



California ISO

California Independent
System Operator

Market Performance Report

For January 2006

Operations Committee Meeting
March 8 & 9, 2006

Deborah Le Vine
Director of Market Services



Market Review

- January weather was generally mild. Loads were light in the first two weeks of the month, and further reduced by loss of load due to storms and flooding.
- Real Time balancing energy market strongly decremental through January. Average in-sequence energy price declined sharply to \$45.77 from December's average of \$75.76
- Total decremental volume "increased" to -577.7 GWh from December's -438.8 GWh
- Load schedules ran increasingly short of actual load as compared to previous months. Expected result would be larger incremental real time dispatch.
- Management review of the January 14, 2006 real time price cap change to be covered in the ISO Board meeting.



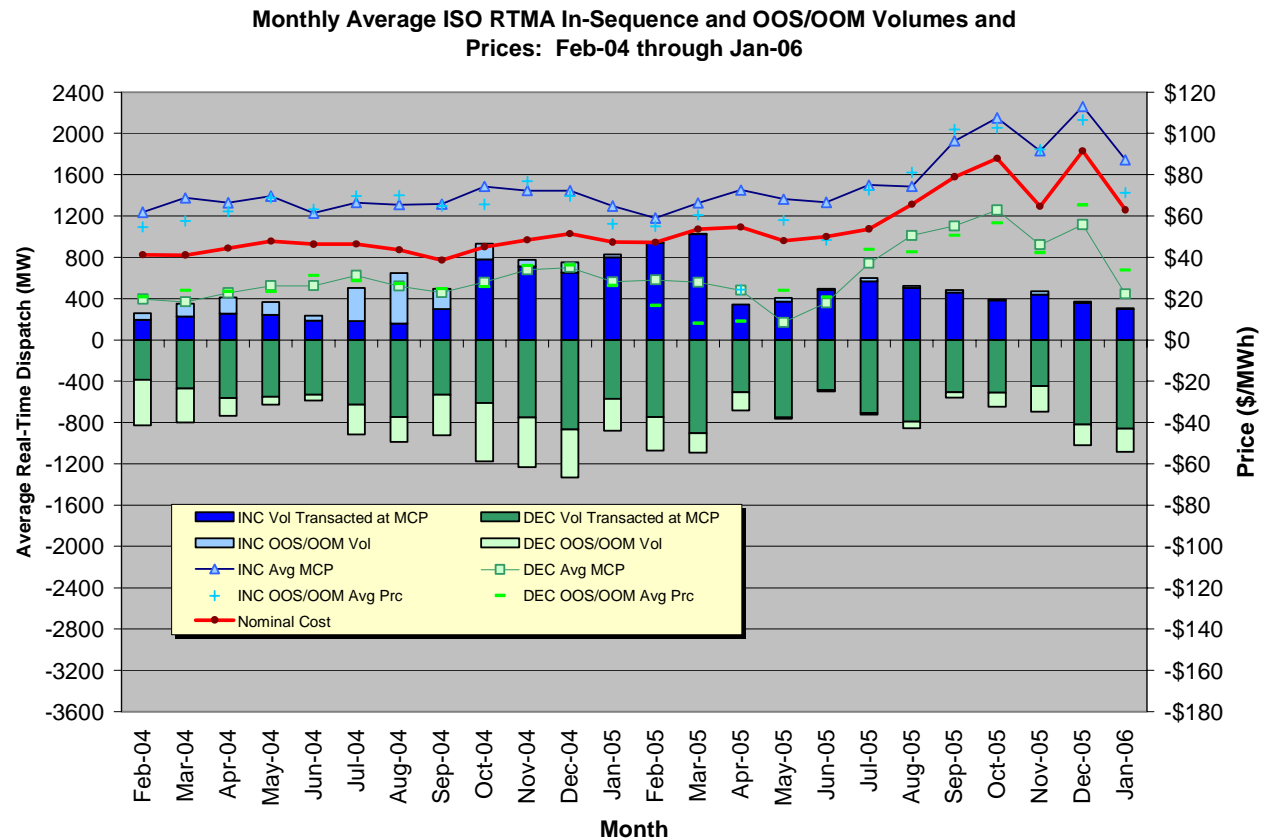
Monthly Real Time Market Volumes and Prices

