

ERCOT Market Watch by LCG

May 2016



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.

Online at: www.energyonline.com

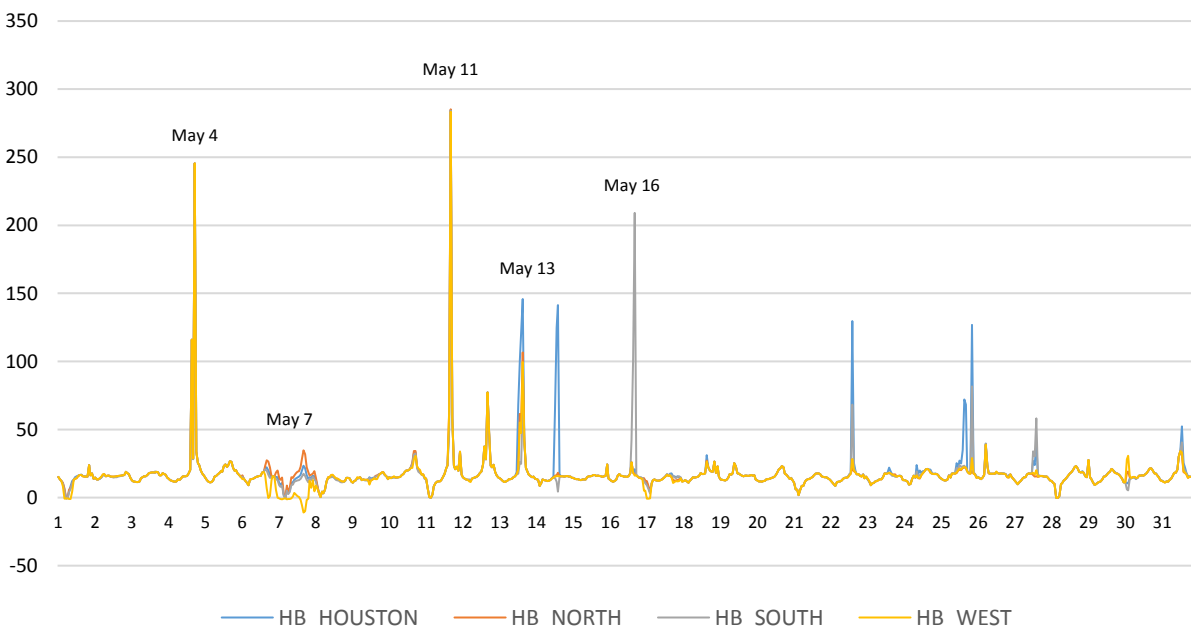
Average Monthly Real-Time Hub Price Summary

	HB_HOUSTON	HB_NORTH	HB_SOUTH	HB_WEST
Weekday ON Peak	\$21.90	\$20.38	\$21.30	\$20.07
Weekend ON Peak	\$17.90	\$15.63	\$14.97	\$13.35
OFF Peak	\$12.51	\$12.72	\$12.36	\$12.10

Release Date: June 20, 2016 – In May, the ERCOT Real-Time market experienced higher average prices than the previous month in most zones. The highest price spike occurred on May 11 when Real-Time hourly average prices reached over \$283 in hour 18. The Meadow 345/138 kV transformer in the Houston area accrued the highest congestion rent for the month followed by the La Palma to Villa Cavazos 138 kV line in the South and the Fort Wort to West Denton 138 kV line in the North. The most frequently binding constraint was the Aspermont 138/69 kV transformer.

See below for a summary of congested elements and hub prices. LCG's MarketVision reports daily peak and off-peak real-time market nodal price forecasts available at: <http://energyonline.com/marketvision/>

ERCOT May 2016 Average Hourly Hub Prices (Real-Time)



MAY 2016 EVENT SUMMARIES

May 4 – On this day Real-time Hourly Average (RTHA) prices at all four hubs reached over \$245 in Hour 18. During this hour System Lambda reached its highest value for the month when it reached \$1,164.24 for one interval.

