

NORTHEAST CONGESTION WATCH

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Summary

Low gas prices and lower demand due to economic conditions are combining with cooler weather to depress congestion spreads throughout the Northeast.

The August WSI weather outlook calls for a continuance of cooler than normal temperatures throughout most of the Northeast; the NWS seasonal forecast indicates normal temperatures for the July-September period.

All generators should be available for dispatch and no significant transmission outages are expected in any of the three northeast pools.

August 2009



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Summary

The August WSI outlook calls for a continuing trend of cooler than normal temperatures in New England this summer. The July to September NWS forecast indicates normal temperatures across New England. We expect on-peak loads to average 20-21,000 MW. All generators will be available for dispatch and transmission line maintenance is limited with minor outages on the 115 kV systems in NEMA and CT; month average congestion spreads should not be affected. Low gas prices are pressuring congestion spreads downward.

CONGESTION RISKS

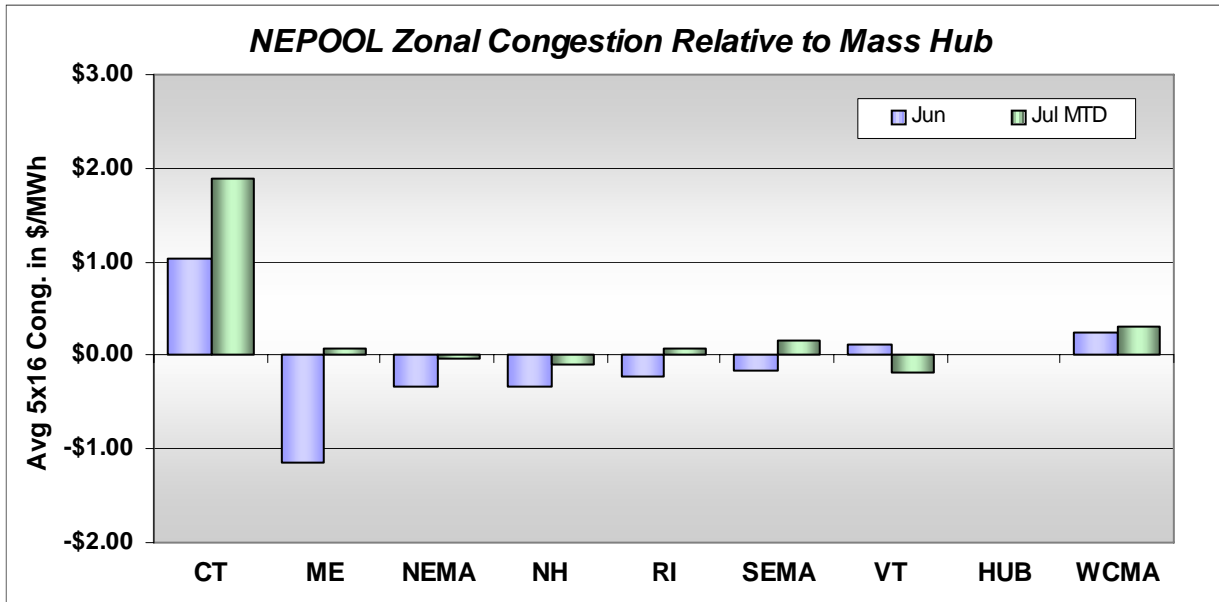
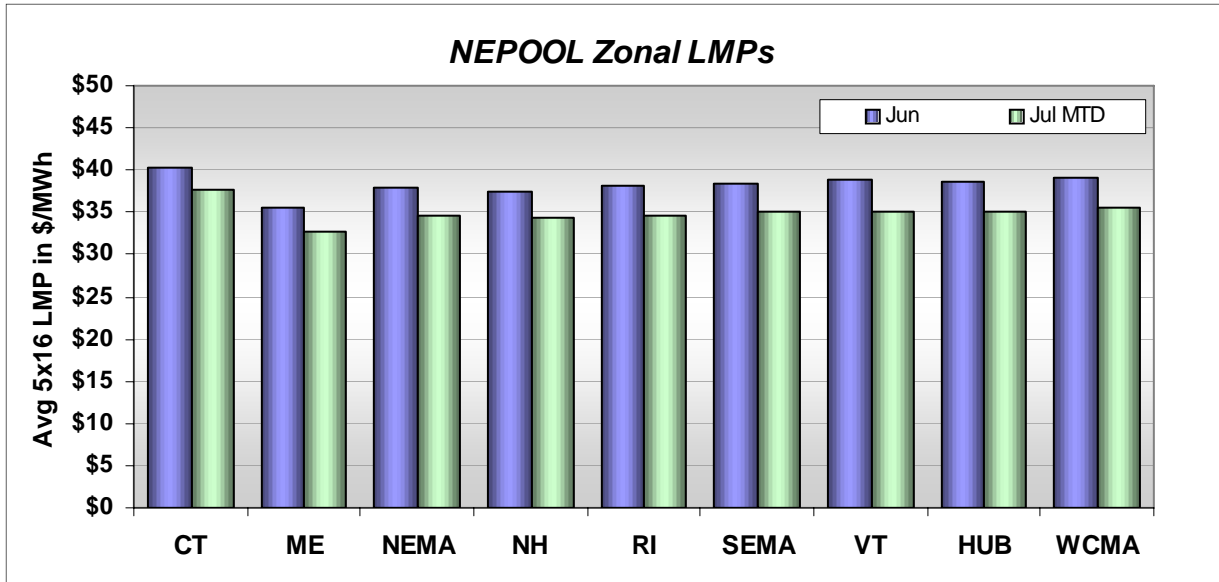
- Load expectations are lower than normal due to the cooler weather outlook from WSI and has reduced congestion expectations. Warmer weather than forecast would be bullish for congestion spreads beyond our current outlook.
- High loads could result in dispatch of oil units and would be bullish for congestion.

