

ERCOT Market Watch by LCG

February 2015



ERCOT Market Watch by LCG is a monthly summary of prices, congestion, and important events in the ERCOT market.

Contact LCG Consulting for further information and outlooks for future months.

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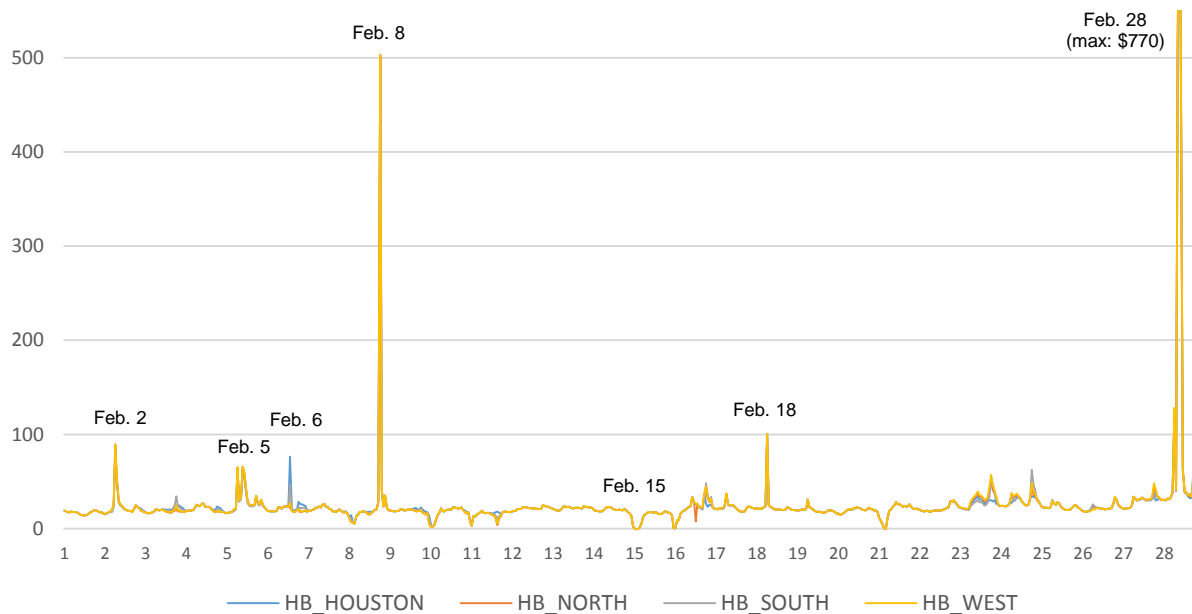
Average Monthly Real-Time Hub Price Summary

	HB_HOUSTON	HB_NORTH	HB_SOUTH	HB_WEST
Weekday ON Peak	\$ 24.38	\$ 24.26	\$ 24.36	\$ 24.63
Weekend ON Peak	\$ 41.83	\$ 42.22	\$ 41.68	\$ 42.35
OFF Peak	\$ 18.44	\$ 18.29	\$ 18.32	\$ 18.33

Release Date: March 5, 2015 – In February the ERCOT real-time market experienced greater volatility than in January. Average Weekend ON Peak hub prices were very high due to weekend price spikes on February 8 and 28. The highest price spike occurred on Feb. 28 when all RT hourly average hub prices reached over \$700 in hour 10. The constraint with the highest congestion rent in the RT market was SACH_69T1 near Goodfellow in the West Load Zone. LON_HI_SMITH1_1 in the Corpus Christi area was the most frequently congested constraint. In addition, a wind power production record was set on Feb. 19 when production reached 11,154 MW serving 34.2% of load.¹

See below for a summary of line congestion and hub prices.

ERCOT February 2015 Average Hourly Hub Prices (Real-Time)



¹ Source: ERCOT

FEBRUARY 2015 EVENT SUMMARIES

February 2 – In hour 7 Real-Time Market (RTM) average hourly prices reached over \$85 at all four hubs. The highest average hourly hub prices was at \$89.82 at HB_WEST. At this time the LON_HI_SMITH1_1 and BRUNI_69_1 constraints were highly congested.

