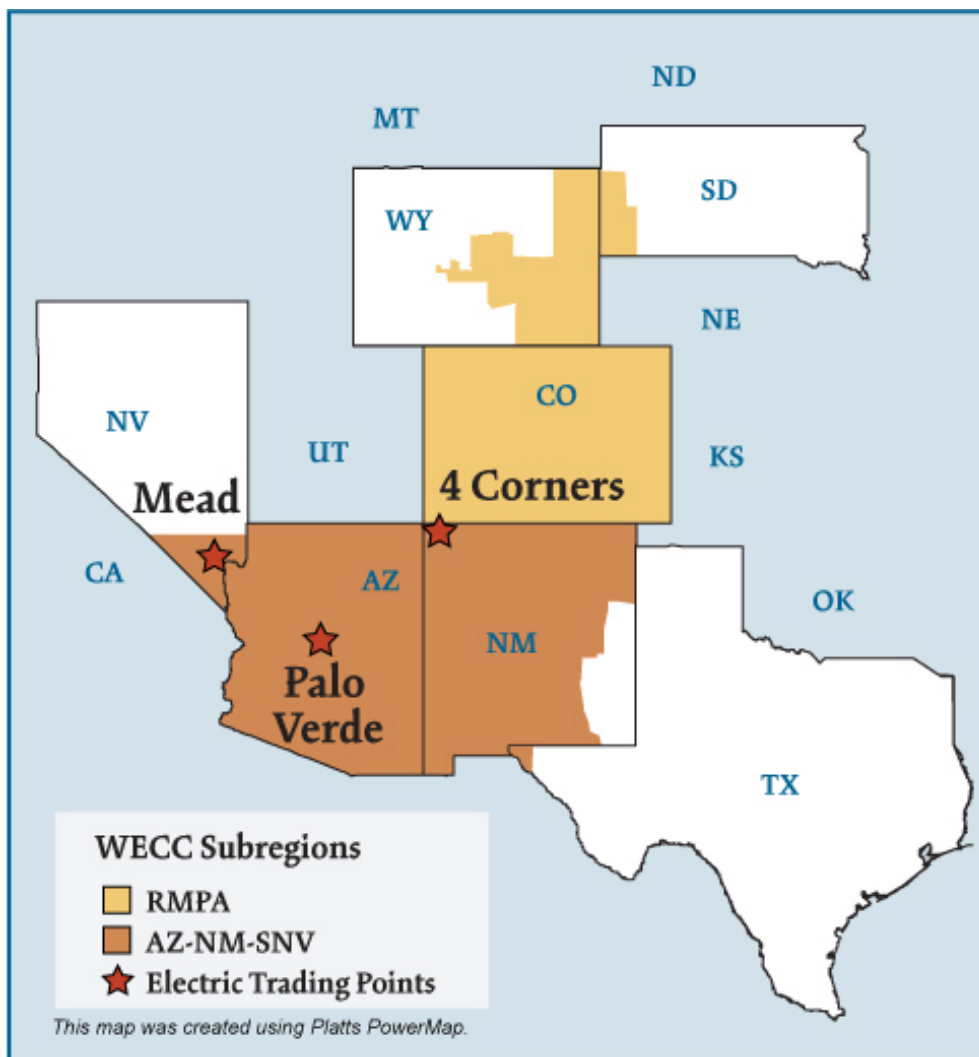


Southwest Electric Regions



Southwest Electric Market: Overview and Focal Points

Federal Energy Regulatory Commission • Market Oversight • www.ferc.gov/oversight

Overview

Geography

States covered: All or most of Arizona, New Mexico, Colorado and parts of Nevada, Wyoming and South Dakota.

Reliability region: Rocky Mountain Power Area (RMPA) and Arizona/New Mexico/Southern Nevada Power Area (AZNMSNV) sub-regions of the Western Electric Coordinating Council (WECC)

Balancing authorities: See list on page 5.

Hubs: Four Corners, Mead, Palo Verde

RTO/ISO

None

Generation/Supply

Marginal fuel type: Natural gas

Generating capacity: 45,459 MW (2005)

Capacity reserve: 8,940 MW (2005)

Reserve margin: 24% (2005)

The region has a surplus of generating capacity, with much of the generation in Arizona and the Four Corners area. Transmission capacity to the California market is often fully utilized in the high load periods of the summer. In 2005, the regional reserve margin decreased from 2004 as demand growth outpaced supply additions.

Updated May 5, 2007

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Southwest Electric Market: Overview and Focal Points

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Demand

Peak demand: 36,519 MW (2005)

Peak demand growth: 3.5% (2004–2005)

Prices

Annual Average of Daily Bilateral Day Ahead On-Peak Prices

Platts "Palo Verde" Index

2004: \$50.09/MWh

2005: \$67.39/MWh

2006: \$57.59/MWh

2007: \$61.74/MWh

Interconnections/Seams

Generation suppliers export excess power to the rest of the West and particularly to California.