	In-Seq. RT Dispatch	OOS/OOM Dispatch	Total Dispatch
PEAK	\$ 45.77 /MWh (226.8) GWh	\$ 35.47 /MWh (142.8) GWh	\$ 43.46 /MWh (369.6) GWh
OFFPEAK	\$ 28.72 /MWh (190.9) GWh	\$ 33.34 /MWh (17.2) GWh	\$ 29.01 /MWh (208.1) GWh
ALL	\$ 38.92 /MWh (417.7) GWh	\$ 35.17 /MWh (160.0) GWh	\$ 38.30 /MWh (577.7) GWh



Market Volume and Price

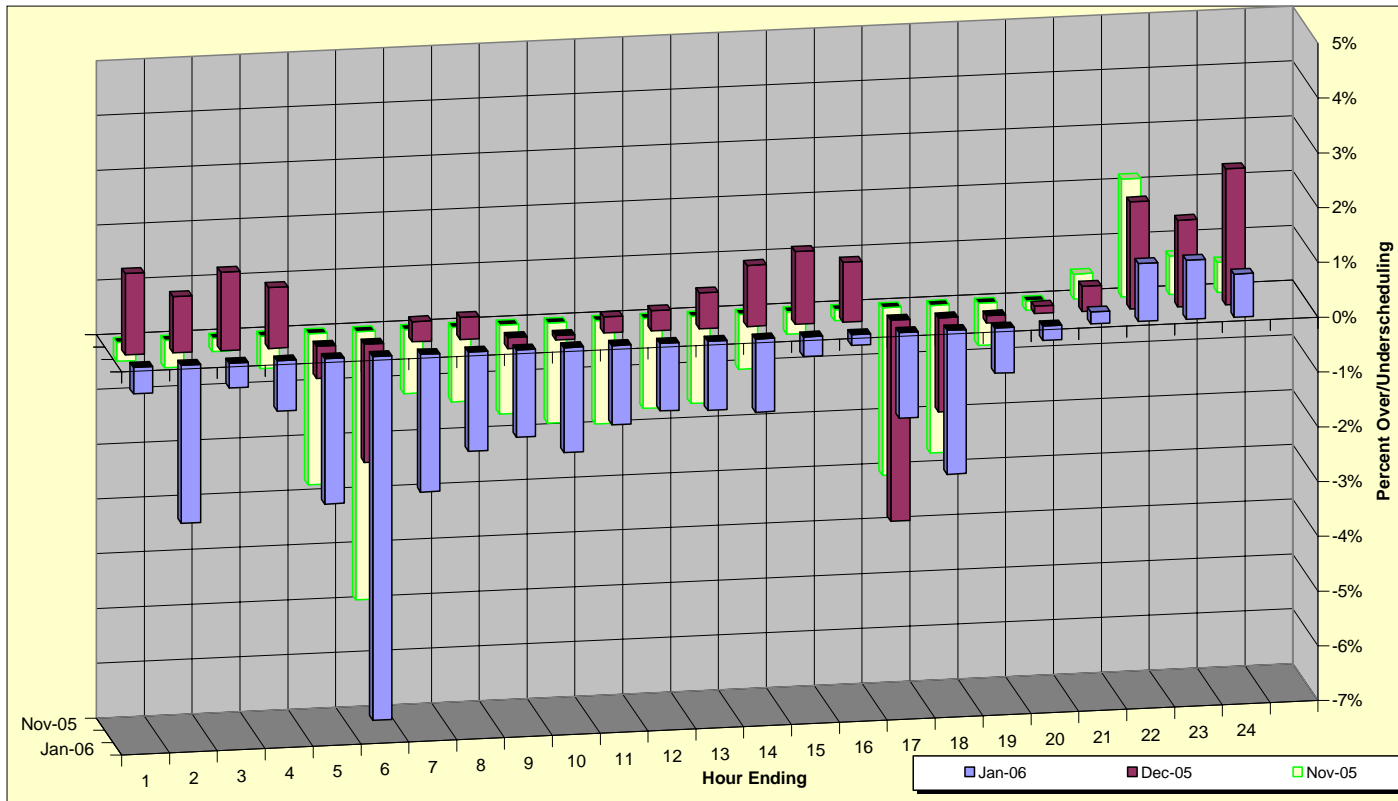
- Market volume increasingly decremental
- Average prices remain in line with gas costs
- Decremental prices declined somewhat relative to gas cost
- Increased decremental volume driving dec prices down.





