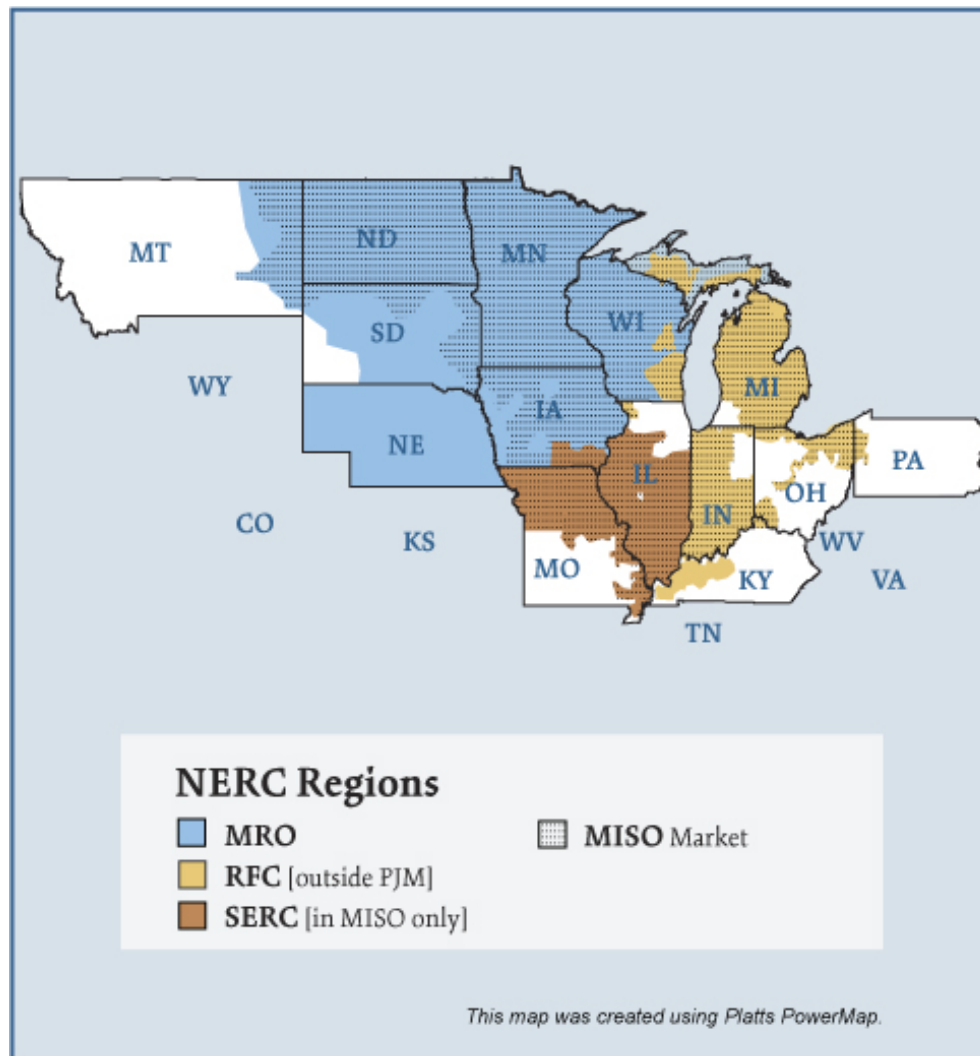


Midwest Electric Regions



Overview

Market Description

Midwest Reliability Organization (MRO) reliability region and the portion of the SERC reliability region in MISO and the ReliabilityFirst Corporation (RFC) reliability region not in PJM.

Geography

States covered: All or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, Illinois, Indiana, Michigan and parts of Montana, Missouri, Kentucky, and Ohio.

Reliability regions: Midwest Reliability Organization (MRO), Southeastern Electric Reliability Council (SERC) and ReliabilityFirst Corporation (RFC)

(These regions were formerly: East Central Area Reliability Coordination Agreement (ECAR), Mid-America Interconnected Network (MAIN), and Midcontinent Area Power Pool (MAPP) regions.)

Balancing authorities: See list on page 6.

Hubs: Cinergy, First Energy, Illinois, Michigan, Minnesota

RTO/ISO

Midwest ISO (MISO) (established 2002) administers a two-settlement (day ahead and real-time) energy market known as the Day-2 market. It produces hourly locational marginal prices that are rolled up into 5 regional hub prices. MISO also administers a monthly financial transmission rights (FTR) allocation and auction.

Midwest bilateral trading is active on the IntercontinentalExchange (ICE) at the Cinergy Hub and Northern Illinois Hub.

[Midwest ISO 2006 State of the Markets Report](#)

Market Monitor: Dr. David Patton – Independent Market Monitor

Generation/Supply (MISO only)

Marginal fuel type: Coal

Generating capacity (summer 2006): 137,232 MW

Capacity reserve (summer 2006): 21,025 MW

Reserve margin (summer 2006): 18%

Demand (MISO only)

All time peak demand: 116 GW (set July 31, 2006)

All time peak demand for MISO market footprint excluding LG&E: 110.5 GW (set July 31, 2006)

In summer of 2006, demand reached record levels on several occasions due to extremely hot weather.

Peak demand growth: 3.4% (2005-2006)

Summer Peak Demand (GW): 112.2 (2005) 116 (2006) 110.5 (2006 MISO market footprint excluding LG&E)

Source: Derived from MISO Data

Prices (MISO only)

Annual Average Day-Ahead Price at Cinergy Hub: \$50.54/MWh (2005) \$40.44/MWh (2006)

Prices increased in 2005 as a result of disturbances to the natural gas market. Prices declined in 2006 as natural gas storage levels remained above historical ranges throughout the injection season (April through October).

Interconnections/Seams

Since the start of the Day-2 market on April 1, 2005, persistent transmission constraints in the Wisconsin and the Upper Peninsula of Michigan (WUMS) and Minnesota areas have caused their prices to diverge from other areas of MISO, usually at times of high loads or decreased generation supply.

