	@15k
East						
Mass Hub	10552	9.17	6.59	1.43	-3.74	-11.49
N.Y. Zone-G	12675	14.22	11.71	6.70	1.69	-5.83
N.Y. Zone-J	12945	15.04	12.51	7.45	2.39	-5.20
N.Y. Zone-A	10075	8.24	5.56	0.20	-5.16	-13.20
Ontario*	7495	1.30	-1.33	-6.60	-11.87	-19.78
PJM West	13956	17.32	14.83	9.85	4.87	-2.60
TVA, into	11237	10.28	7.85	3.00	-1.85	-9.13
Central						
Indiana Hub	13854	16.45	14.05	9.25	4.45	-2.75
NI Hub	13244	15.21	12.77	7.90	3.03	-4.28
Entergy, into	10042	7.20	4.83	0.10	-4.63	-11.73
ERCOT, Houston	11017	9.48	7.12	2.40	-2.32	-9.40
West						
Mid-C	7893	2.00	-0.24	-4.72	-9.20	-15.92
Palo Verde	12773	13.90	11.49	6.68	1.86	-5.36
NP15	10959	10.12	7.56	2.45	-2.66	-10.33
SP15	14341	18.94	16.36	11.20	6.04	-1.70

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

Daily CSAPR allowance assessments, May 14

CSAPR (\$/ST)	2012		2013	
	Range	Mid	Range	Mid
SO ₂ Group 1	80.00-150.00	115.00	80.00-140.00	110.00
SO ₂ Group 2	200.00-250.00	225.00	200.00-240.00	220.00
NO _x Annual	145.00-185.00	165.00	145.00-175.00	160.00
NO _x Seasonal	125.00-175.00	150.00	125.00-175.00	150.00

All prices in \$/st

Daily CAIR allowance assessments, May 14

	\$/allowance	Change	\$/st
SO ₂ 2012	0.78	0.00	1.56

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

RGGI carbon allowance futures, May 11 (\$/allowance)

CCFE	Settlement	Volume	NYMEX GE	Settlement	Volume
May12 V09	1.97	0	May12	1.96	0
May12 V10	1.97	0	Jun12	1.97	0
May12 V11	1.97	0	Jul12	1.97	0
May12 V12	1.93	0	Aug12	1.97	0
Dec12 V09	1.98	0	Sep12	1.97	0
Dec12 V10	1.98	0	Oct12	1.97	0
Dec12 V11	1.98	0	Nov12	1.97	0
Dec12 V12	1.94	0	Dec12	1.97	0
Dec13 V09	1.98	0	Dec13	1.97	0
Dec13 V10	1.98	0	Dec14	1.97	0
Dec13 V11	1.98	0			
Dec13 V12	1.94	0			

The Regional Greenhouse Gas Initiative is a carbon cap-and-trade program for power generators in nine Northeast and Mid-Atlantic US states. One RGGI allowance is equivalent to one short ton of CO₂. The volume listed is the number of futures contracts traded. Each futures contract represents 1,000 RGGI allowances.

IN THE NEWS

Delaware munis plan to trim market purchases

Delaware municipal utilities expect their electricity rates to go down at least 10% by reducing power purchases from the market and increasing the amount of generation from their joint-action agency, the Delaware Municipal Electric Corp.

The group's strategic plan to add generation supports a memorandum of understanding it signed last week with Democratic Governor Jack Markell, said Patrick McCullar, Delaware Municipal Electric's CEO.

Under the MOU, the joint-action agency agreed to reduce retail rates at least 10% over the next three years and put in place economic development rates to encourage businesses to locate in the state.

The cities have added 140 MW of natural-gas fired generation, and have committed to build a 69 MW wind farm and support other solar generation projects to help supply their 420 MW of peak load, McCullar said. The 140 MW of gas-fired generation includes the addition of 50 MW to an existing gas-fired plant and 90 MW it is taking from a 675-MW American Municipal Power plant in Columbus, Ohio, that went online in January.

"There is a lot of volatility in the market, and now that volatility will be going away," McCullar said. The group will continue to buy from the market while power prices are low, but the amount will be reduced this week, he said. "The number of future contracts will be less as current market-based contracts for supply come to an end," he said.

