



MARKET SUMMARY REPORT

January 2024

UNDERSTANDING THIS MARKET SNAPSHOT

Use the information in this email to identify trends and movements affecting electricity in the ERCOT market to make informed energy decisions. Here are a few quick tips:

- **Power prices** are determined from forward Heat Rate and natural gas strips for a specific timeframe. $Power\ Price = Heat\ Rate \times Natural\ Gas\ Price$. Power prices can change based on electricity supply and demand, which is driven by factors such as weather, the economy, available generation and grid conditions.
- **Natural Gas** prices are a key driver of power prices because natural gas fuels the power plants that are brought online primarily to satisfy peak demand.

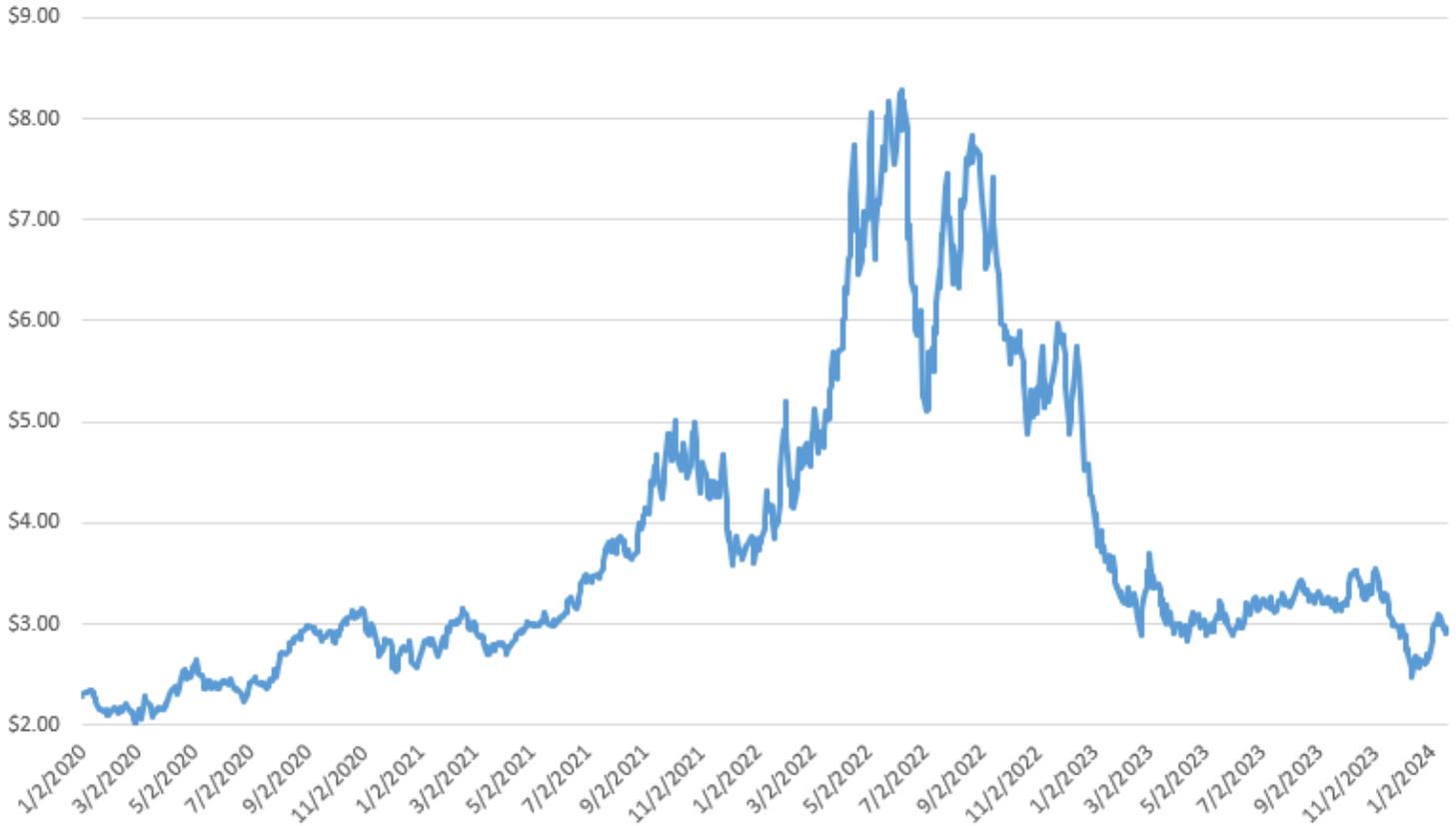
Heat Rates are the common measure of power plant efficiency and are derived from power and natural gas prices: $Heat\ Rate = Power\ Price \div Natural\ Gas\ Price$. Heat rates are typically higher when gas prices are lower. Heat rates are impacted by weather, regulatory changes, consumer demand and power plant retirements.

