platts

www.platts.com

Megawatt Daily

Thursday, December 11, 2008

ISO-NE auction secures capacity for 2011-12

ISO New England secured enough resources to maintain reliability, at the floor price of $3.60/kW-month, in its second forward capacity market auction, according to results released late Wednesday.

The auction secured the 32,528 MW the region needs in 2011 to 2012, along with an excess of 4,360 MW.

The ISO began the auction Monday and concluded it Wednesday. Bidding began at $12/kW-month and systematically decreased throughout eight consecutive auction rounds.

"The initial auction results are clear evidence of this market's ability to attract the demand- and supply-side resources needed throughout New England," said Gordon van Welie, ISO

(continued on page 9)

Consultant: ERCOT nodal project 'a bad idea'

An independent consultant to the Electric Reliability Council of Texas says the operator should scrap its plan for a nodal market, citing poor estimates about the complexity and scope of the project.

Speaking December 9 at the regular open meeting of the ERCOT board of directors, Utilicast's Mike Cleary said that controls put in place for the original nodal market plan were inadequate for the magnitude of the project.

"This is very complex and very large compared to what I've seen at other RTOs (regional transmission organizations)," Cleary said. "I don't think it's been done before. In fact, I know it hasn't."

Utilicast was contracted by ERCOT to provide an independent assessment of the revised integrated schedule and associated

(continued on page 10)

Texas, New York top retail market rankings

A ranking of retail power markets in states and Canadian provinces offering customer choice has Texas and New York on top based on several criteria, including default service for customers that do not buy power from competitive suppliers, the Energy Retailers Research Consortium said Wednesday.

The rankings are good for industry and regulators to have as a yardstick to compare market designs in different jurisdictions, said Pat Wood, a co-sponsor of the study and former chairman of the Federal Energy Regulatory Commission and Texas Public Utility Commission.

While states like Michigan and Ohio have dropped in their rankings compared with a year or two ago, others, such as Illinois and states in the Northeast, have improved their scores,

(continued on page 10)

Day-ahead markets for delivery Dec 11 ($/MWh)

ERCOT	Index	Change	Range	Deals	Volume	Avg $/Mo
On-peak						
ERCOT	45.76	1.00	44.15-46.50	25	1,250	35.14
ERCOT, North	47.23	1.02	45.40-48.50	100	5,575	44.67
ERCOT, Houston	47.24	1.04	46.60-48.25	19	1,025	45.79
ERCOT, West	46.75	1.84	46.75-46.75	N.A.	N.A.	35.99
ERCOT, South	47.41	1.40	46.00-48.05	23	1,300	45.75
Off-Peak						
ERCOT	38.94	8.62	38.00-39.75	7	600	22.08
ERCOT, North	39.40	0.23	38.00-40.50	53	3,700	32.33
ERCOT, Houston	39.43	0.18	38.00-40.00	19	1,000	32.81
ERCOT, West	38.75	3.25	38.75-38.75	N.A.	N.A.	24.02
ERCOT, South	38.95	-0.19	37.95-41.00	20	2,225	32.82

Southeast	Index	Change	Range	Deals	Volume	Avg $/Mo
On-peak						
VACAR	46.50	-0.50	46.50-46.50	N.A.	N.A.	51.31
Southern, into	43.75	-1.25	43.75-43.75	N.A.	N.A.	50.50
Florida	46.00	-2.00	46.00-46.00	N.A.	N.A.	55.36
TVA, into	48.00	1.50	48.00-48.00	N.A.	N.A.	52.17
Entergy, into	41.00	1.50	41.00-41.00	N.A.	N.A.	46.92
Off-Peak						
VACAR	31.75	1.00	31.75-31.75	N.A.	N.A.	32.89
Southern, into	33.25	1.50	33.25-33.25	N.A.	N.A.	37.19
Florida	32.00	3.25	32.00-32.00	N.A.	N.A.	35.03
TVA, into	33.00	3.25	33.00-33.00	N.A.	N.A.	37.08
Entergy, into	33.00	3.00	33.00-33.00	N.A.	N.A.	31.11

West	Index	Change	Range	Deals	Volume	Avg $/Mo
On-peak						
COB	56.82	4.91	56.00-57.25	32	975	52.10
Mid-C	54.02	4.67	52.75-57.25	181	5,225	49.31
Palo Verde	47.73	5.15	46.00-52.25	68	1,775	45.02
Mead	50.67	4.32	49.90-51.50	17	425	48.41
Mona	46.00	3.25	46.00-46.00	N.A.	N.A.	42.33
Four Corners	46.50	5.00	46.50-46.50	N.A.	N.A.	42.70
NP15	57.67	5.45	56.50-58.50	108	3,550	53.63
SP15	57.24	5.65	55.50-60.75	164	4,425	53.36
Off-Peak						
COB	45.70	2.89	45.25-46.00	9	250	43.02
Mid-C	45.39	2.91	44.00-46.00	72	1,875	42.38
Palo Verde	37.04	4.07	36.00-38.50	19	550	34.48
Mead	39.59	4.84	38.75-40.50	6	275	37.36
Mona	31.00	1.00	31.00-31.00	N.A.	N.A.	30.48
Four Corners	31.00	3.00	31.00-31.00	N.A.	N.A.	27.21
NP15	42.57	2.33	41.75-43.50	58	2,400	41.31
SP15	40.07	4.38	37.50-42.00	54	1,475	39.23

Northeast	Index	Change	Range	Deals	Volume	Avg $/Mo
On-peak						
Mass Hub	63.25	4.25	63.25-63.25	N.A.	N.A.	65.14
N.Y. Zone-G	66.00	1.75	66.00-66.00	N.A.	N.A.	70.97
N.Y. Zone-J	70.75	0.75	70.75-70.75	N.A.	N.A.	79.42
N.Y. Zone-A	54.50	0.25	54.50-54.50	N.A.	N.A.	52.36
Ontario*	66.00	9.00	66.00-66.00	N.A.	N.A.	64.44
Off-Peak						
Mass Hub	47.00	-1.00	47.00-47.00	N.A.	N.A.	51.31
N.Y. Zone-G	44.75	-0.25	44.75-44.75	N.A.	N.A.	50.97
N.Y. Zone-J	45.00	-0.50	45.00-45.00	N.A.	N.A.	51.72
N.Y. Zone-A	38.00	-1.00	38.00-38.00	N.A.	N.A.	42.28
Ontario	39.00	-1.00	39.00-39.00	N.A.	N.A.	39.89

(continued on page 2)

MARKET WRAP

EAST MARKETS

Colder weather pushes dailies up; terms mixed

Outlooks for colder weather in the East and expectations for higher demand sent power prices for Thursday delivery higher, while forwards in the region struggled for direction even as the January NYMEX gas contract settled 10.7 cents higher at $5.686/MMBtu.

