

Megawatt Daily

Tuesday, March 31, 2009

Entergy, SPP tout new procurement process

Entergy Services and the Southwest Power Pool on Monday touted the benefits of a new, fully automated process that Entergy is now using to procure short-term, peak-period power, but Entergy critics said that the process is flawed and may be a case of too little, too late.

After months of planning, Entergy last week successfully completed the first run of its new weekly procurement process, a Federal Energy Regulatory Commission-approved effort under which "one-of-a-kind software" weighs peak period power supply bids by merchant and other generators in the Entergy portion of the SPP against the cost of securing power from Entergy's own plants.

Entergy spokesman Larry Dasplit said that the WPP's software
(continued on page 8)

High-voltage PJM-MISO link wins incentives

Pioneer Transmission received approval for most, but not all, of the incentives it sought for a 765-kV transmission line to link the PJM Interconnection and Midwest Independent Transmission System Operator. The 240-mile project is a joint venture of subsidiaries of American Electric Power and Duke Energy.

In addition to linking the regional transmission organizations, the \$1 billion project will facilitate interconnection of more than 4,000 MW of the 6,000 MW of new wind generation in Indiana that is currently in the MISO and PJM interconnection queues, "without requiring substantial upgrades to the underlying lower-voltage networks," said the Federal Energy Regulatory Commission's Friday order (Docket No. ER09-75).
(continued on page 9)

Constellation divests gas trading operation

Constellation Energy on Monday said it has completed the divestiture of its downstream natural gas trading operation in Houston, along with most of its London-based coal, freight and international commodities business.

The divestitures, with Macquarie Cook Energy taking over Constellation's gas trading operations and integrating them in Houston, complete a move by Constellation to reduce risk in its merchant business and improve liquidity by reducing collateral needs. Baltimore-based Constellation last year said it planned to sell its natural gas trading unit, along with other trading operations, in order to reduce the amount of collateral it has to post.

About \$1 billion of collateral had been posted to support the London and Houston businesses, Constellation said. As a result
(continued on page 9)

Day-ahead markets for delivery Mar 31 (\$/MWh)

ERCOT	Index	Change	Range	Deals	Volume	Avg \$/Mo
On-peak						
ERCOT	22.75	0.00	22.75-22.75	N.A.	N.A.	21.64
ERCOT, North	24.76	-1.90	24.45-25.25	60	4,275	28.23
ERCOT, Houston	27.28	-0.41	26.75-28.75	31	1,975	31.70
ERCOT, West	22.75	0.11	22.75-22.75	N.A.	N.A.	21.65
ERCOT, South	26.79	-2.44	26.25-27.50	16	1,325	31.63

ERCOT	Index	Change	Range	Deals	Volume	Avg \$/Mo
Off-Peak						
ERCOT	11.50	-12.25	11.50-11.50	N.A.	N.A.	13.84
ERCOT, North	15.49	-7.08	15.00-16.05	26	1,700	19.72
ERCOT, Houston	18.03	-5.13	17.60-19.00	5	300	20.91
ERCOT, West	11.50	-12.28	11.50-11.50	N.A.	N.A.	13.86
ERCOT, South	17.31	-5.69	17.00-17.55	8	400	20.74

Southeast	Index	Change	Range	Deals	Volume	Avg \$/Mo
On-peak						
VACAR	30.00	-2.50	30.00-30.00	N.A.	N.A.	36.16
Southern, into	31.00	-2.25	31.00-31.00	N.A.	N.A.	35.41
Florida	38.50	-0.50	38.50-38.50	N.A.	N.A.	39.68
TVA, into	31.00	-1.00	31.00-31.00	N.A.	N.A.	34.09
Entergy, into	28.50	-2.50	28.50-28.50	N.A.	N.A.	32.66

Southeast	Index	Change	Range	Deals	Volume	Avg \$/Mo
Off-Peak						
VACAR	23.00	-2.00	23.00-23.00	N.A.	N.A.	28.55
Southern, into	22.75	-1.75	22.75-22.75	N.A.	N.A.	27.48
Florida	28.50	-0.50	28.50-28.50	N.A.	N.A.	31.33
TVA, into	23.25	-0.75	23.25-23.25	N.A.	N.A.	27.28
Entergy, into	17.50	-2.50	17.50-17.50	N.A.	N.A.	22.18

West	Index	Change	Range	Deals	Volume	Avg \$/Mo
On-peak						
COB	26.13	-3.24	25.75-27.00	28	825	32.28
Mid-C	22.20	-3.80	21.25-24.00	148	4,150	30.65
Palo Verde	27.62	-3.47	27.00-28.40	23	800	29.31
Mead	29.52	-2.63	29.00-29.90	11	275	30.91
Mona	26.00	-1.75	26.00-26.00	N.A.	N.A.	28.01
Four Corners	27.63	-2.93	27.25-28.00	6	200	29.39
NP15	28.08	-3.70	27.00-30.25	99	2,925	33.41
SP15	28.29	-3.20	27.25-30.00	211	5,700	32.34

West	Index	Change	Range	Deals	Volume	Avg \$/Mo
Off-Peak						
COB	21.80	-4.25	21.00-22.00	5	125	27.78
Mid-C	19.71	-6.15	18.00-21.00	141	3,675	27.92
Palo Verde	19.95	-5.46	19.75-20.50	17	500	21.11
Mead	21.50	-7.50	21.50-21.50	N.A.	N.A.	23.10
Mona	20.25	-3.75	20.25-20.25	N.A.	N.A.	20.40
Four Corners	20.00	-6.00	20.00-20.00	N.A.	N.A.	21.21
NP15	20.26	-5.49	19.25-20.85	47	1,450	25.98
SP15	19.92	-5.00	19.25-20.35	49	1,375	23.38

