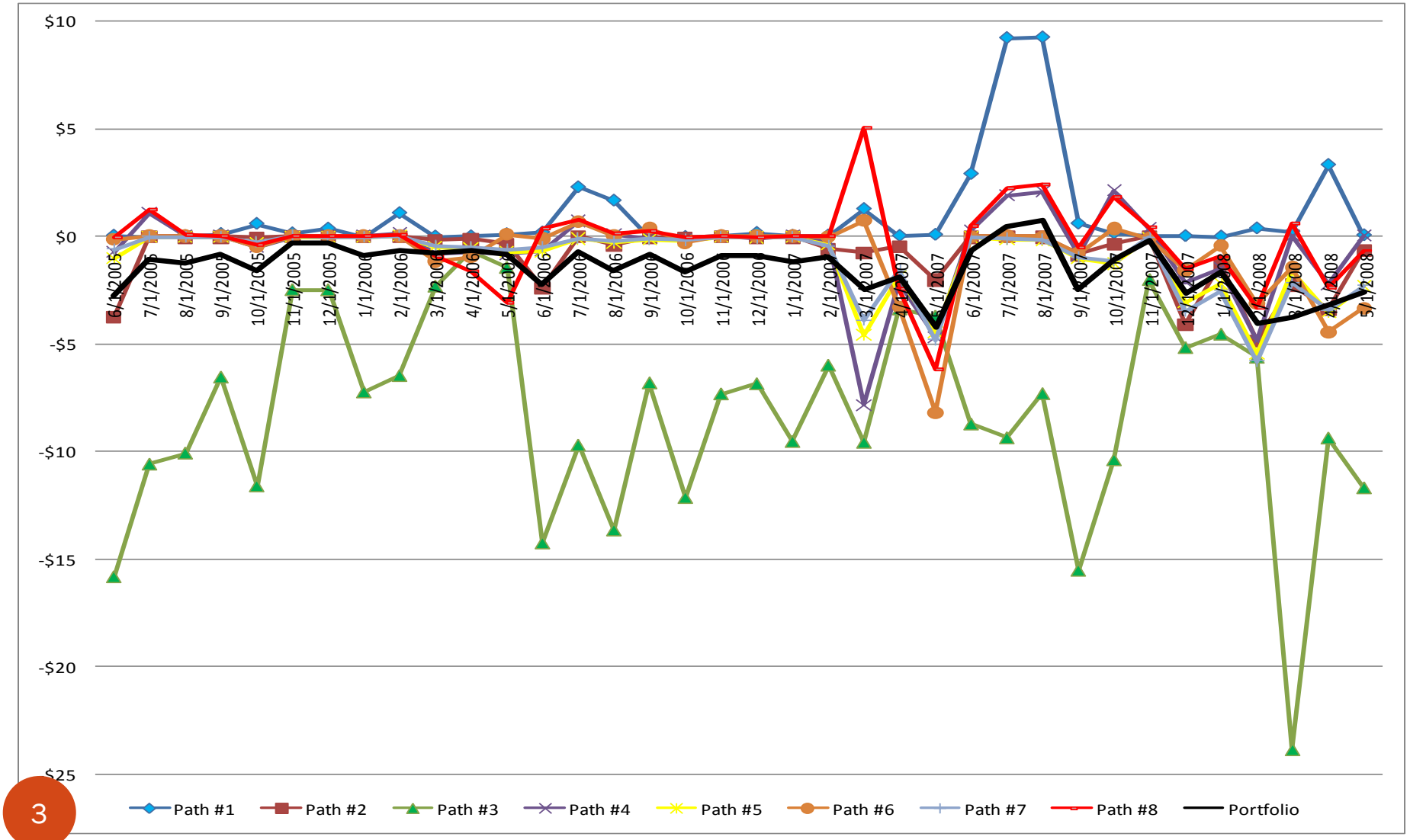
Select Unit Dispatch Scenarios on FTR Portfolio

