

Department of Market Monitoring Report



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California ISO
Your Link to Power

Board of Governors Meeting
General Session
October 17, 2007

Introduction

Summer 2007 Market Performance

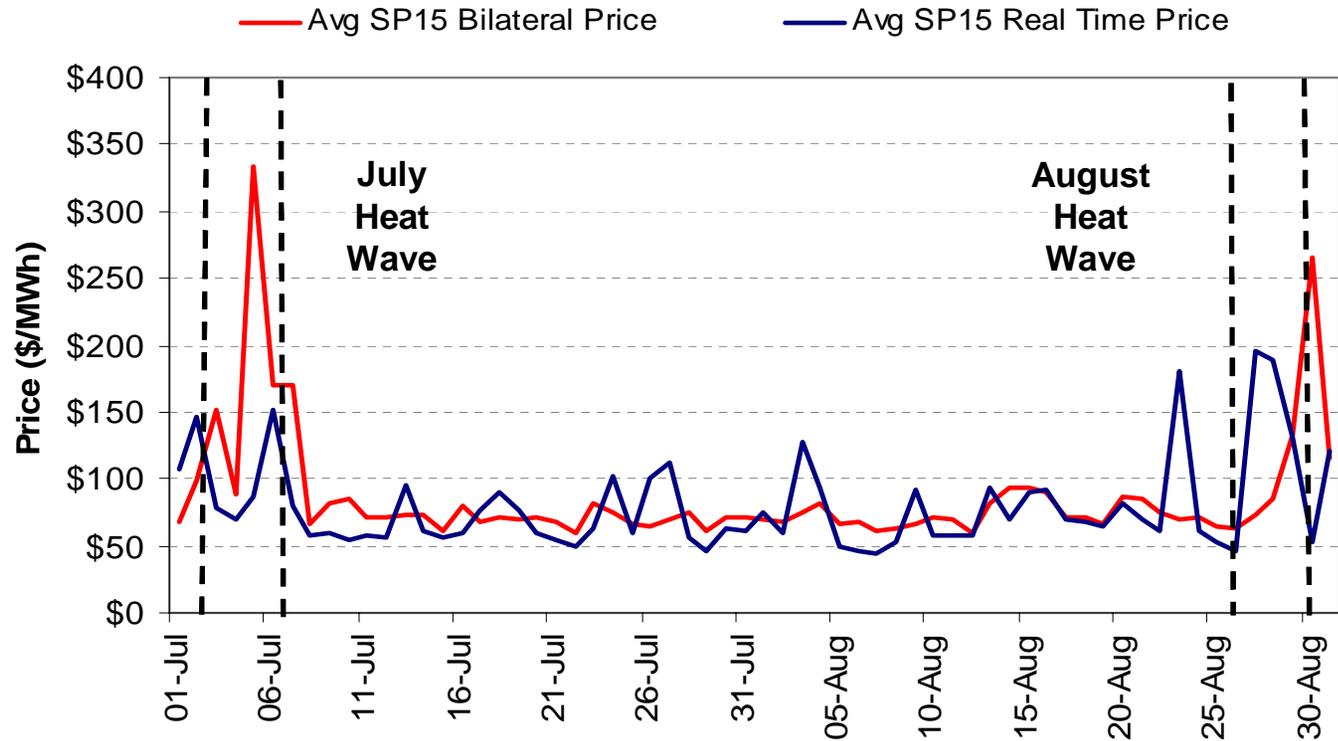
- Lower peak loads helped mitigate potential market impacts of low hydro availability.
- Energy and A/S prices were moderate throughout summer.

Generator Forced Outage Reporting Compliance

- Timely reporting of forced outages helps grid reliability.
- Significant decline in number of late forced outage reports since beginning enforcement on July 1, 2007.

