



California ISO

California Independent
System Operator

Market Analysis Report Events of March 2005

**Board of Governors Operations
(MRTU) Committee Meeting**

April 29, 2005

Greg Cook

Manager of Market Monitoring



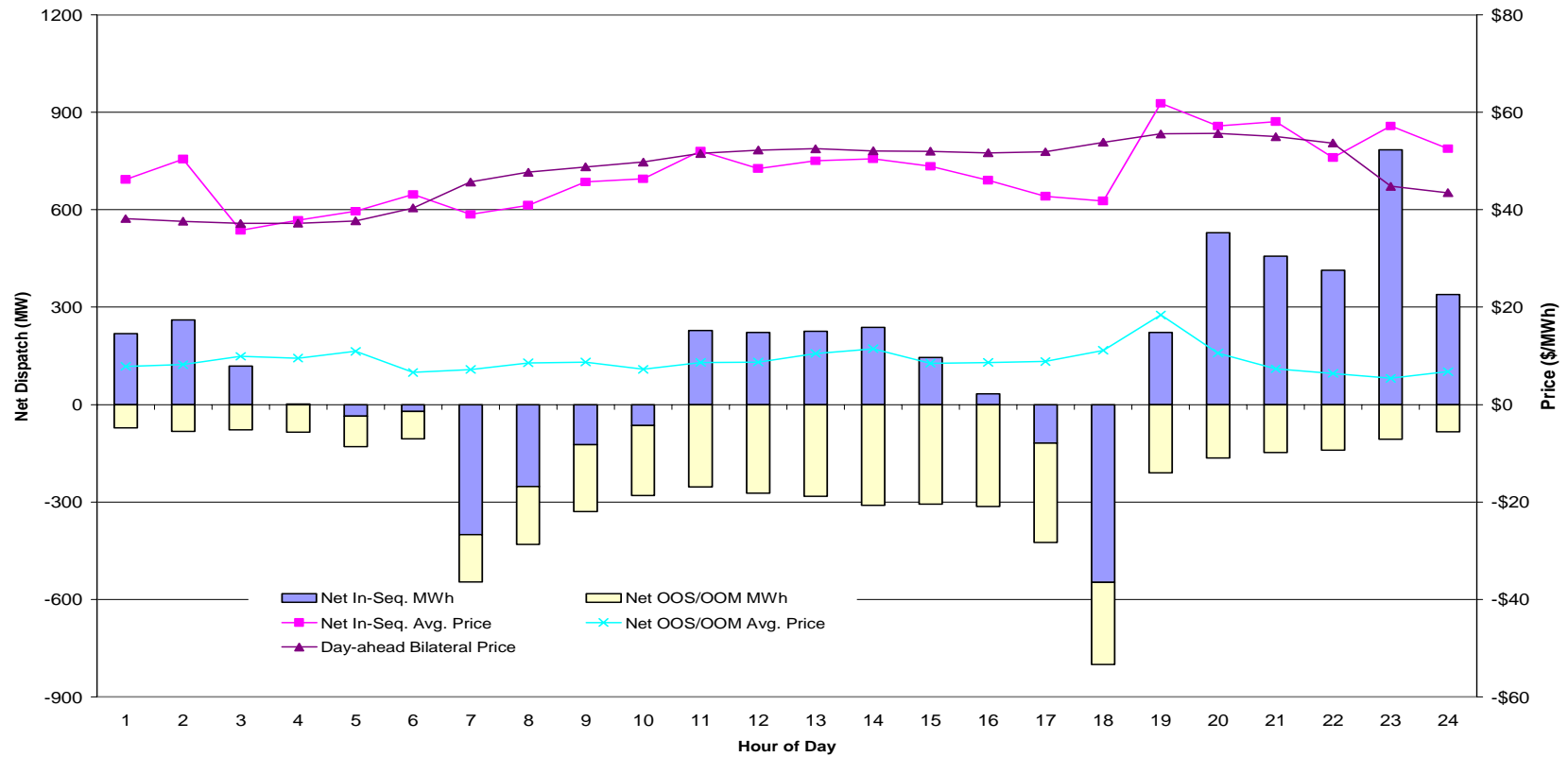
Market Highlights, March '05

- Load growth slowing in 2005, 2% in 1st Quarter
- Small spread between day-ahead and real-time prices in mid-day hours
 - Larger spreads during ramps as large real-time volumes are dispatched
- Natural gas prices increased above \$7/MMBtu by mid March
- Real-time intrazonal congestion costs low
- Instate generation offset need for imports due to springtime hydro runoff – impact on Ancillary service volumes
- Overlapping Inter-tie bid pre-dispatches decreased after Amendment 66



