Overview

Geography

States covered: All or most of Washington, Oregon, Idaho, Utah, Nevada, Montana, Wyoming and part of California.

Reliability region: Northwest Power Pool Area (NWPP) sub-region of the Western Electric Coordinating Council (WECC).

Balancing authorities: See page 5.

Hubs: California-Oregon Border (COB), Mid-Columbia (Mid-C)

RTO/ISO

None

Generation/Supply

Marginal fuel type: Hydro and natural gas

Generating capacity (winter 2005): 57,120 MW

Capacity reserve (winter 2005): 16,822 MW

Reserve margin (winter 2005): 42%

When taken together, hydro, fossil fuels, nuclear energy, and renewable resources, were adequate to provide electricity in excess of in-region needs.
Demand

All time peak demand (2005): 40,298 MW
Peak demand growth: 1.5% (2004–2005)

Prices

Index Annual Average of Daily Bilateral Day Ahead On-Peak Prices:

Platts California-Oregon Border (COB) Hub:

- 2004: $49.02/MWh
- 2005: $66.88/MWh
- 2006: $55.57/MWh

Platts Mid-Columbia (Mid-C) Hub:

- 2004: $44.50/MWh
- 2005: $63.09/MWh
- 2006: $50.23/MWh

Physical and financial electricity products are traded through brokers using the Mid-Columbia (Mid-C) and California-Oregon Border (COB) hubs as pricing points.

Interconnections/Seams

The region relies on hydroelectric production for approximately two thirds of its electricity needs. In most years, Northwest sells surplus power into California and the Southwest.
Focal Points

BPA in the Market: The Bonneville Power Administration (BPA) is the largest wholesale power supplier in the Northwest, according to the agency. BPA meets approximately 40 percent of the region's firm energy supply from resources under its control, primarily the federal hydroelectric dams in the Northwest.

BPA has agreements to sell power from federal hydropower generation in the Northwest and from certain nonfederal power plants, such as Energy Northwest's nuclear plant, Columbia Generating Station. BPA sells most of its power at cost-based rates to regional public power and municipal utilities, electric cooperatives, and direct service industries (such as aluminum smelters). After meeting its regional commitments, BPA sells surplus power to other Western market participants at market prices.

Severe Heat Wave: In late July 2006, a severe heat wave resulted in 100+ degree temperatures over much of the West - and greater than 110 degrees in some areas. Northwest utilities urged consumers to conserve. From July 17 through July 25, various peak load records were set by utility customers (e.g., Idaho Power and NorthWestern Energy) which is notable since the Northwest overall is typically a winter-peaking area. Control areas managed by Portland General Electric, Pacificorp, and Puget Sound Energy declared NERC Energy Emergency Alert levels 1 and 2 (for Puget Sound Energy, level 1 only), meaning all resources were in use and/or load management procedures were in effect. Although a concurrent fire in eastern Oregon threatened power lines in the Idaho-Oregon area, no curtailment of non-firm load was called. Power prices in the Northwest bilateral markets rose to over $350/MWh on July 24, the date that CAISO declared a Stage 2 Emergency - CAISO's call for critical conservation due to very tight power supplies in its control area.
Balancing Authorities in the Northwest Electric Market

<table>
<thead>
<tr>
<th>Balancing Authority</th>
<th>NERC Acronym</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alberta Electric System Operator</td>
<td>AESO</td>
</tr>
<tr>
<td>Avista Corp.</td>
<td>AVA</td>
</tr>
<tr>
<td>Bonneville Power Administration</td>
<td>BPAT</td>
</tr>
<tr>
<td>British Columbia Transmission Corporation</td>
<td>BCHA</td>
</tr>
<tr>
<td>Idaho Power Company</td>
<td>IPCO</td>
</tr>
<tr>
<td>NorthWestern Energy</td>
<td>NWMT</td>
</tr>
<tr>
<td>PacifiCorp-East</td>
<td>PACE</td>
</tr>
<tr>
<td>PacifiCorp-West</td>
<td>PACW</td>
</tr>
<tr>
<td>Portland General Electric Company</td>
<td>PGE</td>
</tr>
<tr>
<td>PUD No. 1 of Chelan County</td>
<td>CHPD</td>
</tr>
<tr>
<td>PUD No. 1 of Douglas County</td>
<td>DOPD</td>
</tr>
<tr>
<td>PUD No. 2 of Grant County</td>
<td>GCPD</td>
</tr>
<tr>
<td>Puget Sound Energy</td>
<td>PSEI</td>
</tr>
<tr>
<td>Seattle Department of Lighting</td>
<td>SCL</td>
</tr>
<tr>
<td>Sierra Pacific Power Company</td>
<td>SPPC</td>
</tr>
<tr>
<td>Tacoma Power</td>
<td>TPWR</td>
</tr>
<tr>
<td>Western Area Power Administration - Upper Great Plains West</td>
<td>WAUW</td>
</tr>
</tbody>
</table>

