CENTRAL MAINE POWER COMPANY
RESPONSE TO EXAMINER'S DATA REQUEST NO. 7
DOCKET No. 2008-255

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EX-07-37

Q. Please provide a description of and show in detail how the La Capra Northeast Market Model estimates future LMPs, including the energy, congestion and loss components.

A. The La Capra Associates' Northeast Market Model ("La Capra model") represents the regional energy markets using the PROSYM® software. PROSYM® is a well-established utility dispatch simulation program that calculates a chronological dispatch of the various thermal, hydro, contract, and pumped storage sources in an electric system.

The La Capra model captures congestion dynamics in New England, differentiating key congested areas from areas with less congestion or with surplus generation supply by dividing the region into multiple zones. Constraints between each zone are modeled based on best available public data. Load and generation are assigned to each zone based on ISO documentation.

PROSYM® simulates unplanned generation outages using a Monte Carlo method. Based on the resources available each hour, the PROSYM® dispatch algorithm selects the lowest cost combination of generating sources and available imports to meet electricity demand in the region. In determining the hourly energy clearing price within a given area of New England, the model identifies for each hour, the highest-priced generating unit operating in that hour for that area. If the highest-priced supply unit happens to be located outside the transmission area in question, congestion charges and/or wheeling charges are included as appropriate in determining energy price. Losses across zones are also computed in the calculation of the marginal cost for that zone.

The zonal marginal cost, therefore, is a composite LMP that has embedded within it congestion and losses.

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