Market Performance Report
for September 2007

Alan Isemonger
Manager, Market Information

California ISO
Your Link to Power

Board of Governors
General Session
December 12-13, 2007

Market Highlights

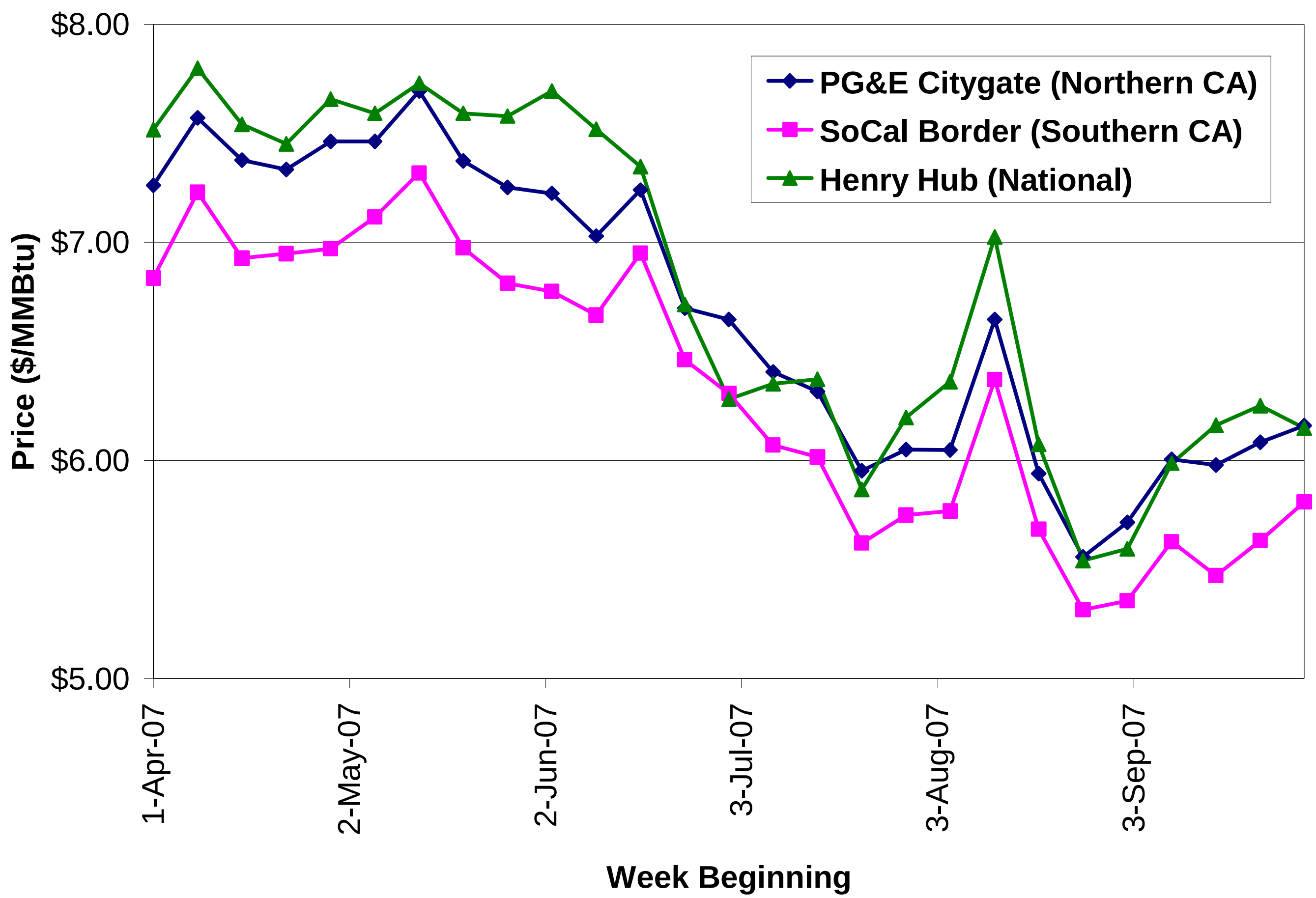
The full Market Performance Report is available at http://www.caiso.com/1c27/1c27dd0dcfe0.pdf

