

Market Performance Report for February 2007

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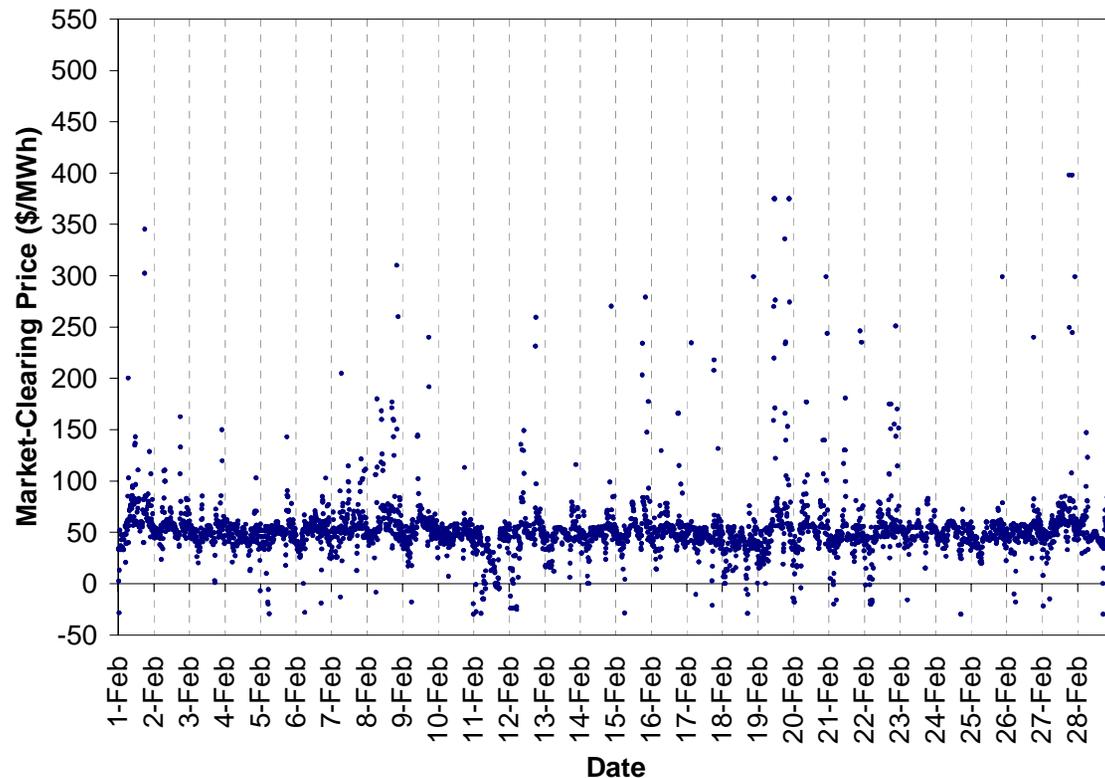
CAISO Board of Governors
April 18-19, 2007

Market Highlights

- Real-time dispatch prices were less volatile in February as compared to January. Most of February's price events occurred on February 19th, and 27th because of a series of transmission line events.
- OOS dispatch volumes declined by 28 percent, and incremental costs decreased by 25% to \$1.8 million. Decremental volumes and costs increased by approximately 16 percent and 67 percent respectively.
- The average total cost of Ancillary Services decreased again in February to \$0.40 from January's \$0.54.
- Total unit commitment costs declined in February to \$1.9 million from \$2.6 million in January. Local generation requirements responsible for about two thirds of this month's costs, while transmission line maintenance account for most of the remainder.
- Total inter-zonal congestion costs fell to \$1.83 million in February from \$3.97 million in January.