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NYMEX NATURAL GAS 12 MONTH PRICES

- The NYMEX Natural Gas 12-month strip finished the January 18th trading day at \$2.90/MMBtu.
- The 2024 average for the 12-month strip has been \$2.97/MMBtu.

NYMEX 12 Month Strip - Daily Settles

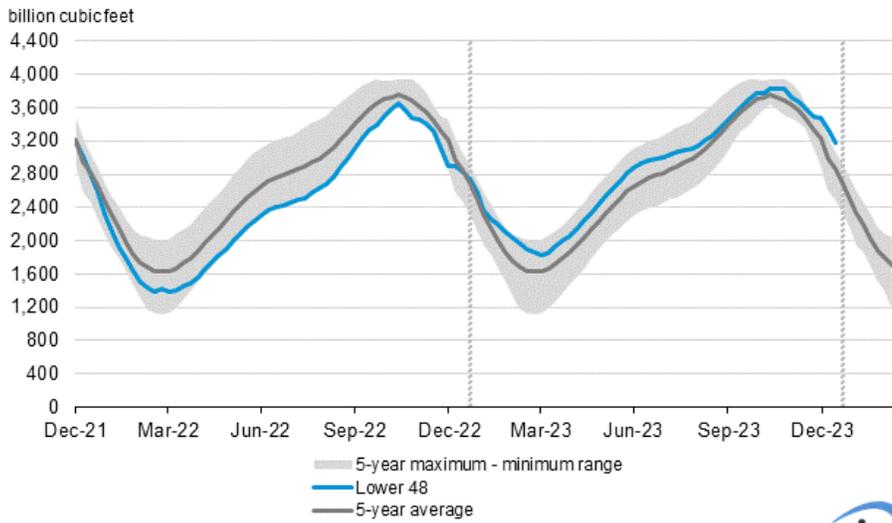


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EIA NATURAL GAS STORAGE

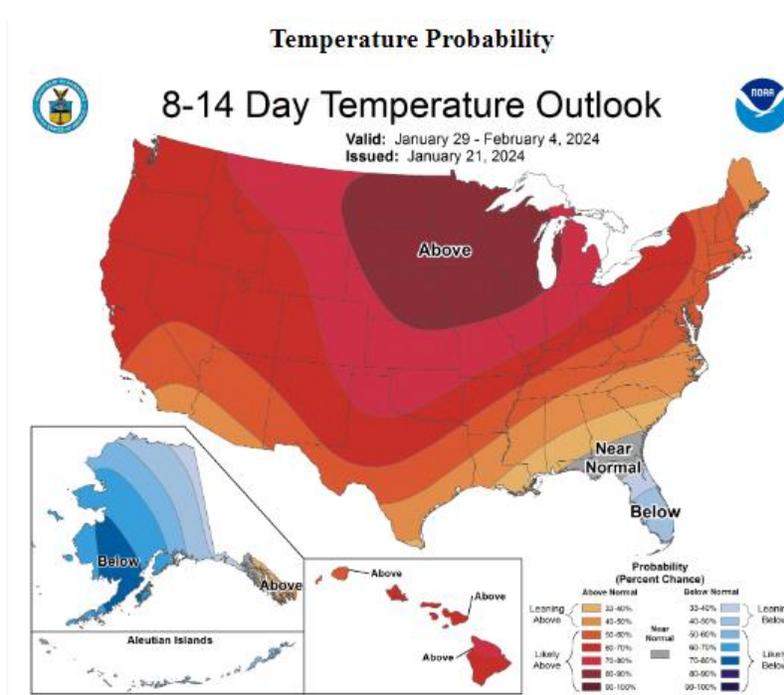
Working gas in underground storage compared with the 5-year maximum and minimum



