



The Market Monitor

WATCHING THE MARKET : your fact source

WEEK OF July 13, 2003

MARKET SURVEILLANCE ADMINISTRATOR

The Market Monitor is published on the Market Surveillance Administrator's web site (www.albertamsa.ca) every Tuesday reporting on key market indicators and weekly trends in Alberta's evolving electricity market.

Alberta's Market Surveillance Administrator (MSA) is in place to monitor Alberta's electricity market for fairness and balance in the public interest. Market Surveillance keeps a close watch on the overall performance of Alberta's electricity market - checking that it operates fairly, efficiently and in an openly competitive manner.

The Market Surveillance Administrator monitors market activity, investigates complaints and makes recommendations for changes, including changes to rules and procedures. The goal is to assess which aspects of the market are working well and determine where changes are needed - to address issues before they reach the formal complaint stage. That involves keeping an eye on the behaviour of all market participants to make sure rules are followed and actions are competitive and above board.

All electricity prices are quoted in Canadian dollars per megawatt hour (MWh)

WEEKLY HIGHLIGHTS

- The week of July 13 saw increased Pool price volatility as the standard deviation of pool price moved above the four-week moving average value.
- Pool price reached a high of \$480.90 in hour ending (HE) 17 on July 18. The weekly high in the previous week was \$402.86.
- Pool price remained at or below \$130 approximately 85 percent of the time last week (See weekly price duration curve, page 2).
- The average Pool price for the week of July 13 increased by \$29.03 to \$95.56 from last week's average of \$66.53.
- The year-to-date (YTD) average Pool price was \$68.62 as of the end of July 19.
- On-peak prices averaged \$108.37 last week, increasing from the previous week's average of \$76.15. Average off-peak prices increased to \$78.49, compared to \$53.71 for the prior week.
- Loads last week were 2.7 percent higher than the week before as the total volume of energy traded last week was 1,192,373 MWh compared to 1,160,867 MWh a week earlier.
- The maximum hourly load last week was 8,058 MW in HE 16 on July 18 with a price of \$57.43. The previous week's highest hourly load was 7,885 MW on July 22 at a price of \$85.00. The minimum hourly load last week was 5,929 MW in HE 07 on July 16 at a price of \$22.61.

WESTERN MARKET SNAPSHOT

- Average on-peak prices for other market areas were higher compared to the previous week. Electricity prices are quoted in \$CDN/MWh at an exchange rate of \$1.3748. Mid-Columbia (Mid-C) averaged \$67.74 compared to \$59.25 for the previous week. California/Oregon Border (COB) averaged \$73.11 compared to \$64.38 for the previous week, while Palo Verde (PV) averaged \$94.20 compared to \$85.93 for the week before. Mid-Continent Area Power Pool (MAPP North) averaged \$69.60 compared to \$65.24 for the previous week. At North Path 15 in California (NP 15) prices averaged \$80.06 compared to \$74.10 for the week before. (See weekly market hub graph page 5)

NATURAL GAS MARKET SNAPSHOT

- The Alberta natural gas closing price recorded on Friday, July 18 was \$5.64 per gigajoule (GJ), decreasing slightly from the previous Friday's closing price of \$5.67/GJ.
- Spark spreads were almost all positive last week. (See spark spreads chart, page 4).