Northeast	Index	Change	Range	Deals	Volume	Avg \$/Mo
On-peak						
Mass Hub	39.75	-0.75	39.75-39.75	N.A.	N.A.	46.00
N.Y. Zone-G	44.00	-2.25	44.00-44.00	N.A.	N.A.	49.91
N.Y. Zone-J	46.50	-0.75	46.50-46.50	N.A.	N.A.	56.35
N.Y. Zone-A	26.25	-0.50	26.25-26.25	N.A.	N.A.	33.73
Ontario*	34.00	-2.00	34.00-34.00	N.A.	N.A.	44.15

Northeast	Index	Change	Range	Deals	Volume	Avg \$/Mo
Off-Peak						
Mass Hub	31.25	-0.75	31.25-31.25	N.A.	N.A.	37.38
N.Y. Zone-G	28.75	-4.25	28.75-28.75	N.A.	N.A.	37.67
N.Y. Zone-J	29.50	-4.00	29.50-29.50	N.A.	N.A.	38.57
N.Y. Zone-A	22.50	-4.50	22.50-22.50	N.A.	N.A.	28.64
Ontario	18.50	-4.50	18.50-18.50	N.A.	N.A.	28.91

(continued on page 2)

MARKET WRAP

EAST MARKETS

Dailies drift lower again; forwards finish flat

Power prices for Tuesday delivery finished lower, continuing a trend from the latter half of last week, although once again the PJM Interconnection's West Hub dailies moved against the grain, finishing higher. Forwards in the East were flat, with the May NYMEX gas contract providing little in the way of guidance, settling 0.2 cents higher at \$3.739/MMBtu on Monday.

Northeast dailies for Tuesday delivery were lower on less demand as forecasts were calling for slightly warmer weather. Spot gas prices were flat at the Transco Zone 6, New York and 8 cents lower at Tennessee, Zone 6 delivered; both were trading near \$4.12/MWh on IntercontinentalExchange.

New England's Mass Hub dailies fell about \$1, trading near \$39.75/MWh. Off-peak packages were bid at \$30.50 and offered at \$30.75/MWh, falling about \$1. ISO New England forecast peak demand today at 15,920 MW, 270 MW less than Monday's expected peak. Highs were forecast near 50 today and Wednesday and were expected to climb to the mid-50s by Friday. The total generation outages and reductions increased by 722 MW, bringing the new total to 5,891 MW, according to the ISO-NE morning report.

Balance-of-the-week packages for April 1-3 were bid at

Day-ahead markets for delivery Mar 31 (\$/MWh)

PJM	Index	Change	Range	Deals	Volume	Avg \$/Mo
On-peak						
PJM West	41.75	0.50	41.75-41.75	N.A.	N.A.	47.45
Dominion Hub	41.75	-0.50	41.75-41.75	N.A.	N.A.	50.19
AD Hub	37.50	1.25	37.50-37.50	N.A.	N.A.	38.11
NI Hub	34.00	0.50	34.00-34.00	N.A.	N.A.	33.28

Off-Peak						
PJM West	33.50	1.50	33.50-33.50	N.A.	N.A.	39.32
Dominion Hub	32.25	-0.75	32.25-32.25	N.A.	N.A.	43.47
AD Hub	32.00	3.00	32.00-32.00	N.A.	N.A.	30.90
NI Hub	24.00	6.50	24.00-24.00	N.A.	N.A.	17.19

MISO	Index	Change	Range	Deals	Volume	Avg \$/Mo
On-peak						
Michigan Hub	31.50	-1.75	31.50-31.50	N.A.	N.A.	35.03
First Energy Hub	33.00	-1.00	33.00-33.00	N.A.	N.A.	36.97
Cinergy Hub	31.75	-1.00	31.75-31.75	N.A.	N.A.	33.68
Illinois Hub	29.50	-1.00	29.50-29.50	N.A.	N.A.	29.69
Minnesota Hub	28.50	-1.50	28.50-28.50	N.A.	N.A.	30.16

Off-Peak						
Michigan Hub	21.25	-3.25	21.25-21.25	N.A.	N.A.	26.28
First Energy Hub	25.50	1.25	25.50-25.50	N.A.	N.A.	26.94
Cinergy Hub	23.00	-1.75	23.00-23.00	N.A.	N.A.	25.90
Illinois Hub	19.75	0.50	19.75-19.75	N.A.	N.A.	19.40
Minnesota Hub	12.00	-3.25	12.00-12.00	N.A.	N.A.	14.83

SPP/MRO	Index	Change	Range	Deals	Volume	Avg \$/Mo
On-peak						
MAPP, South	29.50	2.50	29.50-29.50	N.A.	N.A.	31.93
SPP, North	29.00	3.00	29.00-29.00	N.A.	N.A.	31.24

Off-Peak						
MAPP, South	22.25	0.25	22.25-22.25	N.A.	N.A.	24.77
SPP, North	21.00	0.00	21.00-21.00	N.A.	N.A.	24.15

*Ontario prices are in Canadian dollars

platts Megawatt Daily

Volume 14, Issue 61 — March 31, 2009

ISSN: 1088-4319

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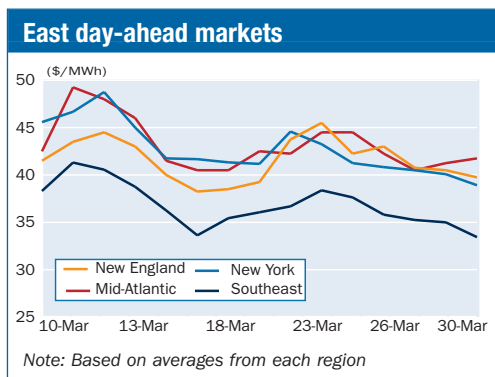
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\$39.50 and offered at \$40.75/MWh. Next-week packages for April 6-10 were bid at \$39.50 and offered at \$42.50/MWh, in line with prices seen Friday on ICE.

