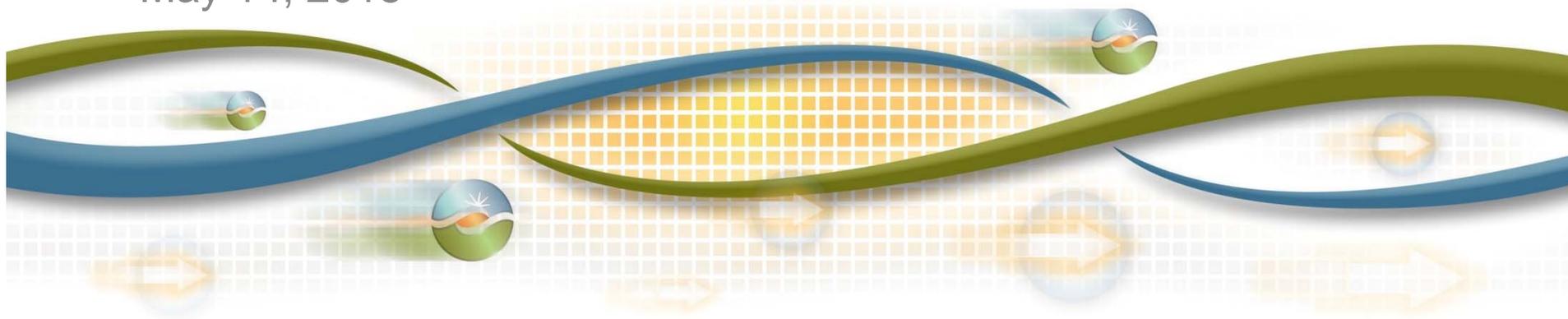




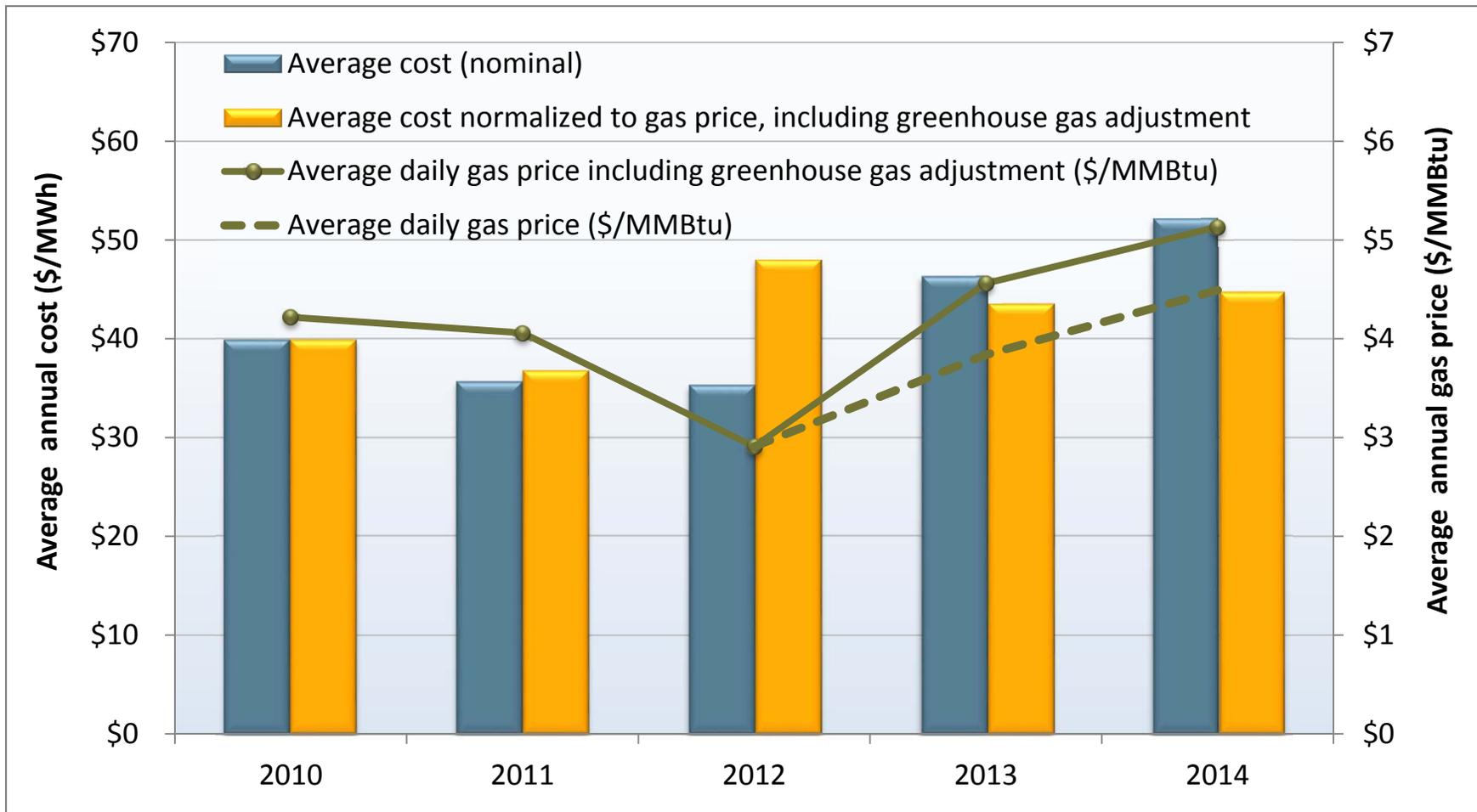
Briefing on the 2014 Annual Report on Market Issues and Performance