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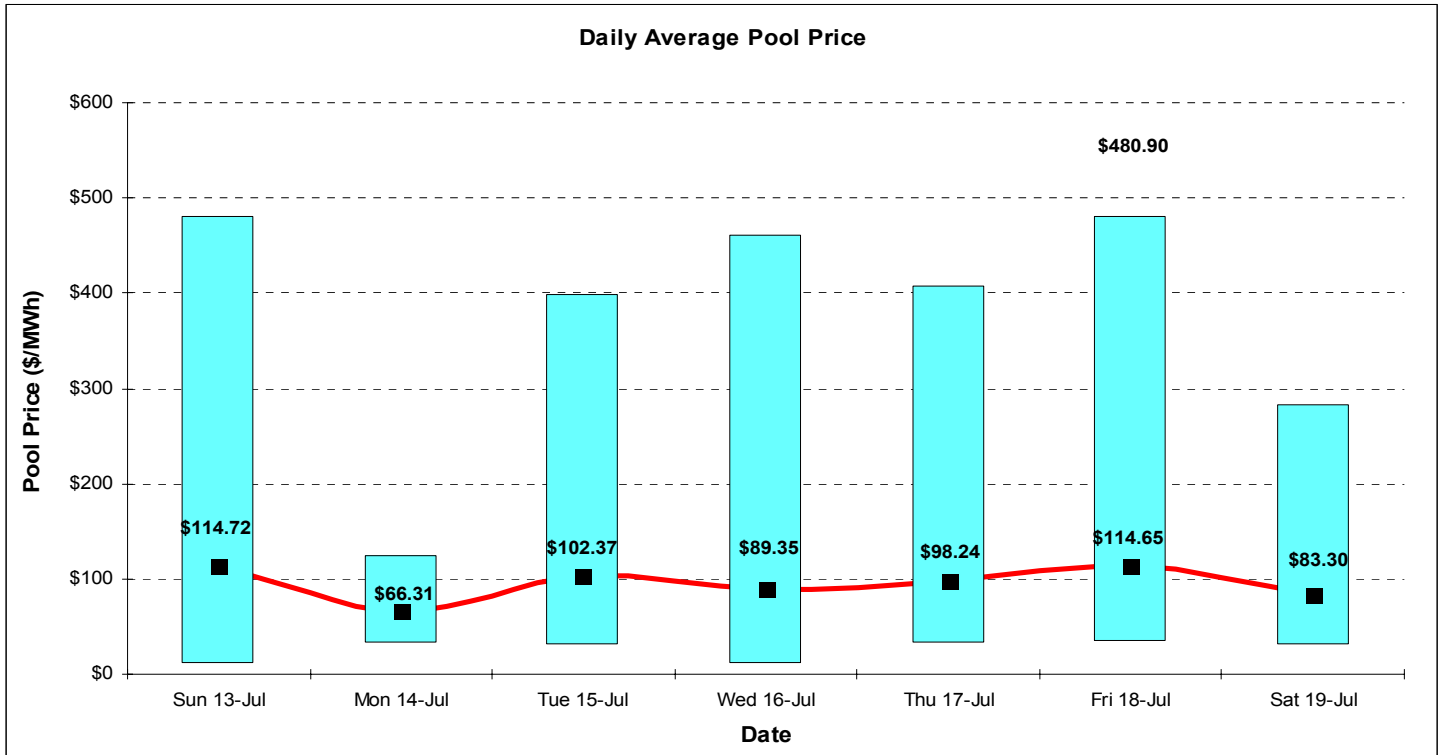
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