



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.

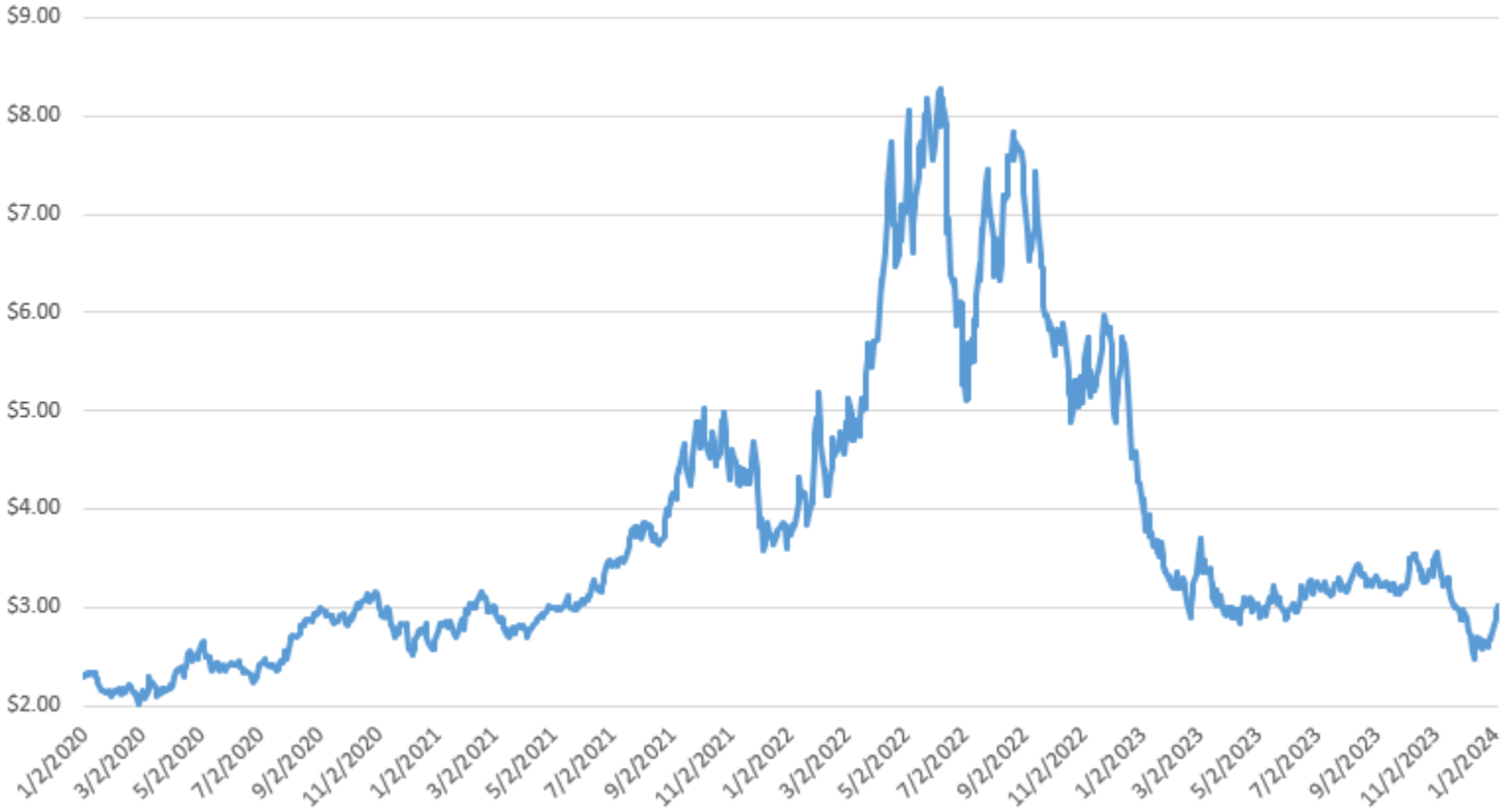
Heat Rates are the common measure of power plant efficiency and are derived from power and natural gas prices: $Heat Rate = Power Price \div Natural Gas Price$. Heat rates are typically higher when gas prices are lower. Heat rates are impacted by weather, regulatory changes, consumer demand and power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

