California ISO | WESTERN ENERGY MARKETS

Market update

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General Session

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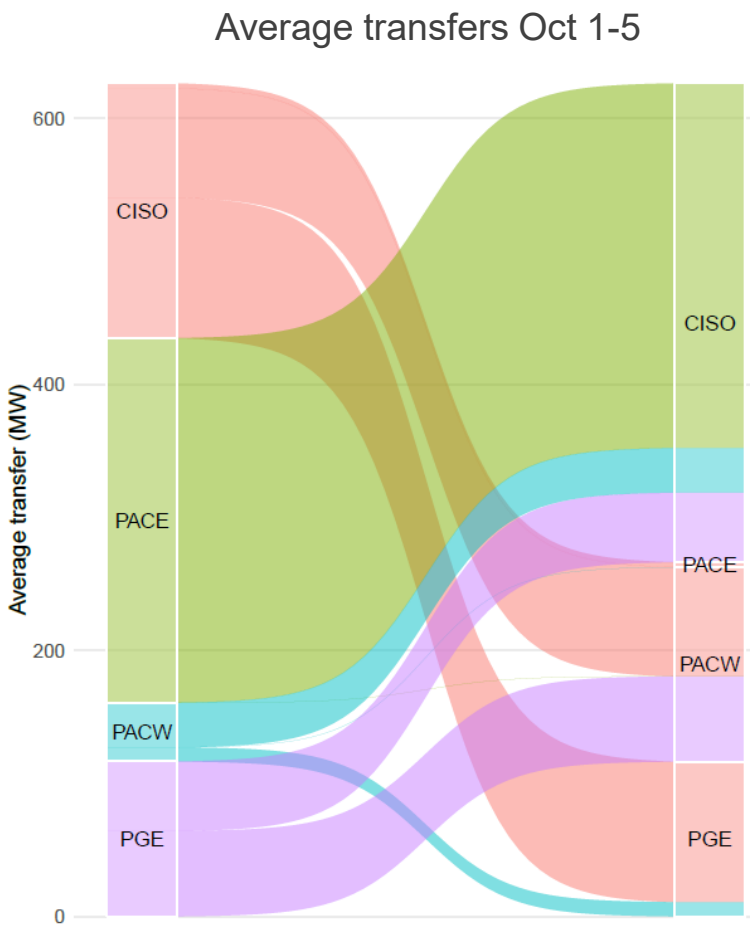
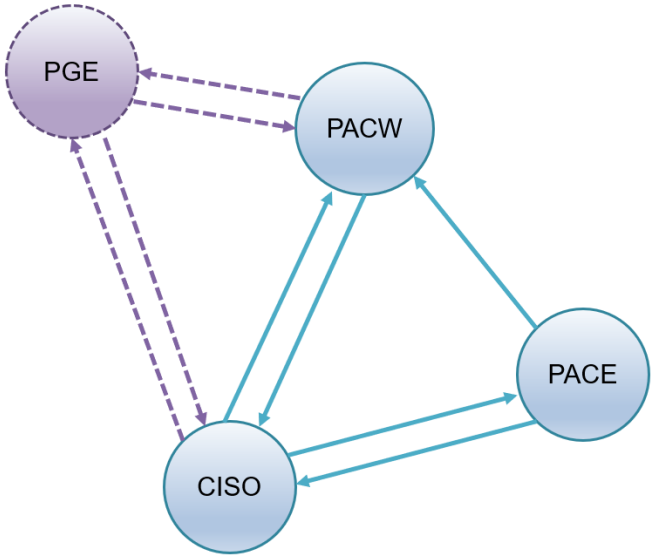
Portland General Electric joined the extended day-ahead market on October 1