- September was generally a very quiet month
- Natural gas prices rose from their 2007 lows in late August
- There were only 10 intervals of prices over $250, a steep decline from August's 167 intervals
- The monthly average cost of Ancillary Services decreased to $0.59 in September from August's $0.85

Monthly Market Performance Metrics for 2007

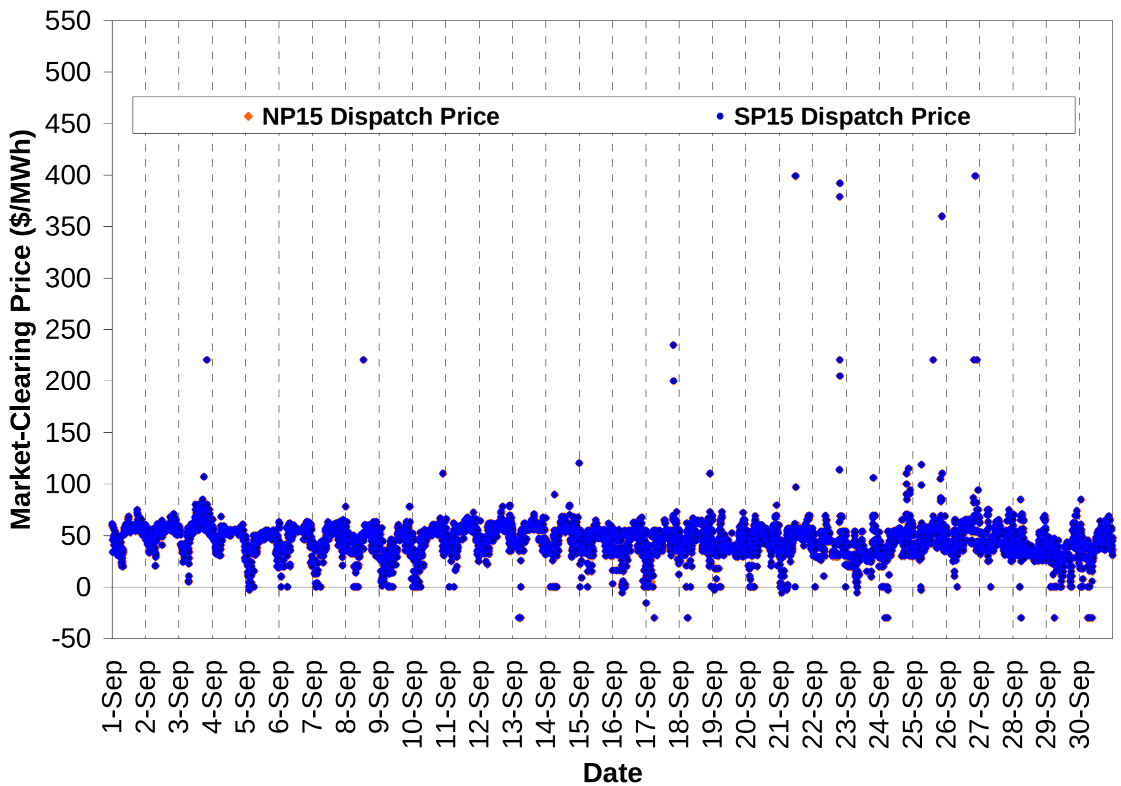
Monthly Metrics	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
Average Gas Price	$6.57	$7.26	$6.53	$7.19	$7.27	$6.89	$6.14	$5.93	$5.73				$6.61
Average On-Peak Contract Price	$63.32	$64.25	$54.90	$64.78	$75.04	$68.47	$71.76	$71.40	$59.64				$65.95
Average Real-Time Price	$50.35	$51.25	$41.75	$50.24	$59.14	$54.85	$55.84	$62.44	$47.22				$52.56
No. of Price Spikes Over $250	102	50	131	203	101	77	79	167	10				102
Costs Incurred over $250 (percent)	24%	13%	24%	33%	22%	18%	14%	24%	3%				19%
AS Cost ($ per MWh)	$0.54	$0.41	$0.58	$0.38	$0.74	$0.59	$1.16	$0.78	$0.58				$0.64
RA Unit Commitment Costs ($M)	$2.5	$1.6	$1.3	$2.1	$1.9	$3.4	$4.8	$3.2	$2.9				$2.6
FERC Unit Commitment Costs ($M)	$0.7	$0.3	$0.7	$0.1	$0.0	$1.4	$1.4	$1.4	$0.8				$0.7
Inc OOS Redispatch Costs ($M)	$2.7	$1.6	$1.1	$1.7	$1.5	$1.2	$2.1	$1.2	$1.2				$1.6
Dec OOS Redispatch Costs ($M)	$0.2	$0.3	$0.4	$0.3	$0.7	$0.3	$0.4	$0.5	$0.3				$0.4
Total Interzonal Congestion ($M)	$4.0	$1.8	$8.1	$5.0	$12.5	$4.5	$4.2	$3.1	$4.3				$5.3