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NYMEX NATURAL GAS 12 MONTH PRICES

- NYMEX 12-month strip daily settles closed at \$3.01/MMBtu on 1/5
- The 2023 average for 12-month strip was at \$3.17/MMBtu
- The 2024 average for the 12-mnth strip has been \$2.91/MMBtu

NYMEX 12 Month Strip - Daily Settles

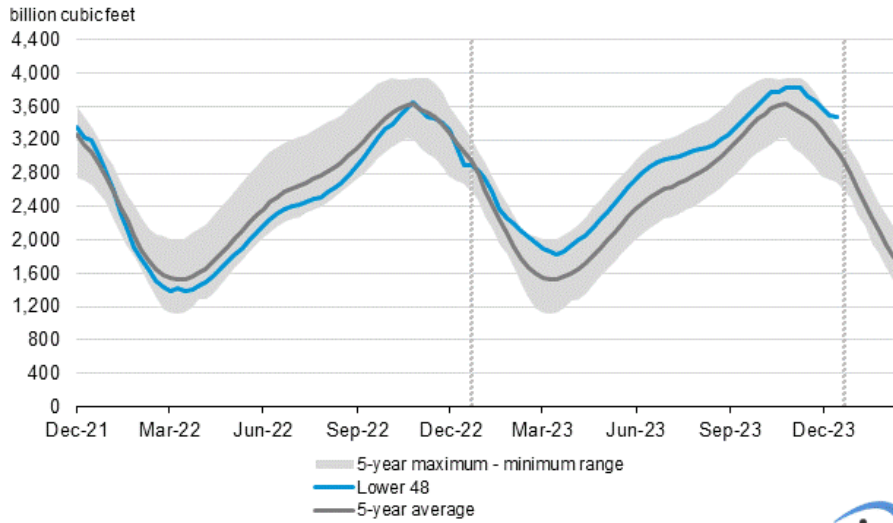


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EIA NATURAL GAS STORAGE

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

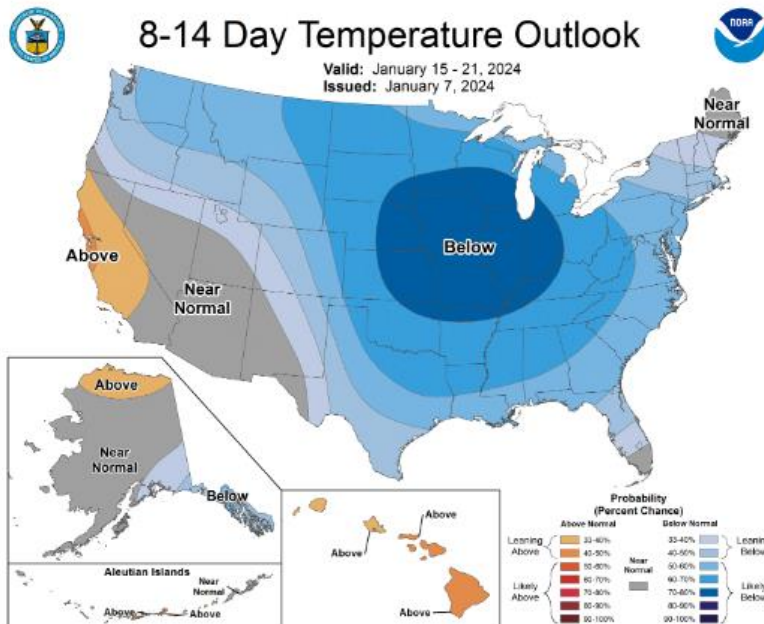


Data source: U.S. Energy Information Administration



- Working gas in storage was 3,476 Bcf as of Friday, December 29th, 2023
- This represents a net decrease of 14 bcf from the previous week
- Stocks are now 18.9% above this time last year and 13% above the 5-year average.