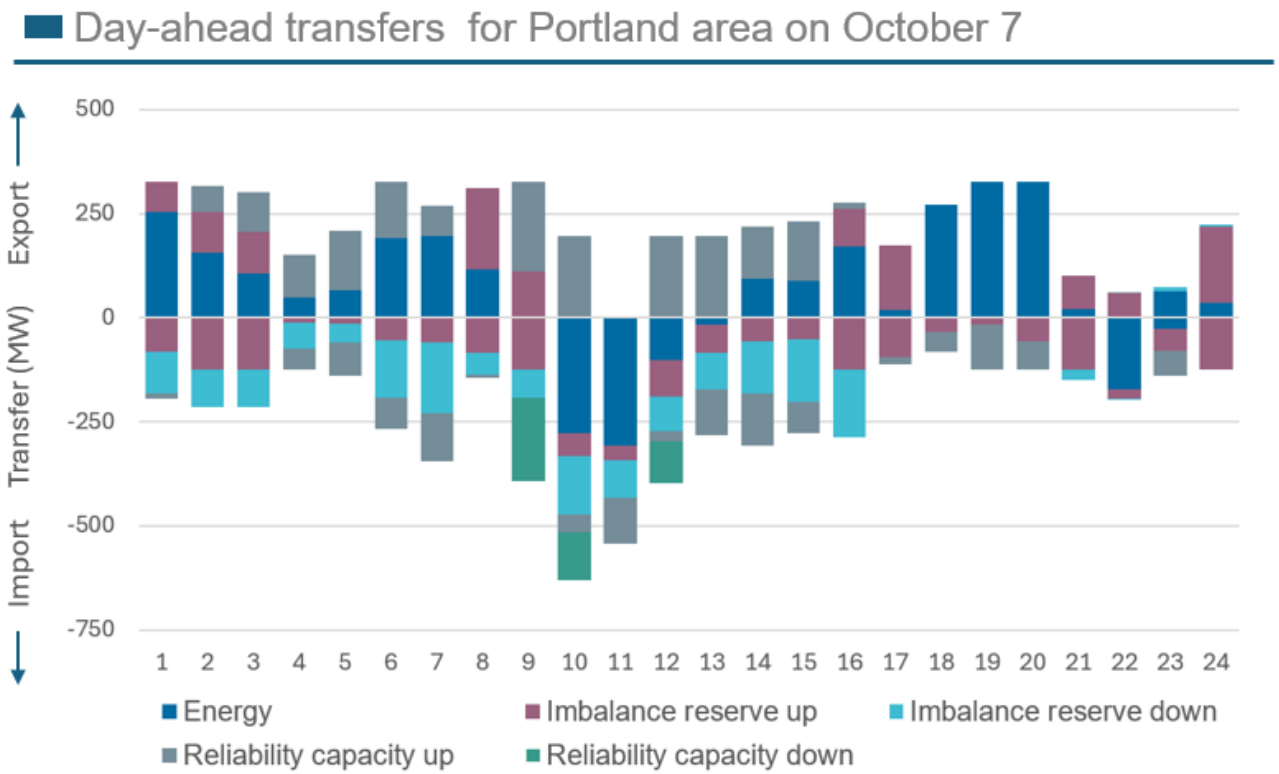




This addition

- expands the day-ahead market footprint by 3.8 GW, reaching a total of 62 GW,
- enables additional transfers with PACW and CAISO areas.

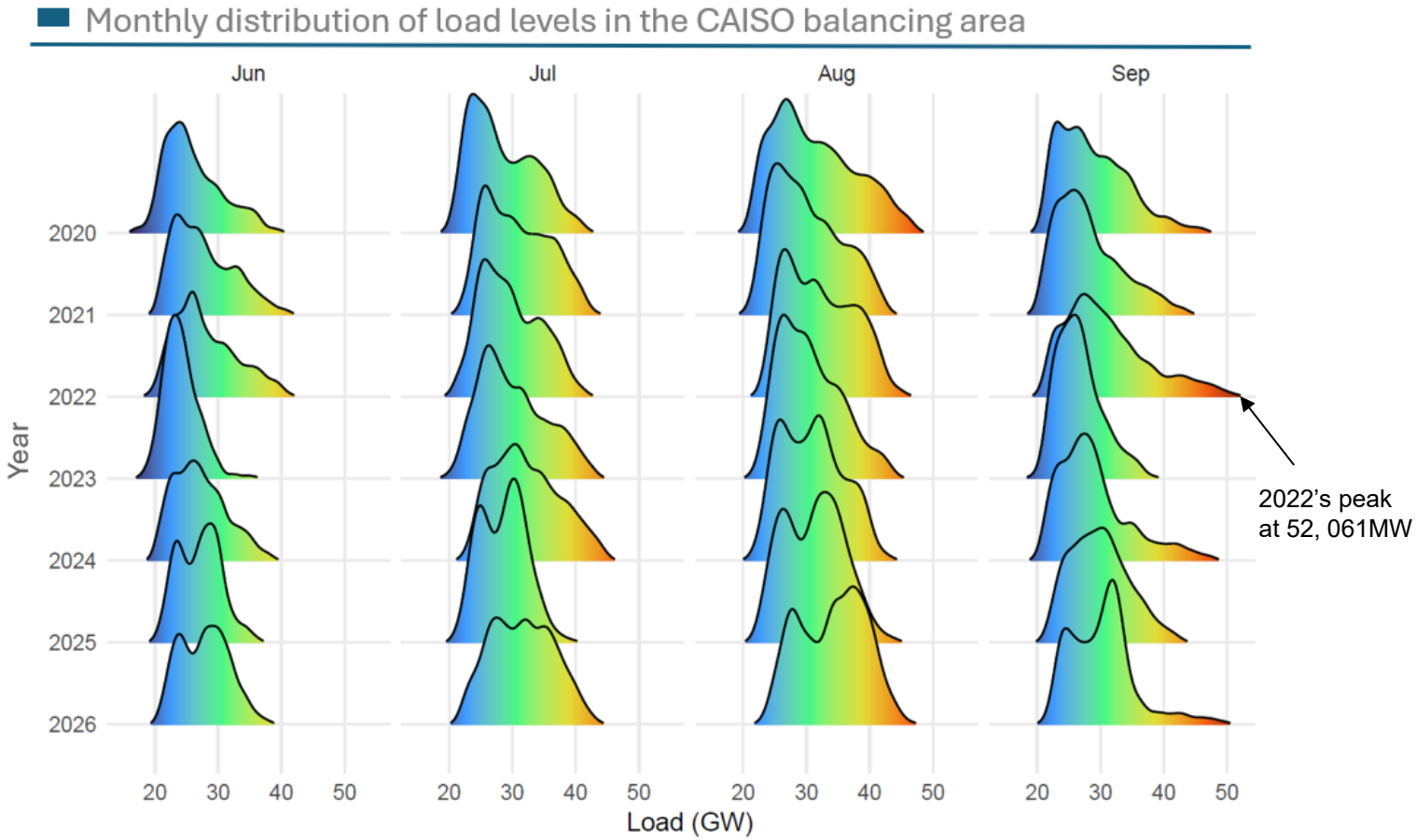
The centralized day-ahead market optimally uses transfers across all types of market needs