Data source: U.S. Energy Information Administration



- Working gas in storage was 3,182 Bcf as of Friday, January 12th, 2024
- This represents a net decrease of 154 bcf from the previous week
- Stocks are now 12.4% above this time last year and 11.2% above the 5-year average.



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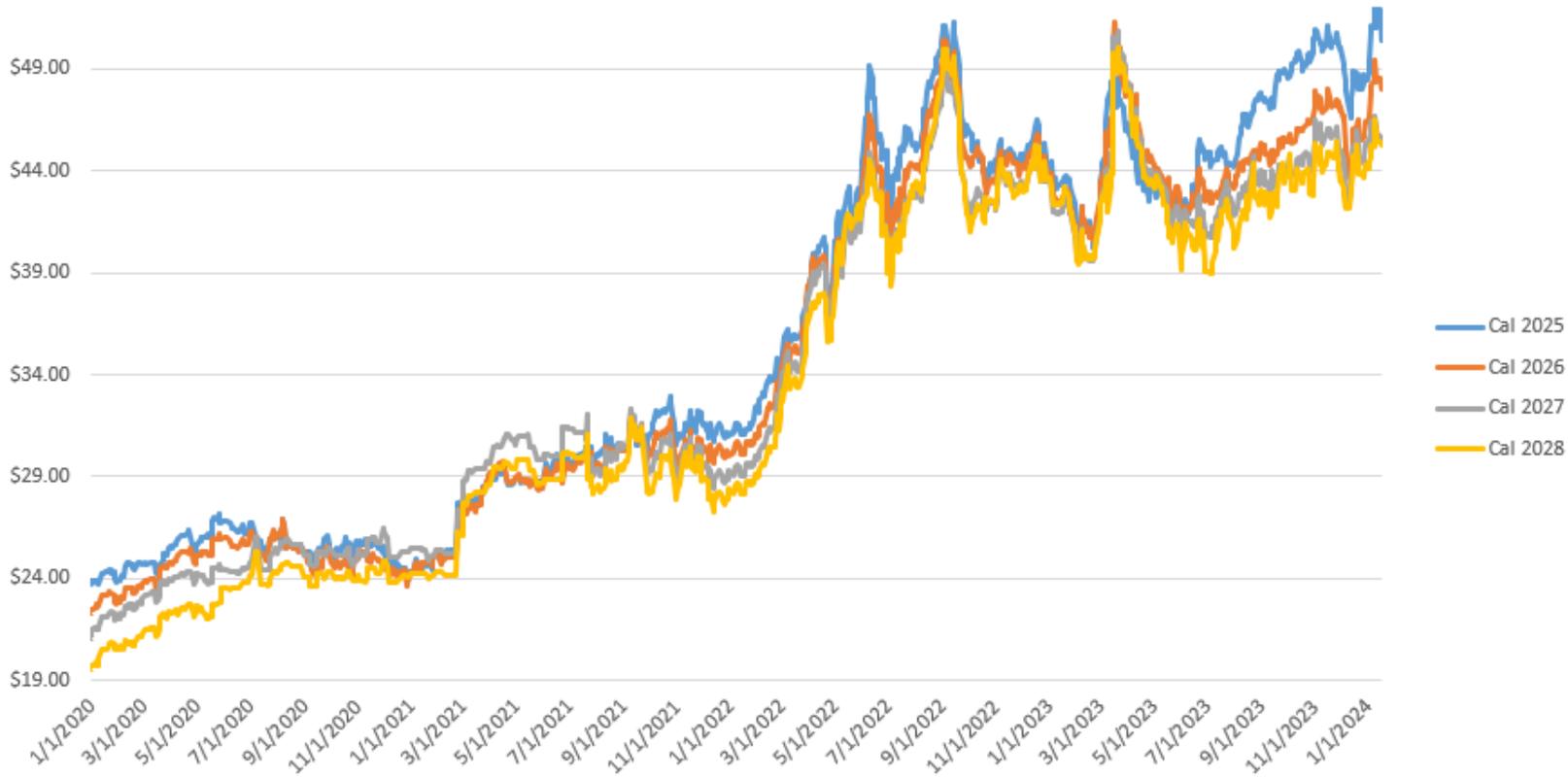
REAL-TIME PRICING

