

OE ENERGY MARKET SNAPSHOT

Western States Version – December 2007 Data

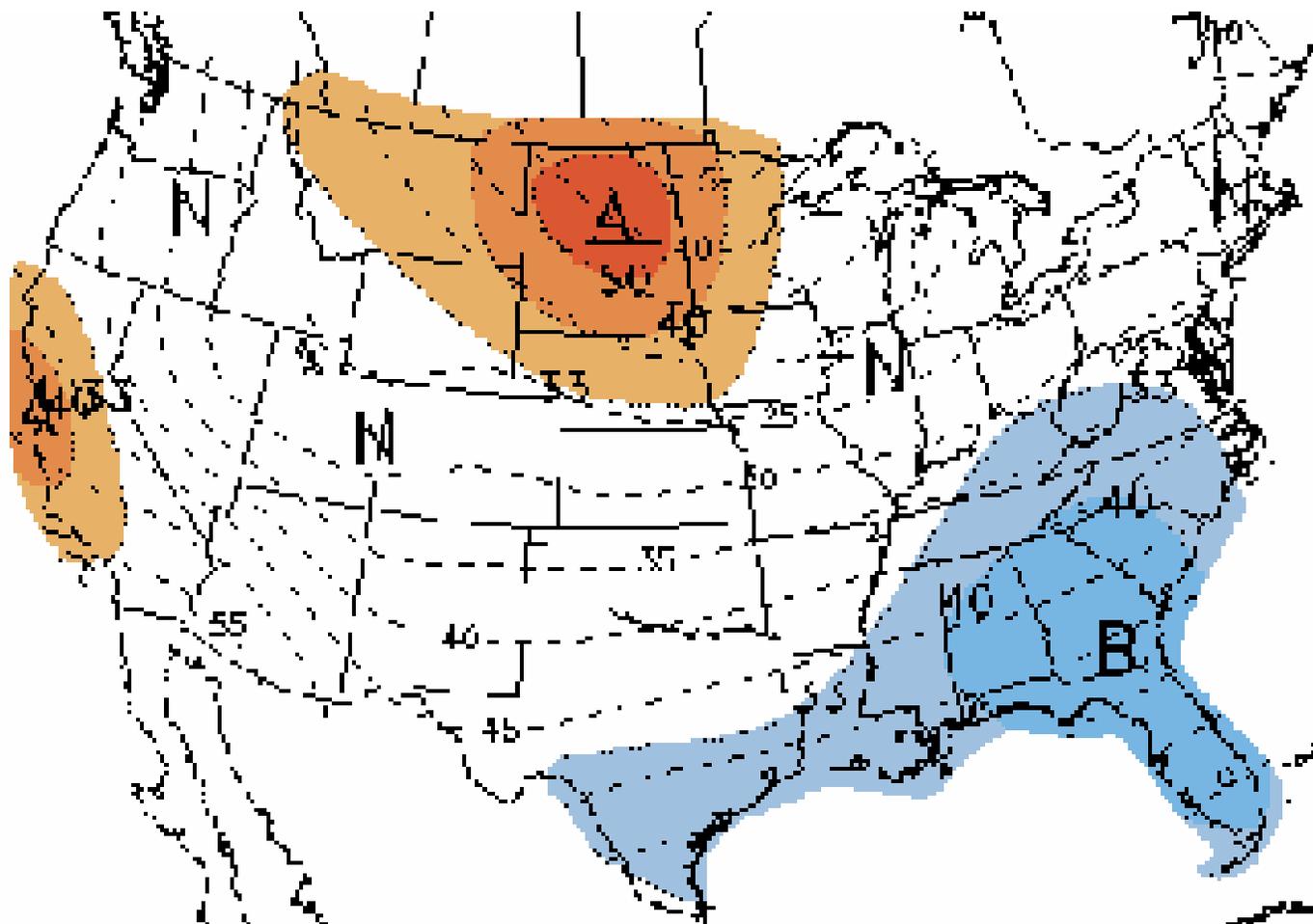
- **Market Fundamentals**
- **Prices and Market Analysis**

Office of Enforcement
Federal Energy Regulatory Commission
January 2008



Market Fundamentals

NOAA's 8 to 14 Day Temperature Forecast Made January 9, Valid for January 17-23, 2008



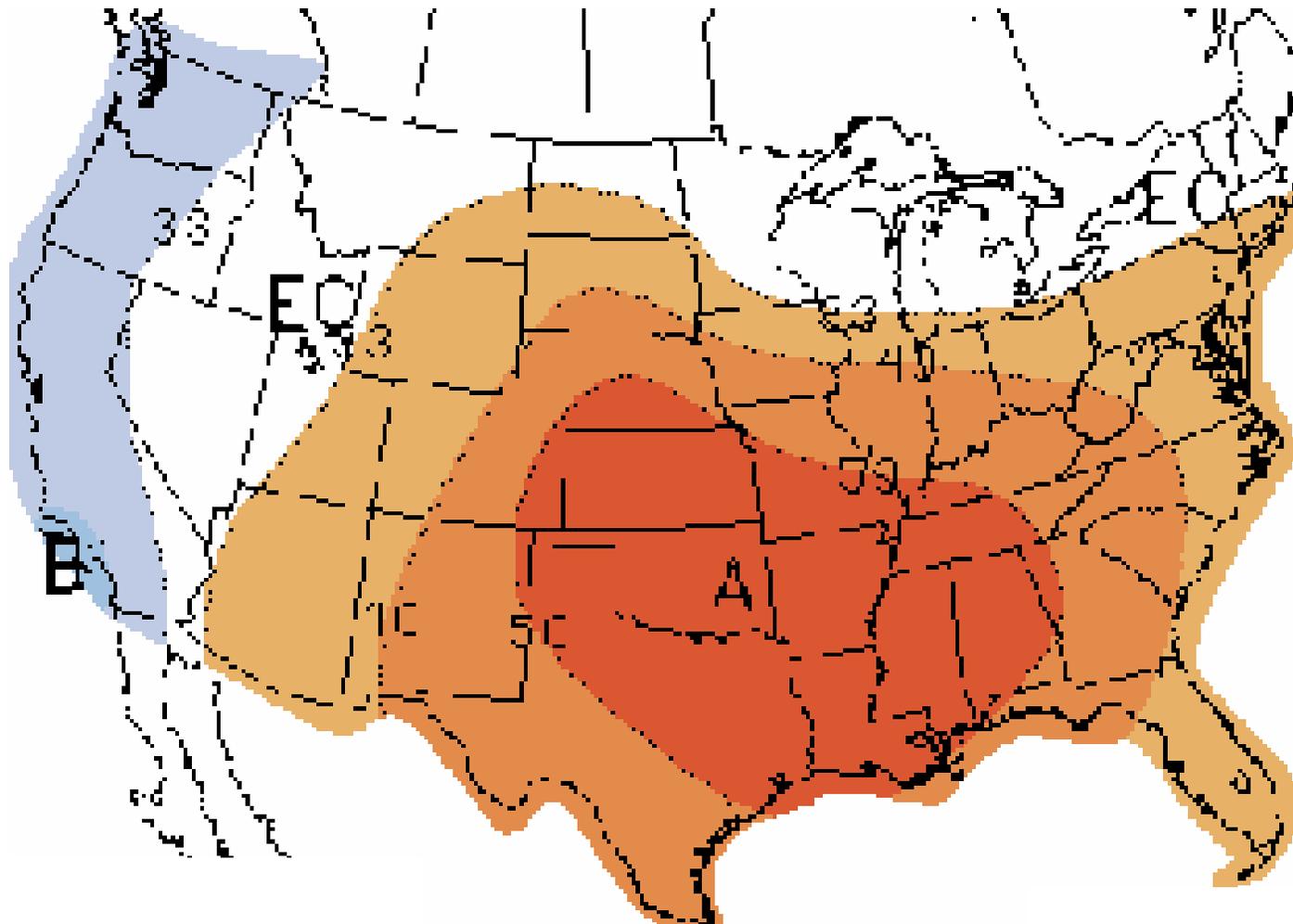
Note: "A" areas are above normal and "B" areas are below normal. Normal is based on the last 30 years of data.