February 5 – Hours 7 through 12 experienced high and volatile hub prices in the RTM. Highest prices were experienced at HB_WEST where hourly averages reached over \$65 in hours 7 and 10. During this time the LON_HI_SMITH1_1 constraint was highly congested. The hours leading up to this period experienced a large drop off in wind production (8.4 GW to 1 GW over 11 hours).

February 6 – A price spike occurred during hour 14 when HB_HOUSTON hourly average RTM price reached over \$76. System lambda reached \$300 during this hour.

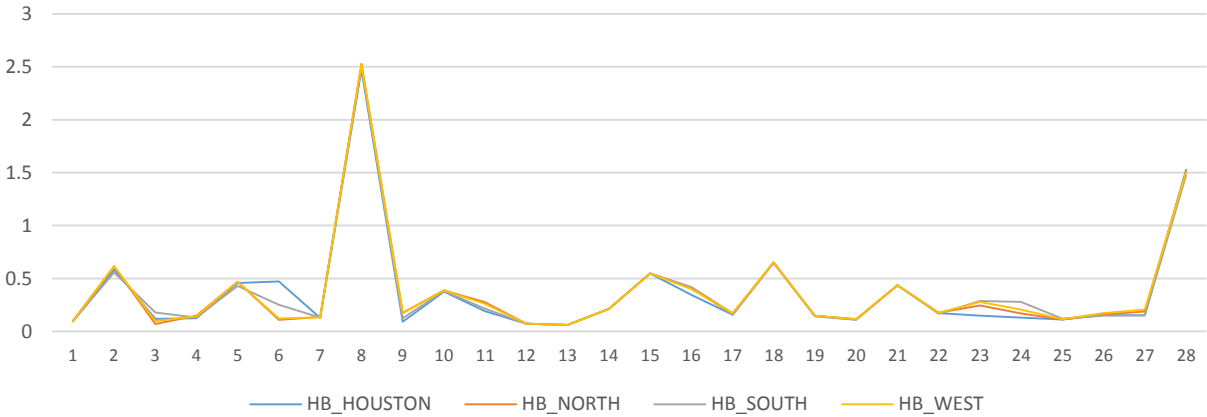
February 8 – Hour 19 on this day experienced an extreme price event when hourly average RTM hub prices reached over \$500 for all four hubs. The BONIVI_RINCON1_1 line was congested during this time. During this hour system lambda reached \$4,600. ERCOT experienced a large drop off in wind output at this time.

February 15 – On this day, unusually low prices were experienced for the five hours from hour 24 (of 2/14) through hour 4 (of 2/15) with negative average hourly RTM hub prices at all four hubs for the hours 1 through 3.

February 18 – In hour 7 the average hourly average price at all four hubs in ERCOT reached over \$100 in the RTM. The market was experiencing a steep rise in demand at this time. The GILA_MORRIS1_1 and LON_HI_SMITH1_1 constraints were congested at this time. System lambda reached \$674 during this hour.

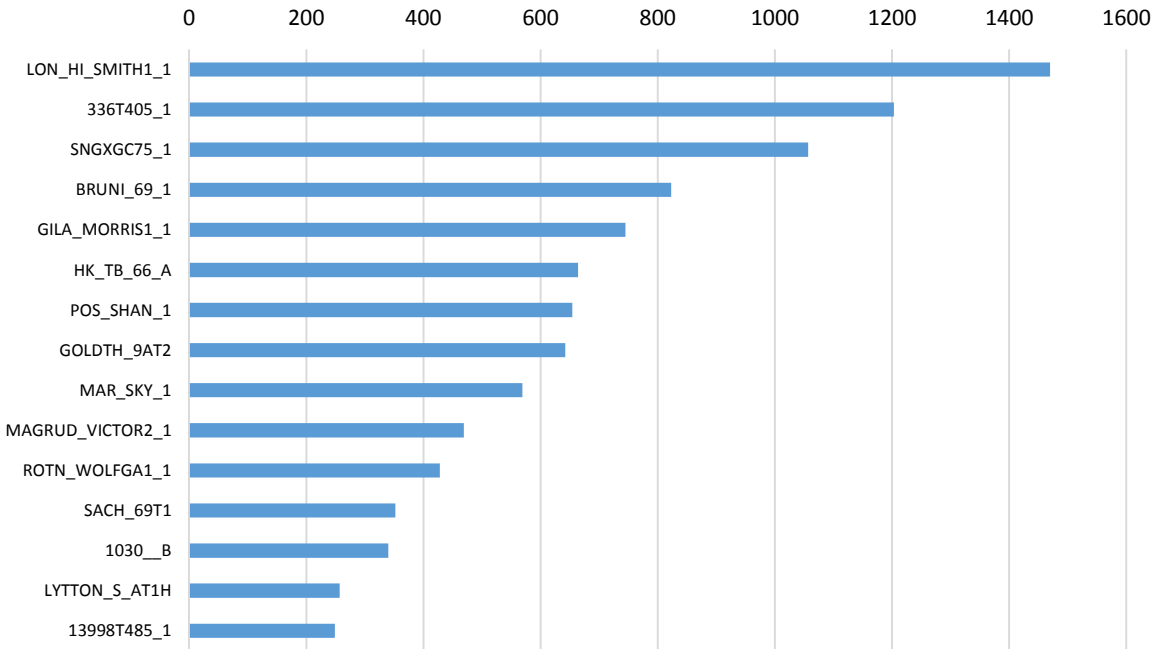
February 28 – This day experienced the most extreme price event for the month of February. All four hub hourly average prices reached above \$480, \$730, and \$410 in hours 9, 10, and 11 respectively in the RTM. There was significant congestion at this time including the constraints 336T405_1, CORONA_AT4, BAT_CRST_1, and ABNW_ELYT1_1. System lambda reached \$700 during hour 11 on this day.

