Market Analysis Report
Events of January 2005

Board of Governors Meeting

February 24, 2005

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January Highlights

- Load growth a moderate 1.6% in January
- SONGS 3 and Diablo Canyon Nuclear Units returned, Pacific DC Intertie back to full rating; moderate loads:
  - Low Real-time and forward energy prices
  - Must-Offer Commitment down sharply
  - Intra-zonal costs lower, but still high
- Decreased Ancillary Service Market Supply:
  - Increased bid insufficiency
  - Substantially higher prices

California ISO

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System Operator

Load growth rate down, and decrease may be more significant than number would suggest (due to holiday and weather)

Same-month year-to-year growth rates through January

	Avg. Hrly. Load	Avg. Daily Peak	Avg. Daily Trough	Monthly Peak
February-04	4.5%	3.9%	5.4%	4.5%
March-04	4.4%	5.1%	2.5%	4.5%
April-04	7.1%	8.3%	4.8%	31.1%
May-04	7.3%	7.7%	5.5%	2.5%
June-04	6.6%	6.9%	6.1%	-4.7%
July-04	0.7%	0.3%	1.9%	4.0%
August-04	1.0%	0.6%	0.6%	5.2%
September-04	3.4%	3.5%	3.4%	10.1%
October-04	-1.4%	-2.8%	1.5%	-5.9%
November-04	4.2%	3.9%	3.9%	6.6%
December-04	4.4%	4.1%	6.5%	3.4%
January-05	1.6%	2.7%	1.4%	5.0%

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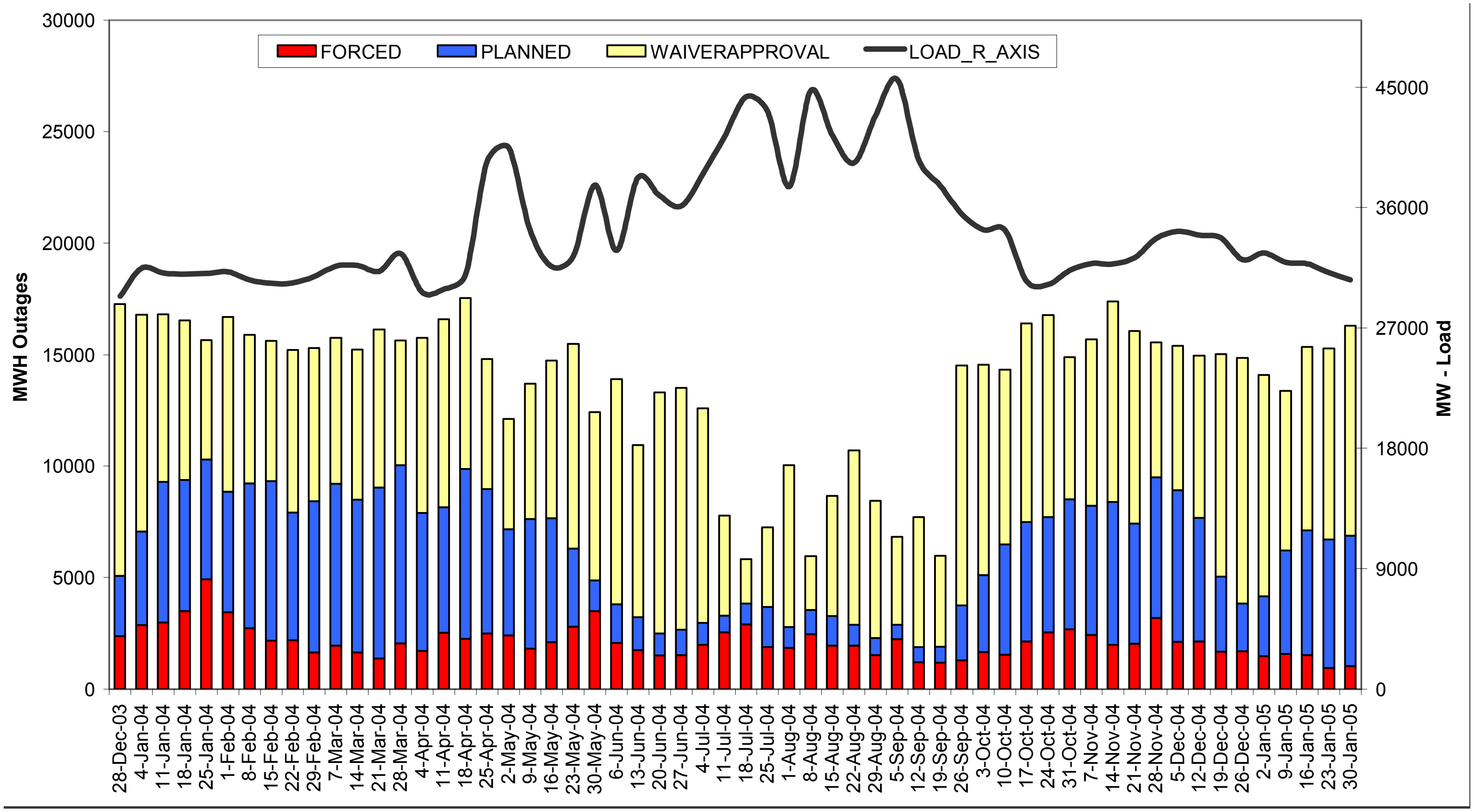
SONGS and Diablo nuclear units returned, but SONGS unit was forced out in February