Balancing Authorities in the Southwest Electric Market

WECC Subregion and Balancing Authority

NERC Acronym

AZNMSNV

Arizona Public Service Company
 DECA, LLC - Arlington Valley
 El Paso Electric Company
 Gila River Maricopa Arizona
 Harquahala L.L.C.
 Imperial Irrigation District
 Nevada Power Company
 Public Service Company of New Mexico
 Salt River Project
 Tucson Electric Power Company
 Western Area Power Administration - Lower Colorado

AZPS
 DEAA
 EPE
 GRMA
 HGMA
 IID
 NEVP
 PNM
 SRP
 TEPC
 WALC

RMPA

Public Service Company of Colorado
 Western Area Power Administration - Colorado-Missouri

PSCO
 WACM

Supply and Demand Statistics for the Southwest

Supply Demand Statistics			
	2003	2004	2005
Summer Generating Capacity MW	41,646	45,588	45,459
Summer Peak Demand MW	35,815	35,280	36,519
Summer Reserves MW	5,831	10,308	8,940
Summer Reserve Margin:	16%	29%	24%
Annual Load (GWh):	177,401	180,154	185,730
Annual Net Generation GWh	NA	NA	NA

Source: Derived from WECC data.

Updated February 2, 2007

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Annual Average Bilateral Prices

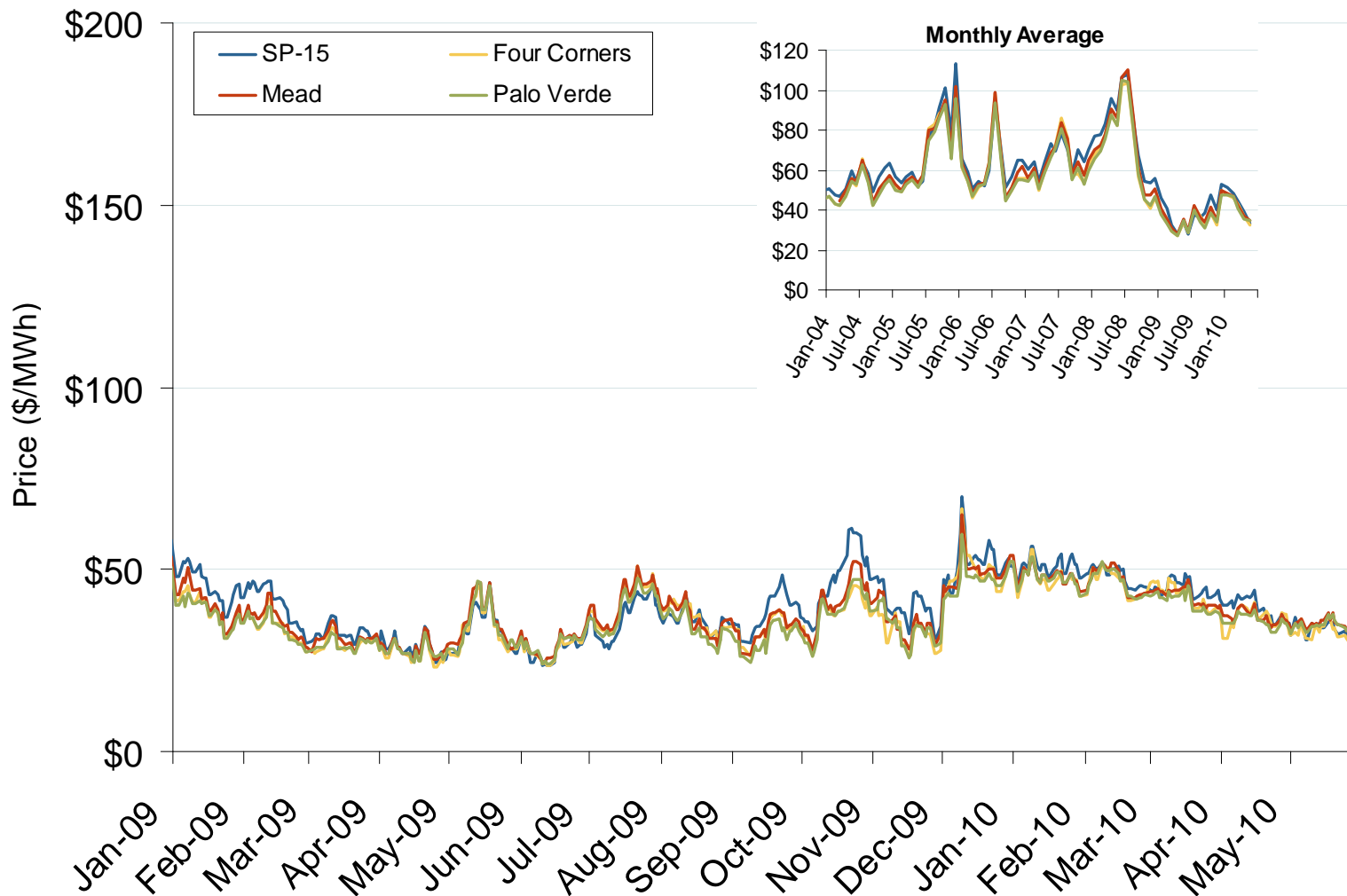
Annual Average Day Ahead On Peak Prices (\$/MWh)						
	2005	2006	2007	2008	2009	5-Year Avg
Four Corners	\$69.39	\$58.52	\$63.21	\$71.84	\$35.38	\$59.68
Palo Verde	\$67.39	\$57.59	\$61.74	\$71.87	\$34.77	\$58.68
Mead	\$70.17	\$59.93	\$64.49	\$75.63	\$36.58	\$61.37

