

Market Performance Update

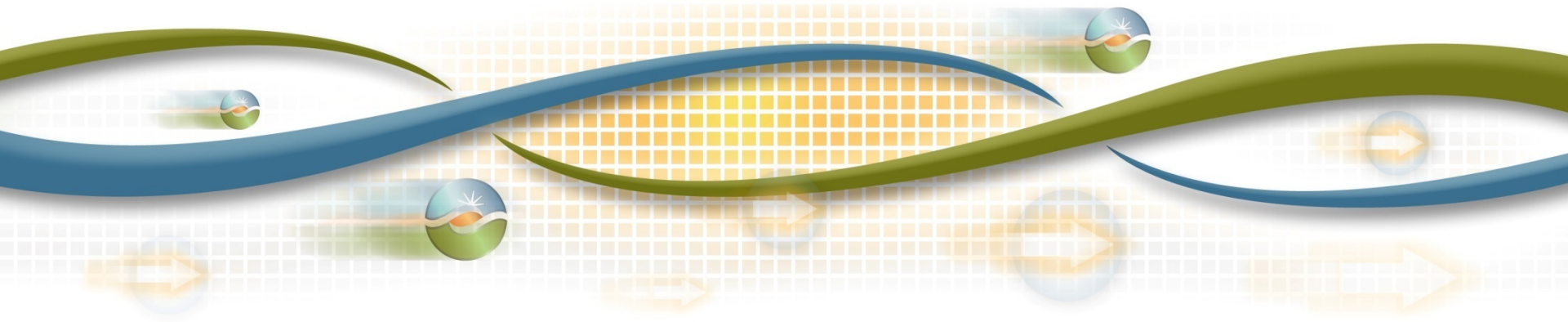
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General Session

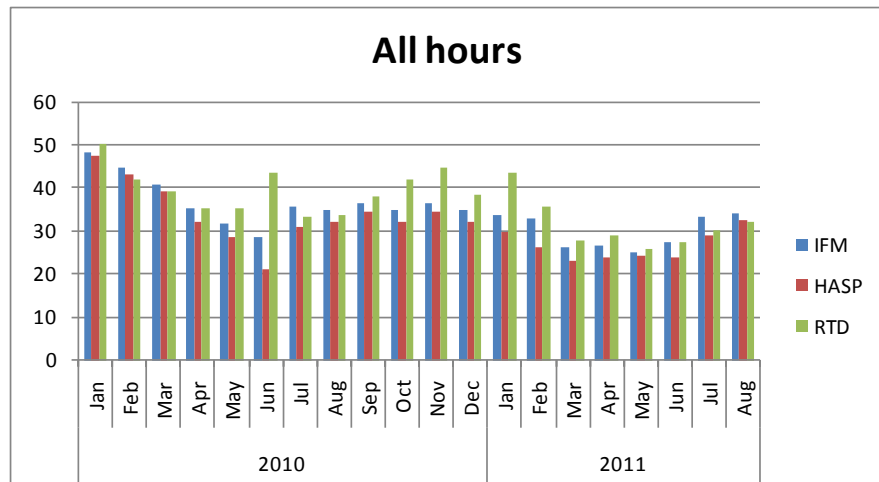
Aug 25-26, 2011



Market performance showed moderate improvements

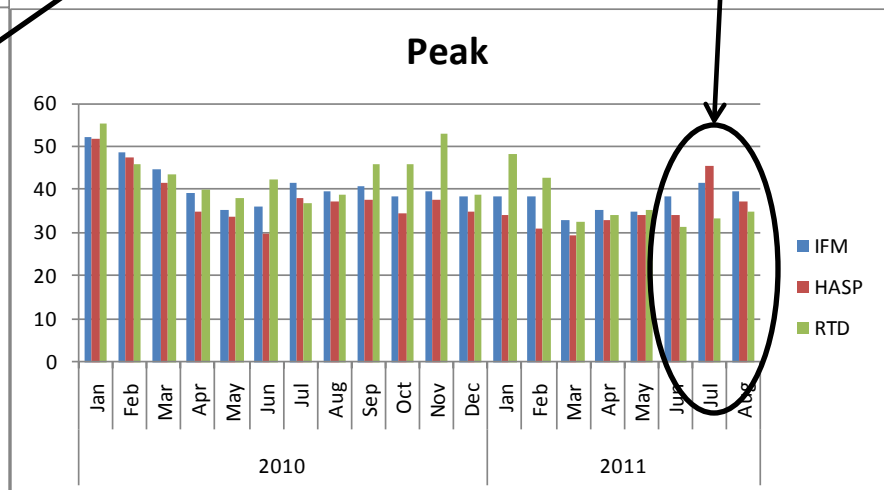
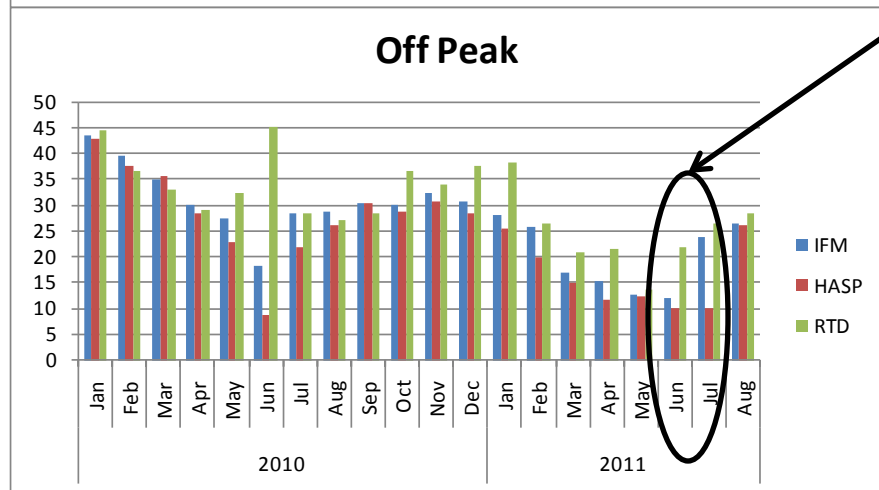
- Average price convergence improved however divergence during off-peak hours increased
- Real-time imbalance offset increased in July
- Bid cost recovery costs reduced after June 22, 2011 tariff amendment
- Exceptional dispatch maintaining at low levels