The nine municipal utilities that make up the agency agreed under the MOU to cap for five years the amount of revenue they transfer to the cities' general fund, McCullar said. The amount will be limited to no more than the 2012 transfer, he said. In return, Markell agreed to oppose any legislation that would authorize retail competition in the cities, McCullar said.

The munis oppose retail competition because the burden on businesses would likely rise as revenue to the cities from electricity sales goes down, McCullar said.

The joint-action agency commissioned a study to calculate the cost to businesses if city revenue is reduced. It showed that the total costs to businesses would go up because their costs of other city services such as water and sewer would go up, McCullar said.

It is the possibility that revenue to the city will drop that has Dover concerned about the MOU, David Bonar, chairman of the City Council's utility commission, said in an interview.

While he does not agree with the policy, municipalities in Delaware have traditionally balanced budgets using revenue from the municipal utilities, Bonar said.

"Not transferring any additional funds during the next three years is quite unreasonable. I'm not sure how we will do it. We have a city budget that partially depends on the amount we bring in from the revenue generated by electricity sales," Bonar said.

The city's workforce has to be paid, and costs are going up, Bonar said.

Bonar said the "true culprit" of high power prices in Delaware is the lack of generation on the Delmarva Peninsula and the resulting premium utilities must pay for

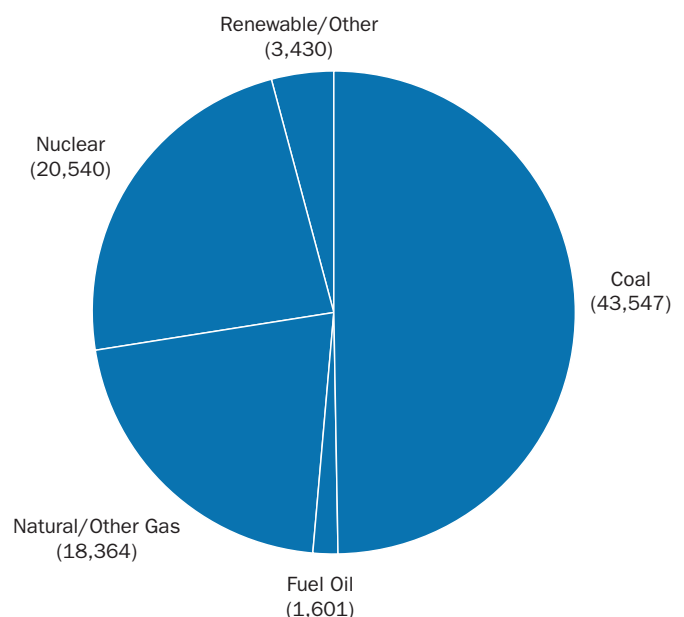
North American Daily Generation Outages by Region, 05/14/2012

ISO Region	MW OFF
AESO	1,100
CAISO	6,381
ERCOT	5,926
ISONE	1,924
MISO	14,150
NYISO	3,109
Ontario IESO	4,581
PJM	19,697
SPP	3,718
NERC Region	MW OFF
ERCOT	5,926
FRCC	5,225
MRO	7,066
NPCC	11,081
RFC ECAR	13,648
RFC MAAC	3,994
RFC MAIN	4,502
SERC	17,219
SPP	3,718
WECC	14,953
US TOTAL	87,332

Source: IIR Energy

For more information please contact IIR Energy at iirteam@iirenergy.com or at their website, www.iirenergy.com

US Megawatts offline by fuel type



power purchased from the market.

Dover is working on a partnership with Calpine to build a 309-MW gas-fired plant that would eventually be expanded to add an additional 309 MW, Bonar said.

"That will help reduce congestion costs for all customers in Delaware," Bonar said.

As for Markell's promise to oppose any legislation that would allow retail competition in the muni's territory, Bonar said that in the state of the state address, Markell said if the munis did not take action to reduce rates as a means of attracting business and jobs, there could be legislation that would allow retail competition to come in. Retail competition is allowed in Delmarva Power and the electric cooperatives' service territory.

"Quite frankly, I don't like him holding a hammer over our heads," Bonar said.

— Mary Powers

SPP gets extension on netting compliance

The Southwest Power Pool will have until December 31 to comply with the netting portion of the Federal Energy Regulatory Commission's credit reform order, FERC said on Monday.