Summer 2007 Market Performance

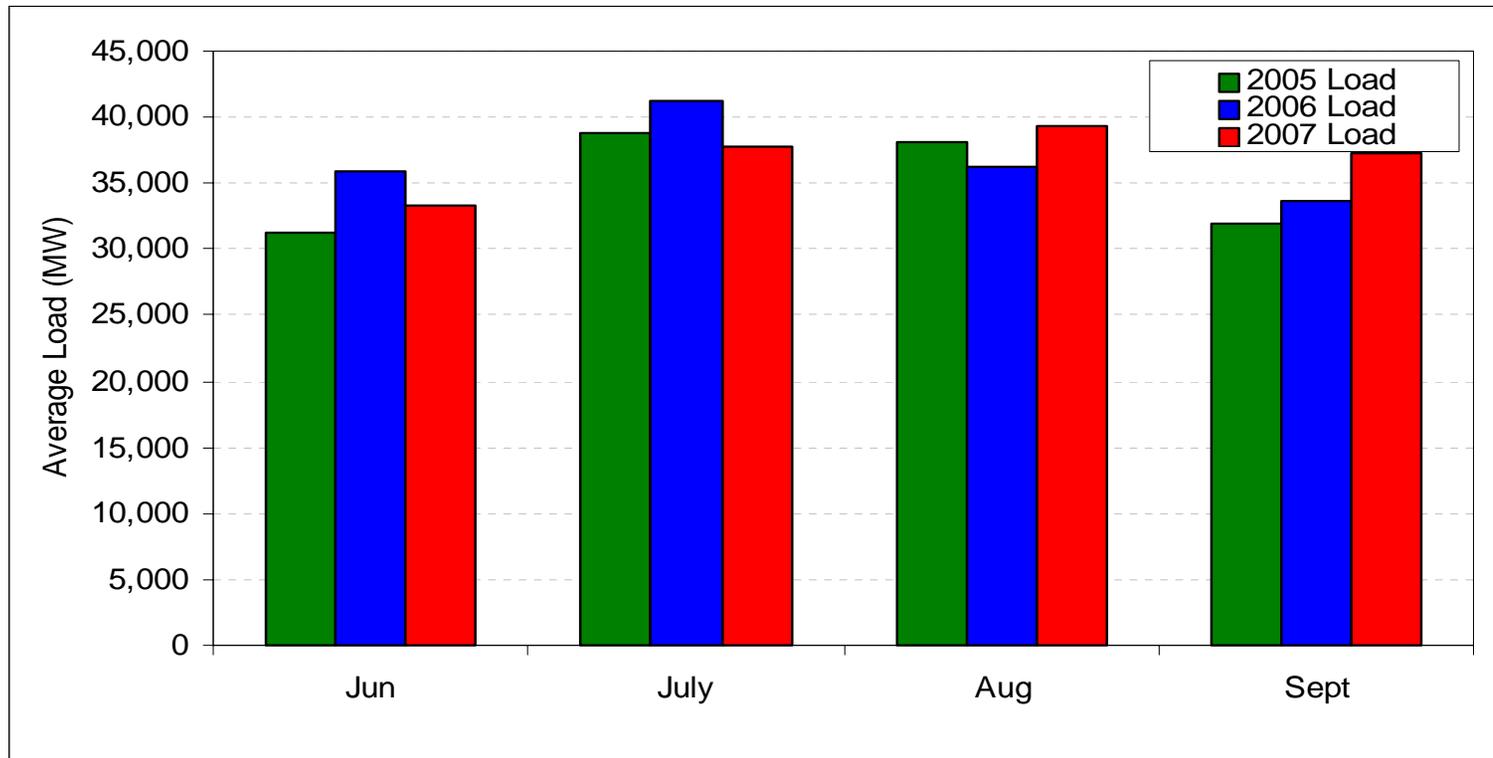
Average Prices for Energy for Super-Peak Hours
July 1 – September 15, 2007



- Imbalance energy prices tracked spot bilateral prices well across summer, including July heat wave.
- Prices not correlated during August heat wave (impact of forecast error on imbalance market).
- Day-ahead A/S prices tracked spot bilateral prices well during high loads (not shown).