Keith Collins, Manager, Monitoring and Reporting
Department of Market Monitoring

Board of Governors Meeting
General Session
May 14, 2015



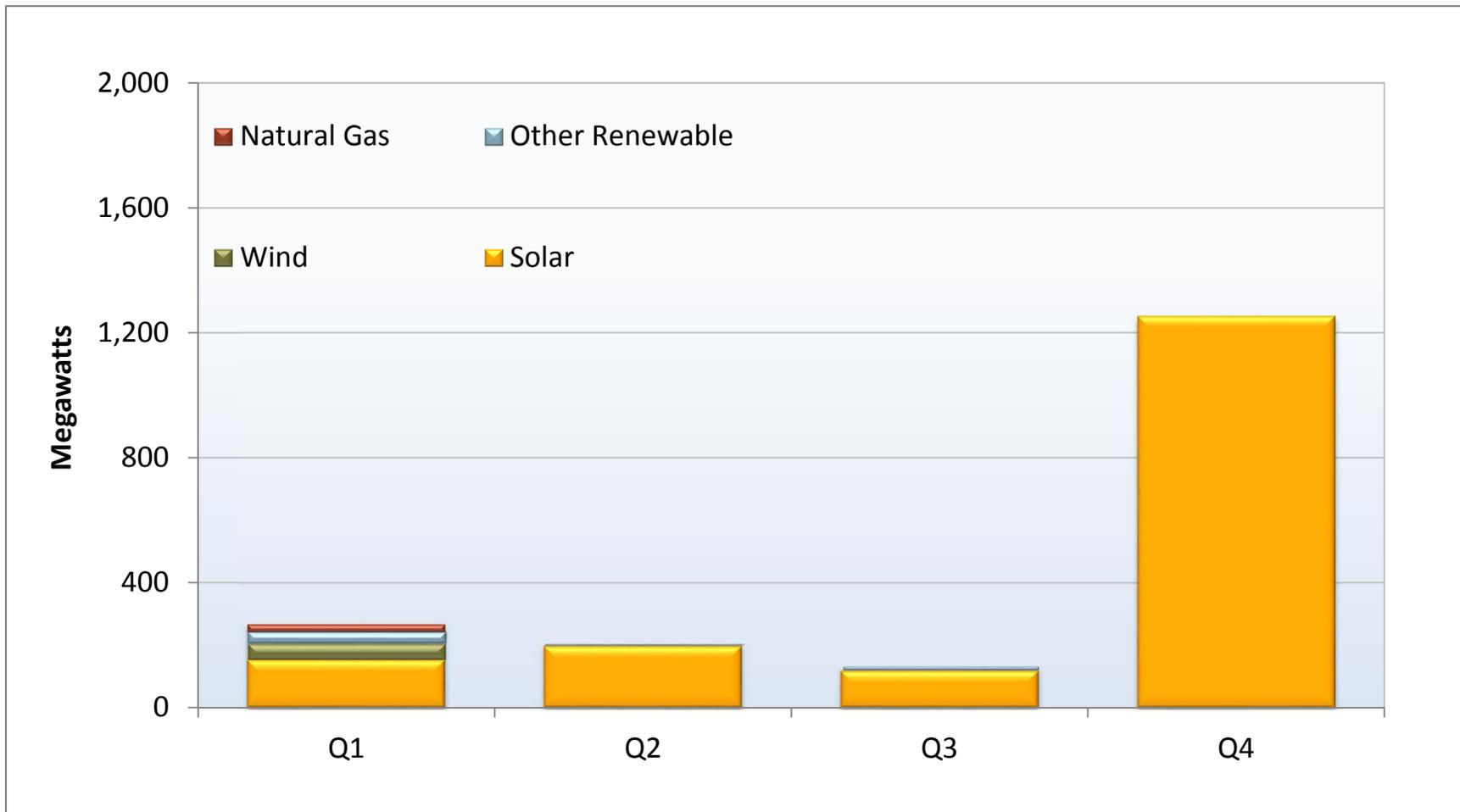
Total market costs were about the same after accounting for natural gas and greenhouse gas price changes.