Transfer capability is used for energy, imbalance reserves and reliability capacity.

Portland had up to 630 MW of transfer imports and 326 MW of transfer exports.

The ISO balancing area load peaked on September 9 at 50,335 MW, second highest all time annual peak



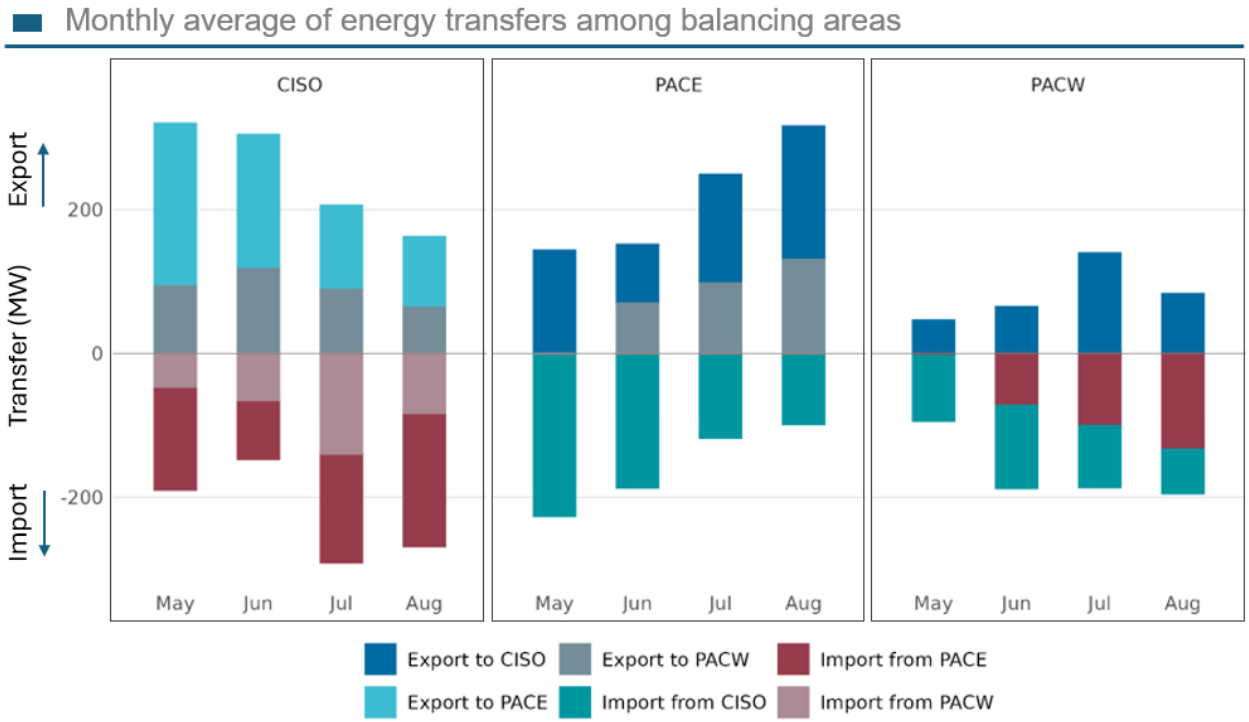
CAISO's load was below 38GW for most of the month, except in early September when peak load was recorded.