Natural Gas Prices



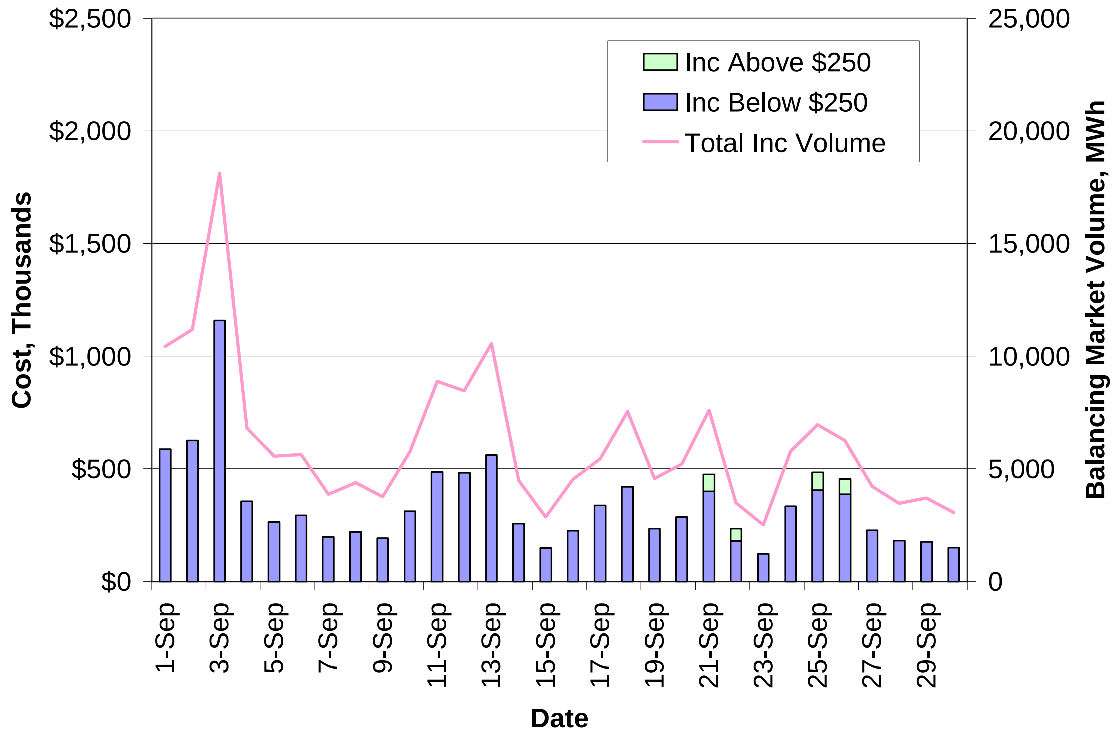
Real Time Balancing Energy Prices

- For the month, there were only 10 intervals of prices over $250, a steep decline from August's 167 intervals
- The few spikes seen this month were motivated largely by thinning bid stacks and steeper ramps in the late evening



