

ERCOT Market Watch by LCG

October 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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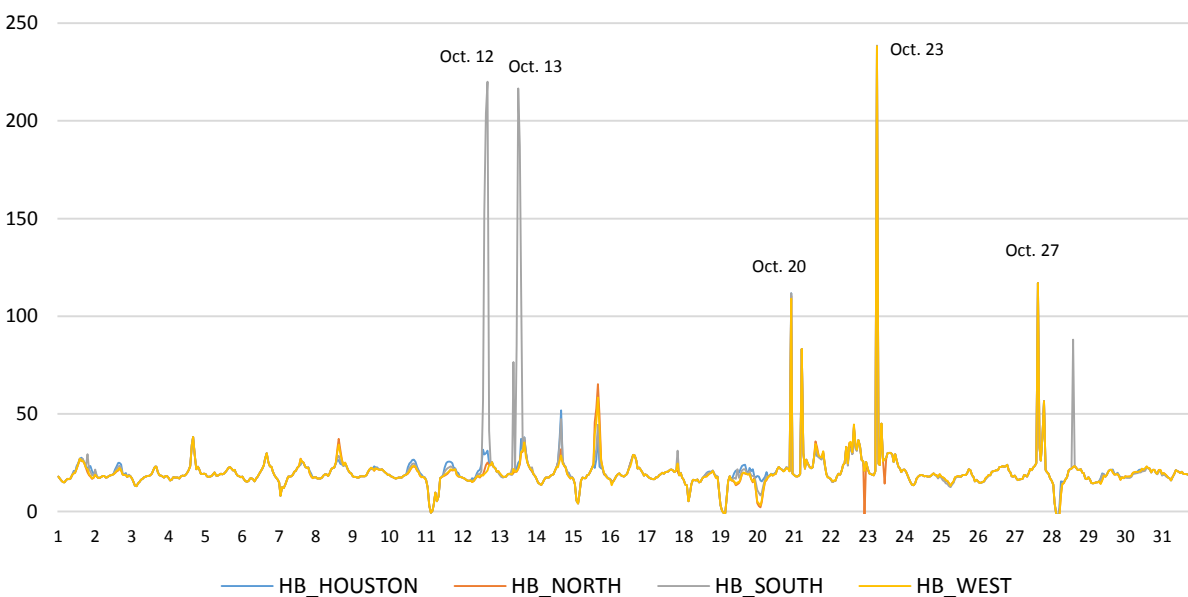
Average Monthly Real-Time Hub Price Summary

	HB_HOUSTON	HB_NORTH	HB_SOUTH	HB_WEST
Weekday ON Peak	\$23.34	\$23.08	\$26.46	\$23.01
Weekend ON Peak	\$19.37	\$18.92	\$19.19	\$18.98
OFF Peak	\$16.75	\$16.33	\$16.53	\$16.45

Release Date: November 16, 2015 – In October the ERCOT Real-Time market experienced greater volatility than in September with higher price spikes and lower average prices. During October a similar amount of system-wide congestion rent was accrued as in September, however, during October the majority of the accrual was accounted for by only two days. Approximately 60 percent of the congestion rent for the month was accrued on the 12th and 13th which was accounted for primarily by the VALIMP element (the Valley Import Interface). This constraint accounted for the most congestion rent for the month followed by 1230__D (a 138 kV line in the North zone). The most frequently congested constraints were ZO_AJO (the Zorillo to Ajo Interface), GILA_MORRIS1_1 (a 138 kV line in the South zone), and BRUNI_69_1 (a 138/69 kV transformer in the South zone).

See below for a summary of congested elements and hub prices.

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



OCTOBER 2015 EVENT SUMMARIES

Oct 12 – A price spike was experienced on this day at HB_SOUTH in the Real-Time market. Real-Time Hourly Average (RTHA) price at HB_SOUTH reached over \$200 in hours 16 and 17 with a high of \$220 in hour 17. The VALIMP (Valley Import Interface) constraint was highly congested on this day accounting for the majority of the congestion rent for the day. This day together with the 13th accounted for 60 percent of the congestion rent for the month.