Summer 2007 Market Highlights

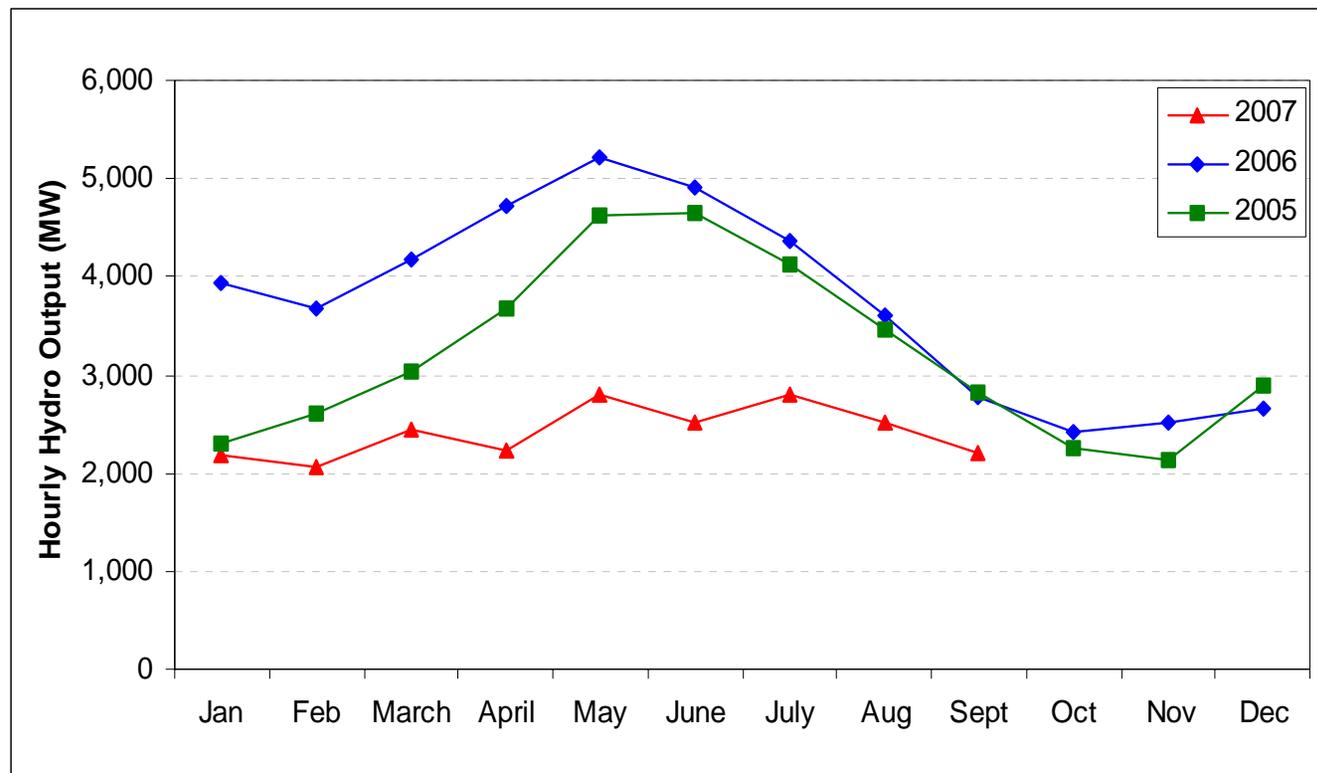
Average Loads for Super Peak Hours (12-18), Jun 1 – Sep 15



- Average super peak loads in July 2007 were approximately 3,000 MW lower than in 2006.
- Average super peak loads were higher in August and first half of September of 2007

Summer 2007 Market Highlights

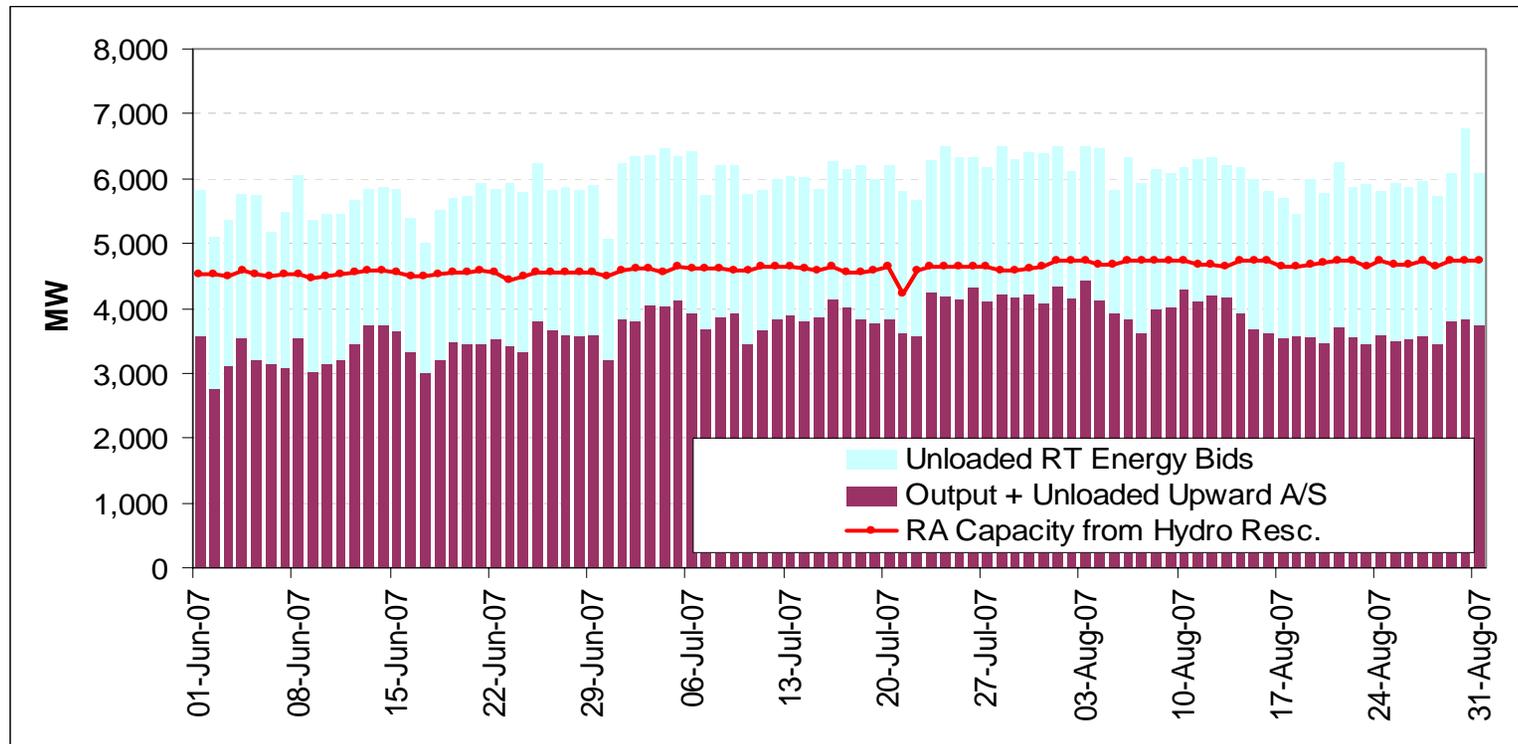
Average Hourly Hydroelectric Output by Month for 2005 - 2007