Source: NOAA

Updated January 10, 2008

3012

NOAA's Monthly Temperature Forecast Made December 31, Valid for January 2008



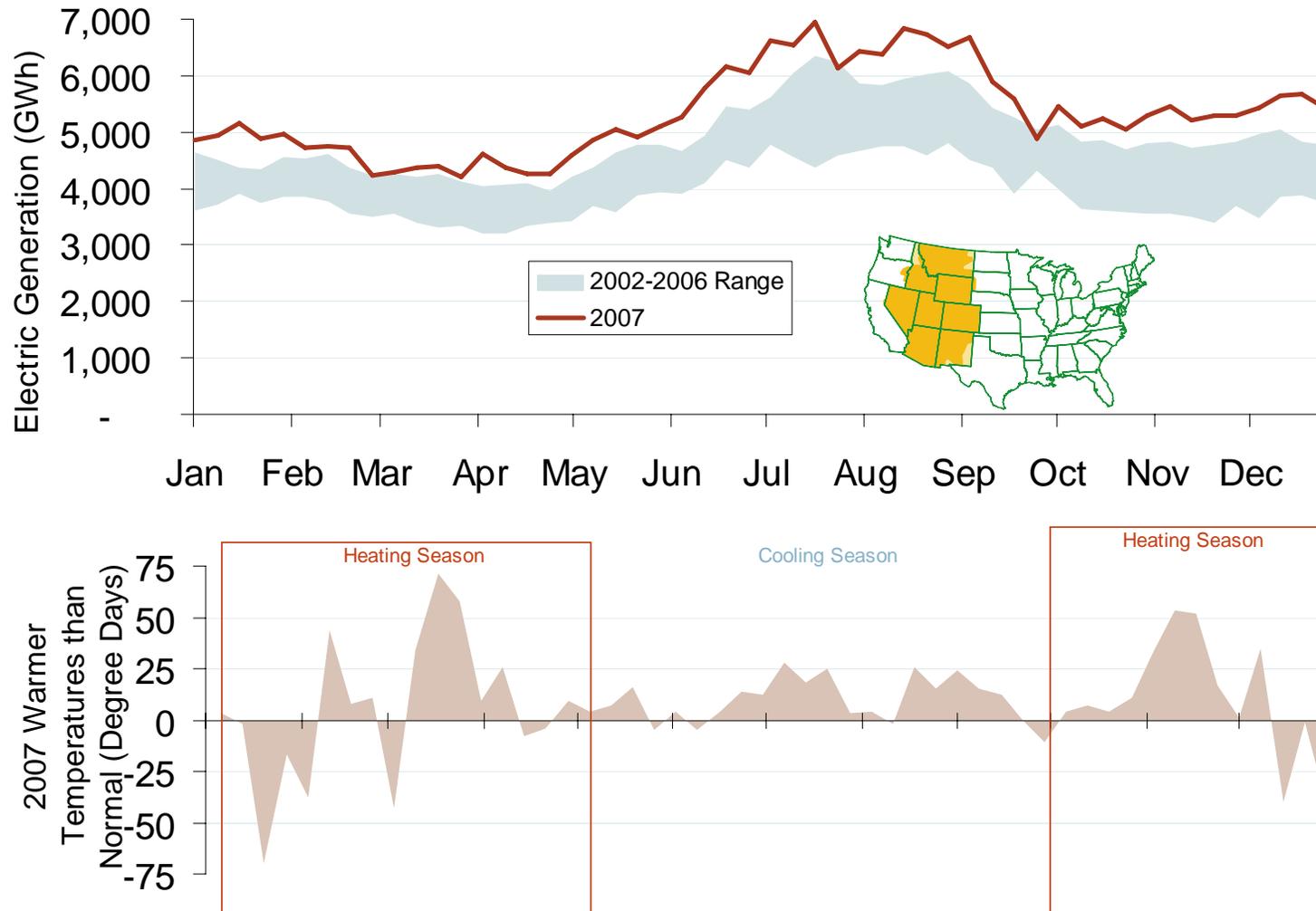
Note: "A" areas are above normal, "B" areas are below normal and "EC" means equal chance. Normal based on the last 30 years of data.

Source: NOAA

Updated January 10, 2008

3012

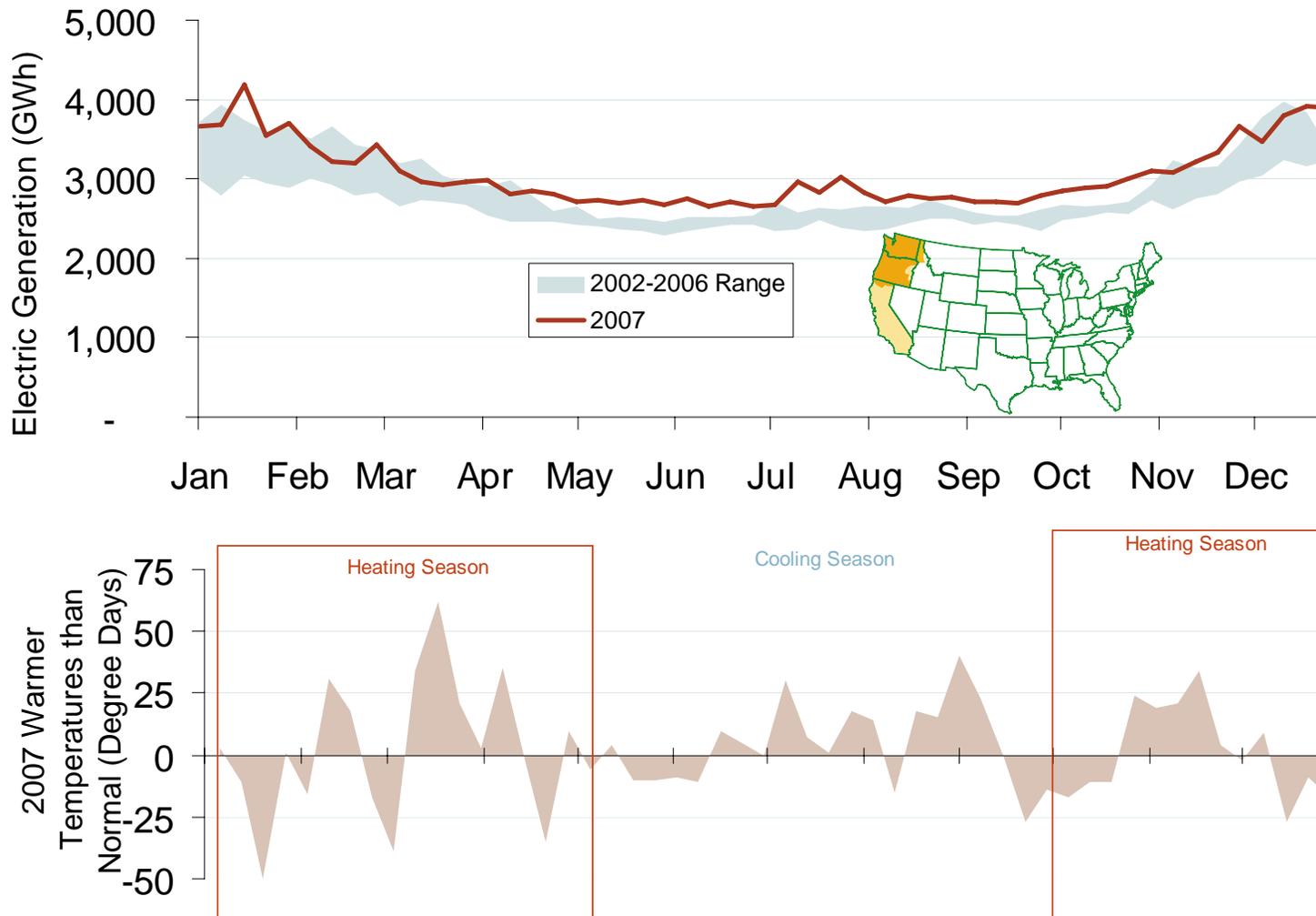
Weekly Electric Generation Output and Temperatures Rocky Mountains Region



Source: Derived from EEI and NOAA data.

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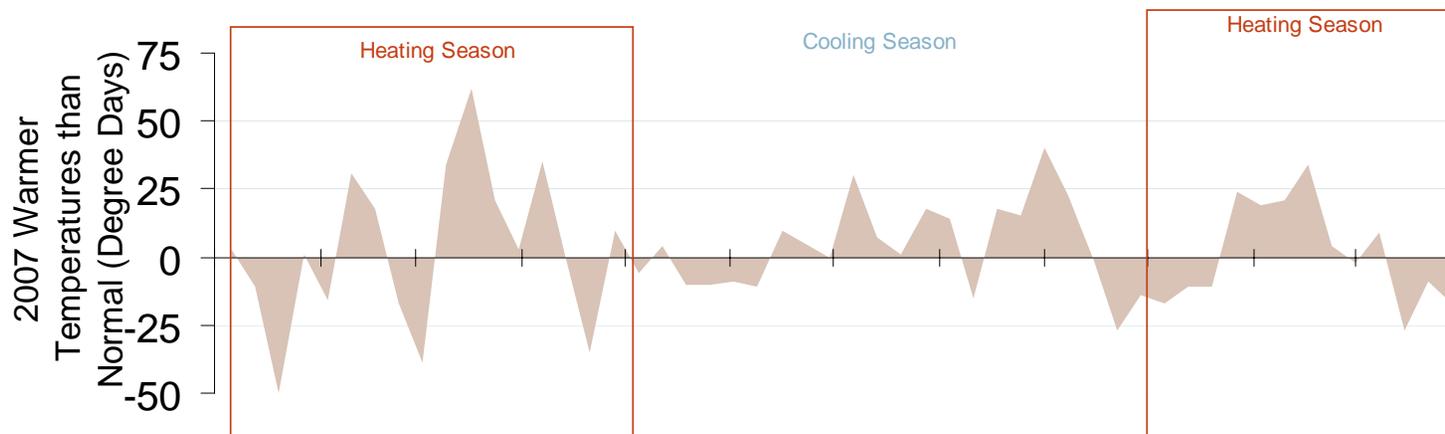
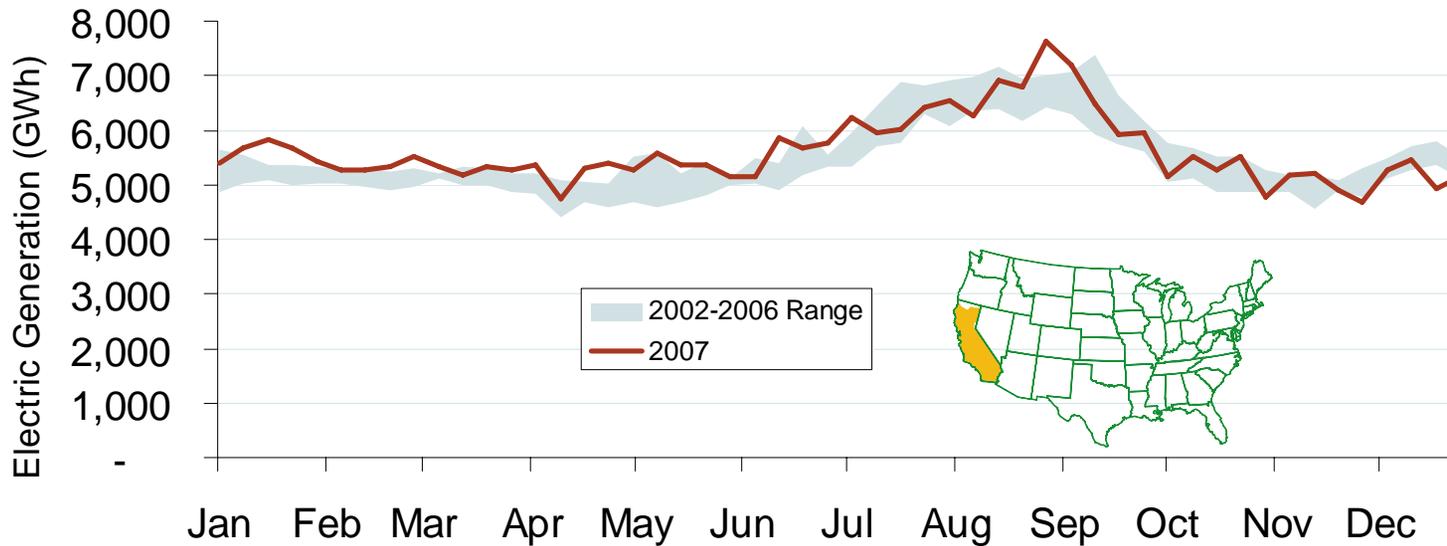
Weekly Electric Generation Output and Temperatures Pacific Northwest Region



Source: Derived from *EEl* and *NOAA* data.