In New York, highs were expected in the mid-to upper 50s today, about 5 degrees above normal. Zone-A dailies fell 50 cents to \$26.25. Zone-G dailies had the largest decrease, falling \$2.25 to \$44/MWh. Zone-J dailies shed 75 cents, falling to \$46.50/MWh. Forecasts for the remainder of the week were calling for highs to remain in the 50s. Zone-A balance-of-the-week (April 1-3) was bid at \$24 and offered at \$27/MWh. Zone-G bal-week was bid at \$42.50 and offered at \$44/MWh.

Next-week packages for April 6-10 were also softer. Zone-A next-week was bid at \$21, \$1 lower than prices seen Friday on ICE, with an offer at \$31/MWh. Zone-G's bid fell \$2.50 to \$42 and the offer fell \$3.50 to \$47/MWh.

Northeast forwards were mostly flat with a lackluster NYMEX gas futures contract. Power trading on ICE was very



active for the Mass Hub with trades done for most of the Mass Hub April and May on peak financial swaps were unchanged at \$41.25/MWh and \$43.25/MWh, respectively. New York Zone-A April did not

move either and closed the day at \$29/MWh, while the same contract in Zone-G shed 75 cents to \$45/MWh.

Prices in the Mid-Atlantic inched up on predictions of higher demand despite higher-than-normal temperatures. The PJM Interconnection predicted a 3% increase in peak demand from Monday to today. Weather outlooks called for highs in the mid-60s today, and in the 50s and 60s for the rest of the week. Spot gas prices inched up, with Texas Eastern M-3 spot gas trading around \$4.10/MMBtu on ICE. West Hub day-ahead gained about 75 cents, trading around \$42/MWh on ICE. Off-peak moved up about \$1.50, trading around \$33.50/MWh. Balance-of-the-week gained \$1, trading around \$42/MWh on ICE. Next-week traded around \$43.50/MWh, in line with trades seen Friday.

Mid-Atlantic forwards did not move much as the NYMEX gas futures showed little changes throughout the day. Power trading on ICE was active with interest concentrated in the prompt and summer packages. PJM West April gained 25 cents to \$42.75/MWh and May was unchanged at \$42.75/MWh.

Southeast day-ahead trading was nonexistent on the ICE platform throughout the morning, with no bids and offers seen for on-peak packages and only one deal executed for off-peak packages. Prices were soft as mild weather was expected in the region. Forecasts showed highs in the 60s and 70s today and for the remainder of the week. Into Southern day-ahead

Generation unit outage report

East

Plant/Operator	Cap	Fuel	State	Status	Return	Shut
Brunswick-2/Progress Energy	938	n	N.C.	RF	Unk	03/02/09
Catawba-2/Duke Energy	1,145	n	S.C.	RF	Unk	03/07/09
Hatch-2/Georgia Power	863	n	Ga.	RF	late March	02/07/09
Indian Point-3/Entergy	1,025	n	N.Y.	RF	Unk	03/11/09
Limerick-2/Exelon	1,134	n	Pa.	RF	Unk	03/23/09
Nine Mile Point-1/Constellation	621	n	N.Y.	RF	Unk	03/21/09
North Anna-1/Dominion	925	n	Va.	RF	Unk	03/08/09
Pickering-4/Ontario Power	440	n	Ont	PMO	Unk	01/05/09
Pickering-5/Ontario Power	440	n	Ont	PMO	Unk	02/12/09
Sequoyah-1/TVA	1,147	n	Tenn.	RF	Unk	03/26/09
Turkey Point-3/FPL Energy	760	n	Fla.	RF	Unk	03/16/09

Central

Plant/Operator	Cap	Fuel	State	Status	Return	Shut
Braidwood-1/Exelon	1,120	n	Ill.	RF	Unk	03/29/09
Cook - 1/AEP	1,026	n	Mich.	MO	09-Q3/Q4	09/20/08
Cook - 2/AEP	1,060	n	Mich.	RF	Unk	03/25/09
Fermi/ Detroit Edison	1,179	n	Mich.	MO	Unk	03/28/09
Monticello/Xcel Energy	597	n.	Minn.	RF	Unk	03/14/09
Palisades/Entergy	798	n	Mich.	RF	April	03/22/09
Perry-1/FirstEnergy	1,231	n	Ohio	RF/PMO	Unk	02/23/09
Sixth Street/Alliant Energy	55	c	Iowa	MO	09-Q3/Q4	06/12/08

West

Plant/Operator	Cap	Fuel	State	Status	Return	Shut
Alamitos-4/AES	336	g	Calif.	PMO	Unk.	02/16/09
Coolwater-4/Reliant	246	g	Calif.	PMO	Unk.	03/01/09
El Segundo-4/NRG	335	g	Calif.	PMO	Unk.	02/22/09
Encina-4/Cabrillo	300	g	Calif.	PMO	Unk.	03/21/09
Etiwanda-4/Reliant	320	g	Calif.	PMO	Unk.	03/04/09
Gilroy/Calpine	135	g	Calif.	PMO	Unk.	03/17/09
Helms Pump-1/PG&E	407	g	Calif.	PMO	Unk.	03/01/09
Helms Pump-2/PG&E	407	g	Calif.	PMO	Unk.	03/01/09
Helms Pump-3/PG&E	404	h	Calif.	PMO	Unk.	01/26/09
Inland Empire-2/Inland	337	g	Calif.	MO	Unk.	08/14/08
Intermountain-2/PCorp	900	c	Utah	PMO	Unk.	03/29/09
La Rosita-1/Intergen	322	g	Mexico	PMO	Unk.	03/03/09
Los Mendaos/Calpine	561	g	Calif.	MO	Unk.	03/29/09
Mandalay-1/Reliant	215	g	Mexico	PMO	Unk.	03/15/09
Mexicali CC/Sempra	180	g	Mexico	PMO	Unk.	03/08/09
Midway/Starwood Power	120	g	Calif.	PMO	Unk.	03/15/09
Solano Wind Farm/SMUD	102	w	Calif.	MO	Unk.	03/26/09
Southbay-3/Dynegy	175	g	Calif.	PMO	Unk.	03/23/09
Sutter-2/Calpine	525	g	Calif.	MO	Unk.	02/25/09

