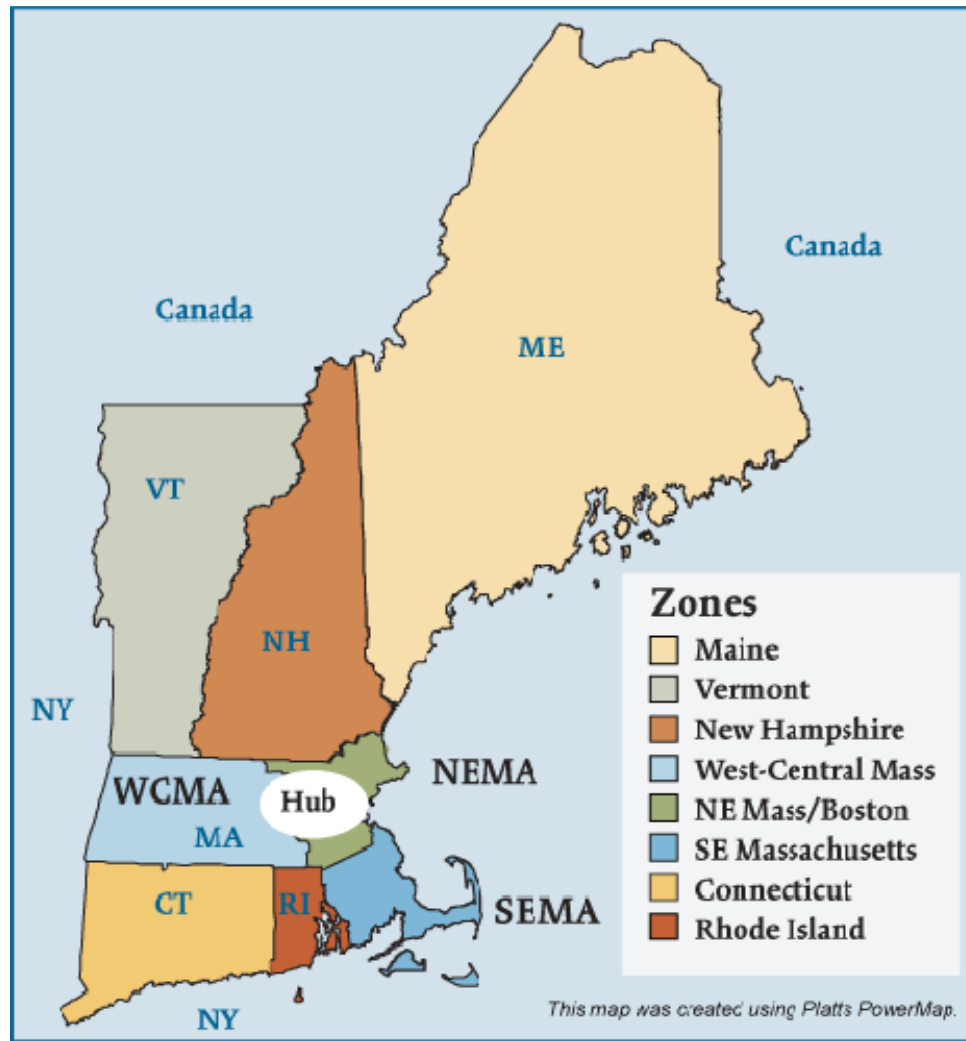


New England (ISO-NE) Electric Regions



Overview

Geography

States covered: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont

Reliability region: Northeast Power Coordinating Council (NPCC) and ISO New England subregion

Balancing authority: ISO New England (ISO-NE)

Load zones: Connecticut, Maine, New Hampshire, Rhode Island, Vermont, Northeastern Massachusetts and Boston (NEMA), Southeastern Massachusetts (SEMA) and Western/Central Massachusetts (WCMA).

