

# Bloomberg *PowerLines*

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TOMORROW'S PRICES TODAY

MAY 14, 2001

## Western Spot Electricity Prices Sink Amid Less Weather-Related Demand

Los Angeles — Most Western U.S. spot power prices for delivery tomorrow slumped as supply outstripped demand.

At the SP-15 delivery point in Southern California, peak power dropped \$186.88 to a Bloomberg index of \$205.00 a megawatt-hour, amid trades in the \$175.00-\$225.00 range.

"Air conditioning load is diminishing, which is causing prices to decline," said one Southwest trader.

According to Weather Services Corp., of Lexington, Massachusetts, temperatures in Los Angeles were expected to reach 75 degrees Fahrenheit today.

At the Palo Verde switchyard in Arizona, peak power sank \$202.02, or 47.82 percent, to a Bloomberg index of \$220.48 as traders executed transactions in the \$210.00-\$240.00 range.

Traders said that Arizona's Public Service Co. 1,270-megawatt Palo Verde-1 nuclear plant in Wintersburg, Arizona, increased production to 19 percent of capacity following the completion of a scheduled refueling outage that began March 31.

At the Mid-Columbia trading point in Washington, peak power slumped 47.5 percent from Friday's Sunday-Monday package to a Bloomberg index of \$205.40, with trades at \$175.00-\$225.00.

According to Belton, Missouri-based Weather Derivatives Inc., cooling demand in the Pacific Northwest will be 84 percent below normal.

"We are expecting rain in the Pacific Northwest which is causing temperatures to drop," said one Northwest trader.

At the NP-15 delivery point in Northern California, peak

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**Bloomberg U.S. Regional Electricity Prices**  
(\$/MWh for next-day delivery)

West Coast	Index	Daily Chg.	Low	High
Mid-Columbia	205.40	-185.85	175.00	225.00
Ca-Or Border	203.33	-186.67	180.00	225.00
NP15	207.75	-189.39	175.00	228.00
SP15	205.00	-186.88	175.00	225.00
Ault Colorado	185.00	-155.00	175.00	225.00
Mead	225.00	-128.00	220.00	230.00
Palo Verde	220.48	-202.02	210.00	240.00
Four Corners	207.50	-177.50	200.00	220.00
<b>Mid-Continent</b>				
ECAR	32.75	1.68	30.18	35.00
East	35.50	2.00	35.00	36.00
AEP	31.94	-1.46	29.75	34.00
West	31.50	2.00	29.50	34.00
Central	31.17	3.52	28.00	35.00
Cinergy	31.17	3.52	28.00	35.00
South	34.44	2.15	28.00	37.00
North	33.50	0.00	33.00	34.00
Main	33.63	3.88	30.75	37.25
Com-Ed	31.25	2.25	29.50	34.50
Lower	36.00	5.50	32.00	40.00
MAPP*	46.78	6.86	45.00	51.00
North*	46.50	7.17	45.00	50.00
Lower*	47.06	6.56	45.00	52.00
<b>Gulf Coast</b>				
SPP	40.13	-0.51	39.50	41.50
Northern	39.50	0.00	39.50	41.00
ERCOT	47.50	2.25	46.00	49.00
SERC	37.35	0.10	33.89	39.07
Va Power*	35.00	-4.50	34.50	35.50
VACAR*	37.00	3.50	36.00	38.00
Into TVA	34.44	2.15	28.00	37.00
Out of TVA	38.23	1.80	31.72	40.99
Entergy	41.75	-1.25	35.00	44.00
Southern*	37.00	2.00	35.00	39.00
Fla/Ga Border*	38.00	-3.00	37.00	39.00
FRCC*	56.00	1.00	54.00	58.00
<b>East Coast</b>				
NEPOOL	45.95	-6.05	45.50	47.25
New York Zone J	58.50	-4.50	56.00	61.00
New York Zone G	49.75	-3.25	48.50	51.50
New York Zone A	38.50	-5.50	38.00	39.00
PJM	35.97	-5.48	35.00	36.75
East	35.97	-5.48	35.00	36.75
West	35.97	-5.48	35.00	36.75
Seller's Choice	35.47	-5.48	34.50	36.25

\*means that indexes are Non-Firm.

