



Briefing on Market Performance

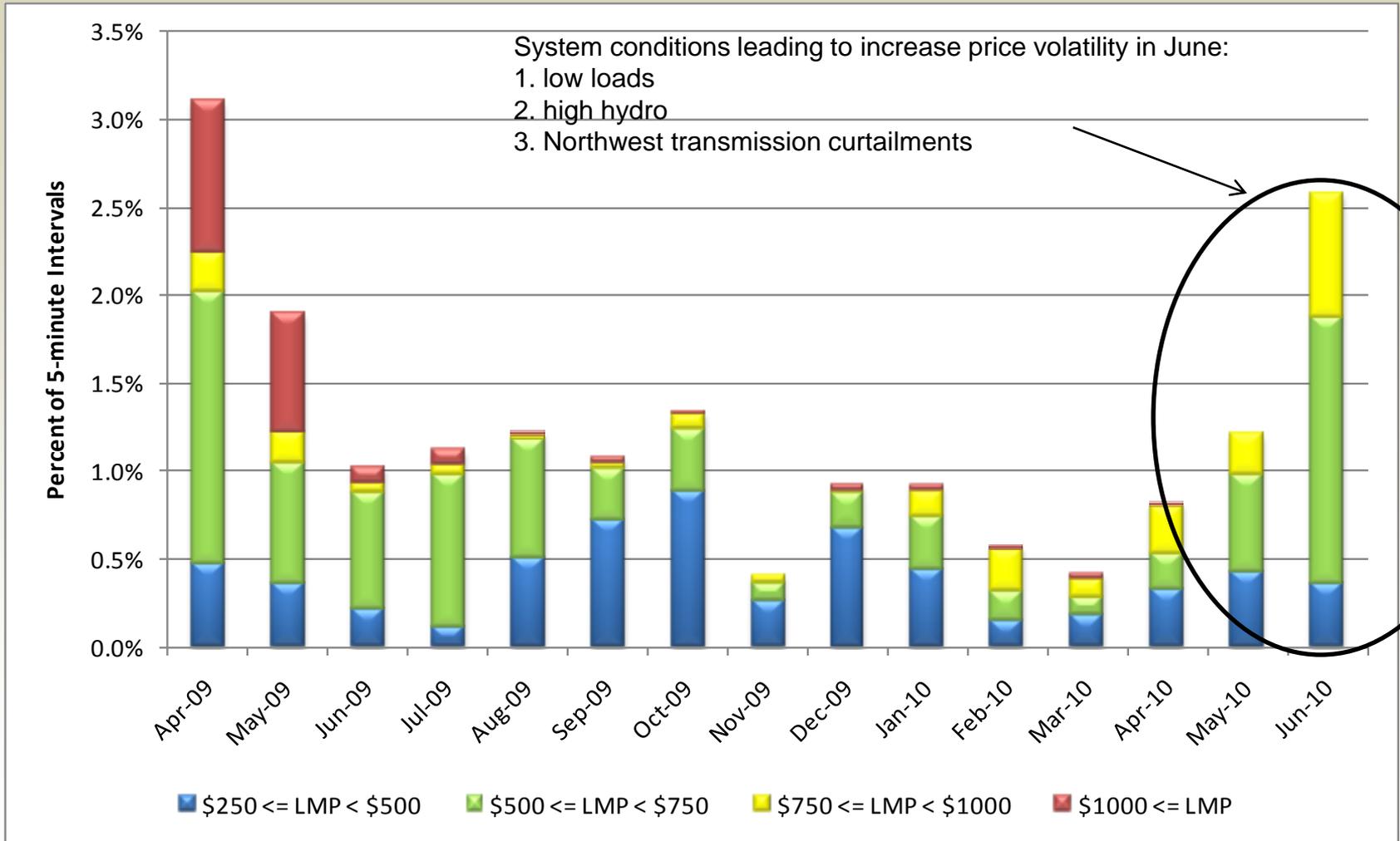
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Board of Governors Meeting
General Session
July 26, 2010