	Real-Time Settlement Point Price (Load Zone)				ERCOT Nol Intrazonal Congestion			
	Monthly Averages				Monthly Averages			
Date	North	Houston	South	West	North	Houston	South	West
1/1/2024	\$38.53	\$34.23	\$40.40	\$41.49	\$2.04	\$0.42	\$6.29	\$5.88
12/1/2023	\$19.69	\$20.50	\$20.51	\$39.49	\$0.04	\$0.33	(\$0.25)	\$13.89
11/1/2023	\$28.42	\$29.66	\$29.05	\$40.16	\$0.08	\$0.19	(\$0.71)	\$8.78
10/1/2023	\$31.43	\$33.78	\$32.35	\$44.49	\$0.64	\$0.77	\$0.92	\$10.28
8/1/2023	\$199.45	\$200.53	\$162.77	\$200.84	\$1.52	(\$0.53)	(\$13.92)	\$2.74
7/1/2023	\$45.05	\$47.35	\$37.09	\$44.89	\$0.08	\$0.20	(\$2.15)	\$1.09
6/1/2023	\$62.24	\$63.29	\$59.94	\$64.47	\$0.05	(\$0.02)	(\$1.32)	\$2.42
5/1/2023	\$28.72	\$31.34	\$29.41	\$38.78	\$0.14	\$0.31	\$0.67	\$8.70
4/1/2023	\$20.14	\$21.63	\$21.70	\$38.91	\$0.49	\$0.44	\$1.42	\$20.53
3/1/2023	\$25.38	\$26.14	\$29.43	\$53.62	\$0.85	\$0.02	\$3.38	\$25.42
2/1/2023	\$18.35	\$19.40	\$19.31	\$27.31	\$0.10	\$0.31	\$1.64	\$9.54
1/1/2023	\$23.40	\$22.81	\$22.90	\$33.96	\$0.02	(\$0.15)	\$0.47	\$13.31
12/1/2022	\$59.18	\$57.01	\$56.23	\$71.57	\$2.87	\$0.20	\$2.28	\$16.57

