

Valley Electric Real-Time "Fat Boy"

CAPS:

Submit under VEA counterparty in CAPS
Inc Load in SP15 (ECTRT)

EnPower:

- Buy from Valley Electric
Index-Forward
Counterparty: Valley Electric
Use ISOHASP15 as the Index, and -.25 as the Offset
Delivery Point: Mead 230 Kv
- Import into California:
Buy/Resale
Counterparty: EPMICALPOOL
From: Mead-230 Kv
To: SP15
- Sale to California Imbalance
Forward (No price, as all CalImbalance deals are)

Communication:

NEVADA POWER:

WAPA (LOWER COLORADO) / CONTROL AREA @ MEAD: (602) 352-2511

- Call Nevada Power (t) to give them a "heads up" VERY EARLY as to what you are planning. We are increasing hydro to serve load and re-direct the pre-scheduled energy to the ISO. **It is very important NOT TO SAY "Increase our HYDRO gen & send it into the ISO."!!**
- **Create a NERC tag that indicates which hours are re-scheduled in (WAPA, NEVP & ISO all receive this tag) -- you can use tag# 556Z in the CA tag directory to copy from.**
- **Communicate Final Schedules for each hour to NEVP & WAPA**

******* WE WILL EVENTUALLY GET A LARGER, FIXED OFFSET. VOLUME MGT WILL HANDLE SETTLEMENT OF THIS DEAL!!**

Calculation of Monthly Energy Costs and Re-Marketing Value for Valley Electric

1. Finalize VEA's & NTS's Hydro allocation, VEA's metered demand, Market Resources scheduled into NPC's control area. These volumes need to be checked out with Nevada Power (NPC) and NPC will also provide their average system incremental costs for this month. CRC will provide the finalized numbers for the Hydro allocation. Once all this data is available, energy imbalances will be calculated as follows:

Energy Imbalance: + Metered Demand
 - VEA & NTS Hydro Allocation
 - Market Resources scheduled into NPC

If the number is positive VEA owes NPC this volume multiplied by the NPC's system incremental cost. If the number is negative NPC owes VEA this volume multiplied by the NPC's system incremental cost.

2. Chris Stokley will run the settlements model to get the volumes and prices sold and bought from the PX and ISO on behalf of VEA. He will provide an estimate of the revenues and costs on the invoice to VEA for the term energy sale which will be billed 5 days after the close of the month. Chris will send an invoice to VEA when the prices and charges are actualized, 45 days after the close of the month for PX activity and 90 days for ISO activity. When these numbers are finalized they will be used to calculate the Remarketing Value to Enron. The following is the formula to determine VEA's actual energy costs:

Actual Energy Costs: + Term Energy Purchase Costs
 + Costs from Mead Purchases
 + PX Energy Purchase Costs
 + CAISO Energy Purchase Costs
 + Unaccounted for Energy
 - Revenues from Mead Sales
 - PX Energy Purchase Sales
 - CAISO Energy Purchase Sales
 - CAISO Capacity Revenues
 -/+ Imbalance Energy Revenues/Costs

This total will be divided by the MWh associated with these activities to derive the per MWh cost. All CALPX and CAISO prices will be at the LC1 index and its costs and revenues respectively will be net of charges. These volumes will be less a \$0.25 per MWh scheduling fee and will also apply to Mead sales and purchases.

3. To determine the Baseline Energy Cost VEA's actual metered energy requirements are met with the Term Energy Purchase and load shaped Hydro allocation. If there is an excess amount of energy for any given hour it will be sold at the PX index at LC1 (minus \$0.25 scheduling fee and losses) and if there is insufficient energy for a

given hour it will be bought at the PX index at LC1 (plus exports and other charges).
The Baseline Energy Cost formula to determine the Remarketing Value to Enron is as follows:

Baseline Energy Costs: + Term Energy Purchase Costs
 + PX Energy Purchase Costs
 - PX Energy Purchase Revenues

This total will be divided by the MWh associated with these activities to derive the per MWh cost. The following is the formula for determine the Remarketing Value:

$(\text{Baseline Energy Costs} - \text{Actual Energy Costs}) * \text{the above MWh}$

There will be no Remarketing Value if the above formula becomes negative. This amount will be paid to the Cash and Real-Time desks when the California numbers are finalized.

Attachment A
January 2000 Monthly Energy Cost & Remarketing Value

1. Energy Imbalance

	Volumes (Mwh)
+ Metered Demand	40,760
- VEA Hydro Allocation	13,079
- NTS Hydro Allocation	1,784
- Market Resources scheduled to NPC	<u>28,190</u>
Imbalance owed to VEA	(2,293)
NPC Incremental Cost	\$ 23.56
Total Due to VEA	\$ 54,013

2. Actual Energy Costs

	Dollars	Volumes (MWh)
+ Term Energy Purchase Costs	\$ 1,029,200	33,200
+ Costs From Mead Purchases	\$ 44,146	1,315
+ PX Energy Purchase Costs	\$ -	-
+ CAISO Energy Purchase Costs	\$ -	-
+ Unaccounted for Energy	\$ -	153
- Revenues From Mead Sales	\$ -	-
- PX Energy Purchase Revenues	\$ 178,572	6,324
- CAISO Energy Sales Revenues	\$ 5,929	154
- CAISO Capacity Revenues	\$ -	-
- Imbalance Energy Revenues	\$ <u>54,013</u>	<u>2,293</u>
Total	\$ 834,832	25,897

Actual Energy Cost per MWh **\$ 32.24**

3. Baseline Energy Costs

	Dollars	Volumes (MWh)
+ Term Energy Purchase Costs	\$ 1,029,200	33,200
+ PX Energy Purchase Costs	\$ -	-
- PX Energy Purchase Revenues	\$ <u>133,553</u>	<u>6,137</u>
Total	\$ 895,647	27,063

Baseline Energy Cost per MWh **\$ 33.09**

Remarketing Value:

Baseline Energy Cost per MWh	\$ 33.09
Actual Energy Cost per MWh	<u>\$ 32.24</u>
Cost Savings to VEA	\$ 0.86
Baseline Energy Volumes (MWh)	<u>27,063</u>
Total Remarketing Value	\$ 23,228
Enron's Percentage Share	40%
Remarketing Value Due to Enron	\$ 9,291