On Peak Congestion Forecast By Zone

Zone	August
CT	Connecticut \$4.25
ME	Maine (\$1.50)
NEMA	NE Mass&Boston (\$0.45)
NH	New Hampshire (\$0.80)
SEMA	SE Mass \$2.30
WCMA	West & Central Mass \$0.35
HUB	Internal Hub \$0.00

CONGESTION DRIVERS	SCORE (0 - 5)
LOAD	5
With WSI's August outlook for cooler than normal temperatures, on-peak loads should average 20-21,000 MW. Peak loads could move towards 28,000 MW during a heat event.	
FORCED OUTAGES	3
Forced outages will be bullish under heat event conditions. However, with full resources available and no line outages, forced outage impacts will be moderate under normal temperature conditions.	
PLANNED OUTAGES	0
No planned generator outages.	
TRANSMISSION OUTAGES	1
Whitings Pd-Millbury 115 kV outages throughout August will not impact on LMPs. Frost Bridge-Canal 115 kV outage will have minor impacts; Aug 10-15 and 24-29. No other major outages.	
FUEL PRICES	5
Natural gas prices are low, compressing price differentials between gas-fired units and is bearish for congestion. However at high loads, oil-fired unit dispatch is very bullish due to high oil prices.	
INTERFACE LIMITS	4
Interfaces will bind at average on-peak load levels in August. Cooler weather will drive average loads lower and interfaces would bind less often, driving month average congestion spreads lower.	

Score: 0 = no influence
5 = high influence



Avg Congestion by Zone			
Zone		Jun	Jul MTD
CT	CONNECTICUT	\$0.91	\$1.26
ME	MAINE	(\$1.27)	(\$0.57)
NEMA	NEMASSBOST	(\$0.46)	(\$0.67)
NH	NEWHAMPSHIRE	(\$0.46)	(\$0.74)
RI	RHODEISLAND	(\$0.36)	(\$0.57)
SEMA	SEMASS	(\$0.29)	(\$0.48)
VT	VERMONT	(\$0.00)	(\$0.82)
HUB	HUB	(\$0.13)	(\$0.63)
WCMA	WCMASS	\$0.11	(\$0.33)