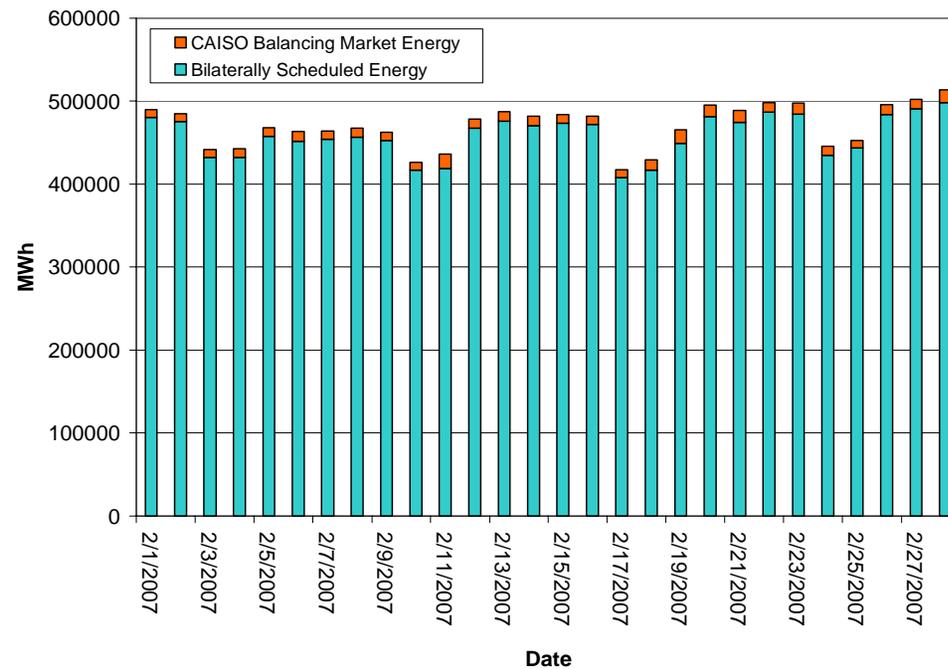
Real Time Balancing Energy Prices

- Balancing energy prices were moderate for most of the month, with a total of 48 intervals (out of 8,064 – 0.6%) where prices met or exceeded \$250/MWh, compared with 102 in January.
- Significant high priced intervals occurred on Feb 19 and Feb 27



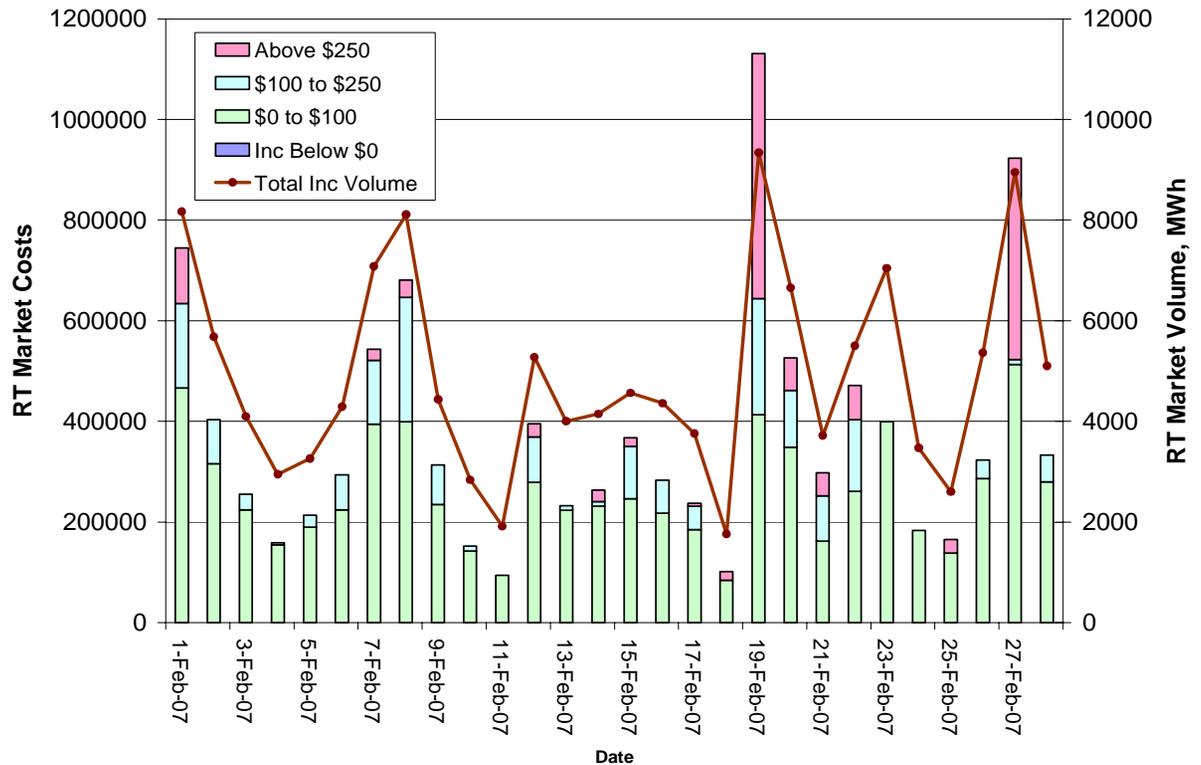
Market Impact of Balancing Energy Prices