Day-ahead energy transfers among areas increased through summer as demand needs intensified

Transfers supported also imbalance reserves and reliability capacity.

On average:

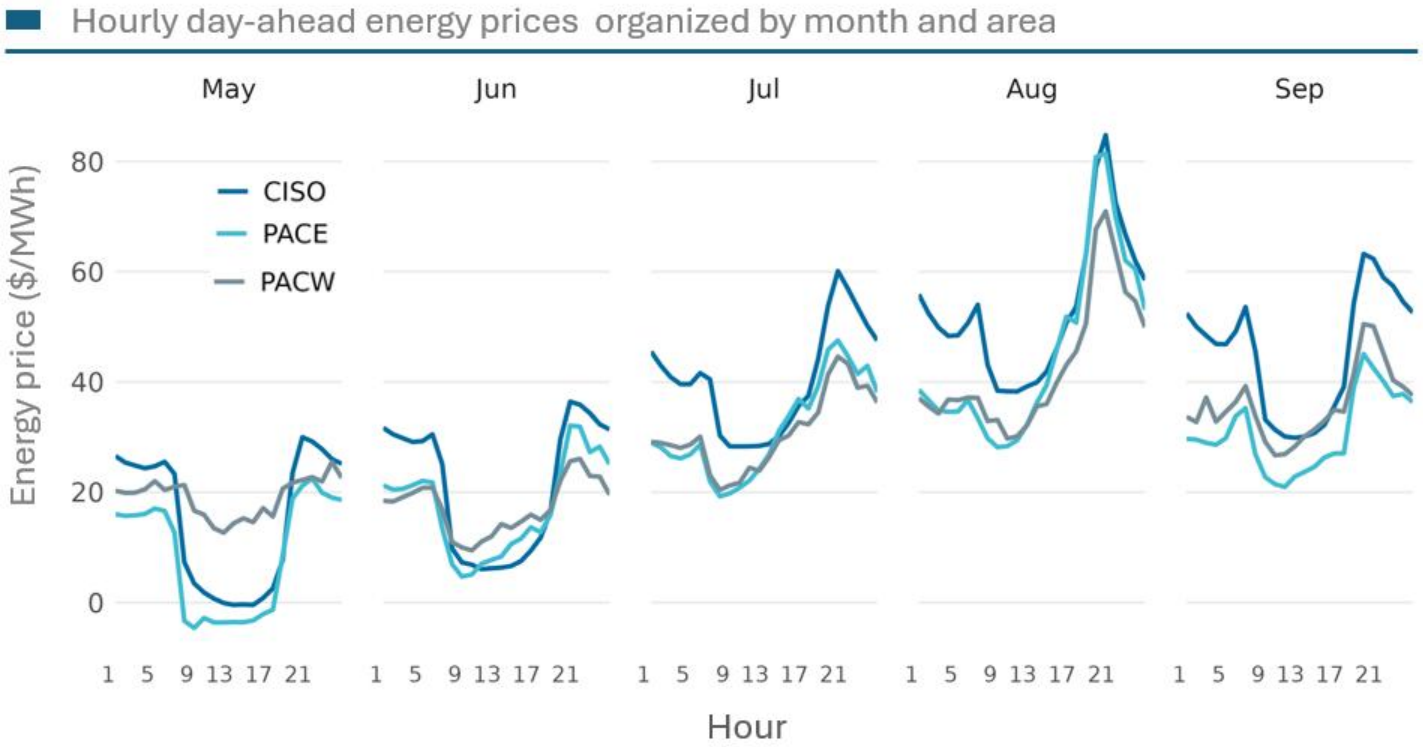
- 200 MW for energy,
- 200 MW for imbalance reserves,
- and 100 MW for reliability capacity.



PACE shifted from a net importer earlier in the summer to a significant net exporter in July and August.

PACW remained a net importer overall. CAISO increased imports.

Day-ahead energy prices increased in August reflecting higher demands



The ISO area continued to exhibit higher prices during non-solar hours relative to PAC areas due mainly to green-house-gas price component.

Day-ahead energy prices increased across participating BAAs, averaging $53/MWh in CAISO, $46/MWh in PACE, and $43/MWh in PACW.