Outages by type: Weekly Averages through January



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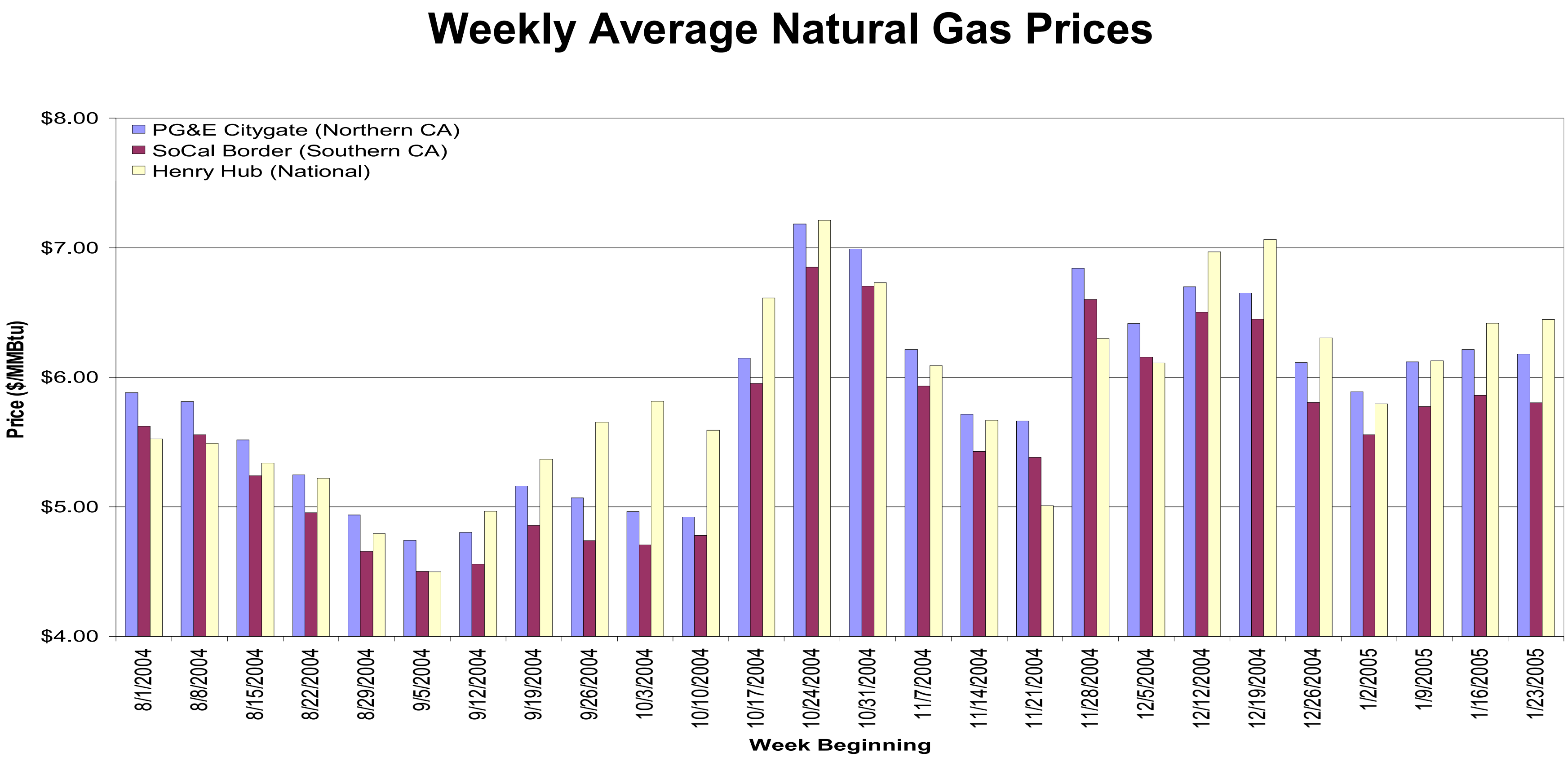
Natural Gas Prices Stable around $6/mmbtu in January



