

Market Performance Report for January 2007

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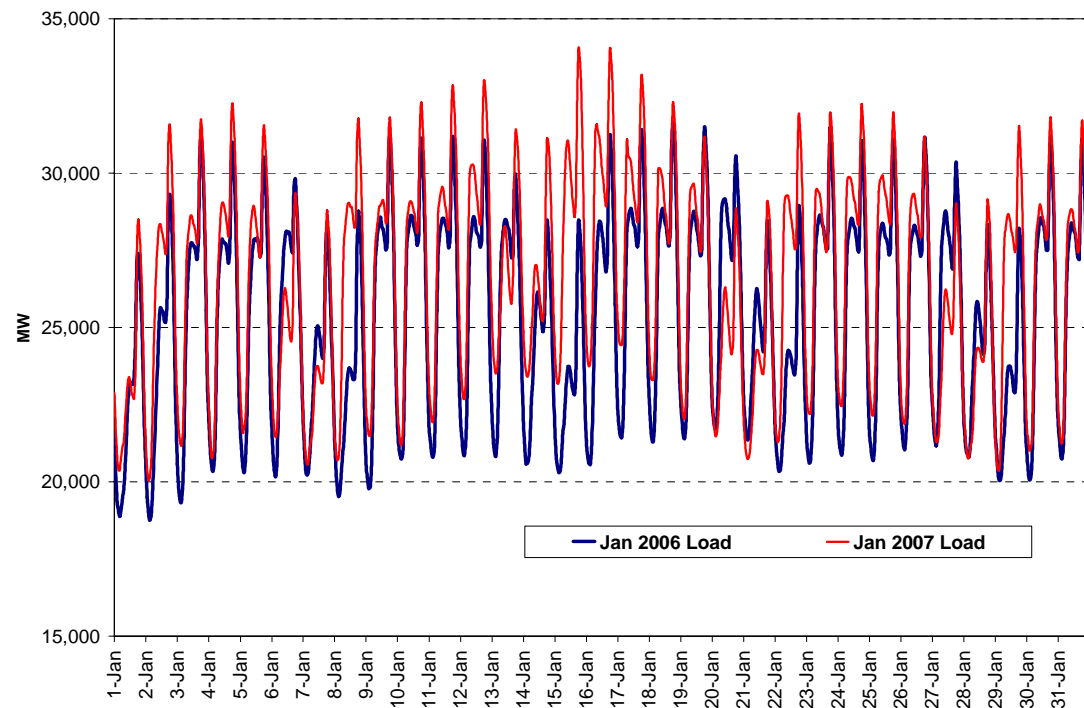
CAISO Board of Governors
April 18-19, 2007

Market Highlights

- Real-time dispatch prices more volatile in January as compared to December. Most of January's price events were due to a cold snap on Monday, January 15th, affecting multiple control areas. Firm import schedules from Arizona to the CAISO were cut unexpectedly on this day.
- January's incremental Out-of-Sequence dispatch volumes doubled to 42,000 MW, and incremental costs increased five-fold to \$2.7 million as RMR contract volumes are sharply reduced in 2007.
- Total unit commitment costs increased to \$2.6 million in January from \$2.2 million in December. Transmission line maintenance was responsible for about 50% of the total, while 35% was driven by the decline in RMR resources.