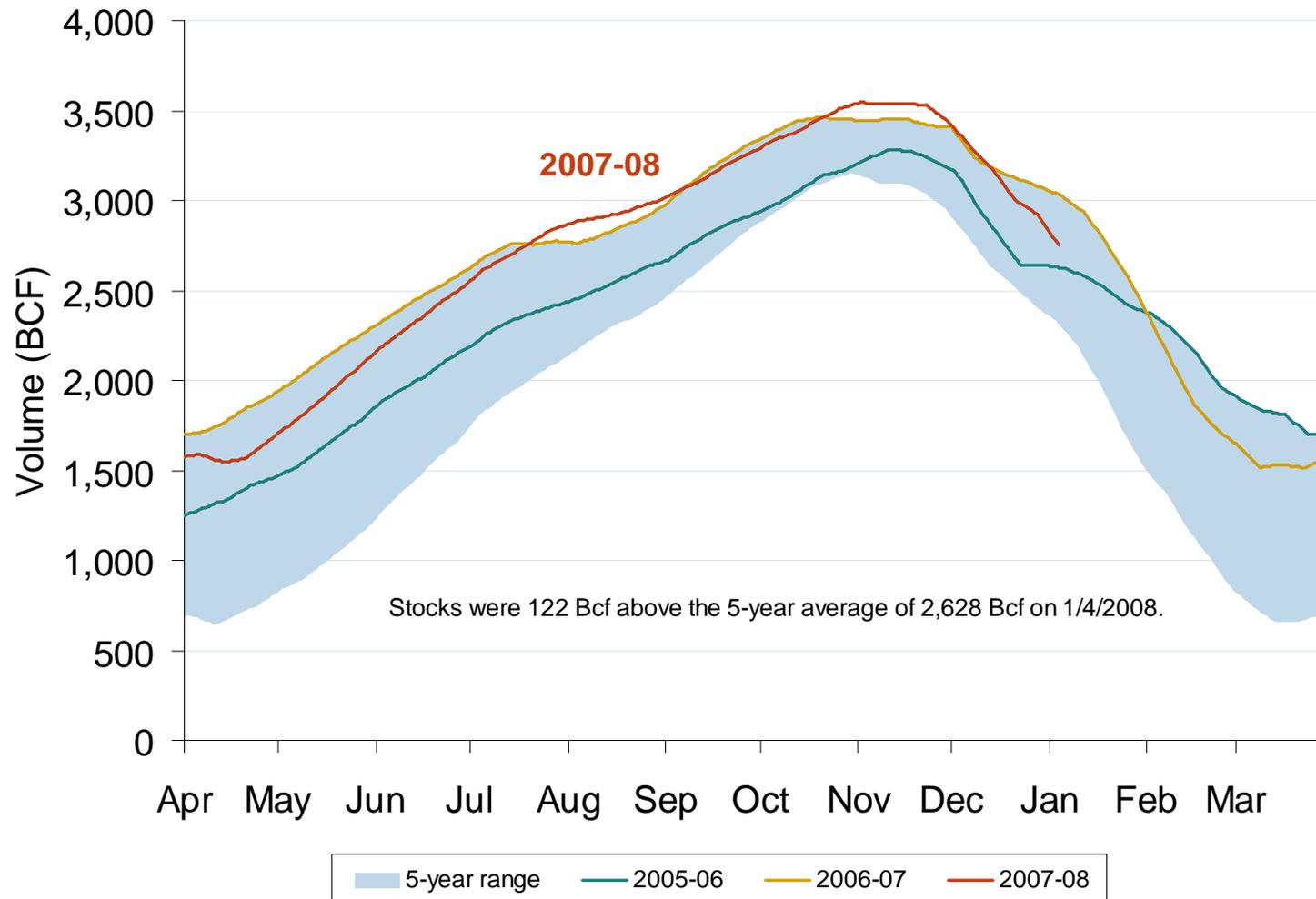
Updated January 9, 2008

Weekly Electric Generation Output and Temperatures California



Source: Derived from EEI and NOAA data.

Total U.S. Working Gas in Storage

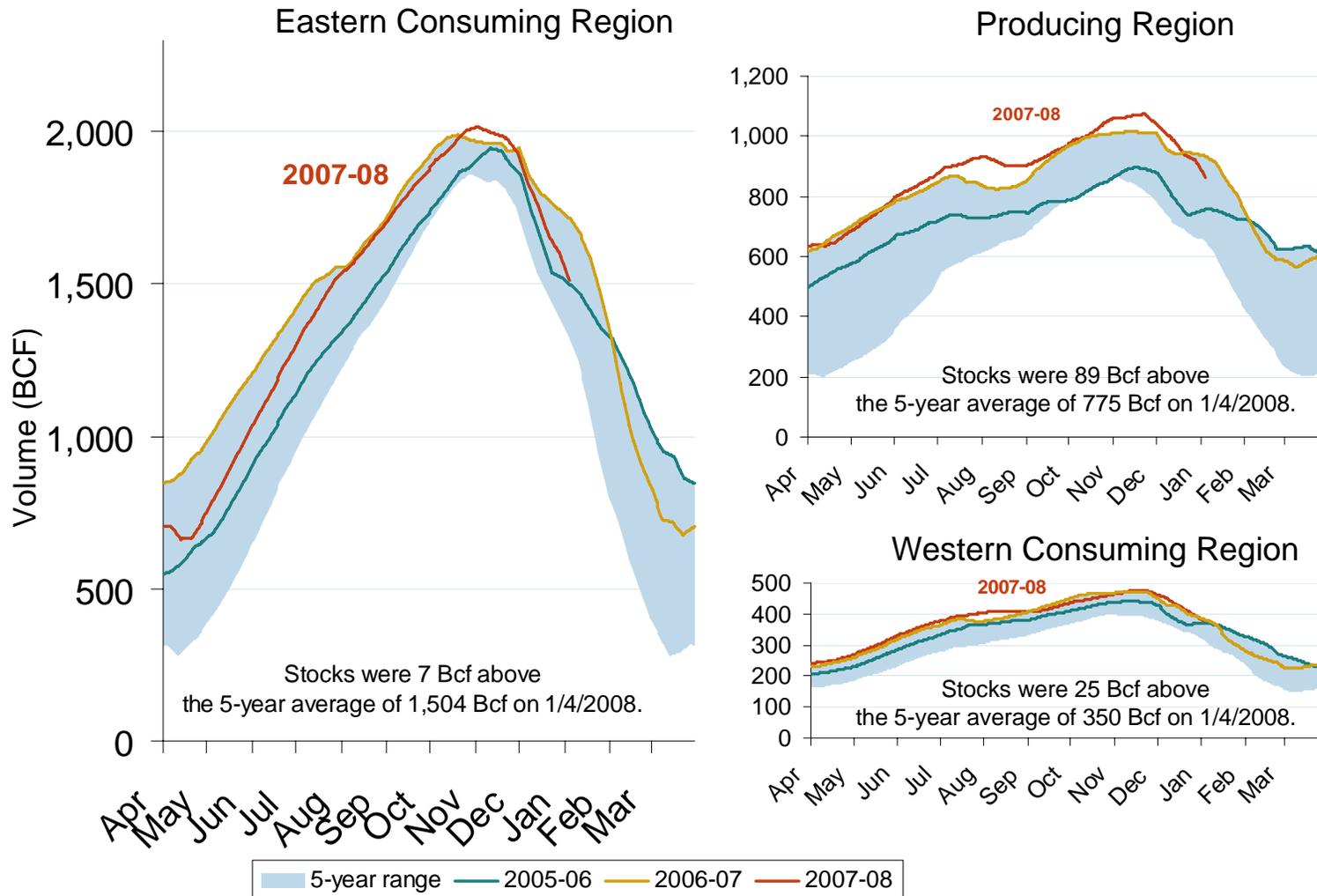


Source: Derived from EIA data.