Source: Derived from *Platts* data.

Updated January 8, 2010

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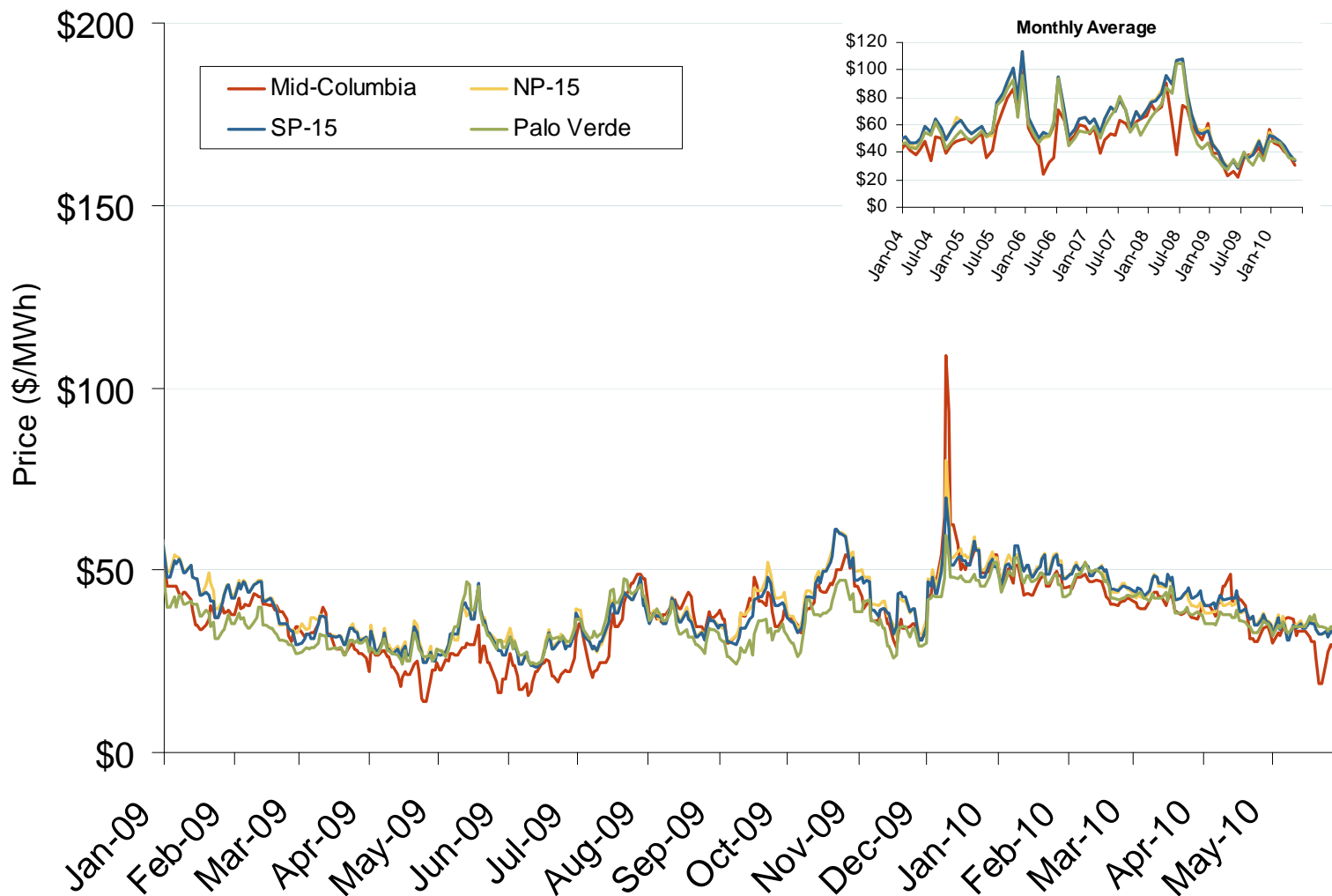
Southwestern Daily Bilateral Day-Ahead On-Peak Prices



Source: Derived from *Platts* data.

Updated June 7, 2010

Western Daily Bilateral Day-Ahead On-Peak Prices



Source: Derived from *Platts* data.

