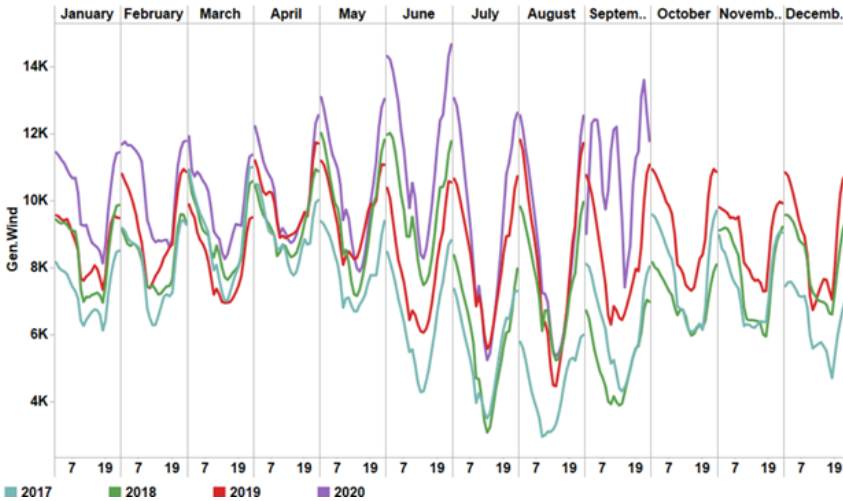


A little excitement....

Wednesday, September 2, 2020

The ERCOT market saw a little excitement Monday afternoon as prices jumped over \$1,600 during one afternoon hour only to be topped the next with 5-minute prints over \$2,000. This type of action has been few and far between this summer as the solar profile has doubled the capacity on the grid to which most hits right when the grid needs the energy. The issue that still persists is the shape of the wind generation within the Lone Star state as the middle of the day takes a sharp turn down only to return by the end of the evening ramp.

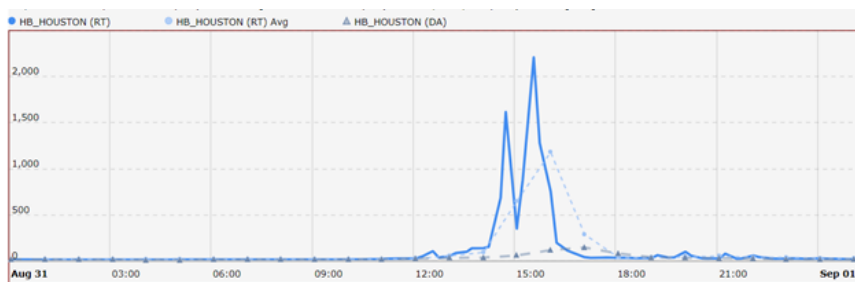
Figure 1 | ERCOT Wind Hourly Profile by Month



The graph above is an illustration of the hourly wind generation by month within ERCOT. There is a definitely a V shape that goes on within each month with the months of July and August more pronounced. In years past, this was a major issue as the power demand was reaching its height at the same time the wind was dying down. The mechanisms in the market were such that the ORDC uplift in price was triggered which helped stimulate new build in the form of solar capacity in the state.

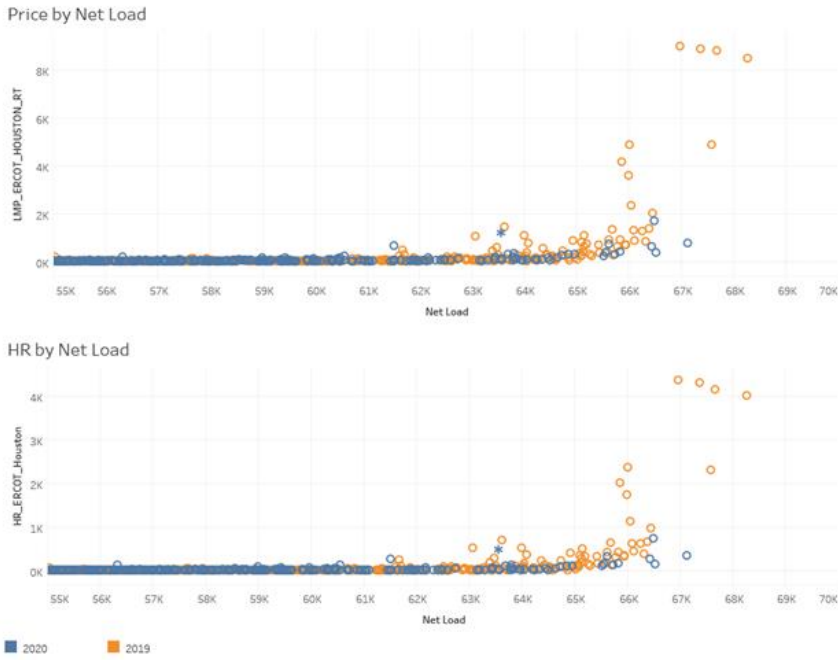
On Monday, that solar was not enough as the wind took a pretty good turn south and when it came to the real-time market it left the grid exposed to quick ramping units needing to turn on to balance the system. The price action we are talking about is displayed below for the Houston settles for the last few days of August 2020.

Figure 2 | ERCOT Houston Real-Time Price Settle



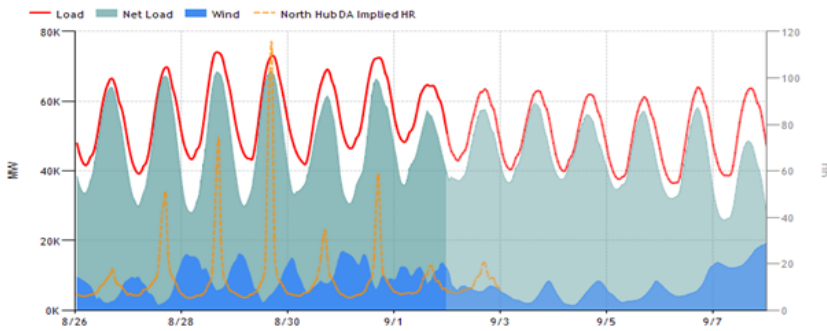
Diving into the detail a bit more, the graph below shows where the net load value was during the initial spike as it is represented by the blue * around the 63.5 net load bin.

Figure 3 | ERCOT Houston Net Load Bin compared to Price and Heat Rate



The x-axis is the net load bins while the y-axis is representative of the Houston price in the top pane and the implied heat rate in the bottom pane. As you can see, Monday's shift up was an outlier to the current year whereas last year saw a few bumps at this level. In fact, the price spike was more like levels seen at the 65.0 net load bin. Since this time, the grid has adjusted to the wind mix and prices have settled down as the day-ahead has not popped over the last 2-days and with the current forecast that is in play, the likelihood of it going anywhere but down is unlikely as the net load will hit 31.9 GWa the days after Labor Day.

Figure 4 | ERCOT Net Load Actuals and Forecast - Hourly



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