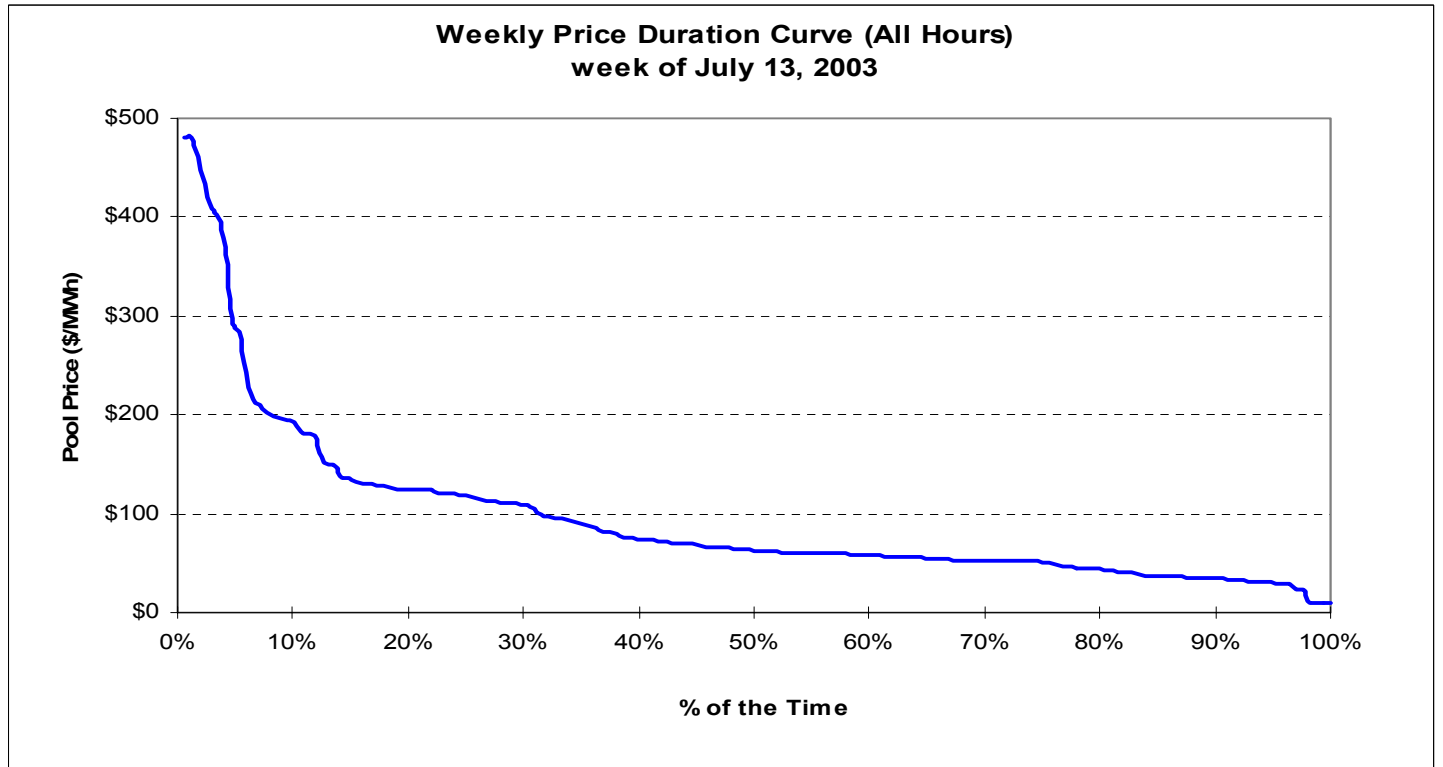
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KEY WEEKLY MARKET STATISTICS