Real-Time In-Sequence Dispatch Affects Price from Day Ahead: INC moves real-time price at or above day-ahead price DEC pulls real-time price below day-ahead price

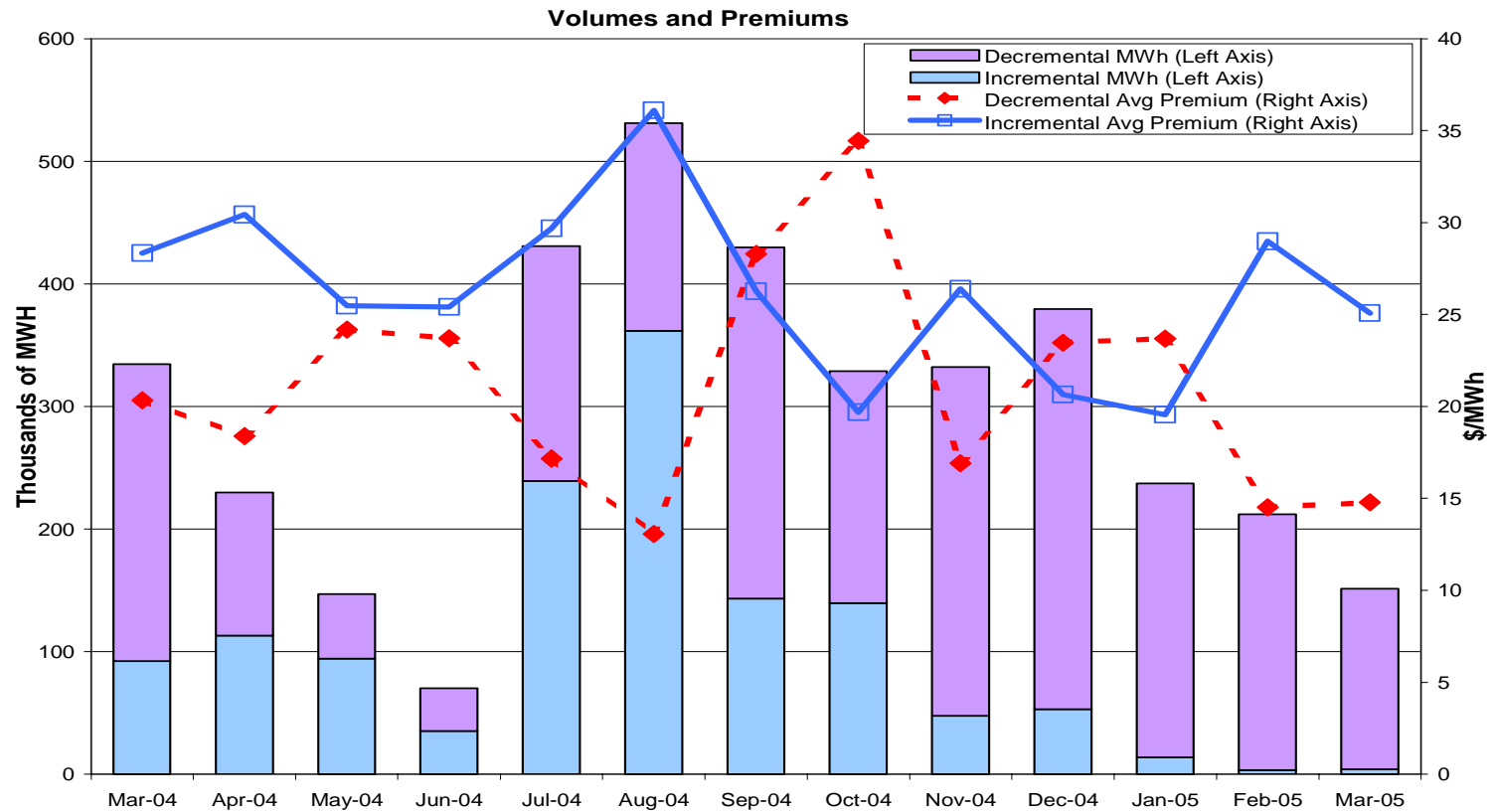
Hourly Profile of Real-Time Dispatch, and Real-Time vs. Day-Ahead Prices: Mar-05