RTO/ISO

ISO New England (ISO-NE) (established 1999) operates the region's power grid and wholesale electric markets:

- Energy market: two-settlement (day ahead and real-time) spot market with locational marginal pricing (an internal hub, eight load zones and more than 500 nodes),
- Interim mechanism for acquiring installed capacity,
- Forward reserves market,
- Regulation market, and
- Financial transmission rights market.

Federal Energy Regulatory Commission • Market Oversight @ FERC.gov

Generation/Supply

Marginal fuel type: natural gas

Generating capacity (summer 2006): 30,895 MW

Very little new generation has been brought on line recently in New England. The ISO states that if this trend continues the region could begin to experience reliability issues as early as 2007-2008.

Capacity reserve (summer 2006): 2,768 MW (declining)

Reserve margin (summer 2006): 10% (declining)

Demand

All time peak demand: 28,127 MW (set August 2, 2006)

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

Peak demand growth: 4.6% (2006-2005)

	2004	2005	2006
Summer Peak Demand (MW)	24,116	26,885	28,127

Source: Derived from ISO-NE Data

Load pockets: Southwest Connecticut, Southeastern Massachusetts (SEMA), and Northeastern Massachusetts and Boston (NEMA).

Prices

Annual Average Price (RTO Day-Ahead Mass Hub)

2004: \$53.72/MWh

2005: \$78.54/MWh

2006: \$61.44/MWh

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

Coming soon

Focal Points

Market Upgrades: In October 2006, the New England Independent System Operator (ISO-NE) enhanced its ancillary services market. It upgraded its forward reserve market to include a locational component to co-optimize the dispatch of energy and reserves and to allow demand resources to bid their resources directly into the energy and reserve markets. ISO-NE also implemented real-time pricing for regulation service.

Connecticut Power Line: Due to tight supplies and transmission constraints, southwestern Connecticut has higher congestion costs than other load zones. In summer 2006, as in previous summers, Connecticut had to use emergency resources to meet peak loads and reliability requirements. In October 2006, the Bethel-Norwalk 345-kV transmission line became operational. This line is a part of a two-phase project to improve reliability and increase import capacity for southwest Connecticut.

Cold Snap Procedures: Effective Dec. 8, 2006, the ISO implemented a set of procedures to be used during extreme winter weather conditions. Procedures include moving the operating day up by three hours; improving communication protocols and timelines for generators concerning fuel procurement; increasing coordination with the gas industry to ensure adequate pipeline availability; asking dual-fuel generators to switch to a non-gas fuel; and notifying load-response programs to be prepared to interrupt operations.