Supply and Demand Statistics for MISO

| Supply Demand Statistics | | | |
|---------------------------------|----------|---------|----------|
| | 2004 (2) | 2005 | 2006 (1) |
| Summer Generating Capacity MW | NA | 136,402 | 137,232 |
| Summer Peak Demand MW | 101,538 | 112,197 | 116,207 |
| Summer Reserves MW | NA | 24,205 | 21,025 |
| Summer Reserve Margin: | NA | 22% | 18% |
| Annual Load (GWh): | 569,475 | 607,474 | NA |
| Annual Net Generation GWh | NA | NA | NA |

Footnote (2)/ The MISO Day-2 market did not exist in the summer of 2004

Footnote (1)/ This includes LG&E and KU. LG&E and KU left the MISO market on 9/1/2006

Source: Derived from *MISO* data and FERC staff discussions with MISO.

Updated January 8, 2007

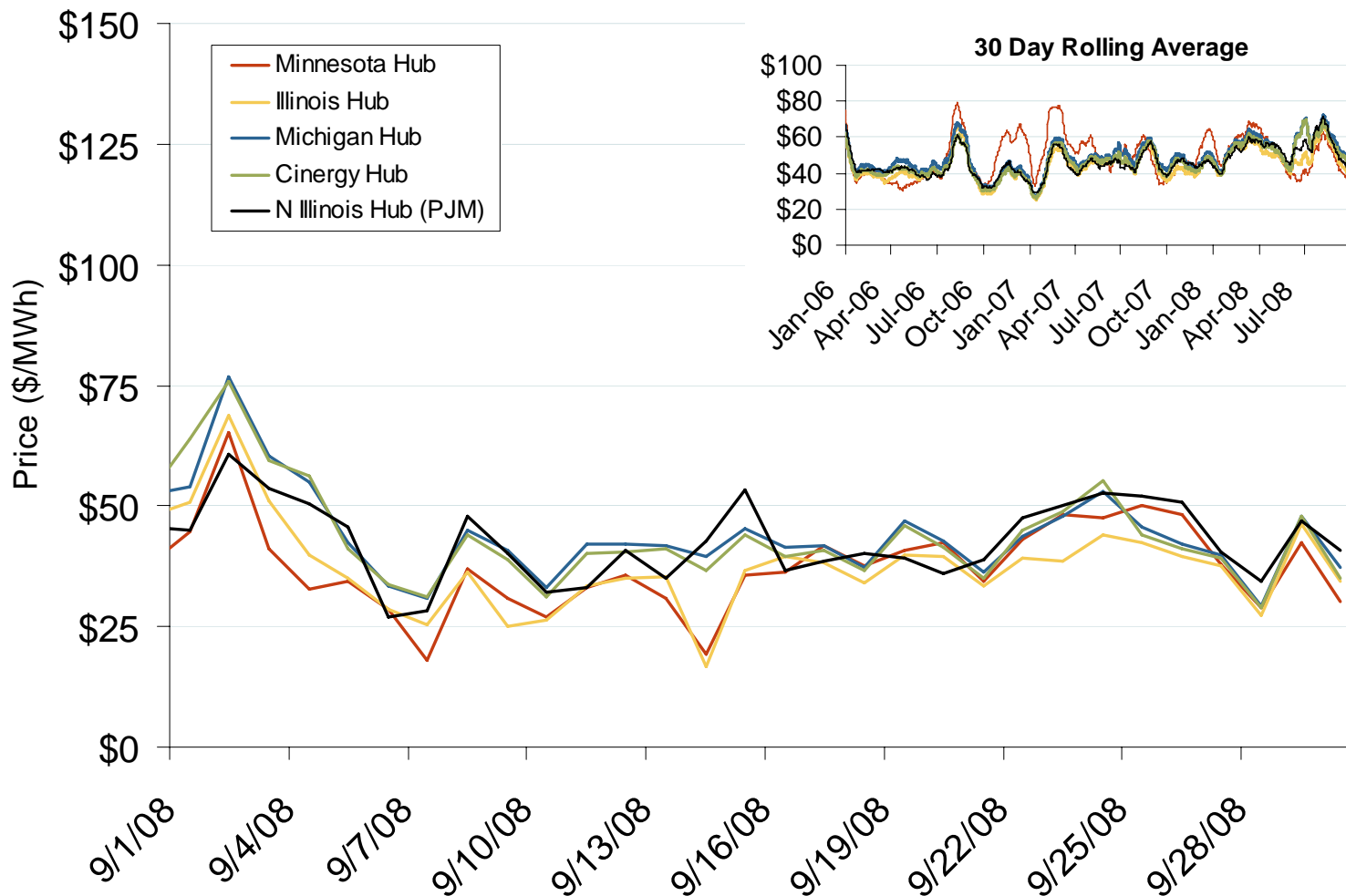
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Annual Average Bilateral Prices

| Annual Average Day Ahead On Peak Prices (\$/MWh) | | | | |
|--|---------|---------|---------|---------|
| | 2005 | 2006 | 2007 | 5 Years |
| Cinergy | \$63.76 | \$51.81 | \$61.20 | \$51.50 |
| Michigan Hub* | \$72.79 | \$55.29 | \$64.43 | \$63.38 |
| Minnesota Hub* | \$69.25 | \$59.47 | \$72.32 | \$66.81 |
| NI Hub | \$61.76 | \$52.52 | \$58.93 | \$50.45 |
| Illinois Hub* | \$67.92 | \$51.32 | \$59.88 | \$58.96 |
| MAPP South | \$65.48 | \$55.11 | \$61.18 | \$54.16 |

* As of April 1, 2005.