### EXTRA! EXTRA! READ ALL ABOUT IT!

For a Bloomberg Special Report on the California Energy Markets and what lies ahead this summer, See Page 3!

## Southeast Spot Power Prices Mixed With Varied Temperature Forecasts

Atlanta — U.S. Southeast spot electricity prices were mixed today as hot weather returned to major Southern U.S. population centers, traders said.

Forecasters from Lexington, Massachusetts-based Weather Services Corp. predicted daily high temperatures in the Atlanta vicinity would peak tomorrow at 86 degrees Fahrenheit, 5 degrees higher than today.

Conversely, in the Nashville, Tennessee, vicinity, temperatures will remain in the high-80s to low-90s all week, propelling air conditioning demand, traders said.

The Bloomberg Southeast Electric Reliability Council regional index price rose 10 cents a megawatt-hour from equivalent trades made Friday for delivery today, to \$37.20. Trades ranged from \$26.50-\$42.50.

On the Tennessee Valley Authority grid, power traded an average of \$2.15 higher at a Bloomberg index of \$34.44 amid trades in the \$28.00-\$37.00 range.

In Texas, day-ahead power prices rose 84 cents for UB firm energy to a Bloomberg index of \$47.50, though utility traders complained of slack demand versus the same time in 2000.

"There's just no overnight load to do anything with the supply we have," said one Texas-based utility power trader.

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Index prices represent volume-weighted averages of all power transactions reported to Bloomberg energy market reporters this morning for delivery during tomorrow's on-peak hours. Prices reported are for firm power, with liquidated damages, or in regions where firm power isn't available, non-firm power, which represents system-contingent, one-hour recallable sales. Daily index calculation is final as of 1 pm Eastern.

## Northeast Electricity Prices Decline On More Generation, Less Demand

Philadelphia — An increase in available generation coupled with less weather-related demand, caused next-day power prices in the Northeast U.S. to fall as much as 11.3 percent this morning, traders said.

According to Weather Derivatives Corp. of Belton, Missouri, temperatures in the Northeast will average within one degree Fahrenheit of normal over the next seven days, keeping heating and cooling demand 88 and 96 percent below normal, respectively.

In the Pennsylvania-New Jersey-Maryland Interconnection, peak power scheduled for Tuesday delivery was assessed at a Bloomberg volume-weighted index of \$35.97 per megawatt hour, down \$5.48 from Friday.

"There's just no weather out there," said one PJM-based trader. "There's no need for air conditioning, and no need for heating. As far as I can tell, it's going to be that way all week long."

Peak loads in PJM are projected to average less than 30,000 megawatts through Friday.

Traders also cited increased regional capacity as a cause for the dip. Interconnection data shows 1,675 megawatts returned to service today, and an additional 1,232 megawatts are expected to hit the grid tomorrow.

Next-day prices fell across all three zones of the New York Power Pool, with increased output at the Nine Mile Point 1 and 2 nuclear power facilities.

The Nuclear Regulator Commission reported Nine Mile Point 1 at 90 percent of its 609-megawatt capacity following completion of a refueling outage, and the 1,148-megawatt Nine Mile Point 2 at full power following unplanned maintenance. Both units are owned and operated by Niagara Mohawk.

Zone J, which comprises New York City, slipped \$4.50 to \$58.50, while Zones G and A fell \$3.25 and \$5.50, respectively, to \$51.25 and \$40.00 indices.

— Karyn Rispoli

## Southeast Power Prices Mixed on Varied Weather Forecasts

(Continued from Page 1)

"Last year at this time, we saw a bunch of 93-95 degree (Fahrenheit) days. This year so far, the highest we've seen is 85 degrees, so that's about 10 degrees below normal for us."