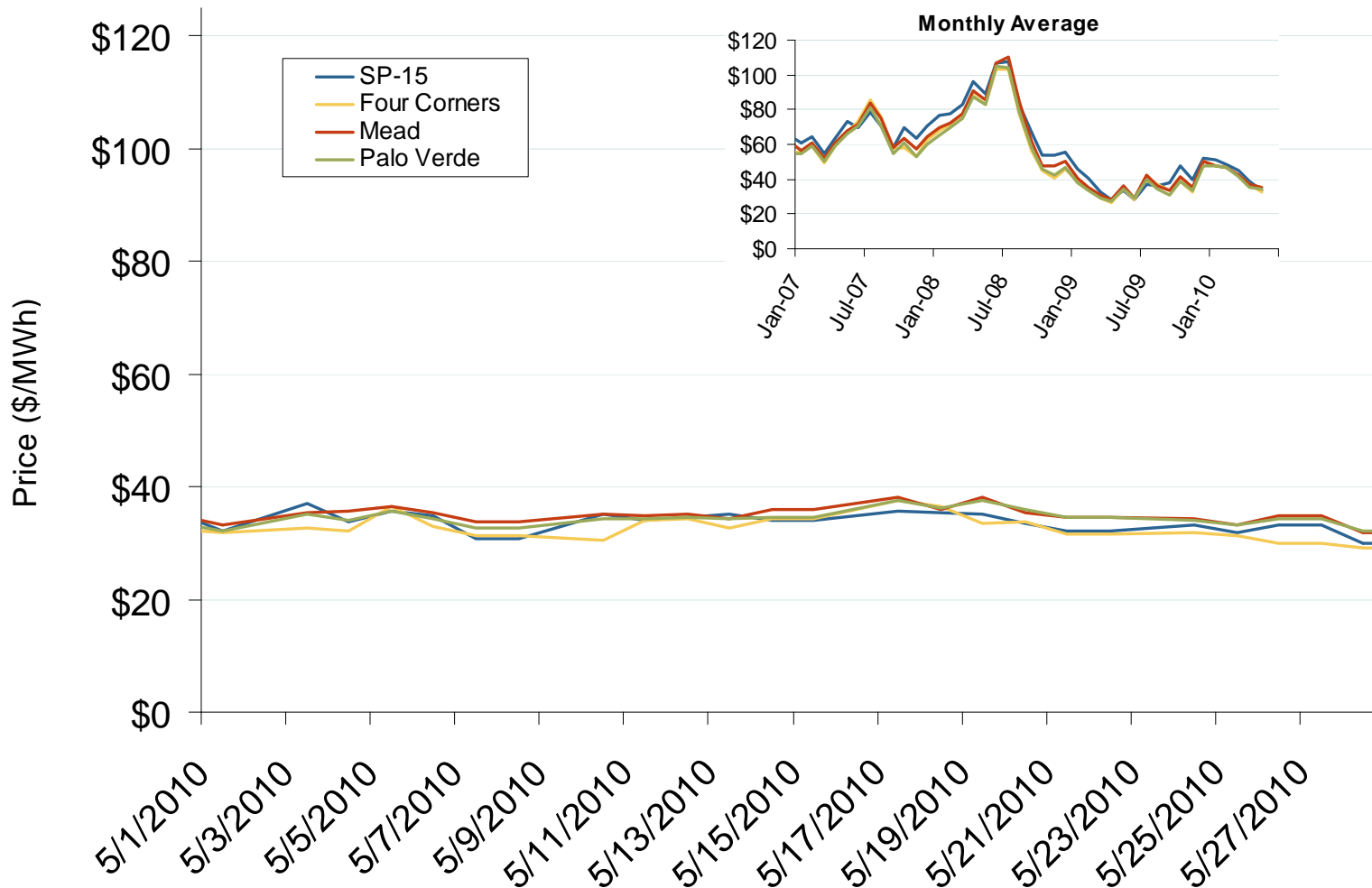
Updated June 7, 2010

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Southwest Electric Market: Last Month's Southwestern Bilateral Prices

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Southwestern Daily Bilateral Day-Ahead On-Peak Prices



Source: Derived from *Platts* data.