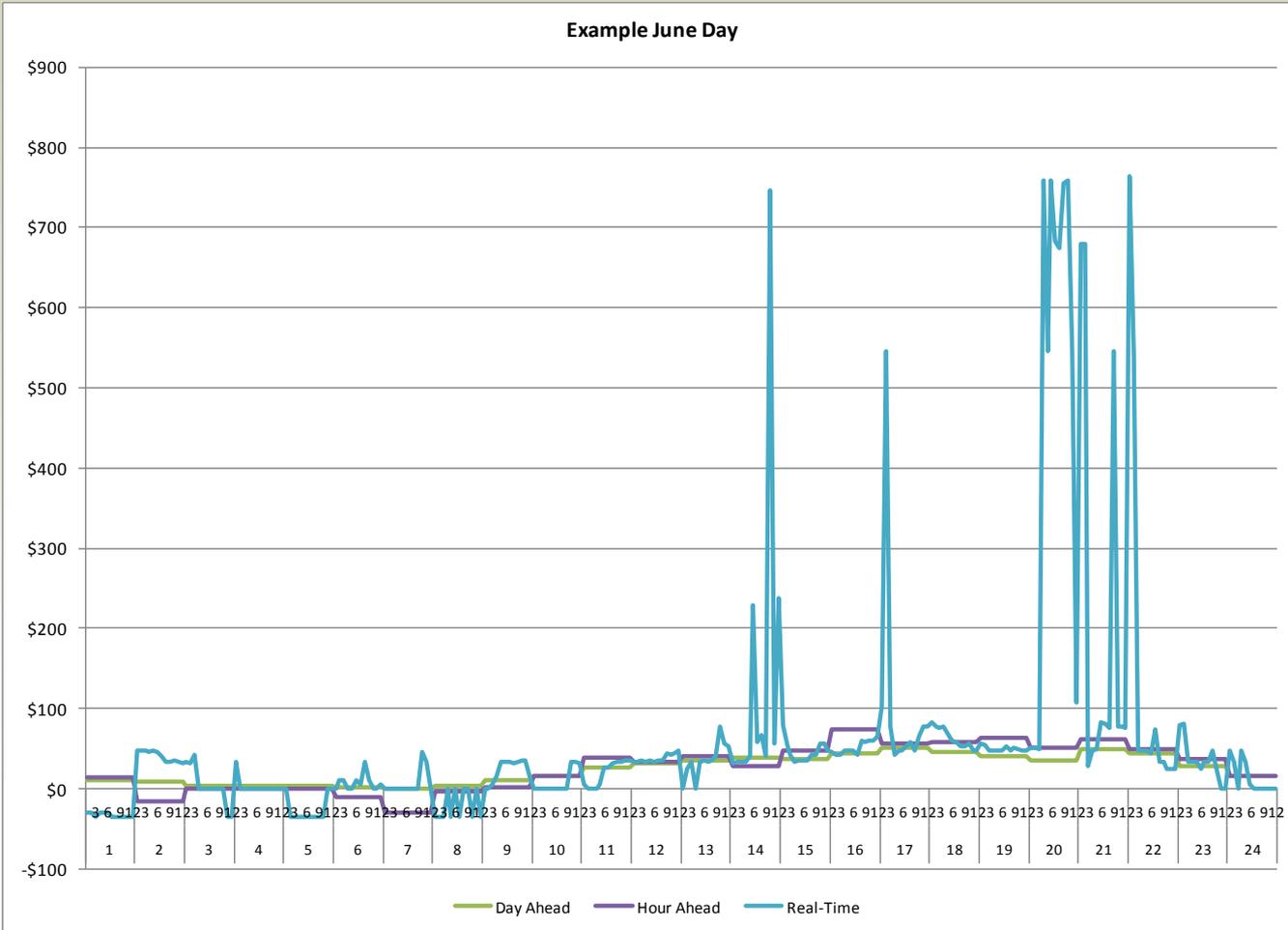
Markets continue to perform well.

- Several areas to highlight include:
 - Prices remain competitive and consistent with market conditions
 - Market results reflect seasonal conditions
 - Exceptional dispatches declined
 - Congestion revenue rights (CRR) adequacy improved
 - Price corrections decreased
- Continued market refinement
 - Price convergence decreased in June
 - Additional dispatch flexibility
 - Load forecasting

Frequency and magnitude of 5-minute price volatility increased in June due to low seasonal online ramping capability.