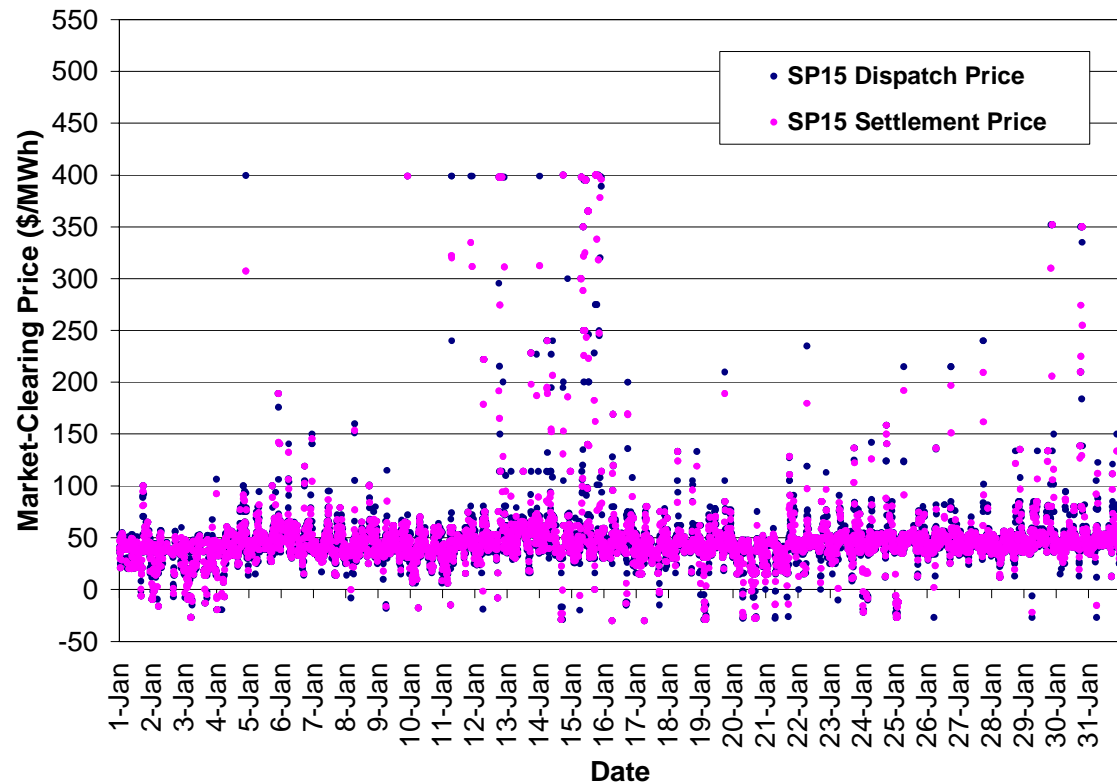
System Load Comparison – Jan 06 to Jan 07

- Average loads were about 1,000 MW higher in CAISO control area in January 2007 relative to one year ago as severely cold weather swept across California and much of the U.S.
- Average daily troughs were also markedly higher