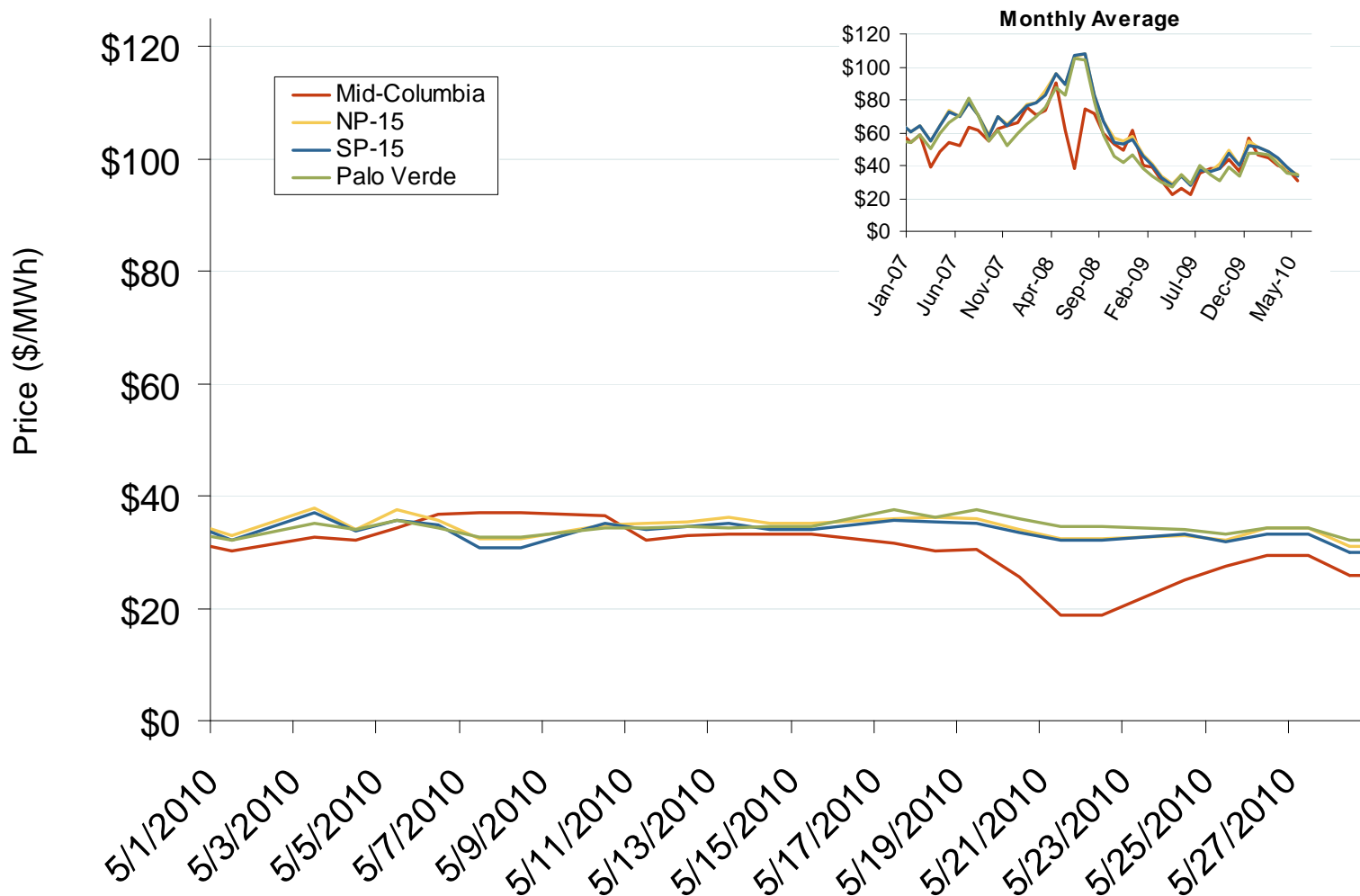
Updated June 7, 2010

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Southwest Electric Market: Last Month's Western Bilateral Prices

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Western Daily Bilateral Day-Ahead On-Peak Prices



Source: Derived from *Platts* data.