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2003

Regional Totals of Working Gas in Storage

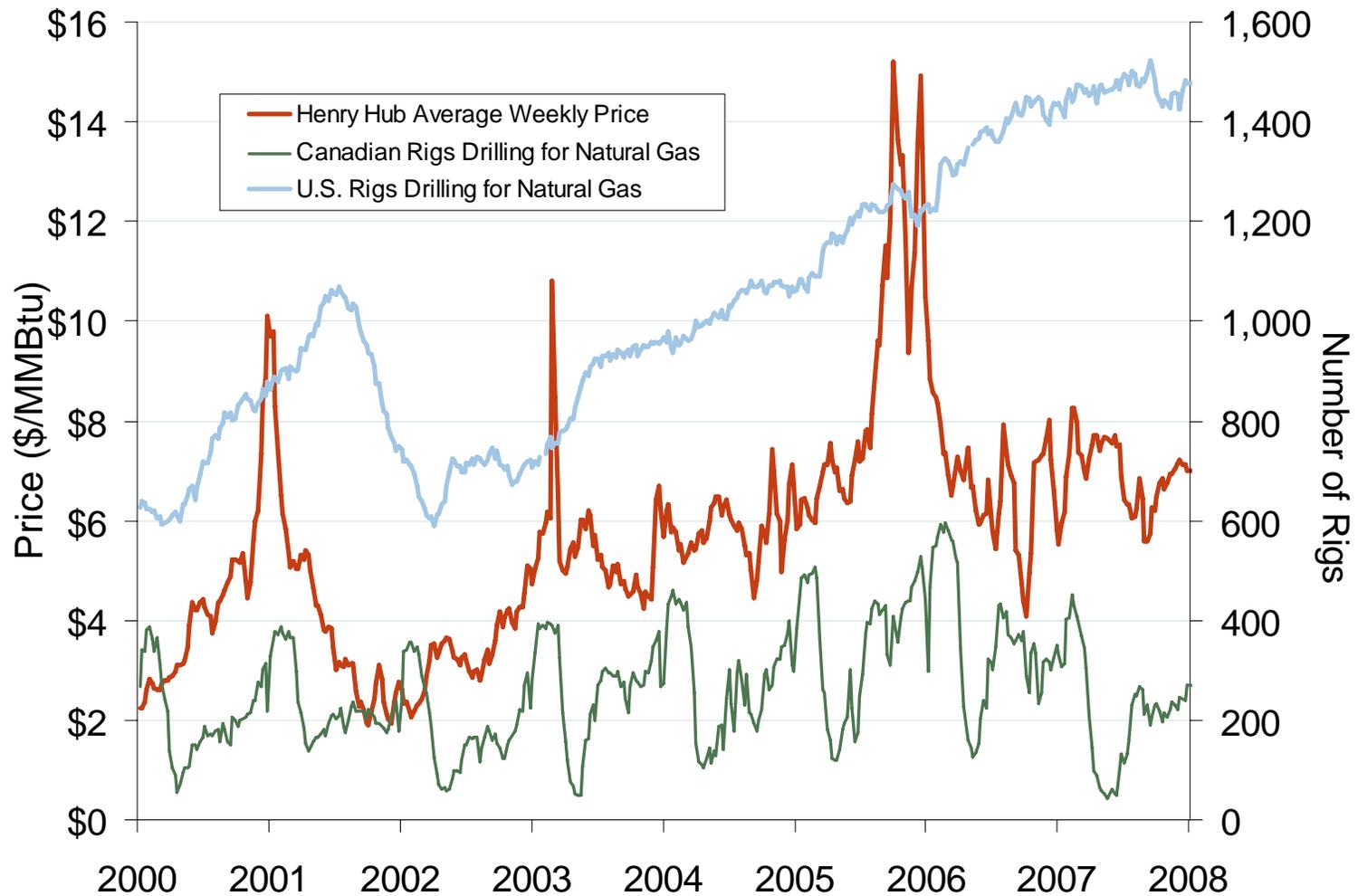


Source: Derived from EIA data.

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2004

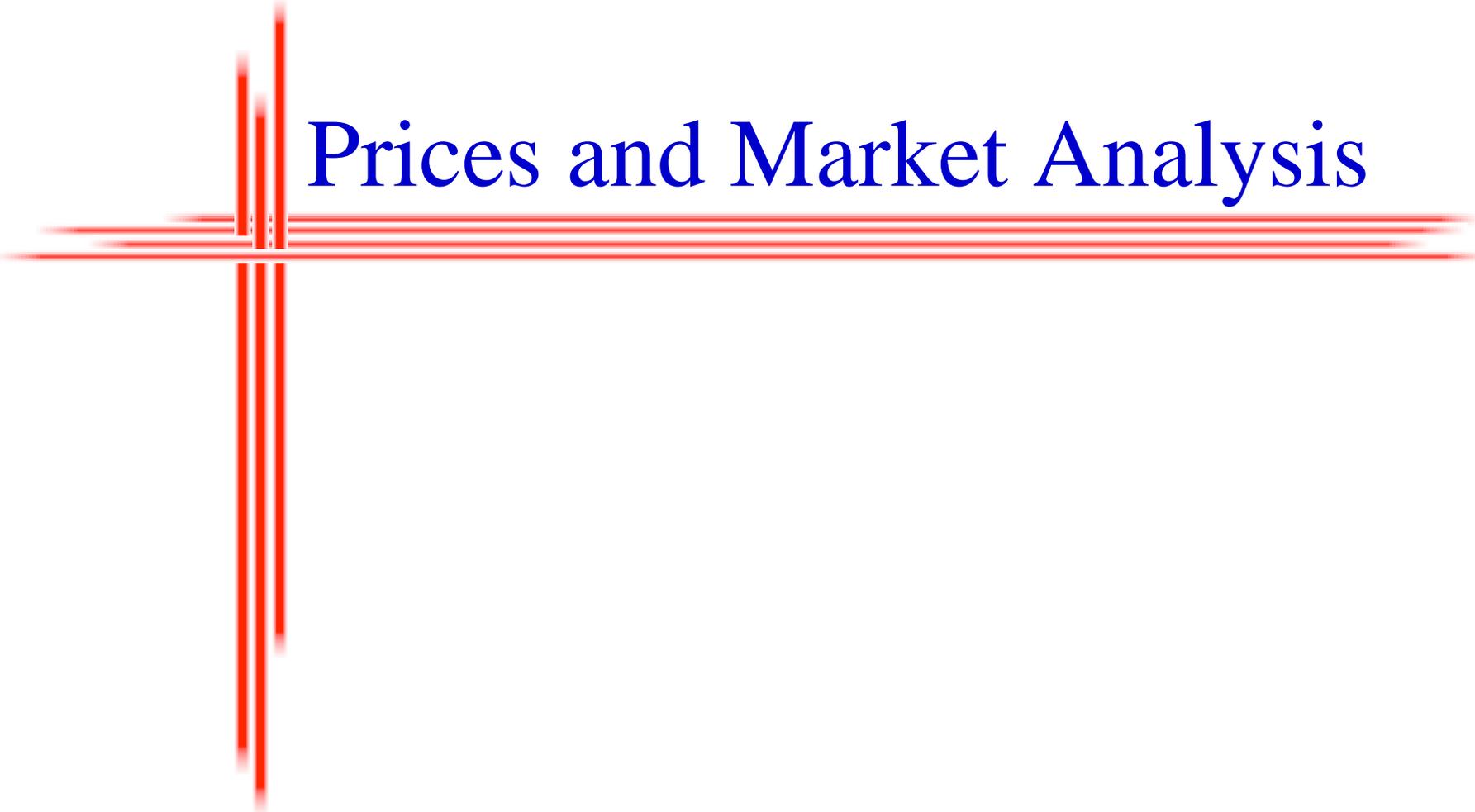
U.S. and Canadian Natural Gas Drilling Rig Count and Daily Spot Prices



Source: Derived from *Platts* and *Baker Hughes* data.

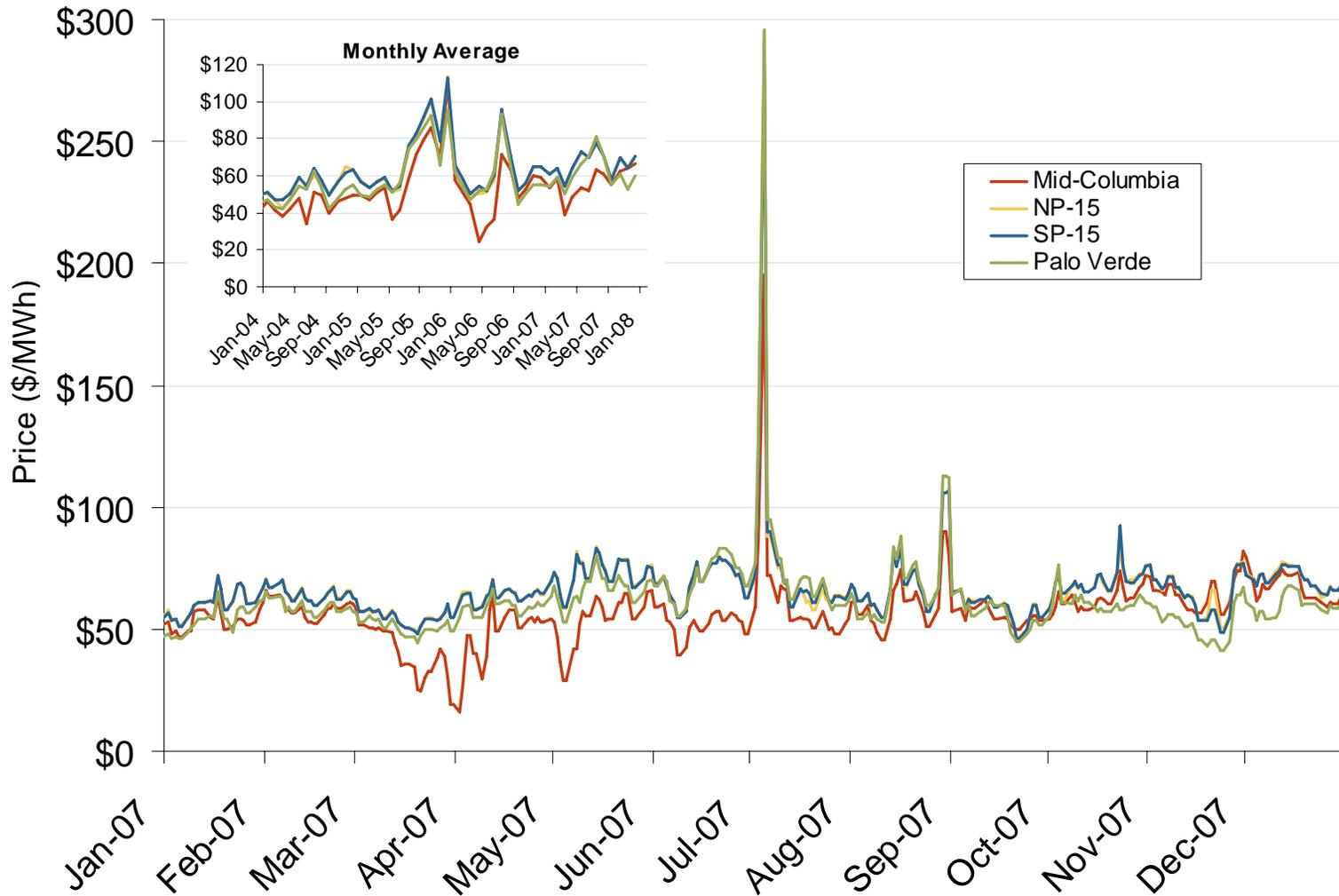
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2007