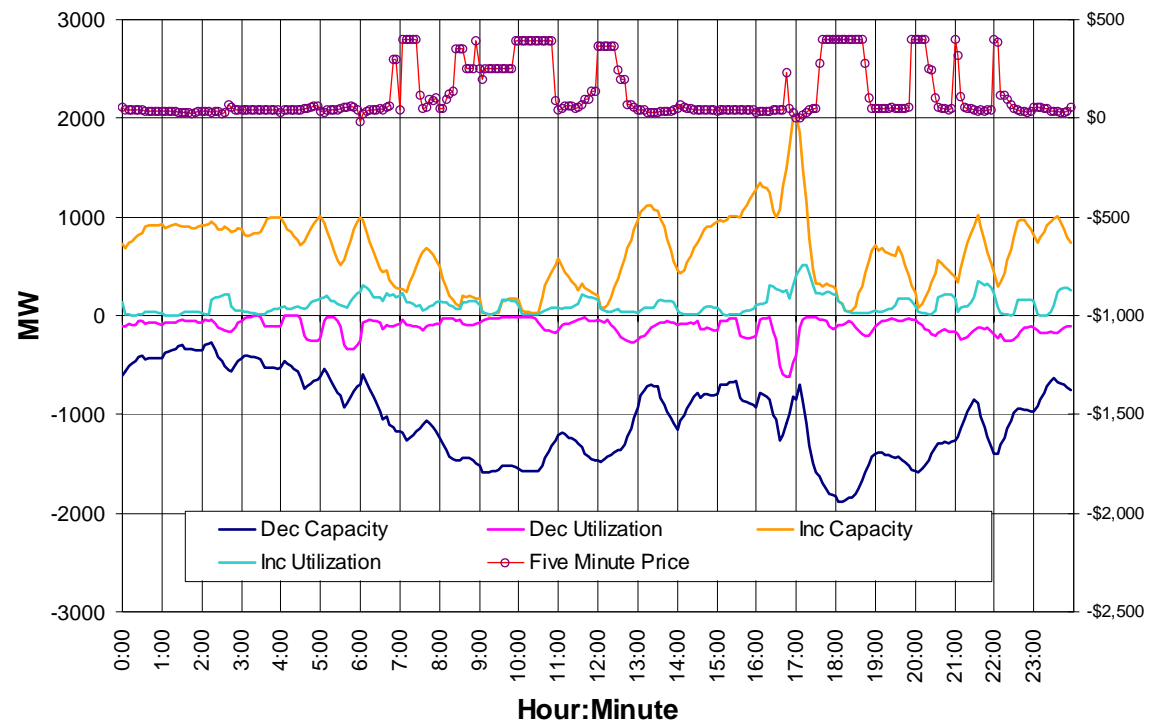
Real Time Balancing Energy Prices

- Real-time dispatch prices were more volatile in January exceeding \$250 on 102 occasions (out of 8,928 intervals, or 1.2%) as compared to 28 occasions in December 2006.
- Most of January's price events (67 out of 102) occurred on a single day, Monday, January 15th.



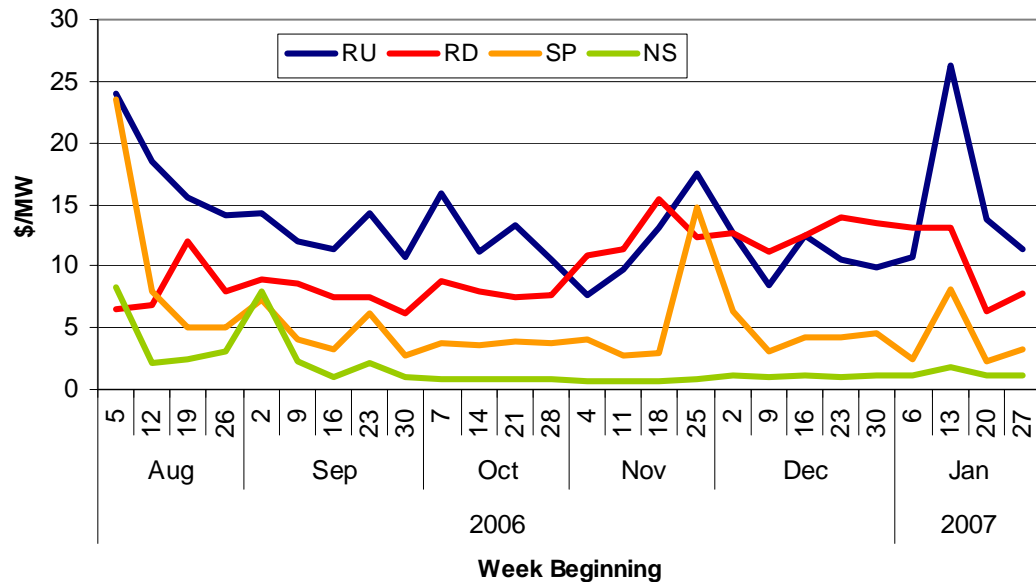
Inc and Dec Capacity Utilization - Jan 15th

- Underscheduling, cold weather, and the loss of imports contribute to numerous price spikes on January 15th.



