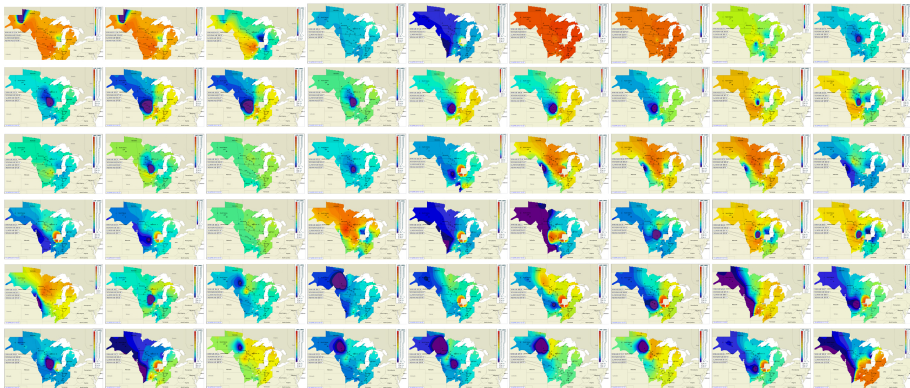


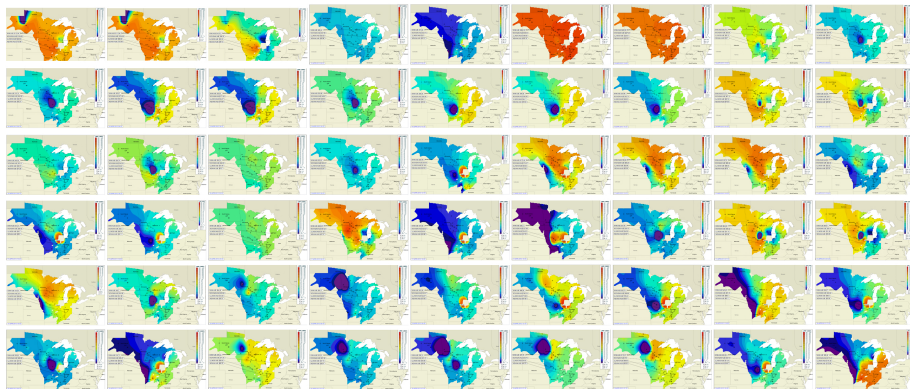
Midwest ISO Today

Last week



Midwest ISO Today

Last week

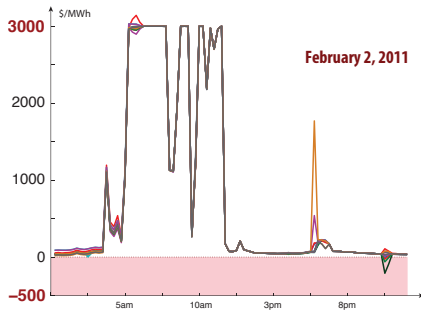
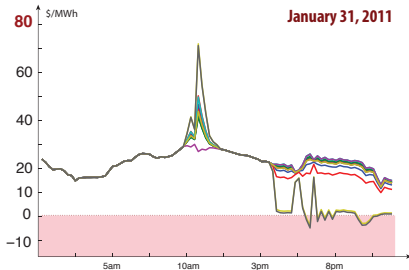


Prices depend on time, location and context

Cold Causes Price Spikes

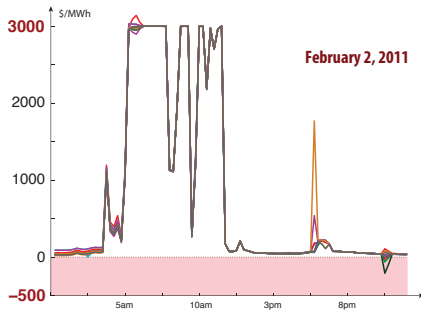
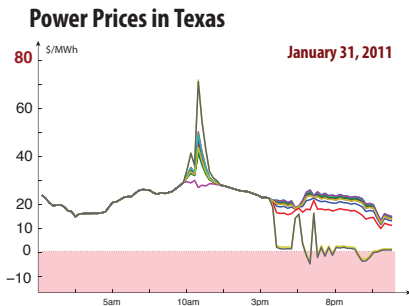
Texas today: Winter of 2011

Power Prices in Texas



Cold Causes Price Spikes

Texas today: Winter of 2011



There will be multiple autopsies of the causes for the latest power breakdowns ... Who profited off this near-meltdown and what can be done to incentivize power producers to maintain adequate reserve capacity for emergencies rather than waiting for emergency windfalls?