While daily average price convergence improved, prices diverged in June and July during off-peak and on-peak.



Significant **higher** RTD prices during **off-peak** hours in June and July.

Lower RTD prices during **on-peak** hours in June, July and August



Actions taken to improve hour-ahead and real-time price convergence were partially offset by other factors.

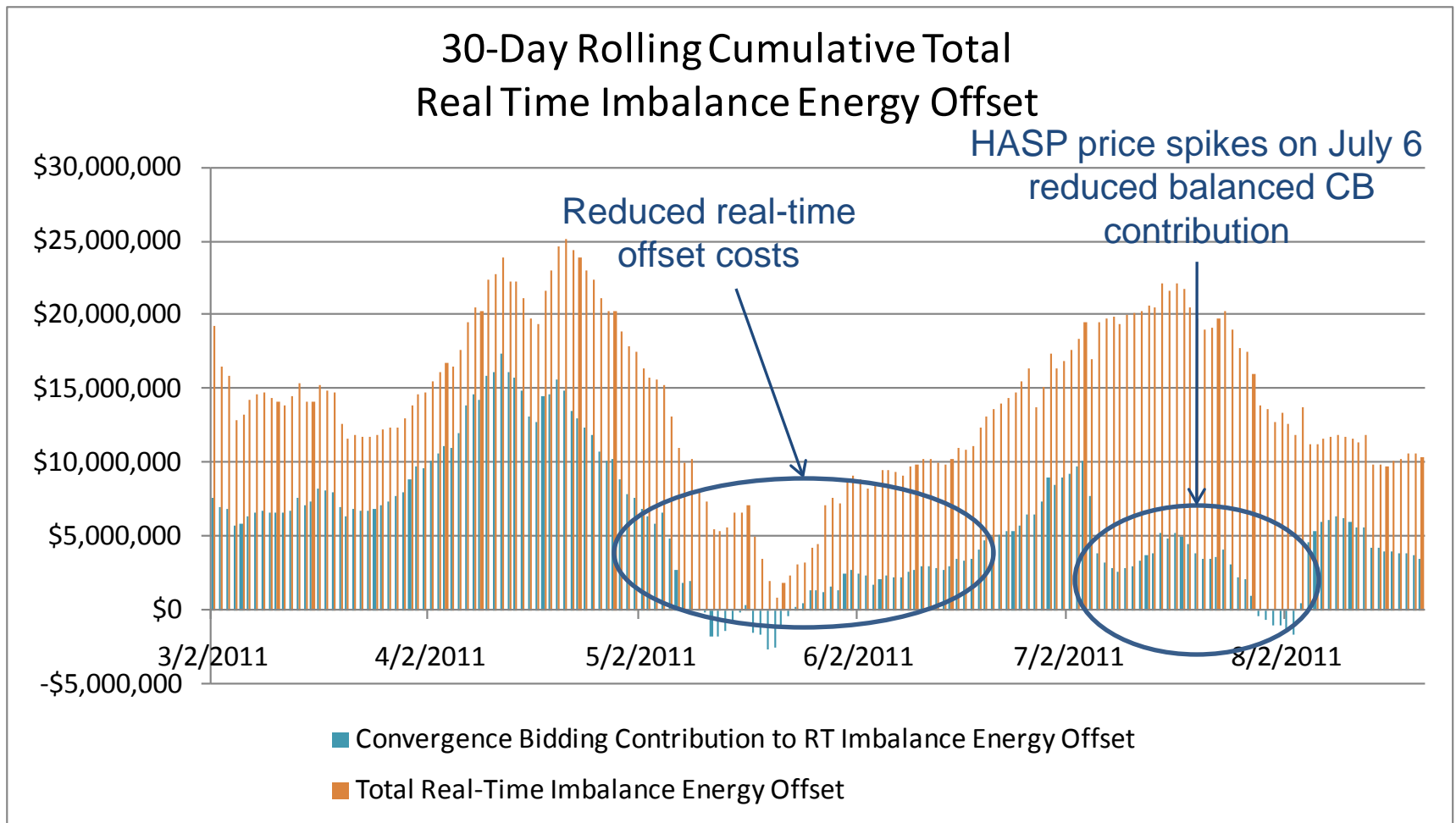
Software/Modeling:

- Automated adjustment to approximate generator shut down profile.
- Enhanced load forecasting in real-time and day-ahead.
- Implemented ancillary service procurement enhancement that better considers ramp limitations.