Northeast dailies moved higher as much colder weather was forecast for today, pushing demand and spot gas prices higher. Weather forecasts were calling for highs to range from 30 in Rochester, New York, to 44 in New York City. New York ISO forecast peak demand to climb 1.6% to 22,582 MW. ISO New England forecast peak demand at $19,200 MW, 6% higher than Wednesday's forecast. Tennessee, zone 6 delivered spot gas was 48 cents higher, trading just under $7/MMBtu on average on the IntercontinentalExchange. Transco zone 6, New York spot gas gained about 46 cents, trading near $6.98/MMBtu on average. New York Zone-A dailies moved 25 cents higher, trading near $54.50/MWh on ICE. Zone-G dailies were about $1 stronger at $65.25/MWh. Zone-J dailies were limited to a 75-cent increase to $70.75/MWh.

For-Friday, bal-week, packages were bid at $54 and offered at $57/MWh in Zone-A. Zone-G bal-week was bid at $65.25 and

Day-ahead markets for delivery Dec 11 ($/MWh)

PJM	Index	Change	Range	Deals	Volume	Avg $/Mo
On-peak						
PJM West	60.25	7.50	60.25-60.25	N.A.	N.A.	63.61
Dominion Hub	61.00	8.25	61.00-61.00	N.A.	N.A.	64.50
AD Hub	50.00	3.75	50.00-50.00	N.A.	N.A.	52.22
NI Hub	48.00	4.00	48.00-48.00	N.A.	N.A.	50.22
Off-Peak						
PJM West	39.50	4.25	39.50-39.50	N.A.	N.A.	48.97
Dominion Hub	39.50	4.75	39.50-39.50	N.A.	N.A.	51.33
AD Hub	34.00	3.75	34.00-34.00	N.A.	N.A.	37.67
NI Hub	35.00	7.25	35.00-35.00	N.A.	N.A.	32.78
MISO	**Index**	**Change**	**Range**	**Deals**	**Volume**	**Avg $/Mo**
On-peak						
Michigan Hub	51.25	1.25	51.25-51.25	N.A.	N.A.	54.69
First Energy Hub	49.25	1.50	49.25-49.25	N.A.	N.A.	50.50
Cinergy Hub	48.50	1.00	48.50-48.50	N.A.	N.A.	52.39
Illinois Hub	46.50	9.75	46.50-46.50	N.A.	N.A.	37.69
Minnesota Hub	62.00	2.75	62.00-62.00	N.A.	N.A.	56.56
Off-Peak						
Michigan Hub	31.50	2.00	31.50-31.50	N.A.	N.A.	35.42
First Energy Hub	31.00	2.25	31.00-31.00	N.A.	N.A.	33.08
Cinergy Hub	31.50	1.50	31.50-31.50	N.A.	N.A.	35.06
Illinois Hub	23.25	9.00	23.25-23.25	N.A.	N.A.	16.97
Minnesota Hub	43.25	7.25	43.25-43.25	N.A.	N.A.	30.17
SPP/MRO	**Index**	**Change**	**Range**	**Deals**	**Volume**	**Avg $/Mo**
On-peak						
MAPP, South	50.00	-8.00	50.00-50.00	N.A.	N.A.	54.44
SPP, North	48.00	-9.00	48.00-48.00	N.A.	N.A.	53.67
Off-Peak						
MAPP, South	37.00	-4.00	37.00-37.00	N.A.	N.A.	34.19
SPP, North	35.50	-4.50	35.50-35.50	N.A.	N.A.	33.61

**Ontario prices are in Canadian dollars*

platts Megawatt Daily

Volume 13, Issue 239 — December 11, 2008

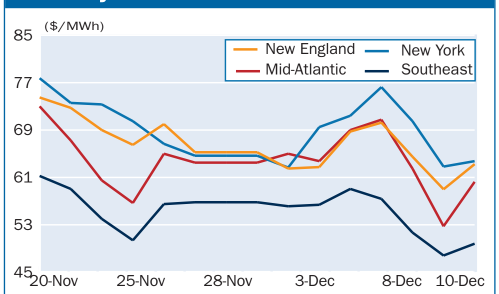
ISSN: 1088-4319

offered at $68/MWh. Weather forecasts for Friday were calling for highs to remain in the 30s and 40s. Next-week packages for December 15-19 were flat to slightly lower in the New York zones. Zone-A next-week had a few trades done at $52/MWh, $1 lower than Tuesday's offer. In early December, the weekly package traded considerably higher at $61/MWh. Zone-G traded at $65/MWh, within the bid-offer spread seen Tuesday on ICE. The December 22-26 weekly package moved 50 cents higher in Zone-A, trading at $50/MWh on ICE. Bids for the Zone-G weekly package gained $1.50 to $61.50 and offers gained $1.50 to $65.50/MWh.

Bal-month (Dec. 12-31) was also slightly lower than a day earlier. Zone-A bal-month was bid $1.25 lower at $50.50 and offered 50 cents lower at $53/MWh. Zone-G was bid flat at $63 and offered $1 higher at $67.50/MWh.

New England Mass Hub dailies moved about $4.25 higher, trading near $63.25/MWh on ICE. Balance-of-the-week was bid at $63 and offered at $66/MWh. Highs in Boston were forecast at 39 today, 27 degrees below Wednesday's forecast high. On Friday, the high was expected to move up a few degrees to 42. Next-week packages were exchanged at $61.50/MWh, steady with a day earlier but $13.50 lower than trades done in early December at $75/MWh. December 22-26 traded at $61/MWh, near Tuesday's offers. The December 29 through January 2 weekly package traded at $63/MWh, also near offers seen on Tuesday. Balance-of-the-month (December 12-31) bids were up $1 at $61 and offers were up $1.50 at $63.50/MWh.

East day-ahead markets



Note: Based on averages from each region

Northeast forwards were mixed Wednesday despite sharp gains in NYMEX gas. January NYMEX gas was up around 11 cent to about $5.69/MMBtu. Power trading on ICE was active with a focus on May and June 2009 packages. Mass Hub on peak financial swaps were flat with bids at $72.75 and offers at $74/MW on ICE as of 2:30 pm EST. Mass Hub spring on-peak swaps came gained over $1 to $64.25 and summer financial swaps lost 50 cents to $75/MWh. New York Zone-A on-peak winter was down 25 cents to $56.50 and New York Zone-G winter 50 cents to $74.75/MWh.

A predicted increase in peak demand pushed up Mid-Atlantic dailies during Wednesday trading. The PJM Interconnection predicted an 8% increase in peak load from Wednesday to Thursday. Forecasts for today called for highs ranging from 36 to 46, slightly lower than normal, with overnight lows ranging from 24 to 39. Texas M-3 spot gas traded around $6.80/MMBtu on ICE, 34 cents more than Platts' for-Wednesday index. West Hub day-ahead moved up $7.25 to around $60.25/MWh on ICE. Bal-week gained $3, trading around $63/MWh on ICE. Next-week inched up as well, trading around $55.50/MWh. December 22-26 packages traded up $1 to around $51/MWh. Bal-month traded around $54/MWh on ICE, steady with bids and offers seen Tuesday.

Mid-Atlantic forwards ended the day mostly flat Wednesday despite stronger NYMEX gas. January NYMEX gas gained about 11 cents to $5.690/MMBtu. Power trading on ICE was slow with focus on the first six months. PJM West winter on-peak financial swaps lost 75 cents with bids at $61.50 and offers at $62/MMBtu on ICE at about 2:30 pm EST. PJM West spring 2009 was flat at $57.75 and summer also finished unchanged at $78/MWh.