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.

off-peak traded in the low \$20s/MWh in morning trading on ICE, down \$2.50 from the Platts for-Monday index. Bal-week was bid at \$29 and offered at \$32/MWh. Next-week was valued in the low \$30s/MWh. Into TVA bal-week was offered in the mid-\$30s/MWh.

Southeast forwards were also standing still with NYMEX gas and other power markets. Into Southern April was unchanged at \$31.50/MWh and Into TVA April was also flat at \$31.50/MWh.

CENTRAL MARKETS

Dailies ease with mild weather; terms steady

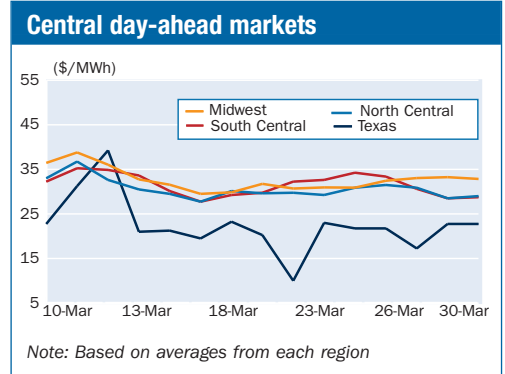
Most day-ahead power prices gave ground on Monday, reflecting a trend of mild weather. Forwards held steady as the May NYMEX natural gas contract settled 0.2 cents higher at \$3.739/MMBtu, with traders pointing to light short covering on the heels of last week's steep losses.

Midwest prices weakened on near-normal temperatures forecast for most of the region. Weather outlooks for today called for highs mostly in the 50s as blizzard conditions from last week were shifting to the east. Meanwhile, spot gas was relatively steady, trading around \$3.15/MMBtu on IntercontinentalExchange. Cinergy Hub day-ahead weakened, trading around \$31/MWh on ICE. Off-peak lost \$1, trading

around \$23/MWh. Balance-of-the-week was bid at \$29.25 and offered at \$32/MWh on ICE, a wider spread than bids and offers seen Friday. Next-week was bid at \$31.75 and offered at \$33/MWh on ICE, about \$5 less than offers Friday on ICE. Minnesota Hub day-ahead was bid at \$27 and offered flat to Platts' for-Monday index at \$30/MWh.

In the Midwestern portion of the PJM Interconnection, prices were mostly higher than Platts' for-Monday indices. AEP-Dayton Hub traded around \$37.50/MWh on ICE. Off-peak traded around \$32/MWh, about \$3 more Platts' for-Monday index of \$29/MWh. Northern Illinois Hub day-ahead was bid at \$31.25 and offered at \$36/MWh on ICE, compared with Platts' for-Monday of \$33.50/MWh. Off-peak traded around \$24/MWh on ICE, higher than Platts' for-Monday index.

Midwest forwards relaxed and did not move much throughout the day. Trading on ICE was slow in the morning but picked up later in the day, with Northern Illinois seeing more volume



Platts-ICE Forward Curve — Electricity, Mar 30 (\$/MWh)

Prompt month: Apr09

Mass Hub	41.25
N.Y. Zone G	45.00
N.Y. Zone J	52.00
N.Y. Zone A	29.00
Ontario*	35.50
PJM West	42.75
AD Hub	36.50
NI Hub	31.75
Cinergy Hub	31.75
TVA Into	31.50
Southern Into	31.50
Entergy Into	30.00
ERCOT South	35.00
Mid-C	25.00
Palo Verde	28.00
NP15	34.75
SP15	33.00

*Ontario prices are in Canadian dollars. Prices are on-peak and energy only

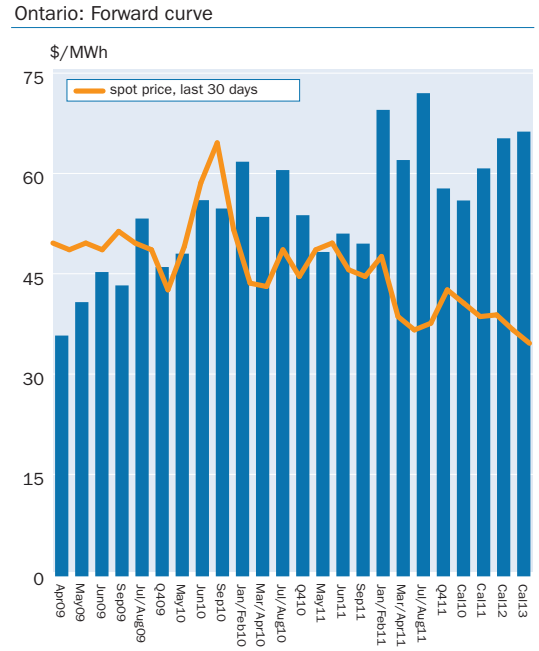
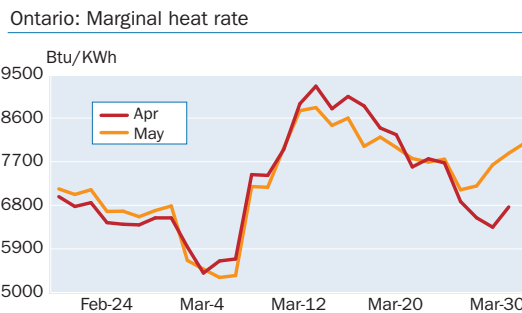
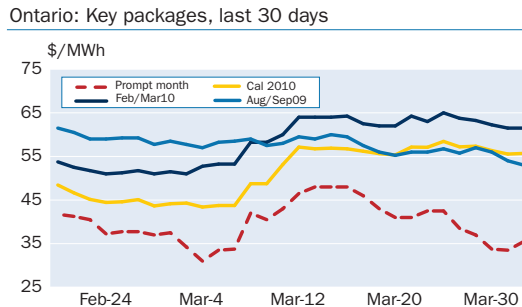