On the Entergy Corp. grid, day-ahead peak power for tomorrow opened at \$38.50-\$42.00, with the Bloomberg index at \$40.25, \$1.25 less than Friday. Traders said forecasts for cooler weather starting Wednesday caused day-ahead prices to trade late at \$35-\$36.

Traders said Southern Co. was purchasing day-ahead energy at \$37 from utilities in the Virginia-Carolinas region because power from VACAR was cheaper than from utilities in SERC.

Southern day-ahead power traded \$2 higher at a Bloomberg index of \$37, amid trades in the \$35-\$39 range.

In the forward power markets, Entergy power for the balance of this week sold as high as \$48.75. Balance-of-May Entergy power was bid at \$48, though few offers were heard, traders said.

— Brian Whary

## Weather-Related Demand Drives Mid-Continent Power Prices Up

Cincinnati — Day-ahead peak power prices rose today in the Mid-Continent U.S. as high weather-related demand was expected in the Midwest and Southeast, traders said.

"It's supposed to be pretty warm in the TVA (Tennessee Valley Authority) area, so everyone is looking to go from Cinergy to there," one East Central Area Reliability Council trader said. "Dailies and the balance of week are strong because of that."

The Bloomberg index price for peak parcels delivered Tuesday into the Cincinnati-based Cinergy Corp. transmission system rose \$3.52 to \$31.17 a megawatt-hour, with trades ranging from \$29.25 when the market opened up to \$35.00 after options expired.

Cinergy power for Wednesday-Friday delivery sold at \$39.00 and power for May 21-25 was offered at \$45.50.

Spot power in TVA sold \$2.15 higher at \$28.00-\$37.00.

"Things should continue along these lines for the rest of the week, because there's enough power to get down there but not so much that anyone can flood the market and crush prices," an ECAR trader said.

In Mid-America Interconnected Network trading, demand from the Cinergy hub and the Entergy Corp. grid pulled prices up, though traders said transmission problems limited volume.

Peak Monday parcels sold \$2.25 higher on average at the Chicago-based Commonwealth Edison hub, trading at \$29.50-\$34.50, and \$5.50 higher on average in the lower half of the region, with trades from \$32.00-\$40.00.

Mid-Continent Area Power Pool peak spot power prices also climbed today, showing the largest increase in the region as above-normal temperatures were expected and transmission problems isolated the market from lower-priced eastern hubs.

For Tuesday power sold \$7.17 higher on average in northern MAPP at \$45.00-\$50.00 and \$6.56 higher on average in the southern half of the region at \$45.00-\$52.00.

Lexington, Massachusetts-based Weather Services Corp. predicted tomorrow's high temperature would be 85 degrees in Minneapolis and 91 degrees in Omaha, Nebraska.

"There's no available transmission from ComEd, and problems getting power out of Ameren's grid too," one MAPP trader said.

— Ken Falmestock

## Western Power Prices Fall With Weather-Related Demand

(Continued from page 1)

power fell \$189.39 to a Bloomberg index of \$207.75, with trades at \$175.00-\$228.00.

According to the California Independent System Operator, tomorrow's forecast demand was 30,084 megawatts, down 743 megawatts from today.

— Robert Scalabrino

**Bloomberg Power Lines**; Publisher: Michael Bloomberg; **Power Lines** Editor: Andrew Stewart (609) 279-4258; **Electricity Markets**: (609) 279-4200, Ken Falmestock (609) 279-4269, Karyn Rispoli (609) 279-4227, Brian Whary (609) 279-4210, Robert Scalabrino (609) 279-4213, Amal Halawi (609) 279-4213, Alejandro Barbajosa (609) 279-4213; **Technical Support**: Tim Barrett (609) 279-4218; **Sales**: Joelle Quinones (609) 806-1213; **Circulation**: Customer Service: www.bloomberg.com/energy/index.html. Copyright 1999 Bloomberg L.P., THE BLOOMBERG, Bloomberg Financial Markets, Bloomberg Energy Services and Bloomberg Power Lines are service marks and trade marks of Bloomberg L.P.

