



California ISO
Your Link to Power

News Release

For immediate release | **May 17, 2010**

For more information, contact:

Stephanie McCorkle | smccorkle@caiso.com

Gregg Fishman | gfishman@caiso.com

New wholesale energy market outperforms expectations

California ISO 2009 Annual Market Performance Report analyzes first 9 months new market

FOLSOM, Calif. – California’s new energy market is highly effective and competitive with strong indications the new design is triggering added efficiencies and reducing costs. The findings were reported to the California Independent System Operator Corporation (ISO) Board of Governors by the Department of Market Monitoring today. The 2009 Annual Market Issues and Performance Report reveals total wholesale costs dropped from \$53 per megawatt-hour in 2008 to \$38 per megawatt-hour in 2009. A high level of volume emerged in the day-ahead market—an electricity trading exchange the ISO brought back to California after the former CA Power Exchange was closed in 2001.

“The results indicate the new market is off to a positive start,” said ISO Director of Market Monitoring Dr. Eric Hildebrandt. “Based on the data from the first nine months of its operation, this market is meeting or exceeding expectations in some key areas”.

The [full report](#) is available on the ISO website. Highlights include:

- Prices in the day-ahead and real-time energy markets followed patterns of well-functioning competitive markets, reflecting production costs and trending generally with the price of natural gas, a prevailing fuel for California generators.
- The cost of ancillary services (reserve margins the ISO procures) declined from 74 cents per megawatt-hour in 2008 to 39 cents per megawatt-hour in 2009, representing just 1 percent of wholesale energy costs and comparing favorably to other North American energy markets.
- Exceptional Dispatch, or selecting units to run to meet reliability constraints not met by units dispatched through the automated market software, decreased to less than 0.5% of the time, down from a range of 1% to 2% in the first few months of the new market.

ISO is committed to completing market enhancements and continues efforts to add new features that will improve market functionality.

###

California ISO Media Hotline | 888.516.6397

151 Blue Ravine Road | Folsom, California 95630 | www.caiso.com

Follow us on Twitter | <http://twitter.com/CalifornialSO>

The California ISO operates the state’s wholesale transmission grid, providing open and non-discriminatory access supported by a competitive energy market and comprehensive planning efforts. Partnering with more than 90 client organizations, the ISO is dedicated to the continual development and reliable operation of a modern grid that operates at the least cost to the benefit of consumers. The ISO bulk power market allocates space on transmission lines, maintains operating reserves and matches supply with demand. Recognizing the importance of global climate change, the ISO welcomes new, advanced technologies that will help meet the energy needs of 30 million Californians efficiently and cleanly. The ISO is a nonprofit public benefit corporation.