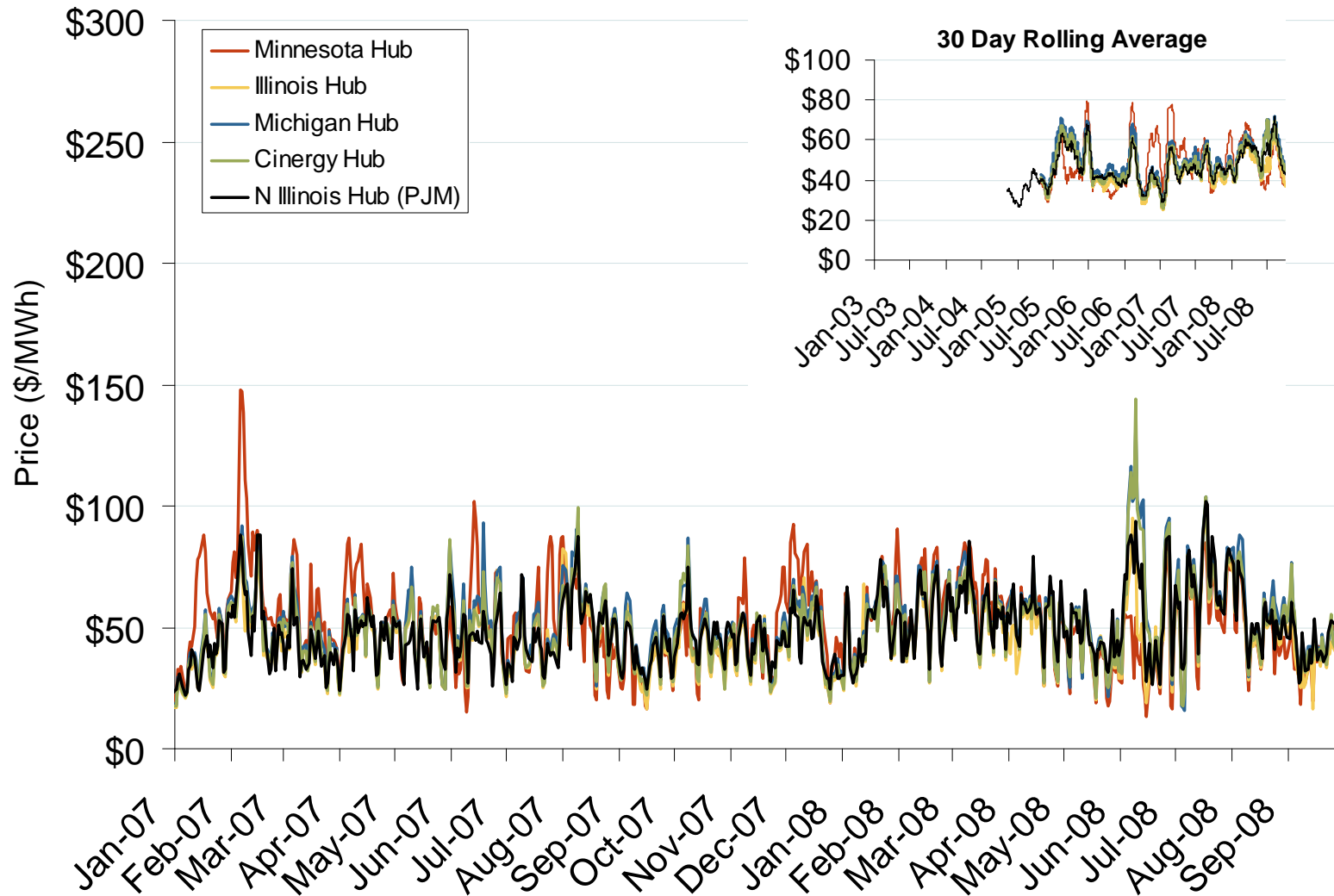
Daily Average of MISO Day-Ahead Prices - All Hours



Source: Derived by Bloomberg from MISO and PJM data as reported by Bloomberg.

Updated October 6, 2008

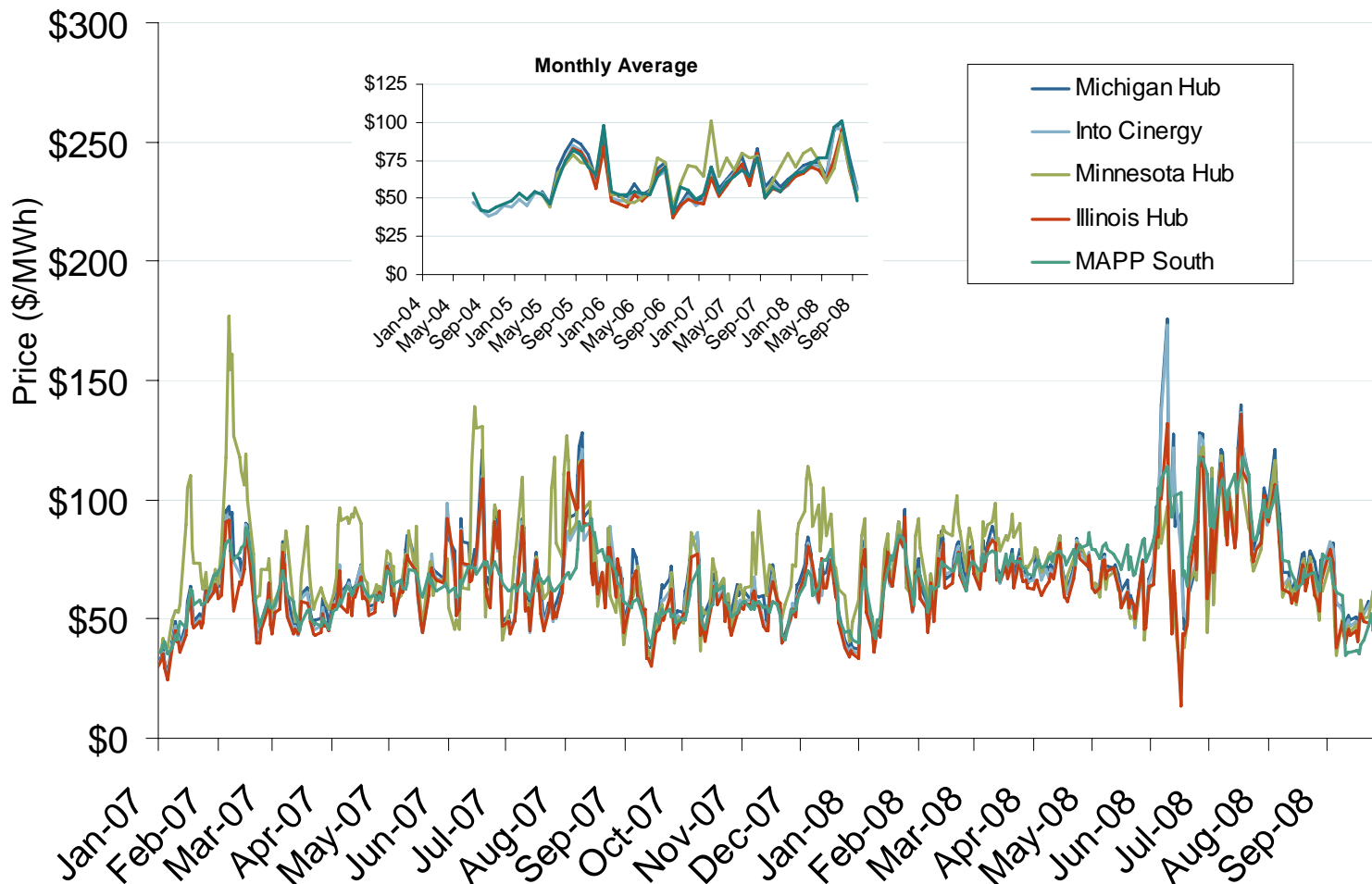
Daily Average of MISO Day-Ahead Prices - All Hours