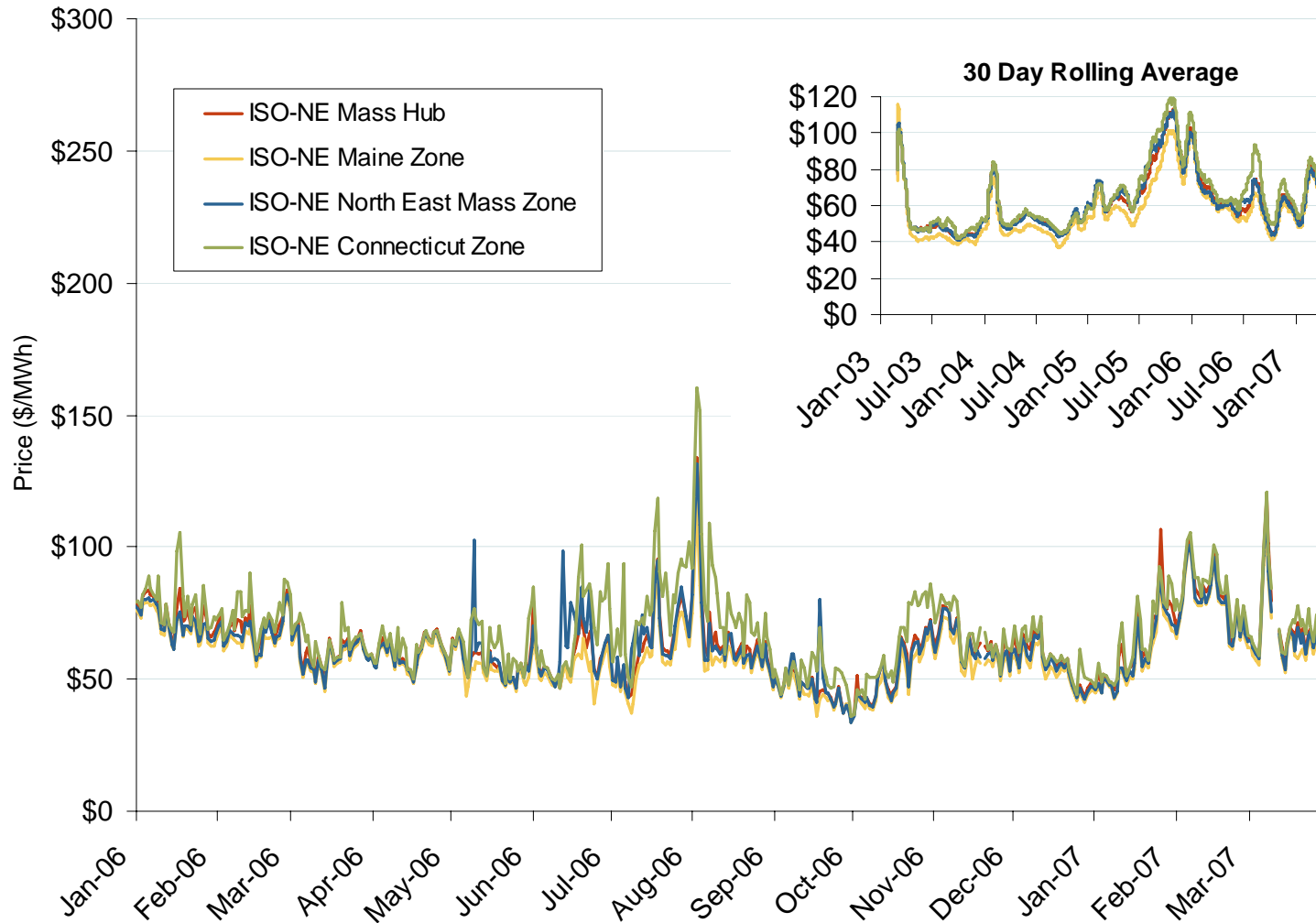
Supply and Demand Statistics for ISO-NE

Supply Demand Statistics			
	2004	2005	2006
Summer Generating Capacity MW	31,143	31,083	30,895
Summer Peak Demand MW	24,116	26,885	28,127
Summer Reserves MW	7,027	4,198	2,768
Summer Reserve Margin:	29%	16%	10%
Annual Load (GWh):	132,517	136,355	120,828
Annual Net Generation GWh	129,459	131,874	117,359