## Western U.S. Power Prices Could Top \$10,000 by Summer, Analyst Says

New York — Hourly electricity prices in California could top \$10,000 a megawatt-hour this summer as demand for electric power continues to outstrip available supply, an energy analyst said.

"Hourly prices could top \$10,000 between mid-June and the end of the summer because of a lack of (generation) capacity in the state," said Peter Fusaro, an energy analyst with New York-based Global Change Associates. "Prices will increase to whatever levels the market will bear."

The projected price level represents more than a five-fold increase from the highest hourly power price in California this past Wednesday, when the State of California paid \$1,900 a megawatt-hour to Houston-based Reliant Energy, an energy trading and marketing company.

Traders and analysts said that higher energy prices could force cash-strapped commercial and industrial customers in California to relocate out the state in favor of lower monthly power bills and more reliable supply.

"Price increases are driving industry out of the state because of reliability issues," Fusaro said. "These companies will be relocating to states such as Texas, which many view as a safe haven because there's an adequate and reliable supply of electric power."

### Power Supply Unreliable

Electricity supplies in California have been anything but adequate and reliable recently. Wednesday's emergency power sales were aimed at preventing a third day of rolling blackouts to 168,000 California residents as record heat across the state boosted demand for power for air conditioning.

According to the California Independent System Operator, there have been 36 Stage 3 Emergencies this year, where total available utility power reserves decline to less than 1.5 percent of total operating generation. When these emergencies occur, utilities are forced to shed load by temporarily turning some customers' power off to prevent system-wide blackouts.

The bill for Wednesday's power sales amounted to \$319,200 for 168 megawatts of power for one hour, according to an Associated Press story in Friday's San Francisco Chronicle. One megawatt of power is about enough energy to supply the power requirements of 1,000 homes.

Wednesday's \$1,900 over-the-counter power sale represents the highest hourly price recorded in California since the now-defunct California Power Exchange began formally making markets for hourly power on July 30, 1998.

The exchange closed on Jan. 31 after power suppliers abandoned it in favor of more lucrative over-the-counter wholesale spot markets in and out of state. State and federal hourly price caps also caused suppliers to direct energy elsewhere, killing the exchange's liquidity, traders said.

### It's Happened Before

While hourly prices of this magnitude would be unprecedented in California, they reached a high of \$9,000-\$10,000 a megawatt-hour on the Cincinnati-based Cinergy Corp. transmission grid in July 1998 and 1999, traders said. In both years, hot weather boosted demand for air conditioning at a time when several key generating units were off line for repairs.

Problems with transporting replacement electricity across

high voltage transmission lines also contributed to soaring Cinergy hourly prices, they said.

Even though California Governor Gray Davis expects to have as much as 5,000 megawatts of new power generation available this summer, many of the same problems the Cinergy grid had three years ago will still exist in California, analysts said.

Existing electric transmission lines can't bring enough power into the state, and natural gas pipelines can't ship enough gas to fuel the new power plants, analysts said.

"Either way, it's going to be a very tough summer for the folks in California," said Tobias M. Levkovich, senior equity strategist for New York-based Salomon Smith Barney. "Despite everything they're trying to do with building generation and the like, they're just not going to get there soon enough. We're (having to face) the physical difficulties of having everything you need to have in place within the next 12 to 18 months."

### Marketers Win, Utilities Lose

Fusaro said energy marketing and trading companies such as San Jose, California-based Calpine Energy Marketing, Duke Energy Trading and Marketing, Dynegy Marketing and Trading and Reliant Energy, all Houston-based, could be the winners in the current high-priced California market, while utilities could be the losers.

"Southern California Edison and Pacific Gas & Electric could be losers this summer because they have an obligation to serve customers and have to purchase power at whatever the market will bear," Fusaro said. "The power marketers could win big because they don't have an obligation to serve."