Prices and Market Analysis

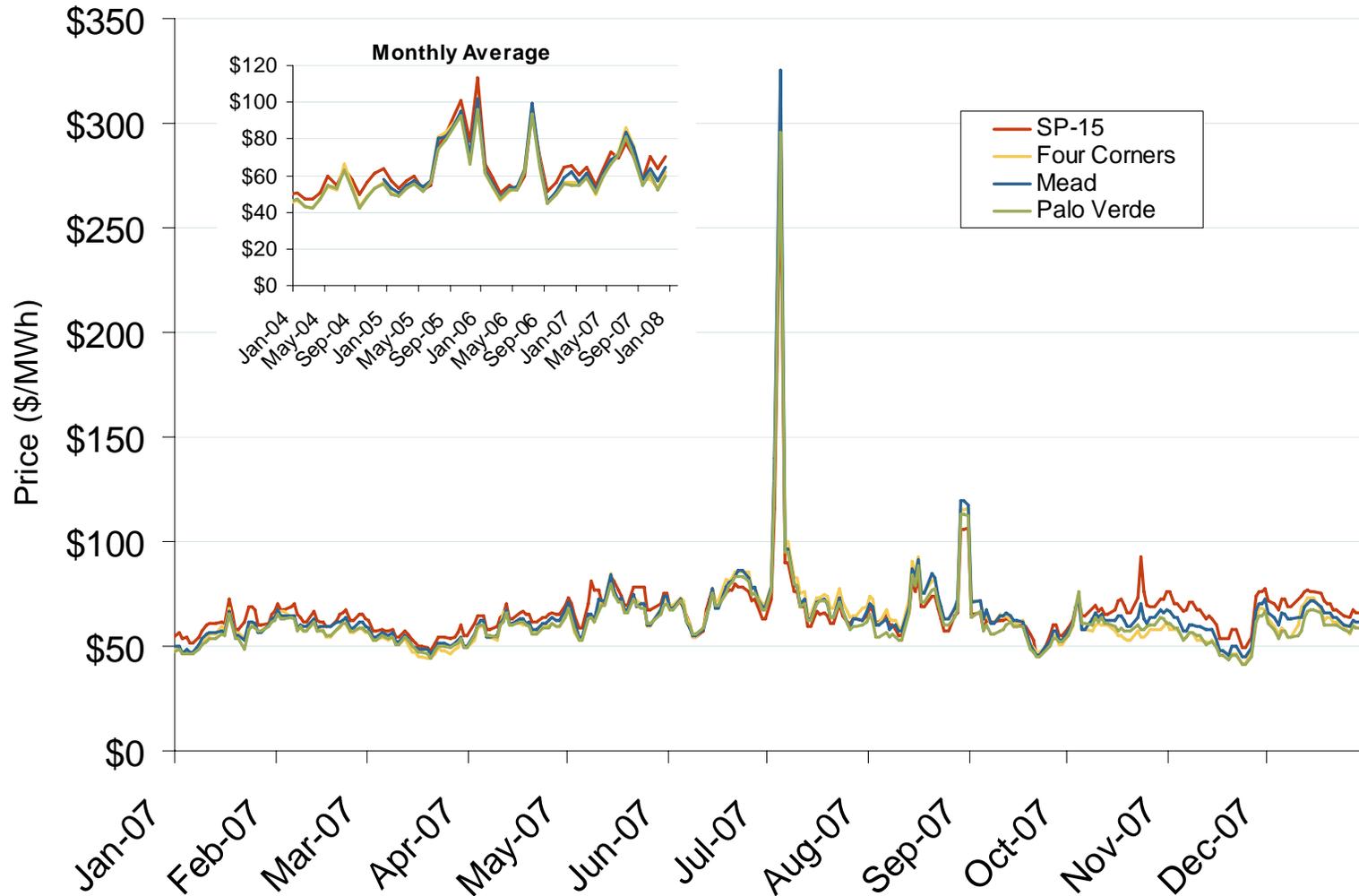
Western Daily Bilateral Day-Ahead On-Peak Prices



Source: Derived from *Platts* data.

Updated January 9, 2008

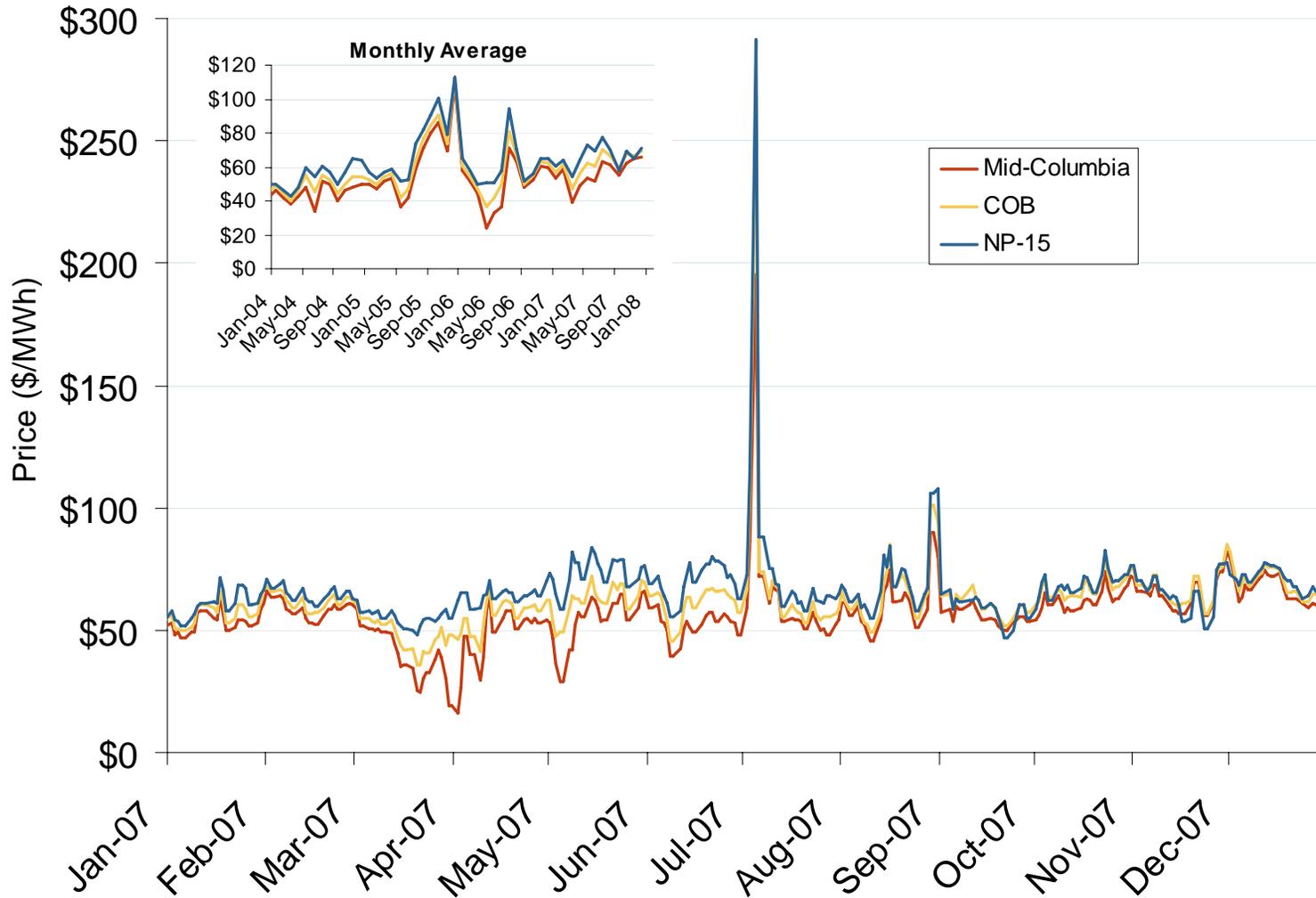
Southwestern Daily Bilateral Day-Ahead On-Peak Prices



Source: Derived from *Platts* data.