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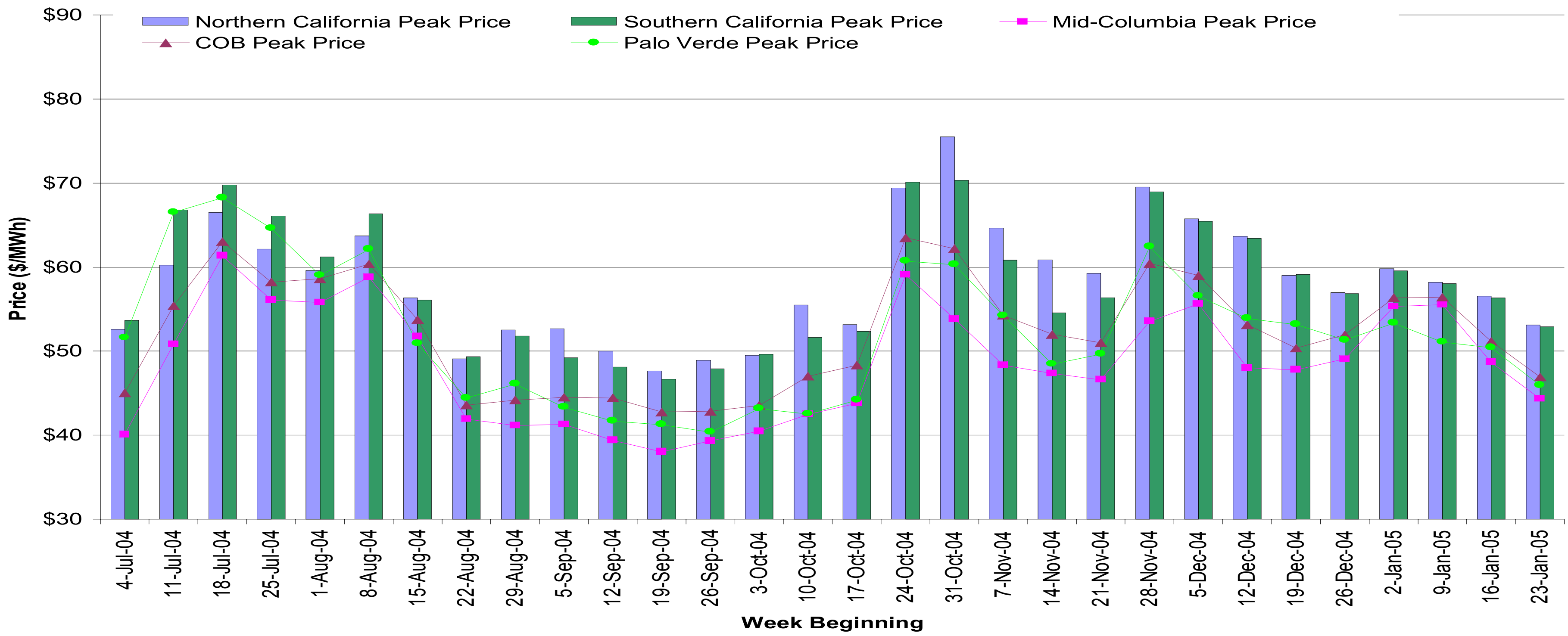
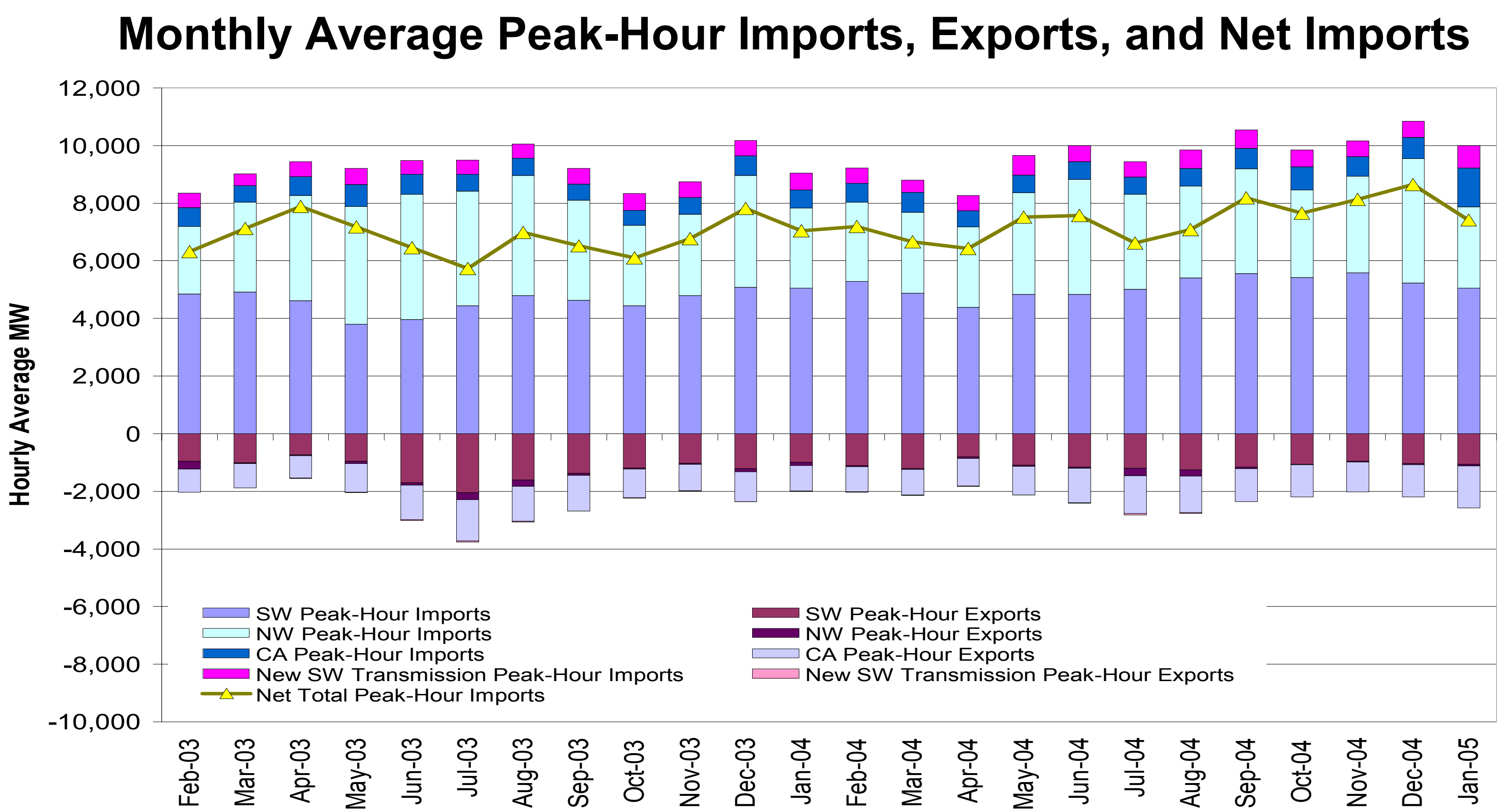
Since Path 15 upgrade, zonal splits are rare and prices equilibrate, in both forward and real-time markets

