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News : Texas power prices hit quadruple digits during one of hottest days on record

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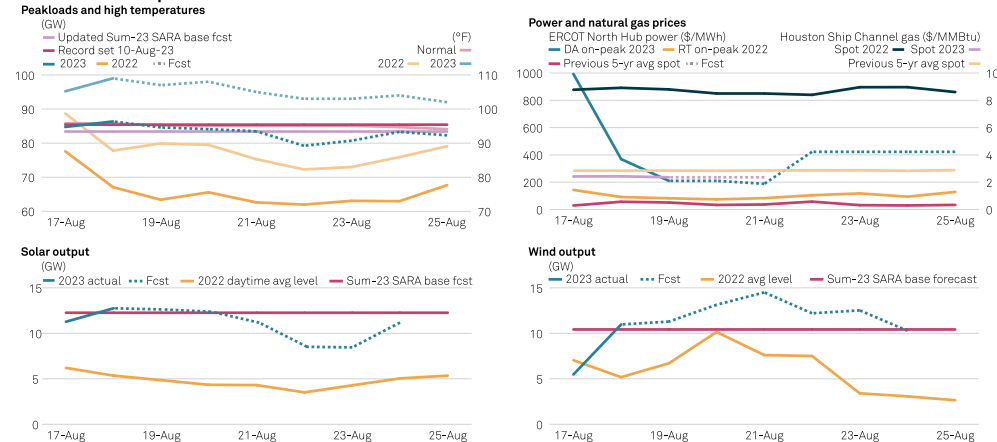
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- Grid forecast to set peakload record
Cheap gas filling in when wind output falls

At 105.2 degrees F, Aug. 17 was the Electric Reliability Council of Texas' second-hottest day, in terms of population-weighted high temperatures, since CustomWeather started collecting the statistic in 2015. The power market set systemwide hub real-time prices in quadruple digits for 6.5 hours in the afternoon and evening.

ERCOT's power demand on Aug. 17 approached its 85.4-GW all-time record, set Aug. 10, but did not break it, possibly because ERCOT and the Public Utility Commission of Texas requested voluntary conservation of power use from 3 pm to 8 pm CT.

ERCOT heat wave power fundamentals



Notes: Peakload forecast was issued 10:30 am CT Aug. 18, 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.

ERCOT had previously extended a weather watch for extreme heat that began Aug. 6 until Aug. 18, but triple-digit high temperatures and heat indexes are forecast across most major metro areas in the market most days through Aug. 25.

The National Weather Service on Aug. 18 had excessive heat warnings and advisories for about 230 of Texas 254 counties, plus southern Arkansas, all of Louisiana, southwest Mississippi and almost all of Oklahoma.

ERCOT's 10:30 am CT Aug. 18 load forecast indicated demand would likely peak at 86.4 GW Aug. 18 but remain below the current 85.4-GW record thereafter through Aug. 25.

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Table with 2 columns: Report Name, Date. Includes Gas Daily, Gas Daily Market Fundamentals, Gas Daily Market Fundamentals Data, Gas Daily Price Guide.

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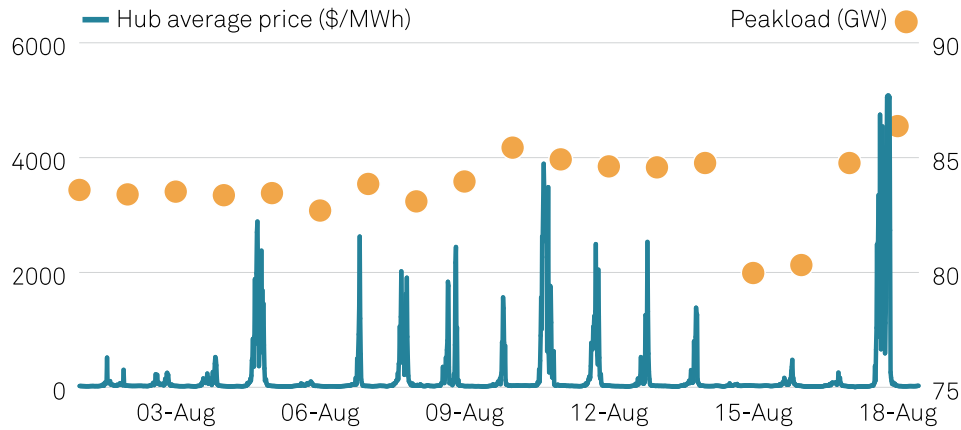
Commodity: Natural gas; output; Wind energy

Geographies: Arkansas; Louisiana; Mississippi; Texas

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## ERCOT real-time systemwide hub prices, peakloads



Note: Aug. 18 peakload is forecast as of 11:30 am CT Aug. 18.

