

ERCOT Market Watch by LCG

January 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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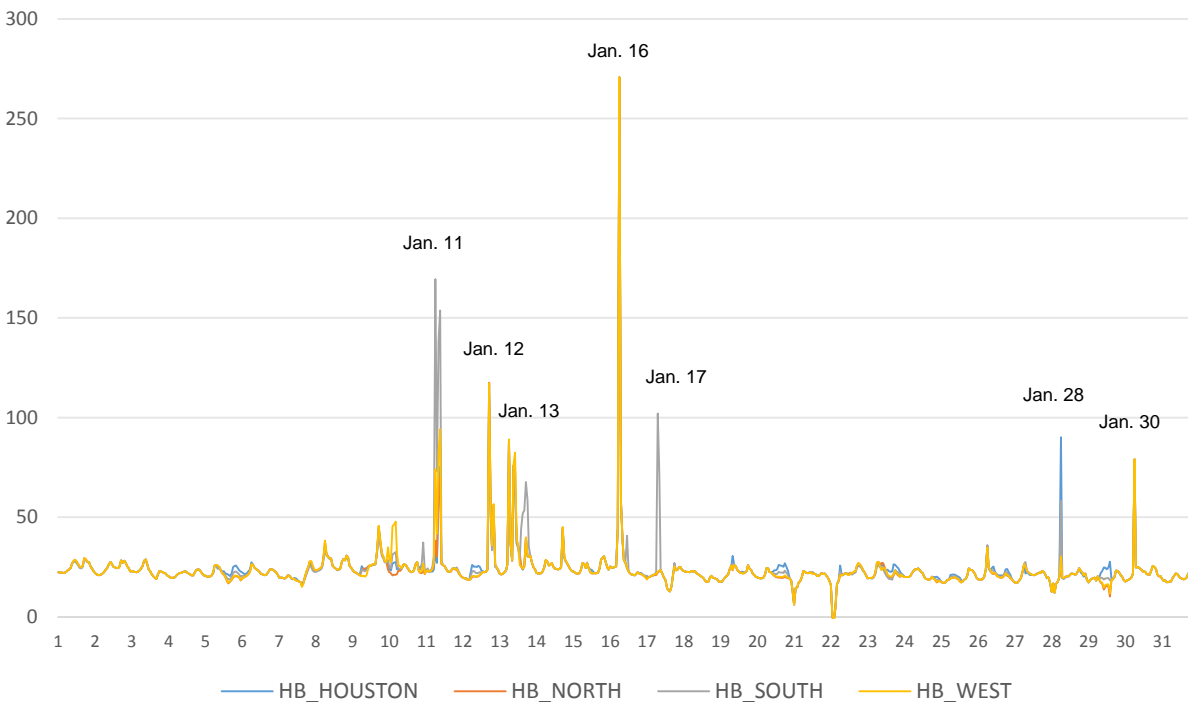
Average Monthly Real-Time Hub Price Summary

	HB_HOUSTON	HB_NORTH	HB_SOUTH	HB_WEST
Weekday ON Peak	\$ 25.00	\$ 24.41	\$ 24.89	\$ 24.42
Weekend ON Peak	\$ 22.53	\$ 22.29	\$ 24.84	\$ 22.77
OFF Peak	\$ 22.85	\$ 22.38	\$ 23.29	\$ 23.01

Release Date: February 3, 2015 – In January the ERCOT market experienced a moderate amount of volatility. January 16 experienced the highest price spike in real-time market hourly average prices when all trading hubs reached over \$250. The constraint with the highest congestion rent for the month in the real-time market was MAR_SKY_1 in the San Antonio area. This branch was also the eighth most frequently congested branch. The constraints with the most periods congested were POS_SHAN_1 near Wichita Falls and LON_HI_SMITH1_1 in the Corpus Christi area.

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

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



JANUARY 2015 EVENT SUMMARIES

January 11 – In hours 7, 9 and 10 Real-Time market (RTM) HB_SOUTH average hourly prices reached over \$130. The highest average hourly price was during hour 7 at \$169.49. During this time the MAR_SKY_1 constraint near San Antonio and the BLESSI_LOLITA1_1 lines were heavily congested.