The Southeast market saw interest for both day-ahead and near-term packages, with most prices trimming back from Tuesday's levels seen on the ICE platform. Like in nearby regions, the decline was credited to moderate weather conditions forecast for the weekend and into next week. Weather outlooks showed high temperatures ranging from the low 40s to low 60s in most of the Southeast today, with some areas seeing much warmer weather. Temperatures were expected to fluctuate by about 5 degrees or so during the next few days, ultimately averaging near normal by Sunday. Into Southern

Generation unit outage report

East

Plant/Operator	Cap	Fuel	State	Status	Return	Shut
Bruce-3/Bruce Power Gen	750	n	Ont.	MO	Unk	12/09/08
Oconee-2/Duke	846	n	S.C.	PM/RF	Unk	10/25/08
Oyster Creek/ Exelon	650	n	N.J.	MO	Unk	11/28/08
Pickering-4/Ontario Power Gen	440	n	Ont.	MO	Unk	12/09/08
Pickering-5/Ontario Power Gen	560	n	Ont.	MO	Unk	12/04/08

Central

Plant/Operator	Cap	Fuel	State	Status	Return	Shut
Arkansas-1/Entergy	912	n	Ark.	RF	Unk	10/27/08
Cook - 1/AEP	1,026	n	Mich.	MO	Unk	09/20/08
Point Beach-1/FPL Energy	518	n	Wis.	MO	Unk	10/06/08
Prairie Creek/Alliant Energy	185	c	Iowa	MO	2009-Q1	06/13/08
Sixth Street/Alliant Energy	55	c	Iowa	MO	2009-Q3/Q4	06/12/08

West

Plant/Operator	Cap	Fuel	State	Status	Return	Shut
Alamitos-3/AES	332	g	Calif.	MO	Unk.	12/03/08
Colgate-1/PG&E	177	h	Calif.	PMO	Unk.	10/01/08
Colgate-2/PG&E	176	h	Calif.	PMO	Unk.	10/01/08
Gateway/PG&E	590	g	Calif.	MO	Unk.	11/16/08
Helms Pump-3/PG&E	404	h	Calif.	PMO	Unk.	09/28/08
Inland Empire-1/Inland	376	g	Calif.	MO	Unk.	08/17/08
Inland Empire-2/Inland	337	g	Calif.	MO	Unk.	08/14/08
La Paloma-1/Complete	260	g	Calif.	MO	Unk.	12/07/08
Morro Bay-3/LS	337	g	Calif.	PMO	Unk.	10/05/08
Palo Verde-2/APS	1,245	n	Ariz.	MO	Unk.	11/22/08
Pine Flat-7/KRCD	210	h	Calif.	MO	Unk.	08/17/08
San Onofre-3/SoCal Ed	1,080	n	Calif.	RF	Unk.	10/13/08
Southbay-4/LS Power	222	g	Calif.	PMO	Unk.	12/01/08

For methodology, see table.

Daily generation outage references

MO	unplanned maintenance outage
PMO	planned maintenance outage
RF	refueling outage
Unk	unknown
OA	offline/available

Fuels: Nuclear=n; Coal=c; Natural gas=g; Hydro=h

Sources: Generation owners, public information and other market sources.

day-ahead prices were up about $1, seen in the mid-$40s/MWh on ICE early Wednesday. Into Southern bal-week started off $2 lower than Tuesday but bounced back, bid at $42 and offered at $48/MWh. Weekend on-peak was bid flat $1 lower at $39 and offered $3 lower at $48/MWh. Next-week eased, bid at $44 and offered at $47/MWh.

Southeast forwards were higher Wednesday amid stronger NYMEX gas which rode the wave of crude futures. Into Southern January and February on-peak physical packages each gained 75 cents to around $49.75 and $49.25/MWh, respectively, with January offered at $50/MWh on ICE. Into Southern spring package also moved up 75 cents to around $47/MWh. In the Tennessee Valley, Into TVA winter on-peak rose 25 cents to around $49.50/MWh, while the spring package tacked on 50 cents to around $47.50/MWh.

CENTRAL MARKETS

Dailies jump; near-terms mixed; forwards rise

Day-ahead prices firmed Wednesday on colder weather while near-term packages were mixed. Most terms rose as the January NYMEX natural gas contract settled 10.7 cents higher at $5.686/MMBtu after following crude prices throughout the day.

Day-ahead prices in the Midwest rebounded on colder weather. Today, weather outlooks called for highs ranging from 24 to 46, with overnight lows ranging from 9 to 28. Chicago city-gates spot gas was steady, trading around $5.79/MMBtu on the IntercontinentalExchange. Cinergy Hub day-ahead prices inched up a $1, to around $48.25/MWh on ICE. Off-peak gained about $2, trading around $30.50/MWh. Balance-of-the-week traded around $47/MWh on ICE, $1 more than trades seen Tuesday. Next-week was bid at $44 and offered at $46/MWh, also steady. Other December weekly packages were bid in the mid-$30s and offered at $38/MWh. Minnesota Hub day-ahead was offered at $62/MWh, with no corresponding bids, $2.75 more than Platts' index.

Also in the Midwest, PJM Interconnection hub day-ahead prices moved up. AEP-Dayton Hub day-ahead was bid at $48 and offered at $52/MWh, compared with Platts' for-Wednesday index of $46.25/MWh. Off-peak traded around $34/MWh, $4 more than Platts' for-Wednesday index. Northern Illinois Hub day-ahead was bid at $46 and offered at $50/MWh, compared with Platts' for-Wednesday index of $44/MWh. Off-peak was bid at $30 and offered at $40/MWh, higher than Platts' for-Wednesday index.

In the Midwest, term markets were also mixed on lack of fresh market news. Cinergy Hub winter on-peak financial swaps fell about 25 cents to $48.50 and the spring was flat at $46.75/MWh. Cinergy Hub summer rose shed 25 cents to $63/MWh. AEP Dayton Hub winter swaps jumped $1.50 to $52.25/MWh.