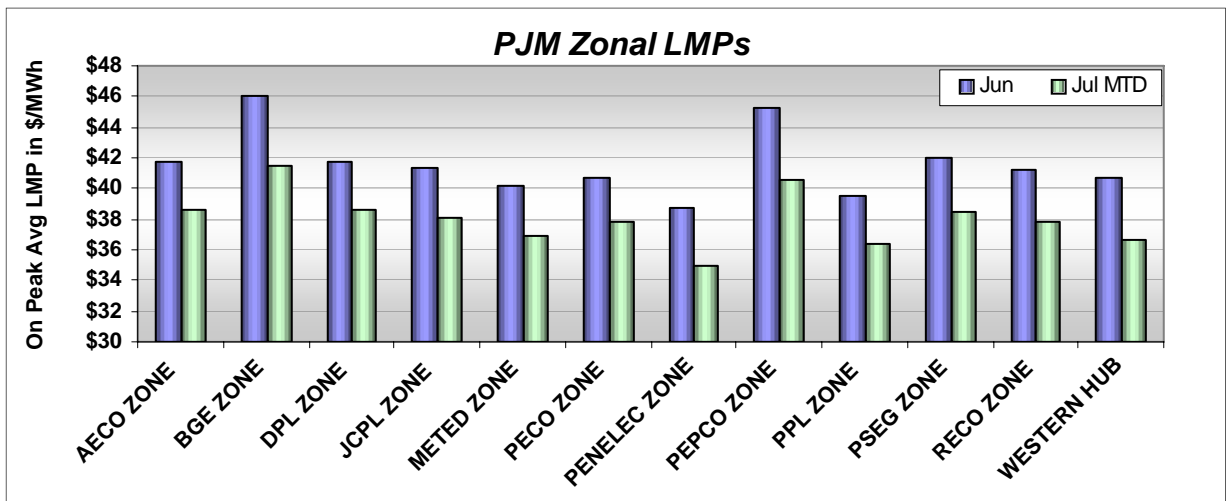
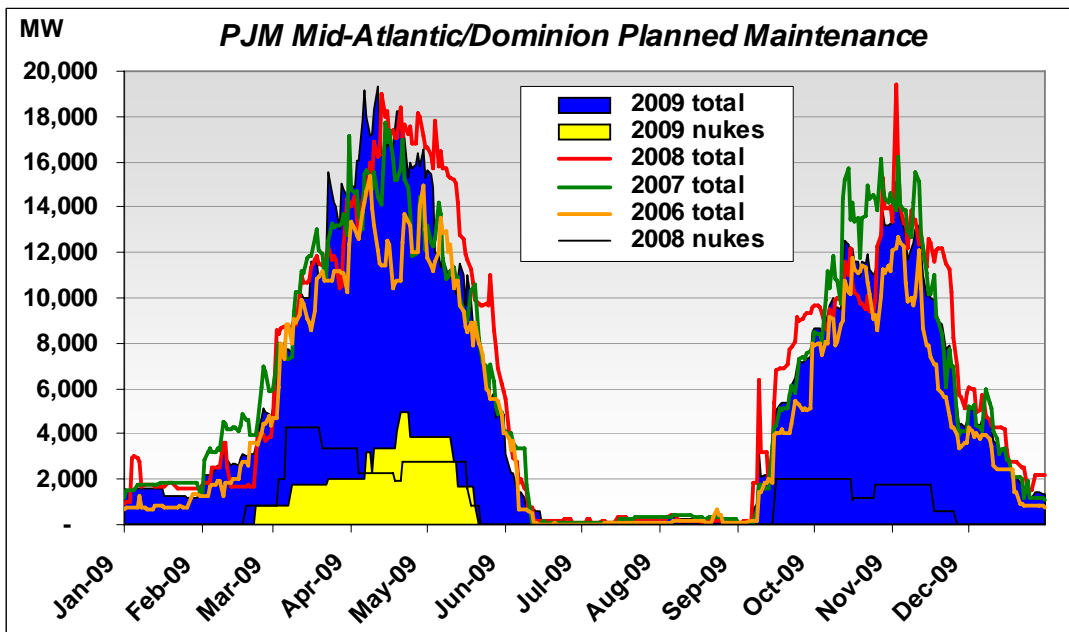
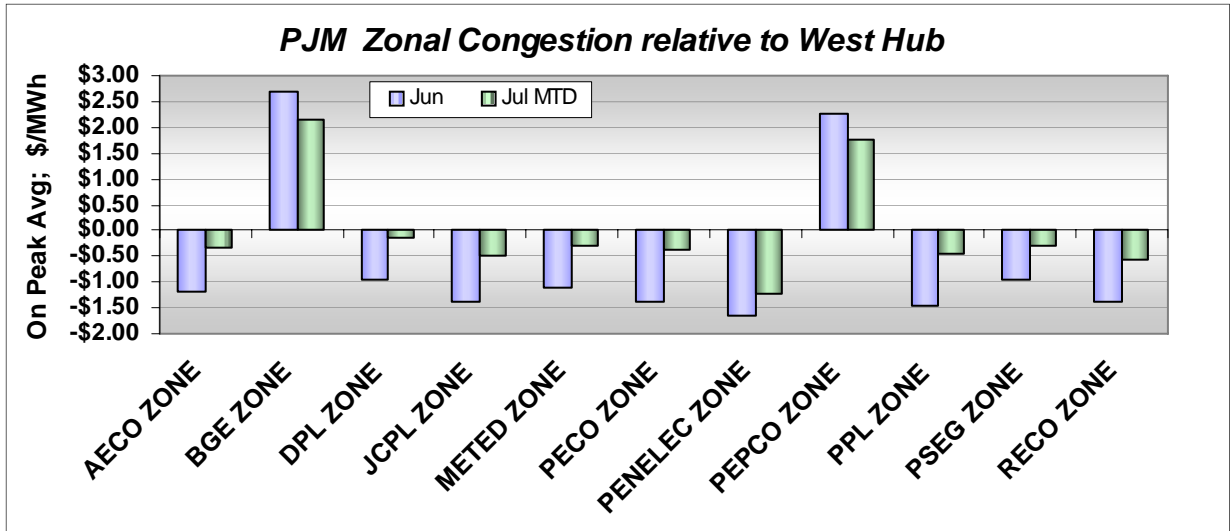
Summary

The August WSI outlook indicates slightly cooler than normal temperatures across PJM with even cooler temperatures in SWMAAC. The NWS outlook for July to September indicates normal temperatures. On-peak loads in the Mid-Atlantic region should average 42-44,000 MW; although likely closer to 40,000 MW due to the cooler outlook. Risk of lower loads is considerable, given the low loads seen in June and July - due to both weather considerations and the economy. All generators should be available for dispatch and August transmission outages are minimal.