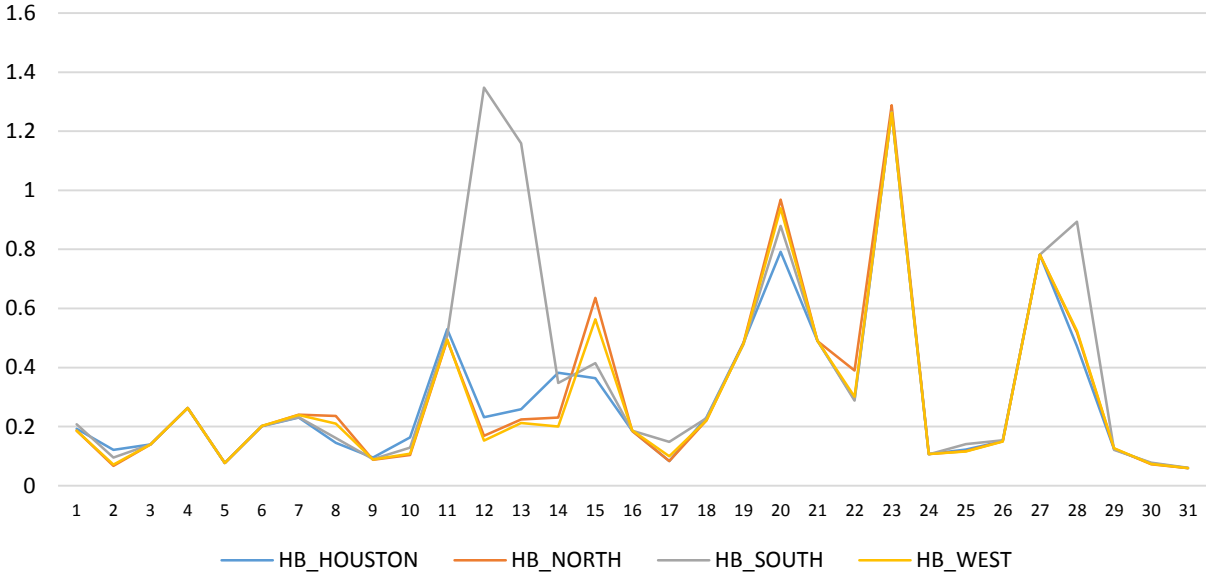
Oct 13 – For a second day in a row a price spike occurred in the RT market at HB_SOUTH. On this day, RTHA price at HB_SOUTH reached \$216 and \$187 in hours 13 and 14 respectively. Again the VALIMP constraint was highly congested, and, as noted above, this day combined with the 12th accounted for 60 percent of the congestion rent for the month.

Oct 20 – This day experienced high RTHA prices during hour 23 when prices reached over \$108 at all four hubs. The highest prices occurred at HB_HOUSTON where the hourly average reached \$177.78. System lambda reached over \$1,104 for one interval.

Oct 23 – This day experienced the highest RTHA prices for the month when prices at all four hubs reached over \$237. The highest system lambda value for the month was reached on this day, reaching over \$1,273 for one interval, while the RTORPA reached \$6.30 for one interval.