Updated January 9, 2007

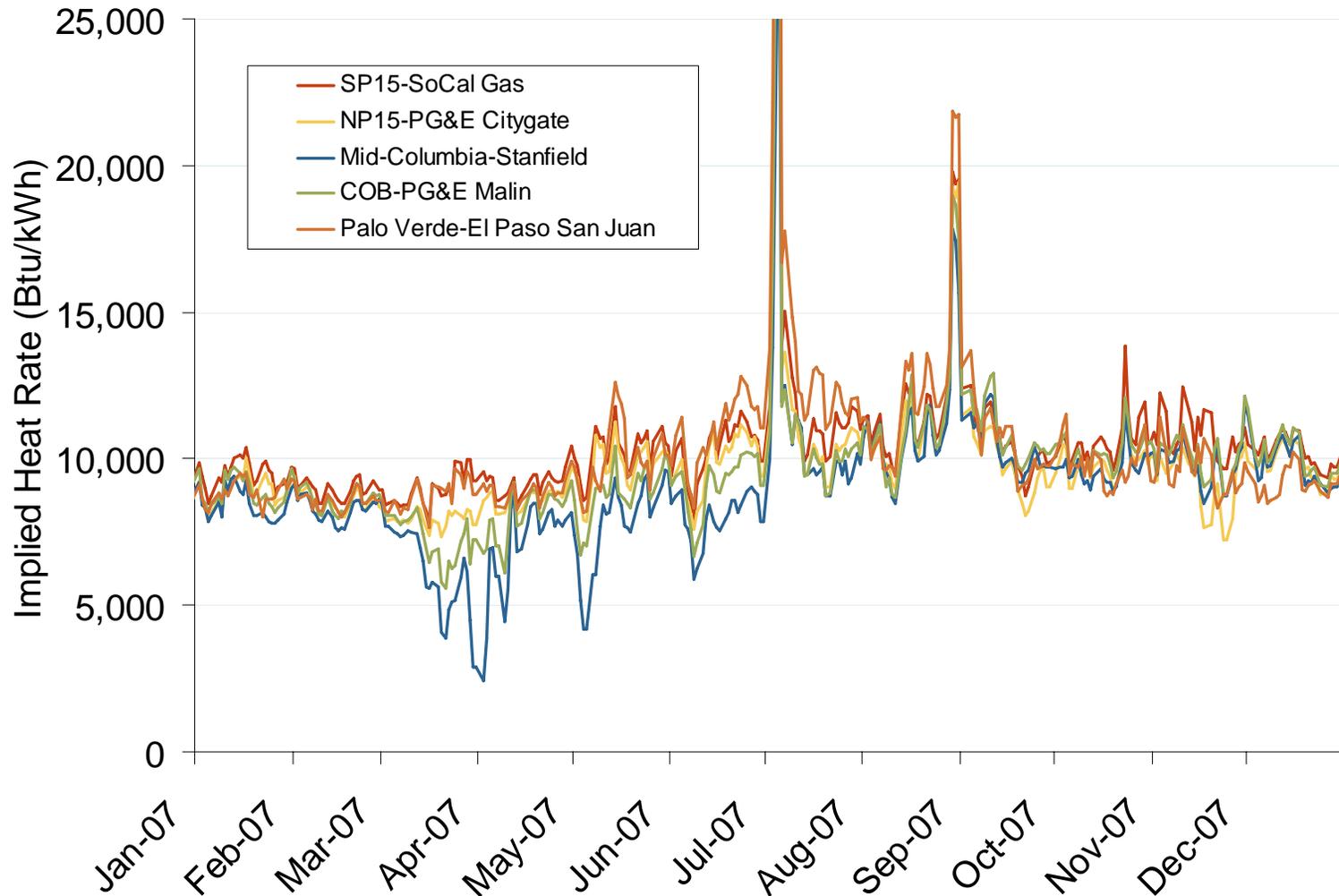
Northwestern Daily Bilateral Day-Ahead On-Peak Prices



Source: Derived from Platts data.

Updated January 9, 2008

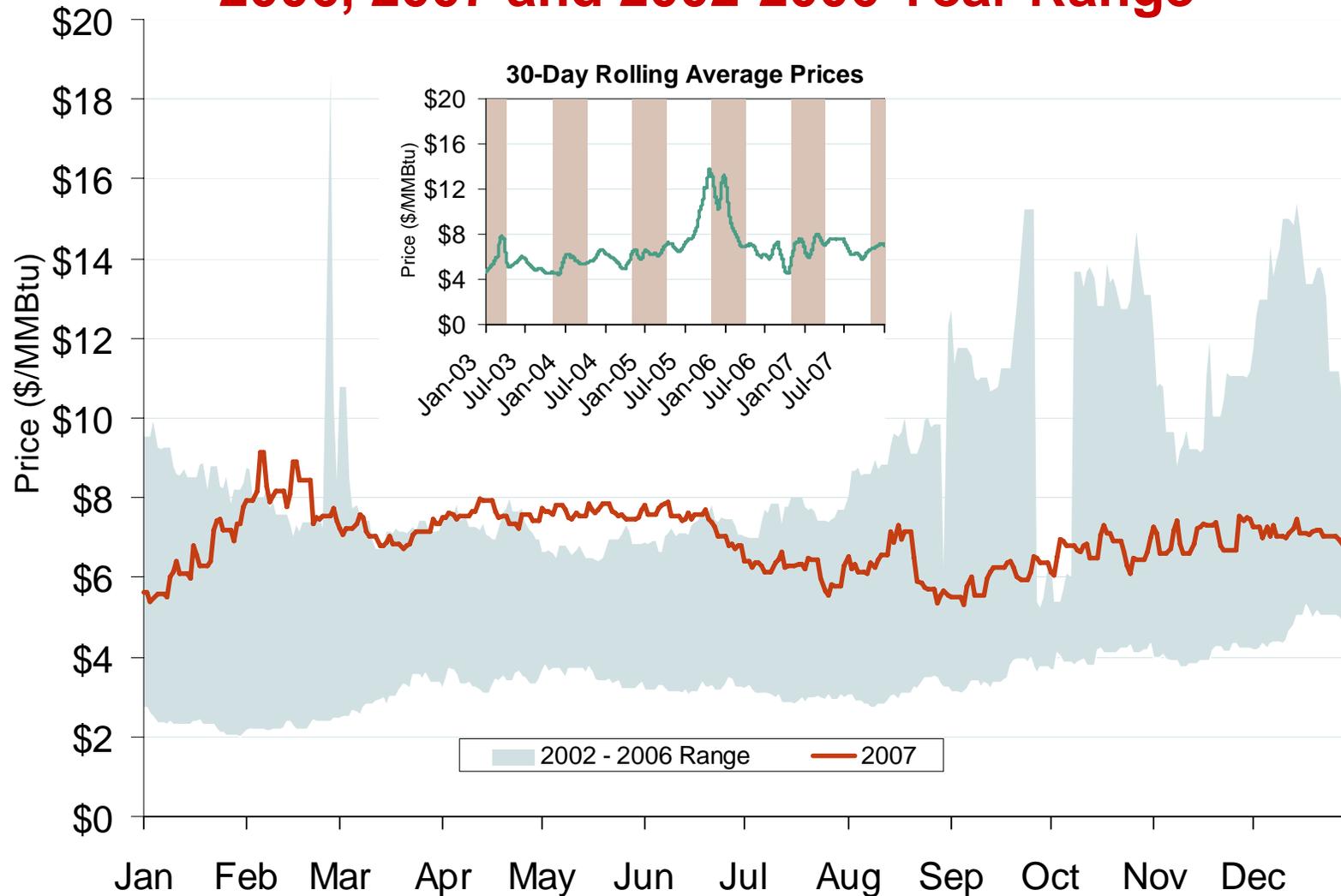
Implied Heat Rates at Western Trading Points



Source: Derived from *Platts* data

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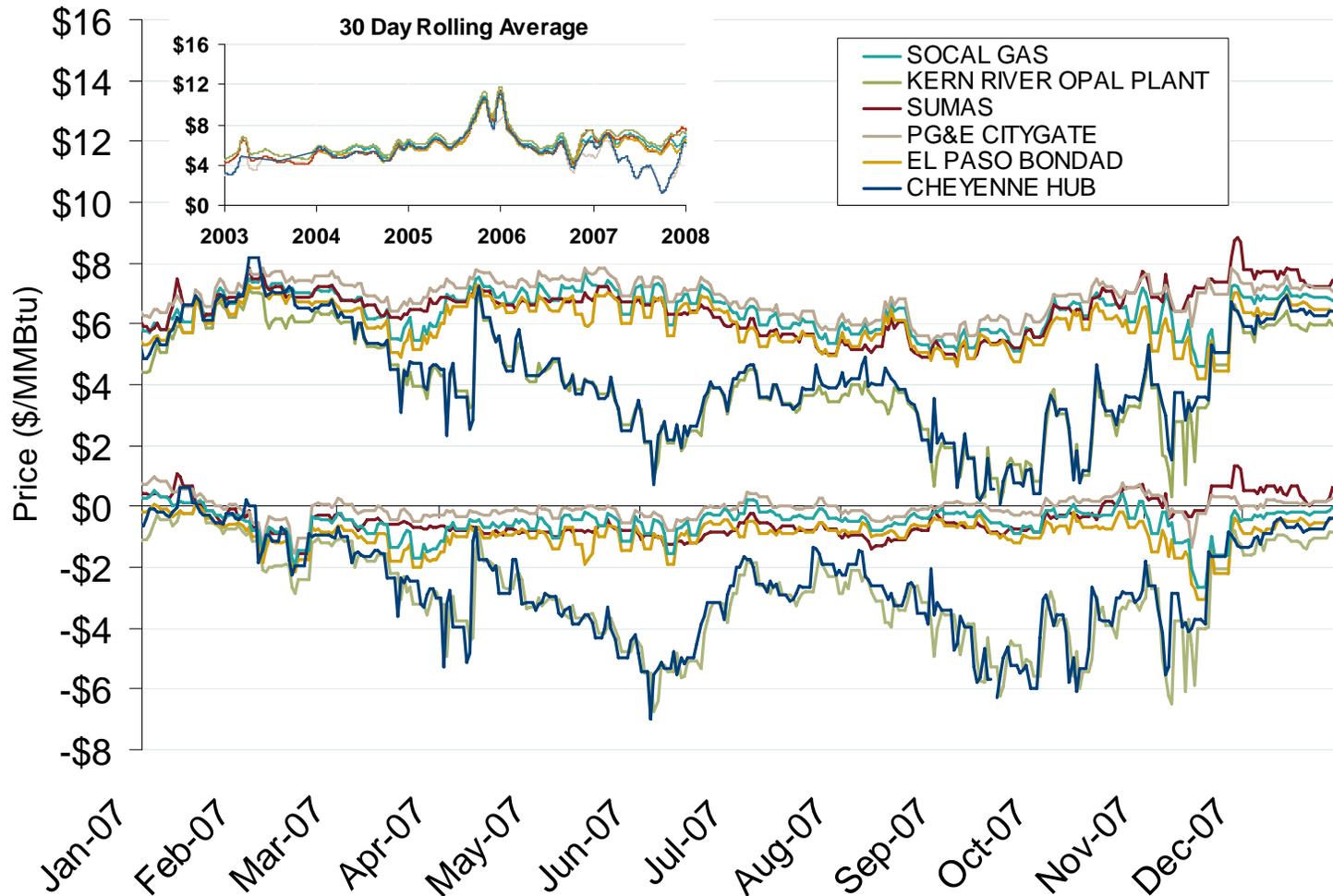
Henry Hub Natural Gas Daily Spot Prices 2006, 2007 and 2002-2006 Year Range



Source: Derived from *Platts* data.