Yearly Average of RTO DA Prices -- All Hours

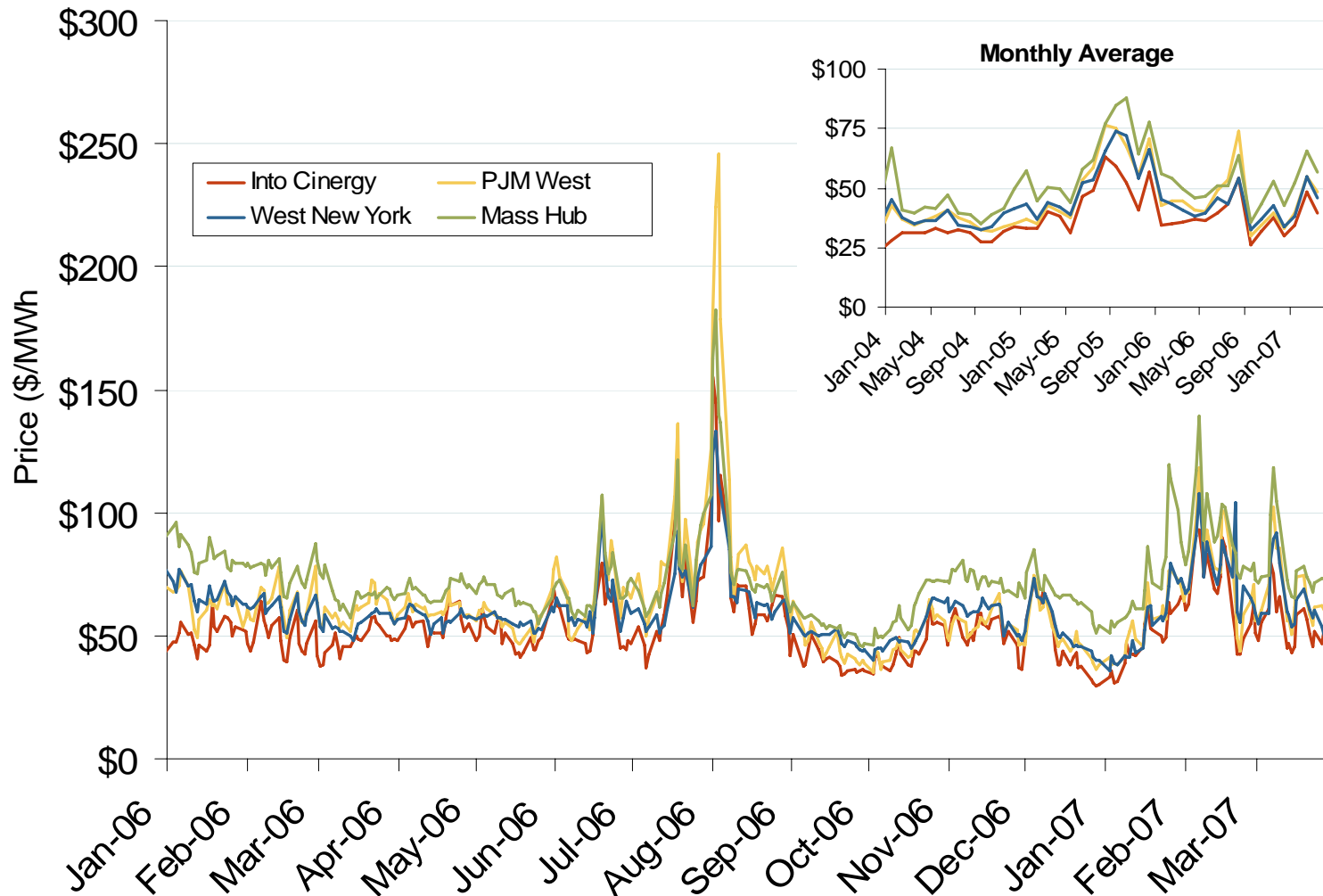
Annual Average Day Ahead Prices (\$/MWh)			
	2005	2006	4 Years
Mass Hub	\$78.54	\$60.94	\$61.03
Maine load zone	\$70.82	\$57.15	\$55.81
NEMA (Boston) load zone	\$79.84	\$60.61	\$61.18
Connecticut load zone	\$83.15	\$67.28	\$64.44