Temperature Probability



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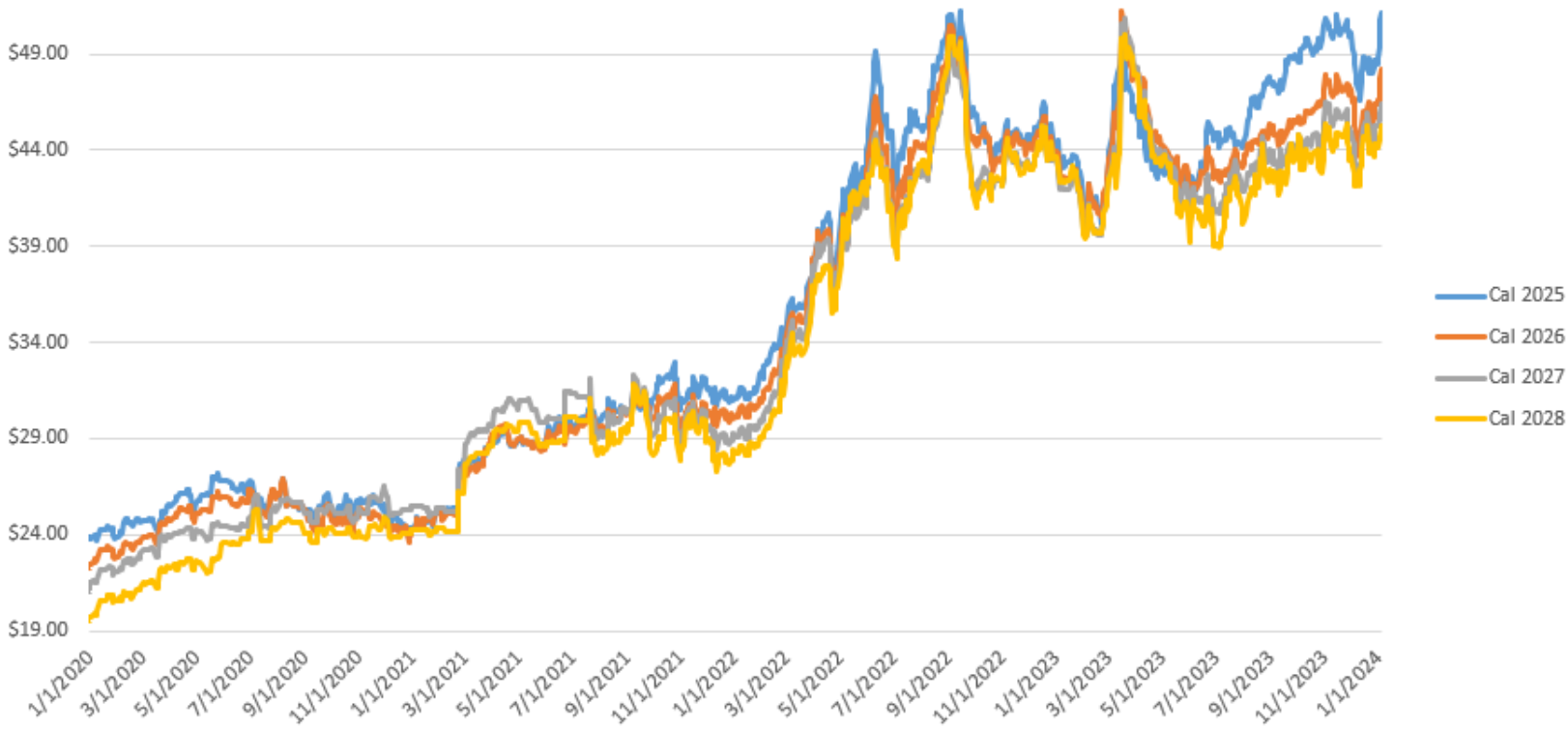
REAL-TIME PRICING

	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	\$26.09	\$25.95	\$25.07	\$39.26	\$0.02	(\$0.01)	(\$0.11)	\$10.47
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