Ancillary Services Markets

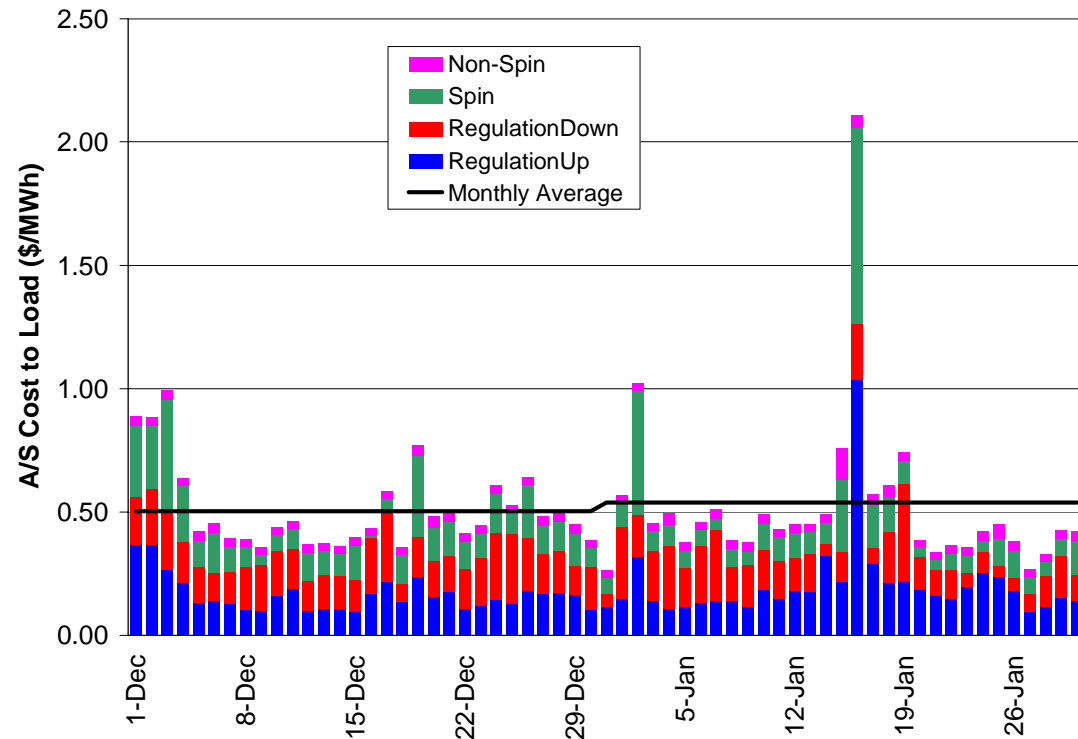
- The frequency of bid-insufficient hours increased to 9 in January from 7 in December (all spin)
- The price increases were due to inter-zonal congestion on the Mead and PACI branch groups thinning the AS bid stacks, which in turn was related to the cold snap on the 15th



	Average Required (MW)				Weighted Average Price (\$/MW)			
	RU	RD	SP	NS	RU	RD	SP	NS
Dec 06	381	356	808	831	\$ 11.20	\$ 12.34	\$ 4.48	\$ 1.05
Jan 07	372	360	832	831	\$ 15.24	\$ 11.16	\$ 4.26	\$ 1.27
%Diff	-2.5%	1.2%	3.1%	0.0%	36.0%	-9.6%	-4.8%	20.4%