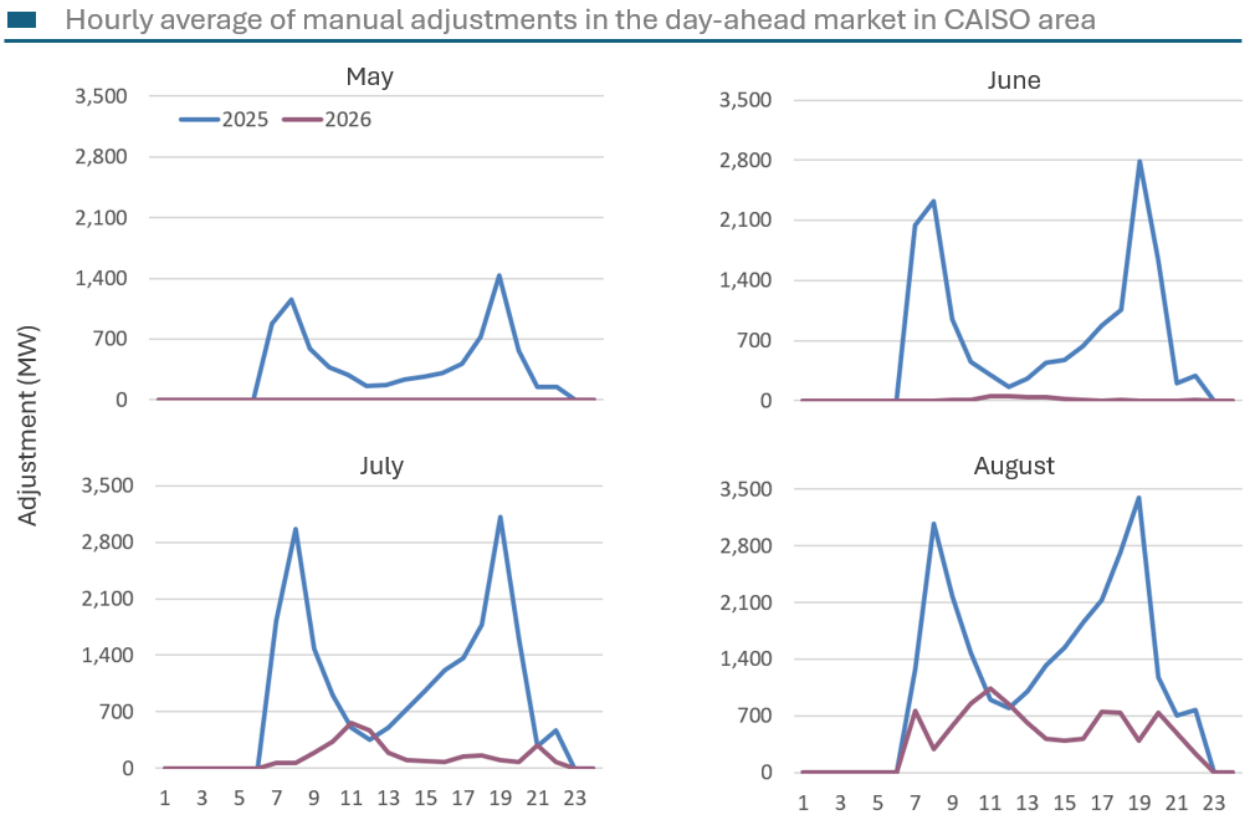
Procurement of imbalance reserves has lowered the frequency and magnitude of ISO manual adjustments*

Adjustments in CAISO area have reduced:

- 42% reduction in July,

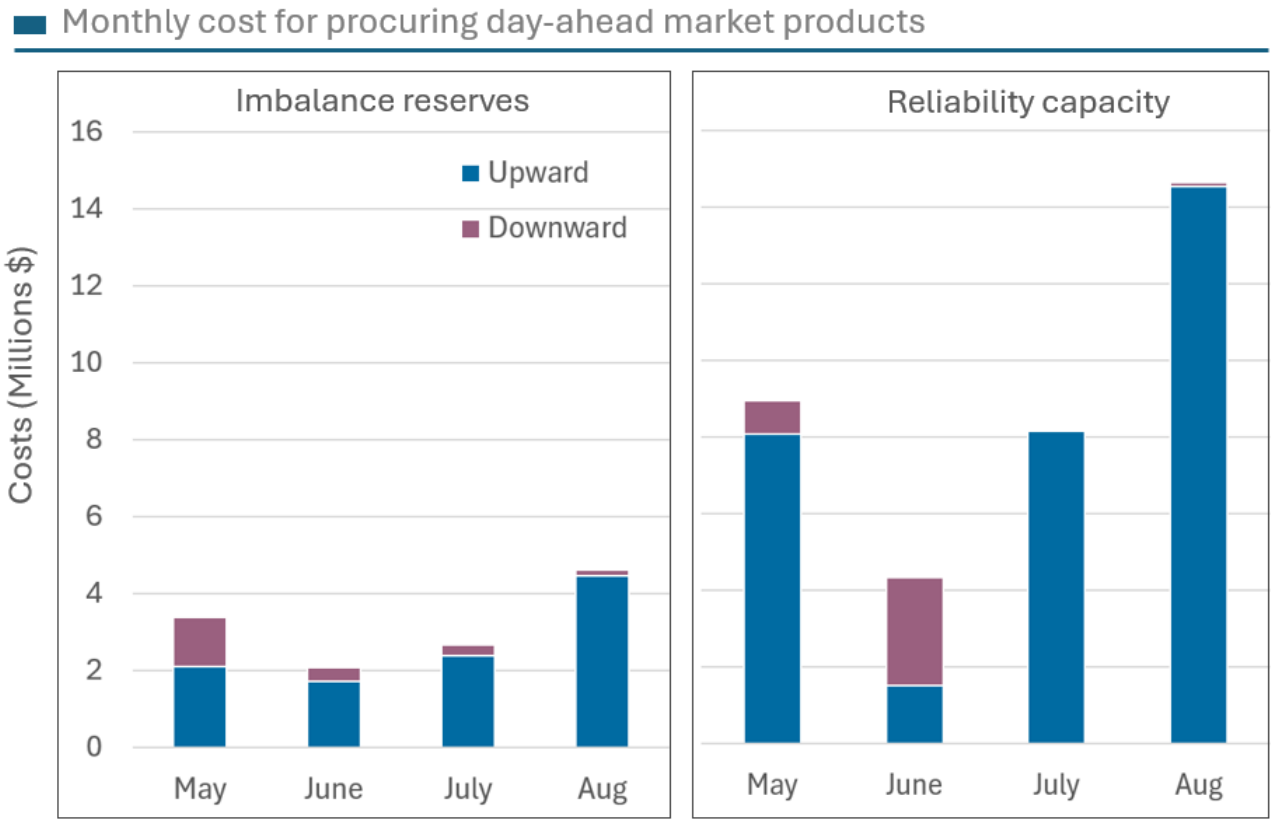
- 25% reduction in August.