- Red bars are balancing energy vs. total market volume
- Balancing energy made up 2.5% of total energy consumed in February.



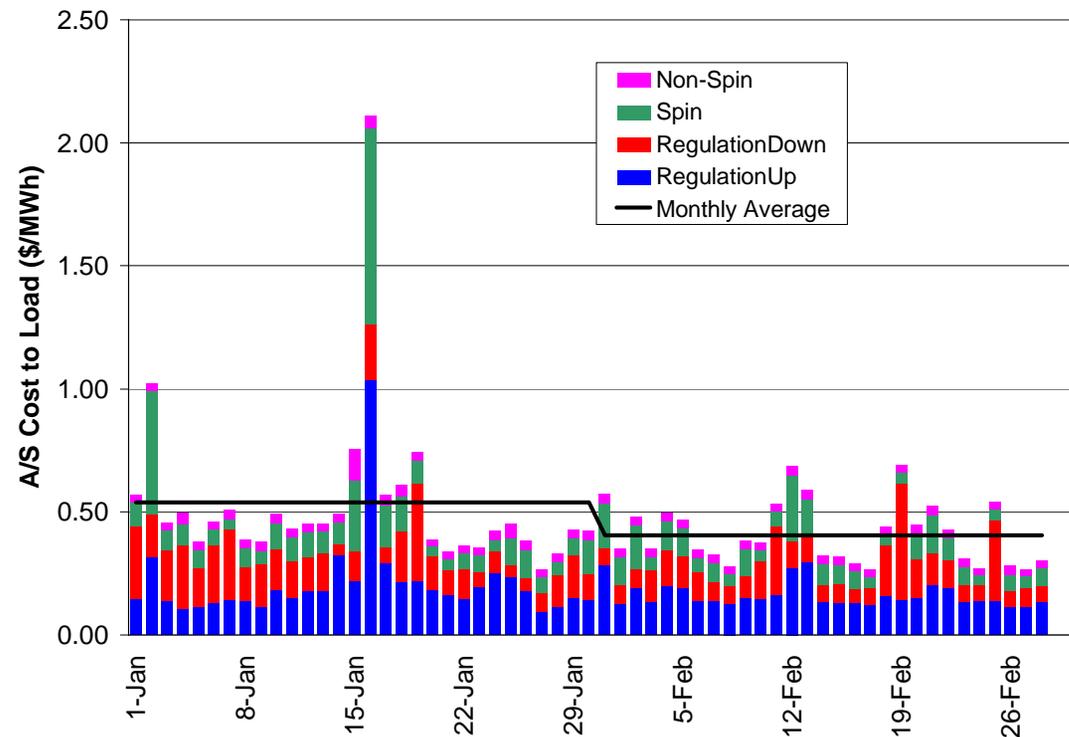
Market Impact of Balancing Energy Prices

- Figure shows cost of energy vs. market clearing price.
- Cost of energy purchased above \$250 in February was 12.9% of total incremental balancing energy cost.