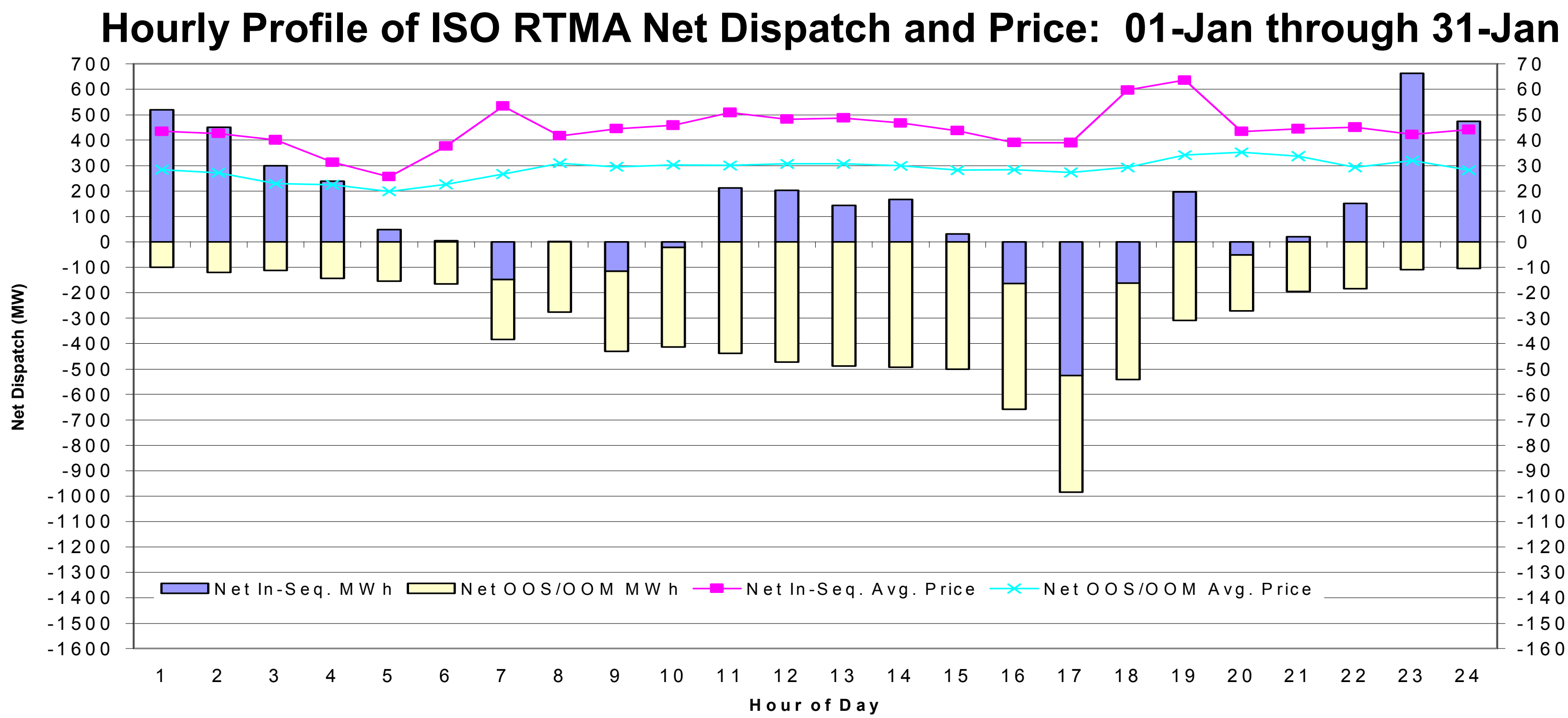
Day-ahead Bilateral Contract Prices: Weekly Averages