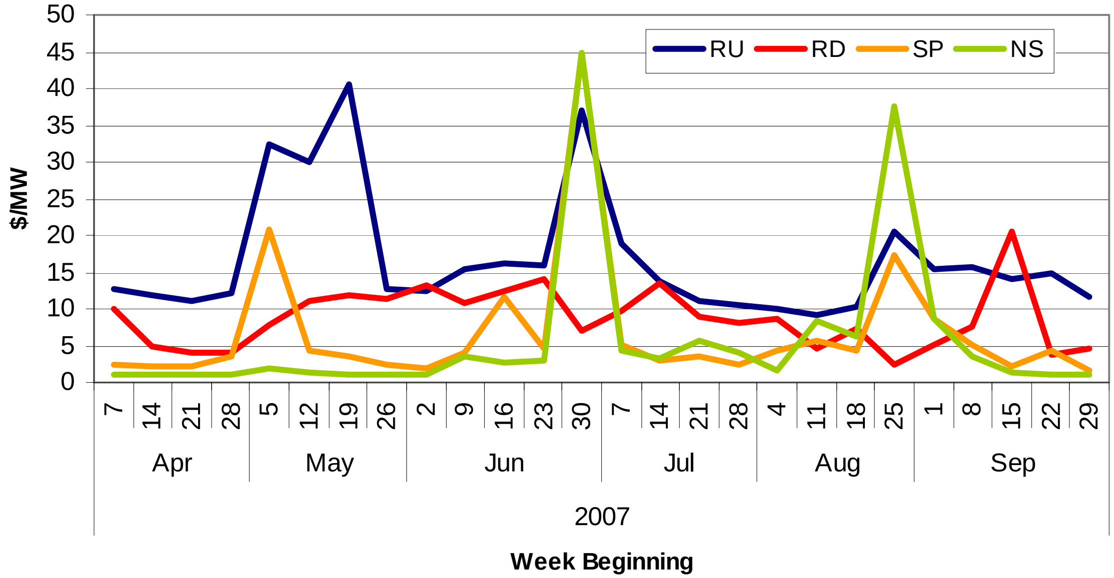
Cost of Balancing Energy

- Only 3% of all incremental energy expenditures were incurred at prices greater than $250, down from 24% in August



Ancillary Services Markets

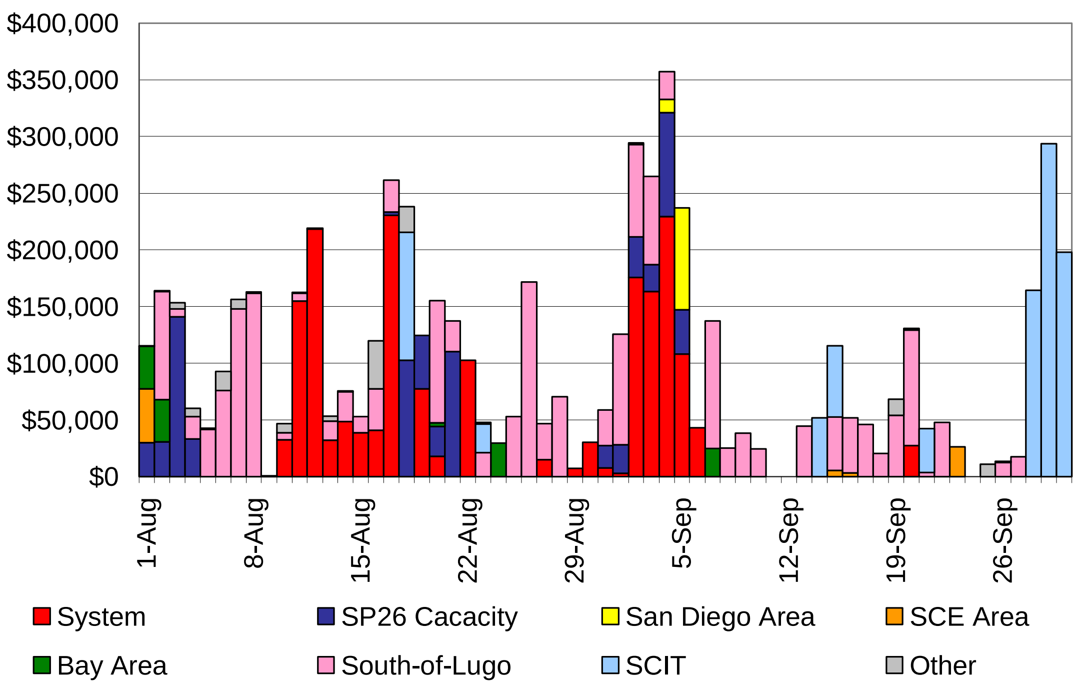
- Weighted average prices for all four Ancillary Services declined in September