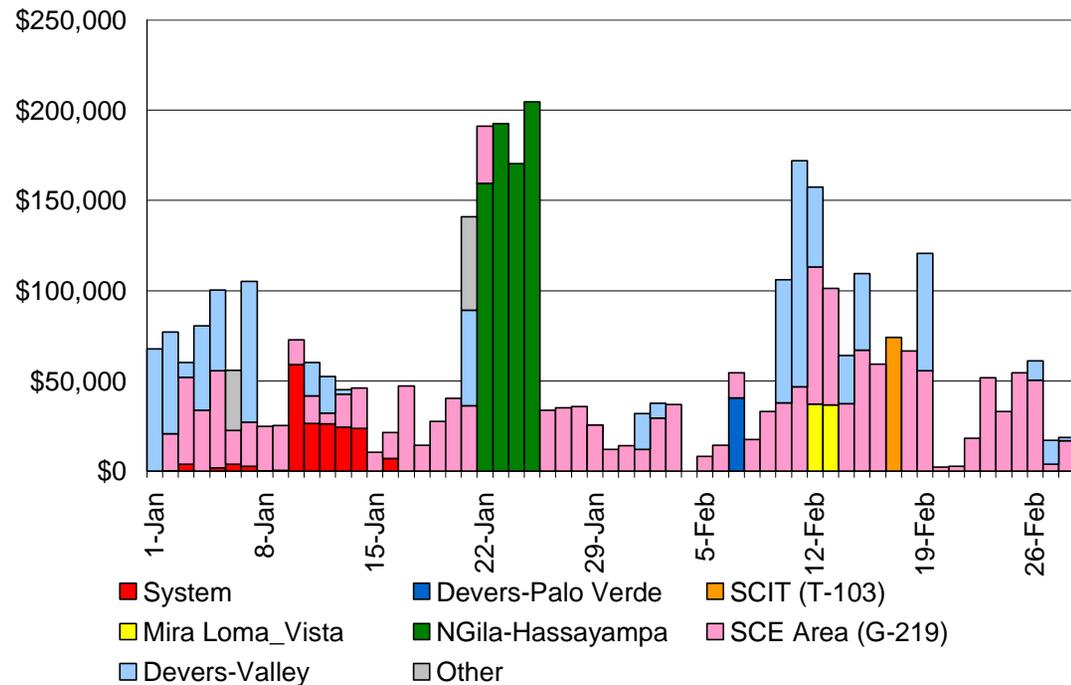
Ancillary Services Markets

- February average cost to load was \$0.40 per MWh, down from January's \$0.54 per MWh.
- Consistently moderate prices across the board in February.