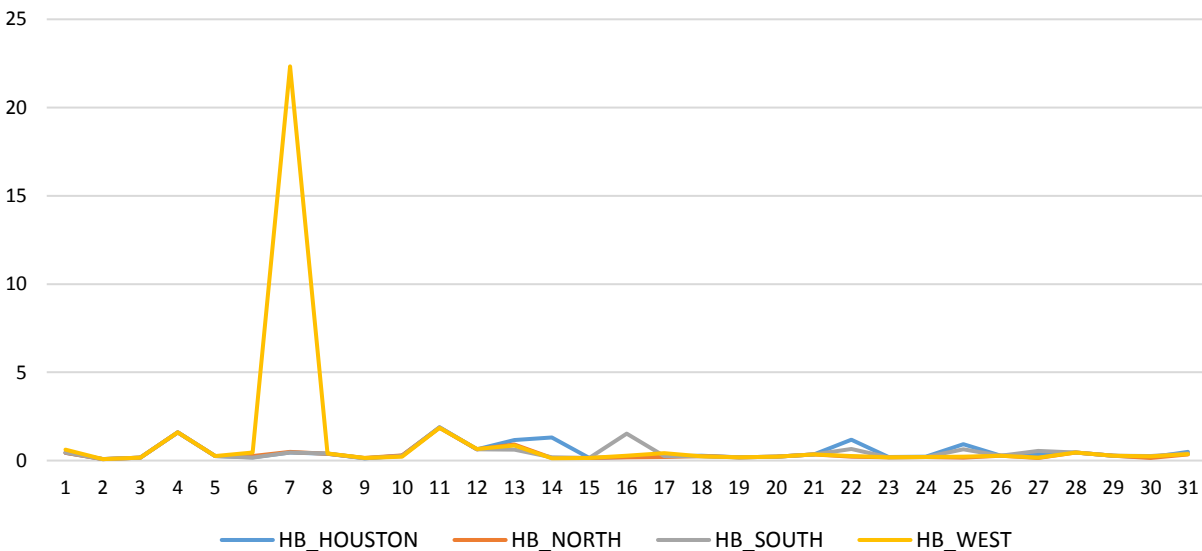
May 7 – This day experienced sustained negative RTHA prices at the West Hub throughout the day. West Hub price fell to \$-0.20 in the last hour of 5/6 and remained negative through 5/7 Hour 9. This day had the highest West-North region wind output for the month.

May 11 – This day experienced the highest RTHA price spike for the month when prices at all four hubs reached over \$283 in Hour 17. The RTORPA reached its highest value for the month during this hour, reaching \$75.27. During this hour System Lambda reached \$1,142.62 for one interval.

May 13 – This day experienced high Houston Hub prices in the afternoon hours. RTHA prices at the Houston Hub reached over \$100 by Hour 14 and reached their highest hourly average of \$145.91 in Hour 16. During this hour System Lambda reached \$212.42 for one interval.

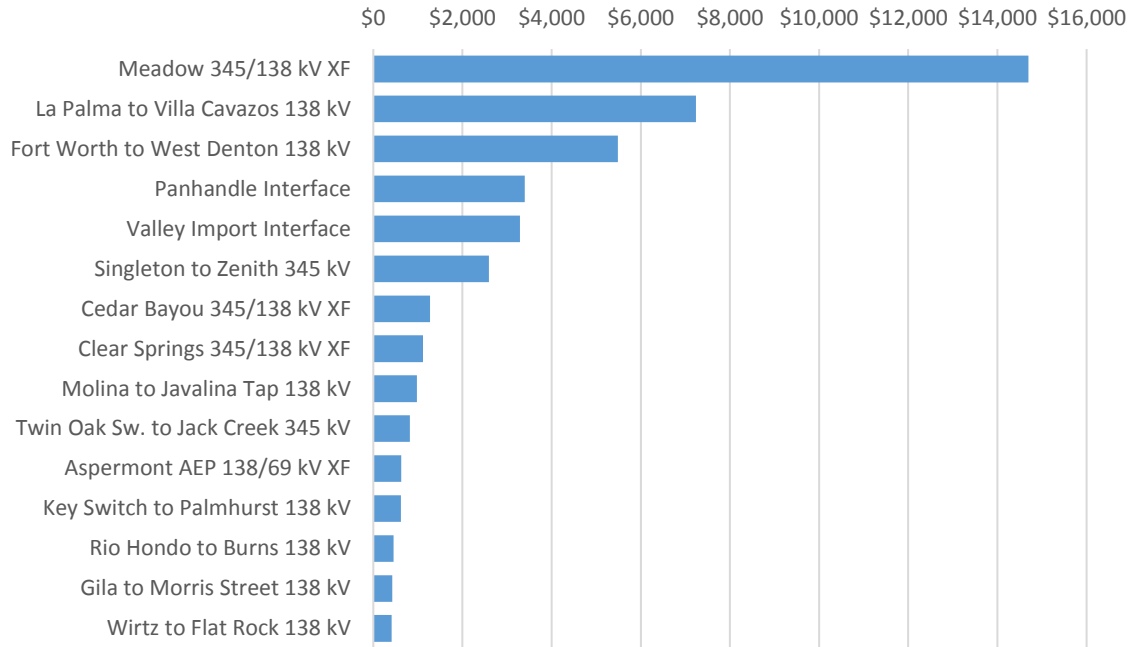
May 16 – This day experienced a price spike at the South Hub in Hour 17. RTHA price in this hour at the South Hub reached \$209.05 while all other hubs remained under \$21. The Valley Import Interface was highly congested at this time. The Dilley Switch to Jardin 138 kV line was also congested at this time.

