

Pricing Events – April 2007

June 7, 2007

MPWG



Agenda

1. April Overview
2. Detail Discussion
 - High-price hours
 - Low-price hours
 - Low-price intervals
 - MCP Volatility
 - Operating reserve activations
 - Emergency control actions
 - Market demand response programs
 - Follow-up on High Uplifts
3. Wrap Up

- April Summary
 - Average Hourly Market Demand: 17,988 MW
 - Average Hourly Ontario Demand: 16,426 MW
 - Average HOEP: \$ 46.05
- Highlights
 - Record Daily Exports of 59.8 GWh on April 25
 - Record Hourly Export of 3,061 MWh on April 25 HE 19

- Only one hour in April where HOEP was above \$200
- April 12 HE17 – HOEP \$215.64
 - The OR requirement was 1728 MW due to a planned transformer outage at a large fossil facility
 - Ice flows led to 790 MW of derates on hydro units resulting in a large negative ACE
 - Demand within the hour was 150MW above forecast
 - The MCP within the hour peaked \$396.65

- There were 43 hours in March where the HOEP was below \$20
 - The 43 hours in April were spread over 9 days
 - All occurrences were during off-peak hours
 - The lowest HOEP was \$2.93 and the average of these 43 HOEP values was \$12.48

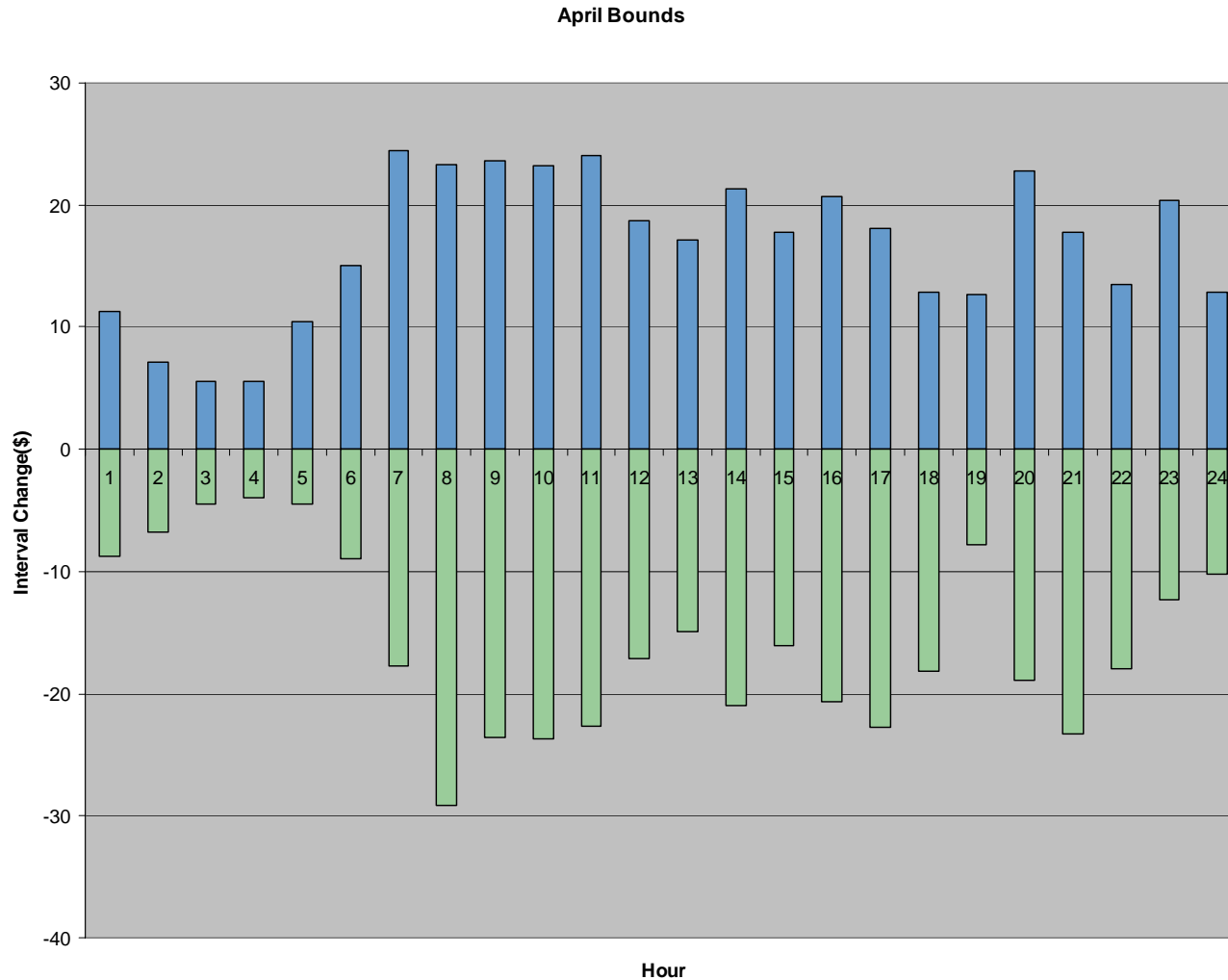
April 30 HE4 – Intervals 2 & 3

- MCP was \$0 in interval 1 and fell to \$-1 during intervals 2 and 3 before climbing to \$4.5 in interval 4
- HOEP for the hour was \$2.93
- High exports (2,110 MW)
- Large supply cushion (32.6%) in concert with demand lower than forecast (12,541 MWh)
- Approximately 500MW of failed exports