Net imports decreased, due to WAPA conversion to SMUD Control Area



Real-time prices also low, due to strong supply and low demand



	In-Seq. RT Dispatch	OOS/OOM Dispatch	Total Dispatch	Average Loads and % Underscheduling
PEAK	$ 49.00 /MWh	$ 30.29 /MWh	$ 44.69 /MWh	27,478 MW
	1.2 GWh	(176.2) GWh	(175.0) GWh	1.2%
OFFPEAK	$ 39.23 /MWh	$ 25.26 /MWh	$ 37.84 /MWh	21,580 MW
	80.7 GWh	(36.7) GWh	44.0 GWh	3.2%
ALL	$ 45.20 /MWh	$ 29.33 /MWh	$ 42.27 /MWh	24,878 MW
	81.8 GWh	(212.9) GWh	(131.1) GWh	2.0%

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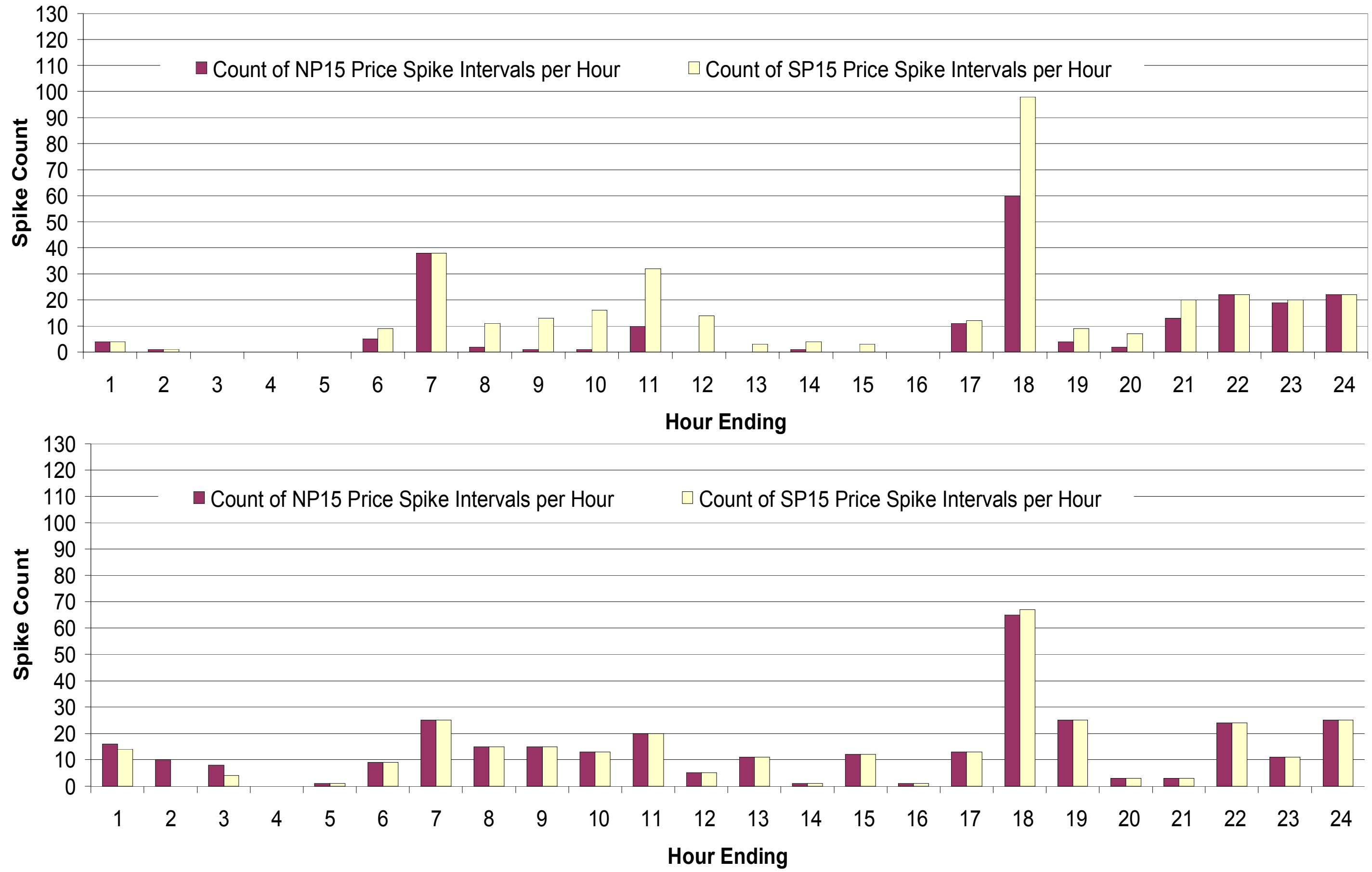
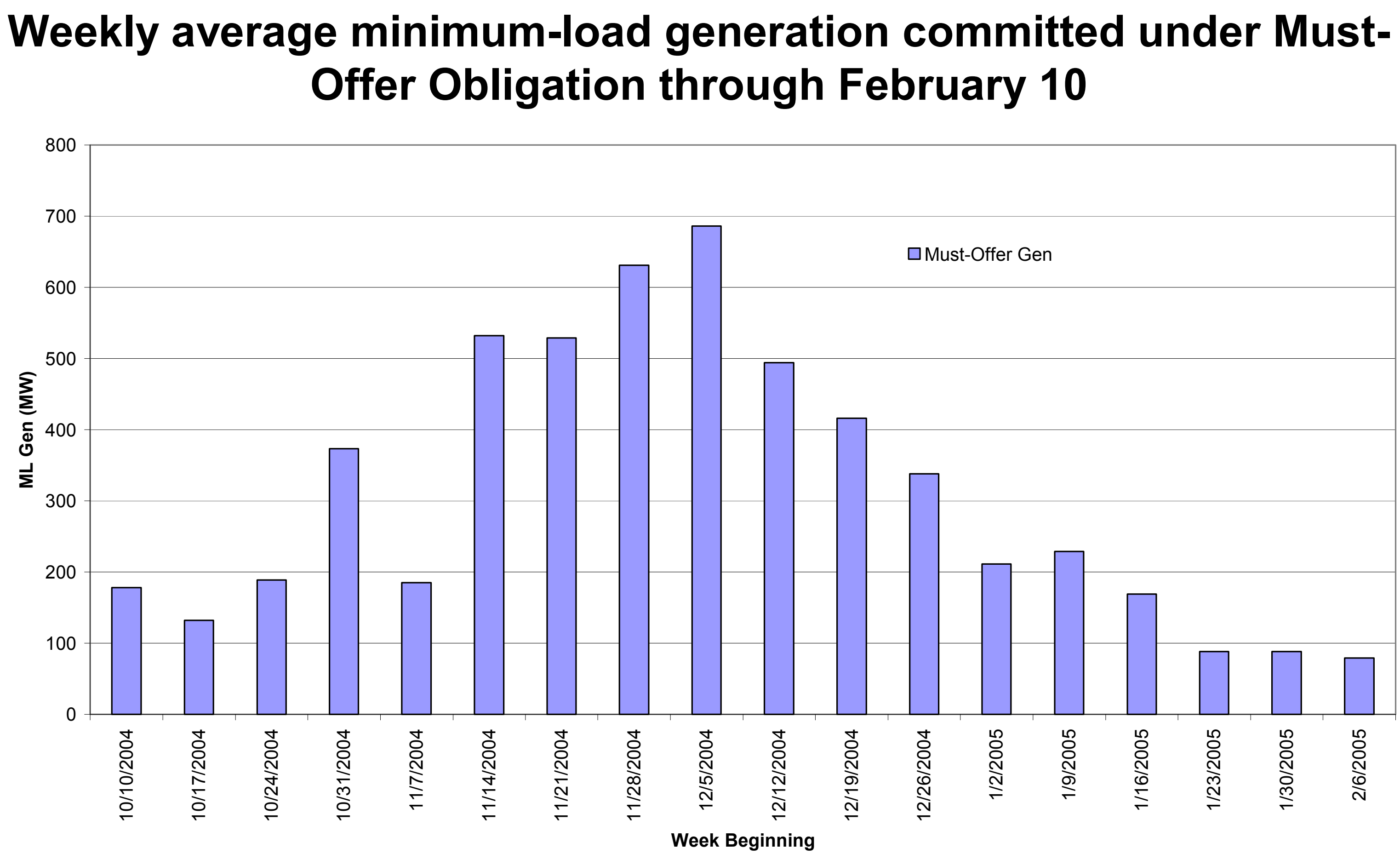
Zonal spikes uncommon in January due to Path 15 upgrade