Plot of Daily Volatility Indices (SD/mean) by Hub - May 2016
(Real-Time Hourly Average Prices)

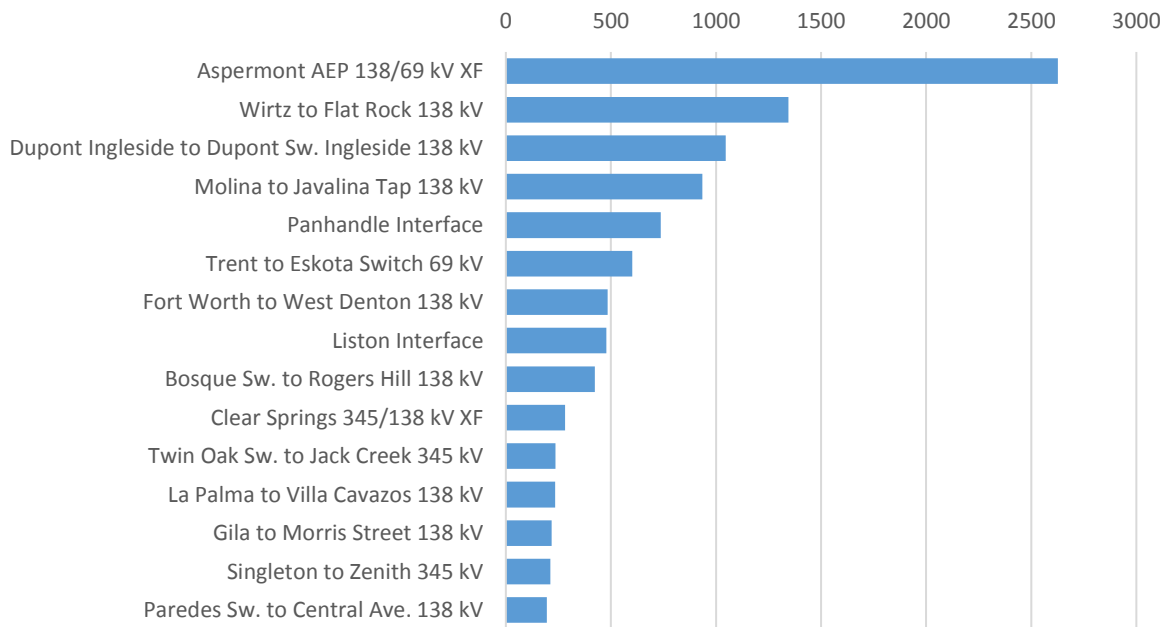


MAY REALTIME MARKET CONGESTION REPORT

**May 2016 - Top 15 Branches Congested
(Congestion Rent - Thousands \$)**



**May 2016 - Top 15 Branches Congested
(Periods Congested- 5 min intervals)**



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

LCG Consulting
4962 El Camino Real, Suite 112
Los Altos, CA 94022
Tel: (+1) 650 962 9670

***Disclaimer** - The report herein are provided without warranty of any kind. LCG Consulting will not be liable to users or any third party, for indirect, consequential, special, incidental, punitive, or exemplary damages, including, without limitation, lost profits, lost savings and lost revenues.*