One Rockies-based energy trader, speaking on condition of anonymity, agreed hourly prices could exceed the \$10,000 mark, causing "financial destruction."

"Pacific Gas & Electric went bankrupt, and Southern California Edison could be headed there next," he said.

In a recent Global Change Associates study "Understanding the California Energy Crisis," Fusaro suggests solutions to the California crisis including the abolition of retail prices caps and an aggressive program of energy efficiency.

Thursday, Davis signed a \$13.4 billion bond measure to finance state-purchased power on behalf of California's cash-strapped utilities through the next 15 years.

On Wednesday, the San Francisco-based California Public Utilities Commission announced a proposed decision by an administrative law judge to raise PG&E and Socal Edison's power rates to so-called "medium" and "heavy" power users in the state by more than 50 percent by June 1.

No rate increase is proposed for 51 percent of the state's residential power users who fall in the "low to medium" users category. A final decision on the matter is expected today.

CPUC raised rates by 3 cents a kilowatt-hour on March 27 to prevent blackouts and try to keep the state's utilities and the Department of Water Resources solvent. The DWR began buying power on behalf of the state when the utilities' suppliers stopped selling to them because of credit concerns.

When asked what steps the CPUC might take to combat high California hourly prices, a spokeswoman for Paul Clanton, director of the energy division for the CPUC, offered no comment.

— Brian Whary and Robert Scalabrino

## U.K. Forward Power Prices Decline On Less Weather-Related Demand

London—Power prices in the U.K. fell for the fourth consecutive day amid continued heavy selling interest, traders said.

Winter 2001 baseload traded as high as 21.52 pounds a megawatt-hour and as low as 21.35 pounds a megawatt-hour, before closing at 21.42 pounds a megawatt-hour, 11 pence lower than Friday.

The contract has fallen around 82 pence since the start of the month amid aggressive selling interest, mainly from one trading house, which intended to buy back contracts where it was short. Volatility in the contract today stemmed from opposition from another trading house, which bought the contract, supporting price levels, traders said.

Shorter-term contracts also fell today as warm weather was expected to curtail heating demand and also amid lower production costs because of falling natural gas prices, traders said.

June baseload power contracts fell 22 pence from Friday after last trading at 18.35 pounds a megawatt-hour.

On the International Petroleum Exchange, June natural gas futures traded 0.31 pence lower today after last trading at 21.15 pence a thermal unit. The contract has fallen by 1.74 pence since the start of last week.

Some traders, however, remained reluctant to give fundamental reasons for price movements because of the immaturity of the market, given the recent launch of the new trading agreements. Most trading activity was in an effort to find new price levels, they said.

— Amal Halawi

## Nordic Power Forward Prices Soar On Hydroelectric Supply Concerns

Lysaker, Norway—Longer-term electricity prices on the Nordic Power Exchange in Lysaker, Norway, soared in active afternoon trade after participants rushed to buy seasonal contracts in an attempt to close positions amid limited hydro-supply, traders said.

Winter-2 2001 closed 6.00 Norwegian kroner higher at an all time high of 214.50 kroner a megawatt-hour after a total 603.00 megawatts were exchanged as low as 207.25 kroner a megawatt-hour. Winter-1 2002 jumped 5.65 kroner after discussions ranged 207.50-214.00 kroner a megawatt-hour.

"The market crash everyone was waiting for never came; now you have to pay higher prices to develop positions," an Oslo-based trader said. "I'm surprised that even at the peak of the snow melting season and in anticipation of wet weather, prices are steadily climbing."

Precipitation across Scandinavia was forecast at 200 percent above normal for the next 10 days, according to U.S. forecasters. Still, another trader said 170 percent above normal was a "more realistic expectation following recent over-estimation of wet outlooks."

Tuesday's system area average price was set below expectations of 195.00 kroner a megawatt-hour at 185.70 kroner a megawatt-hour, down 7.45 kroner from today's price. Still, traders said this was a "high" spot price for this time of the year.

Week 21 closed down 1 kroner at 189 kroner a megawatt-hour with 140 megawatts exchanged.

