

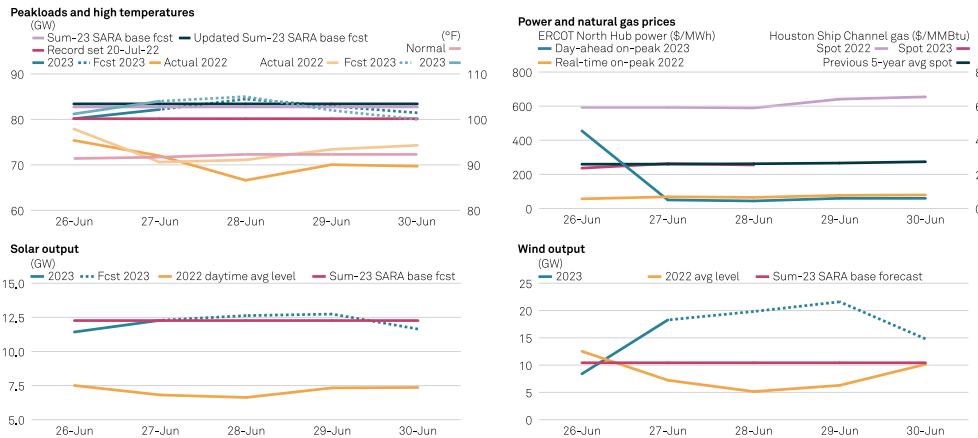
News : Texas power market to match, exceed peakload records with heat wave, but prices tame

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Published on - Tue, 27 Jun 2023 17:52:20 EST

- Strong renewables quell price spikes
- Weak gas prices also a factor

The Electric Reliability Council of Texas market's load June 26 matched its previous 80.1-GW record and was set to establish higher records June 27 and thereafter, as triple-digit high temperatures persisted throughout the region, but strong renewables output kept wholesale power prices in check.

ERCOT heat wave power fundamentals



Notes: Peakload forecast was issued 10:30 am CT June 27. SARA is Seasonal Assessment of Resource Adequacy. Updated SARA is based on latest weather forecast. High temperature forecast for 2023 is for the Dallas-Fort Worth area. Actual high temperatures for 2022-23 and normal highs are population-weighted for the ERCOT market region. Renewable output actual and forecast levels are for hour ending at 5 pm CT, as of the 11 am CT June 27 forecast. Renewable output levels for 2022 are daytime averages for solar and 24-hour averages for wind. Summer SARA renewable forecasts are for production during seasonal peak hour.
Sources: ERCOT, CustomWeather, S&P Global Commodity Insights

ERCOT set a peakload of 80,144 MW June 26, virtually the same as its 80,148 MW record set July 20, but as of the 2:30 pm CT June 27 forecast, the grid operator expected load to peak at 82,130 MW in the hour ending at 5 pm CT June 27, 82,156 MW at 5 pm June 28, 82,297 MW at 5 pm June 29 and 81,067 MW at 5 pm June 30.

Heat wave continues

CustomWeather reported the following actual and forecast high temperatures in Texas metro areas:

- Dallas: 100 degrees Fahrenheit June 26, 104 F June 27, 105 F June 28, 102 F June 29, 100 F June 30
- Houston: 97 F June 26, 100 F June 27-28, 99 F June 29-30
- San Antonio: 103 F June 26, 101 F June 27, 100 F June 28, 98 F June 29-30

But ERCOT North Hub day-ahead on-peak power traded about \$6.75 lower to about \$43.50/MWh on the Intercontinental Exchange June 27 for June 28 delivery, and the balance-of-week on-peak package slid \$9.25 to about \$52.75/MWh. The weekend contract fell about \$15 to around \$133.25/MWh and the next-week contract dropped \$20 to about \$76.65/MWh.

Through 3:15 pm CT June 27, ERCOT reported its systemwide hub on-peak locational marginal prices averaged less than \$25/MWh, compared with \$44.05/MWh for on-peak hours June 26.

Strong renewable output

Strong solar and wind output likely played a role in power price weakness.

Solar output at the peak hour ending at 5 pm CT June 26 averaged less than 11.4 GW June 26, but ERCOT's 11 am CT June 27 forecast indicated this number would rise to 12.3 GW June 27, 12.6 GW June 28 and 12.7 GW June 29 before falling to 11.6 GW on June 30. ERCOT's summer 2023 Seasonal Assessment of Resource Adequacy contained a base-case scenario in which the grid's solar fleet produced at an average of 12.3 GW at the seasonal peak of 83.4 GW.

In the previous week's heat wave, solar output averaged less than 12 GW during that 5 pm CT peak hour.

ERCOT's 8.4-GW wind output at 5 pm CT June 26 was also below the summer SARA's base scenario of 10.4 GW expected to be produced during the seasonal peak, but that number was forecast at 11 am June 27 to surge to 18.3 GW at 5 pm June 27, 19.8 GW at 5 pm June 28, 21.6 GW at 5 pm on June 29 and 14.8 GW at 5 pm June 30.

Another factor in power price weakness may be spot gas prices. Platts, a part of S&P Global Commodity Insights, assessed Houston Ship Channel gas around \$2.55/MMBtu for June 28 delivery, down about 8 cents from \$2.63/MMBtu June 27 but up from \$2.365/MMBtu June 26.

Houston Ship Channel spot prices for the same period of 2022 approached \$6/MMBtu, while the previous five-year averages have been near \$2.60/MMBtu.

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