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Megawatt Daily

Friday, March 30, 2012

AEP Ohio executive offers details on new plan

American Electric Power's two operating units in Ohio, Columbus Southern Power and Ohio Power, would move to market-based rates in early 2015 under a new electric plan to be filed with state regulators Friday afternoon.

The proposed electric security plan, discussed by incoming AEP Ohio president and COO Pablo Vegas during a Thursday afternoon interview, appears to differ in several respects from an ESP struck down February 23 by the Public Utilities Commission.

The commission's action was virtually unprecedented, coming barely two months after it had approved the plan in mid-December. Howls of protest from consumer advocates, small-business customers and competitive suppliers greeted the plan,

(continued on page 10)

Ameren unit sets up possible sale of plants

Ameren's merchant generating subsidiary, Ameren Energy Generating, has entered into an agreement giving it the ability to sell three power plants to an affiliated unit for at least $100 million, according to a Wednesday filing with the Securities and Exchange Commission.

The "put option agreement" to sell the natural gas-fired Grand Tower, Gibson City and Elgin power plants, which total 1,166 MW, to Ameren Energy Resources Generating provides the merchant unit with backup liquidity if it is needed, Paul Patterson, a utility analyst with Glenrock Associates, said.

Ameren's liquidity issues come amid falling Midwest power prices and tougher federal environmental regulations. "Small Midwest coal plants face a significant hurdle in the next three

(continued on page 11)

Pa. plan draws consumer advocate's support

Pennsylvania's consumer advocate favors the latest attempt by the Public Utility Commission to bolster retail competition, this time by offering regulations to make sure that utility-related retail suppliers do not have an unfair advantage over nonaffiliated suppliers.

"Affiliated entities should not have a special advantage over unaffiliated entities whether in their own distribution territory or elsewhere in Pennsylvania," Sonny Popowsky, the state's consumer advocate, said Thursday in an interview.

The purpose of the PUC's proposal is to help customers to understand the difference between wholesale, retail and regulated businesses, Popowsky said. "It is important for them to understand who they are dealing with," he said.

(continued on page 11)

Day-ahead markets for delivery Mar 30 ($/MWh)

ERCOT	Index	Change	Range	Deals	Volume	Avg $/Mo
On-peak						
ERCOT, North	30.75	0.33	30.75-30.75	N.A.	N.A.	26.93
ERCOT, Houston	31.25	0.00	31.25-31.25	N.A.	N.A.	27.39
ERCOT, West	52.00	15.75	52.00-52.00	N.A.	N.A.	23.90
ERCOT, South	31.75	0.25	31.75-31.75	N.A.	N.A.	27.86
Off-Peak						
ERCOT, North	16.61	0.09	16.05-17.00	34	2,650	16.97
ERCOT, Houston	16.75	0.00	16.75-16.75	N.A.	N.A.	17.24
ERCOT, West	14.25	-2.75	14.25-14.25	N.A.	N.A.	12.48
ERCOT, South	16.25	-0.25	16.25-16.25	N.A.	N.A.	17.17

Southeast	Index	Change	Range	Deals	Volume	Avg $/Mo
On-peak						
VACAR	26.75	0.50	26.75-26.75	N.A.	N.A.	28.03
Southern, into	25.00	0.00	25.00-25.00	N.A.	N.A.	26.06
Florida	25.75	2.25	25.75-25.75	N.A.	N.A.	26.83
TVA, into	25.50	-0.25	25.50-25.50	N.A.	N.A.	26.59
Entergy, into	23.25	0.25	23.25-23.25	N.A.	N.A.	23.93
Off-Peak						
VACAR	20.25	1.25	20.25-20.25	N.A.	N.A.	20.34
Southern, into	19.00	0.50	19.00-19.00	N.A.	N.A.	18.86
Florida	20.00	-1.50	20.00-20.00	N.A.	N.A.	21.63
TVA, into	19.25	0.00	19.25-19.25	N.A.	N.A.	18.83
Entergy, into	19.50	0.50	19.50-19.50	N.A.	N.A.	17.73

West†	Index	Change	Range	Deals	Volume	Avg $/Mo
On-peak						
COB	15.50	-4.09	15.50-15.50	N.A.	N.A.	21.35
Mid-C	11.95	-3.50	7.00 -13.25	217	5,725	18.56
Palo Verde	20.25	-0.35	20.00-20.50	12	425	22.58
Mead	21.25	0.30	21.25-21.25	N.A.	N.A.	23.71
Mona	17.75	-0.25	17.75-17.75	N.A.	N.A.	21.16
Four Corners	20.75	-0.50	20.75-20.75	N.A.	N.A.	23.09
NP15	21.00	-1.00	21.00-21.00	N.A.	N.A.	23.72
SP15	24.75	-1.00	24.75-24.75	N.A.	N.A.	24.85
Off-Peak						
COB	3.32	-0.83	2.50 -4.00	28	750	15.56
Mid-C	-0.08	-0.22	-0.50-0.25	225	6,625	13.30
Palo Verde	14.63	-1.01	14.25-15.25	17	600	17.58
Mead	14.43	-1.05	13.00-14.75	12	375	18.05
Mona	13.00	-0.50	13.00-13.00	N.A.	N.A.	16.77
Four Corners	13.66	-1.59	13.25-14.00	7	200	17.70
NP15	11.50	-2.00	11.50-11.50	N.A.	N.A.	18.15
SP15	16.00	-0.25	16.00-16.00	N.A.	N.A.	18.21

Northeast	Index	Change	Range	Deals	Volume	Avg $/Mo
On-peak						
Mass Hub	29.00	2.00	29.00-29.00	N.A.	N.A.	28.38
N.Y. Zone-G	31.00	0.50	31.00-31.00	N.A.	N.A.	31.45
N.Y. Zone-J	32.25	0.00	32.25-32.25	N.A.	N.A.	34.81
N.Y. Zone-A	26.25	-1.00	26.25-26.25	N.A.	N.A.	26.59
Ontario*	14.00	-4.25	14.00-14.00	N.A.	N.A.	19.59

MARKET WRAP

EAST MARKETS

Dailies mixed to up; terms mixed

Power prices for Friday delivery in the East were mixed to higher Thursday, while forwards in the region were mixed as the NYMEX May natural gas futures settled 13.3 cents lower at $2.149/MMBtu Thursday in response to a larger-than-expected storage injection number.

Northeast dailies hardly moved Thursday with lower expected demand and softening spot gas prices. Boston was forecast to have high temperatures around 50 Friday with lows in mid-30s. The ISO New England projected peak load on Friday around 15,200 MW, about 500 MW lower than Thursday's expected peak. Tennessee Zone 6 spot gas was down about 9 cents around $2.55/MMBtu. Mass Hub day-ahead peak power for Friday was steady in the upper $20s/MWh. Mass Hub off-peak dailies remained in the low $20s/MWh. Mass Hub on-peak next-week packages were bid at $26 and offered at $26.75/MWh. Mass Hub 2x16 weekend packages were bid at $23 and offered at $26.25/MWh.

New York state was forecast to have high temperatures in the upper 30s to mid-50s Friday and lows in the upper 20s to upper 30s. The New York ISO projected peak load on Friday around 18,505 MW, down about 472 MW from Thursday's expected peak. Transco Zone 6 New York spot gas was down about 2 cents to about $2.195/MMBtu.

New York Zone-A day-ahead peak power was in the mid-to upper $20s/MWh, flat to lower. Zone-A on-peak next-week was bid at $22 and offered at $25/MWh. New York Zone-G day-ahead peak power was steady in the low $30/MWh. Zone-G on-peak next-week was bid at $26.50 and offered at $31.75/MWh.