Trade volumes on Nordpool totalled 5,469 gigawatt-hours generation, up 368 percent from Friday's 1,169 gigawatt-hours.

— Alejandro Barbajosa

### Bloomberg Nordic Spot Electric Prices (Nkr/Mwh)

	24-Hr. Avg.
Oslo	186.79
W. Denmark	198.52
Finland	169.66
Sweden	169.66
System	185.70

### Amsterdam Power Exchange (Euro/Mwh)

	Time	Volume
	Avg. Price	Avg. Price
Day	29.37	25408.00
Peak	34.53	15582.00
Off-Peak	19.06	9826.00

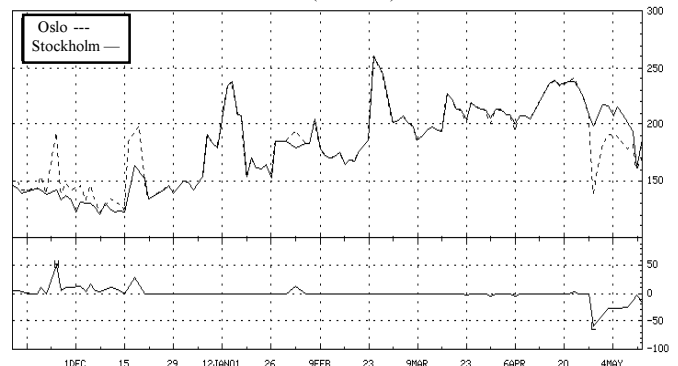
### Bloomberg U.K. Electricity Prices (£/Mwh)

	Baseload	Peak
Day Ahead	16.00	17.25
Summer 2002	18.55	23.55
Winter	21.53	28.70
June	18.75	24.45
July	18.35	n.a.

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### Norway Oslo, Stockholm Spot Price Comparison (Nkr/mWh)



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# Bloomberg PowerMatch West Coast Spot Electricity Indices

## Bloomberg Powermatch Spot Indices For OnPeak Delivery Tomorrow

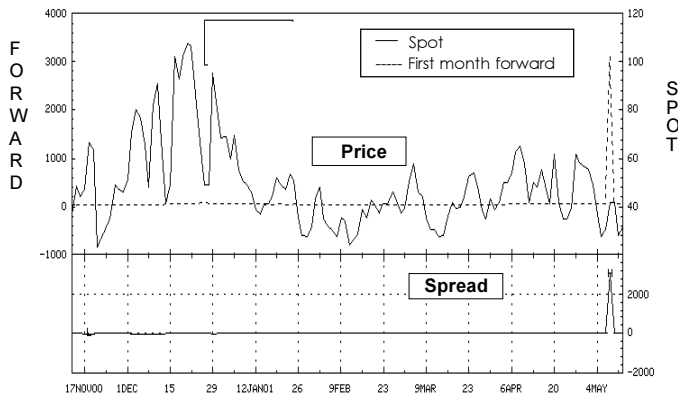
	Index	Change	High	Low	Vol.
Palo Verde	223.33	-183.67	240.00	215.00	225
Mid-Columbia	212.33	-181.55	220.00	207.00	75
NP15	217.50	-175.63	228.00	202.00	100
SP15	209.00	-167.00	220.00	200.00	125

Index values represent a volume-weighted average price of electricity trades completed on Bloomberg's PowerMatch electronic trading system. The high and low trade and total volume in megawatts completed on the system are also listed. Prices represent firm heavy load power with liquidated damages for delivery on the next business day. Next-day power trades on PowerMatch from 12:01 p.m. to 6 p.m. Eastern Standard Time two days prior to delivery and from 7:30 a.m. to noon EST one day prior to delivery. For complete methodology or information about trading on Bloomberg's PowerMatch system, call 1-212-318-2290.

## Selected Electricity Graphics From Bloomberg

Additional electricity information is available by typing **VOLT <Go>** on your Bloomberg.