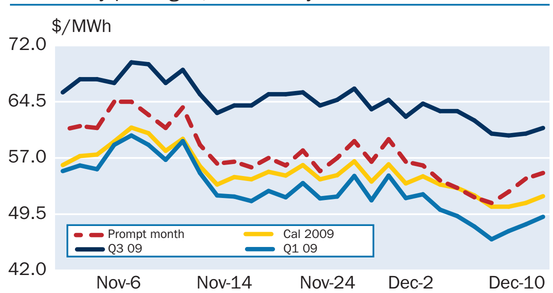
South Central day-ahead prices continued to rise on lingering cold weather, though gains were limited mostly to a couple of dollars as the strongest increases came ahead of the cold front. Texas weather forecasts called for high temperatures ranging from the mid-50s to mid-60s today, averaging near normal for early December. Overnight lows also were expected to be close to seasonable norms, ranging from the upper 20s to mid-30s. Far warmer conditions were expected by the weekend, with outlooks showing highs near 80 in parts of southeast Texas by

Platts-ICE Forward Curve — Electricity, Dec 10 ($/MWh)

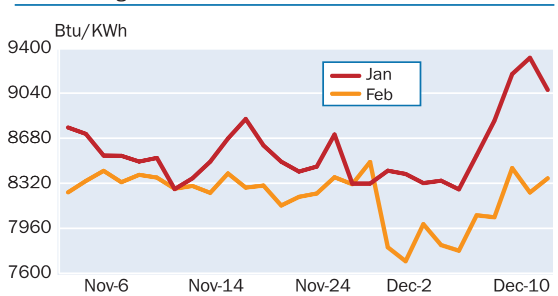
Prompt month:	Jan09
Mass Hub	74.00
N.Y. Zone G	74.50
N.Y. Zone J	91.50
N.Y. Zone A	56.00
Ontario*	65.00
PJM West	61.00
AD Hub	52.75
NI Hub	47.50
Cinergy Hub	50.00
TVA Into	50.25
Southern Into	49.50
Entergy Into	47.00
ERCOT South	43.25
Mid-C	55.00
Palo Verde	44.00
NP15	55.00
SP15	53.75

*Ontario prices are in Canadian dollars

Mid-C: Key packages, last 30 days



Mid-C: Marginal heat rate



Mid-C: Forward curve

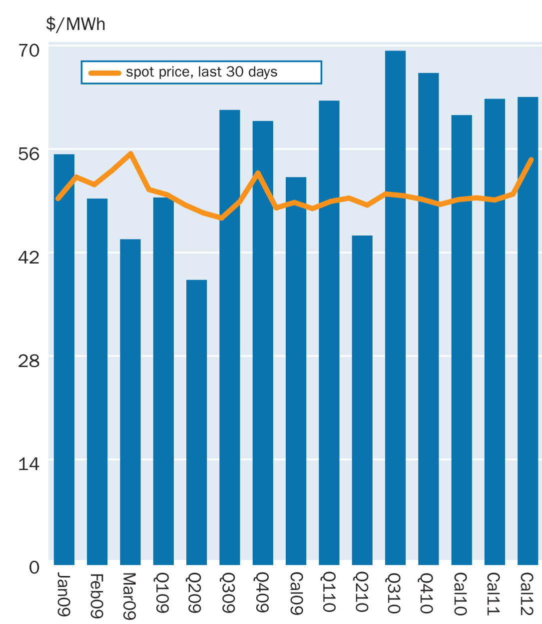
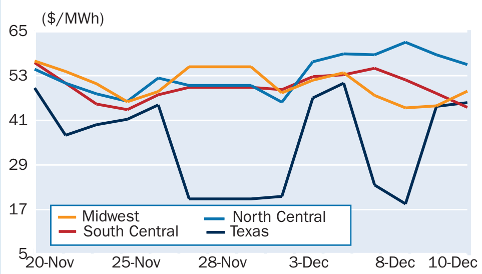


Table and graphs are created using Platts–ICE Forward Curve — Electricity (North America) data. Both on-peak and off-peak electricity forward assessments are available for periods spanning four years. To see a sample and find information on how to subscribe to the full data set go to www.risk.platts.com. For more information about Platts services, please call +1-800-PLATTS8. For editorial questions call Mike Wilczek +202-383-2246 or Eric Wieser +202-383-2092

Central day-ahead markets



Note: Based on averages from each region

Sunday, some 15 degrees above normal. The cold weather was expected to keep ERCOT load propped up, with peak load expected to climb about 1,650 MW to 45,447 MW this morning. Friday's peak load was projected at 41,421 MW and again was expected to occur in the morning.

ERCOT day-ahead packages traded in the mid- to high $40s/MWh on ICE. Off-peak packages traded in the high $30s/MWh to low $40s/MWh, also up slightly from the previous day. Near-term prices fell across the board with the expected return to mild conditions. North zone next-week was bid at $40 and offered at $45/MWh on ICE. Balance-of-the-month was bid $2.50 lower at $37.50 on offers at $42/MWh. Seller's choice weekend on-peak was offered at $38/MWh. Daily prices in neighboring Entergy registered more significant gains as some areas were expected to see a drop in temperatures. Outlooks showed highs in the upper 40s to mid-50s today, down 12 degrees from Wednesday's expected high in New Orleans and 17 degrees below normal. Far milder conditions were forecast for the weekend. Into Entergy day-ahead traded up about $5.50 to the low to mid-$40s/MWh on ICE. Bal-week tightened a bit from Tuesday, bid up $1 at $41 and offered $3 lower at $45/MWh. Next-week bids fell 50 cents to $40 and offers climbed $1.50 to $43/MWh.

South central forwards climbed as NYMEX gas made gains on the back of a stronger petroleum complex. January NYMEX gas was 11 cents higher to around $5.69/MMBtu. South central Power trading was thin on ICE at 2:30 pm EST. ERCOT South zone January and February on-peak physical packages rose 75 cents each to around $43.25 and $42.75/MWh, respectively. The South zone spring package was up $1 to around $53.50/MWh. Into Entergy winter on-peak gained 75 cents to around $47/MWh.

WEST MARKETS

Dailies continue to move higher; terms rise

Western on-peak day-ahead power prices on Wednesday continued their relentless rise this week, leaping as much as $5.75 day-over-day in California and shooting up by about $5 in the Southwest and the Northwest.

On-peak prices were propelled higher on forecasts of colder weather and strengthening spot natural gas prices in Wednesday

Near-term markets ($/MWh)

Contract	Transacted	Range
East		
Mass Hub		
Bal-month	12/04	68.75-69.25
Next-week	12/10	61.50-62.50
PJM West		
Bal-week	12/10	63.00-64.00
Bal-week	12/09	60.50-61.50
Bal-week	12/08	62.00-62.75
Bal-week	12/05	62.50-64.00
Bal-month	12/10	54.00-55.00
Next-week	12/09	54.50-55.00
Next-week	12/08	59.75-60.25
Next-week	12/05	62.00-63.00
Next-week	12/04	68.25-69.25
Southern, Into		
Bal-week	12/10	43.75-44.25
Bal-week (off-peak)	12/10	33.75-34.25
Bal-month	12/09	46.75-47.25
Central		
Cinergy Hub		
Bal-week	12/05	53.25-53.75
ERCOT, North		
Next-week	12/10	42.00-43.00
ERCOT, Houston		
Bal-month	12/09	39.75-40.25
Next-week	12/10	45.55-46.05
ERCOT, South		
Bal-month (off-peak)	12/08	30.50-31.00

Contract	Transacted	Range
West		
Mid-C		
Bal-month	12/10	47.25-47.75
Bal-month	12/09	59.50-60.00
Bal-month	12/08	54.50-55.25
Bal-month	12/05	50.00-52.00
Bal-month	12/04	51.00-52.25
Bal-month (off-peak)	12/10	52.75-54.25
Bal-month (off-peak)	12/09	52.25-54.00
Bal-month (off-peak)	12/08	47.00-51.50
Bal-month (off-peak)	12/05	44.00-48.00
Bal-month (off-peak)	12/04	45.25-46.00
NP15		
Bal-month	12/08	52.25-52.75
Bal-month (off-peak)	12/04	43.25-44.00
SP15		
Bal-month	12/08	51.35-51.85

**Ontario prices are in Canadian dollars*

Electricity market coverage

More information about Platts electricity market coverage, explanations of methodology and descriptions of delivery points are available at www.platts.com/Electric Power/Resources/ Methodology & Specifications/.