Plot of Daily Volatility Indices (SD/mean) by Hub - February 2015
(Real-Time Hourly Average Prices)

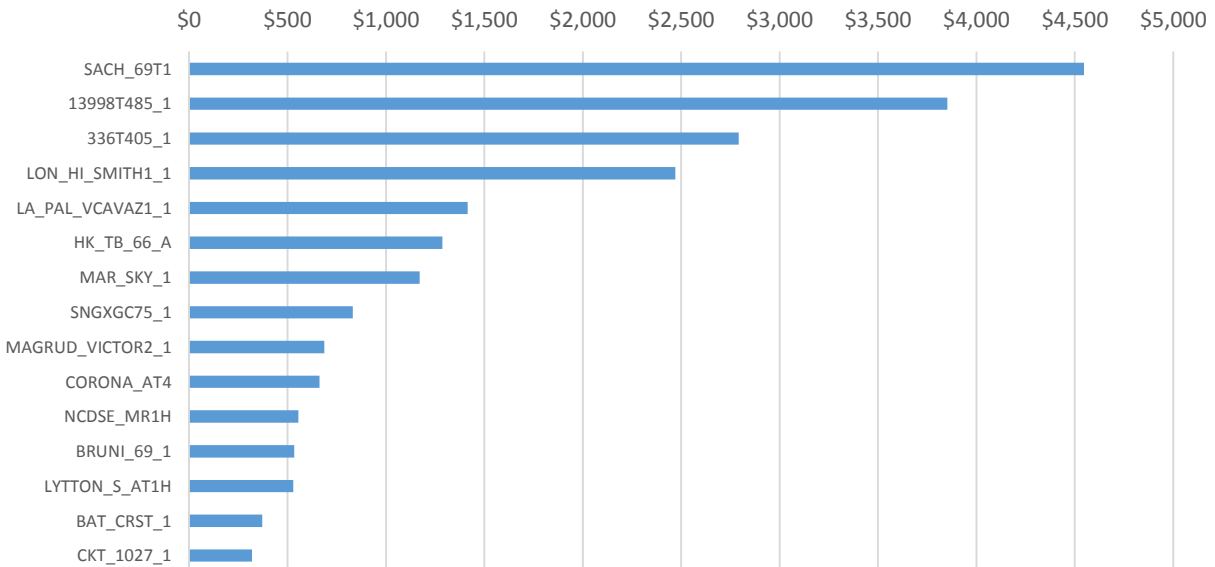


FEBRUARY CONGESTION REPORT

February 2015 - Top 15 Branches Congested
(RT Periods Congested - 5 min intervals)



February 2015 - Top 15 Branches Congested
(RTM Congestion Rent - Thousands \$)



LCG Consulting provides consulting services, forecasting and software for detailed modeling in the ERCOT region. We offer valuable insights for market participants in the day ahead and real-time markets and CRR auctions. For more information contact Julie Chien: julie.chien@energyonline.com

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