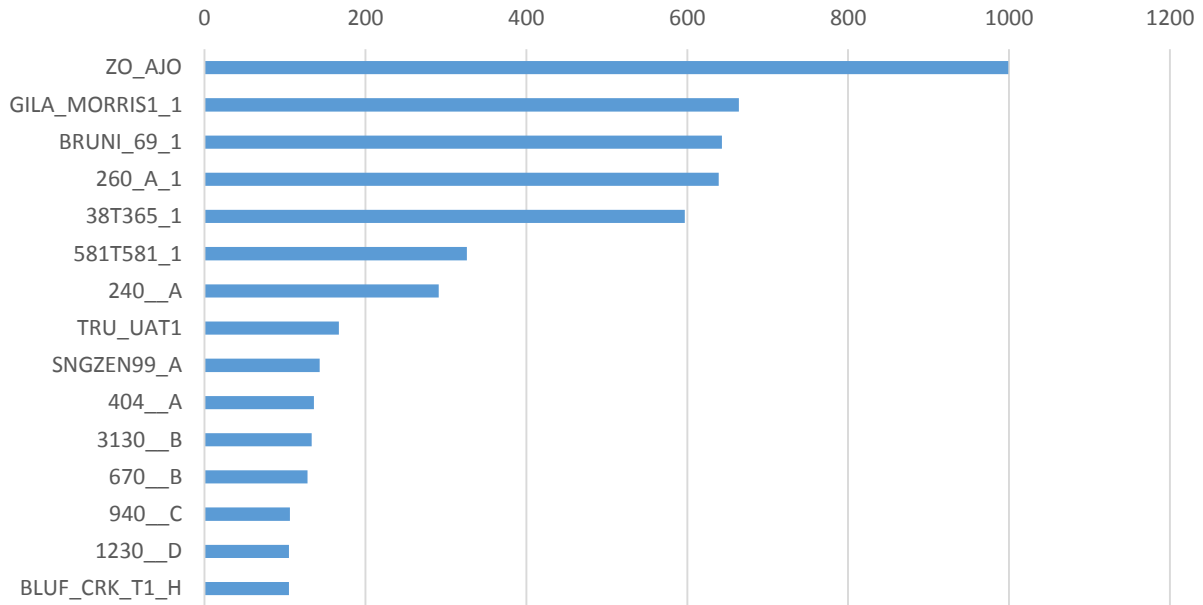
Oct 27 – RTHA at all four hubs reached \$117 during hour 16 on this day while system lambda reached over \$1,099 for one interval. The ORDC PA reached its highest value on this day, reaching \$23.99 for one interval.

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

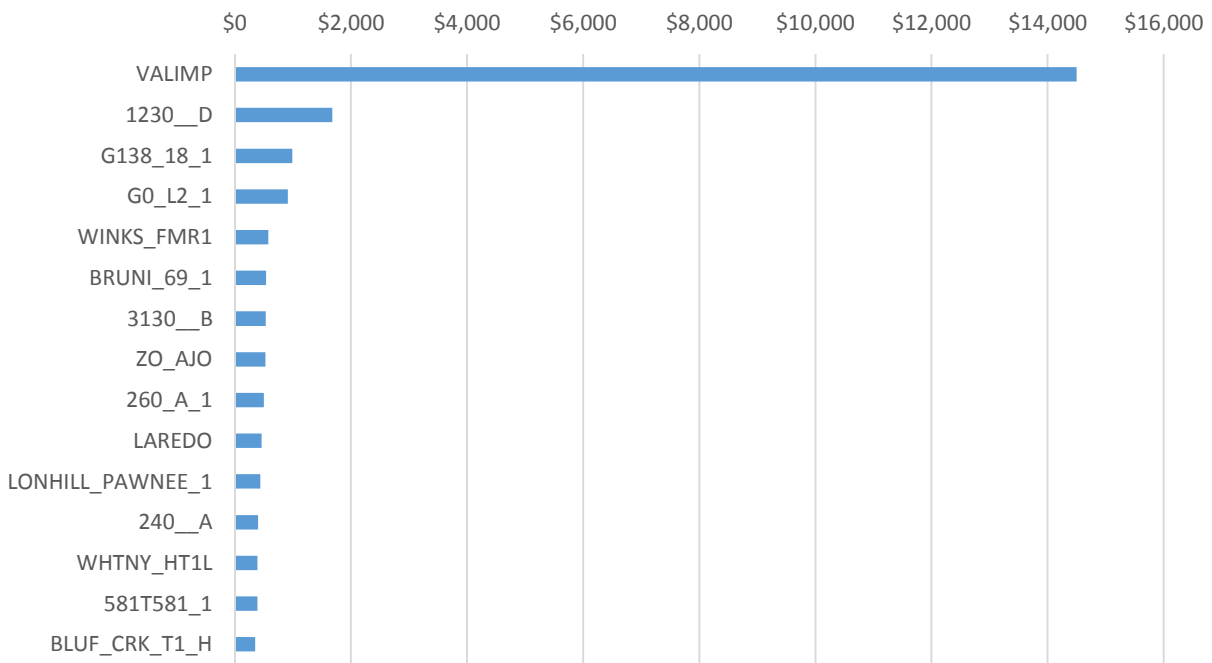


OCTOBER CONGESTION REPORT

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



October 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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