Source: Derived by Bloomberg from MISO and PJM data as reported by Bloomberg.

Updated October 6, 2008

MISO Hub Bilateral Day-Ahead On-Peak Prices

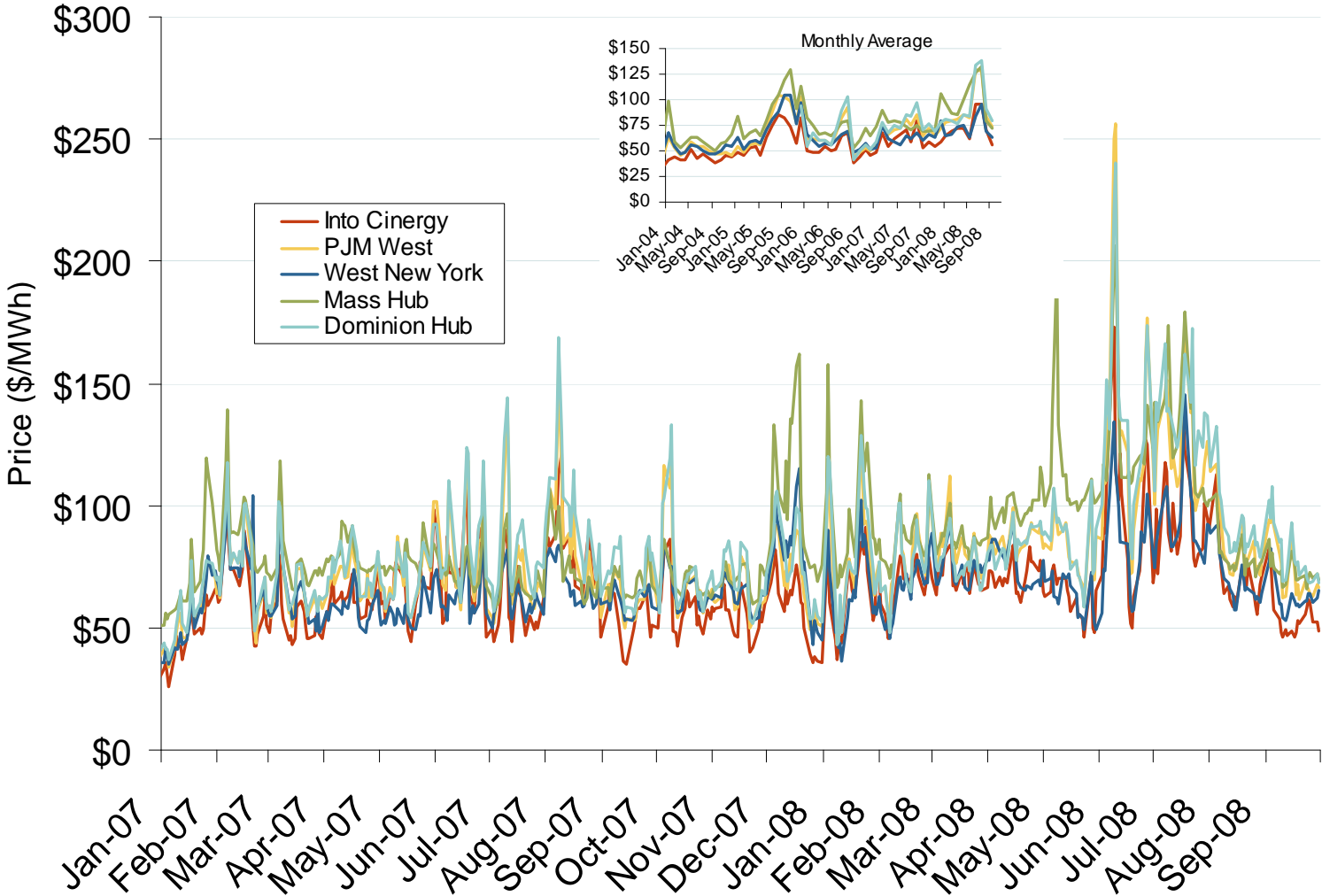


Source: Derived from *Platts* data.