Daily Average of ISO-NE Day-Ahead Prices - All Hours



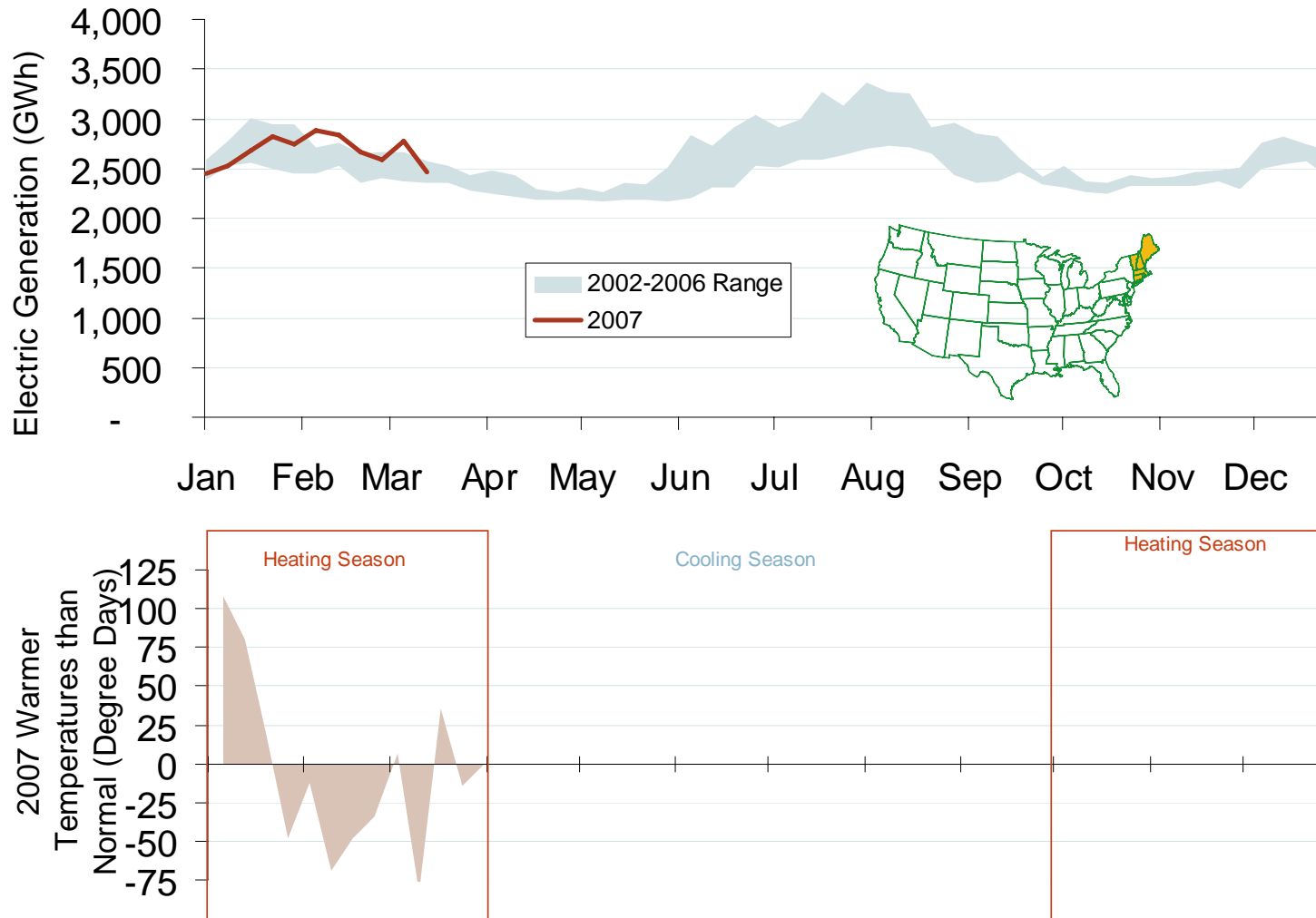
Source: Derived from ISO-NE data.