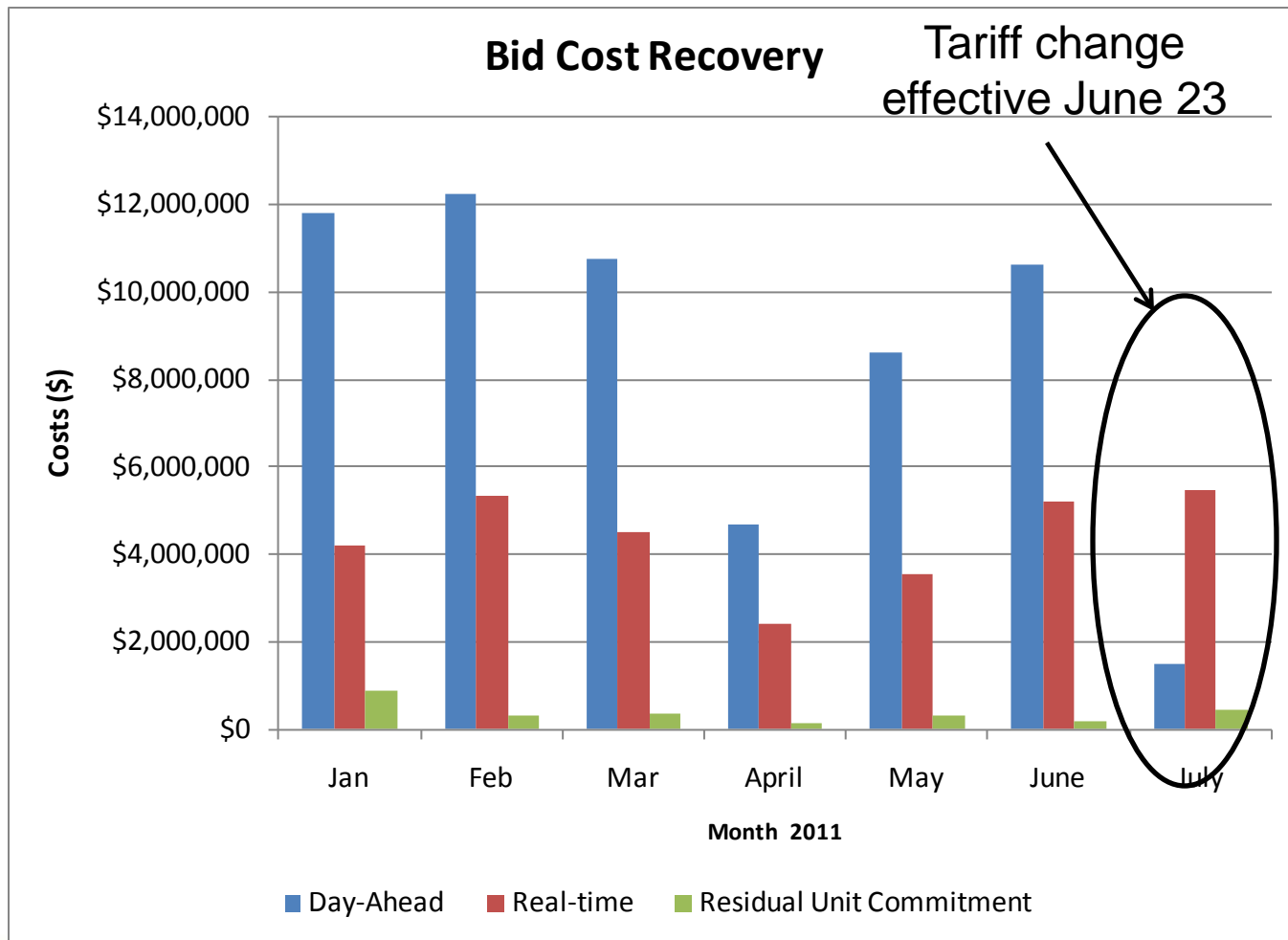
Other contributing factors:

- Resources not delivering expected quantity on time.
- Resources not positioned to respond.

Real-time imbalance energy offset moderated in May but was otherwise high.



Day-ahead bid cost recovery costs reduced in July after filing of bid cost recovery tariff amendment.



The following future improvements are planned:

- Enhance multi-stage generation
- Implement flexi-ramp constraint
- Refine constraint management and parameter tuning
- Automate hour ahead load adjustment
- Improve ramp planning