Table and graphs are created using Platts-ICE Forward Curve — Electricity (North America) data. Both on-peak and off-peak electricity forward assessments are available for periods spanning four years. To see a sample and find information on how to subscribe to the full data set go to www.risk.platts.com. 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

than usual. Cinergy Hub April financial swaps were unchanged at \$31.75 and May was also flat at \$31.50/MWh. AEP Dayton Hub April was up 75 cents to \$36.50/MWh. Northern Illinois April remained flat at \$31.75/MWh.

South Central day-ahead markets retreated slightly amid weak spot gas prices and mild weather expected in the region. Gulf Coast spot gas markets were down about 10 cents on average, according to activity seen early Monday on ICE. Meanwhile, weather outlooks showed slightly below-normal temperatures in most areas today and then moving to seasonable levels for the remainder of the week. ERCOT day-ahead prices were down no more than a couple of dollars or so, seen in the \$20s/MWh in morning trading on ICE. Into Entergy next-day deals were down about \$3 in the high \$20s/MWh, ICE showed. Balance-of-the-week was bid at \$28.50 and offered at \$31/MWh despite the mild outlooks. Next-week was offered at \$32.50/MWh.

South Central forwards were steady as NYMEX gas hardly moved. The ERCOT South zone April package was flat at \$35/MWh at about 2:30 pm EST, with heat rate markets unchanged on ICE. Into Energy April was bumped up about 75 cents to \$30/MWh.

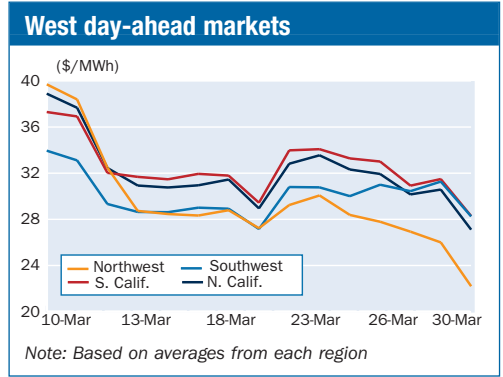
WEST MARKETS

Dailies move lower; forwards also weaker

On-peak day-ahead prices on Monday dropped with soft spot gas prices and moderate weather, losing as much as \$3.75 in the Northwest and Southwest. Dailies slid by as much as

\$3.50 in California in trades on IntercontinentalExchange. With the month ending today, there were no bids or offers for March financial balance-of-the-month during the afternoon on ICE. Forwards also slipped somewhat as the May NYMEX gas futures contract barely budged.

In day-ahead sales in the Southwest, Palo Verde on-peak averaged about \$27.25/MWh on ICE. Total volume traded at Palo Verde on ICE was about 1,025 MW, around 900 MW less than on Friday. The



Western Electricity Coordinating Council projected peak load for the Southwest at 14,158 MW Monday, about 350 MW more than on Sunday.

In the Northwest, Mid-Columbia daily on-peak averaged around \$22.25/MWh. About 6,425 MW traded on ICE at Mid-C, about 375 MW more than on Friday. WECC projected the Northwest would have peak load Monday of 49,216 MW, about 4,300 MW more than on Sunday.

In California, daily on-peak at NP15 and SP15 averaged about \$28.25/MWh on ICE. The California Independent System Operator projected peak load Monday of 28,907 MW, and peak load of about 20 MW more for today. WECC projected the California-Mexico border area would have peak

Near-term markets (\$/MWh)

Contract	Transacted	Range
East		
PJM West		
Bal-week	03/30	41.00-42.50
Bal-week	03/27	41.00-41.75
Bal-week	03/25	38.75-39.50
Bal-week	03/24	41.25-41.75
Bal-week (off-peak)	03/25	28.75-29.25
Bal-month	03/27	41.25-41.75
Bal-month	03/26	43.00-43.50
Next-week	03/30	43.00-43.50
Next-week	03/27	42.75-43.25
Next-week	03/26	43.25-43.75
Next-week	03/25	43.25-43.75
Next-week	03/24	44.00-44.50
Central		
Cinergy Hub		
Bal-week	03/24	30.25-30.75
Entergy, Into		
Bal-week	03/24	31.75-32.25

Contract	Transacted	Range
West		
Mid-C		
Bal-month	03/26	26.25-28.25
Bal-month	03/25	25.50-27.50
Bal-month	03/24	27.75-29.75
Bal-month (off-peak)	03/25	24.00-26.00
Bal-month (off-peak)	03/24	23.50-27.00

*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.

load Monday of 33,560 MW, about 2,200 MW more than actual peak on Sunday.

Forwards were weak, despite NYMEX gas futures holding steady. The May NYMEX gas futures contract moved up about

0.008 cent to \$3.745/MMBtu, ultimately settling 0.2 cent higher at \$3.739/MMBtu. Power trading on ICE was fairly active, with packages across the curves going through and April getting some attention before rolling off the curve.