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Western Day-Ahead Hub Spot Prices and Basis



Source: Derived from *Platts* data.

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Henry Hub and AECO Prompt-Month Futures Prices

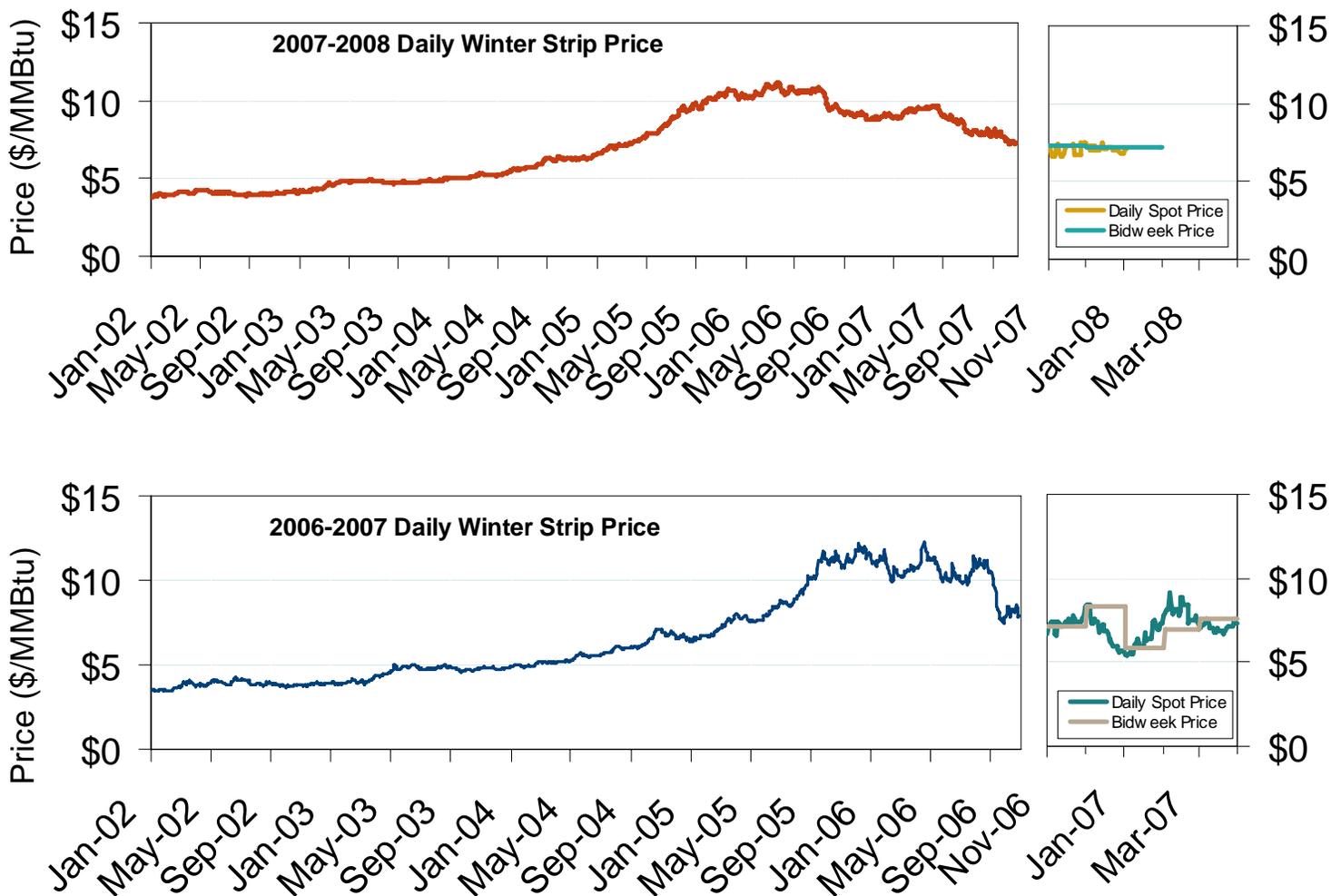


Source: Derived from ICE data.

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2172

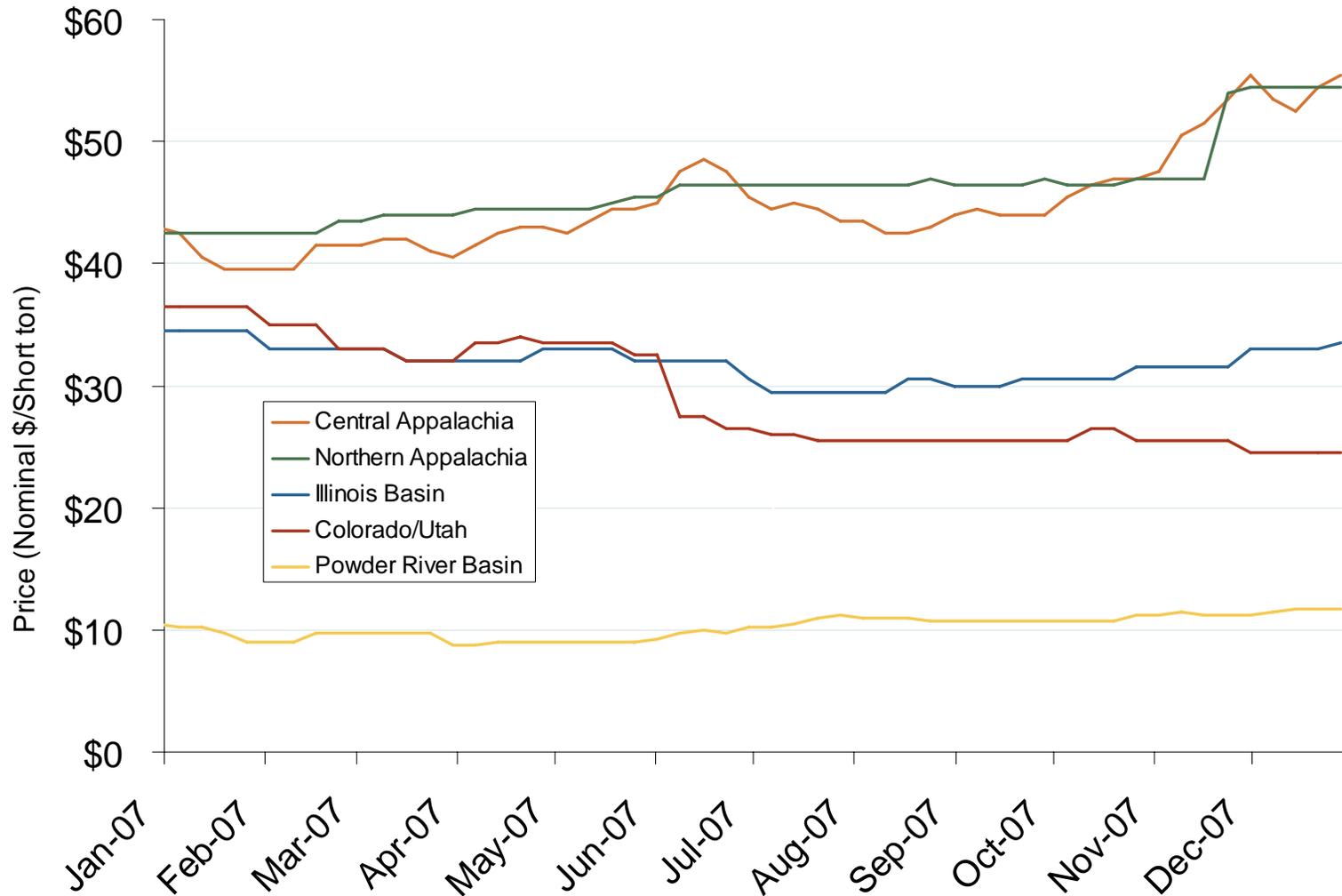
Natural Gas Winter Futures Strip and Daily Henry Hub Spot and Bidweek Prices



Source: Derived from *Platts* and *Nymex* data.