In its credit reform order, FERC directed ISOs to ensure that they would be able to net a market participant's transactions in the event of a default (Docket No. RM10-13).

Although compliance filings on this aspect of Order 741 were due April 30, SPP requested an eight month extension to consider how the netting rule will work under the day-ahead market — also called the Integrated Marketplace — that it is currently developing. SPP is the only independent system operator that does not already offer a day-ahead market.

FERC granted SPP's extension request in a Monday notice of extension of time, giving the grid operator until December 31 to submit a compliance filing on the netting requirements.

FERC gave the ISOs four options for how to comply with its netting rule: become a central counterparty; require market participants who net within or across categories to provide a security interest in their transactions; propose an alternative that would offer the "same degree of protection" as a central counterparty or security interest; or establish a credit requirement based on the market participant's gross obligations.

ISO New England, the Midwest Independent Transmission System Operator and the New York Independent System Operator each made compliance filings April 30, saying they chose the central counterparty option. The PJM Interconnection was already in compliance with the rule because it uses a subsidiary, PJM Settlement, as its central counterparty.

The California Independent System Operator also requested an extension, saying that it intends to pursue the central counterparty approach but needs additional time to hold a stakeholder process on the issue. FERC gave the Cal-ISO until May 25 to make its compliance filing.

In its extension request, SPP argued that its current energy-only, real-time spot market "does not have the same degree or

type of speculative market activity present in other organized wholesale electric markets and thus does not present the same degree of market participant default risk."

SPP asked for more time to make sure that the netting solution it develops will fit its eventual day-ahead market.

"Given the complex nature of the design of SPP's Integrated Marketplace and the issues involved, SPP and its stakeholders require more time to comply with the Order No. 741 netting requirement that is tailored to the Integrated Marketplace design and associated market participant default risks," SPP said in its extension request.

— Juliana Brint

GSA seeks supplies for accounts in New York

The General Services Administration is seeking power supply proposals for various federal accounts in New York.

The successful bidder or bidders will supply all electricity components for contract terms ranging from 24 to 48 full billing months, according to the solicitation, which was issued Friday.

Deliveries will begin with the April 2013 meter read date for all accounts unless otherwise specified. A six-month extension period is included in the contract. The approximate total annual electric requirement is 135,000 MWh per year.

The government has divided requirements into five pricing groups. The price offered for each pricing group will apply to all accounts in each pricing group, and that price will remain fixed for the contract term. A majority of the pricing groups include a renewable energy supply component.

Multiple awards will be considered. Bidders are not required to offer pricing for all pricing groups.

Supplier technical responses to the solicitation are due no later than 2:00 p.m. on May 31. The government will utilize an Internet-based transaction platform provided by World Energy Solutions to obtain pricing for the procurement. Pricing will be submitted on June 6 via an online reverse auction process.

The solicitation's contact is Ken Shutika, (202) 260-9713, ken.shutika@gsa.gov.

— Paul Ciampoli

Load shifting may ease oversupply ...from page 1

integration forum since June 2011. In the intervening months the group refined its longer list of possible solutions to a few suggestions that hold promise of easing oversupply conditions at a lower cost than the current protocol of curtailing wind generation within BPA's territory.

The meeting's organizers were in part hoping to raise the industry's "consciousness level and awareness" about possible ideas so that people or groups might begin taking the lead where appropriate. Everything discussed Monday needs further discussion and study, they said.

As the council's Ken Dragoon explained the narrowed-down solutions, which ranged from the highly feasible to the moder-

ately feasible and longer-range, he said any fix has to be cheap — in the neighborhood of \$8/kW-year if it is to match or beat the cost of the current oversupply curtailments.

The idea behind load shifting is to push loads into off-peak hours, when it is far more likely that supply will outpace demand and create an oversupply problem. Many large industrial customers are capable and willing, but the biggest challenges now standing in the way are counter-intuitive utility rules, or tariff measures, that create cost barriers to doing that, Dragoon said.

Even though energy is typically cheaper at night, some utilities charge customers more for stacking their demand at any time of the day, rather than spreading it more evenly across all 24 hours —therefore penalizing them for load shifting even into periods of low demand. The key will be to determine which utilities have such policies and getting them changed, Dragoon said.