CONGESTION RISKS - Lower loads with continued cool weather and the economic slowdown could depress spreads below forecast levels which already account for slightly cooler weather. - Gas prices are not seeing a summer rally due to the lower demand from cool weather. Barring hurricane threats, a sustained rally appears unlikely - lower gas prices will be bearish for congestion spreads.	On-Peak Congestion Forecast by Zone	
	Zone	August
	BGE	\$4.35
	DPL	\$1.40
	JCPL	\$2.80
	PENELEC	-\$1.80
	PECO	\$1.05
	PEPCO	\$4.10
	PPL	\$0.55
	PSEG	\$2.35
	PJM W. HUB	\$0.00

CONGESTION DRIVERS	SCORE (0 - 5)
LOAD	5
On-peak loads in PJM Mid-Atlantic should average 42-44,000 MW, but 38-40,000 MW is more likely with cooler weather and lower demand. Peak loads could approach 59,000 MW.	
FORCED OUTAGES	3
Forced outages could have significant impacts during August at higher loads, although if the cooler weather materializes, forced outages are both less likely to occur and will have lower impacts.	
PLANNED OUTAGES	0
No planned generator maintenance during July/August.	
TRANSMISSION OUTAGES	1
The scheduled 765 Belmont-Kammer outage in APS from August 24-28 will have limited impact on LMPs and should not impact monthly averages. No other significant outages.	
FUEL PRICES	5
The low gas price environment is bearish for congestion spreads as \$/MWh price differences between gas-fired CCs and GT/steam units are depressed. Oil unit dispatch is bullish for spreads.	
INTERFACE LIMITS	3
The Western, Central and Eastern interfaces have been seeing more headroom during on-peak hours, lowering congestion potential into the eastern zones.	

Score: 0 = no influence 5 = high influence



Summary

The August WSI outlook indicates cooler than normal temperatures across New York State. The NWS outlook for the period from July to September indicates normal temperatures. On-peak loads should average 23-24,000 MW, but average loads could drop as low as 21-22,000 MW due to cooler weather and lower overall demand. All generators will be available for dispatch. No major line outages will take place in August, however, the Beck-Packard 230 kV outage will continue through August 31, reducing tie flows with Ontario by 250 MW (total 2,300 MW). Continuing line work at Moses-Adirondack (230 kV) will have negligible impact on flows.

CONGESTION RISKS

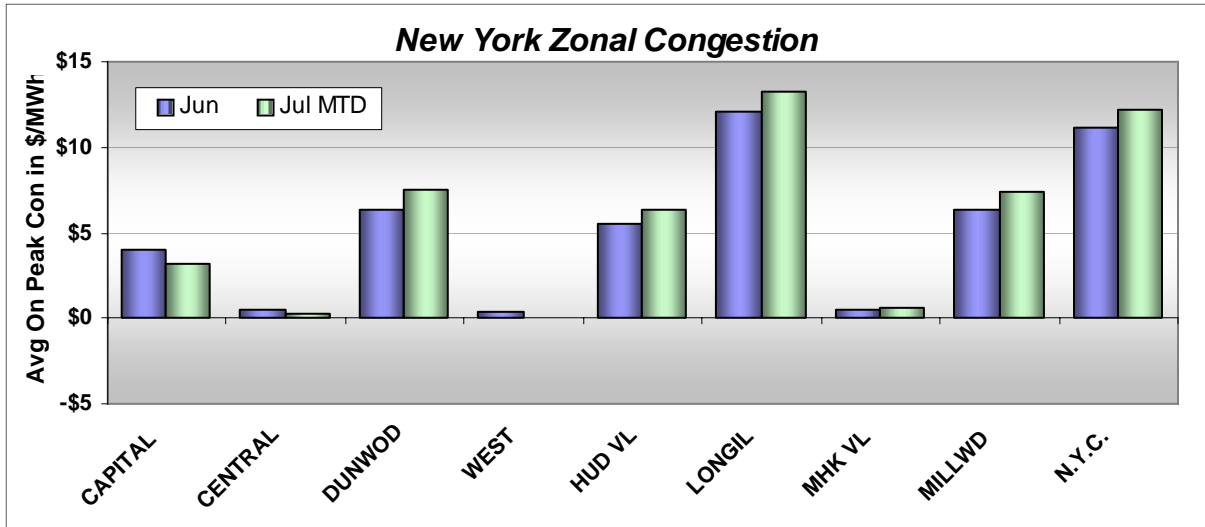
- Natural gas prices remain low and are generally bearish for congestion spreads. If gas prices increase, congestion premiums could clear higher, but gas upside risk is decreasing with time.
- Oil prices are very high relative to gas. Any dispatch of oil-fired units will be under high load conditions and will be very bullish for congestion.