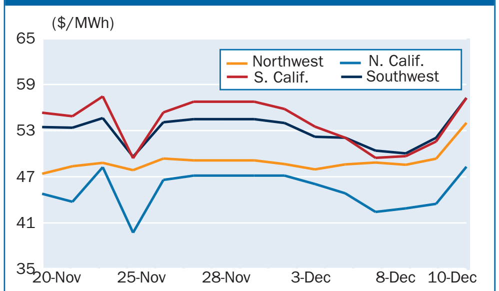
Questions may also be directed to our market editors; Lisa Lawson, (713) 658-3267, lisa_lawson@platts.com and Mike Wilczek, (202) 383-2246, mike_wilczek@platts.com .

morning trades on the IntercontinentalExchange. December on-peak balance-of-the-month prices also moved higher on longer-range forecasts for colder weather to move into much of the West through the end of the month. Bal-month prices shot up as much as about $5 in California, jumped by about $4.50 in the Northwest and shot up about $3.25 in the Southwest Wednesday afternoon. In day-ahead trades for California, NP15 on-peak averaged at about $57.75/MWh and SP15 at $57.25/MWh.

Sacramento was forecast by AccuWeather to reach a high five degrees below average at about 56 today. The California Independent System Operator projected a peak load Wednesday of 31,829 MW, and about 100 MW less today.

The Western Electricity Coordinating Council projected a peak load of 40,241 MW for the California/Mexico border area Wednesday, about 500 MW less than Tuesday's actual average. NP15 on-peak December bal-months were being bid at about $59.50 Wednesday afternoon and offered at around $63.75/MWh, with a deal near $61.25/MWh. SP15 on-peak bal-months were bid at about $58.50 and offered at about $61.25/MWh, with a high of about $61.50/MWh and average deals at $60.25/MWh. In the Southwest, Palo Verde on-peak dailies averaged about $47.50/MWh. Phoenix was expected to reach an above-average high of about 76 today. Total volume traded at Palo on ICE was about 3,150 MW Wednesday morning.

West day-ahead markets



Note: Based on averages from each region

WECC projected peak load in the Rocky Mountain/Desert Southwest region to be 32,136 MW Wednesday. December on-peak bal-months for Palo were being bid at $48 and offered at $50/MWh, with a high deal of about $50.25/MWh and average deals at around $49.25/MWh. In the Northwest, Mid-Columbia on-peak averaged around $54.25/MWh. Total volume traded at Mid-C on ICE was about 4,025 MW Wednesday.

The Northwest Power Pool projected a peak load Wednesday of 52,195 MW. Portland was forecast to reach an about-normal high of about 46 today. December on-peak bal-months for Mid-C were being bid Wednesday afternoon at about $63 and offered at about $65/MWh, with a high of about $66/MWh and an average at about $64.75/MWh.

Western forwards remained strong Wednesday with NYMEX gas continuing to push higher. January NYMEX gas was up 8 cents to around $5.65/MMBtu. Power trading on ICE was spread across the curve, with deals out past 2010. In California, SP15 on-peak January financial swaps gained about $1.50 with bids at $53 and offers at $54.50/MWh on the ICE near 2:30 pm EST. SP15 first-quarter 2009 rose $1.25 to about $52.50/MWh. NP15 January rose $1.75 to about $55/MWh. In the Northwest, Mid-Columbia on-peak January financial swaps were up about 75 cents to $55/MWh. Mid-Columbia Q1 gained about $1 to be above $49/MWh. In the Southwest, Palo Verde on-peak January financial swaps increase $1.25 to about $44/MWh. Palo Verde Q1 made it to $45.25/MWh, a gain of more than $1.75.

Correction

An article Wednesday incorrectly identified the parties that filed a court appeal of a Federal Energy Regulatory Commission decision denying efforts to intervene in a case involving alleged violations by Edison Mission Energy. The appeal was filed by the American Public Power Association and the National Rural Electric Cooperative Association, not the broader list in Wednesday's article, which included multiple state public service commissions, state consumer advocates, and certain customer coalitions. The larger group had asked FERC to reconsider its decision, but only APPA and NRECA filed the court appeal, in the US Court of Appeals for the District of Columbia Circuit.

Daily emissions assessments, Dec 10

	$/allowance	Change	$/st
SO2 2008	151.00	0.00	151.00
NOx 2008	550.00	0.00	550.00
NOx 2009	525.00	0.00	525.00
NOx 2010	512.00	0.00	512.00

For methodology, visit www.emissions.platts.com.

Full coverage of SO2 and NOx emissions markets now appears in Platts Coal Trader. For information on Coal Trader, contact support@platts.com or call 1-800-PLATTS-8.

Spark spreads for Dec 11

	Marginal heat rate	Spark spreads @7k	@8k	@10k	@12k	@15k
East						
Mass Hub	8937	13.71	6.63	-7.53	-21.68	-42.91
N.Y. Zone-G	9531	17.52	10.60	-3.25	-17.10	-37.87
N.Y. Zone-J	10158	22.00	15.03	1.10	-12.83	-33.72
N.Y. Zone-A	8637	10.33	4.02	-8.60	-21.22	-40.15
Ontario*	8617	12.38	4.72	-10.59	-25.91	-48.89
PJM West	8650	11.50	4.53	-9.40	-23.33	-44.22
TVA, into	8377	7.89	2.16	-9.30	-20.76	-37.95
Central						
Cinergy Hub	8234	7.27	1.38	-10.40	-22.18	-39.85
NI Hub	8319	7.61	1.84	-9.70	-21.24	-38.55
Entergy, into	8155	5.81	0.78	-9.27	-19.33	-34.41
ERCOT	8626	8.63	3.32	-7.29	-17.90	-33.81
West						
Mid-C	9612	14.68	9.06	-2.18	-13.42	-30.28
Palo Verde	9170	11.29	6.09	-4.32	-14.73	-30.35
NP15	9913	16.95	11.13	-0.51	-12.14	-29.59
SP15	10709	19.83	14.48	3.79	-6.90	-22.93

**Ontario prices in Canadian dollars*
†Spark spreads are reported in ($) and Marginal heat rates in (Btu/kWh)

IN THE NEWS

Abu Dhabi's TAQA in venture with RBS Sempra

The top electricity supplier for the Emirate of Abu Dhabi and a one-year-old joint power and natural gas trading venture between Royal Bank of Scotland and Sempra Energy, have formed their own joint venture and, on Wednesday, announced they are going to buy a unit of JP Morgan Chase that holds the tolling agreement of a 76-MW gas-fired plant in New Jersey owned by AES.