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Regional Coal Spot Prices

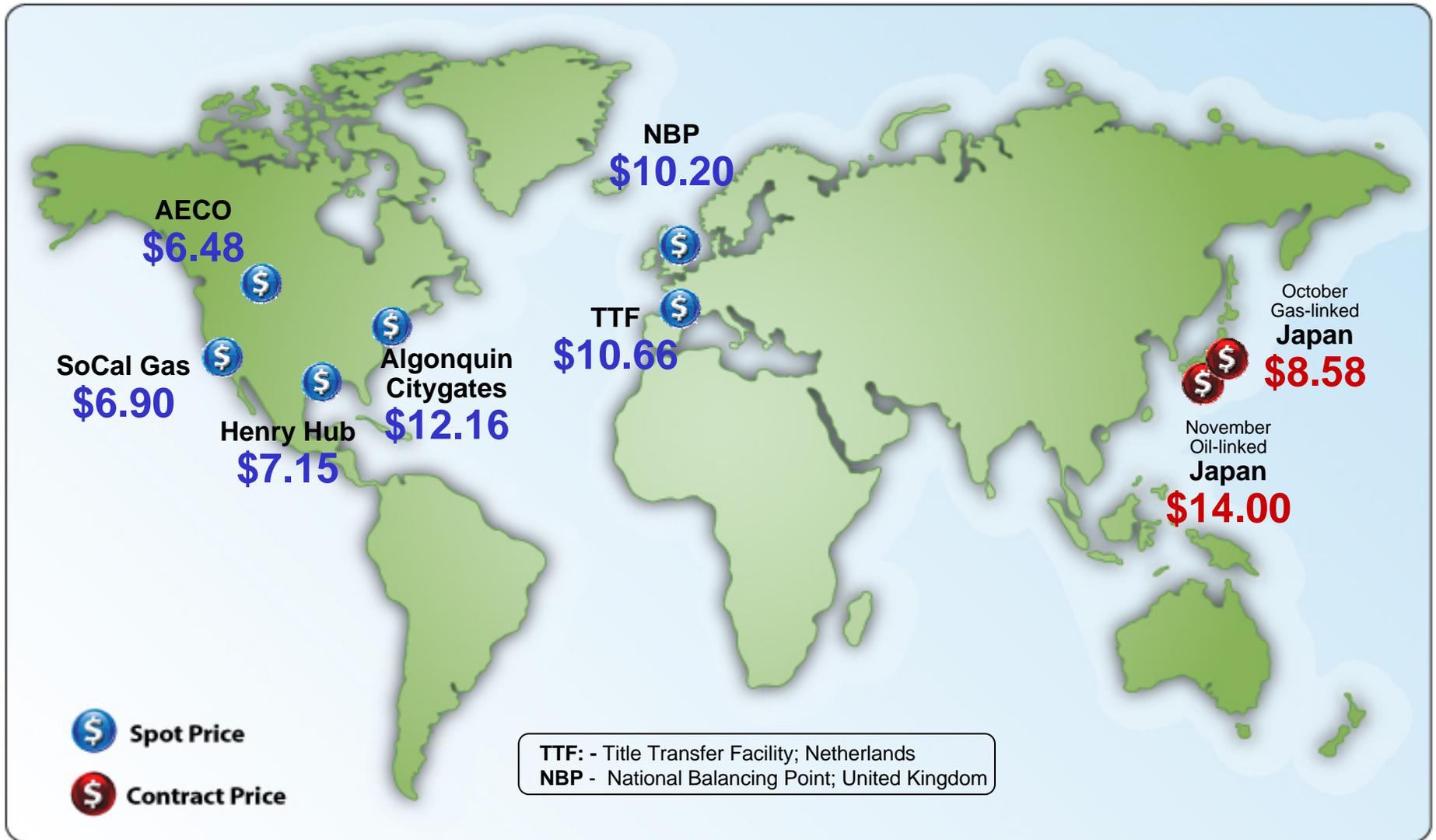


Note: Does not reflect the delivered price of coal; excludes incremental cost of emissions allowances.

Source: Derived from *Bloomberg* data.

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World Natural Gas Prices for December 2007

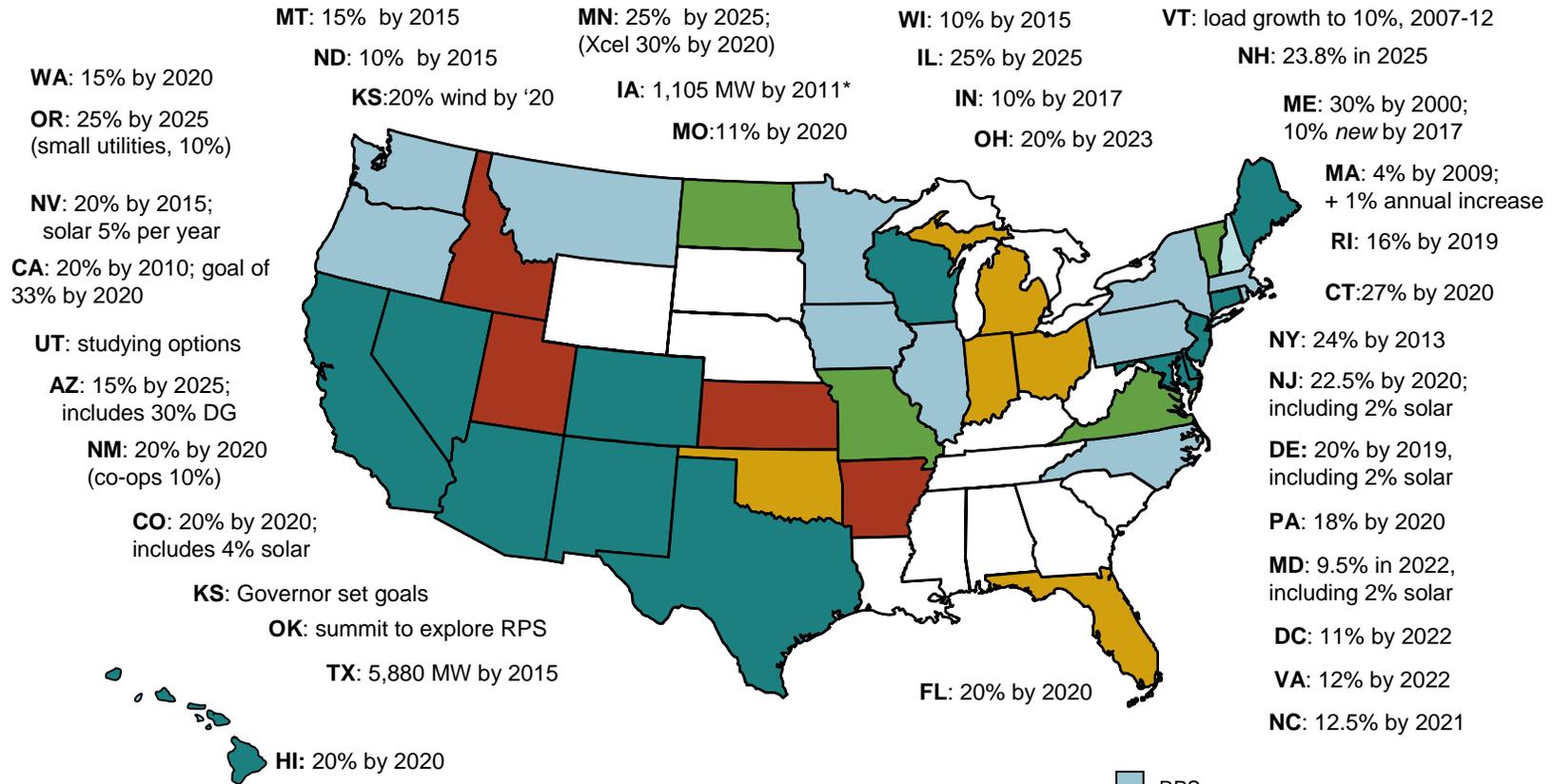


Source: Derived from *Bloomberg, ICE, ICAP and LNG Japan Corp.* data. Spot Price is a monthly average of daily prices. Contract Price is a monthly price. All prices in \$US/MMBtu.

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2007 Review of Renewable Energy Portfolio Standards



Notes: Alaska has no RPS; DG is distributed generation; * Iowa has a goal of 1,000 MW of wind by 2010
Sources: Derived from data in: EEI, EIA, LBNL, PUCs, State legislative tracking services, Database of State Incentives for Renewables and Efficiency, and the Union of Concerned Scientists.

2007 Review of Renewable Energy Portfolio Standards

- A Renewable Portfolio Standard (RPS) requires a percent of energy sales or installed capacity to come from renewable resources.
- 26 states and D.C. have an RPS, also known as a Renewable Energy Portfolio Standard.
 - Five passed an RPS in 2007: Illinois, Minnesota, New Hampshire, North Carolina, and Oregon.
 - Eight amended an RPS: Colorado, Connecticut, Delaware, Maine, Maryland, Massachusetts, New Mexico, and Texas.
- Four states have renewable goals without financial penalties; three passed them in 2007: Missouri, North Dakota, and Virginia.
 - Virginia's goals include financial incentives.
 - Vermont's goal will be rolled into an RPS if it doesn't attain its stated goals by 2012.
 - Iowa has a voluntary goal of 1,000 MW of wind by 2010, beyond the 105 MW in its RPS.
- Indiana, Michigan, and Ohio proposed RPS legislation in 2007, which didn't pass; they intend to re-introduce bills in 2008.
- Florida and Oklahoma are actively studying an RPS; the Governors of Kansas and Utah announced renewable goals in 2007.
- 54% of U.S. load is located in states with a renewable energy purchase obligation; an additional 6% is in states with a renewable energy goal.
- Eleven states include energy efficiency in their RPS or renewable goals.
- Arkansas proposed that utilities should include clean energy and renewable resources in their integrated resource plans; Idaho's Energy Plan urged utilities to give priority to DR, EE, and in-state renewable energy.
- Some states are addressing the importance of transmission upgrades, building, and interconnection to support renewable resources, often located far from load:
 - The Texas PUC designated five preferred "Competitive Renewable Energy Zones" (CREZ) in October and authorized transmission development to bring power from windy areas to load centers.
 - California and Colorado are developing similar CREZ planning and cost recovery policies.
 - New Mexico created a Renewable Energy Transmission Authority at the same time it increased its RPS goal in March 2007.