On-Peak Congestion Forecast by Zone

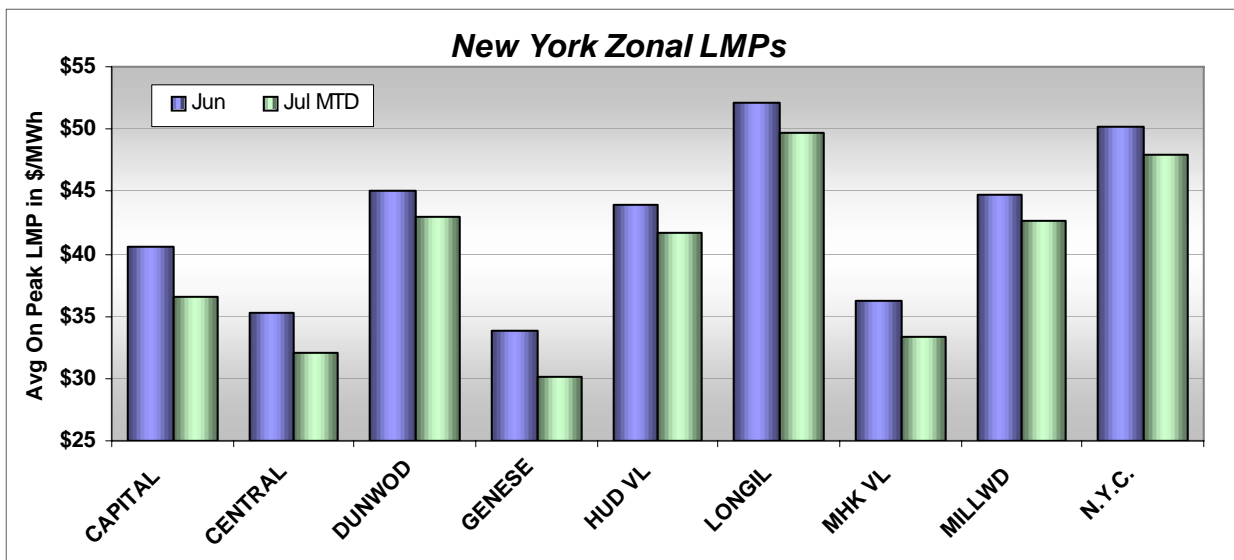
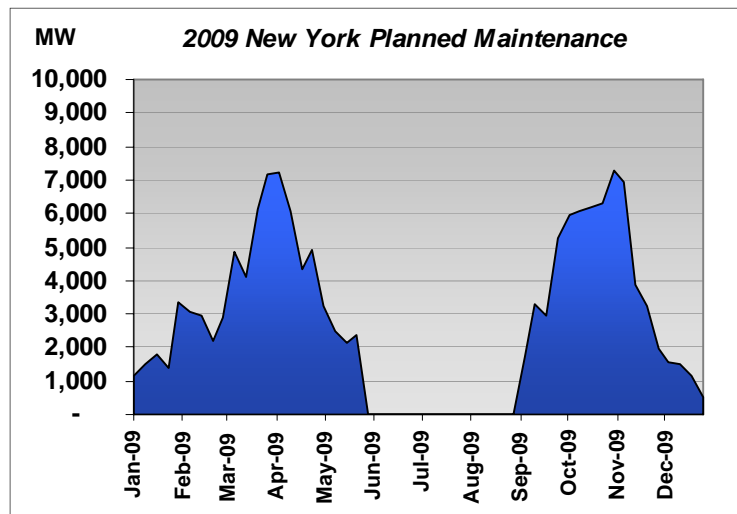
Zone	August
CAPITAL	\$4.45
CENTRAL	\$1.30
DUNWOODIE	\$9.45
WEST	\$0.00
HUD VL	\$8.20
LONGIL	\$14.10
MHK VL	\$2.55
MILLWOOD	\$9.20
N.Y.C.	\$13.65

CONGESTION DRIVERS	SCORE (0 - 5)
LOAD	5
On-peak loads should average 23-24,000 MW, but could average 21-22,000 with cooler temperatures. Summer peak load record is 33,939 on Aug 2, 2006.	
FORCED OUTAGES	3
Forced outages are bullish for LMPs in New York during August, particularly in Zone J. Cooler weather will diminish outage impacts due to lower load profile.	
PLANNED OUTAGES	0
No planned generator outages during July/August.	
TRANSMISSION OUTAGES	1
No significant line outages are scheduled during August. The Beck-Packard 230 kV outage will continue through August 31, reducing tie flows with Ontario by 250 MW (total 2,300 MW).	
FUEL PRICES	5
Low gas prices are resulting in lower congestion spreads. Any dispatch of oil units at higher loads will be bullish for congestion due to the high spread between 0.3% sulfur #6 oil and gas.	
INTERFACE LIMITS	4
Interface limits will be normal during most periods, but with higher loads, interface limits into NYC and between Zones F and G will be binding more often.	