Northeast term power was down Thursday as May NYMEX

Day-ahead markets Mar 30 ($/MWh)

	Index	Change	Range	Deals	Volume	Avg $/Mo
Off-Peak						
Mass Hub	22.00	1.75	22.00-22.00	N.A.	N.A.	21.72
N.Y. Zone-G	22.25	1.25	22.25-22.25	N.A.	N.A.	21.84
N.Y. Zone-J	22.25	1.25	22.25-22.25	N.A.	N.A.	22.31
N.Y. Zone-A	19.75	1.25	19.75-19.75	N.A.	N.A.	18.63
Ontario*	11.50	0.00	11.50-11.50	N.A.	N.A.	14.95
PJM	**Index**	**Change**	**Range**	**Deals**	**Volume**	**Avg $/Mo**
On-peak						
PJM West	31.75	1.50	31.75-31.75	N.A.	N.A.	33.81
Dominion Hub	32.25	1.25	32.25-32.25	N.A.	N.A.	34.77
AD Hub	30.00	1.00	30.00-30.00	N.A.	N.A.	31.26
NI Hub	28.50	1.50	28.50-28.50	N.A.	N.A.	29.22
Off-Peak						
PJM West	24.00	3.25	24.00-24.00	N.A.	N.A.	24.64
Dominion Hub	24.75	3.50	24.75-24.75	N.A.	N.A.	25.35
AD Hub	22.25	3.25	22.25-22.25	N.A.	N.A.	23.15
NI Hub	17.75	0.25	17.75-17.75	N.A.	N.A.	21.11
MISO	**Index**	**Change**	**Range**	**Deals**	**Volume**	**Avg $/Mo**
On-peak						
Michigan Hub	31.50	-2.75	31.50-31.50	N.A.	N.A.	30.73
Indiana Hub	26.75	-0.25	26.75-26.75	N.A.	N.A.	29.07
Illinois Hub	28.50	0.50	28.50-28.50	N.A.	N.A.	27.55
Minnesota Hub	19.50	-1.75	19.50-19.50	N.A.	N.A.	23.02
Off-Peak						
Michigan Hub	24.25	-3.00	24.25-24.25	N.A.	N.A.	22.56
Indiana Hub	19.75	-1.50	19.75-19.75	N.A.	N.A.	21.11
Illinois Hub	24.00	7.50	24.00-24.00	N.A.	N.A.	19.88
Minnesota Hub	10.00	-3.75	10.00-10.00	N.A.	N.A.	16.00
SPP/MRO	**Index**	**Change**	**Range**	**Deals**	**Volume**	**Avg $/Mo**
On-peak						
MAPP, South	19.50	-3.00	19.50-19.50	N.A.	N.A.	24.07
SPP, North	18.75	-3.25	18.75-18.75	N.A.	N.A.	23.69
Off-Peak						
MAPP, South	13.25	-2.50	13.25-13.25	N.A.	N.A.	16.93
SPP, North	15.25	-2.75	15.25-15.25	N.A.	N.A.	17.24

*Ontario prices are in Canadian dollars
†West markets are for Friday and Saturday delivery

platts Megawatt Daily

Volume 17 / Issue 62 / Friday, March 30, 2012

ISSN # 1088-4319

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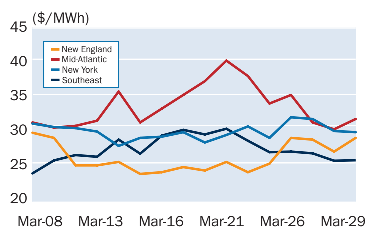
gas plummeted after the release of the Energy Information Administration's weekly gas storage estimate. In New England, Mass Hub on-peak April financial swaps fell 90 cents with bids at $26.75 and offers at $27.25/MWh on IntercontinentalExchange at about 2:30 p.m. EDT. Mass Hub May moved down $1.10 to about $26.90/MWh, while on-peak July-August packages dropped 75 cents to about $39/MWh. Mass Hub off-peak April lost 50 cents to about $20.75/MWh. New York Zone G on-peak April gave up 50 cents, down to about $29.25/MWh. Zone G on-peak July-August tumbled $1.25 to about $46.75/MWh. New York Zone A on-peak April shed 50 cents to about $24.50/MWh. Zone A on-peak July-August dropped 75 cents to about $33.75/MWh.

East day-ahead markets



Note: Based on averages from each region

Mid-Atlantic dailies were higher in for-Friday trading on ICE as Texas Eastern M-3 spot natural gas prices gained about 1 cent to trade near $2.23/MMBtu on ICE. Forecasts called for mixed temperatures with highs from the upper 50s to the lower 70s. The PJM Interconnection projected peak load at 88,475 MW for Friday, up 436 MW from Thursday. PJM West Hub day-ahead peak traded around $31.75/MWh, up $1.50. Day-ahead off-peak traded near $24/MWh, up $3.25. Weekend peak was bid at $26 and offered at $30/MWh. Weekend off-peak was bid at $17/MWh.

Mid-Atlantic forwards were mostly down Thursday with falling gas futures. PJM West on-peak April financial swaps were 40 cents stronger with bids at $33.90 and offers at $34/MWh on ICE at about 2:30 p.m. EDT. PJM West on-peak May dipped 25 cents to about $34.90/MWh, while on-peak July-August packages fell 65 cents to about $45.85/MWh. PJM West off-peak April was down 25 cents to about $24/MWh.

In the Southeast, dailies for Friday delivery were mixed Thursday with temperatures forecast to cool off. Into Southern next-day on-peak power had bids at $24 and offers at $26/MWh on ICE, steady with Thursday prices. Off-peak had bids at $17/MWh, down $1.50 from Thursday prices. TVA on-peak had offers at $26.50/MWh, up 75 cents from Thursday prices. Spot natural gas at Transco Zone-3 was down 1 cent to trade around $2.045/MMBtu. High temperatures are forecast to drop to the mid 70, with a low in the low 60s.

Southeast on-peak April terms fell Thursday, as did May NYMEX gas futures. Into Southern April fell 25 cents to about $23.75/MWh, May stayed at $24.75/MWh, and the July-August package slid 35 cents to about $32/MWh.

CENTRAL MARKETS

Dailies and forwards move back

Central power dailies finished mixed to lower as warmer weather dented prices in the region. Forwards also fell as the NYMEX May natural gas futures settled 13.3 cents lower

Generation unit outage report

Plant/Operator	Cap	Fuel	State	Status	Return	Shut
East						
Bruce-3/Bruce	750	n	Ont.	PMO	Unk	11/06/11
Brunswick-1/Progress	1006	n	N.C.	MO	Unk	02/22/12
Calvert Cliffs-1/CENG	890	n	MD	RF	Unk	02/05/12
Catawba-2/Duke	1305	n	S.C.	RF	Unk	03/10/12
Crystal River-3/Progress	838	n	Fla.	MO	Unk	09/26/09
D.C. Cook/AEP	1151	n	Mich.	RF	Unk	03/21/12
Fermi-2/DTE	1122	n	Oh.	RF/PMO	Unk	03/26/12
Grand Gulf-1/Entergy	1320	n	Miss.	MO/RF	Unk	02/19/12
Hatch-1/Southern	911	n	Ga.	RF	Unk	02/13/12
Indian Point-2/Entergy	1067	n	NY	RF	Unk	03/05/12
North Anna-1/Dominion	992	n	Va.	RF/PMO	Unk	03/11/12
Pickering-1/OPG	500	n	Ont.	PMO	Unk	03/18/12
Pickering-8/OPG	520	n	Ont.	PMO	Unk	02/06/12
Sequoyah-1/TVA	1150	n	Tenn.	RF	Unk	02/27/12
St. Lucie-1/FP&L	872	n	Fla.	MO	Unk	11/27/11
Turkey Point-3/FP&L	760	n	Fla.	RF	Unk	02/26/12
Central						
Fort Calhoun/Ohama PPD	526	n	Neb.	RF	Unk	04/11/11
Prairie Island-2/Xcel	585	n	Minn.	RF	Unk	02/21/12
Quad Cities-2/Exelon	992	n	Ill.	RF	Unk	03/19/12
South Texas-2/NRG	1413	n	Texas	MO	Unk	11/28/11
West						
Alamitos-6/AES	495	g	Calif.	PMO	Unk	02/24/12
Coolwater-3/GenOn	245	g	Calif.	PMO	Unk	03/25/12
El Segundo-4/NRG	335	g	Calif.	MO	Unk	03/28/12
Etiwanda-4/GenOn	320	g	Calif.	PMO	Unk	02/24/12
Gilroy Cogen/Calpine	120	g	Calif.	PMO	Unk	03/25/12
Helms-1/PG&E	407	h	Calif.	MO	Unk	11/19/11
Helms-3/PG&E	404	h	Calif.	PMO/MO	Unk	11/12/11
Huntington-1/AES	225	g	Calif.	PMO	Unk	03/28/12
Intermountain-1/IPA	900	g	Utah	MO	41086	01/06/12
Los Esteros/Calpine	188	g	Calif.	PMO	Unk	01/02/12
Mandalay-2/GenOn	215	g	Calif.	PMO	Unk	01/28/12
Meldyn Merchant/Unk	494	g	Calif.	PMO	Unk	03/25/12
Moss Landing-7/Dynegy	755	g	Calif.	PMO	Unk	03/25/12
Palo Verde-3/APS	1346	n	Ariz.	PMO	Unk	03/16/12
Palomar/SDG&E	565	g	Calif.	PMO	Unk	01/12/12
San Onofre-2/SCE	1124	n	Calif.	PMO	Unk	01/09/12
San Onofre-3/SCE	1126	n	Calif.	MO	Unk	01/31/12