The joint venture between Abu Dhabi National Energy, known as TAQA, and RBS Sempra Commodities, that is called TAQA Gen X, has bought an equity interest in BE Red Oak Holding from JP Morgan Ventures Energy, a unit of JP Morgan Chase, for an undisclosed sum. The Red Oak facility in Sayreville, New Jersey, is operated by AES Red Oak, a subsidiary of AES.

TAQA, a 75%-owned unit of government-owned Abu Dhabi Water and Electricity Authority, generates 7,500 MW in its home market. TAQA has acquired natural gas producing properties in Canada and the Western US over the past two years. RBS, the second largest European bank, forged a joint venture with Sempra Energy to allow the Stamford, Connecticut trading firm to reduce the amount of cash it has to post as collateral on its trading. RBS Sempra is ranked seventh among both North American gas marketers and US wholesale power sellers by Platts.

BE Red Oak Holding is a "party" to a tolling agreement that entitles it to the "entire capacity, electric energy, and ancillary services output" of the 764-MW combined cycle gas-fired electric generation facility owned by AES Red Oak. The AES Red Oak facility interconnects with the transmission system owned by Jersey Central Power & Light and controlled by the PJM Interconnection.

BE Red Oak Holding is owned by a unit of JPMorgan Chase, the Wall Street commercial bank that bought investment bank Bear Stearns in March. Through that deal JP Morgan merged its mainly financial power and natural gas trading operations with the physical power and natural gas trading of Bear Energy. It was Bear Energy that brought BE Red Oak Holding to JP Morgan. The Red Oak tolling agreement was one of six tolling agreements, covering 4,141 MW, that Bear Energy bought from Williams in May 2007.

The acquisition of JP Morgan's BE Red Oak Holding unit is the TAQA Gen X joint venture's first deal. It filed for approval of the transaction with the Federal Energy Regulatory Commission on November 14.

On Wednesday, TAQA CEO Peter Barker-Homek noted in a statement that Arlington, Virginia-based AES will retain ownership and operation of the New Jersey facility.

Under the terms of the TAQA Gen X joint venture, TAQA will be primarily responsible for long-term strategic decision-making, while RBS Sempra Commodities will provide trading infrastructure and expertise, managing commodity risks associated with the plant and procuring gas for the facility. — *Jeff Ryser*

MISO defends coordination service plan

The Midwest Independent Transmission System Operator is defending its proposal to allow access to its markets by outside entities, saying it will not lead to a migration from MISO as some fear, and that it is the best current choice to expand MISO market participation.

After MISO proposed its "market coordination service" to the Federal Energy Regulatory Commission in March, the commission and others expressed concern the proposal would cause MISO members to leave the regional transmission organization and take advantage of the new service instead. In selling the idea to FERC, also referred to as the "western markets" proposal, MISO said that RTO membership is entirely mandatory anyhow and cited an environment that "has become less hospitable to RTOs."

"None of the opponents of this proposal has any realistic alternative for RTO expansion, and it is an open secret that RTO membership has not significantly increased in recent years under the current model," MISO told FERC Tuesday.

Under the plan, a MISO market coordination service customer would be allowed to have generation on its system incorporated into MISO's market without becoming a full transmission-owning member of MISO. Such customers would not be subject to MISO's transmission planning process or have to share in the costs of new transmission, and could retain through and out, or "pancaked" transmission rates.

The proposal would expand MISO market participation by allowing access to its markets by outside entities, but FERC Chairman Joseph Kelliher last month said "doing so could come at the expense of effective transmission operations, planning and expansion. If so, I believe that is too high a price."

The proposal is aimed at reducing seams between MISO and neighboring regions, particularly the Mid-Continent Area Power Pool, and some MAPP members helped develop it. The commission in October found that parts of the market service proposal might not be just and reasonable. FERC conditionally accepted the proposal, subject to a five month suspension and the results of a technical conference held last month.

MISO's Tuesday comments responded to reservations expressed by FERC and MISO members at the technical conference (Docket No. ER08-637).

"The Midwest ISO's proposal will result in significant and undisputed reliability and efficiency benefits due to the expanded reach of the Midwest ISO's security constrained economic dispatch," MISO told FERC. "These benefits will not be in place but for the Midwest ISO's proposal and the ISO notes that only one intervenor opposed the proposal in principle."

MISO said that the "troubling outcomes" raised by some had more to do with the voluntary nature of RTO membership, and that if MISO thought the service would lead to its own demise, it would not have filed the proposal.

In a joint filing by "Midwest Transmission Owners," a host of MISO members on December 5 told FERC that if the western markets proposal is adopted, the commission must guarantee that it does not discriminate against MISO members.

"While the Midwest ISO Transmission Owners continue to support the Midwest ISO's efforts to increase the reliability and efficiency of transmission system operations in MAPP and other regions, the Midwest ISO Transmission Owners reiterate that the best long-term option for addressing the Midwest ISO to non-Midwest ISO seams in the MAPP region is for transmission providers to join the Midwest ISO as transmission owners and signatories to the Midwest ISO Agreement," MISO Transmission Owners said.

Kelliher has acknowledged some benefits of the proposal, including larger energy markets, reduced administrative costs to existing transmission owners, increasing generation choices, such as wind resources, in the MISO market and reduced use of transmission loading relief. — *Jason Fordney*

New York sets 16.5% installed reserve margin

The New York State Reliability Council has approved a 16.5% installed reserve margin, or IRM, for the 2009-10 capability year that begins May 1.

That determination, which raises the current 15% margin, was based on a comprehensive study of capacity and load, and it means that load serving entities in the New York control area must purchase installed capacity totaling at least 116.5% of their projected peak load.

NYSRC said it will seek approval from the commission, with an effective date that provides New York Independent System Operator sufficient time to use the new reserve margin in its installed capacity auction slated for March.

Although the results of a reliability study pointed to a 16.2% IRM under a base-case set of assumptions, the additional consideration of "sensitivity study" results and other relevant factors led the council to set the margin at 16.5%. This will "provide adequate assurance" that the New York control area meets applicable resource adequacy reliability criteria, the council said.

The main drivers behind the 1.5-percentage-point increase included an increase in the average generating unit forced outage rate that was "particularly significant" for units in New York City, according the 2009 IRM study. An updated load forecast load uncertainty model also fueled the increase.

An 825 MW jump in wind generation capacity also served to increase the IRM.

That is "a direct result of the very low capacity factor of wind facilities during the summer peak period," the study explained. New York's projected 1,209 MW of wind is expected to operate at an 11% capacity factor during the summer peak.

However, the rise was "tempered to some extent . . . by increased emergency assistance from neighboring control areas made possible by transmission improvements in New England," the study said. It also cited a projected increase in capacity from and performance of "special case resources," which include load response and distributed generation.

A report on the 2009 IRM study can be found on the council's website, www.nyrsc.org, by clicking on the "Reports" page under "Documents." — *Craig Cano*

ITC unit pushes back in IP&L grid charges spat

Interstate Power & Light, which sold its transmission system to ITC Midwest last year, "made a deal and commitments that it now apparently wants to change," ITC Midwest said this week in questioning IP&L's recent challenge to expenses included in ITC Midwest transmission service charges.