PAC areas have not used any day-ahead manual adjustments since May 1



* Manual adjustments for load in the day-ahead market are typically known as *Residual Unit Commitment (RUC) adjustments.*

New market products in the day-ahead market provides explicit price signals to meet these needs



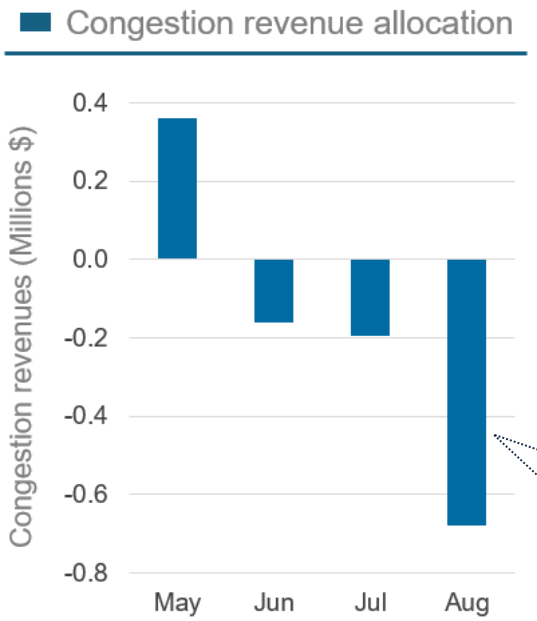
Monthly average cost:

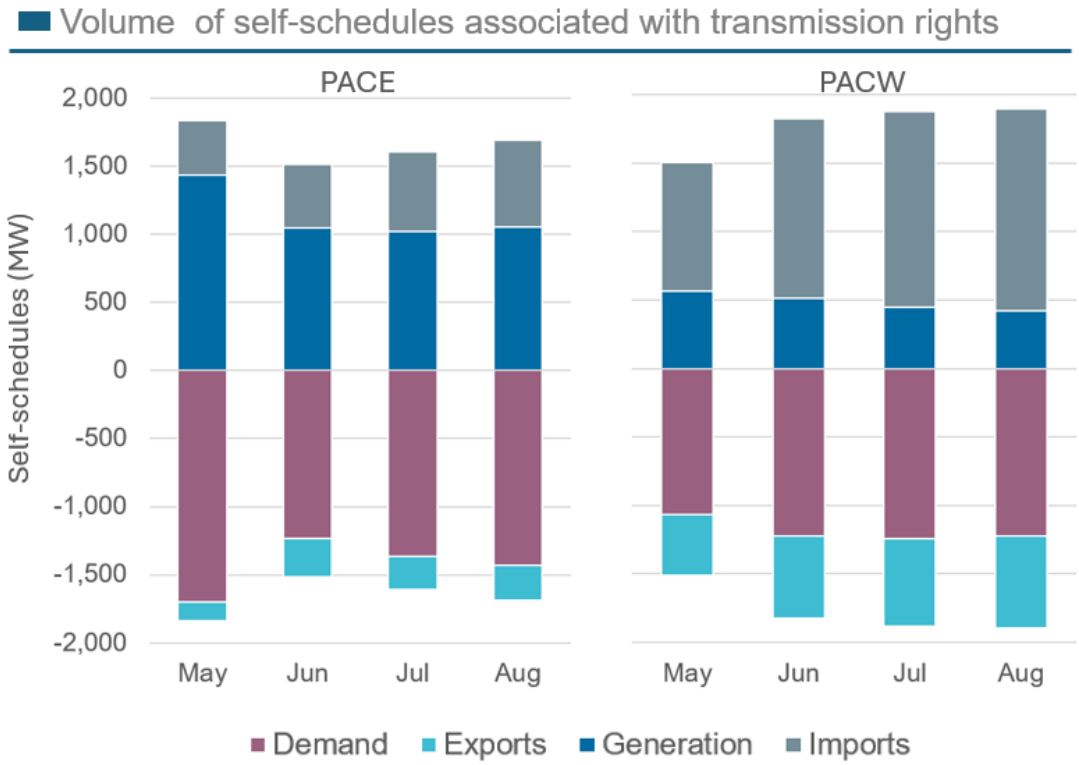
- $3.2 million for imbalance reserves,
- $9 million for reliability capacity.