Over- and Under-Scheduling

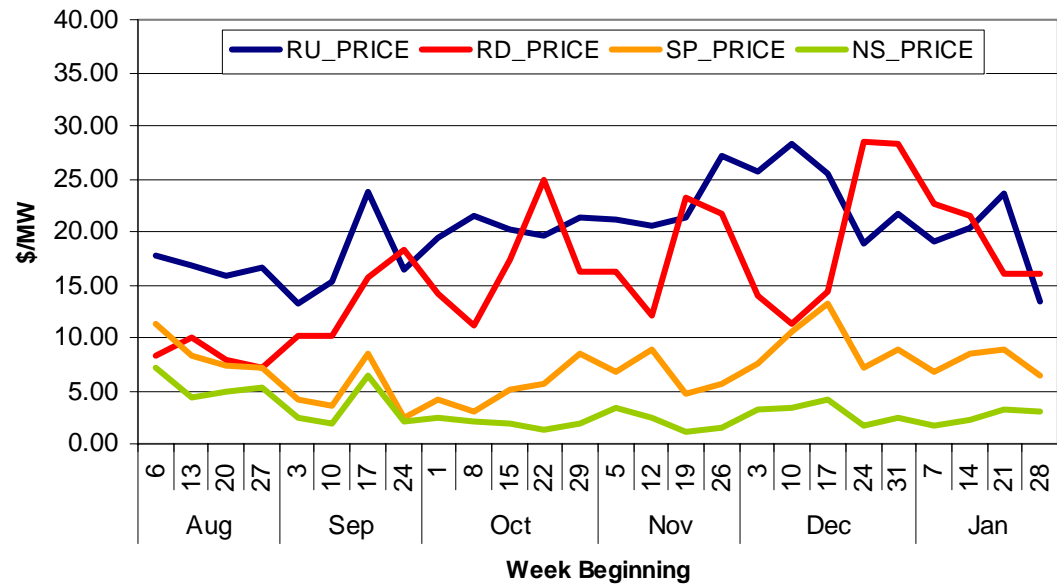
Scheduling Deviations: Three-month Comparison
Hourly Profiles: November 05 through January 06





Ancillary Services Markets

- Ancillary Services cost to load decreased by 10 cents to \$0.91 per MWh from December's \$1.01. All incremental service prices fell, Regulation Down price rose.
- Increased capacity shortage over December in Regulation Up and Regulation Down, due to water management issues and local congestion





MLCC, Congestion and OOS/OOM

- Must-Offer procurement primarily motivated by South of Lugo mitigation (57%) and Southern California Import Transmission (SCIT) (38%).
- OOS/OOM Incremental dispatch primarily to address Victorville-Lugo constraints (78% of costs)
- Decremental OOS/OOM distributed among various issues.
- Congestion costs primarily related to Eldorado and Palo Verde Maintenance.



Market Services Initiatives

- Continue close monitoring of price behavior
- Monitor Ancillary Service market behavior following February price cap adjustment
- Investigate recent diminution of regulation capacity bids with respect to maintenance and transmission issues
- Implemented new market reporting of daily and monthly market performance