Eastern Daily Bilateral Day-Ahead On-Peak Prices

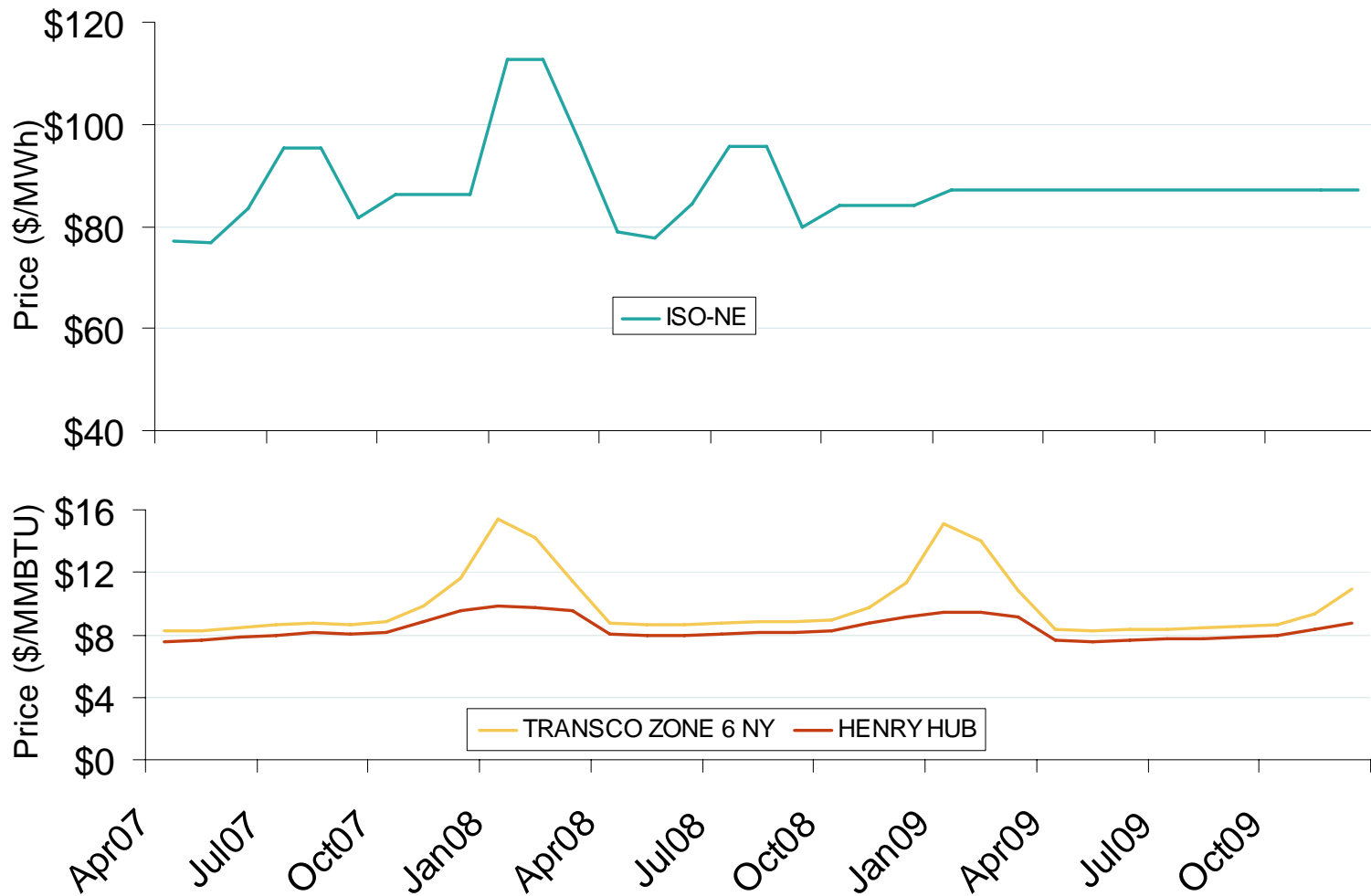


Source: Derived from *Platts* data.