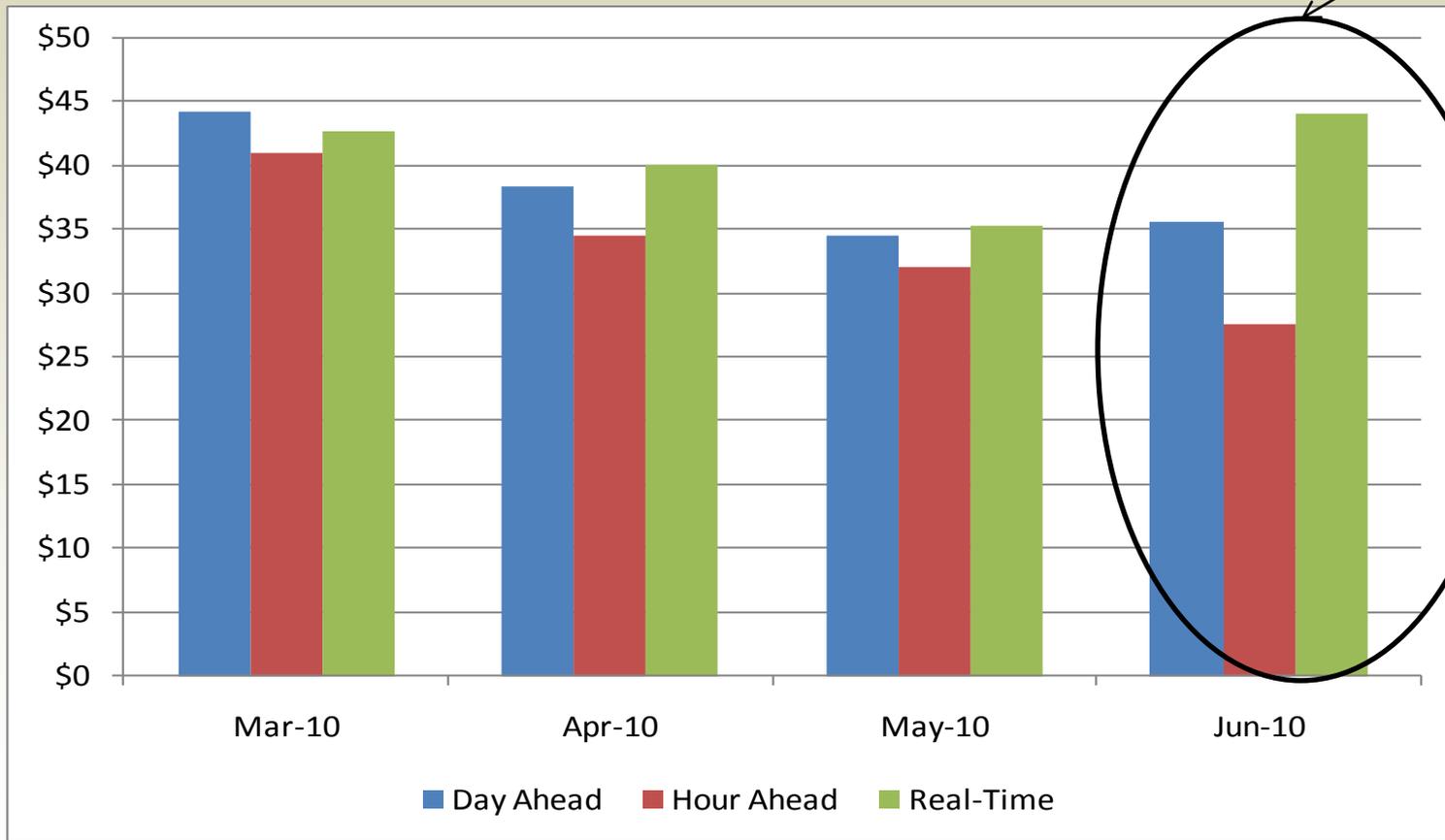
When 5-minute price volatility occurs it is related to system conditions and low seasonal online ramping capability.