Daily generation outage references

MO	unplanned maintenance outage	RF	refueling outage
PMO	planned maintenance outage	Unk	unknown
OA	offline/available		

Fuels: Nuclear=n; Coal=c; Natural gas=g; Hydro=h ; Wind=w

Sources: Generation owners, public information and other market sources.

than Wednesday's close at $2.149/MMBtu.

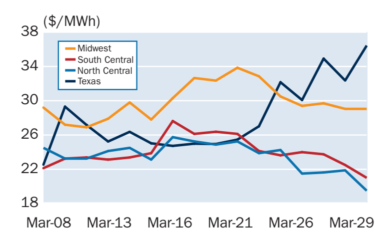
Midwestern dailies were lower as temperatures were expected to rise in the region with highs from the lower 50s to the lower 80s. Chicago city-gates spot natural gas gained 7.5 cents to trade near $2.13/MMBtu on ICE. Indiana Hub day-ahead peak traded near $26.75/MWh, down 25 cents. Day-ahead off-peak traded around $20.25/MWh, down $1. Weekend peak traded around $24.50/MWh. Minnesota Hub day-ahead peak was bid at $19/MWh, down $2.25.

Dailies were mixed in the Midwestern portion of the PJM Interconnection. AEP-Dayton Hub day-ahead peak traded around $30/MWh, up $1. Day-ahead off-peak traded near $22.25/MWh, up $3.25. Weekend off-peak was bid at $17/MWh. Northern Illinois Hub day-ahead peak was bid at $25.50/MWh, down $1.50. Day-ahead off-peak traded near $16/MWh, down $1.50.

Midwest forward markets were mostly down. AD Hub on-peak April financial swaps rose 25 cents to about $31.25/MWh. AD Hub on-peak July-August packages dropped 75 cents to about $40.25/MWh. Indiana Hub on-peak April tumbled $1 to about $27/MWh, while Indiana Hub on-peak July-August lost 50 cents to about $36.25/MWh. NI Hub on-peak April gained 25 cents to about $28/MWh. NI Hub on-peak July-August packages fell 25 cents at about $38/MWh.

Electric Reliability Council of Texas dailies for Friday delivery were mixed on Intercontinental Exchange as peak loads were forecast increasing. Spot natural gas at Houston Ship Channel was down 2 cents to trade around $1.94/MMBtu. North Hub next-day on-peak physical power rose about 25 cents trading around $30.75/MWh. Off-peak was steady trading around $16.50/MWh. Houston Hub on-peak was up about 25 cents trading around $31.50/MWh. Off-peak had bids $16 and offers at $16.75/MWh, down about $1.25 from Thursday prices. South Hub on-peak was up about 75 cents trading around $32.25/MWh. Off-peak had offers at $16.50/MWh, steady with Thursday prices. West Hub on-peak had bids at $50 and offers at $70.25/MWh, up nearly $24 from Thursday prices.

Central day-ahead markets



Note: Based on averages from each region

High temperatures in Dallas are forecast to increase a few degrees to the high 80s. Houston is forecast for a high remaining in the low 80s. ERCOT's low temperatures are expected to remain in the 60s. System load in ERCOT is forecast to peak at 39,000 MW at 5 pm Thursday and 41,000 MW Friday, compared with an actual peak of 37,748 MW Wednesday. North Hub next-week on-peak swaps had bids at $27 and offers at $28/MWh, while off-peak had bids at $16.25/MWh. Real-time off-peak prices for ERCOT averaged $14.25/MWh from 1:15 am to 6 am CDT Thursday. Real-time on-peak prices averaged $26.50/MWh from 6:15 am to 1:15 pm CDT Thursday. The West Hub averaged $40/MWh

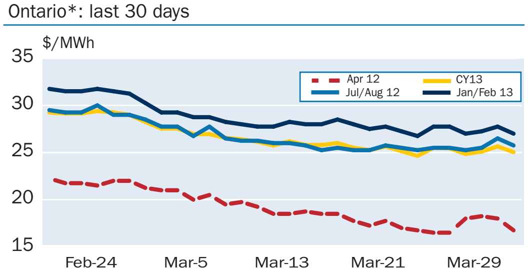
Platts-ICE Forward Curve – Electricity, Mar 29 ($/MWh)

Prompt month:Apr 12

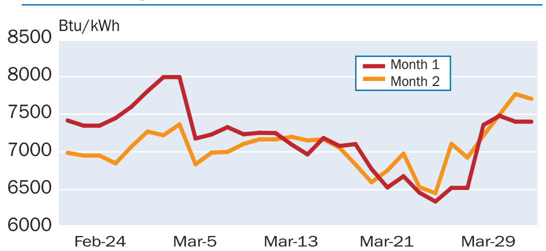
Mass Hub	27.00
N.Y. Zone G	29.25
N.Y. Zone J	34.25
N.Y. Zone A	24.50
Ontario*	16.75
PJM West	33.95
AD Hub	31.25
NI Hub	28.00
Indiana Hub	27.00
Southern Into	23.75
Entergy Into	21.25
ERCOT North	27.00
Houston	29.00
ERCOT West	21.00
ERCOT South	28.50
Mid-C	15.00
Palo Verde	21.25
NP15	21.75
SP15	24.00
Mead	22.50

All prices are on-peak *Ontario prices are in Canadian dollars

Ontario*: last 30 days



Ontario*: Marginal heat rate



Ontario*: Forward curve

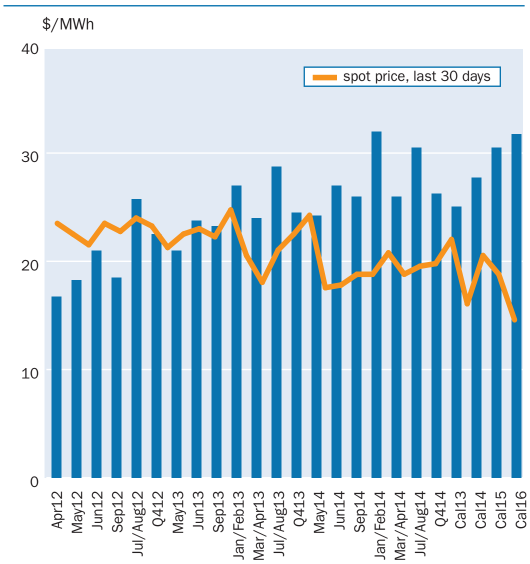


Table and graphs are created using Platts–ICE Forward Curve — Electricity (North America) data. Both on-peak and off-peak electricity forward assessments are available for periods spanning four years. To see a sample and find information on how to subscribe to the full data set go to www.risk.platts.com. For more information about Platts services, please call +1-800-PLATTS8. For editorial questions call Mike Wilczek +202-383-2246 or Eric Wieser +202-383-2092 during the same period while all other hubs had prices in the $20s/MWh. Wind generation peaked at 6,024 MW at 1 am CDT Thursday and reached 1,000 MW at 1 pm Wind output for Friday is forecast to peak at 4,700 at 1 am CDT with an expected low of 1,500 MW at 1 pm CDT.