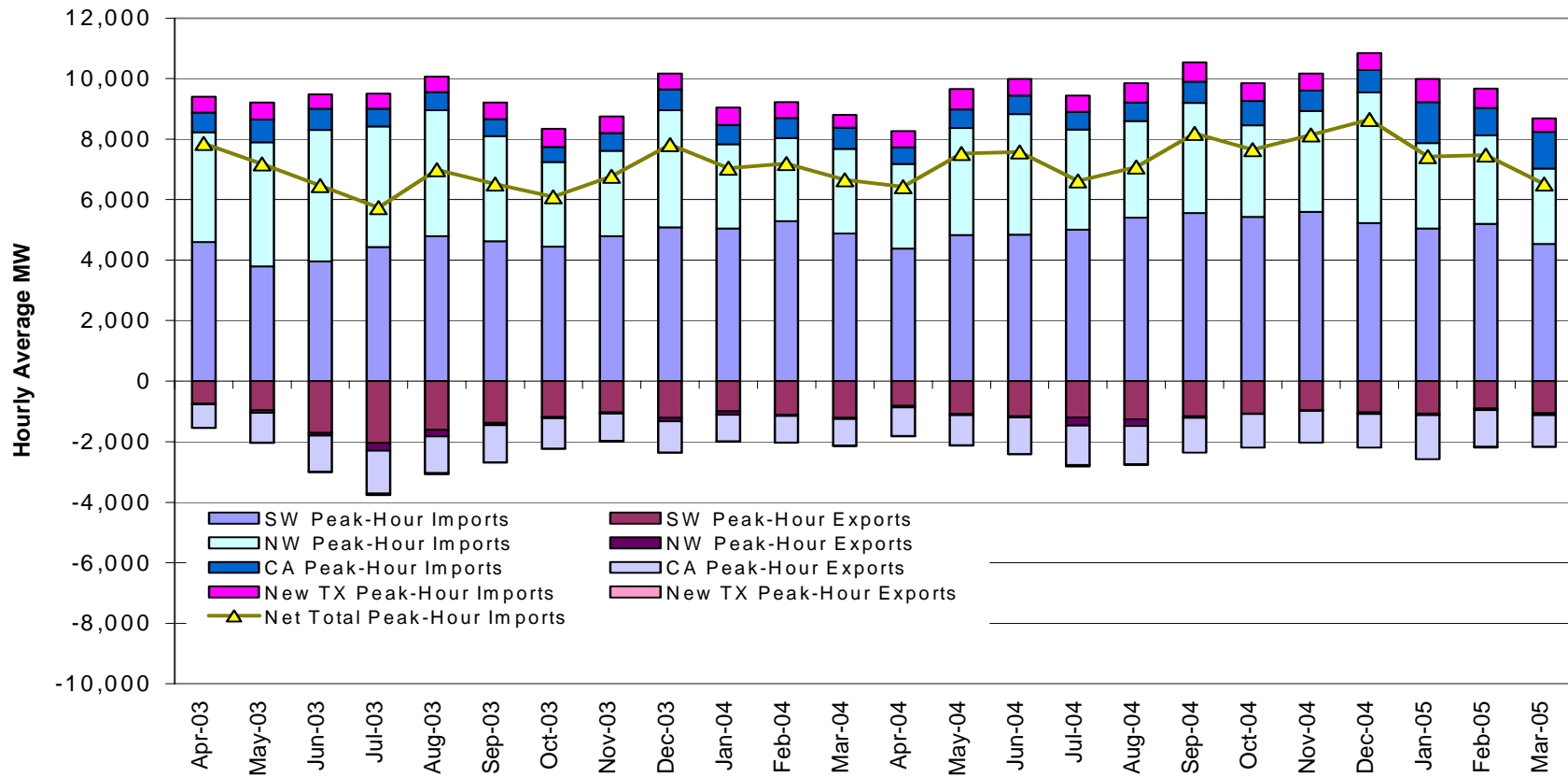
Real-time Congestion Redispatch Premium Costs have declined steadily since summer 2004