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ENERGY-ONLY POWER PRICES

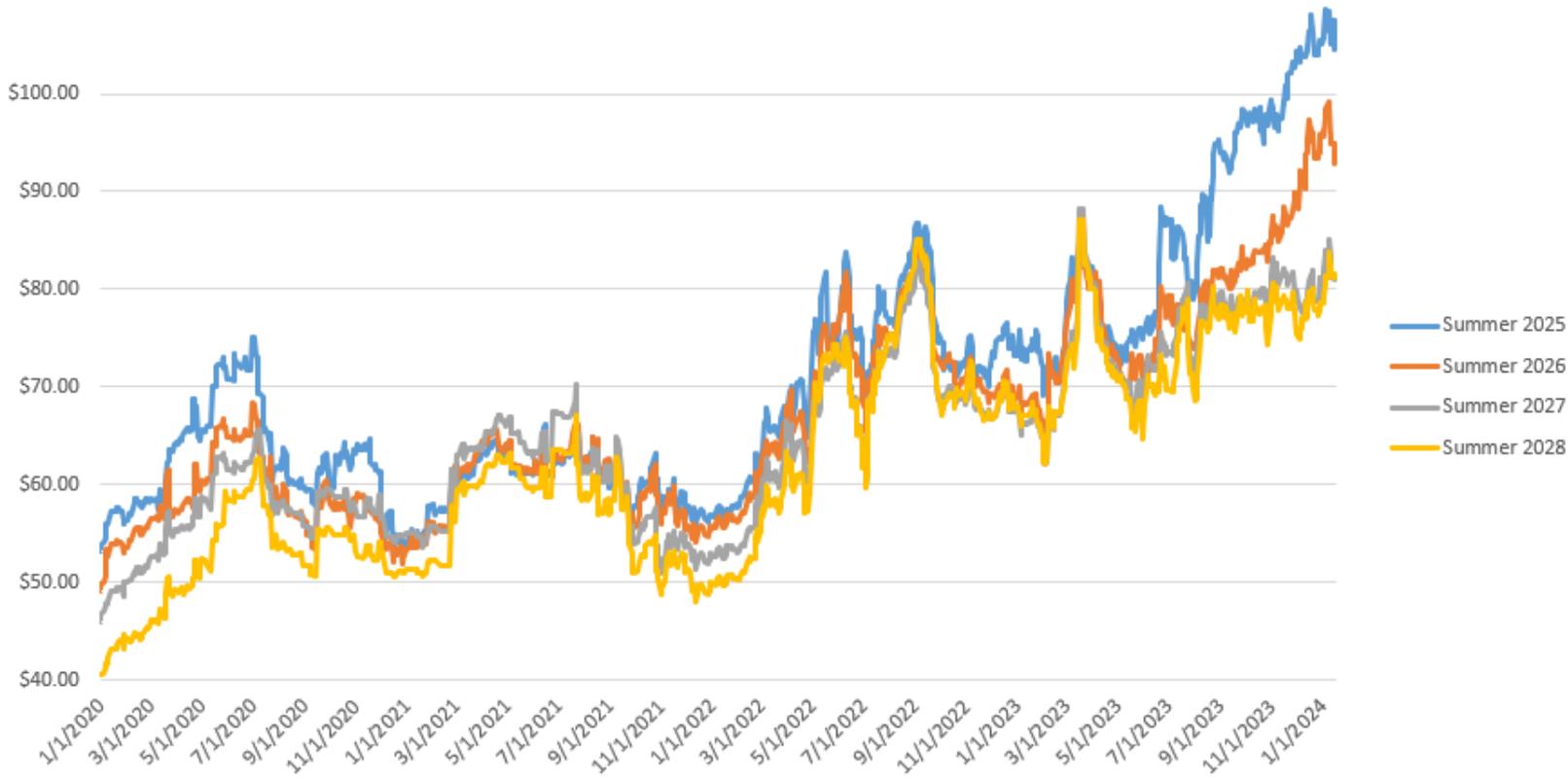
NZ 7x24 Energy-Only Power Price: Cal2025-2028



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ENERGY-ONLY POWER PRICES

NZ 5x16 Energy-Only Power Price: Summer 2025-2028



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ADDITIONAL MARKET INSIGHTS

- Real time prices/natural gas elevated heading into cold fronts/winter storms on 1/15-1/16
 - Sufficient generation helped limit short term pricing rise created by high demand caused by the colder temperatures
- Afterwards; natural gas prices and short-term power costs fell as temperatures and forecasts through end of January again trend warmer than average.
- Very high storage levels caused by mild temperatures in December and high production in Q4 2023 point to us exiting winter 2024 with high storage levels, which, in addition to mild winter forecasts through early February, helps create downward pressure on short term natural gas prices
 - Creates a similar downward pressure on short term energy costs
- Volatility may continue depending on how the weather forecasts through the end of January and February change as they get closer

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