Most South Central April terms fell. ERCOT Houston on-peak April fell 50 cents to about $29/MWh, and the July-August package dropped $1.25 to about $65.50/MWh. Heat rates were up about 600 Btu/kWh on ICE around 2:30 pm EDT. ERCOT North April fell 50 cents to about $27/MWh, May fell 50 cents to about $29/MWh, and July-August lost $1.25 to about $64.75/MWh. Into Entergy April stayed at about $21.25/MWh, and the summer package shed 35 cents to about $28.90/MWh.

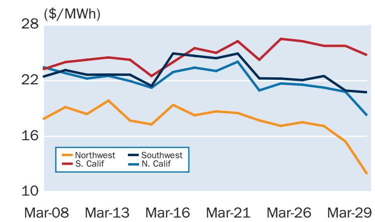
WEST MARKETS

Dailies and terms both post losses

Western day-ahead prices for Friday and Saturday delivery were mostly lower Thursday, with Northwest off-peak prices dipping below $0/MWh with more rain in the forecast. Terms dropped back as NYMEX May natural gas futures settled 13.3 cents lower then Wednesday's settlement at $2.149/MMBtu.

In the Pacific Northwest, Mid-C next-day on-peak power plunged $5.45 to trade around $10/MWh on IntercontinentalExchange. Mid-C off-peak lost about 40 cents trading between negative $0.50 and $0.20/MWh. The Bonneville Power Administration's wind generation was near 1,699 MW at 2 p.m. EDT, and hydropower was around 13,675 MW. OPAL next-day gas gained 3 cents trading around $1.87/MMBtu. Mid-C on-peak balance-of-the-month swaps had bids at $14.75 and offers at $16/MWh on ICE. Next week was bid at $11.50 and offered at $14.50/MWh.

West day-ahead markets



Note: Based on averages from each region

Temperatures in Portland, Oregon were forecast slightly cooler with highs in the mid-50s Friday and Saturday with lows in the low 40s and rain.

In the desert Southwest, Palo Verde on-peak next-day power inched up 15 cents trading near $20.75/MWh on ICE. Off-peak prices were 90 cents weaker near $14.75/MWh. High temperatures in Phoenix were forecast climbing up to 90 degrees Friday and Saturday, with lows in the mid-60s.

In California, SP15 next-day on-peak financial swaps

Near-term markets ($/MWh)

Contract	Transacted	Range
East		
PJM West		
Next-week	03/29	34.75-35.25
Next-week	03/28	33.00-33.50
Next-week	03/27	32.00-32.50
Next-week	03/26	32.50-33.00
Southern, Into		
Bal-week	03/28	26.50-27.50
Bal-week	03/27	25.50-26.50
Bal-week	03/26	26.50-27.50
Bal-week (off-peak)	03/26	19.50-20.50
Bal-month	03/28	26.50-27.50
Bal-month	03/27	26.50-27.50
Bal-month	03/26	26.50-27.50
Bal-month	03/23	26.50-27.50
Next-week	03/29	26.50-27.50
Next-week	03/28	26.50-27.50
Next-week	03/27	26.50-27.50
Central		
Entergy, Into		
Bal-week	03/28	24.50-25.50
Bal-week	03/27	24.50-25.50
Bal-week	03/26	24.50-25.50
Bal-month	03/28	25.00-26.00
Bal-month	03/27	25.00-26.00
Bal-month	03/26	25.00-26.00
Next-week	03/29	25.50-26.50
Next-week	03/28	25.50-26.50
Next-week	03/27	25.50-26.50
ERCOT, North		
Bal-week	03/28	28.00-29.00
Next-week	03/28	27.00-28.00
Next-week	03/26	26.00-27.00
Next-week (off-peak)	03/28	16.25-17.25
West		
Mid-C		
Bal-month (off-peak)	03/23	3.50-4.50

*Ontario prices are in Canadian dollars

Market coverage

Platts provides a detailed methodology related to its coverage of North American electricity markets at: http://platts.com/MethodologyAndSpecifications/ElectricPower. Questions can be directed to Mike Wilczek, Market Editor, (202) 383-2246, Mike_Wilczek@platts.com.

dropped $1 trading at $24.75/MWh on ICE. SP15 off-peak slipped 25 cents to $16/MWh. NP15 on-peak swaps offloaded more than $1 with bids at $20.50 and offers at $21.15/MWh. Pacific Gas & Electric city-gates spot gas lost 6 cents to around $2.38/MMBtu on ICE. High temperatures in Southern California were forecast near 80 degrees Friday, slipping to 70 Saturday with lows in the 50s. Sacramento highs were expected near 70 Friday and 60 Saturday, with rain and lows down to 39 degrees. SP15 on-peak next week traded at $25.25/MWh. Bal-month was offered at $30/MWh without bids on ICE. The Cal-ISO's wind generation was about 1,395 MW at 2 p.m. EDT. The ISO projected its peak load falling into the weekend, from 28,536 MW Thursday, 27,030 MW Friday and 25,310 MW Saturday.

In the Northwest term markets, Mid-Columbia on-peak April fell 25 cents with bids at $14.75 and offers at $15/MWh on the ICE around 2:30 p.m. EDT. May fell 25 cents to about $14.50/MWh, and the third quarter lost 60 cents to trade around $24.65/MWh. In California, SP15 on-peak April financial terms fell 50 cents with bids at $23.85 and offers at $24.10/MWh. May swaps shed 75 cents to about $24.50/MWh, and Q3 sagged 80 cents to about $33.35/MWh. NP15 April slid 75 cents to about $21.75/MWh. In the Southwest, Palo Verde on-peak April fell 50 cents to about $21.25/MWh, May tumbled $1 to about $23/MWh, and Q3 inched down 10 cents to about $32/MWh.

CARBON MARKETS

California carbon allowance prices fall

California carbon allowance prices dipped during the week.

The Green Exchange's CCA contract dropped 50 cents Wednesday compared with a week earlier. The December 2012 contract settled at $13.75/mt. The December 2013 contract closed at $14.50/mt. The December 2013 contract settled at $15.50/mt. No volume was reported during the week.

IntercontinentalExchange saw a similar fall in prices. Each of the CCA contracts closed 30 cents lower. The December 2012 contract settled at $14.00/mt. The December 2013 contract closed at $14.50/mt. The December 2014 contract settled at $15.00/mt. The December 2015 contract closed at $16.00/mt. The only volume was a pair of block trades involving the December 2013 contract. Tuesday saw a deal for 10,000 mt at $15/mt. On Wednesday, 10,000 mt changed hands for $14.50/mt.

The bid-offer range in the over-the-counter market fell to $14.25-$15/mt, down from $14.60-$15.25/mt the previous week. Offset contracts were between $10-$11.25.

The Regional Greenhouse Gas Initiative's vintage 2012 contract for delivery in December 2012 settled Wednesday on ICE at $1.96/st, the same as a week earlier. No volume was reported during the week.