Change in Methodology

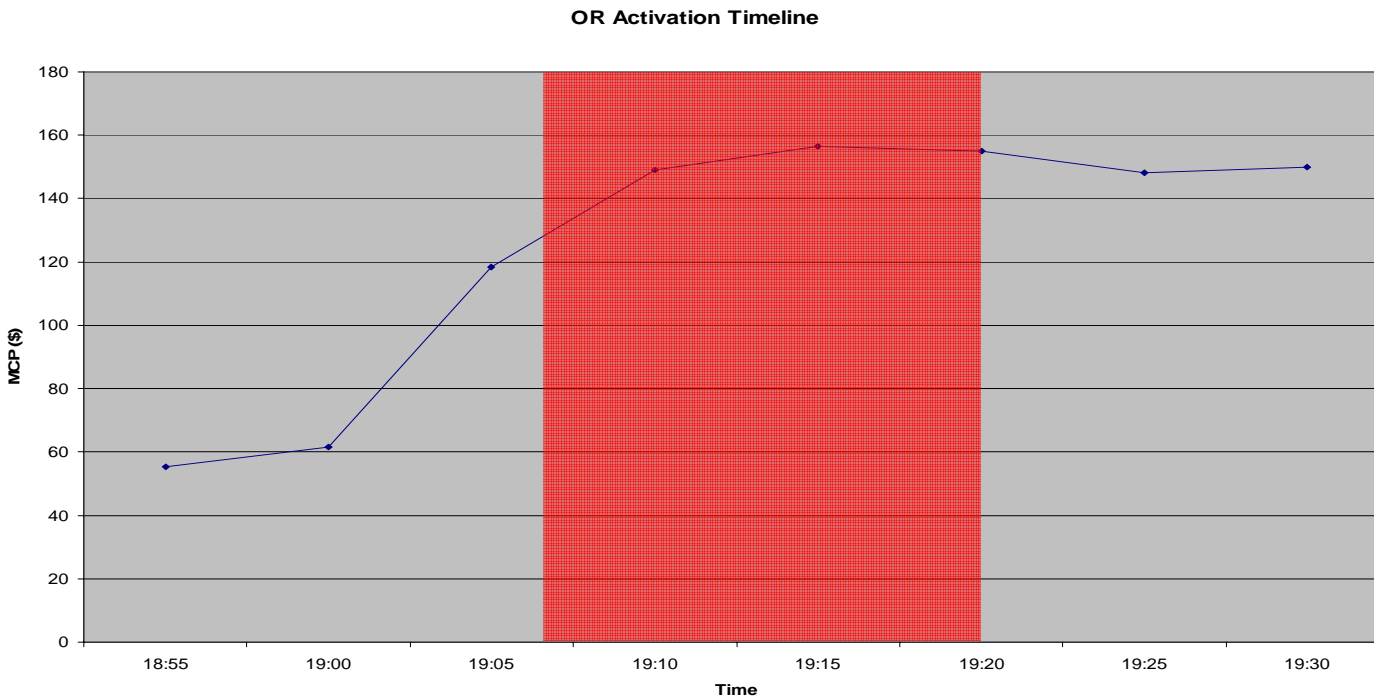
- The previously used metric was unable to capture significant price drops
- 4 years of historical April data was used to create a benchmark
- The benchmark captures the upper and lower 2.5% of the distribution of price changes
- The bounds were then applied against the April 2007 data to identify price changes outside of the historic 95% interval

MCP Volatility – Hourly Price Bounds



- In April 2007 there were 537 intervals which fell outside bounds of the benchmark
- This represented 6.21% of total number of intervals for the month
- Historic values against the new benchmark:
 - January 2007 – 2.65%
 - February 2007 – 5.72%
 - March 2007 – 5.98%

- 17 hours with OR activations
- Largest OR Activation was 600 MW on April 2, 19:04
 - Stemmed from runback on a large coal unit during evening peak
 - OR was activated for 16 minutes



- No emergency control actions were used in April

- No market demand response programs were used in April

- April 28 HE 9
 - Hourly uplifts were \$12.82 while HOEP was \$92.45
 - High constraint payments to dispatchable loads led to high uplifts
 - 2 large generation units were loading slower than expected resulting in a 569 MW shortfall

- Only one hour where HOEP was greater than \$200
- There were 43 hours where HOEP was less than \$20
- One hour had negative MCP values for 2 intervals
- There were 17 OR activations