Source: ERCOT

ERCOT’s systemwide hub real-time prices topped \$100/MWh at 1 pm CT Aug. 17 and stayed above that level through 9:30 pm CT. Real-time prices exceeded \$1,000/MWh around 2 pm CT and mostly stayed in quadruple digits through 8:45 pm CT. Excluding short periods in triple digits, these prices averaged more than \$3,200/MWh, from a minimum around \$1,027/MWh to a maximum around \$5,078/MWh. Locational marginal prices can exceed the \$5,000/MWh offer cap when transmission congestion is included.

Including Aug. 17, ERCOT’s systemwide hub real-time prices have exceeded \$1,000/MWh on 10 days so far in August.

### Supply factors

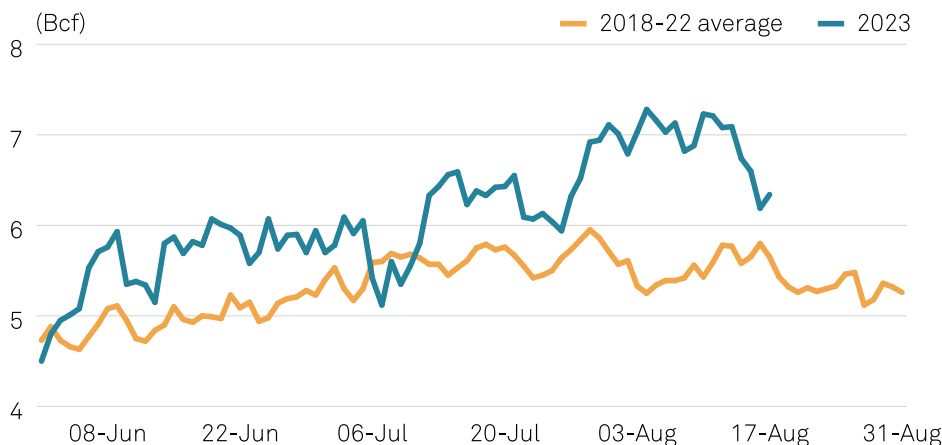
One factor favoring surging real-time prices Aug. 17 was a dearth of wind output, as ERCOT recorded the system’s fleet producing at an hourly average level of less than 5.5 GW during the peak hour ending at 5 pm CT, which is about half the 10.4 GW that ERCOT modeled in its summer 2023 Seasonal Assessment of Resource Adequacy as the likely wind output level during the seasonal peak.

During Aug. 18 trading on the Intercontinental Exchange, ERCOT North Hub day-ahead on-peak prices plunged nearly \$197 to price around \$188/MWh for Aug. 21 delivery. The weekend package fell \$34.75 to price around \$210/MWh. The balance-of-the-week on-peak package rose \$57.50 to around \$422.50/Mwh.

One factor mitigating price spikes is the low price of natural gas and strong gas-fired generation performance.

In Aug. 18 trading, Houston Ship Channel spot gas slid about 7 cents to \$2.36/MMBtu for Aug. 19-21 delivery, according to assessments by Platts, part of S&P Global Commodity Insights.

### ERCOT power burn



Source: S&P Global Commodity Insights

For June 1 through Aug. 16, ERCOT’s generation fleet has produced an average of 765 GWh a day, up 9% from 703.4 GWh/d for the same period of 2022, according to ERCOT data collected by S&P Global.

For June 1 through Aug. 17, ERCOT’s power burn has averaged 6.1 Bcf/d, 760 MMcf/d more than the same period of 2022’s 5.3 Bcf/d.

High temperatures/heat indexes* forecast for heat dome metro areas							
Grid/city	Fri	Sat	Sun	Mon	Tue	Wed	Thu
ERCOT	18-Aug	19-Aug	20-Aug	21-Aug	22-Aug	23-Aug	24-Aug
Dallas	110	108	109	107	104	104	106
Houston	101/104	102/106	102	100	92	98	101
San Antonio	106	103	104	103	98	98	100
MISO							
New Orleans	98/105	99/109	97	94	95	99	99
SPP							
Oklahoma City	100/106	106	105	102	100	100	100
*When available							
Sources: National Weather Service							

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