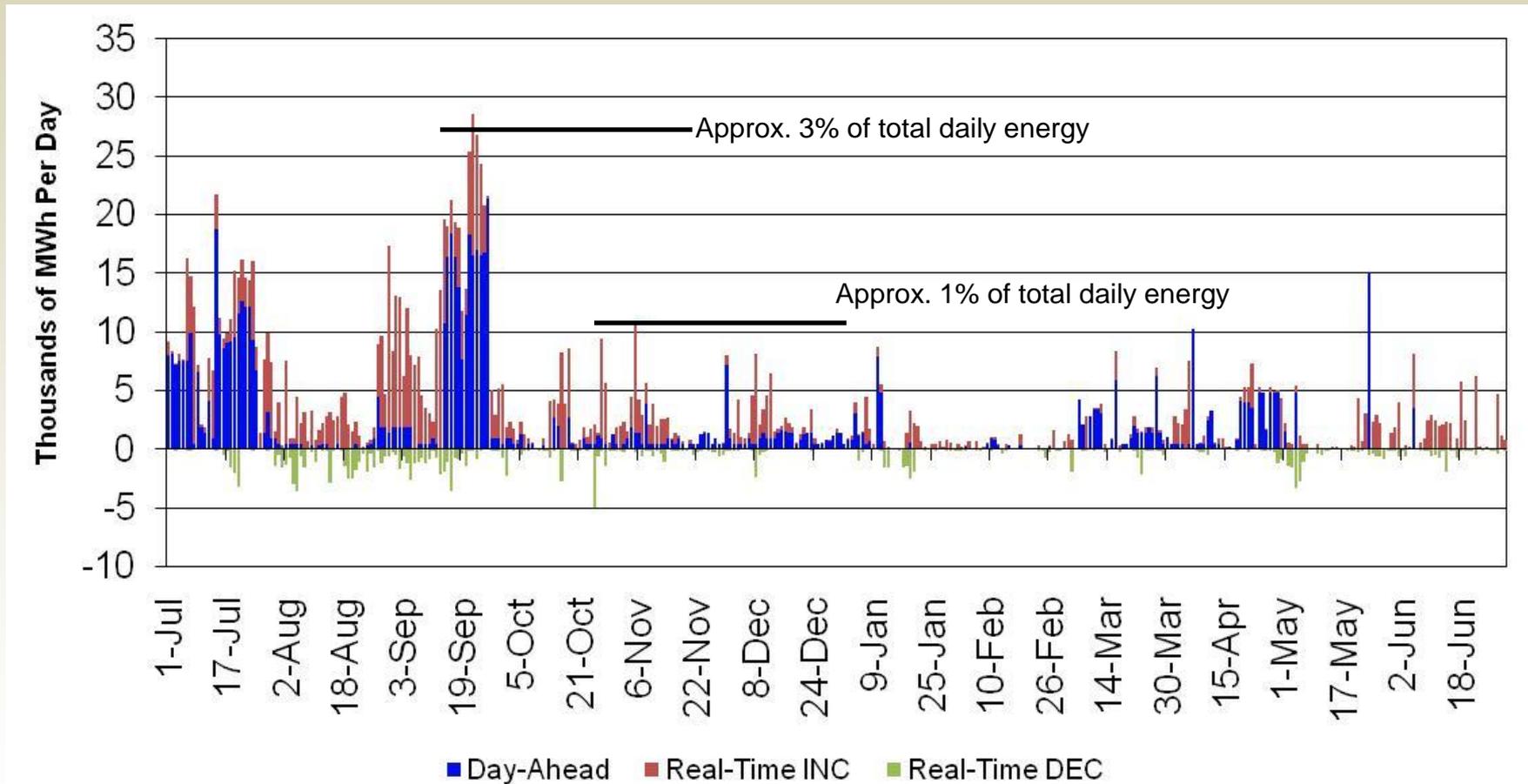
Price convergence between markets declined in June.