Updated October 6, 2008

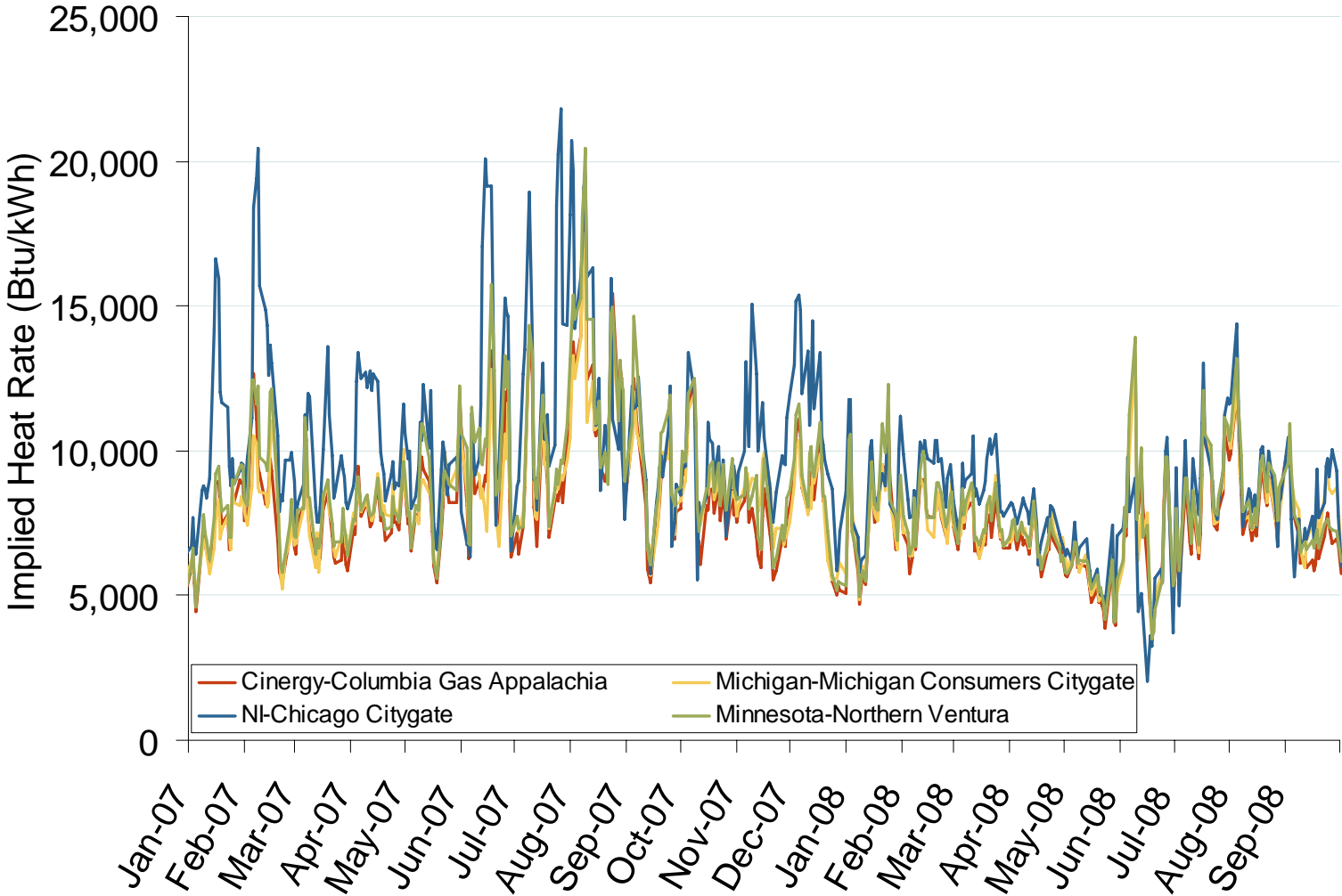
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Eastern Daily Bilateral Day-Ahead On-Peak Prices



Source: Derived from Platts data.