January 12 – In hour 18 average hourly prices at all hubs reached more than \$109 in the RTM. In this hour System Lambda reached \$656.65 for one 5 min. interval.

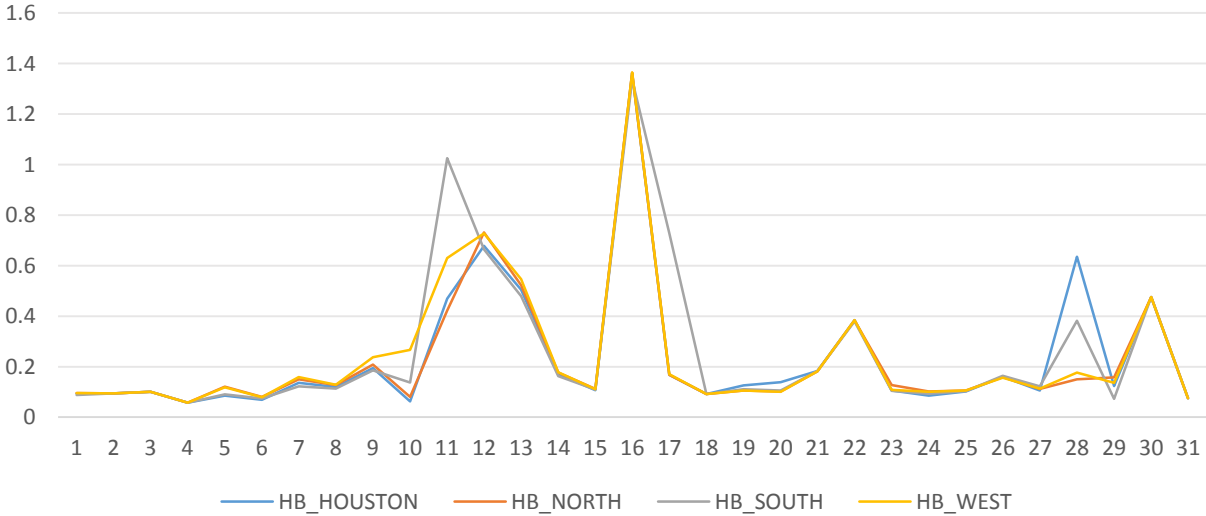
January 16 – This day experienced the highest price spike of January. In hour 7 all hub prices reached over \$270 in the RTM for one interval. On this day ERCOT experienced low wind output in the early hours and temperatures in the Houston area were 5 degrees lower than normal, according to a Bloomberg report.¹ In this hour System Lambda was over \$500 for four 5 min. intervals and reached a peak of \$692.17.

January 17 – In hour 8 the average hourly HB_SOUTH price reached over \$100 in the RTM. At this time the VALIMP constraint reached its max shadow price of \$2000 while the 6470__H and PLEASANT_69A1 lines were also congested.

January 28 – In hour 7 the price at HB_HOUSTON reached an hourly average of over \$90 in the RTM. At this time the constraints SNGXGC99_1 near College Station and GBY_AT1 in Houston were heavily congested.

January 30 – In hour 7 the average hourly average price at all four hubs in ERCOT reached \$79 in the RTM. On this day System Lambda reached \$655.27.

