

Changes in Net Revenue Calculations and Other Revisions



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Changes in Net Revenue Calculations



- New York City
 - Switch to Transco Z6 Gas Price
 - Use of about 9 percent tax and local transportation charge on top of gas price
 - Results
 - LM6000 capacity factor under historic conditions – 28.4 percent (31.5 percent at required level)
 - Large reduction in LMS100 DAM revenues -- \$64.56 to \$49.80. Almost all of this results from the tax burden – similar reduction also applies to LM 6000
- Long Island
 - Switch to Transco Z6 Gas Price. Result: \$4 annual reduction in net revenues for LMS 100
- Frame 7 Upstate
 - \$20,000 startup cost to reflect factored starts. Adjustments to ensure no negative profit operating blocks
 - \$0.54 Variable O&M for consumables, etc.
 - Results: DA Revenue lowered 59 cents per year in Capital, \$1.00 in Central (at required level)
 - RT Revenue substantially reduced in Capital Region, much less effect in Central

Comments on Energy Not Resulting in Changes



- Ancillary Service Revenues – these appear to be under \$ 1 per KW year and NYISO will make adjustment to final Demand Curve
- LM 6000 at 345 KV Level – Zonal prices reflect 345 and load pocket blend, disagree that adjustment to 345 needed
- Need to reflect impact of additions on mix and supply curve – report addressed that this was considered and not judged appropriate
- Capacity Factor of LM 6000 – reduced to 30% and reviewed against existing bid data
- Reflect in profit calculations start up costs for forced outages that occur after start – insufficient data available, we assume that most forced outages are failures to start
- Explain why RT profits not sensitive to reserve margin – discussion added to report

Impact of New Capacity in NYC vs. Market Advisor (MA) Report



- MA finds that gas prices have declined by 27% and power prices have declined by 25% to 30% -- hence fuel explains most of price decrease
- MA finds that congestion has declined from \$16 to \$9 per MWH
- Decline in energy prices by 27% would itself account for most of this reduction
- NERA analysis does reflect a significant reduction in energy prices from increased capacity relative to target

- Addition of Lower Valley Hudson Valley results – added a description of results and referred to model
- Request for more explanation of standard deviation – added paragraph
- Expand discussion of demand curve zero crossing point – added more discussion
- Make property tax description consistent – executive summary corrected
- NYC ICIP – issue moot, NY legislature has renewed