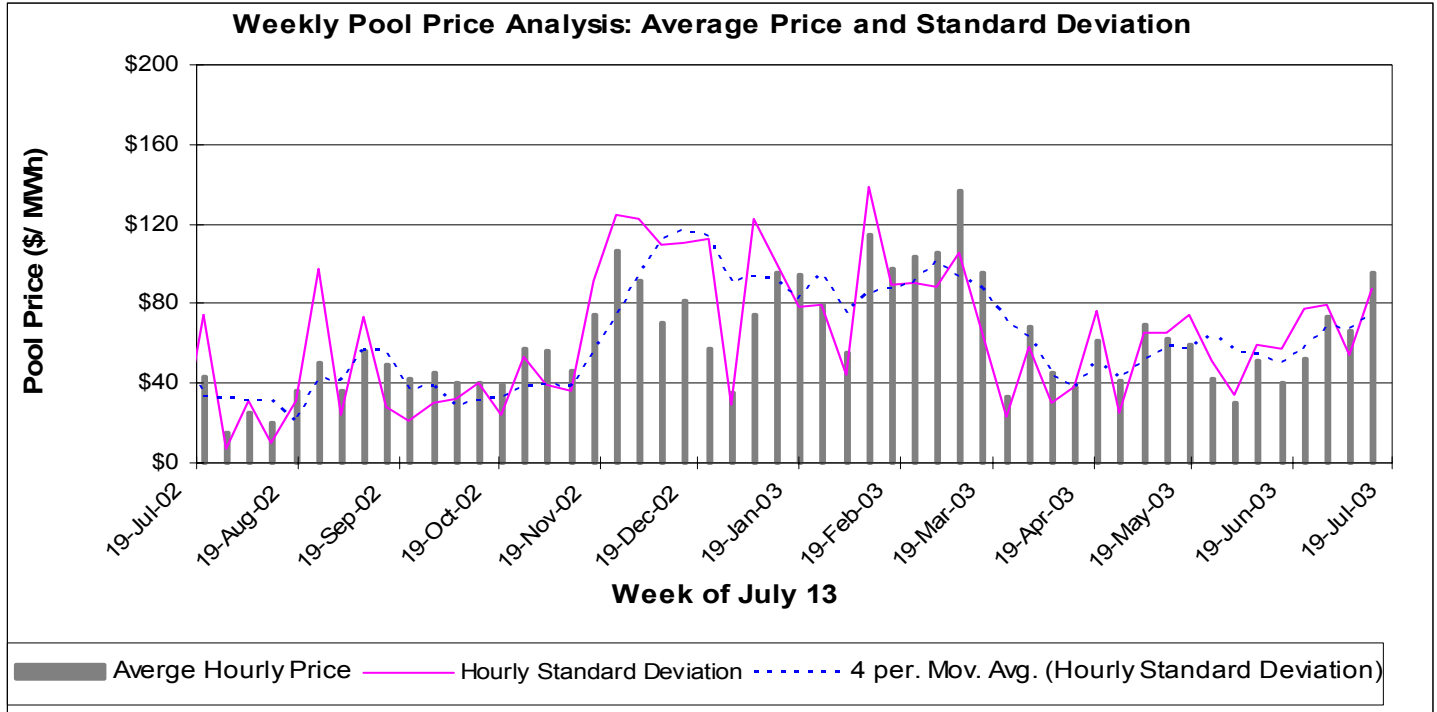
The solid bars illustrate the range from minimum to maximum price.