Hourly price spikes for Dec-04 (Top) and Jan-05 (Bottom)

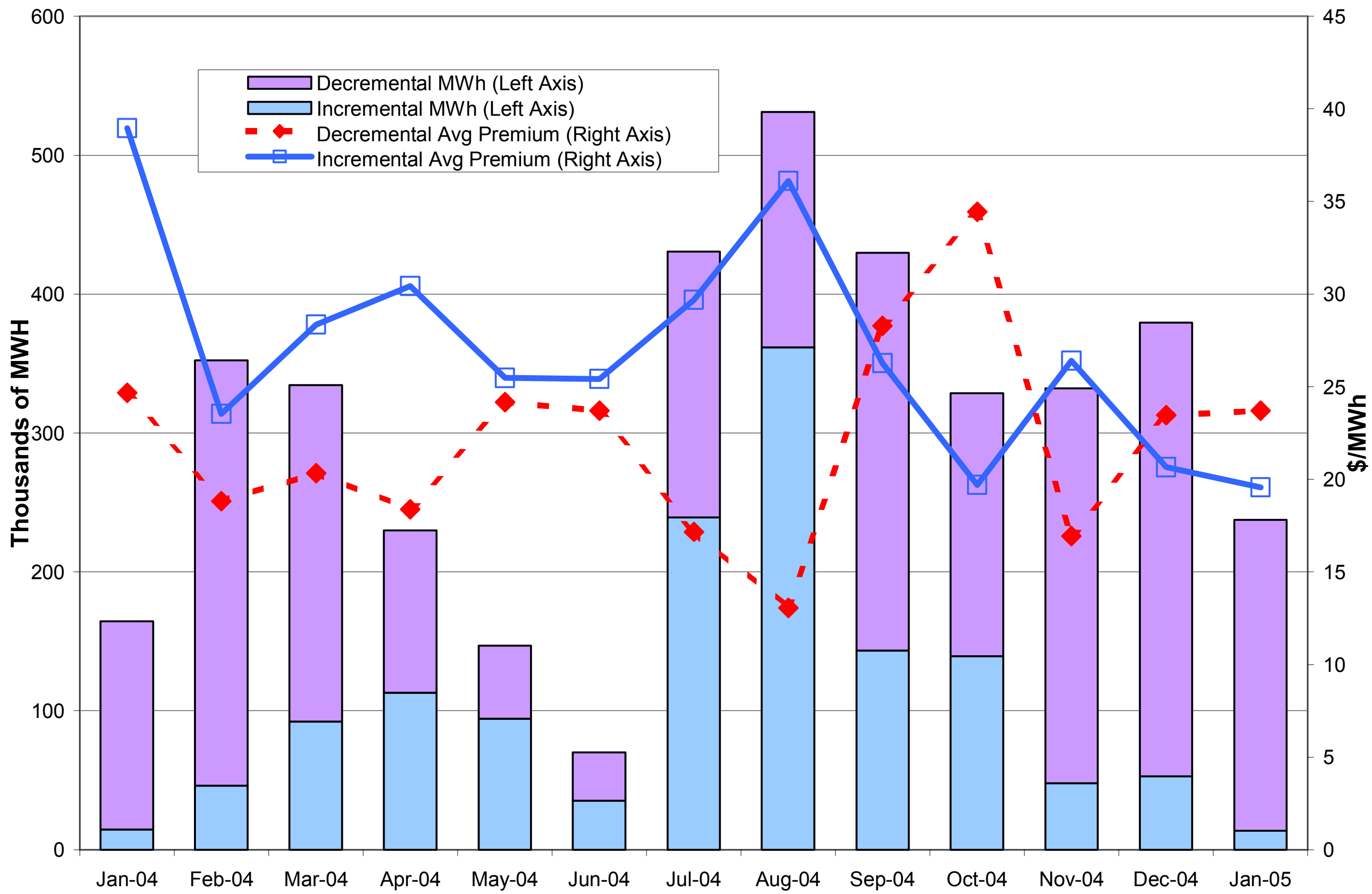


Must-Offer committed generation was high in November and December, due to major facility outages; much lower in Jan and Feb