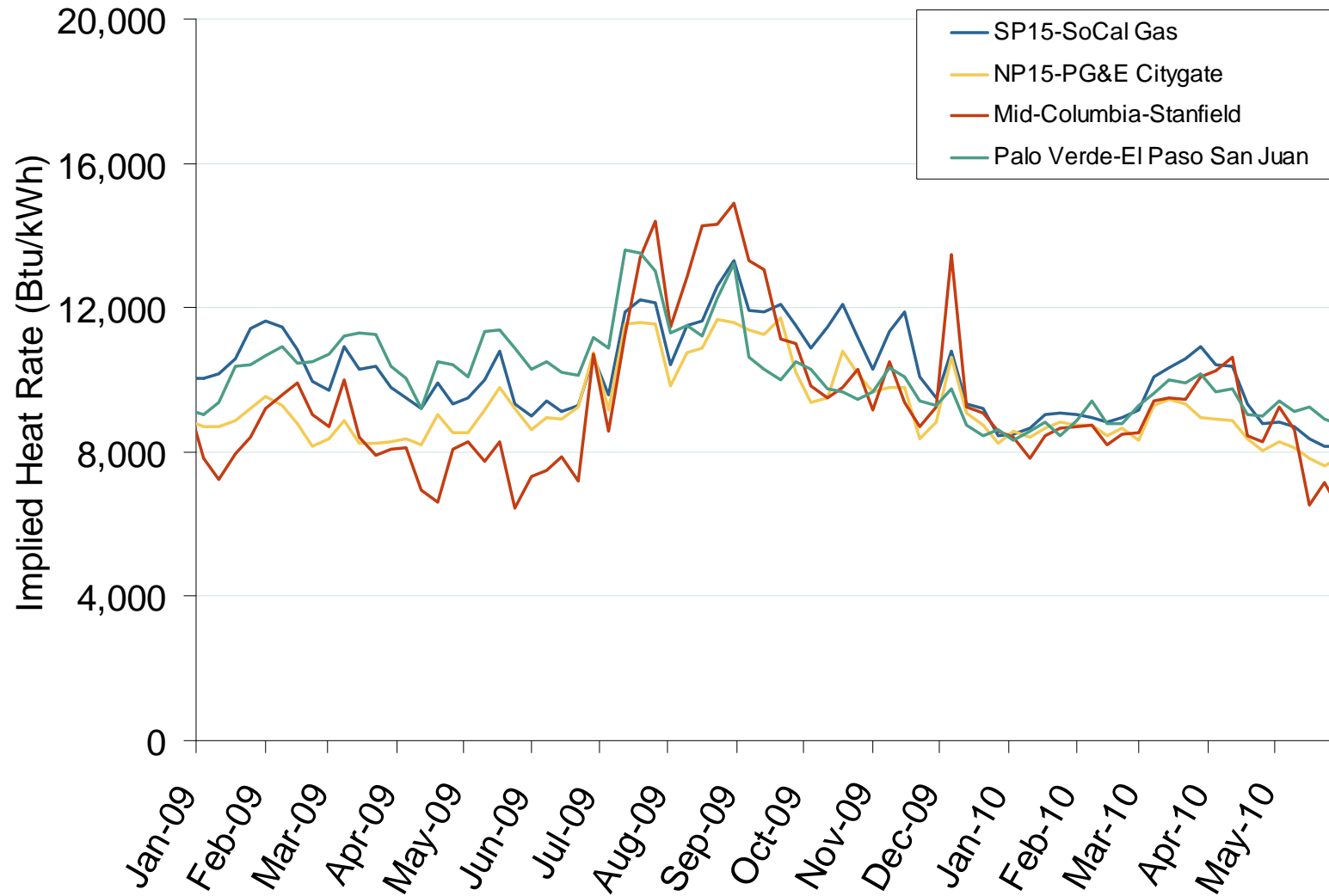
Updated June 7, 2010

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Southwest Electric Market: Western Implied Heat Rates

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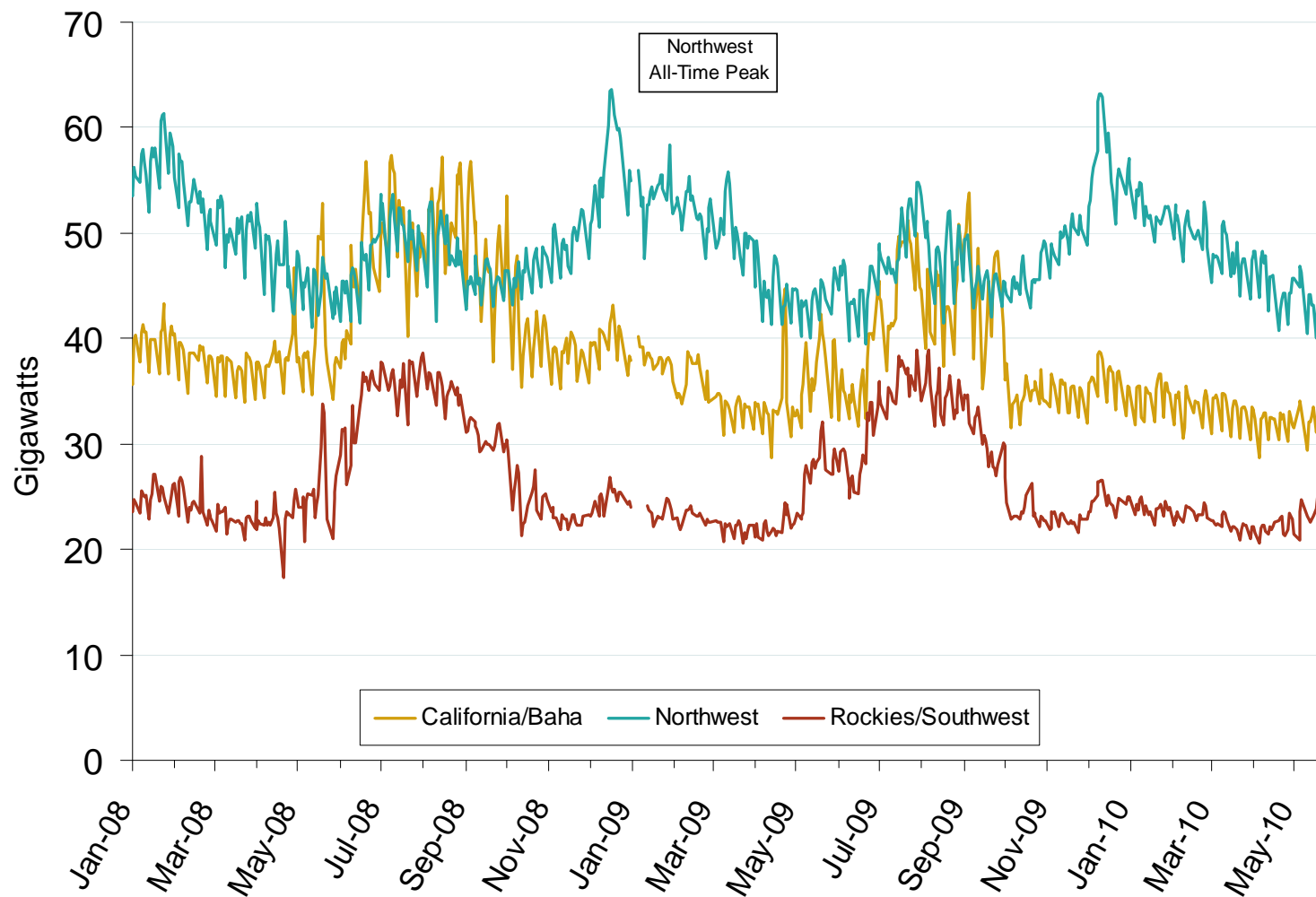
Implied Heat Rates at Western Trading Points Weekly Average