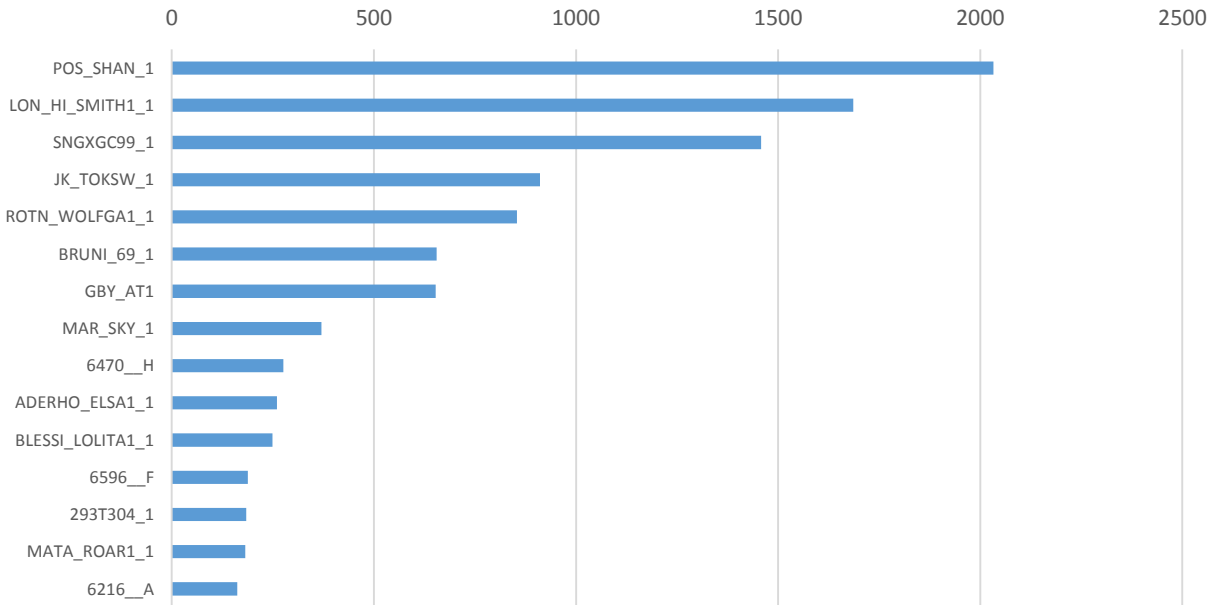
Plot of Daily Volatility Indices (SD/mean) by Hub - January 2015
(Real-Time Hourly Average Prices)



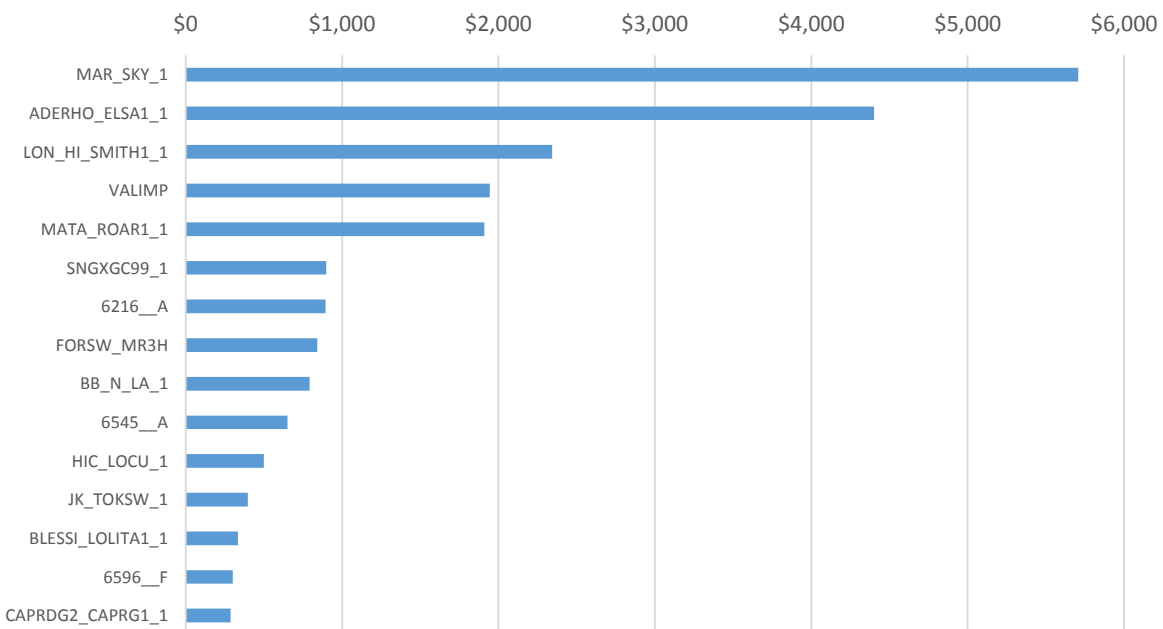
¹ <http://www.bloomberg.com/news/2015-01-16/power-prices-in-texas-jump-amid-lower-wind-output-on-ercot-grid.html>

JANUARY CONGESTION REPORT

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



January 2015 - Top 15 Branches Congested
(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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