Intrazonal Congestion Redispatch Premium Costs and Dispatch Volumes through March





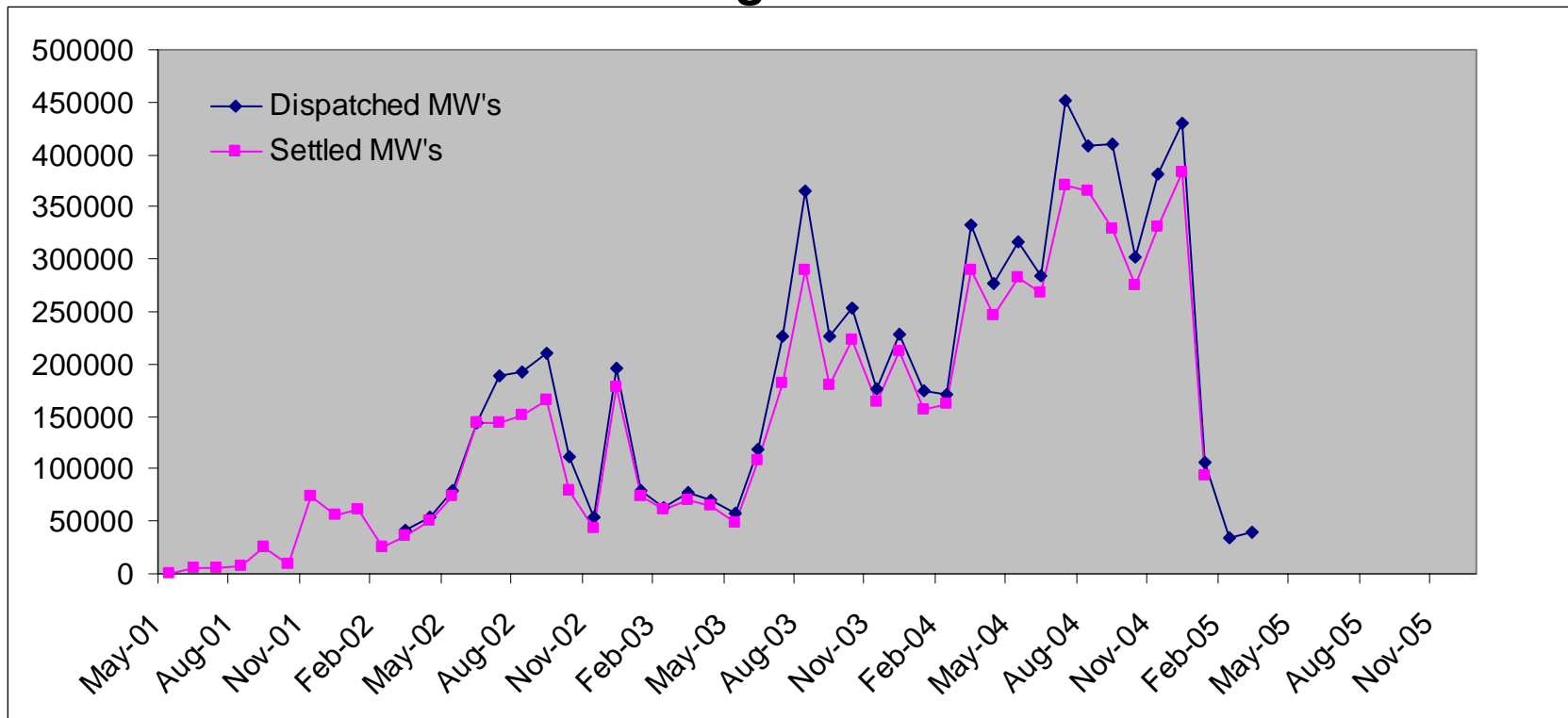
Imports down in March, as in-state generation replaces imported energy Monthly Average Peak-Period Imports and Exports: Apr-03 through Mar-05