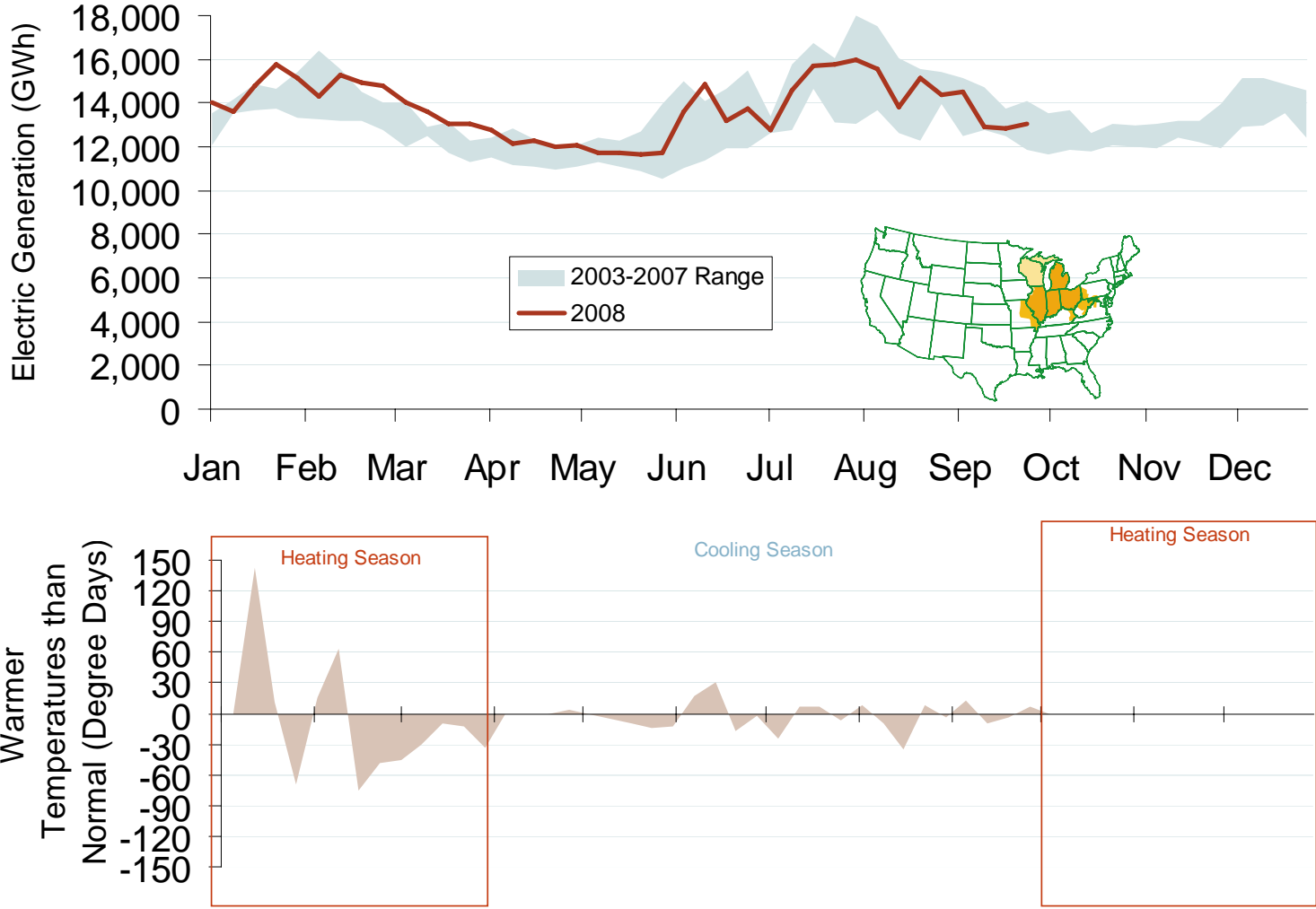
Implied Heat Rates at MISO Hubs



Source: Derived from Platts data

Updated October 6, 2008

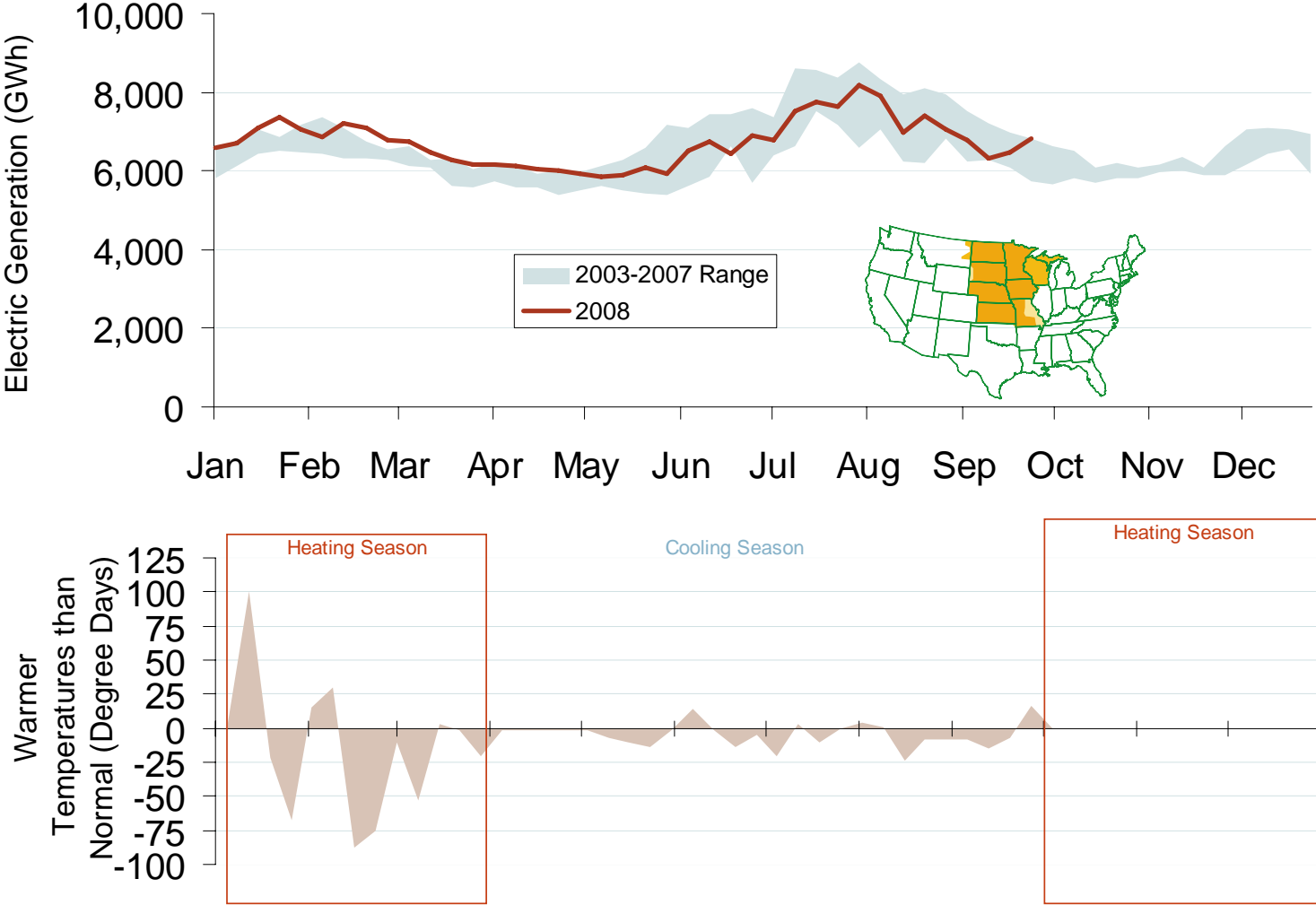
Weekly Electric Generation Output and Temperatures Central Industrial Region



Source: Derived from EEI and NOAA data.