Approximately 79% of imbalance reserve costs and 97% of reliability capacity costs were incurred in the CAISO balancing area.

Moderate congestion revenues from the ISO area constraints was allocated to PacifiCorp

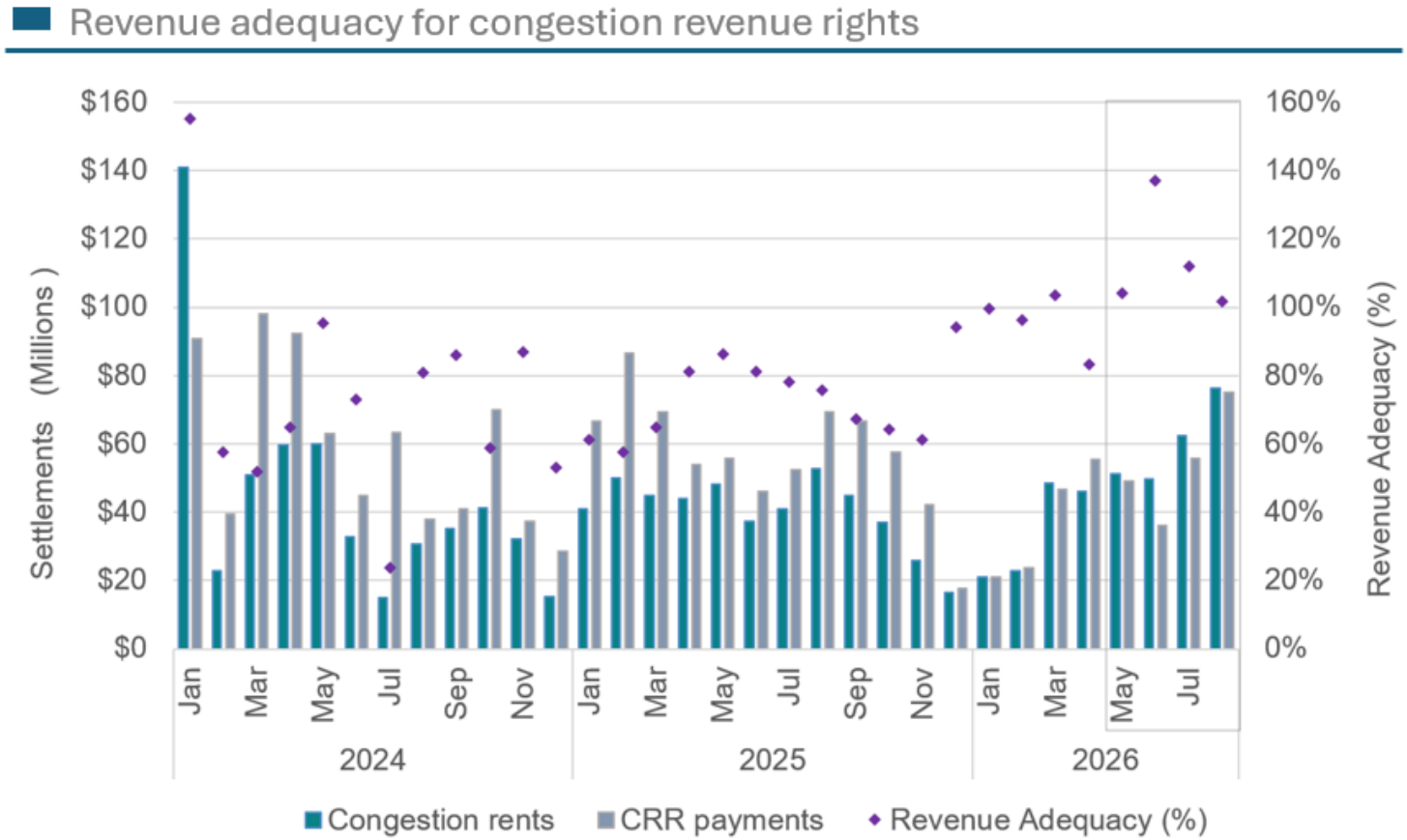
The volume of self schedules exercising transmission rights has been steady.