This weekly price duration curve illustrates the percentage of time that prices were at, or above, a given value. For a selected price (vertical axis), the curve yields the percentage of time that the price was equaled or exceeded (horizontal axis).

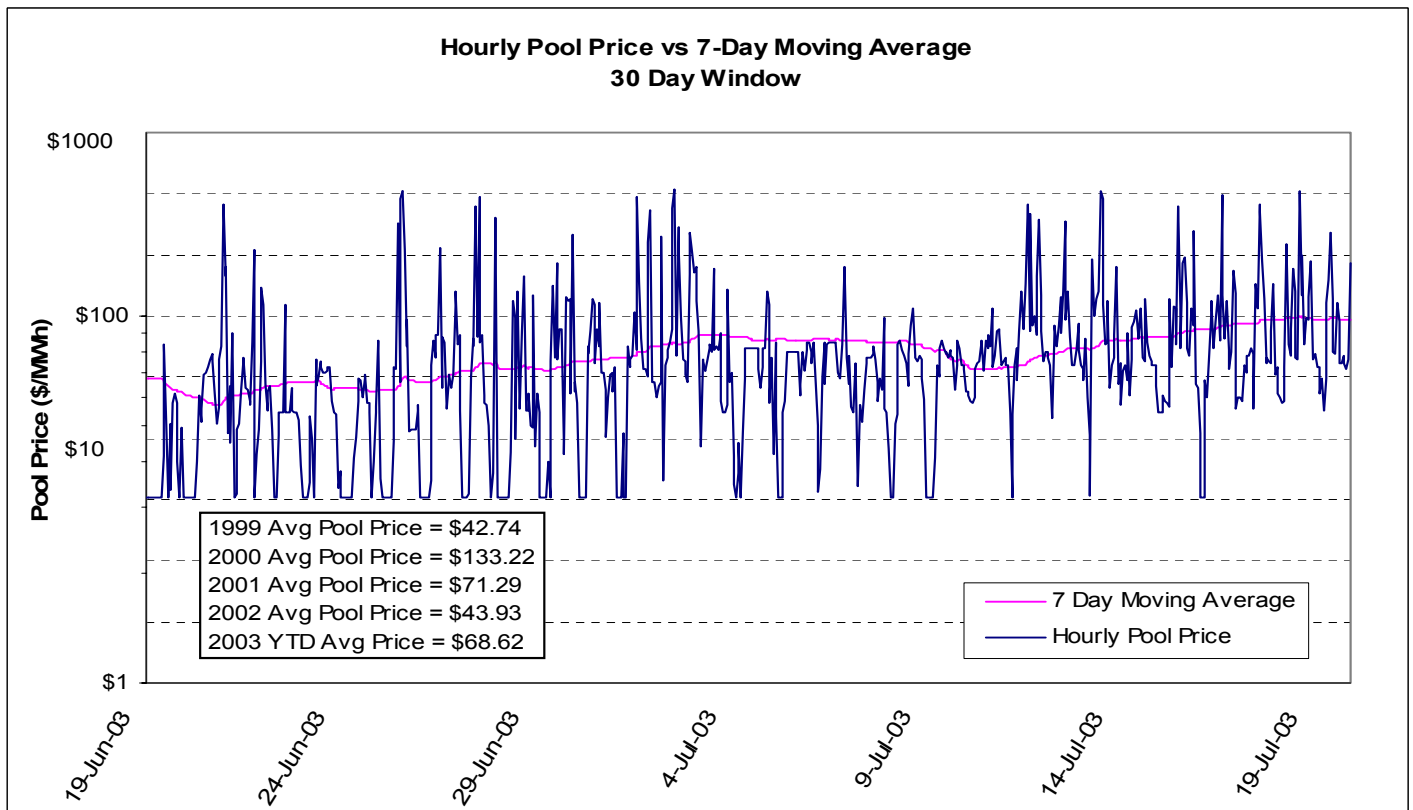


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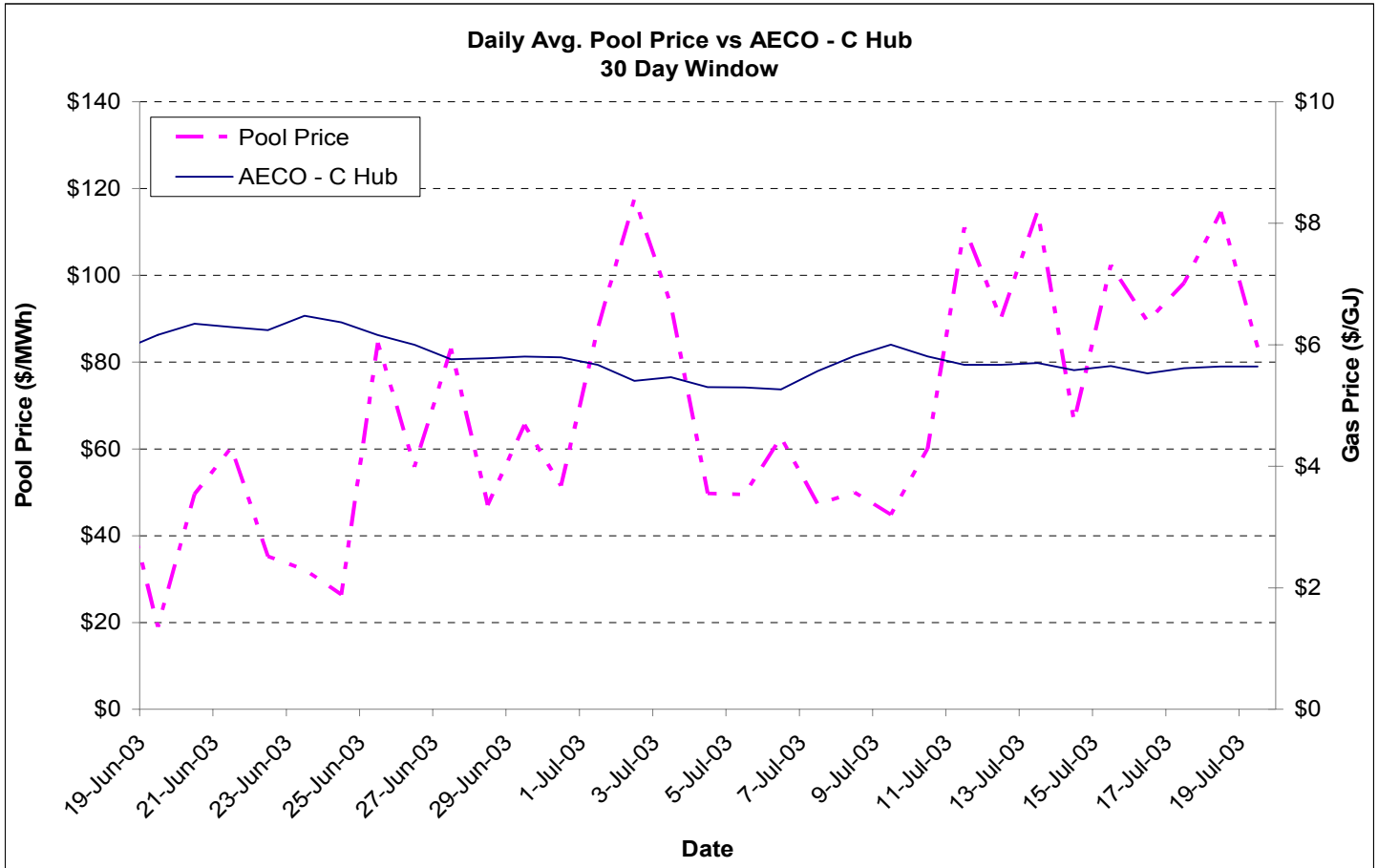