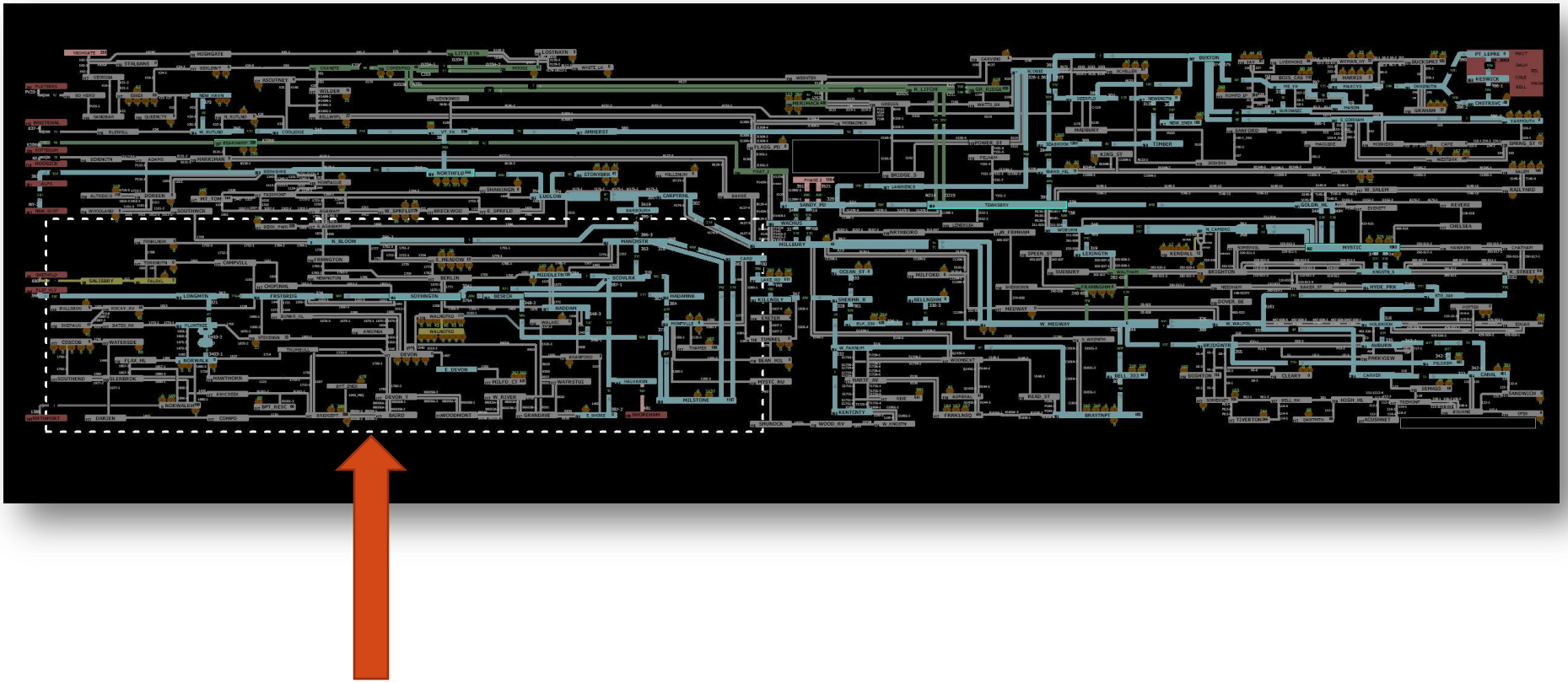
Example FTR Portfolio Results

- Example taken from April 2008 auction
- Portfolio consists of:
  - 8 FTR paths
  - 80MWs (10MW/path)
  - Auction cost = ($151.7k) payment owed to customer
    - net "counter-flow"
  - Calculated FA requirement:
    - AwardFA ($151.7k) credit
    - SRFA $125.1k obligation
    - Total ($26.6k) *Credit*
  - Actual settlements
    - Auction Award ($151.7k) credit
    - Congestion $89.7k obligation
    - (Profit) / Loss ($62.0k)