In California, SP15 on-peak April financial swaps gave up about \$1.25, with bids at \$32.75 and offers at \$33.25/MWh on ICE at around 2:30 pm EDT. SP15 third quarter slipped 75 cents, moving to \$49/MWh. NP15 April shifted down \$1, to \$34.75/MWh.

In the Northwest, Mid-Columbia on-peak April was off \$1.50, moving to \$25/MWh. Mid-Columbia third quarter gave up \$1.50, moving to \$37.25/MWh.

In the Southwest, Palo Verde on-peak April shed \$1, moving to \$28/MWh. Palo Verde third quarter edged 75 cents lower, to \$43/MWh.



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Daily emissions assessments, Mar 30

	\$/allowance	Change	\$/st
SO2 2009	63.00	0.00	63.00
NOx 2009	475.00	0.00	475.00
NOx 2010	500.00	0.00	500.00
NOx 2011	475.00	0.00	475.00

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 Mar 31

	Marginal heat rate	Spark spreads				
		@7k	@8k	@10k	@12k	@15k
East						
Mass Hub	9672	10.98	6.87	-1.35	-9.57	-21.90
N.Y. Zone-G	11000	16.00	12.00	4.00	-4.00	-16.00
N.Y. Zone-J	11286	17.66	13.54	5.30	-2.94	-15.30
N.Y. Zone-A	6654	-1.36	-5.31	-13.20	-21.09	-32.92
Ontario*	6969	-0.15	-5.03	-14.79	-24.54	-39.18
PJM West	10360	13.54	9.51	1.45	-6.61	-18.70
TVA, into	8522	5.54	1.90	-5.37	-12.65	-23.56
Central						
Cinergy Hub	8388	5.25	1.47	-6.10	-13.67	-25.03
NI Hub	10828	12.02	8.88	2.60	-3.68	-13.10
Entergy, into	9142	6.68	3.56	-2.67	-8.91	-18.26
ERCOT	8243	3.43	0.67	-4.85	-10.37	-18.65
West						
Mid-C	7243	0.75	-2.32	-8.45	-14.58	-23.77
Palo Verde	9812	7.91	5.10	-0.53	-6.16	-14.61
NP15	8451	4.82	1.50	-5.14	-11.79	-21.76
SP15	9383	7.18	4.17	-1.86	-7.89	-16.94

*Ontario prices in Canadian dollars

†Spark spreads are reported in (\$) and Marginal heat rates in (Btu/kWh)

IN THE NEWS

Mich. wind projects hampered by grid limits

Without expensive network upgrades, electric transmission constraints severely limit the development of wind energy in Michigan's Upper Peninsula, according to results released Monday from a new American Transmission Co. study.

Brett French, senior regional manager of external relations for ATC, which bills itself as the first multi-state, transmission-only utility in the nation, delivered the sobering message to the Michigan Wind Energy Resource Zone Board. The board, created by the state's comprehensive 2008 energy law, is attempting to pinpoint the best locations in the state to locate wind energy farms. It must prepare a report of its findings by June 2.

Under the law, the state's electric utilities must get at least 10% of their power from renewables, mostly wind, by 2015. Both Detroit Edison and Consumers Energy, the state's two largest electric utilities, plan to add several hundred megawatts of wind generation over the next five or six years. Most of their proposed projects are in the Thumb region of Michigan, a rural, largely agricultural area. Both utilities have leased thousands of acres in the Thumb for wind farm development.

French told the board that there are only scattered areas in the Upper Peninsula where existing transmission infrastructure and wind speeds are conducive to wind farm development. And those, he added, mostly are of the smaller variety — in the range of 5 MW to 20 MW.

Earlier this year, ATC began working collaboratively with several stakeholders in an attempt to "find where opportunities might be located" for wind projects in the Upper Peninsula, he said in an interview following the meeting. "Where we have been asked to study larger projects on the order of 200 MW, a tremendous amount of upgrades would be required and the cost to interconnect would be pretty sizeable."

At present, French said, it is not possible to construct a large wind farm in the Upper Peninsula without substantial upgrades in transmission capacity. "One hundred megawatts or greater, there's no question . . . I don't know there's a location in the UP that could support that without significant upgrades," he said.

And those improvements would be costly. System impact studies indicated that a 201-MW wind project that had been proposed for Marquette County by an unidentified developer would have necessitated \$230 million to \$253 million for network and interconnect upgrades, French said. "That's something north of \$1 million per MW, and that's just for transmission upgrades. In some locations, it cannot tolerate smaller projects of even 5 to 10 MW."

ATC, noted wind resource board spokeswoman Julie Baldwin, "is trying to determine where some good spots might be. . . a spot that would be good for the transmission system and that also has good wind."

While the wind resource board is not tasked with address-

ing transmission issues, board members found ATC's presentation "interesting." At the end of the board's process, it will be up to the transmission companies to identify any needed infrastructure to accommodate new wind projects, she said.

— *Bob Matyi*

Vectren unit RFPs seek renewables, capacity

Vectren Power Supply, a unit of Indiana based Vectren, has issued solicitations seeking up to 100 MW of firm capacity beginning on January 1, 2013, and, separately, the company is seeking renewable energy and associated credits.

With respect to the capacity RFP, terms should be for a minimum of one year with a preference for a three- to five-year term, Vectren Power Supply said in its request for proposals.

Proposals can be for a standard offering of capacity only or structured in the form of a tolling arrangement.

Any capacity proposed under the RFP must satisfy the Midwest Independent Transmission System Operator's capacity resource requirements for obtaining network integration transmission service under the applicable transmission and energy markets tariff.