**Score: 0 = no influence
5 = high influence**



Avg On Pk Congestion by Zone		
	Jun	Jul MTD
CAPITAL	\$4.06	\$3.22
CENTRAL	\$0.46	\$0.25
DUNWOD	\$6.36	\$7.46
WEST	\$0.43	-\$0.01
HUD VL	\$5.48	\$6.37
LONGIL	\$12.08	\$13.20
MHK VL	\$0.50	\$0.58
MILLWD	\$6.30	\$7.37
N.Y.C.	\$11.19	\$12.22



Modeling Parameters and Assumptions

Major Fuels	
Fuel	\$/MMBtu
NG - Algonquin CG	\$3.79
NG - Transco Z 6 NNY	\$3.74
NG - TETCO M3	\$3.66
FO6, 0.3%S	\$10.02
FO2 (Diesel)	\$12.08

Key Outages		
Unit		MW
PJM		
Miscellaneous		2,000
New England		
Miscellaneous	*	1,900
New York		
Other	*	1,600

* Assumed outages - planned + forced

Contingencies Modeled
Contingency
PJM
All 500 kV Lines and Above
New England
Loss of Sandy Pond DC
Loss of 50% Seabrook
All 345 kV Lines and Above
New York
Loss of Indian Point 2
All 230 kV Lines and Above