- Output from hydro resources significantly lower.
- Successive low hydro years may compound limited availability.

Summer 2007 Market Highlights

Peak Hour RA Capacity and Availability from Hydroelectric Units
June – August, 2007



- Roughly 4,500 MW of RA hydro capacity.
- Qualifying capacity dependent upon 1-in-5 dry hydro scenario.
- Counting rule should be reviewed if California experiences another dry hydro year.

Generator Forced Outage Reporting Compliance

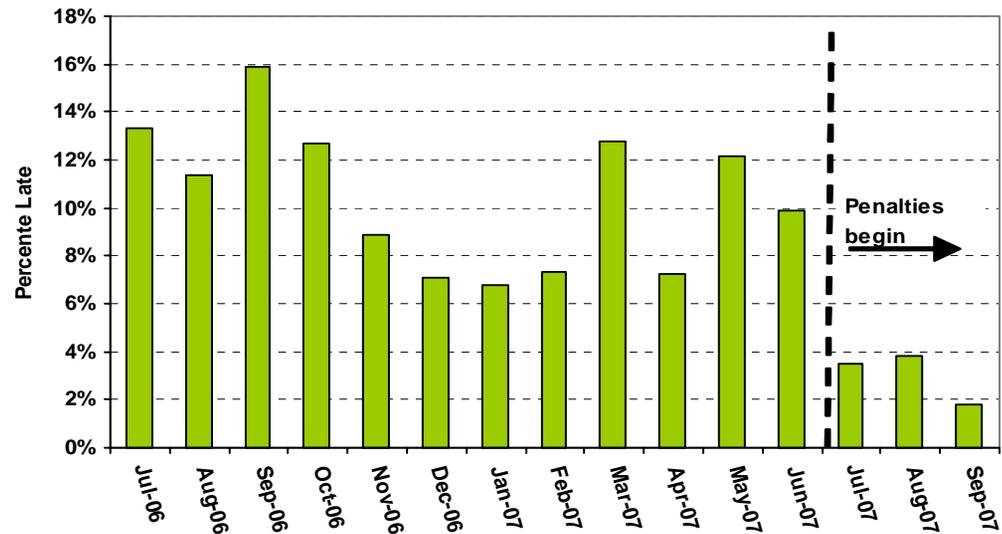
Background

- 🌐 Timely outage reporting required by Grid Operations for reliability management of the grid.
- 🌐 Tariff Amendment filed in October 2006 to enact enforceable outage reporting requirements.
- 🌐 DMM began enforcing requirements on July 1, 2007
 - Forced Outage Reporting within 30 Minutes. Sanctions range from warning letter to \$5,000 per outage.
 - Forced Outage Explanations within Two Days. Penalty for non-compliance is \$500 per day late.

Generator Forced Outage Reporting Compliance

Reporting Within 30 Minutes:

-  Prior to July 2007, 8 to 12 percent of forced outages were not reported within the 30 minute requirement.
-  Less than 4% reported late in July and August.
-  Less than 2% reported late in September.



Explaining Within 2 Days:

-  Prior to July 2007, 30% to 40% of explanations for forced outages were submitted late (or not at all).
-  Non-compliance dropped to 5% in June and 1% in September after penalties went into effect.
-  Explanations now provided for 100% of forced outages.