Average Hourly PG&E LAP Prices

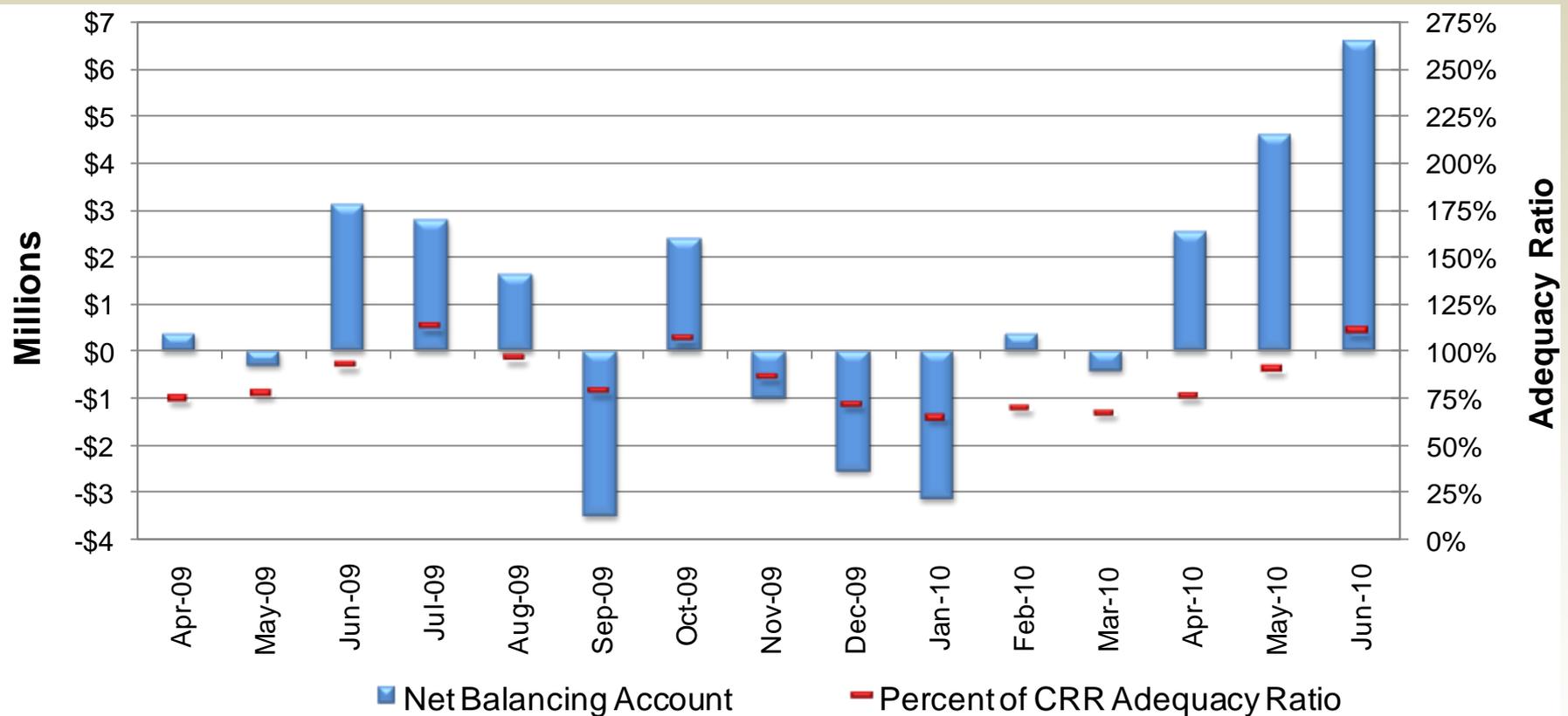
System conditions also result in decreased price convergence



Day ahead exceptional dispatch volumes continue to decrease as more operational constraints are incorporated into the market model.

