

### Summary: Cool Temperatures this Week Weaken Prices; Heat to Return Next Week

Power prices have tumbled from last week's extraordinary levels. Implied market heat rates have declined below 10,000 btu/kwh in all Northeast regions including eastern PJM. Below normal temperatures are expected to generate weak load for the rest of the week, though loads are likely to tick higher on Thursday and Friday on slightly warmer temperatures. Soft load and the completion of shoulder season generation and transmission maintenance should pressure implied market heat rates to the lowest levels since the winter gas spikes. Planned generator outages in NYISO and PJM Mid-Atlantic have both dropped below 500 MW. The last lingering nuclear units outages are beginning to trickle back to service with Ginna and Quad Cities 1 increasing output. Two PJM reactors, Susquehanna 1 and 2 remain offline after routine inspections revealed low-pressure turbine damage at both units. Several 765 kV transmission outages are in place in western PJM, but aren't expected to have a significant impact with Mid-Atlantic load hovering in the 37-40 GW range. NYISO will bear the brunt of transmission work this week with reduced limits on external and internal interfaces. The height of the work will occur on Friday the 17th with reduced limits on Ontario imports and the Central-East interface. The biggest story this week, however, is likely the story that's developing next week. Widespread heat is expected to build from Texas to New England next week. Heat rates may not rise to last week's level at PJM WH, however, due to the return of nearly 5,000 MW in the region. On the other hand, Mass Hub will likely be higher than last week as New England is expected to be warmer.

#### Transmission Analysis

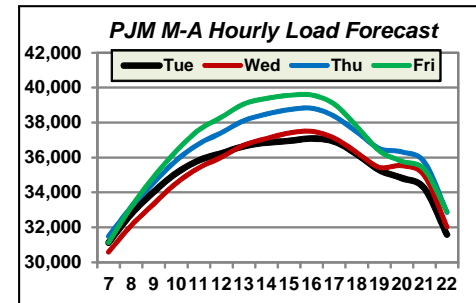
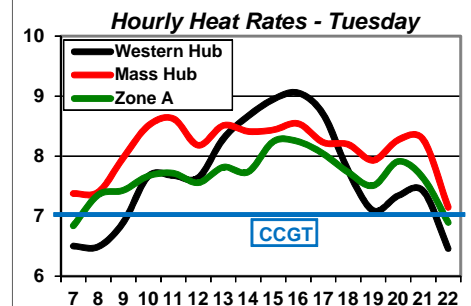
**New England:** 345 kV Outages: Norwalk-Arch line Mar 18-Sep 11, Mystic-Kingston line Mar 18-Jun 17, New Haven-West Rutland Jun 14; 230k kV Outage Bear Swamp-Pratt; 115 kV Outage: Canal-Bourne Jun 10-17.

**New York:** 345kV outages: Frasers-Coopers Corners Jun 14 will reduce the Central East transfer limit by 500 MW, Leeds-Hurley Ave Jun 15-17 will reduce the UPNY-Coned transfer limit by 1000 MW, Edic-North Scotland Jun 16-17 will reduce the Central East transfer limit by 910 MW.

**PJM:** 765 kV outages: Gavin-Flatlick May 18-Dec 18, Amos-Culloden Jun 15-Jul 7; Dumont-Wilton Center Jun 17; 230 kV outages: Dickerson-Pleasant View Jun 13-15.

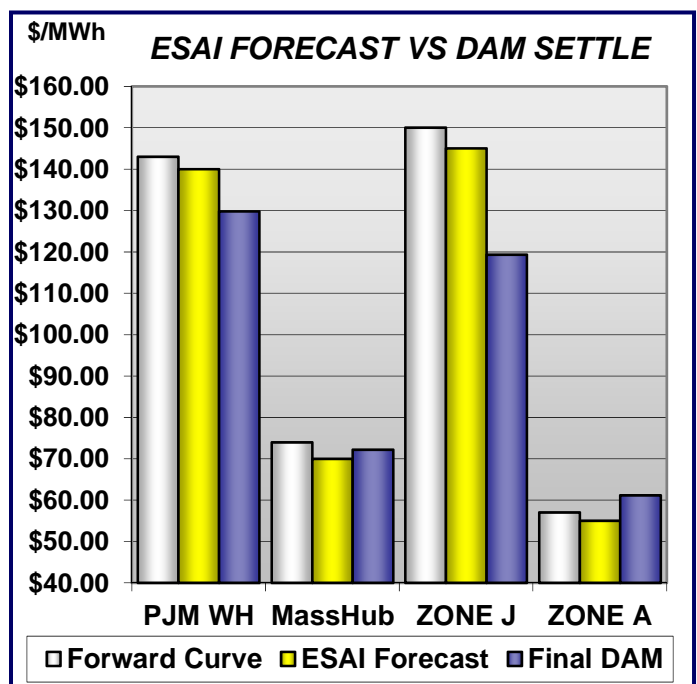
Bal-Week 4 x 16 Price (\$/MWh)			
	10% Prob. Of Price Below	Expected Price	10% Prob. Of Price Above
<b>PJM W: ESAI Forecast</b>	\$38	\$45.00	\$54
Forward Curve		\$45.75	
<b>NEPOOL: ESAI Forecast</b>	\$38	\$45.50	\$55
Forward Curve		\$45.00	
<b>Zone J: ESAI Forecast</b>	\$48	\$58.00	\$70
Forward Curve*		\$57.00 *	
<b>Zone A: ESAI Forecast</b>	\$34	\$40.50	\$49
Forward Curve		\$40.00	