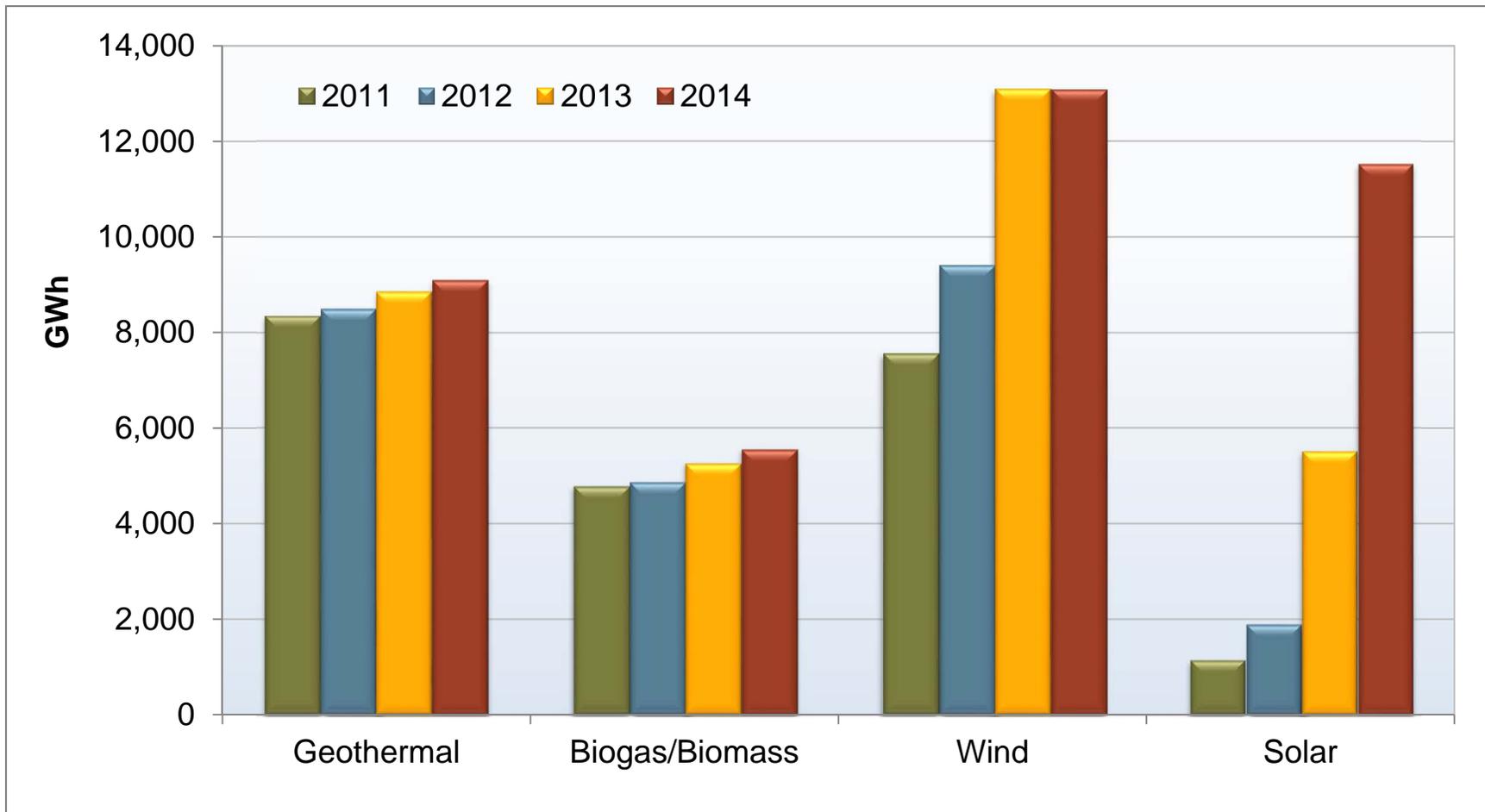
Other factors affecting wholesale costs

- Bid cost recovery payments fell from \$108 million to about \$95 million (less than 1 percent of total wholesale costs).
- Exceptional dispatch energy fell to about 0.15% of system energy, and costs declined from \$18 million to \$11 million.
- Real-time imbalance offset costs increased from \$183 million to \$188 million (or about 1.6% of total wholesale costs).
- Ancillary service costs increased from about 0.5% to 0.6% of total wholesale costs.
- Congestion revenue rights had revenue shortfalls of \$95 million compared to a surplus of \$3 million in 2013.

Significant solar capacity was added, representing 93 percent of total new summer capacity in 2014.



Solar generation more than doubled, whereas wind production remained about the same.



Key recommendations

- Full network model expansion analysis
- Congestion revenue rights
- Bidding rules