– HOUSTON CHRONICLE, Feb 12, 2011

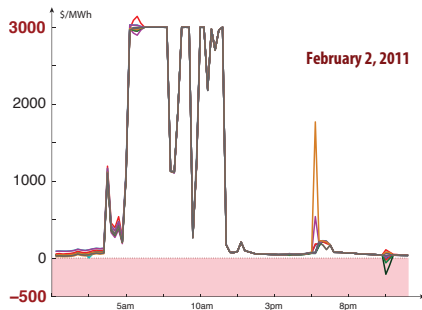
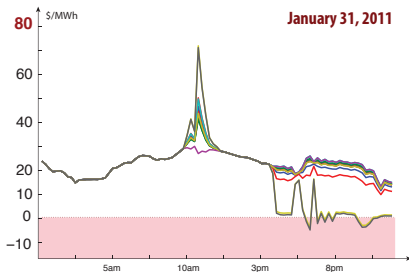
New report hits ERCOT, electricity deregulation: A report released Monday concludes that electric deregulation has cost Texas residential consumers more than \$11 billion in higher rates...

– Dallas Morning News, Feb 14, 2011

Cold Causes Price Spikes

Texas today: Winter of 2011

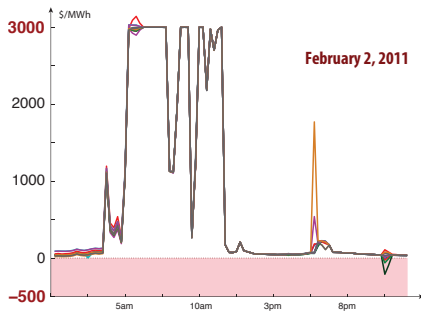
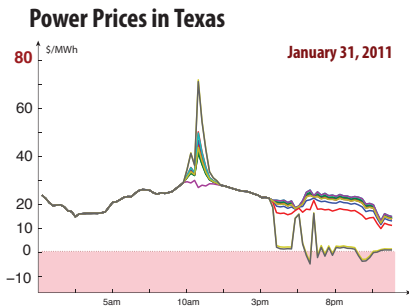
Power Prices in Texas



Proposed Remedy Public Utility Commission of Texas (PUCT)
 ... considering raising offer caps to as high as \$9,000/MWh,
 among other measures. [Brattle Group, June 1 2012]

Cold Causes Price Spikes

Texas today: Winter of 2011

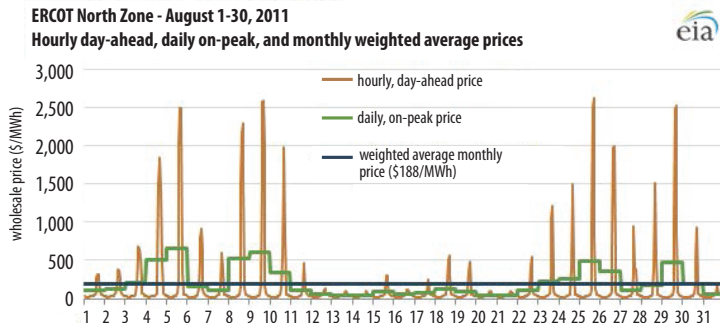


Proposed Remedy Public Utility Commission of Texas (PUCT)
 ... considering raising offer caps to as high as \$9,000/MWh,
 among other measures. [Brattle Group, June 1 2012]

Efficient Outcome! October 25, 2012: The Public Utility Commission of Texas has approved a series of increases in the ERCOT high system-wide offer cap (HCAP) starting June 1, 2013, with the cap eventually reaching \$9,000/MWh.

