

**STAFF REPORT WITH RESPECT TO COMPUTING THE AVERAGE OF THE
45 HIGHEST DAILY MARKET PRICES FOR ELECTRIC ENERGY
Pursuant to 83 Ill. Adm. Code 451**

December 30, 2003

To become certified Alternative Retail Electric Suppliers under the procedures of 83 Ill. Adm. Code 451, applicants must be financially qualified. One way to demonstrate that the applicant possesses sufficient financial capabilities to serve those customers is for the applicant to certify that it will offer to reimburse Illinois retail customers for the additional costs they incur to acquire electric energy as a result of the applicant's failure to comply with a contractual obligation to supply such energy. The applicant's prospective obligation to reimburse Illinois retail customers shall be covered by an unconditional guarantee, payment bond, or letter of credit. According to the rule, any dollar limitation on the unconditional guarantee, payment bond, or letter of credit shall equal not less than the product of 1080 times an estimate of the maximum number of megawatts the applicant expects to schedule over the next twelve months times the average of the 45 highest daily market prices of electric energy traded during the previous year.

The Commission is required by 83 Ill. Adm. Code 451 to choose each January a published price index for electricity for the purpose of setting a minimum dollar limit on the unconditional guarantee, payment bond, or letter of credit. For 2004, Staff recommends that the Commission adopt the Intercontinental Exchange daily price index for on-peak power at the ComEd hub. This is the same recommendation that Staff made last year, and was accepted by the Commission.

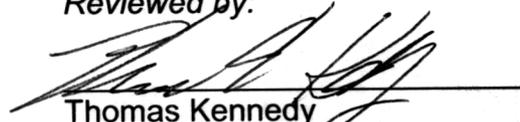
Using the above-referenced data from the Intercontinental Exchange, Staff computed the average of the 45 highest daily prices for delivery during 2003 for power at the ComEd hub, which Staff recommends be utilized for purposes of 83 Ill. Adm. Code 451 during 2004.

That average is **\$59.74 per MWh.**¹

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¹ A graphical representation of this calculation is shown in the Appendix attached

Appendix: Graphical Representation of the ICE Daily Prices for Into ComEd On-Peak Power for each day in 2003 and for the Highest 45