Updated October 6, 2008

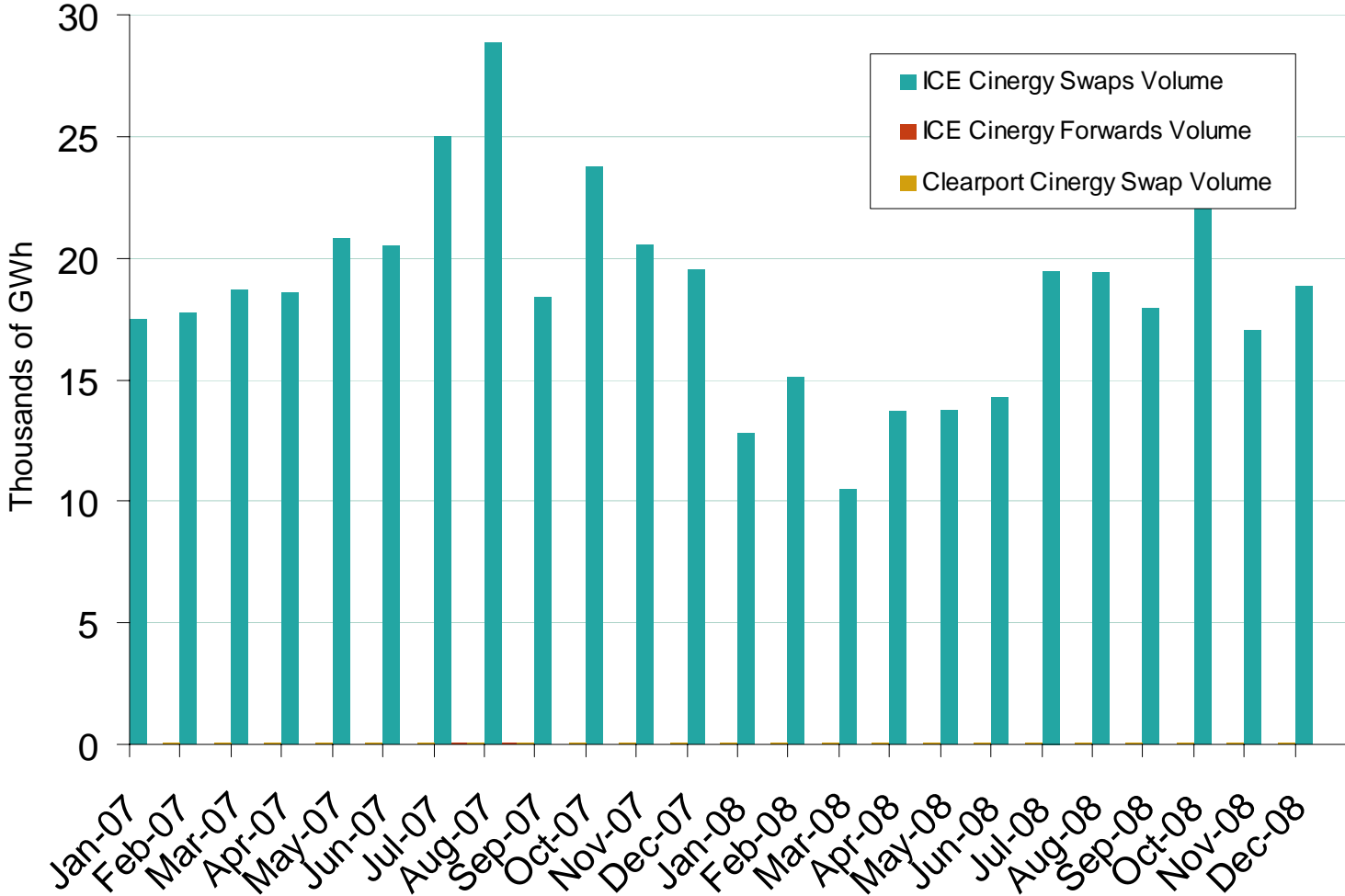
Weekly Electric Generation Output and Temperatures West Central Region



Source: Derived from EEI and NOAA data.