Day-Ahead Market Outcomes

Texas today: Summer of 2011



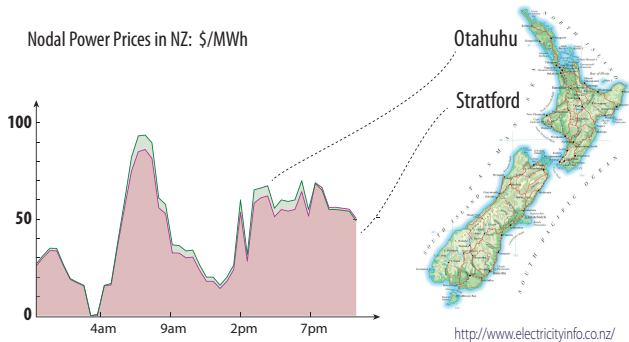
Source: U.S. Energy Information Administration, based on the Electric Reliability Council of Texas (ERCOT).

Note: ERCOT North Zone includes Dallas/Fort Worth metro region and surrounding areas of Northeast Texas. On-Peak refers to the 16-hour time block from hours ending 7:00 a.m. to 10:00 p.m. CDT on weekdays, excluding NERC holidays.

Madness in New Zealand

New Zealand today: March 25, 2011

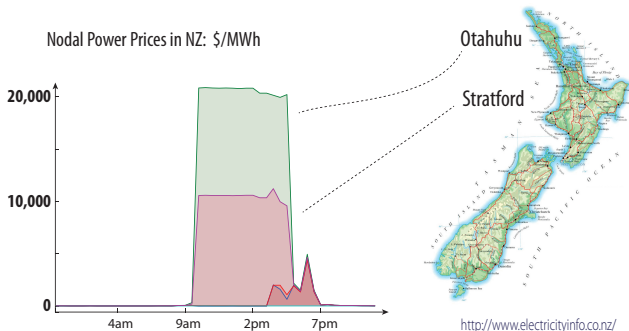
A typical day in the New Zealand power market on the N. Island



Madness in New Zealand

New Zealand today: March 26, 2011

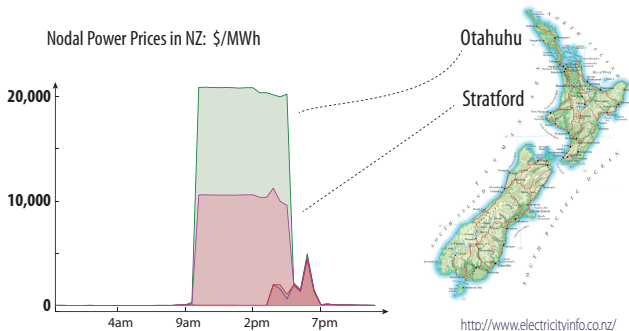
\$25 million dollars extracted by the generators in just six hours



Madness in New Zealand

New Zealand today: **March 26, 2011**

>\$20 **million dollars** demanded *back* from Genesis

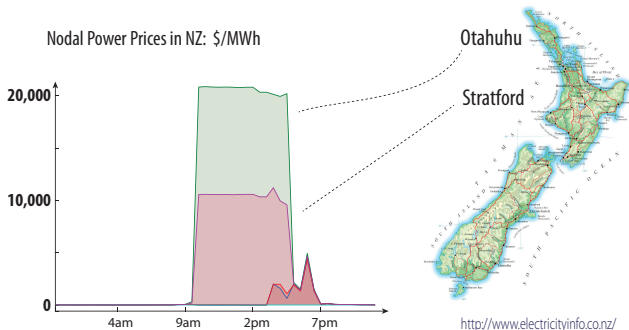


Preliminary view of NZ Electrical Authority: *Genesis was not guilty of “manipulative” ... or “deceptive” conduct.* However, high prices threatened to

Madness in New Zealand

New Zealand today: March 26, 2011

>\$20 **million dollars** demanded *back* from Genesis



Preliminary view of NZ Electrical Authority: *Genesis was not guilty of “manipulative” ... or “deceptive” conduct. However, high prices threatened to undermine confidence in, and ... damage the integrity and reputation of the wholesale electricity market*

3:59 PM Friday May 6, 2011 www.nzherald.co.nz