Source: NERC (www.tsin.com)
## Supply and Demand Statistics for the Northwest

<table>
<thead>
<tr>
<th>Supply Demand Statistics</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Winter Generating Capacity MW</td>
<td>54,802</td>
<td>57,101</td>
<td>57,120</td>
</tr>
<tr>
<td>Winter Peak Demand MW</td>
<td>35,456</td>
<td>39,710</td>
<td>40,298</td>
</tr>
<tr>
<td>Winter Reserves MW</td>
<td>19,346</td>
<td>17,391</td>
<td>16,822</td>
</tr>
<tr>
<td>Winter Reserve Margin:</td>
<td>55%</td>
<td>44%</td>
<td>42%</td>
</tr>
<tr>
<td>Annual Load (GWh)</td>
<td>219,582</td>
<td>223,148</td>
<td>234,153</td>
</tr>
<tr>
<td>Annual Net Generation GWh</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

Source: Derived from WECC data.

Updated February 2, 2007
Yearly Average of Bilateral DA Prices – On-Peak

<table>
<thead>
<tr>
<th>Annual Average Day Ahead Prices ($/MWh)</th>
<th>2005</th>
<th>2006</th>
<th>5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid-Columbia (Mid-C)</td>
<td>$63.09</td>
<td>$50.23</td>
<td>$44.48</td>
</tr>
<tr>
<td>California-Oregon Border (COB)</td>
<td>$66.88</td>
<td>$55.57</td>
<td>$48.88</td>
</tr>
</tbody>
</table>

Wholesale market participants utilize physical trades at COB and both physical and financial trades at Mid-C.

Source: Derived from the *Platts* data.

*Updated February 2, 2007*
Northwestern Daily Bilateral Day-Ahead On-Peak Prices

Source: Derived from Platts data.

Updated February 8, 2008
Western Daily Bilateral Day-Ahead On-Peak Prices

Source: Derived from Platts data.

Updated February 8, 2008
Implied Heat Rates at Western Trading Points

Source: Derived from Platts data

Updated February 8, 2008
Weeky Electric Generation Output and Temperatures
Rocky Mountains Region

Source: Derived from EEI and NOAA data.

Updated February 8, 2008
Weekly Electric Generation Output and Temperatures
Pacific Northwest Region

Source: Derived from EEI and NOAA data.

Updated February 8, 2008
Stream Flow at The Dalles Dam

Source: Derived from USACE data.
Trend lines are 7-day moving averages.

Updated February 8, 2008
Pacific Northwest Hydroelectric Production

Source: Derived from USACE data. Trend lines are 7-day moving averages.

Updated February 8, 2008
Mid-Columbia Forward and Swap Volumes

Source: Derived from ICE and Nymex ClearPort data. ICE on-peak forward (physical) and swap (financial) volumes are for Mid-Columbia and include monthly, dual monthly, quarterly, and calendar year contracts traded for each month. Nymex ClearPort on-peak swaps (financial) volume are for Mid-Columbia and are traded by month.

Updated February 8, 2008
Northwest Daily Actual Peak Demand

Source: Derived from WECC Daily Report data available at http://wecc.biz. Data shown is generally Sunday through Thursday due to limitations of daily reports.

Updated February 8, 2008