Spark spreads for Mar 30

	Marginal heat rate	Spark spreads @7k	@8k	@10k	@12k	@15k
East						
Mass Hub	10781	10.17	7.48	2.10	-3.28	-11.35
N.Y. Zone-G	13933	15.43	13.20	8.75	4.30	-2.38
N.Y. Zone-J	14593	16.78	14.57	10.15	5.73	-0.90
N.Y. Zone-A	10758	9.17	6.73	1.85	-3.03	-10.35
Ontario*	5798	-2.90	-5.32	-10.15	-14.98	-22.22
PJM West	14465	16.39	14.19	9.80	5.41	-1.18
TVA, into	12274	10.96	8.88	4.73	0.57	-5.66
Central						
Indiana Hub	13017	12.37	10.31	6.20	2.09	-4.08
NI Hub	13801	14.05	11.98	7.85	3.72	-2.48
Entergy, into	11728	9.37	7.39	3.43	-0.54	-6.49
ERCOT, Houston	16067	17.64	15.69	11.80	7.91	2.08
West						
Mid-C	6390	-1.14	-3.01	-6.75	-10.49	-16.10
Palo Verde	10100	6.22	4.21	0.20	-3.81	-9.83
NP15	9767	5.95	3.80	-0.50	-4.80	-11.25
SP15	11485	9.67	7.51	3.20	-1.11	-7.58

*Ontario prices in Canadian dollars. **Spark spreads are reported in ($) and Marginal heat rates in (Btu/kWh)

Daily CSAPR allowance assessments, Mar 29

CSAPR ($/ST)	2012 Range	2012 Mid	2013 Range	2013 Mid
SO_2 Group 1	125.00-175.00	150.00	125.00-165.00	145.00
SO_2 Group 2	175.00-295.00	235.00	175.00-285.00	230.00
NOx Annual	105.00-175.00	140.00	105.00-165.00	135.00
NOx Seasonal	135.00-175.00	155.00	135.00-165.00	150.00

All prices in $/st

Daily CAIR allowance assessments, Mar 29

	$/allowance	Change	$/st
S02 2012	1.00	0.00	2.00

For methodology, visit www.emissions.platts.com. Full coverage of S02 and NOx emissions markets now appears in Platts Coal Trader. For information on Coal Trader, contact support@platts.com or call 1-800-PLATTS-8.

RGGI carbon allowance futures, Mar 28 ($/allowance)

CCFE	Settlement	Volume	NYMEX GE	Settlement	Volume
Mar12 V09	2.00	0	Mar12	1.97	0
Mar12 V10	2.00	0	Apr12	1.97	0
Mar12 V11	2.00	0	May12	1.97	0
Mar12 V12	1.95	0	Jun12	1.97	0
Dec12 V09	2.01	0	Jul12	1.97	0
Dec12 V10	2.01	0	Aug12	1.97	0
Dec12 V11	2.01	0	Sep12	1.97	0
Dec12 V12	1.96	0	Oct12	1.97	0
Dec13 V09	2.01	0	Nov12	1.97	0
Dec13 V10	2.01	0	Dec12	1.97	0
Dec13 V11	2.01	0	Dec13	1.97	0
Dec13 V12	1.96	0	Dec14	1.98	0

The Regional Greenhouse Gas Initiative is a carbon cap-and-trade program for power generators in nine Northeast and Mid-Atlantic US states. One RGGI allowance is equivalent to one short ton of CO2. The volume listed is the number of futures contracts traded. Each futures contract represents 1,000 RGGI allowances.

IN THE NEWS

PJM seeks changes to support DR dispatch

Changes to the PJM Interconnection's tariff are needed to support recent efforts to dispatch demand response on a more efficient and location-targeted basis, the independent system operator said in a Wednesday proposal.

Among other things, PJM would give curtailment service providers a two-year grace period from non-performance penalties when they are called on by PJM under the new dispatch regime. It also would require CSPs to have certain technological abilities for receiving dispatches and formally revise how PJM determines what resources to call upon.

In the 2011-12 delivery year, PJM began a more focused sub-zonal dispatch process "allowing more narrowly tailored sub-zonal dispatch (defined by ZIP codes) that recognizes transmission constraints" rather than based solely on state boundaries, PJM said in the Wednesday proposal to the Federal Energy Regulatory Commission (Docket No. ER12-1372).

This new practice came in handy when PJM dispatchers in May were able to call on only 261 MW of emergency load response rather than the full 1,006 MW available in the total Dominion Zone in Virginia. The sub-zonal procedure "allowed the dispatcher to address a specific system issue that could be resolved by load reductions in the Norfolk area, and for which other demand resource reductions in the Dominion Zone would not have contributed to the resolution."

To transition to the new process, response to sub-zonal dispatch will be voluntary — meaning there would be no penalty for non-performance — for the first two delivery years and mandatory thereafter, PJM said. "This two-year transition allows CSPs more time to put in place arrangements with their registered end-users to better ensure that they will be able to perform as committed upon receipt of an electronic signal from PJM, and to give them more time to become familiar with sub-zonal dispatch," the proposal said.

Once compliance becomes mandatory, demand response resources would be charged for inadequate response to sub-zonal dispatch only if PJM defined the sub-zone the day before the event.

The emergency operations section of the tariff also would be changed to state that PJM would dispatch emergency load response resources based on availability, location and/or how much load reduction is needed, rather than on the minimum dispatch prices specified at registration, which is what the tariff currently requires.

To support more targeted dispatches, PJM proposes to require that curtailment service providers be capable of receiving electronic dispatch signals from PJM instead of using the ISO's current telephone-based dispatch and confirmation system. "When PJM issues a sub-zonal dispatch call, it will include a list of registrations in the electronic notification to the CSP," which will allow the provider to notify all affected end-users that they have been called on, the proposal said.

PJM asked that the changes take effect June 1, which is when the next delivery year begins.

— Esther Whieldon

North American Daily Generation Outages by Region, 3/29/2012

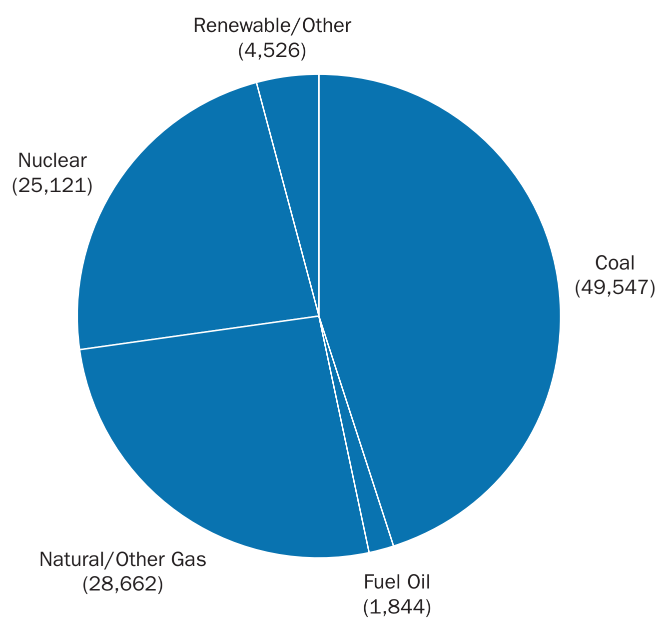
ISO	MW OFF
AESO	633
CAISO	6,533
ERCOT	15,286
ISONE	1,759
MISO	12,104
NYISO	3,793
Ontario IESO	3,647
PJM	21,089
SPP	3,558

NERC Region	MW OFF
ERCOT	15,286
FRCC	8,651
MRO	4,640
NPCC	9,879
RFC ECAR	16,581
RFC MAAC	4,887
RFC MAIN	5,104
SERC	23,353
SPP	3,558
WECC	17,543
US Total	109,481

Source: IIR Energy

For more information please contact IIR Energy at iirteam@iirenergy.com or at their website, www.iirenergy.com

US Megawatts offline by fuel type



Working gas in storage rises to 2.437 Tcf: EIA

The nation's gas storage inventories grew by 57 Bcf to 2.437 Tcf for the week that ended Friday, the Energy Information Administration said Thursday, enlarging the already ample storage overhang as the traditional withdrawal season nears its end.

The injection was well above consensus expectations of a build between 43 Bcf and 47 Bcf. A year earlier, EIA reported a 7-Bcf injection to storage stocks, while the five-year average was for an 8-Bcf withdrawal. The net injection came near the historic March high of a 58-Bcf injection that EIA recorded in the week ended March 30, 2007

As a result, the 766-Bcf surplus to the year-ago level widened to 816 Bcf, while the 835-Bcf surplus to the five-year average of 1.537 Tcf rose to 900 Bcf.

