

News : Texas grid hits another peakload record, set to tumble regularly through Aug. 15

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- Triple-digit heat indexes from Texas to Florida
- Quadruple-digit real-time prices in Texas

The Electric Reliability Council of Texas set an unofficial record peakload of 83.9 GW on Aug. 7, which is forecast to be exceeded regularly through Aug. 15 as a heat dome hits triple-digit highs across much of the state, bringing quadruple-digit real-time prices for almost two hours Aug. 7.

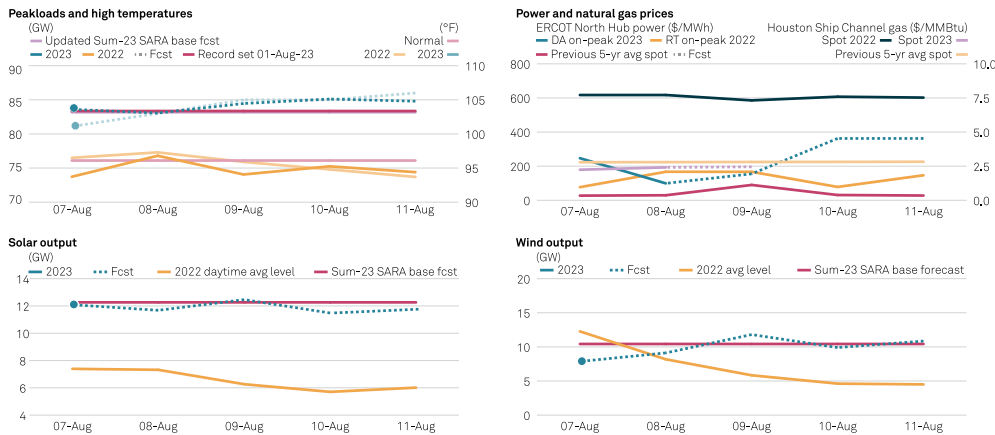
Despite generally strong performance from renewable resources at the peak hour ending at 5 pm CT, ERCOT’s power burn has remained elevated, and natural gas prices have been creeping upward in Texas and other affected states.

On Aug. 8, the National Weather Service had excessive heat warnings, advisories and red flag warnings stretched from West Texas to the South Carolina Coast, and triple-digit highs and heat indexes were forecast for several major metro areas in the heat dome’s grip.

Peakload records in sight

ERCOT’s 1:30 pm CT forecast called for the record set Aug. 7 – which exceeded the previous 83.6-GW record set Aug. 1 – to be topped Aug. 9-11 and again Aug. 14-15.

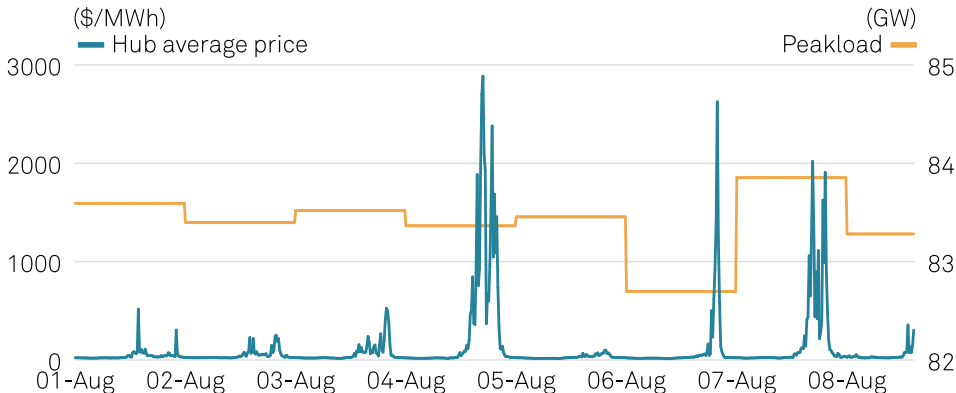
ERCOT heat wave power fundamentals



Notes: Peakload forecast was issued 1:30 pm CT Aug. 8. 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 1 pm CT Aug. 8 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

Around 2 pm CT on Aug. 7, ERCOT’s real-time systemwide hub locational marginal prices climbed into the \$100s/MWh and remained well above that level through 8:30 pm. The average spent 1 hour and 45 minutes above \$1,000/MWh during that period, especially between 4 pm CT and 7:30 pm CT, as ERCOT’s solar fleet output began to diminish.