Updated October 6, 2008

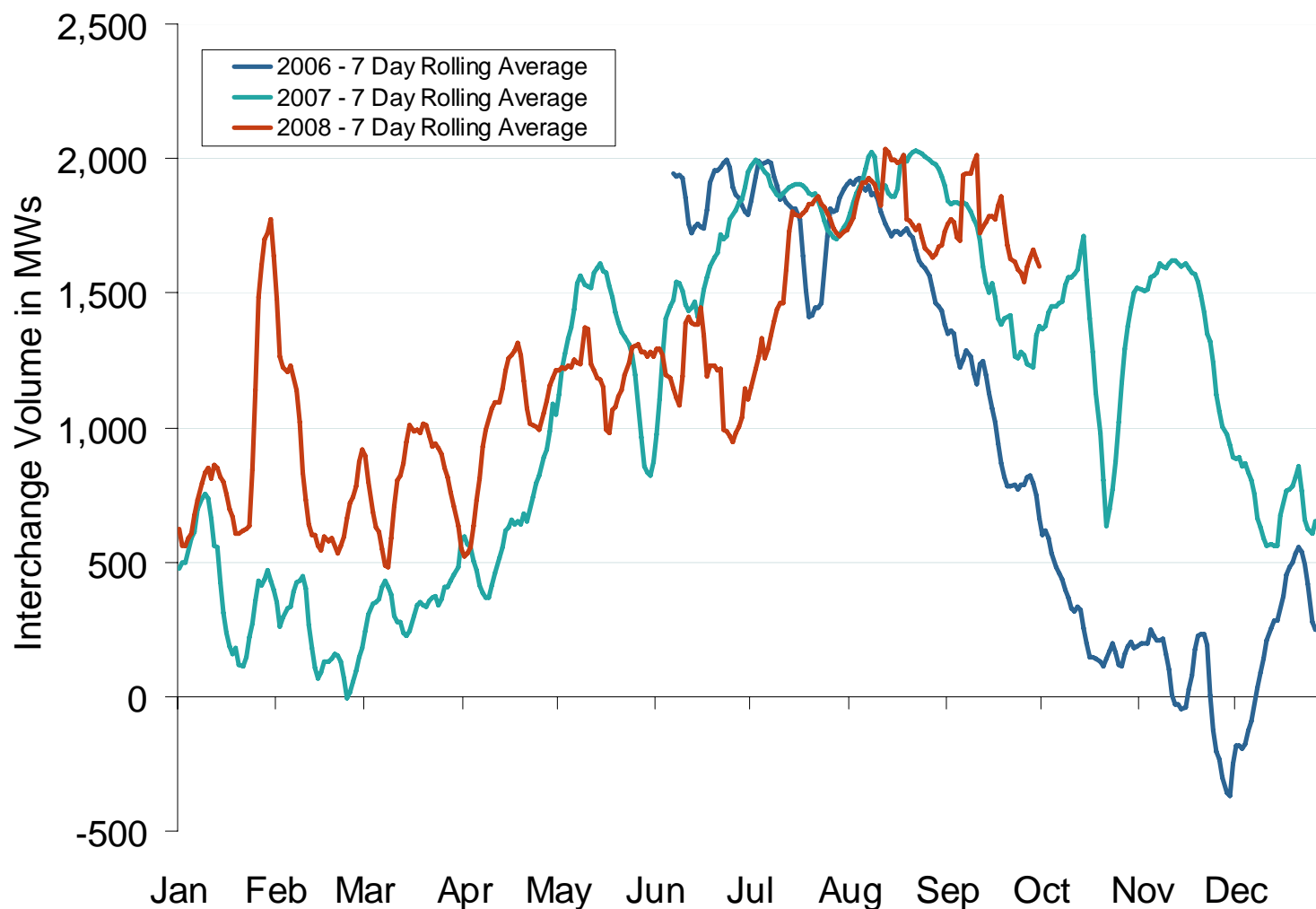
Cinergy Forward and Swap Volumes



Source: Derived from ICE and Nymex ClearPort data. ICE on-peak forward (physical) and swap (financial) volumes are for the Cinergy Hub and include monthly, dual monthly, quarterly, and calendar year contracts traded for each month. Nymex ClearPort on-peak swaps (financial) volume are for the Cinergy Hub traded by month.

Updated October 6, 2008

Imports into MISO from Manitoba Hydro 2006, 2007, 2008

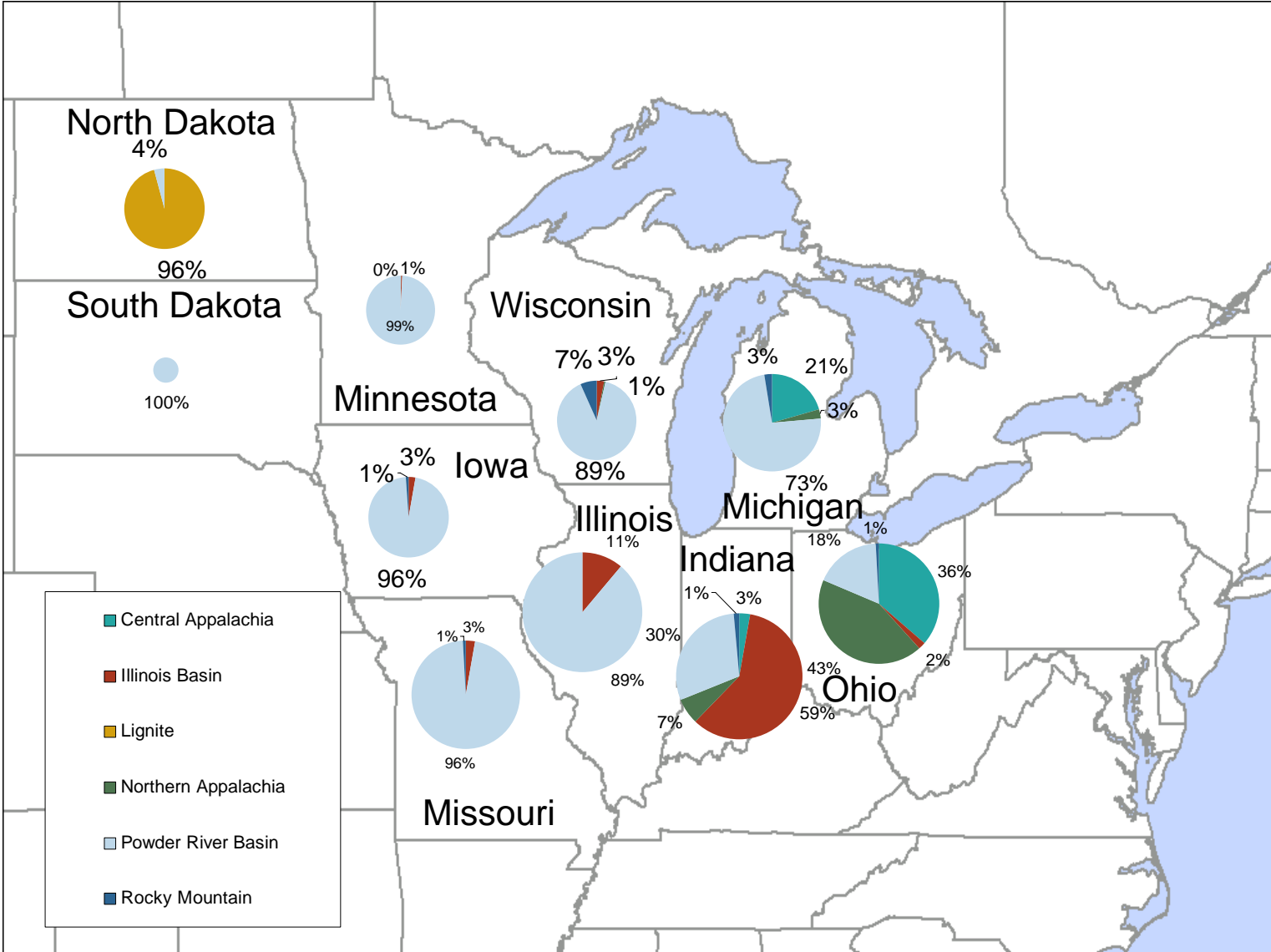


Source: Derived from MISO data.

Updated October 6, 2008

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2007 Coal Shipment Origins by Supply Basin



Source: Derived from FERC and EIA data.

Created March 7, 2007