“It’s not a new technology or new brilliant ideas or anything,” he said. “There is some leg work that needs to be done. There may be reasons why tariffs are set that way. I think it’s a matter of time, personally.”

One stakeholder called removing barriers to load shifting the “lowest hanging fruit.”

Other highly promising ideas discussed Monday included improving power system coordination in areas such as wind forecasting and developing more dynamic flood control procedures. BPA has made significant progress in this area with its Canadian reservoir coordination, spill agreements and recallable sales options, Dragoon noted.

There is also promise in resistive loads, which absorb energy when called upon at crucial times, as proven by BPA’s small-scale but successful residential water heater pilot program. Resistive loads also hold promise for making the \$0/MWh energy market more liquid.

Longer-term answers could come in the form of a small-scale energy imbalance market, electric vehicle charging coordination and aquifer recharge projects, according to the council’s report.

There are currently 4,421 MW of installed wind capacity within BPA’s balancing authority, with that figure projected to grow by thousands of megawatts in coming years. In 2011 BPA displaced roughly 98,000 MWh of wind generation between mid-May and mid-July. This year, the agency has displaced about 20,600 MWh since April 29.

— Hilary Milam

Nodal Exchange proposes clearing *...from page 1*

for post-FTR auction trading,” Virginia-based Nodal Exchange said in its white paper.

Nodal Exchange, founded in 2007, operates a commodity exchange that offers nodal, cash-settled futures contracts for power that are cleared through LCH.Clearnet, an independent clearing house. Nodal Exchange floated the idea of clearing FTRs outside of ISO markets as early as 2010, but now the exchange is developing concrete plans, starting with ISO-NE.

Nodal Exchange is proposing that ISO-NE would continue

to conduct FTR auctions, but Nodal Exchange would create corresponding, standardized contracts that would be cleared through LCH.Clearnet, according to the white paper. Those contracts would build off the “energy plus congestion” contracts that Nodal Exchange began offering at 85 nodes in the PJM Interconnection in March.

One of the chief benefits Nodal Exchange sees associated with third-party clearing of FTRs is transferring the credit risk related to defaults. Current rules require market participants to share the losses in the event of a default in the FTR market, but Nodal Exchange argues that a cleared market would “practically eliminate” that risk.

“By requiring that the clearing members of the clearing house (e.g., LCH.Clearnet) take responsibility for any participant shortfall, as well as their own, and then adding a series of default pools which can be accessed in the event of a clearing member default, the cleared market structure eliminates default risk for fellow participants,” Nodal Exchange said in its white paper.

Nodal Exchange said using third-party clearing for FTRs could result in more efficient use of collateral and opportunities for a secondary market in trading FTR positions.

Under the proposal, Nodal Exchange and LCH.Clearnet would collect transaction and clearing fees on cleared trades and ISO-NE would continue to collect fees for running the FTR auction. Paul Cusenza, Nodal Exchange’s CEO, said in an interview that he believes the additional fees would be “minimal.”

Nodal Exchange’s proposal comes as ISO-NE is working to expand its FTR options to include Balance of Planning Period FTRs, which will allow each remaining month in the calendar year to be auctioned every month, and longer term FTRs. Cusenza said that the development of those new FTR products could make it “good timing” for considering third-party clearing.

While ISO-NE was not involved in writing the white paper, Cusenza said Nodal Exchange would not be moving forward with the proposal if the ISO did not consider third-party clearing a possible alternative.

“Based on the white paper, the ISO is comfortable that third-party clearing is a feasible approach, but details would have to be worked out,” ISO-NE spokeswoman Lacey Ryan said in an email.

The proposal also follows the Federal Energy Regulatory Commission’s credit reform order, which among other things required independent system operators to be able to net a market participant’s transactions in the event of a default. ISO-NE and several other ISOs have proposed to comply with this aspect of Order 741 by becoming the central counterparties for their markets.

Cusenza said ISO-NE’s status as central counterparty would be “useful” in implementing third-party clearing since the ISO would essentially be taking on the role of counterparty for FTR transactions in the cleared environment.

