

OFFICIAL FILE
ILLINOIS COMMERCE
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

January 7, 2011

To become certified as 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 Illinois retail customers is for the applicant to certify that it will offer to reimburse customers for any additional costs customers incur to acquire electric energy if and when the applicant fails 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 February, 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. Staff recommends utilizing as the published price index the PJM Day-Ahead Locational Marginal Prices ("LMPs") for the Northern Illinois Hub. This is the same data source approved by the Commission for the last four years for the Part 451 price index. Since the middle of 2004, these prices have been readily available on the PJM web-site at an hourly level of detail.

Staff has computed daily averages of the 2010 hourly PJM Day-Ahead Locational Marginal Prices for the Northern Illinois Hub, and has sorted these daily averages to find the 45 highest values. The average of these 45 highest values, which Staff recommends using for purposes of 83 Ill. Adm. Code 451 during 2011, is as follows:

\$50.37 per MWh.¹

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¹ The data behind this calculation are shown on the first page of the Appendix attached. The second page of the appendix provides a comparison to previous years.

Appendix:
The Top 45 Daily Averages of
Day-Ahead Locational Marginal Prices
at the Northern Illinois Hub
as Reported by PJM for all days in 2010
(\$/MWh)

Rank	Date	Avg LMP	Rank2	Date3	Avg LMP4
2	1/4/2010	\$58.53	25	8/9/2010	\$50.34
4	7/28/2010	\$55.27	27	8/31/2010	\$48.15
6	7/19/2010	\$55.07	29	8/20/2010	\$47.65
8	7/16/2010	\$54.31	31	8/16/2010	\$47.13
10	8/3/2010	\$54.01	33	7/14/2010	\$46.83
12	1/7/2010	\$53.10	35	6/18/2010	\$46.68
14	12/15/2010	\$52.64	37	7/21/2010	\$46.53
16	8/11/2010	\$52.41	39	7/27/2010	\$46.00
18	1/5/2010	\$51.77	41	1/12/2010	\$45.43
20	8/5/2010	\$51.47	43	7/18/2010	\$44.83
22	8/2/2010	\$51.42	45	5/26/2010	\$44.07

Original Data Source: <http://www.pjm.com/markets-and-operations/energy/day-ahead.aspx>

Comparison to Previous Years

Effective Year	Data-Collection Year	Index Value [or avg index value]	Data Source
2011	2010	50.37	PJM DA NIHUB LMPs
2010	2009	43.10	PJM DA NIHUB LMPs
2009	2008	77.67	PJM DA NIHUB LMPs
2008	2007	66.45	PJM DA NIHUB LMPs
2007	2006	60.63	PJM DA NIHUB LMPs
2006	2005	77.36	PJM DA ComEd LMPs
2005	2004	55.94	ICE Daily Index On-Peak NIHUB
2004	2003	59.74	ICE Daily Index On-Peak ComEd Hub
2003	2002	39.55	ICE Daily Index On-Peak ComEd Hub
2002	2001	[46.73]	Power Markets Week price indexes
2001	2000	[51.56]	Power Markets Week price indexes