New England - Selected FTR Awards

Selected FTR Awards & Outcomes - June 2009										
FTR Information					Award Information			Analysis		
Customer Name	Source Location Name	Sink Location Id	Sink Location Name	Class Type	Award FTR MW	Award FTR Price	Auction Dollars	Price \$/MWh	Actual Congestion (Sink - Source)	Gain or Loss
Citigroup Energy Inc.	.H.INTERNAL_HUB	4004	.Z.CONNECTICUT	ONPEAK	100.00	\$1,150	\$115,000	\$ 3.267	\$ 1.03	\$ (2.24)
Hess Corporation	.H.INTERNAL_HUB	4004	.Z.CONNECTICUT	ONPEAK	51.00	\$1,150	\$58,650	\$ 3.267	\$ 1.03	\$ (2.24)
Connecticut Light and Power Co	.H.INTERNAL_HUB	4004	.Z.CONNECTICUT	ONPEAK	50.00	\$1,150	\$57,500	\$ 3.267	\$ 1.03	\$ (2.24)
Connecticut Light and Power Co	.H.INTERNAL_HUB	4004	.Z.CONNECTICUT	ONPEAK	25.00	\$1,150	\$28,750	\$ 3.267	\$ 1.03	\$ (2.24)
SUEZ Energy Resources NA_Inc.	.H.INTERNAL_HUB	4004	.Z.CONNECTICUT	ONPEAK	25.00	\$1,150	\$28,750	\$ 3.267	\$ 1.03	\$ (2.24)
Connecticut Municipal Electric	.H.INTERNAL_HUB	4004	.Z.CONNECTICUT	ONPEAK	10.00	\$1,150	\$11,500	\$ 3.267	\$ 1.03	\$ (2.24)
Connecticut Municipal Electric	.H.INTERNAL_HUB	4004	.Z.CONNECTICUT	ONPEAK	5.00	\$1,150	\$5,750	\$ 3.267	\$ 1.03	\$ (2.24)
Connecticut Municipal Electric	.H.INTERNAL_HUB	4004	.Z.CONNECTICUT	ONPEAK	3.00	\$1,150	\$3,450	\$ 3.267	\$ 1.03	\$ (2.24)
Connecticut Municipal Electric	.H.INTERNAL_HUB	4004	.Z.CONNECTICUT	ONPEAK	2.00	\$1,150	\$2,300	\$ 3.267	\$ 1.03	\$ (2.24)
Connecticut Municipal Electric	.H.INTERNAL_HUB	4004	.Z.CONNECTICUT	ONPEAK	1.00	\$1,150	\$1,150	\$ 3.267	\$ 1.03	\$ (2.24)
Mirant Energy Trading_LLC	.Z.NEWHAMPSHIRE	4006	.Z.SEMASS	ONPEAK	25.00	\$615	\$15,381	\$ 1.748	\$ 0.17	\$ (1.58)
Mirant Energy Trading_LLC	.Z.NEWHAMPSHIRE	4006	.Z.SEMASS	ONPEAK	20.00	\$615	\$12,305	\$ 1.748	\$ 0.17	\$ (1.58)
Mirant Energy Trading_LLC	.Z.RHODEISLAND	4006	.Z.SEMASS	ONPEAK	25.00	\$555	\$13,874	\$ 1.577	\$ 0.06	\$ (1.51)
Mirant Energy Trading_LLC	.Z.RHODEISLAND	4006	.Z.SEMASS	ONPEAK	20.00	\$555	\$11,099	\$ 1.577	\$ 0.06	\$ (1.51)
Mirant Energy Trading_LLC	.Z.RHODEISLAND	4006	.Z.SEMASS	ONPEAK	15.00	\$555	\$8,325	\$ 1.577	\$ 0.06	\$ (1.51)
Merrill Lynch Commodities_Inc	.H.INTERNAL_HUB	4006	.Z.SEMASS	ONPEAK	167.00	\$543	\$90,684	\$ 1.543	\$ (0.17)	\$ (1.71)
Hess Corporation	.H.INTERNAL_HUB	4006	.Z.SEMASS	ONPEAK	71.00	\$543	\$38,554	\$ 1.543	\$ (0.17)	\$ (1.71)
Mirant Energy Trading_LLC	.H.INTERNAL_HUB	4006	.Z.SEMASS	ONPEAK	25.00	\$543	\$13,576	\$ 1.543	\$ (0.17)	\$ (1.71)
Mirant Energy Trading_LLC	.H.INTERNAL_HUB	4006	.Z.SEMASS	ONPEAK	20.00	\$543	\$10,860	\$ 1.543	\$ (0.17)	\$ (1.71)
Constellation Energy Commoditi	.H.INTERNAL_HUB	4006	.Z.SEMASS	ONPEAK	20.00	\$543	\$10,860	\$ 1.543	\$ (0.17)	\$ (1.71)
Constellation Energy Commoditi	.H.INTERNAL_HUB	4006	.Z.SEMASS	ONPEAK	17.00	\$543	\$9,231	\$ 1.543	\$ (0.17)	\$ (1.71)
Mirant Energy Trading_LLC	.H.INTERNAL_HUB	4006	.Z.SEMASS	ONPEAK	15.00	\$543	\$8,145	\$ 1.543	\$ (0.17)	\$ (1.71)
Cargill Power Markets_LLC	.Z.MAINE	4000	.H.INTERNAL_HUB	ONPEAK	10.00	\$152	\$1,521	\$ 0.432	\$ 1.13	\$ 0.70
Cargill Power Markets_LLC	.Z.RHODEISLAND	4007	.Z.WCMASS	ONPEAK	10.00	\$105	\$1,053	\$ 0.299	\$ 0.47	\$ 0.17
Merrill Lynch Commodities_Inc	.H.INTERNAL_HUB	4007	.Z.WCMASS	ONPEAK	453.00	\$93	\$42,265	\$ 0.265	\$ 0.24	\$ (0.03)
Hess Corporation	.H.INTERNAL_HUB	4007	.Z.WCMASS	ONPEAK	111.00	\$93	\$10,356	\$ 0.265	\$ 0.24	\$ (0.03)