Source: Derived from *Platts* on-peak electric and natural gas price data.

Updated June 7, 2010

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Southwest Electric Market: Daily Peak Demand

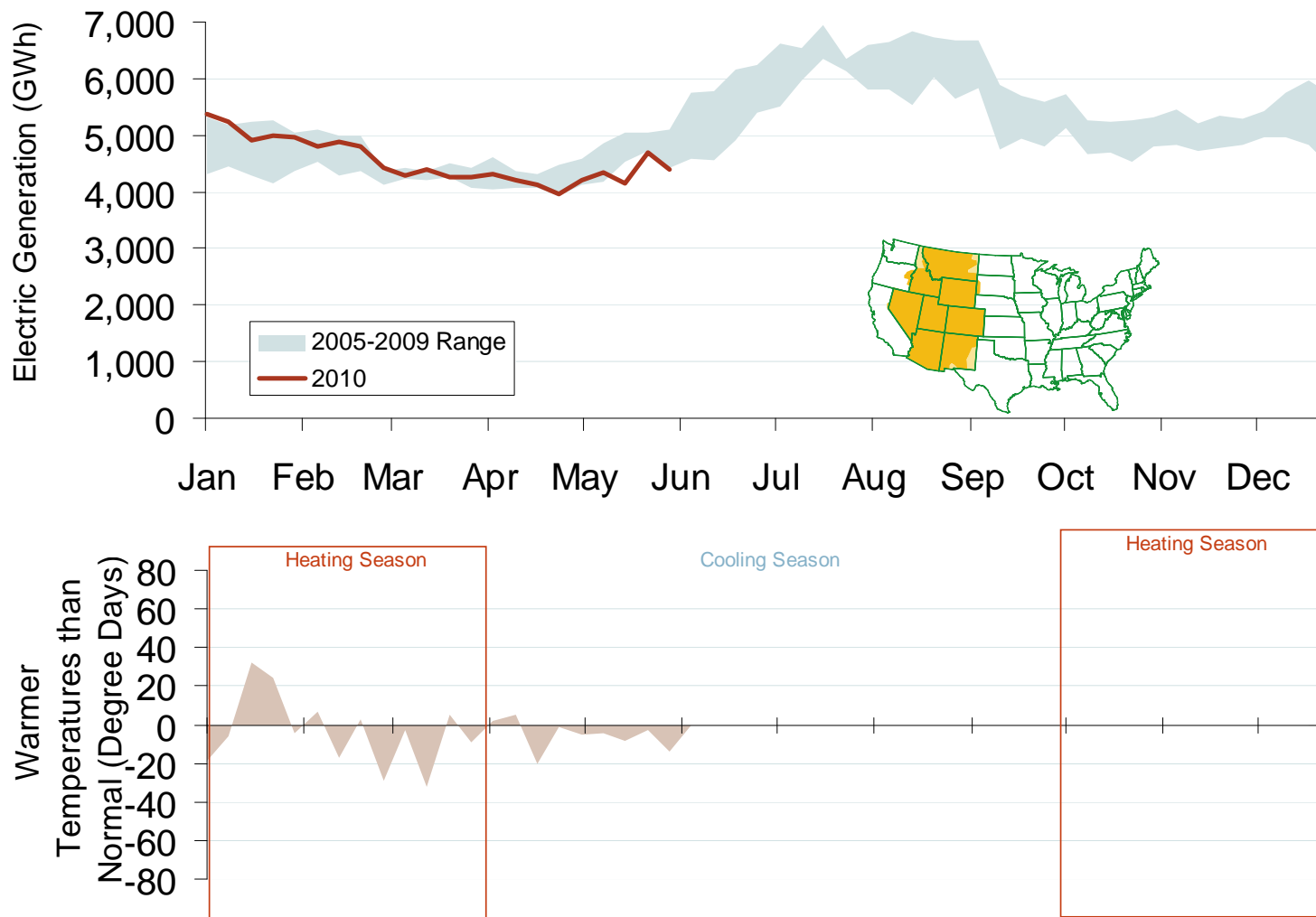
Federal Energy Regulatory Commission • Market Oversight • www.ferc.gov/oversight**Western Daily Actual Peak Demand**

Source: Derived from WECC Daily Report data available at <http://wecc.biz>. Data does not include weekends and holidays. Some data for 12/31/2008 – 1/9/2009 are not available from WECC.