Monthly Congestion Returns of FTR Portfolio by path - $/MWh

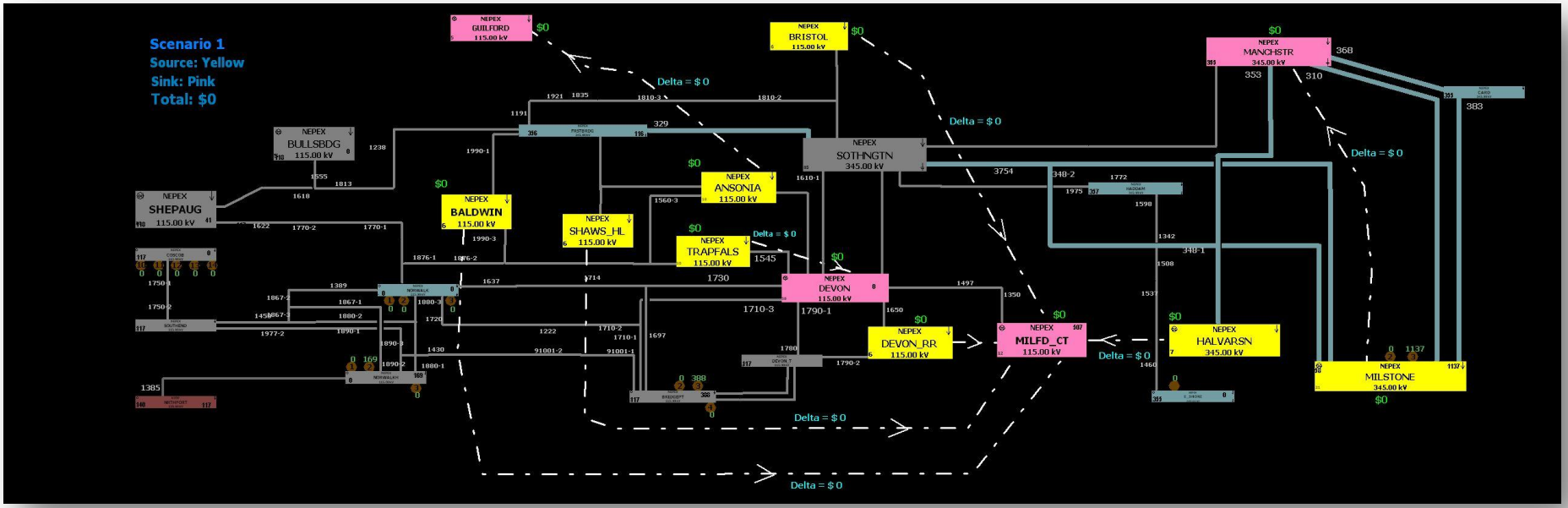


ISO-NE Transmission System Map



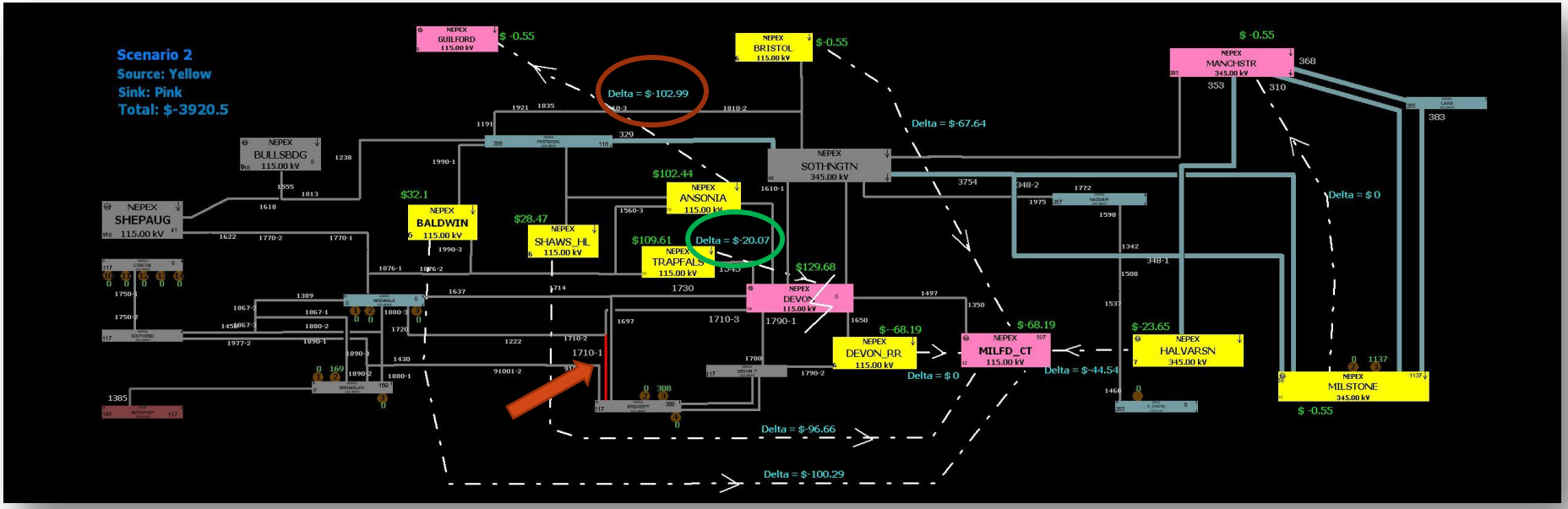
Portfolio primarily centered in this region – Southwest Connecticut