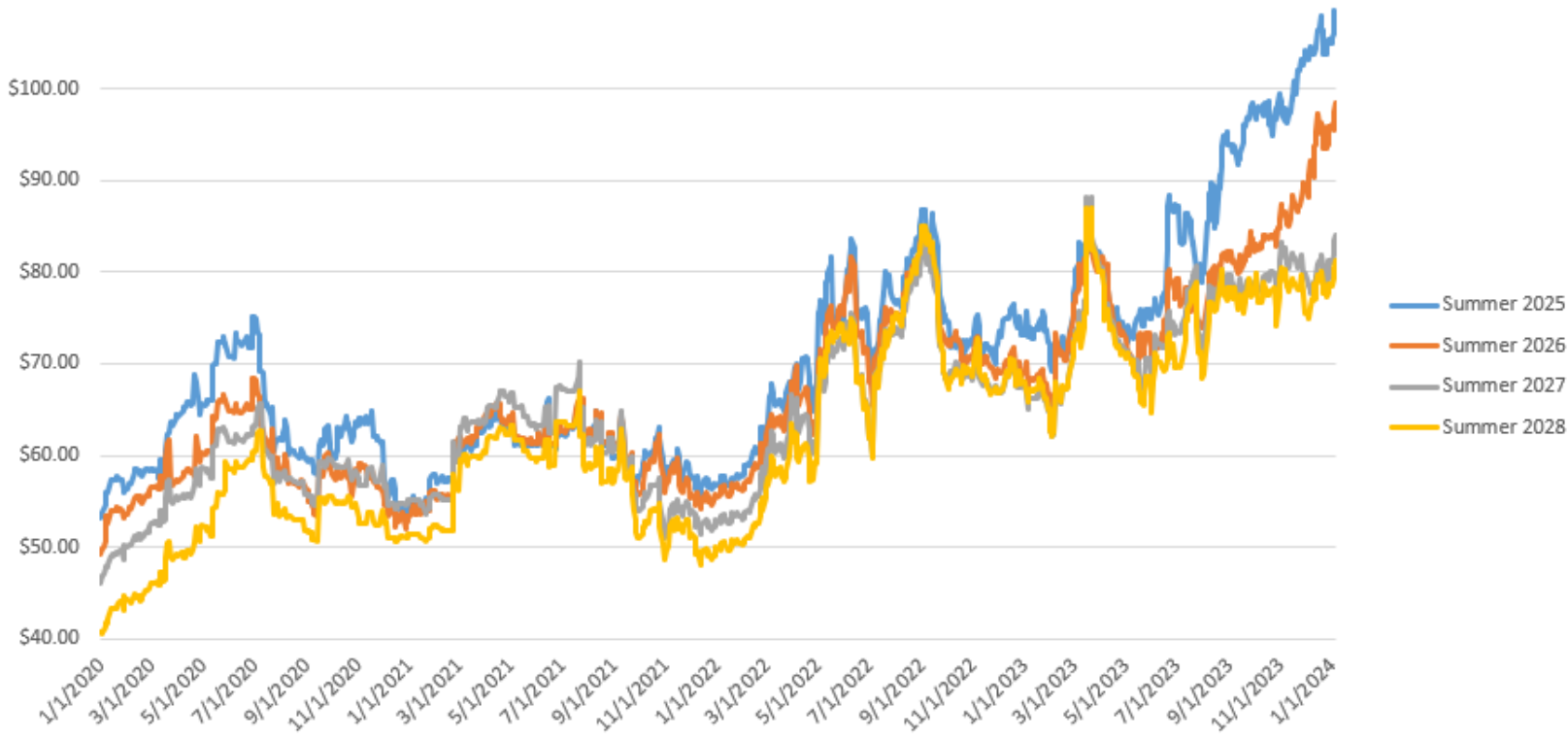


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ENERGY-ONLY POWER PRICES

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



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ADDITIONAL MARKET INSIGHTS

- December 2023 was the 8th warmest December on record in ERCOT
 - 2nd warmest December on record nationally
- Mild weather in December with El Nino weather pattern caused bearish pricing signals through much of December for power/natural gas
- Beginning of January 2024; forecasts calling for first significant cold front /below average temperatures of winter beginning January 12th and into the next week causing rebound in energy/natural gas prices
 - Market might have been too bearish in December; this can be seen partially as a correction to more regular winter levels.
- Weather will continue to be a driver and potential source of volatility as we move through the winter

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