In a separate solicitation, Vectren Power Supply said it is seeking to procure renewable energy. This procurement would include the capacity, physical energy and associated renewable attributes in the form of renewable energy credits.

Vectren Power Supply is looking to purchase up to 250,000 MWh of renewable energy per year, depending on the cost, availability and other factors to be considered. The preferred term of the contract for the renewable energy beginning no later than 2012 is 10 years, "or for such term as agreeable to the parties."

In addition, Vectren Power Supply will entertain offers for the sale of a renewable energy facility.

Bids in response to the capacity and renewable RFPs are due by May 1.

Vectren Power Supply serves more than 136,000 electric customers in southwest Indiana and is a member of MISO.

The RFPs are available at <http://www.vectrenrfp.com/>.

— *Staff Report*

Peco launches web site for power suppliers

Exelon subsidiary Peco on Monday said it launched a new web site that will provide generators with important information needed to submit bids and participate in Peco's future power procurements, with the first planned for late spring 2009.

The web site will help the company as it looks to purchase electricity for delivery to customers when rate caps end at the start of 2011.

The site, www.pecoprocurement.com, will serve as Peco's central source of information for the purchases and provide general information for all stakeholders as well as detailed information for prospective bidders. The site is managed by NERA Economic Consulting, which will also serve as the procurement coordina-

tor and bid evaluator upon approval by the Pennsylvania Public Utility Commission.

Pending approval of the company's generation service procurement plan by the PUC, Peco is preparing now to purchase electricity for delivery to residential customers starting January 2011. The company's plan calls for buying four times before 2011, "reducing the risk to customers of purchasing electricity all at one time, when market prices could be high."

The utility's purchases will include both short-term and long-term contracts, as well as some hourly-priced purchases.

Interested bidders are invited to visit the site and register to receive additional information related to the procurement and bidding periods. — *Staff Report*

North Dakota coal-fired plants return

Great River Energy's 188-MW Stanton station and Basin Electric Power Cooperative's 650-MW Leland Olds plant returned to service over the weekend, spokesmen for both companies said Monday.

"We were back online late evening on Saturday," Great River spokesman Lyndon Anderson said Monday.

At Basin Electric, both Leland Olds units are running, spokesman Daryl Hill said Monday, although unit 1 currently is generating at half capacity as it awaits higher river levels. Leland Olds-1 was back early Sunday morning and Leland Olds-2 early Monday.

Stanton and Leland Olds — both of which rely on Missouri River water for cooling and steam generation — were shut down last week after the Army Corps of Engineers reduced river water levels from the Garrison Dam to ease flooding that was aggravated by chunks of ice that were blocking river flows.

Deliveries of coal to the plants continue and stockpiles remained at good levels, both Anderson and Hill said Monday. Rio Tinto Energy America's Spring Creek coal is railed from Montana to Stanton and North American Coal's Freedom lignite mine, near Leland Olds, supplies that plant.

After fighting floods in some parts of the state over the past week, North Dakota residents also had to dig out from as much as 15 inches of snow. — *Steve Hooks*

Entergy, SPP tout new process... from page 1

factors in what generation and transmission capacity is available in the region, as well as the prices offered. The end result, he said, is an "optimized" mix of generation that makes the best use of the regional transmission grid while minimizing power costs to Entergy's utilities and their customers.

Before implementing the WPP last week, Entergy employed "a computer-based bidding process whereby individual generators applied for transmission service and their bids were reviewed by system management staff," said Dasplit, noting that the SPP — acting as the Entergy region's independent coordinator of transmission — has been overseeing that process since 2006.

The newly implemented process, which now will be repeated

each Wednesday and Thursday, removes the human element from the evaluation process, thereby making the process faster, more completely rational, and fairer, Dasplit said.

Some merchant generators in the Entergy region have complained for years that Entergy has prevented them from competing fairly to provide power to Entergy's utilities in Mississippi, Louisiana, Arkansas and Texas. Dasplit said the WPP is designed in part to address "that perception" of unfairness, and noted that the process ensures that Entergy generators submitting bids have "no inside information" that would give them a competitive advantage.

Bruce Rew, the SPP's vice president of engineering, said that the WPP promises to reduce Entergy's power costs by ensuring that the utility purchases lower-cost power from others when it can do so without compromising the reliability of its grid.

Rew also said that the WPP "provides the opportunity for the ICT to realize its full benefit and potential." In addition to overseeing the WPP, the ICT is responsible for calculating the Entergy region's available flowgate capability, granting or denying transmission service, administering Entergy's Open Access Same Time Information System, and overseeing regional transmission planning.

As noted, however, Entergy critics said that they find the WPP lacking, and that FERC agrees with them.

Spokesmen for merchant generators declined to comment on the record, but an industry participant in the region said that FERC "summarized [merchants'] concerns best" in the commission's March 17 order that conditionally approved the implementation of the WPP.

In that order, FERC echoed the concerns of merchant generators and others that Entergy had narrowed the scope of the WPP by, among other things, excluding off-peak power from the bidding process, and that it took Entergy 22 months — eight months longer than it initially figured — to implement WPP, thereby minimizing the financial gains to be realized from the process.

"There will only be 20 months left of the current ICT term to have the WPP in place," FERC said in its order, noting that the four-year "experiment" under which the SPP serves as Entergy's ICT expires in November 2010.

FERC ultimately rejected the call by merchant generator Entegra Power Group, the owner of a 2,200-MW, natural gas-fired combined-cycle station in El Dorado, Arkansas, to force changes in Entergy's WPP plan. But the commission did require that Entergy submit a filing by November 19 — one year before the expiration of the SPP/ICT test — "to explain its plans for a replacement arrangement or its intent to continue the ICT arrangement in its current, or a modified, form upon expiration of the ICT."