	Average Required (MW)				Weighted Average Price ($/MW)			
	RU	RD	SP	NS	RU	RD	SP	NS
Jul 07	397	363	1028	897	$ 19.49	$ 9.54	$ 12.71	$ 14.04
Aug 07	396	366	1059	964	$ 12.65	$ 5.93	$ 7.56	$ 13.19
	-0.2%	0.7%	3.0%	7.5%	-35.1%	-37.8%	-40.5%	-6.1%

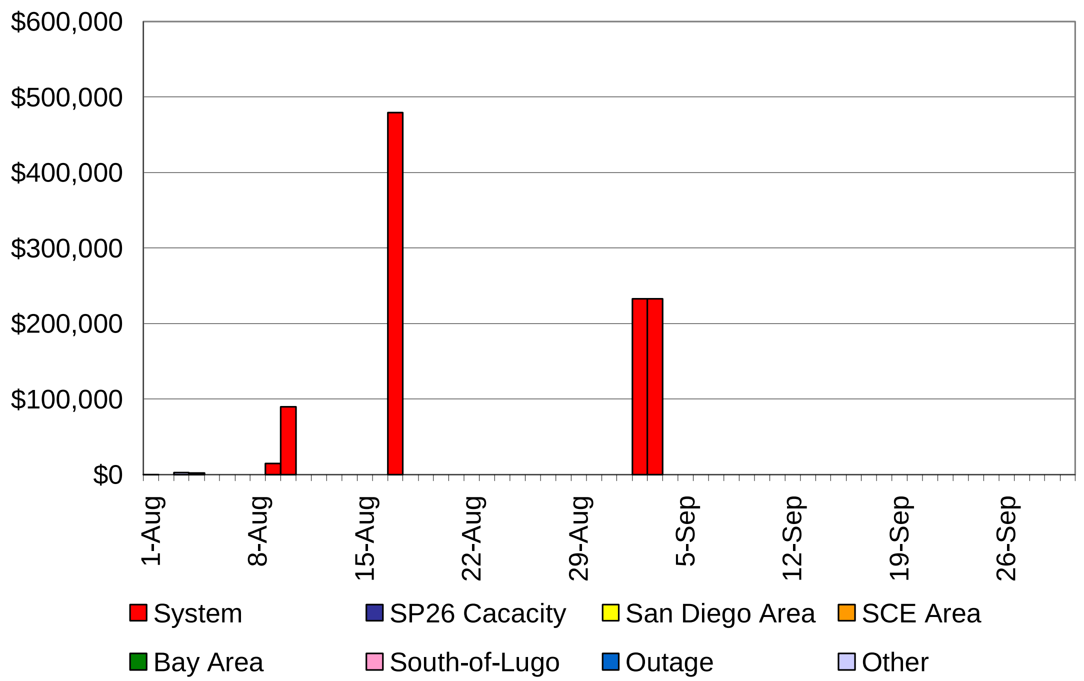
RA Unit Commitment Costs

- Total unit commitment costs declined from $4 million in August to approximately $3.5 million in September, which is about the same total as in September 2006
- RA costs comprised $3 million or 86 % of the total with South-of-Lugo, SCIT and System Reliability accounted for 32, 28 and 26 % of the RA total, respectively



FERC MOO Commitment Costs

- The total cost of FERC unit commitments for September was slightly over $500,000 -- all for System needs



Inter-zonal Congestion Costs

- Total inter-zonal congestion costs increased to $4.3 million in September from $3 million in August
- The majority of congestion costs in September were incurred on the Palo Verde (56 %) and the Intermountain DC - Adelanto (26 %) branch groups