Weekly Electric Generation Output and Temperatures New England



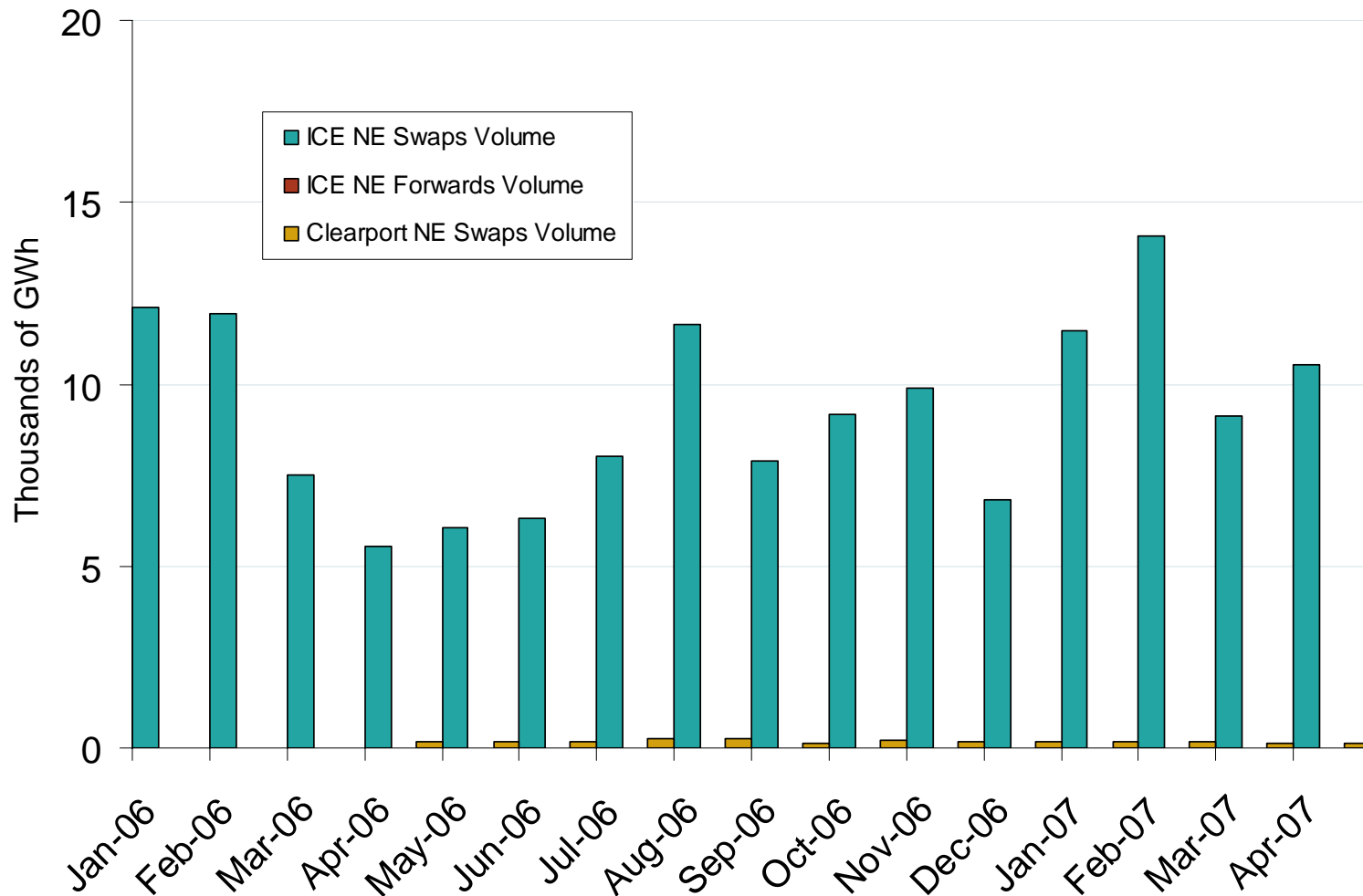
New England Electric Forward Price Curve and New York and Henry Hub Natural Gas Forward Curve



Source: Derived from Nymex data.

Updated March 30, 2007

New England Forward and Swap Volumes



Source: Derived from ICE and Nymex ClearPort data. ICE on-peak forward and swap volumes are for the Nepoch Mass Hub and include monthly, dual monthly, quarterly, and calendar year contracts traded for each month. Nymex ClearPort on-peak swaps volumes are for the ISO-NE Internal Hub traded by month.

Updated April 24, 2007