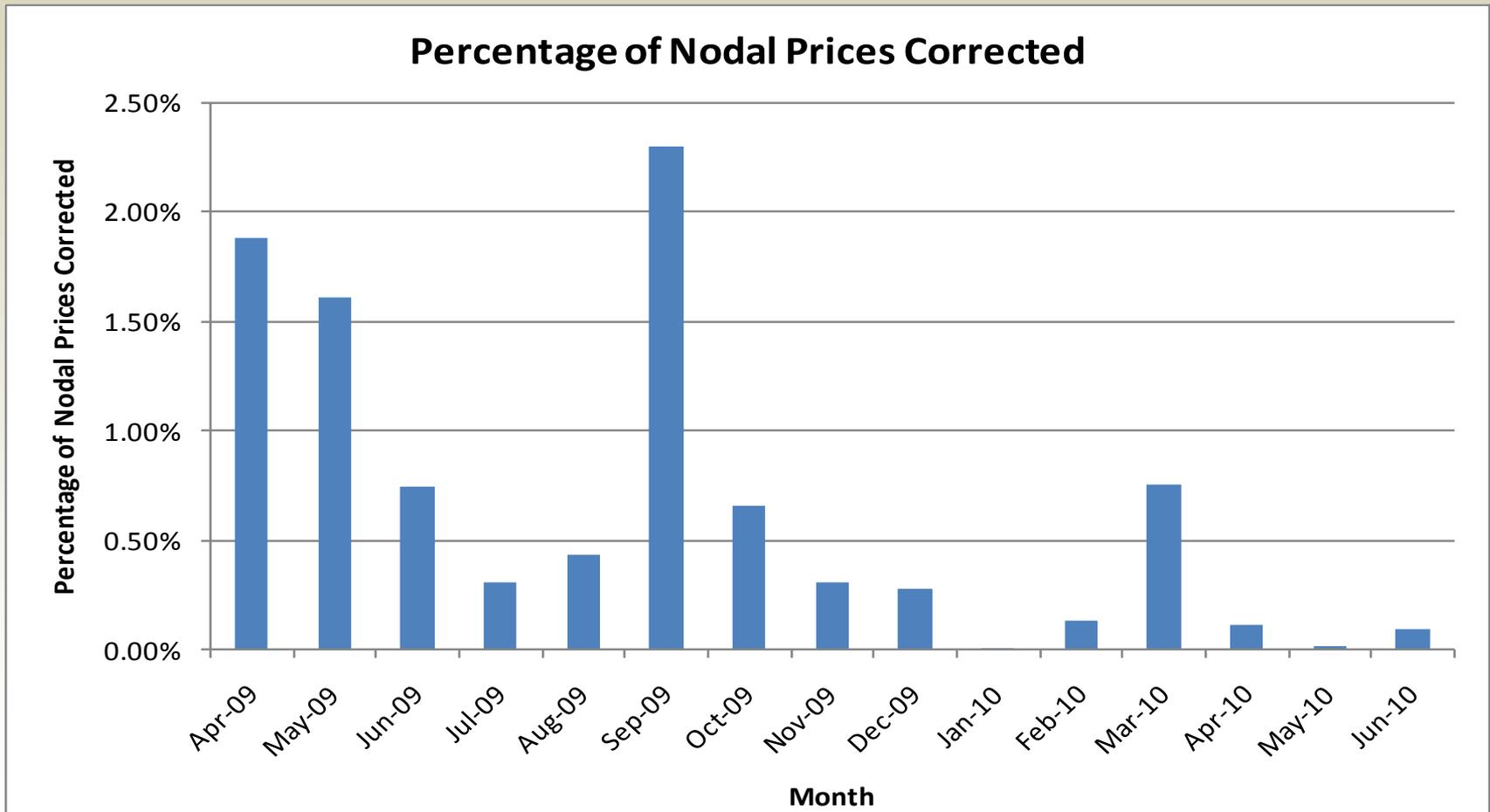


Monthly CRR revenue adequacy continues to be an issue due to unanticipated transmission outages.



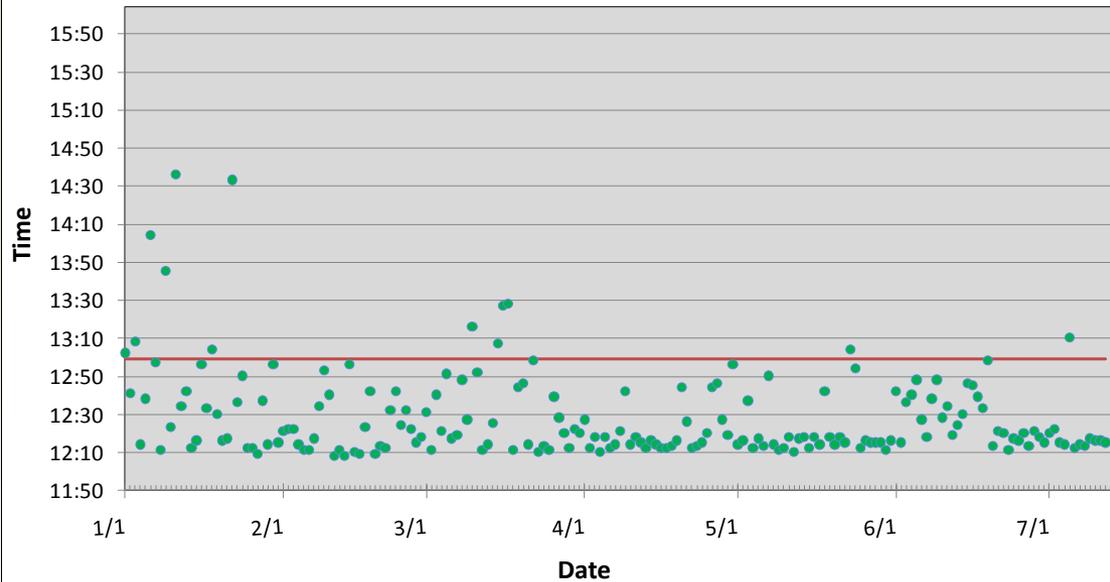
Note: Net balancing account includes auction revenues

Frequency of price corrections continues to decrease.