This chart illustrates the average weekly pool prices for the past year, as well as the standard deviation of the hourly pool prices in each week and the four-week moving average standard deviation of pool prices. The standard deviation of pool prices is a measure of the volatility and the four-week moving average is useful in identifying trends in this volatility.



This chart provides a rolling 30-day view of the hourly pool price together with the 7-day moving average. The moving average is useful in identifying trends over the period.

KEY WEEKLY MARKET STATISTICS

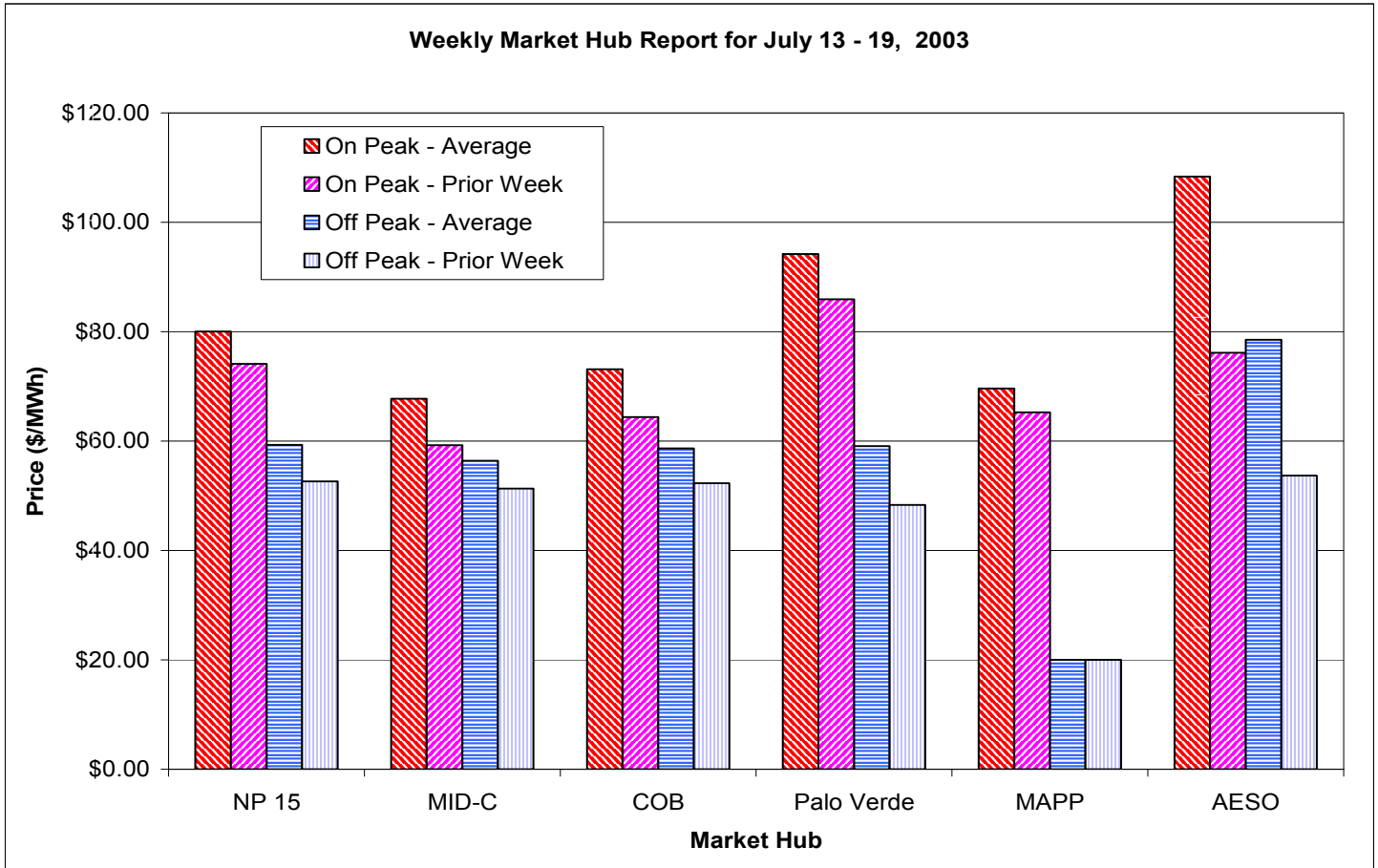


This chart provides a rolling 30-day view of average daily pool prices and intra-Alberta gas prices (AECO-C Hub). It illustrates the correlation between the pool price for electricity and the price of gas.

Daily Spark Spreads

These spark spreads (in \$/MWh) compare the cost of generating power using a gas turbine at various thermal efficiencies (GJ/MWh) with the cost of buying power from the grid. The \$/GJ column is based on weighted average daily spot gas prices at AECO-C while the \$/MWh column is based on the Alberta Electric System Operator (AESO) daily average Pool price. A positive spread indicates that it is economical to buy gas, while a negative spread indicates that it is economical to buy power from the grid.

Date	\$/GJ	(all hrs) \$/MWh	(on peak)			\$/MWh	(off peak)			\$/MWh	(all hrs)		
			8	9	10		8	9	10		8	9	10
		GJ/MWh	GJ/MWh	GJ/MWh		GJ/MWh	GJ/MWh	GJ/MWh		GJ/MWh	GJ/MWh	GJ/MWh	
13-Jul-03	5.70	114.72	69.11	63.40	57.70	N/A	N/A	N/A	114.72	69.11	63.40	57.70	
14-Jul-03	5.58	66.31	21.67	16.09	10.51	73.69	29.05	23.47	17.89	51.55	6.91	1.33	(4.25)
15-Jul-03	5.65	102.37	57.19	51.54	45.89	120.57	75.39	69.74	64.09	65.98	20.80	15.15	9.50
16-Jul-03	5.53	89.35	45.10	39.57	34.04	111.50	67.25	61.72	56.19	45.05	0.80	(4.73)	(10.26)
17-Jul-03	5.61	98.24	53.33	47.72	42.11	119.72	74.81	69.20	63.59	55.27	10.36	4.75	(0.86)
18-Jul-03	5.64	114.65	69.51	63.86	58.22	135.17	90.03	84.38	78.74	73.62	28.48	22.83	17.19
19-Jul-03	5.64	83.30	38.17	32.53	26.89	89.55	44.42	38.78	33.14	70.79	25.66	20.02	14.38



This chart illustrates a comparison between the current and previous weekly average on-peak, and off -peak prices for the given hubs. Note all prices are quoted in Canadian dollars per megawatt hour (MWh).