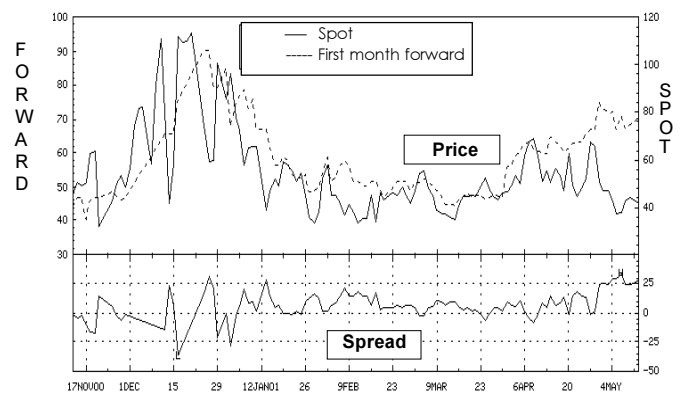
**Cinergy Spot, Forward Price Comparison**  
(\$/MWh)



On your BLOOMBERG terminal, type  
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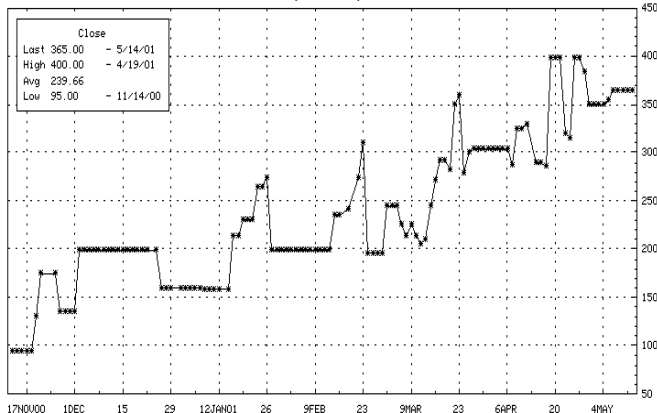
**Entergy Spot, Forward Price Comparison**  
(\$/MWh)



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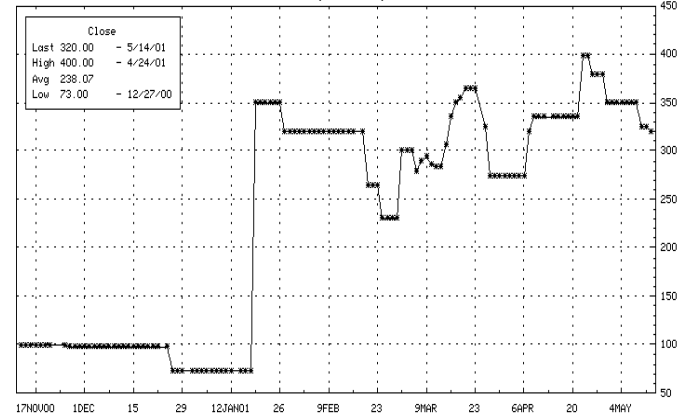
**Palo Verde Futures Snapshot**  
(\$/MWh)



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**COB Futures Snapshot**  
(\$/MWh)



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### Headlines for: Electric Utility Outages (VOLTOUT)

- 1) BES Nuclear Plant Update: APS Confirms Palo Verde 1 Output at 19%
- 2) BES Nuclear Plant Update: CPL's Robinson 2 Operating at Full Power
- 3) BES Nuclear Plant Update: Calvert Cliffs 2 in Startup, NRC Says
- 4) BES Nuclear Plant Update: Palo Verde 1 Output at 19%, NRC Says
- 5) BES Nuclear Plant Update: South Texas 2 Nears Full Power, NRC Says
- 6) BES Nuclear Plant Update: Point Beach 1 Output Confirmed at 30%
- 7) BES Nuclear Plant Update: Point Beach 1 Output Increased, NRC Says
- 8) BES Nuclear Plant Update: Palisades 1 Operating at 50%, NRC Says