Updated June 7, 2010

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Weekly Electric Generation Output and Temperatures Rocky Mountains Region



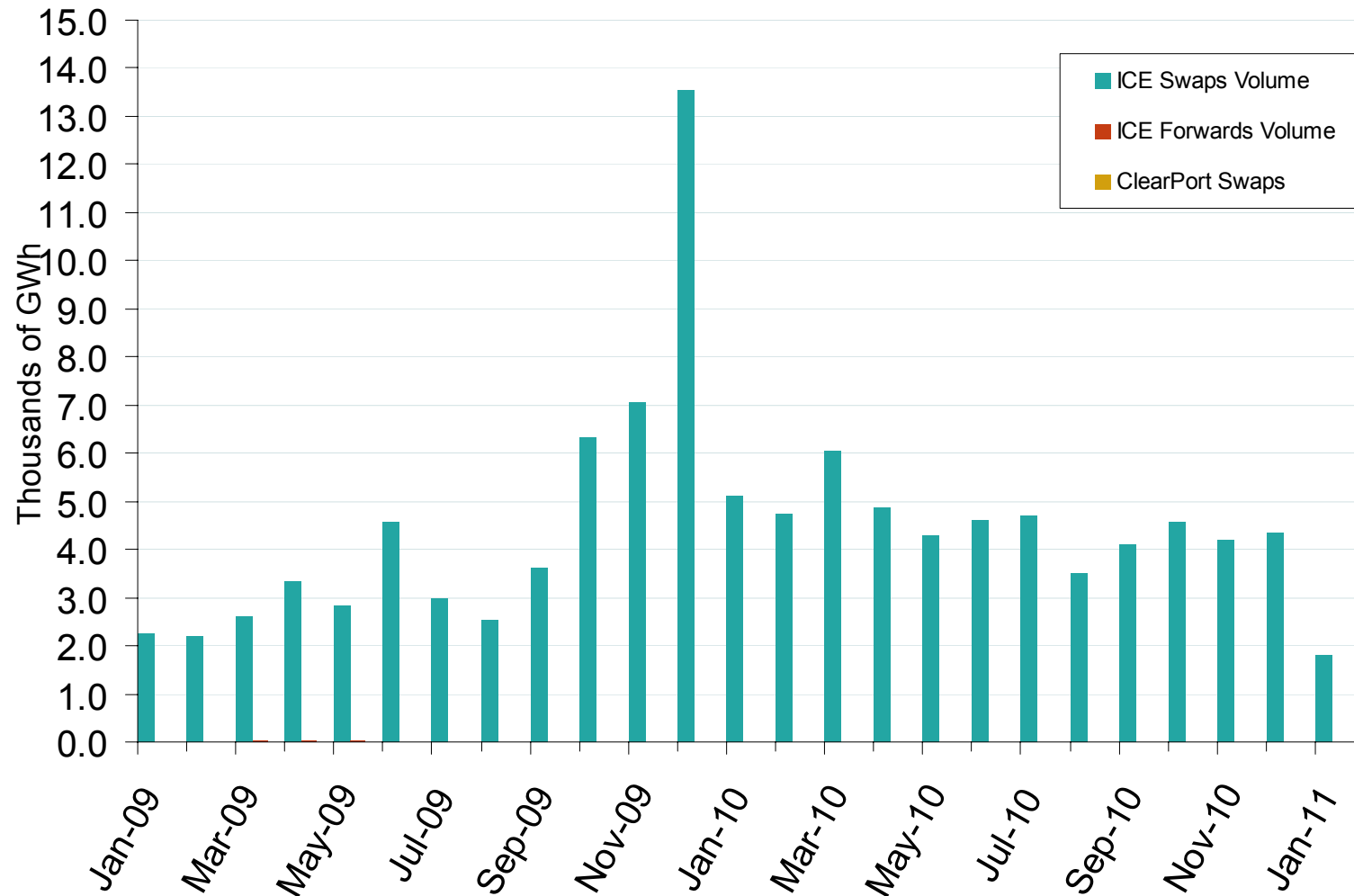
Source: Derived from EEI and NOAA data.

Updated June 7, 2010

Southwest Electric Markets: Physical & Financial Market Volumes

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Palo Verde Forward and Swap Volumes



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

Updated June 7, 2010

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