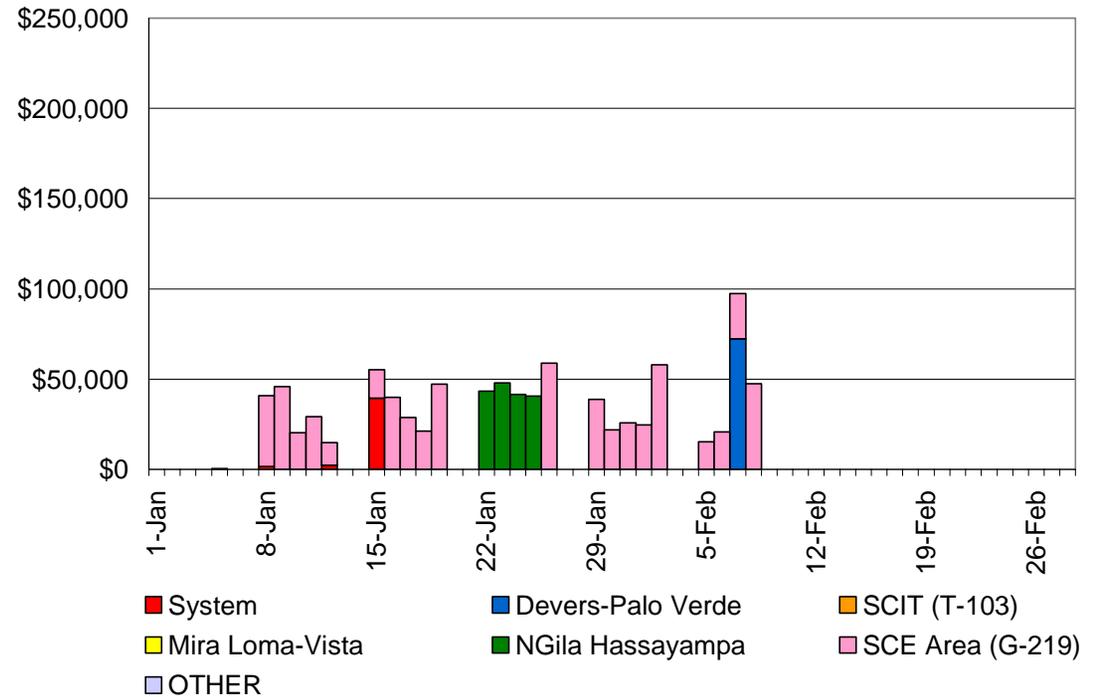
RA Unit Commitment Costs

- Total unit commitment costs declined in February to \$1.9 million from \$2.7 million in January.
- Transmission line maintenance was responsible for about 33% of the total, primarily Devers-Valley.
- Local capacity requirements account for the balance.



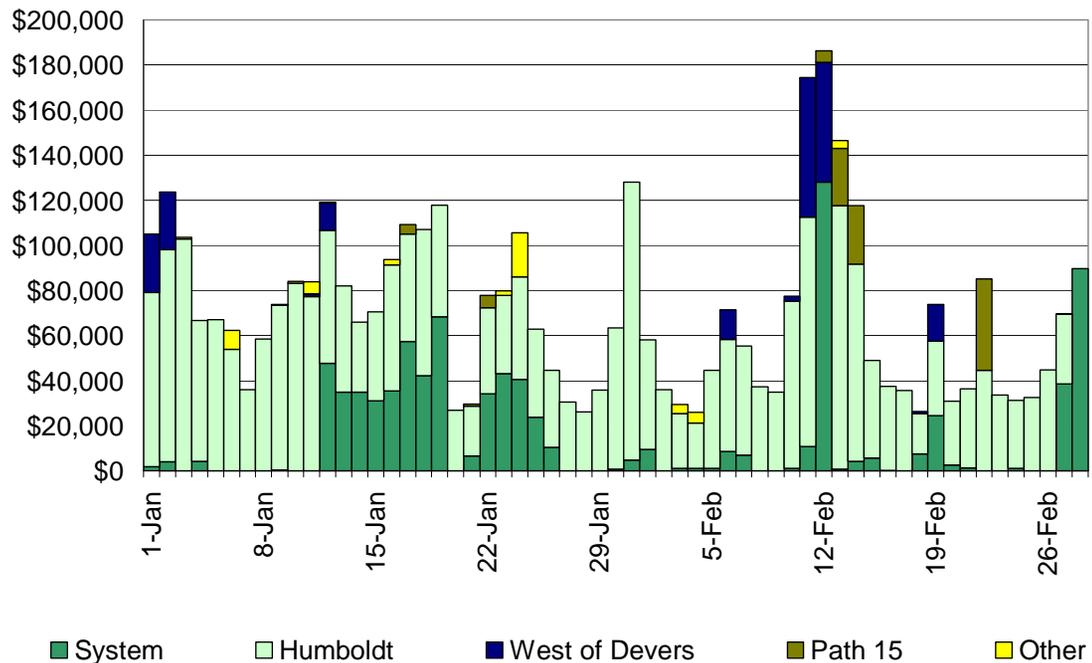
FERC MOO Commitment Costs

- FERC MOO unit commitments in February driven Primarily by local SCE area requirements.



OOS Dispatch

- Incremental OOS re-dispatch costs dropped 25% in February to \$1,800,000 from January's \$2,762,000.
- Most costs continued to be incurred for mitigation of intra-zonal congestion in the Humboldt area, accounting for 66% of total.



Incremental OOS Re-Dispatch Costs