Scenario #1 – No binding constraints



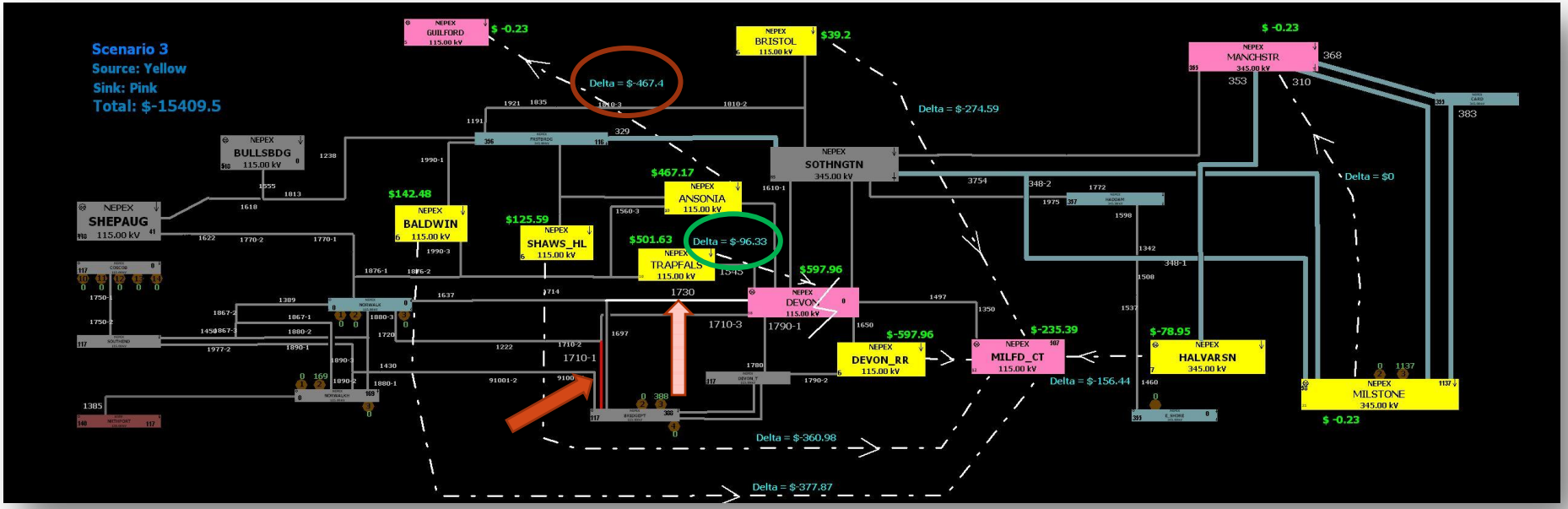
- 7 of 8 paths are in close proximity of one another
- With no binding constraints congestion across the system is $0
- Analysis built upon actual dispatch cases utilizing ISO dispatch software

Scenario #2 – single binding constraint



- Same as Scenario #1 with the addition of a single binding constraint creating a contingency @ Devon Station
- Constraint causes FTR from LD.ANSONIA 13.8 to LD.GUILFORD34.5 to "lose" $102.99/MWh
- Constraint results in total congestions costs for portfolio of $49/MWh
- Maximum congestion cost for any month over prior 3 yrs was $4.92/MWh!
- SRFA proxy is ~$4.50 / MWh – in other words, less than 1/10th the required amount.

Scenario #3 – single binding constraint plus single line outage



- Adding a line outage to scenario #1 causes the portfolio to incur very significant losses
- Max exposure is again on the LD.ANSONIA 13.8 to LD.GUILFORD34.5 path – loses $467.40/MWh
- The portfolio loses at a rate of nearly $193/MWh
- If conditions persist over month the portfolio would amass congestion charges of well over $5MM while initial margin requirements for the congestion costs were set at $125k