However, the process of complying with FERC’s credit reform order also showed limited enthusiasm for third-party involvement in ISO markets. While the Midwest Independent Transmission System Operator contemplated using NASDAQ

OMX Commodities Clearing as the central counterparty for their markets, that proposal was rejected by market participants. The Committee of Chief Risk Officers also volunteered to draft standards the ISOs could use in conducting risk management verification, but the grid operators decided to jointly develop their own guiding principles and several have begun conducting verifications without outside help.

Cusenza said it is too early to gauge market participant reaction to the proposal and he expects ISO-NE stakeholders to take some time to absorb the information in the white paper. Ryan said ISO-NE expects to continue discussions about the proposal at upcoming meetings.

While Nodal Exchange is concentrating on its proposal for ISO-NE, Cusenza said he would not be surprised if other ISOs begin looking at the idea of third-party clearing for FTRs.

"We think it's a good solution," Cusenza said. "It's something that other ISOs should also consider in time."

— Juliana Brint

Prices incite surge in open interest *...from page 1*

totalled 64,172, about 5.1% of total interest for the trading day. Over the next seven trading days, as total open interest dropped by roughly 36,000 contracts, the open interest in the October 2013 to January 2014 contracts steadily climbed, making up a larger percentage each consecutive day.

On May 8, open interest in the October 2013 to January 2014 contracts totalled 71,210, accounting for about 5.8% of total interest. Since April 30, open interest in these contracts has increased by 7,038, a nearly 11% jump.

Moreover, the amount of open interest in contracts 16 to 20 months out from the prompt month has more than doubled since mid-February, according to analysis of NYMEX data. From February 21-24, open interest in these long-dated contracts averaged about 28,600 contracts. Last week, they averaged nearly 66,000.

According to figures provided by NYMEX parent CME Group this week, open interest in the gas market totalled just over 1 million on May 4, 2011, the first Wednesday of the month. The prompt-month contract settled at \$4.577/MMBtu that day. Open interest in the October 2012 through January 2013 contracts totalled 34,903, roughly 3.5% of total open interest.

On May 2, 2012, the first Wednesday of this month, open interest totalled nearly 1.24 million and the prompt-month contract settled at \$2.253/MMBtu. Open interest in the October 2013 through January 2014 contracts that day totalled 65,851 contracts, making up more than 5.3% of total open interest.

"People are definitely looking at" boosting long-term hedging, explained Tariq Zahir, the head trader and managing member with Tyche Capital Advisors, a New York-based commodity trading adviser.

Zahir said that since prices cratered below \$2/MMBtu last month, some of his clients have asked him to set up and manage portfolios centered around long-dated investments in gas, which he plans to do along with selling call options and playing the spread market.

While he said the gas futures market is still heavily populated by speculators looking for smaller, short-term gains, a number of investors are taking a renewed long-term view of the market.

"I definitely think people are looking down the curve," concurred Phil Flynn, an analyst with PFGBest. "We know the short-term story: it's very bearish for gas; we can produce more than we can use. But three to five years down the road, more coal plants will be gone, people will be driving natural gas vehicles [and] it could be very bullish."

Flynn said long-dated investments have "made a lot of people rich," due to the cyclical nature of commodities markets.

In a recent note, analysts with Goldman Sachs said that while they expect prices to remain low this summer, they could jump back above \$4/MMBtu in 2013 due to slower production growth and a return to more normal winter weather. "We believe there are good opportunities for consumers to hedge longer-dated natural gas," the analysts wrote.

Prices will likely be further supported by gas-friendly environmental regulations, increased industrial demand growth from the current low price environment, and the potential for LNG exports, the analysts said.

On April 19, the NYMEX prompt-month contract settled at \$1.907/MMBtu, its lowest point since 2001. And while traders this week pointed to a noticeable recovery (the prompt month has since risen 55.8 cents, settling at \$2.465/MMBtu on Wednesday), Zahir said this rally will likely be limited.

Investors with longer-range investment in gas futures believe that a real price recovery will take a profound shift in fundamentals, particularly cuts in record production and storage levels, he said. That will take at least six months and, likely, much longer.

"I don't know where the bottom is — nobody knows where the bottom is — but I want to be positioned for it," Zahir said. "I think the smart people that are trying to deal with it realize that you're not going to pick an entry point and say 'It's going to happen this month. It's going to be a very long-term trade.'"

— Brian Scheid

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