FERC also said, "We are concerned that the money spent on developing the WPP may outweigh any benefits it may produce" and ordered Entergy to submit an informational filing by April 16 "detailing all the costs that have been incurred to develop the WPP" as well as a proposal on how Entergy intends to recover the WPP costs.

Further, FERC said that instead of having the SPP annually calculate the power-cost savings realized from the WPP, the commission will require the SPP to calculate the savings on a quarter-

ly basis, beginning with a March-through-May report to be submitted by June 15.

"[W]e will also require Entergy to undertake an analysis of historical data to obtain an estimate of past savings attributable to third-party purchases in order to provide a baseline against which to compare the savings that the ICT calculates for the WPP," FERC said.

FERC said that the SPP will be required to file information on "1) the number of merchant generators participating each week in the WPP and the corresponding megawatts committed in the WPP; [and] 2) the effects the WPP implementation has had on actual output of Entergy's legacy oil and gas units."

Asked to comment about FERC's concerns about the WPP, the SPP's Rew said that his entity's thoughts should be conveyed in filings to the commission, and not in statements to the media. — *Housley Carr*

PJM-MISO link wins incentives... from page 1

The order approved 200 basis points in adders to Pioneer's rate of return on equity, as well as recovery of 100% of costs for construction work in progress, full recovery of prudently incurred costs if the project is abandoned for reasons outside Pioneer's control, and creation of a regulatory asset for costs incurred prior to the effective date of a formula rate.

Commissioner Suedeen Kelly dissented in part, with a separate statement to be issued later. Kelly and Jon Wellinghoff, who was recently named chairman of FERC, have both questioned parts of previous commission decisions related to incentive rates for transmission projects.

Because Pioneer has not been approved as part of the PJM or MISO regional transmission plans, the commission said it does not qualify for the rebuttable presumption favoring incentives. But FERC went on to find the project worthy of incentives because it would ensure reliability and/or reduce costs of delivered power by reducing congestion.

The order also concluded that Pioneer sufficiently demonstrated a required nexus between the requested incentives and the risks and challenges faced by the project.

Pioneer had proposed an ROE of 13.5% that included a total of 250 basis points in incentives. The commission granted a 150-point adder for investment in new transmission that would take effect once the project is approved by the regional planning processes of PJM and MISO and there is a FERC-approved cost-allocation methodology in place.

Another 50-point adder kicks in once the project is put under the operational control of PJM and MISO. But a 50-point adder

for the use of advanced technology was rejected after FERC concluded the proposed technologies and techniques "have been in use for many years." Nevertheless, it left the door open for Pioneer to re-apply for the adder if it can provide additional support for its claims.

FERC also trimmed Pioneer's requested 11% base ROE to 10.54%.

The total package of incentives "is tailored to address the risks or challenges faced by Pioneer," FERC said. The ROE adders will improve the project's ability to raise capital, and the CWIP and regulatory asset incentives will provide "up-front regulatory certainty, rate stability and improved cash flow," it added, "thereby easing the pressures on its finances."

As for Pioneer's proposed formula rate and rate protocols, the commission said they raise issues of material fact that require a hearing.

However, the order held the hearing in abeyance to give the parties an opportunity to reach a settlement. The approved incentives and 10.54% base ROE are outside the scope of the hearing order, FERC made clear. — *Craig Cano*

Constellation divests operation... from page 1

of contract terminations associated with the divested businesses and the return of collateral since its fourth-quarter earnings call, more than \$500 million of collateral has been returned to Constellation and the remaining \$500 million will be returned as remaining contracts are terminated, Constellation said.

In a related transaction associated with the Macquarie deal, Macquarie Cook Energy will supply natural gas to Constellation's Louisville, Kentucky-based retail gas marketer, Constellation NewEnergy Gas.

Effective Wednesday, Constellation's gas trading business and employees will join Macquarie and operate in headquarters based in Houston with offices in Calgary and Denver, Macquarie said in a separate statement Monday.

"With the closing of this acquisition, Macquarie Cook Energy is now well-positioned as one of the leading participants in the North American wholesale natural gas market. Our customers and clients will benefit from our increased scale and scope as we now have access to a greater network of regional markets and staff with a significant depth of experience," said Nicholas O'Kane, executive director and global head of Macquarie's energy markets division.

In December, Platts ranked Constellation third among all North American gas marketers in the third quarter of 2008, putting its wholesale physical sales at 13.9 Bcf/d, behind ConocoPhillips at 15.5 Bcf/d and BP at 29.9 Bcf/d. — *Tom Tiernan*

REQUEST FOR PROPOSALS

VECTREN POWER SUPPLY seeks up to 100 MW of capacity for up to five years beginning January, 2013. The proposed capacity must meet the Midwest ISO Module E capacity resource requirements.

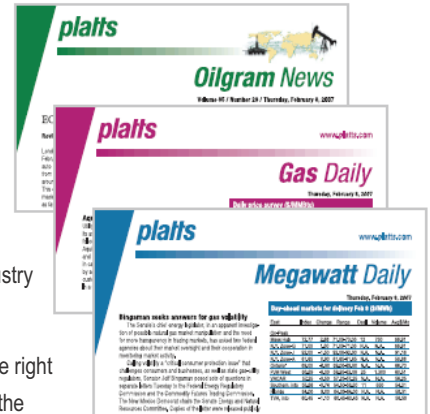
VECTREN POWER SUPPLY also seeks up to 250,000 MWh's of renewable energy, capacity and associated renewable energy credits (RECs) per year beginning no later than 2012.

Responses to both RFP's are due to Vectren no later than May 1, 2009 and both RFP's can be downloaded from <http://www.vectrenrfp.com>.



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