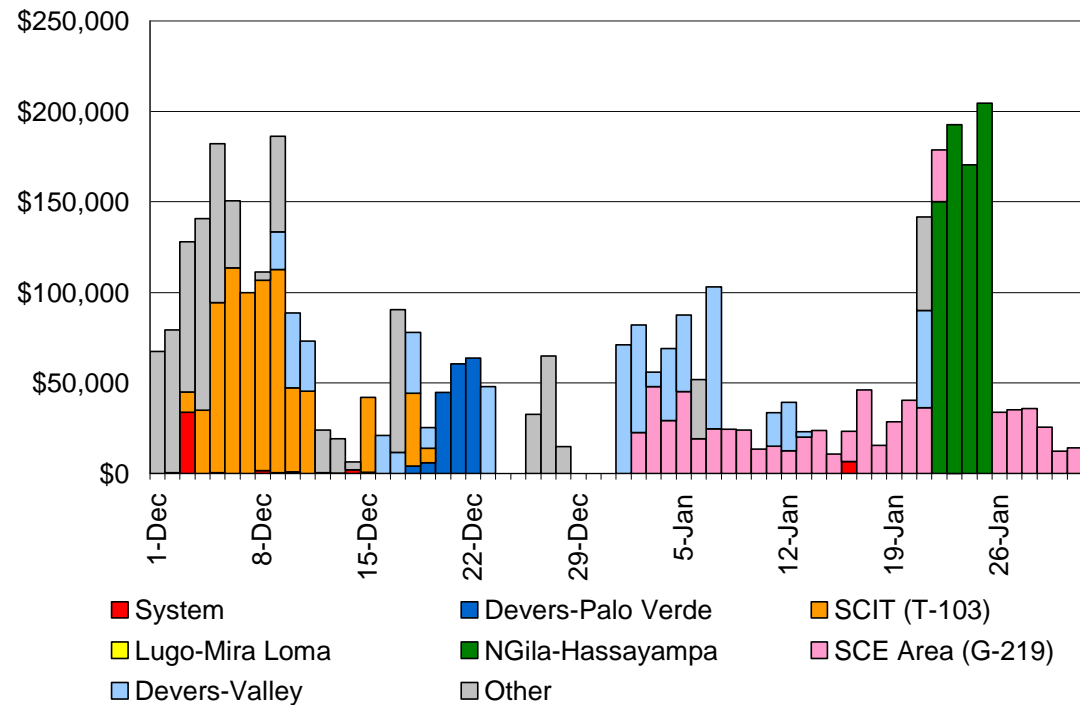
Ancillary Services Markets

- The monthly average cost increased to \$0.54 in January from December's \$0.50 primarily due to an increase in the average price of Regulation Up



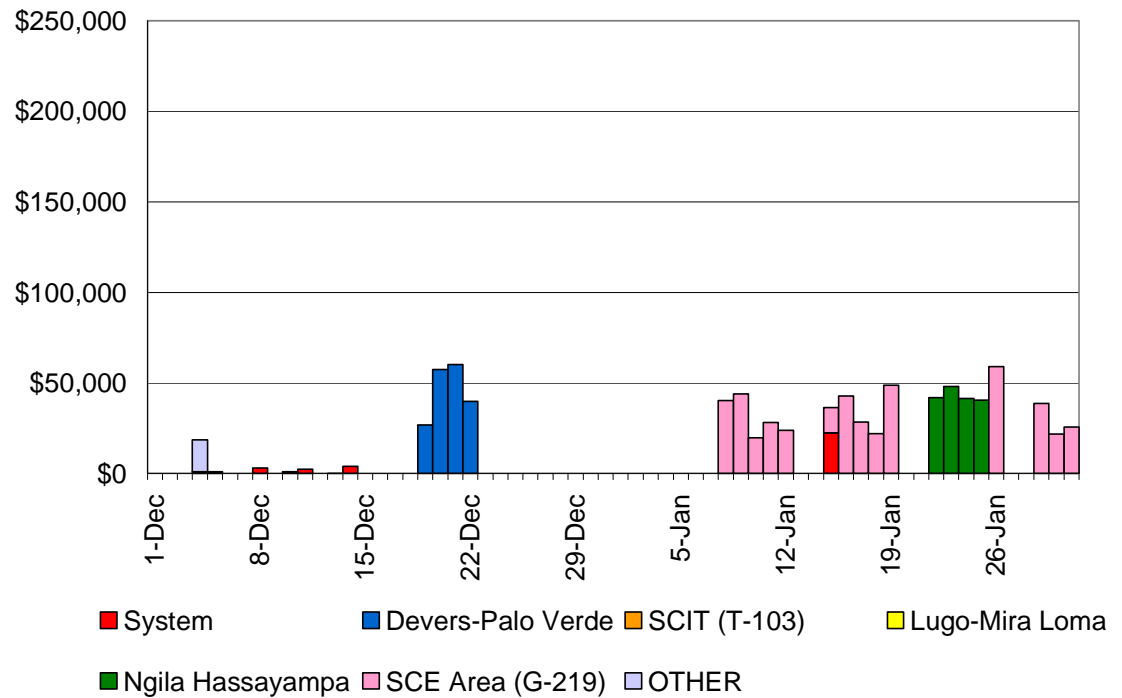
RA Unit Commitment Costs

- Total unit commitment costs increased to \$2.6 million in January from \$2.2 million in December (2 million RA vs. .6 million FERC-MOO)
- Transmission line maintenance responsible for about 50% of the total
- Commitment cost increase also driven by sharp decline in RMR resources in the new contract year



FERC MOO Unit Commitment Costs

- FERC MOO unit commitments in January driven by local SCE area requirements and a Palo Verde branch group outage



OOS Dispatch

- January's incremental re-dispatch costs increased five-fold to \$2,762,000, up from December's costs of \$424,000.
- OOS cost increase driven by sharp decline in RMR resources in the new contract year
- Most of January's costs (71 percent) were driven by mitigation of intra-zonal congestion in the Humboldt area