Key: Red = V High. Orange = High. Green = Moderate. Blue = Low.  
\* - estimated forward price



Bal-Week 4 x 16 Price Forecast Look-Back (\$/MWh)			
(Forward Curve & ESAI Forecast prices on 6/13 for period 6/14 - 6/17)	Forward Curve	ESAI Forecast	Final DAM Settle Price
<b>PJM WH</b>	\$143.00	\$140.00	\$129.81
<b>MassHub</b>	\$74.00	\$70.00	\$72.14
<b>ZONE J</b>	\$150.00	\$145.00	\$119.31
<b>ZONE A</b>	\$57.00	\$55.00	\$61.15

Comments:  
- Prices in line with expectations

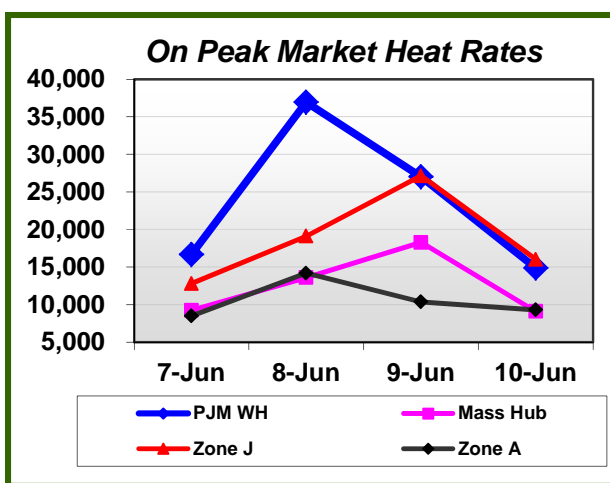
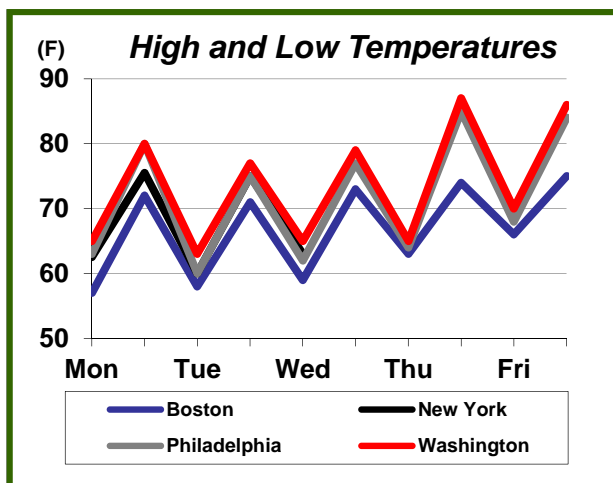


## Fundamental Analysis

- Temperatures this week are expected to be well below normal. Boston will be the coolest with the average high expected to be 66 deg F (77 deg F is normal). New York, Philadelphia and Washington will be somewhat warmer, averaging 3-5 deg F below normal. There will be a slight warming trend later in the week as Philadelphia and Washington get back to normal for Friday.
- The below normal temperatures should bring weaker load across the three pools as compared to last week. PJM-E is forecast to have two plateaus; 37,100-37,600 MW Tue-Wed and 39,100-39,900 MW Thu-Fri. New England load looks to dip mid-week from the 19,500 MW forecast Mon to a week-low of 15,000 MW Thursday before rebounding to 16,800 MW Friday. NYISO will gradually gain inter-week. Tue in NY is forecast to be 19,800 MW, climbing to 20,900 MW Wed, 22,600 MW Thu and then dropping slightly to 22,500 MW Friday.
- Natural gas spot prices were trading in the range of \$4.88/MMBtu-\$5.03/MMBtu for Tuesday delivery to the Northeast.
- With maintenance season largely complete, planned generation outages are minimal. This week, PJM estimates less than 200 MW to be offline. ISO New England expects about 3,000 MW to be unavailable. NYISO expects less than 100 MW to be unavailable.
- Surry 2 and Susquehanna 2 are offline for refueling and/or maintenance. Plants returning to service: Perry 1 (79%), Quad Cities 1 (50%), Ginna (94%). Susquehanna 1 is offline for turbine repairs. Surry 2 and Susquehanna 2 are scheduled to return to service before the end of the week.

* - estimate	OTC Power (\$/MWh)	Gas Price (\$/MMBtu)	CCGT Spark Spread @ 7,000 Btu/kWh	ST Spark Spread @ 10,500 Btu/kWh	GT Spark Spread @ 12,500 Btu/kWh
PJM	\$45.75	\$4.92	\$11.31	-\$5.91	-\$15.75
NE	\$45.00	\$4.97	\$10.21	-\$7.19	-\$17.13
Zone J	\$57.00 *	\$4.95	\$22.35	\$5.03	-\$4.88
Zone G	\$55.00	\$4.97	\$20.21	\$2.82	-\$7.13
Zone A	\$40.00	\$4.93	\$5.49	-\$11.77	-\$21.63

Gas Hub Prices: PJM=Tetco M-3. NE and Zone G=Algonquin. Zone J=TZ6 NY. Zones A=TZ6 Non-NY



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