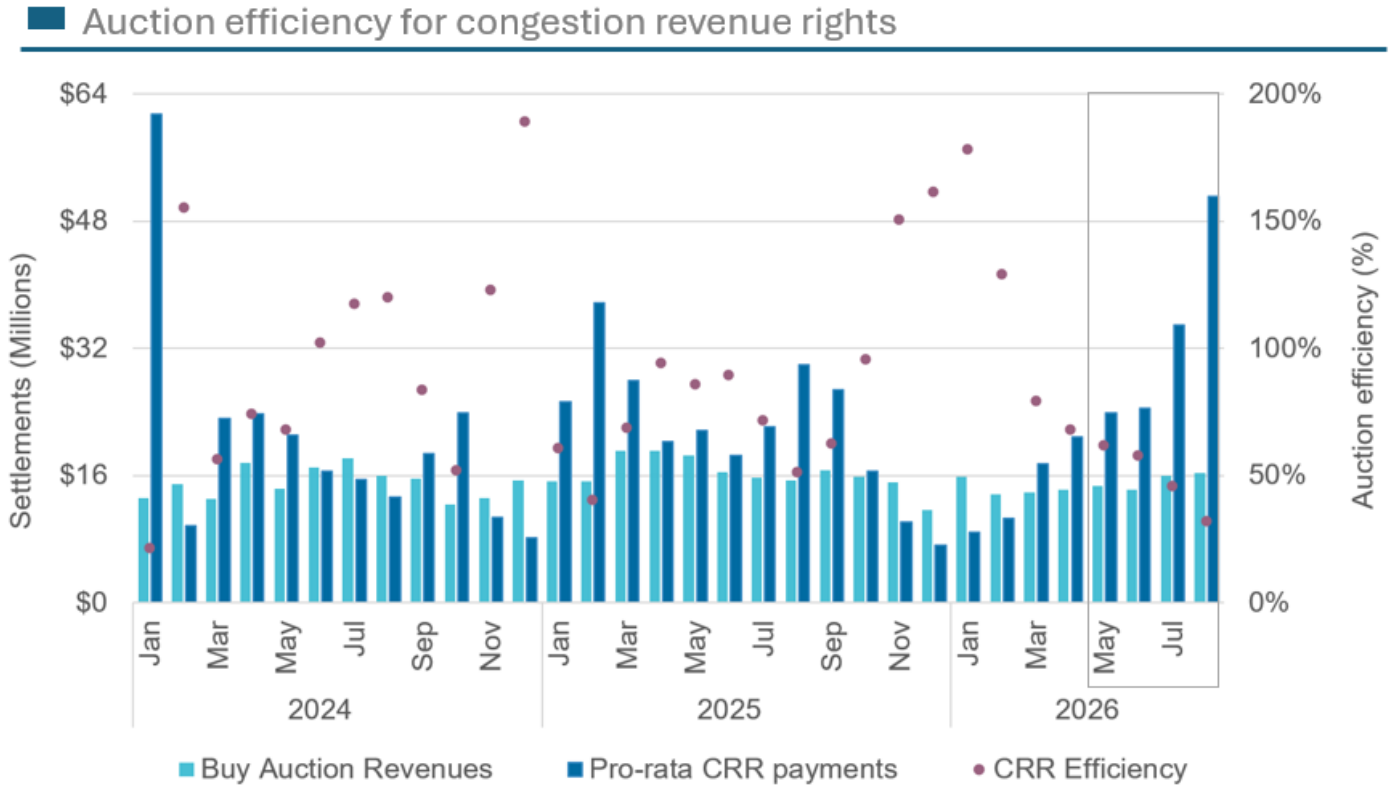
In June to August, the negative congestion revenue allocation is a payback from PacifiCorp scheduled transactions using transmission rights that provided counter-flows

Since EDAM, congestion revenue right revenue adequacy has consistently exceeded 100 percent



EDAM implementation has had a minimal impact on revenue adequacy to date due to the relatively low level of congestion revenues allocated through the congestion revenue allocation process

Congestion revenue right auction efficiency continued its downward trend, falling to 31 percent in August



This outcome is largely driven by higher summer congestion, which increased congestion payments, while auction revenues remained relatively stable, indicating the effect is attributable to seasonal congestion rather than EDAM implementation.