



Item 6.2: Summer Markets and Credit

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Board of Directors Meeting

ERCOT Public

June 20, 2023

Overview

- **Purpose**
 - To share key market dynamics in operation during the 2023 Summer Season
- **Voting Items / Requests**
 - No action is requested of the Board; for discussion only
- **Key Takeaways**
 - Operating Reserve Demand Curve (ORDC) remains the main driver of pricing during scarcity intervals
 - The predominant change since the last summer is the implementation of ECRS on June 8/9
 - Natural Gas pricing is lower than last year

Operating Reserve Demand Curve

- ORDC will work as it had in 2022 with a cap at \$5,000 and a Minimum Contingency Level (MCL) of 3,000 MW.
- Prices can go above the cap due to congestion.
- Ultimate market pricing is driven by scarcity conditions.

Natural Gas Prices Much Lower than June 2022

- In June of 2022, the price per MMBtu was \$7.48. The average price in May of 2023 was \$1.96.

Just Launched the ERCOT Contingency Reserve Service (ECRS)

- ECRS is recently operational. It is a new Ancillary Service that the market is exploring costs of provision, dispatch, and revenue.
- ERCOT will continue to watch the performance of the service both from an operational perspective and a market perspective.
- Initially ECRS is pricing the highest of all Ancillary Services for many hours.

Forward prices for the summer are lower than last year at this time

ICE Forward Prices

