

MARKET SUMMARY REPORT

August 2023

UNDERSTANDING THIS MARKET SUMMARY REPORT

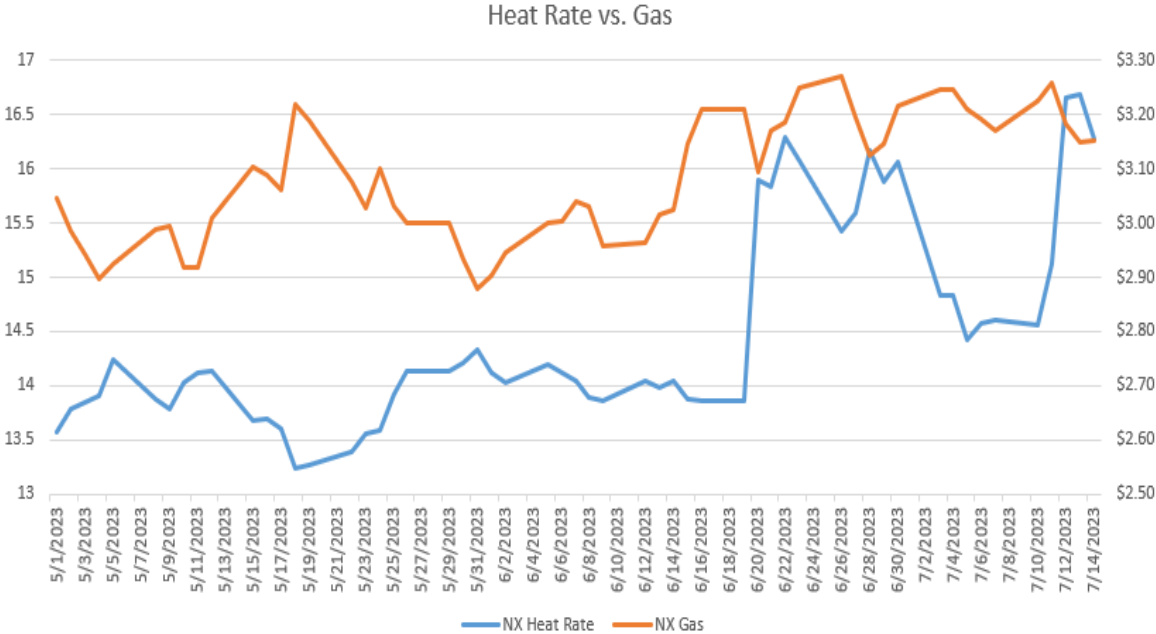
Use the information in this email to identify trends and movements affecting electricity in the ERCOT market to make informed energy decisions. Here are a few quick tips:

- **Power prices** are determined from forward Heat Rate and natural gas strips for a specific timeframe. *Power Price = Heat Rate x 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 ÷ 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.

HEAT RATE VS GAS MAY-JULY MTD

The 7x24 North Zone ATC rolling 12 power prices have increased approx. 23% from May 1st to July 14th .

- Driven primarily by higher volatility in heat rate.



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