"The report also suggests a somewhat weaker background supply/demand balance, with bearish implications for the reports to follow," said Tim Evans, energy analyst at Citi Futures Perspective.

EIA reported a 25-Bcf injection in the East to 1.074 Tcf, compared with 670 Bcf a year ago; a 2-Bcf withdrawal in the West to 344 Bcf, compared with 218 Bcf a year ago; and a 34-Bcf injection in the producing region to 1.019 Tcf, compared with 733 Bcf a year ago.

With producing region stocks in particular now topping the 1 Tcf mark, analyst Pax Saunders at Gelber & Associates said he estimated the region could reach estimated capacity near 1.3 Tcf by the first week of July, using five-year average injection figures. "Given current production, the number might be more aggressive than that without a hot start to summer or an intervention from the producer side," he added.

Inventories now are 403 Bcf above the five-year average of 671 Bcf in the East, 104 Bcf above the five-year average of 240 Bcf in the West, and 392 Bcf above the five-year average of 627 Bcf in the producing region.

The storage outlook "remains challenging," said analysts at Baird Equity Research. Current working gas storage levels "remain materially above one-year and five-year averages ... as shale supply continues to overwhelm demand. Looking out through the injection season and into the fall shoulder, we expect storage fundamentals to remain a headwind for gas."

— Stephanie Seay

Nodal Exchange offers FTR-like contracts in PJM

The Nodal Exchange began offering financial transmission rights-type contracts for 85 nodes in the PJM Interconnection on Thursday, Nodal Exchange CEO Paul Cusenza said Thursday.

The contracts are for energy plus congestion and will be available for the current month and 48 upcoming months, according to a Thursday news release. The contracts will settle against the day-ahead energy plus congestions prices published by PJM.

This is the first time Nodal Exchange is offering an FTR-type contract, Cusenza said. The new contracts are a result of requests from the trading community, especially those looking to hedge physical positions, according to Cusenza.

"Nodal Exchange is very pleased to be able to offer these new contracts which are effectively FTR equivalent contracts, with the key advantage that there is no underfunding or capacity constraint in our cleared environment," Cusenza said in the release.

PJM has seen a steady increase in underfunding in the FTR auctions since 2007. Revenue adequacy has dropped from 101% to only 84.9% in 2010-11. PJM started a task force in April to address the issue and has committed to writing a detailed stakeholder report identifying the root causes of underfunding and recommending solutions.

Cusenza said in the release that the contracts will help participants "be better able to meet their specific hedging needs."

In an interview, Cusenza said Nodal Exchange decided to launch the new contracts ahead of PJM's annual FTR auction in April. The nodes for which contracts will be available are distributed throughout PJM and include about 25 hubs and zones and about 60 generator locations, interfaces and aggregates, Cusenza said.

Cusenza added that if the new contracts are successful, Nodal Exchange will "certainly" consider adding additional FTR-type contracts for additional zones or other ISO markets if participants want them.

The Nodal Exchange offers nodal, cash-settled futures contracts for power that are cleared through LCH.Clearnet, an independent clearing house.

It offers power contracts for ISO New England, the New York Independent System Operator, PJM, the Midwest Independent Transmission System Operator, the Electric Reliability Council of Texas and the California Independent System Operator, according to the company's website.

— Juliana Brint

Arkansas muni seeks power supply proposals

The North Little Rock Electric Department is seeking proposals to establish a contract through competitive negotiations for short-term, partial requirements capacity and energy through a solicitation issued Thursday. Proposals are due May 3.

NRG Energy provides North Little Rock's capacity and energy needs through a partial requirements agreement, which will expire December 31, 2013.

North Little Rock will require the successful RFP respondent to meet North Little Rock's total load, net of North Little Rock's resources that include Plum Point 1, Murray Hydro and Two Pines.

North Little Rock would like for the pricing structure of bidders to include fixed and variable components. North Little Rock will financially guarantee a 70 MW generation threshold in every hour for the total combined output from Plum Point 1 and Murray Hydro. All incremental requirements above 70 MW (excluding any output from Two Pines) should be priced at a fixed contract price.

If in any hour the 70 MW threshold is not reached, North Little Rock wants the replacement power needed to reach the threshold to be priced at a variable index reflective of market pricing, such as Platts' Megawatt Daily Into Entergy on/off-peak market index shaped by hour, or a natural gas heat rate structure.

Bidders are being asked to specify the proposed structure(s) for pricing replacement power in addition to the fixed price component.

North Little Rock will consider proposal terms of one year and 5 months, two years and 5 months, and three years and 5 months. During 2011, North Little Rock had a peak demand of approximately 266 MW, with energy requirements of approximately 990 GWh.

North Little Rock will consider proposals with varying types of resources, multiple suppliers, and a mix of terms. North Little Rock may accept a combination of alternatives from one or more suppliers. All proposals should provide for delivery to North Little Rock's applicable substations.

North Little Rock "does not presently contemplate any power supply projects that would compete with the proposals solicited in this RFP, but reserves the right to review any options that might be availed after issuance of this RFP or after receipt of proposals in response to this RFP."

Under the RFP's schedule, intent to respond forms are due April 12.

Questions about the RFP should be directed to Garrett Cole at GDS Associates, (770) 425-8100, garrett.cole@gdsassociates.com.

The North Little Rock Electric Department provides retail electric service to approximately 37,665 consumer accounts, including 33,097 residential accounts, 4,388 small commercial accounts and 180 industrial or large commercial accounts.

North Little Rock owns a 40-MW run-of-river hydroelectric plant located on the Arkansas River that generated 96 GWh in 2011. North Little Rock also purchases up to 4.5 MW from Two Pines, a landfill gas-fired unit, operated by Waste Management Renewable Energy, which produces approximately 29 GWh annually.

In addition, North Little Rock has a long-term purchased power agreement for 60 MW of coal-fired generation from Plum Point Unit 1, which came on-line in September of 2010. North Little Rock received 370 GWh from Plum Point 1 in 2011.

— Paul Ciampoli

MISO April FTR volume gains, value drops

Volume gained while total value dropped in the Midwest Independent Transmission System Operator's financial transmission rights auction for April, according to MISO auction data released this week.

The auction for April saw about 189,865 MW of FTRs traded, up from about 77,139 MW for March. The total value of FTRs that cleared in the auction for April was about $15.7 million, down from about $18.5 million for March.

The total value includes the clearing prices of positive and negative FTRs.

Prices ranged from about negative $5,751/MW to $8,650/MW for April, wider than the range of negative $6,862/MW to $6,197/MW for March.

Energy buyers and sellers participate in FTR auctions to hedge transmission price volatility. An FTR holder has the right to collect or the obligation to pay congestion rents associated with transmission between specified source and sink points. Negative dollar amounts indicate that the holder will be paid to take on the risk associated with counterflow FTRs.

For April, there were about 46,061 MW of positive FTRs and 24,774 MW of negative FTRs.

FTRs from Indiana Hub to Michigan Hub for peak hours in April cleared at negative $56.67/MW. Indiana Hub replaced Cinergy Hub in MISO on January 1 when Duke Energy Ohio and Duke Energy Kentucky were integrated into the PJM Interconnection. FTRs from Indiana Hub to Minnesota Hub for peak hours in April cleared at negative $1,253.90/MW.

Intergrid Mideast Group was the most active trader in the auction, buying and selling 28,877 MW of FTRs with a net worth of $124,013.47. Louis Dreyfus held the largest net positive financial position in the auction at about $534,772.

DC Energy was the second-most active trader, trading about 16,686 MW.

Energy Exchange Direct had the largest net negative financial position in the auction at negative $355,469.19 for about 5,775 MW of FTRs.

— T.L. Hamilton

Volume up, dollars down in NYISO TCC auction

Total volume in the New York Independent System Operator transmission congestion contract auction continued to move higher, with April's total coming in above last month's and the same period last year.