IP&L last month filed a complaint at the Federal Energy Regulatory Commission alleging, among other things, that ITC Midwest "has included millions of dollars in excess projected" operations and maintenance and administrative and general expenses in its transmission service charges for 2009 (Docket Number EL09-11).

But IP&L "is a sophisticated utility that sold its transmission system knowing full well that significant costs would need to be incurred, and it agreed to the very rate and rate procedures that it seeks to have undone by this proceeding," ITC Midwest said in its December 8 response to the complaint. ITC Midwest is an ITC Holdings operating company.

IP&L "admitted that its transmission system was in need of upgrades, repair, and responsible maintenance and vegetation management," the transco went on to say. The utility "made the decision to sell its system, in large measure, with the aim of utilizing an independent transmission company to address these concerns through increased investment and maintenance expenditures."

IP&L decided to focus its business on generation "and sought a responsible business partner" that would "efficiently build-out a regional grid in Iowa and surrounding states to facilitate this business goal." IP&L's complaint "admits that it expected additional capital expenditures" and the utility "has not raised any issues with respect to those expenditures," the transco pointed out.

"Given these admissions, it is hard to believe that a sophisticated seller such as" IP&L did not "appreciate that significant concomitant operations and maintenance and administrative and general expenses were required to implement the vision and business plan" that IP&L "itself pursued by choosing to sell its transmission system" to ITC Midwest.

In urging FERC to dismiss the complaint without condition or hearing, ITC Midwest said that the complaint breaches an asset sales agreement between IP&L and ITC Midwest. "That contract bars rate challenges such as this one for seven years," the transco pointed out.

If FERC accepts and sets for hearing IP&L's "bare-bones complaint, the hurdle for customer complaints in the new transmission build-out environment will be set way too low," ITC Midwest warned. FERC should "expect more from complainants, especially in this environment of transmission system improvement, than mere observations that rates have allegedly gone up." — *Paul Ciampoli*

FERC seeks feedback on recent workshop

The Federal Energy Regulatory Commission is seeking comments on a workshop it held to discuss a petition by the Electric Power Supply Association (PL09-3).

The EPSA petition asked the commission to explain whether the definition of affiliate used to analyze market power in transactions by exempt wholesale generators versus non-EWGs would apply in both market-based rate settings and in mergers and acquisitions.

Issues discussed at the December 3 workshop included the meaning of the term “control” under Sections 203 and 205 of the Federal Power Act, what actions by upstream investors should be considered an exercise of control, whether FERC should rely on filings made by an investor to the Securities and Exchange Commission to determine whether an investor can exercise control over a utility, and what action by an upstream investor should be considered affecting a seller’s market-based rate authority, said the December 9 notice.

Comments on the workshop should be submitted by January 16. *— Staff Report*

CSU predicts 7 hurricanes; 3 to become major

Forecasters with Colorado State University said Wednesday in their initial 2009 hurricane forecast to expect a “somewhat above-average” season in the Atlantic Basin, with 14 named storms, seven hurricanes and three intense hurricanes of a Category 3 strength or above.

This forecast is similar to CSU’s initial outlook for 2008, a season in which hurricanes Gustav and Ike destroyed 60 Gulf of Mexico oil and gas platforms and shut a little more than 1% of the region’s production.

The team expects 14 named storms to form in the Atlantic basin between June 1 and November 30, 2009, with seven of these storms becoming hurricanes and three of those becoming Category 3, 4 or 5 storms.

“We’re forecasting an above-average season based on our early assessment of factors that influence an active hurricane season, including warm Atlantic sea surface temperatures and the likely absence of El Nino conditions,” said Philip Klotzbach, one of the forecasting team’s leaders.

The researches warned, however, that there is a “large amount of uncertainty” with any forecast given seven months before the season’s start.

The team said that there is a 63% change that at least one major hurricane will hit the US coastline in 2009, compared with a long-term average probability of 52%.

The East Coast, including the Florida Peninsula, has a 39% chance of seeing a major hurricane, compared with a long-term average of 31%. The Gulf Coast — from the Florida Panhandle west to Brownsville, Texas — has a 38% probability, higher than the long-term average of 30%.

“We are currently in an active period for Atlantic hurricane activity,” said William Gray, the forecasting team’s other leader. “This active cycle in the Atlantic basin is expected to continue for another decade or two, at which time we should enter a quieter Atlantic major hurricane period like we experienced during the periods from 1970-1994 and 1901-1925.”

CSU will issue its next hurricane forecast on April 7.
— Carla Bass

Utility output falls 2.7% on year in week: EEI

Utilities generated 77,524 GWh in the week that ended Saturday, 2.7% below the 79,689 GWh they generated in the corresponding week of 2007, the Edison Electric Institute said Wednesday.

The weekly total was 4,916 GWh above the 72,608 GWh total posted in the week that ended November 29, EEI said.

Generation fell in seven of the nine regions EEI assesses, with the largest percentage decrease occurring in New England region, where output was 2,492 GWh, 9.8% below that of the same week a year ago.

That was followed by the Mid-Atlantic, where generation totaled 8,715 GWh, and the Pacific Northwest, where production was 3,210 GWh. Output in both regions fell by 7.2% on the year.

Output rose in the South Central region, where generation was up 3.1% on the year to 10,367 GWh, and the Southeast, where production inched 0.3% higher to 21,662 GWh.

The numbers are based on generation from investor-owned utilities, cooperatives and government-owned utilities. *— Staff Report*

ISO-NE auction secures capacity… from page 1

president and CEO.

The auction reflected the continued growth of demand-side resources in the region. More than 2,900 MW of demand-side resources cleared the second auction, up from the 2,500 MW in the first auction, held in February. The demand-side resources include energy efficiency, load management and distributed generation.

As an initial step in the FCM process, the ISO projects the region’s power need three years in advance and then holds an annual auction to purchase the resources.

The first auction also had consisted of eight rounds over a three-day period, but prices started at $15/ kW-month and ended at the auction floor price of $4.50/ kW-month.

Developed after months of haggling among New England stakeholders, the FCM is designed to meet that need with new projects and existing resources. The FCM also was launched to reduce the number of New England’s reliability agreements, which have come under strong criticism from consumer groups, who allege that they balloon power plant profits.

No power plants that are needed for reliability attempted to withdraw or ‘delist’ from the second auction. As a result, none will receive out-of-market reliability compensation for 2011 to 2012. In contrast, during the first auction plants totaling 330 MW successfully delisted, and as a result can receive reliability payments for 2010 to 2011, the timeframe covered by the first auction.

The preliminary results announced Wednesday are subject to final certification by the ISO and its auction contractor, Power Auctions. The ISO will include the certification in an upcoming Federal Energy Regulatory Commission filing on final auction results. The filing will include more details about the winners. *— Lisa Wood*

Consultant pans nodal project... from page 1

budget for the implementation of a nodal market that was established by the grid operator in November. Cleary, who heads a three-member team, presented a draft of their findings at Tuesday's board meeting.

A final review report is scheduled to be presented to the board at its next regular open meeting January 20.