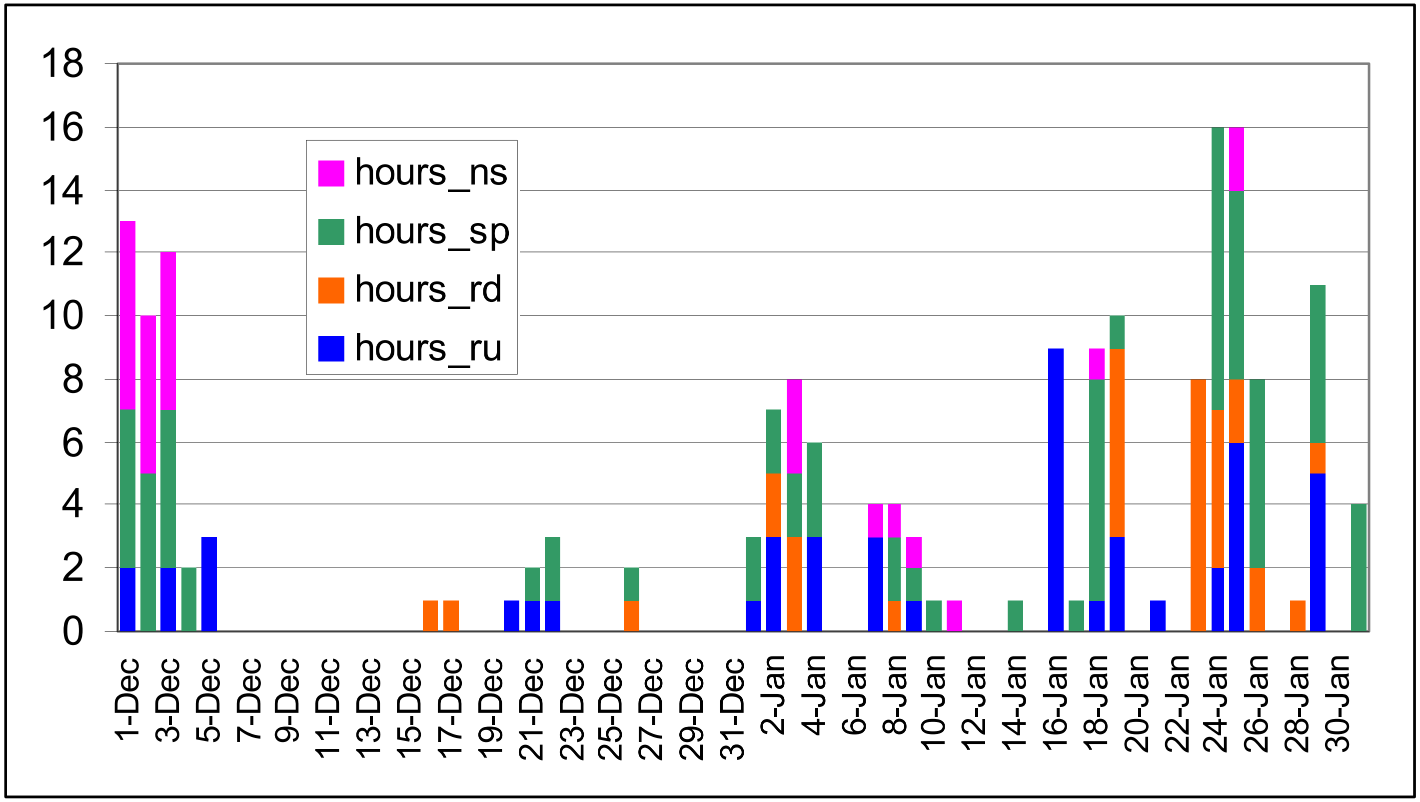
Intra-zonal congestion costs remain high, yet lower than recent months

Out-of-Sequence Volume and Average Redispatch Premium



Frequency of A/S Bid insufficiency increased in January

Number of Hours/day of A/S Market Bid Insufficiency: Dec-Jan



	Average Required (MW)				Weighted Average Price ($/MW)			
	RU	RD	SP	NS	RU	RD	SP	NS
Dec 04	389	373	755	735	$ 18.20	$ 7.29	$ 7.41	$ 2.20
Jan 05	377	389	773	771	$ 23.64	$ 14.86	$ 12.01	$ 2.37