ERCOT real-time systemwide hub prices, peakloads



Note: Aug. 8 peakload is forecast as of 12:30 pm CT Aug. 8.

Source: ERCOT

However, during the peak hour ending at 5 pm CT on Aug. 7, the solar fleet generated at a level of about 12.1 GW, close to the expected solar output level modeled as likely during the seasonal peak in ERCOT’s summer 2023 Seasonal Assessment of Resource Adequacy.

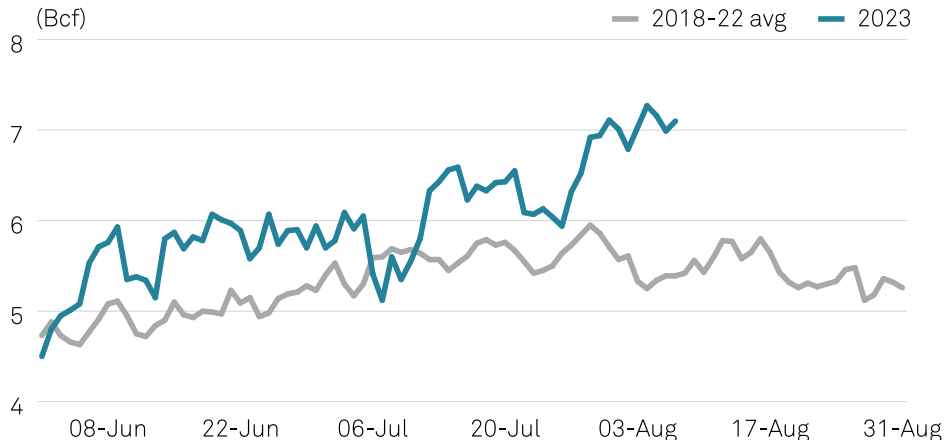
But wind output was not as strong as expected during that peak hour, generating at a level less than 7.9 GW, compared with the modeled peak amount of 10.4 GW during the SARA's seasonal peak hour.

Energy market impact

ERCOT has been operating the grid at a more conservative posture since June 2021 at the direction of the Public Utility Commission of Texas, partly in response to the deadly mid-February 2021 winter storm that left about 4 million ERCOT customers in the dark, some for days.

It may therefore be expected that ERCOT's power burn has been significantly stronger in the summer of 2023 than it was over the previous five years. For June 1-Aug. 7, the power burn has averaged 6 Bcf/d, up 700 MMcf/d, or 11.6%, from the 5.3 Bcf/d average for the same days of 2018-2022.

ERCOT power burn



Source: S&P Global Commodity Insights

Houston Ship Channel spot natural was trading Aug. 8 around \$2.45/MMBtu for Aug. 9 delivery, up from \$2.41/MMBtu Aug. 8 and \$2.245/MMBtu for Aug. 2 delivery.

Henry Hub spot gas was trading Aug. 8 around \$2.75/MMBtu for Aug. 9 delivery, up from \$2.65/MMBtu for Aug. 8 and \$2.49/MMBtu for Aug. 2 delivery.

ERCOT North Hub day-ahead on-peak locational marginal prices on Aug. 8 were trading around \$155/MWh for Aug. 9 delivery, up from \$99.09/MWh for Aug. 8 and \$75/MWh for Aug. 2 delivery.

ERCOT North traders were even more bullish for the remainder of the week, with bids at \$325/MWh and offers at \$400/MWh and a mid-point of \$362.50/MWh for Aug. 10-11 delivery.

| High temperatures/heat indexes* forecast for heat dome metro areas | | | | |
|--|---------|---------|--------|--------|
| ISO/city | Tue. | Wed. | Thu. | Fri. |
| ERCOT/Texas | 8-Aug | 9-Aug | 10-Aug | 11-Aug |
| Dallas | 105/113 | 106/110 | 107 | 106 |
| Houston | 101/108 | 101/106 | 100 | 101 |
| San Antonio | 105 | 105 | 106 | 105 |
| MISO | | | | |
| New Orleans | 97/113 | 95/112 | 98 | 98 |
| FRCC/SERC | | | | |
| Jacksonville, Fla. | 98/110 | 95/109 | 98 | 99 |
| *When available | | | | |
| Sources: National Weather Service | | | | |

High temperatures/heat indexes* forecast for heat dome metro areas ISO/city ERCOT/Texas Dallas Houston San Antonio MISO New Orleans FRCC/SERC Jacksonville, Fla.*When available Sources: National Weather Service

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