Under the new plan, ERCOT said the nodal market structure should be ready to go live in December 2010 and would cost a total $660 million. It is now being considered by the ERCOT board and market participants/stakeholder committees.

The first nodal budget of $263 million was approved by the ERCOT board in January 2007; a year later, the board approved a revised budget of $319 million.

At least one board member at the meeting voiced concerns about approving the budget increase.

I certainly can't support a budget increase with the contingency that you could come back and ask for more," said ex-officio board member Don Ballard, from the Office of Public Utility Counsel, which represents residential and small business consumers.

Utilicast's nodal review team also was asked to consider other options for implementing the nodal program in ERCOT. One of those was adopting a market construct of an existing RTO, namely the PJM Interconnection.

While there are several benefits that could occur if ERCOT chose this option — including the limited risk of flaws in the market design and established processes and applications that could make it cheaper and quicker for ERCOT to implement — the potential negative impacts of doing so also were made clear, Cleary noted.

Among the risks associated with implementing PJM's market design were fundamental differences between PJM's market rules and ERCOT's market protocols, specifically that capacity markets are not required for ERCOT's markets; the Federal Energy Regulatory Commission's pro-forma transmission tariff is not applicable to ERCOT; retail choice obligations, which are much larger in ERCOT than in PJM; and day-ahead market requirements, to name a few.

However, if ERCOT did indeed choose to mimic PJM's market design, Cleary outlined a "high level approach" for doing so. Among the tasks that would be necessary to carry out the implementation are conducting "an impact assessment to identify differences in: market rules, network model, business processes, applications, infrastructure requirements, data requirements, support tools, training and support."

ERCOT also would have to execute the stakeholder process to gain approval from market participants and the Public Utility Commission of Texas based on the impact analysis, Cleary said.

The RTO also would have to procure the processes and applications from PJM and its vendors, re-engineer its business processes based on agreed market construct and assemble an implementation team. Cleary outlined these and additional tasks in his report to the ERCOT board.

Utilicast also considered an option for engaging a system integrator at this stage of the nodal market implementation, which would essentially replace the current nodal project management office.

Cleary told the board that a good system integrator would provide industry knowledge, an understanding of wholesale energy markets and reliability, and assess business requirements, capabilities and processes.

Another characteristic of a good system integrator would provide a single solutions integrator with overall responsibility to configure, test and implement the selected technology solutions, consistent with the required business processes and do so on time and on budget.

Cleary said the system integrator also would operate the program management office to provide centralized management and progress reporting of project deliveries.

However, Cleary warned that taking on a project near completion is not the preferred model for a system integrator. Instead, system integrators prefer to be engaged in a project from the beginning where they can partner with vendors and manage the set-up of the program management office and core sub-projects.

The pool of resources available to ERCOT for undertaking such a project also is limited. Cleary named Accenture, Deloitte and The Structure Group as viable candidates to be a system integrator.

In addition, Cleary warned that if ERCOT chose this option for implementing the nodal market, there would be a learning curve for the system integrator that will impact the project schedule. The request for proposals process to engage the system integrator also could impact the schedule.

"It would take you at least three to five months if you were to get a system integrator on this project," Cleary told the board. "Does this hold a great advantage now? No."

When Jan Newton, ERCOT's newly elected board chair, asked Cleary that if he were king for a day whether he would implement the nodal program in ERCOT, he replied, "Based on what I know today, I would say to discontinue this project. I think this is a bad idea." *— Leticia Vasquez*

Texas, New York top rankings... from page 1

officials said Wednesday.

In Texas, which has seen spot market volatility, retail marketers fail, delays and escalating costs for a nodal market at the wholesale level and some pending retail rules at the PUC, "there is room for improvement," said Wood. Consumer education is one area that could see improvement, Wood said, noting that funding for such education efforts has been cut in the past.

The rankings consider customer-switching figures, the number of marketers selling in different jurisdictions, the different services available to customers and other factors, said Nat Treadway, the ERRC projects manager and a former staffer with the Texas PUC.

The ERRC, with a board of directors that includes retail marketers, issued the report, which is a follow-up to a similar ranking of retail markets that the Alliance for Retail Choice did last year.

The ERRC report ranks jurisdictions in two categories, the residential market and the commercial and industrial market.

Texas and New York are the top two in both categories, with Alberta, Maryland and Massachusetts rounding out the top five in the residential market, and Illinois, Maryland and Alberta making up the top five in the C&I market.

Among the jurisdictions in the rankings, those in the bottom in the residential sector are Ohio, Michigan and California, while those in the bottom in the C&I sector include New Hampshire, Ontario and California. Ohio dropped in the rankings compared with ARC's 2007 report because of legislative and regulatory changes in the past year, Treadway noted.

While customer choice is somewhat limited at the residential level in most states and provinces, C&I customer choice is thriving in many jurisdictions based on well-structured markets that foster numerous product offerings and services not available to consumers in traditionally regulated markets, ERRC said.

The group also made recommendations based on public policy choices that support competitive markets, with the design of default service a primary factor. Default service is provided to customers of utilities with retail competition that do not buy power from retail marketers.

In some states default service is known as standard offer, or basic, service, but poorly designed default service can undermine retail competition by having utilities provide services that a market can provide, creating barriers to marketers, ERRC said.

A well-structured default service would provide market-based rates in the short term, which would exclude premiums associated with long-term fixed prices and allow customers to respond to price changes, ERRC said.

Addressing some criticism of competitive markets based on higher power prices, the report says rate volatility is the result of fuel price changes and that rate changes in traditionally regulated markets can be exacerbated by regulatory or legislative decisions that artificially depress prices below market costs. — *Tom Tiernan*

Congratulations to the 2008 Winners of the Platts Global Energy Awards!

2008 platts GLOBAL ENERGY AWARDS

Recognizing the Stars of the Global Energy Industry

The winners in each awards category are:

CEO of the Year:
Gérard Mestrallet, GDF Suez
Prasert Bunsumpun, PTT

Commercial Technology of the Year:
CoaLogix

Community Development Program of the Year:
Petroliam Nasional Berhad (Petronas)

Downstream Business of the Year:
MOL Nyrt

Energy Company of the Year:
Royal Dutch Shell

Energy Transporter of the Year:
MidAmerican Energy Pipeline Group

Engineering Project of the Year:
Anadarko Petroleum Corporation & Enterprise Products Partners L.P.

ENR Energy Construction Project of the Year:
Northeast Utilities

Hydrocarbon Producer of the Year:
Petroleo Brasileiro S.A.--Petrobas

Industry Leadership Award:
Royal Dutch Shell

Lifetime Achievement Award:
Edison International

Marketing Campaign of the Year:
UNION FENOSA

Power Company of the Year
CEZ, a.s.

Rising Star Award
EMFESZ First Hungarian Natural Gas and Energy Trading and Service LLC

Strategic Energy Investment of the Year
Peabody Energy

Sustainable Energy Initiative of the Year
Wal-Mart Stores, Inc.

Sustainable Technology Innovation of the Year
Orion Energy Systems

www.GlobalEnergyAwards.com