SUEZ Energy Resources NA_Inc.	.H.INTERNAL_HUB	4007	.Z.WCMASS	ONPEAK	10.00	\$93	\$933	\$ 0.265	\$ 0.24	\$ (0.03)
TransCanada Power Marketing_L	.H.INTERNAL_HUB	4007	.Z.WCMASS	ONPEAK	8.00	\$93	\$746	\$ 0.265	\$ 0.24	\$ (0.03)
TransCanada Power Marketing_L	.H.INTERNAL_HUB	4007	.Z.WCMASS	ONPEAK	7.00	\$93	\$653	\$ 0.265	\$ 0.24	\$ (0.03)
TransCanada Power Marketing_L	.H.INTERNAL_HUB	4007	.Z.WCMASS	ONPEAK	6.00	\$93	\$560	\$ 0.265	\$ 0.24	\$ (0.03)
PSEG Energy Resources & Trade	.H.INTERNAL_HUB	4007	.Z.WCMASS	ONPEAK	6.00	\$93	\$560	\$ 0.265	\$ 0.24	\$ (0.03)
PSEG Energy Resources & Trade	.H.INTERNAL_HUB	4007	.Z.WCMASS	ONPEAK	5.00	\$93	\$467	\$ 0.265	\$ 0.24	\$ (0.03)
Dominion Energy Marketing_Inc	.H.INTERNAL_HUB	4007	.Z.WCMASS	ONPEAK	5.00	\$93	\$467	\$ 0.265	\$ 0.24	\$ (0.03)
J.P. Morgan Ventures Energy Co	.H.INTERNAL_HUB	4007	.Z.WCMASS	ONPEAK	5.00	\$93	\$467	\$ 0.265	\$ 0.24	\$ (0.03)
PSEG Energy Resources & Trade	.H.INTERNAL_HUB	4007	.Z.WCMASS	ONPEAK	3.00	\$93	\$280	\$ 0.265	\$ 0.24	\$ (0.03)
SESCO Enterprises_LLC	.Z.MAINE	4002	.Z.NEWHAMPSHIRE	ONPEAK	30.00	\$80	\$2,395	\$ 0.227	\$ 0.80	\$ 0.57
J.P. Morgan Ventures Energy Co	.Z.VERMONT	4007	.Z.WCMASS	ONPEAK	4.00	\$36	\$143	\$ 0.102	\$ 0.11	\$ 0.01
J.P. Morgan Ventures Energy Co	.Z.VERMONT	4007	.Z.WCMASS	ONPEAK	3.00	\$36	\$107	\$ 0.102	\$ 0.11	\$ 0.01
J.P. Morgan Ventures Energy Co	.Z.RHODEISLAND	4000	.H.INTERNAL_HUB	ONPEAK	3.00	\$12	\$36	\$ 0.034	\$ 0.23	\$ 0.20
Constellation Energy Commoditi	.Z.NEMASSBOST	4000	.H.INTERNAL_HUB	ONPEAK	75.00	\$3	\$236	\$ 0.009	\$ 0.33	\$ 0.32
Constellation Energy Commoditi	.Z.NEMASSBOST	4000	.H.INTERNAL_HUB	ONPEAK	50.00	\$3	\$158	\$ 0.009	\$ 0.33	\$ 0.32
Constellation Energy Commoditi	.Z.NEMASSBOST	4000	.H.INTERNAL_HUB	ONPEAK	40.00	\$3	\$126	\$ 0.009	\$ 0.33	\$ 0.32
Constellation Energy Commoditi	.Z.NEMASSBOST	4000	.H.INTERNAL_HUB	ONPEAK	10.00	\$3	\$32	\$ 0.009	\$ 0.33	\$ 0.32
Mirant Energy Trading_LLC	.H.INTERNAL_HUB	4008	.Z.NEMASSBOST	ONPEAK	5.00	\$(3)	\$(16)	\$ (0.009)	\$ (0.33)	\$ (0.32)
TransCanada Power Marketing_L	.H.INTERNAL_HUB	4008	.Z.NEMASSBOST	ONPEAK	9.00	\$(3)	\$(28)	\$ (0.009)	\$ (0.33)	\$ (0.32)
SUEZ Energy Resources NA_Inc.	.H.INTERNAL_HUB	4008	.Z.NEMASSBOST	ONPEAK	15.00	\$(3)	\$(47)	\$ (0.009)	\$ (0.33)	\$ (0.32)
Hess Corporation	.H.INTERNAL_HUB	4008	.Z.NEMASSBOST	ONPEAK	45.00	\$(3)	\$(142)	\$ (0.009)	\$ (0.33)	\$ (0.32)
Sempra Energy Trading Corporat	.H.INTERNAL_HUB	4008	.Z.NEMASSBOST	ONPEAK	200.00	\$(3)	\$(630)	\$ (0.009)	\$ (0.33)	\$ (0.32)
Merrill Lynch Commodities_Inc	.H.INTERNAL_HUB	4008	.Z.NEMASSBOST	ONPEAK	470.00	\$(3)	\$(1,481)	\$ (0.009)	\$ (0.33)	\$ (0.32)
Vermont Public Power Supply Au	.Z.VERMONT	4000	.H.INTERNAL_HUB	ONPEAK	10.00	\$(58)	\$(576)	\$ (0.163)	\$ (0.12)	\$ 0.04
TransCanada Power Marketing_L	.H.INTERNAL_HUB	4002	.Z.NEWHAMPSHIRE	ONPEAK	4.00	\$(72)	\$(289)	\$ (0.205)	\$ (0.33)	\$ (0.13)
TransCanada Power Marketing_L	.H.INTERNAL_HUB	4002	.Z.NEWHAMPSHIRE	ONPEAK	5.00	\$(72)	\$(361)	\$ (0.205)	\$ (0.33)	\$ (0.13)
Merrill Lynch Commodities_Inc	.H.INTERNAL_HUB	4002	.Z.NEWHAMPSHIRE	ONPEAK	21.00	\$(72)	\$(1,517)	\$ (0.205)	\$ (0.33)	\$ (0.13)
J.P. Morgan Ventures Energy Co	.Z.CONNECTICUT	4000	.H.INTERNAL_HUB	ONPEAK	3.90	\$(1,150)	\$(4,485)	\$ (3.267)	\$ (1.03)	\$ 2.24