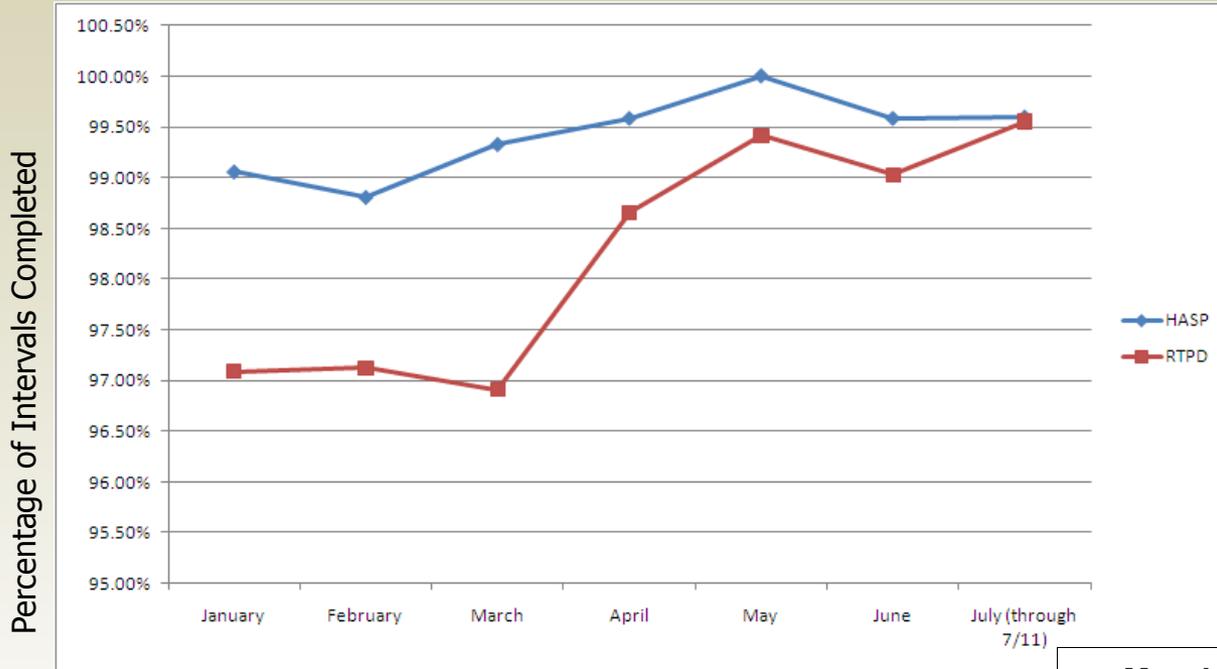
Publishing day-ahead market results has been timely the last three months.

2010 DA Publish Time



Monthly Performance	Day Ahead Market	
	Days On-Time	% Success
January	24	77.42 %
February	28	100.00 %
March	27	87.10 %
April	30	100.00 %
May	30	96.77 %
June	30	100.00 %
July (through 7/11)	10	90.91 %

Real-time market completions have been near 100% over the past three months.



- ◆ Hour Ahead Scheduling Process (HASP)
- Real Time Unit Commitment Process (RTUC)

Monthly Performance	HASP		Other RTPD	
	# Failed	% Success	# Failed	% Success
January	7	99.06%	65	97.09%
February	8	98.81%	58	97.12%
March	5	99.33%	69	96.91%
April	3	99.58%	29	98.66%
May	0	100.00%	13	99.42%
June	3	99.58%	21	99.03%
July (through 7/11)	3	99.60%	10	99.55%

Areas of focus going forward:

- Increase the flexibility of the market to respond to changes in conditions
- Improve load forecasting capabilities
- Improve revenue adequacy for congestion revenue rights
- Reduce need for exceptional dispatch
- Improve market model process and detail