Total volume for April TCCs was 4,674 MW, about 423 MW more than last month's auction and about 248 MW more than April 2011.

April TCCs were mostly positive, with the volume split 3,164 MW positive and 1,510 MW negative.

Total dollars in the auction were down month-to-month and year-to-year. April's auction total came in around $1.07 million, down about $306,000 from March and down more than $1 million from April 2011.

TCCs are financial instruments that enable market participants to hedge against congestion on the grid. A TCC holder has the right to collect or is obligated to pay congestion associated with transmission between a source and sink points.

When the value of the TCC is negative, the NYISO pays the buyer the clearing price for accepting it.

TCC clearing prices for April ranged from minus $3,607/MWh to about $3,607/MWh, with Tower Research Capital winning TCCs with lowest and highest values.

Holding on to the top spot by volume was Louis Dreyfus Highbridge Energy with 771 MW for a net dollar position of about $106,556.

Vienna, Virginia-based DC Energy stayed in second place with about 720 MW for negative $12,310.

EDF Trading climbed one spot into third with 563 MW of volume and a net dollar position of about $24,390.

Edison Mission jumped into fourth place, up from eighth last month, with 511 MW of volume and net dollar position of $114,948, the largest net dollar position in April.

Tower Research Capital was fifth with about 406 MW of total volume and a net dollar position of negative $6,893.

TransCanada Power continued to have the largest overall negative net dollar position with about 77 MW of volume for negative $38,427.

— Eric Wieser

Congestion auction value doubles in Cal-ISO

The total dollar value for congestion revenue rights in the California Independent System Operator's auction for April rights more than doubled from March's auction, coming in at $4.85 million.

April's dollar value was $2.55 million more than the $2.3 million value seen in the auction for March CRRs.

The total megawatt volume in April's auction also rose month-over-month, to 31,100 MW from a previous total of 28,300 MW.

The highest-priced CRR for April, with a price of about $2,464/MW, went to Morgan Stanley. It had a source at the Malin scheduling points and a sink at the SP15 hub.

The two lowest-priced CRRs for April had prices of roughly negative $2,844, and both had sources at the San Diego Gas and Electric scheduling point and sinks at the Malin scheduling point. One went to Commerce Energy and had a volume of 0.283 MW. The other went to Direct Energy and had a volume of 0.758 MW.

Louis Dreyfus won the most volume in the April auction with about 6,900 MW and a net financial position of $56,000.

Pacific Gas and Electric came in second in volume for the auction with roughly 3,200 MW and a net financial position of $64,200.

And Edison Mission came in third in volume with roughly 3,000 MW and a net financial position of around $197,300.

The greatest positive financial position of $649,200 was taken by Powerex, the marketing arm of BC Hydro. The largest negative financial position was held by AC Energy, at negative $286,800.

California's monthly CRR auction offers on- and off-peak FTRs which entitle the holder to revenue when congestion occurs in the direction of the CRR. If the congestion occurs in the opposite direction, the CRR holder must make a payment to the grid operator.

A positively priced CRR indicates that an entity needs the transmission capacity and therefore pays the ISO for the ability to flow power on a particular source-sink path, while a negative priced CRR indicates a counterflow congestion contract in which the grid operator pays the market participant after the settlement process.

— Hilary Milam

AEP Ohio executive offers details *…from page 1*

prompting the PUC to do an about-face.

Now, AEP is trying again, saying the new plan by the Columbus-based company, one of the nation's largest electric utilities, is an attempt to address those complaints.

"What we have done in response to the concerns we heard about some rate disparities is we have gone back to our original rate structure we had in place before" the December plan was approved, Vegas said.

AEP Ohio's total load is 48 million MWh.

Marketers were unhappy about the $255/MW-day capacity price included in the scrapped plan which, they said, were so high as to discourage shopping in the service territories of CSP and Ohio Power. In an interim order this month, the PUC set capacity prices at $110/MW-day, still higher than what competitive suppliers would like.

Although the proposed capacity price in the new plan was not disclosed, Vegas noted that AEP Ohio would freeze generation rates over the three-year period.

Under the plan, which would run through June 15, 2015, AEP will hold "a full auction of all non-shopping customers" in January of that year, Vegas said. In response to a question, he said it's possible the company would hold smaller power auctions before then.

AEP, however, still is proposing caps on discounted generation capacity it would make available to competitive suppliers, although those figures were not immediately available. Under the rejected plan, AEP agreed to make available at a discounted price 20% of its generation capacity in 2012, rising to 30% in 2013, while in 2014 through May 2015 about 40% would have been available.

AEP Ohio told the PUC recently that 36.7% of its load either had migrated to competitors or planned to switch as of March 1, 2012.

According to Vegas, residential customers of CSP and Ohio Power would see an overall rate increase of about 9% under the new plan. In terms of small commercial customers, who peppered the PUC with complaints after their January bills soared as much as 300%, "What we did there was smooth out the increases," he said.

That translates into about a 1% increase in the new plan's first year for CSP and 4.5% for Ohio Power. "In the second year, the same class for CSP would see no increase and for Ohio Power we'll see about 5.5% [increase]. In the third year, for the same customers, we'll see about a 0.25% increase, almost no increase at all." Increases would be higher for Ohio Power under the plan, he said, because that utility's rates "were lower to begin with."

It remains to be seen whether AEP Ohio's critics will be mollified by the new plan. FirstEnergy Solutions, the competitive arm of rival Ohio utility FirstEnergy, has pushed AEP to move to market sooner rather than later.

"If they do hold off on a competitive auction for the most part until 2015, obviously, it's customers who will be missing out on opportunities to save under the current market conditions which are so favorable right now," said FES spokesman Doug Colafella. "FES and other suppliers certainly would want to participate in auctions that bring the value of those electric prices to [AEP

Ohio's] customers, even if they choose to remain with the utility."

The Ohio Office of Consumers Counsel, the state's residential utility watchdog, wanted to wait until the new plan is submitted to the commission before commenting, said OCC spokesman Anthony Rodriguez.

"We've seen AEP say one thing in a press release about what rates would be and then, when they actually come out, we say 'Where did they come up with that number?' "

Rodriguez added the OCC hopes any plan AEP Ohio proposes "will keep rates reasonable for customers."

— Bob Matyi

Ameren unit sets up possible sale *...from page 1*

years to meet the federal environmental standards," Travis Miller, a utility analysts with Morningstar, said.

St. Louis-based Ameren said in its annual report filed February 28 that its Genco unit faced a possible financial crunch. "Based on projections as of December 31, 2011, of Genco's operating results and cash flows, we expect that, by the end of the first quarter of 2013, Genco's interest coverage ratio will be less than the minimum ratio required under its indenture for the company to borrow additional funds from external, third-party sources," Ameren said. "An inability to raise debt could adversely impact Genco's liquidity. Any adverse change in the Ameren companies' credit ratings may reduce access to capital and trigger additional collateral postings and prepayments."

Falling below the interest coverage ratio would bar Genco from borrowing from its existing $500 million line of credit, the unit's main source of external liquidity, Moody's Investors Service said Thursday in a notice that it was reviewing the unit's credit rating for a possible downgrade.

Ameren did not comment by press time.

The put option agreement is "indicative of a company taking a proactive step in a difficult merchant environment," Patterson said. Ameren is "trying to be flexible and adaptive," he said.

Under the agreement, AERG will pay a $100 million down payment within a day when the option is triggered. The final sale price will be set by an independent appraiser. The agreement runs until March 28, 2014, and can be extended by one-year periods.

The agreement is the latest in several steps that Genco has taken to weather the slump in Midwest power prices. In late February, Ameren said it was putting on hold plans to add pollution control equipment to two Genco power plants in Illinois because of low power prices and regulatory uncertainty. The change in plans lowered expected capital spending by $270 million over the next two years. The unit expects to spend $400 million on capital expenditures through 2016.