Dramatic Decrease in Must-Offer Commitment Lowest since 2002

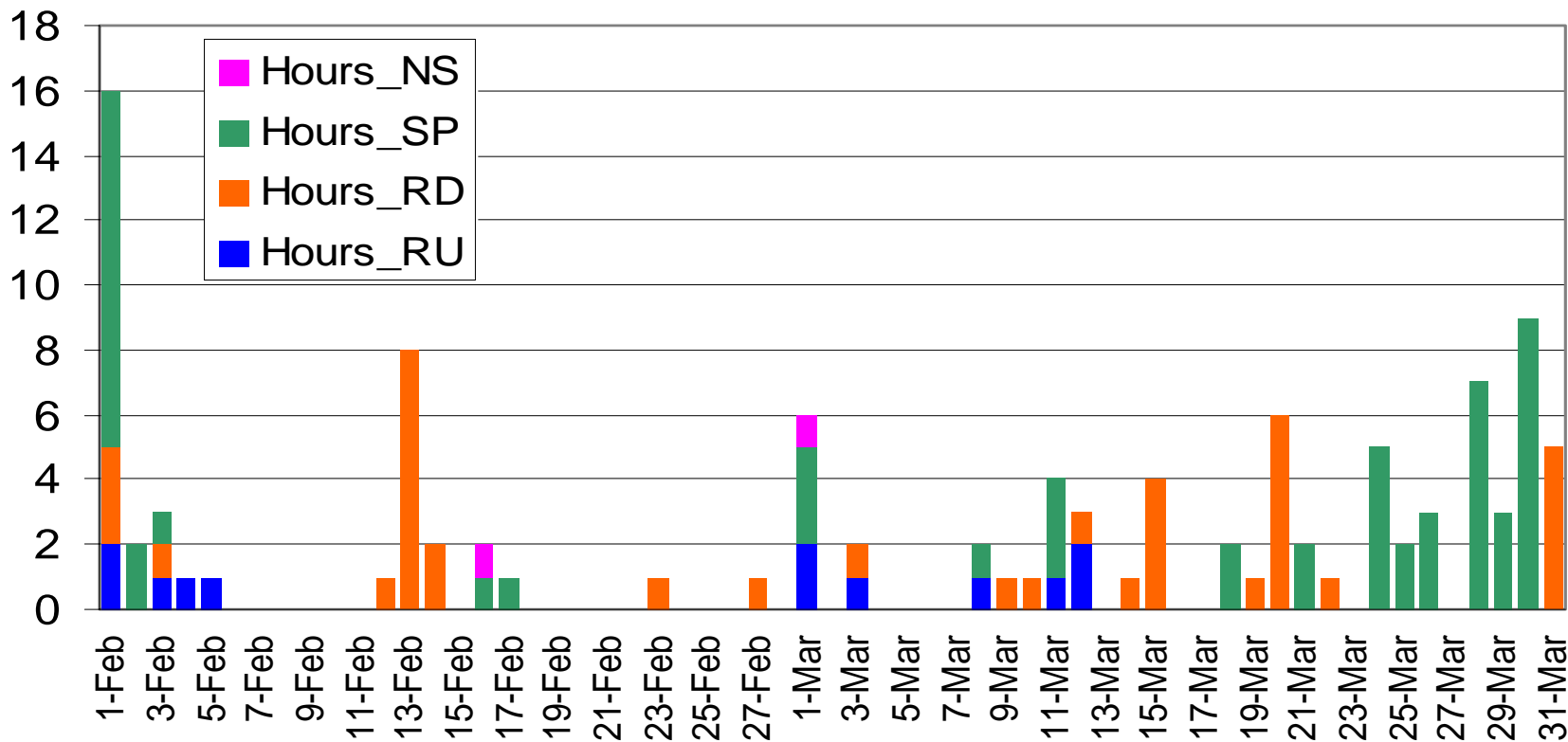
Monthly Must-Offer Committed Volume (Min Load) through March





As hydro runoff season begins, A/S bid volume decreasing, particularly in spinning reserve market

Daily Hours of A/S Deficiency, Feb-Mar 2005





Market clearing quantities and costs declined significantly after A66 implemented

Average Hourly Predispatch Quantities and Daily Net Costs