Ameren has also closed and sold some of its unregulated assets, which total 5,503 MW. It sold its 40-MW Medina Valley plant in February. The company shut its 429-MW Meredosia and 150-MW Hutsonville plants at the end of last year, mainly because it did not make economic sense to install pollution controls on the generating facilities. It also sold a 140-MW power plant to the municipal utility for Columbia, Missouri

In the last two years, Ameren has cut staff serving its unregulated operations and taken other steps to lower its operating costs. It continues to review ways to reduce costs.

Ameren is not alone in its struggles to deal with the downturn in Midwest market prices. Most recently, Midwest Generation, part of Edison Mission Energy, which is owned by Edison International, said it would close two Chicago-area power plants, Morningstar's Miller noted. Midwest Generation has already shuttered three plants in Illinois and is considering closing two more, depending on how the power markets develop, he said. Edison International, based in Rosemead, California, is evaluating its options for Edison Mission.

Midwest generators must either add pollution controls to many of their plants, which requires major cash investments, or shutter plants, which will hit cash flows, Miller said. "Either way, Midwest coal plant operators face significant challenges," he said.

Since late January, the three major credit rating agencies in the US downgraded Genco and held a negative outlook on the unit, mainly because they expect Genco's cash flow and credit metrics to weaken through 2013 on low power prices. Moody's Thursday put Genco on review for another downgrade. In February, Moody's downgraded Genco to Ba2, a rating indicating the unit faces substantial credit risk.

"The review of Ameren Genco's ratings reflects the company's constrained liquidity position resulting from severe restrictions on external borrowings that are being triggered by the company's declining coverage metrics," Michael Haggarty, Moody's senior vice president, said.

In its February 28 downgrade, Standard & Poor's Ratings Services, which like Platts is a unit of the McGraw-Hill Companies, said Ameren's long-term interest to support Genco was waning. Providing financial support to the unregulated business could harm the company's utilities in Illinois and Missouri, S&P said.

— Ethan Howland

Pa. plan draws support *...from page 1*

The two things that Popowsky said he is most concerned about are customers' understanding of the industry and fair competition.

The PUC proposed amending its code of conduct to further clarify the relationship between utilities and their affiliated retail suppliers, including a requirement for the retail suppliers to change their names so they are not similar to the affiliated utility's name.

"An electric generation supplier, either intentionally or unintentionally, should not be allowed to use a well-established electric distribution company name to create the impression that the electric generation supplier is the same entity or related to the electric distribution company, or to unfairly capitalize on the name recognition," Spark Energy, said in comments submitted to the PUC this week. Direct Energy also supported the PUC's proposal to prevent any retail supplier from marketing using the name of the affiliated utility.

Popowsky said the PUC's proposal was unclear. The proposed regulation said the affiliated retail supplier could use the utility's name, symbol or trademark if it is licensed and if a disclaimer is provided. "There appears to be some conflict," Popowsky said, suggesting that the PUC needs to clarify its intent.

FirstEnergy's four utilities said in comments filed with the PUC that the commission does not have the authority to impose a limitation on a retail supplier's naming right. Such a limitation would be an "unlawful intrusion on constitutionally protected commercial speech," the company said. "The proposed prohibition on electric generation suppliers naming rights would be an unlawful taking without just compensation and would violate federal law protecting registered trademarks used in commerce," the utilities said.

The PUC proposal also would not allow utilities and their affiliated retail suppliers to occupy the same building or to share employees. It would prohibit a utility from financially subsidizing an affiliated supplier and would prohibit a retail supplier's employee or agent from saying they are employees of the utility.

Peco Energy, an Exelon utility, said not allowing the utility and its affiliate to occupy the same building is without precedent and would impose burdensome costs on ratepayers. "As a threshold matter, although some states require their equivalents of electric distribution companies and electric generation suppliers to have varying degrees of physical separation, none impose a 'different buildings' requirement," Peco said.

FirstEnergy's utilities said the cost to comply with the different buildings requirement would cost an estimated $26 million to $43 million in operating expenses and in excess of $100 million in capital investment. All of the costs would be recoverable from customers, the utilities said.

The Retail Electric Supply Association took a more measured approach and recommended that the proposed regulations be "narrowly tailored to achieve the ultimate goal without being overly prescriptive or burdensome."

The National Energy Marketers Association said the prevention of cross-subsidization between utilities and affiliated companies is the central principle to ensuring competitive neutrality among utilities and affiliates and should be prohibited.

It also said that a utility and its unregulated affiliate should not trade upon, promote or suggest to any customer, supplier or third party that they may receive preferential treatment as the result of the affiliation.

The PUC's proposed changes to the code of conduct are part of its effort to promote a robust competitive market in Pennsylvania. It held hearings last week on the possibility of eliminating utilities as the default service supplier as a way to get more customers to select a retail supplier.

It addressed a different piece of the code of conduct during its meeting on Thursday. It rejected a proposed settlement agreement with MXEnergy, a licensed retail supplier, over the company's door-to-door sales practices, which are governed by the existing code of conduct.

The PUC rejected a $11,000 penalty for allegedly "slamming" customers into terminating contracts with another retail supplier and entering into contracts with MXEnergy.

"The commission has made it clear on numerous occasions that it will not tolerate unlawful activity that threatens to harm the burgeoning retail electricity market in Pennsylvania, PUC Chairman Robert Powelson and Commissioner Wayne Gardner said in a statement.

"We simply do not believe that a $500 per-customer penalty is enough to remedy this situation and to deter potential future violates of the code or the commission's regulations by an electric generation supplier," Powelson and Gardner said.

The settlement was sent back to the PUC's Bureau of Investigation and Enforcement to be renegotiated.

— *Mary Powers*

Platts to launch REC assessments April 13

Platts intends to launch weekly assessments April 13 for renewable energy certificates (RECs) in 17 US REC markets. The assessments will be published in *Megawatt Daily*, on Platts Electricity Alert and in Platts Market Data.

The 17 assessments will include four types of REC products: eight assessments for renewable compliance markets; five assessments for solar markets; two assessments for bundled compliance markets; and two assessments for voluntary markets.

The eight REC assessments for renewable compliance markets, listed alphabetically, are:

California Tradable REC (Bucket 3)

Connecticut Class I REC

Maryland Tier I REC

Massachusetts Class I REC

New Jersey Tier I REC

Ohio In-State REC

Pennsylvania Tier I REC

Texas REC

The five REC assessments for solar markets are:

Maryland In-State Solar REC

Massachusetts Solar REC

New Jersey Solar REC

Ohio In-State Solar REC

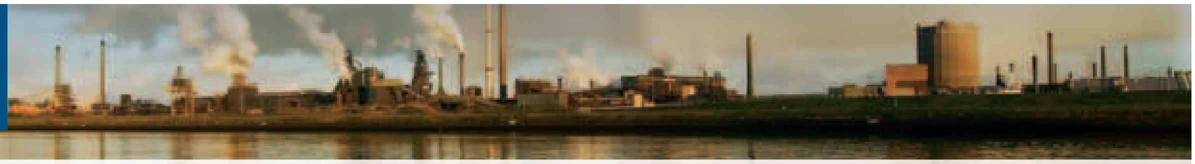
Pennsylvania Solar REC

The two assessments for bundled compliance markets are California Bundled REC (Bucket 1) and California Bundled REC (Bucket 2).

The two assessments for voluntary markets are Voluntary REC-National, Any Technology and Voluntary REC-National, Wind.

All REC assessments will be published weekly and will be assessed in line with Market on Close practices to reflect market value as of Thursday at 2:30 pm Eastern prevailing time. If Thursday is a holiday, the Market on Close will reflect market values at 2:30 pm EPT on the business day preceding Thursday. Transactions, bids and offers, and other market information will be compared and analyzed during the week. Bids and offers made and transactions completed closer to the Thursday 2:30 pm EPT timestamp will receive greater weight in the assessment process. Editors will also examine supply and demand data to discern underlying market fundamentals, which are used as part of the assessment process.

Please submit questions or comments by April 11 to Mike Wilczek at: mike_wilczek@platts.com with a cc to: pricegroup@platts.com.



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