



Independent Market Monitor (IMM) Report

Presented at:

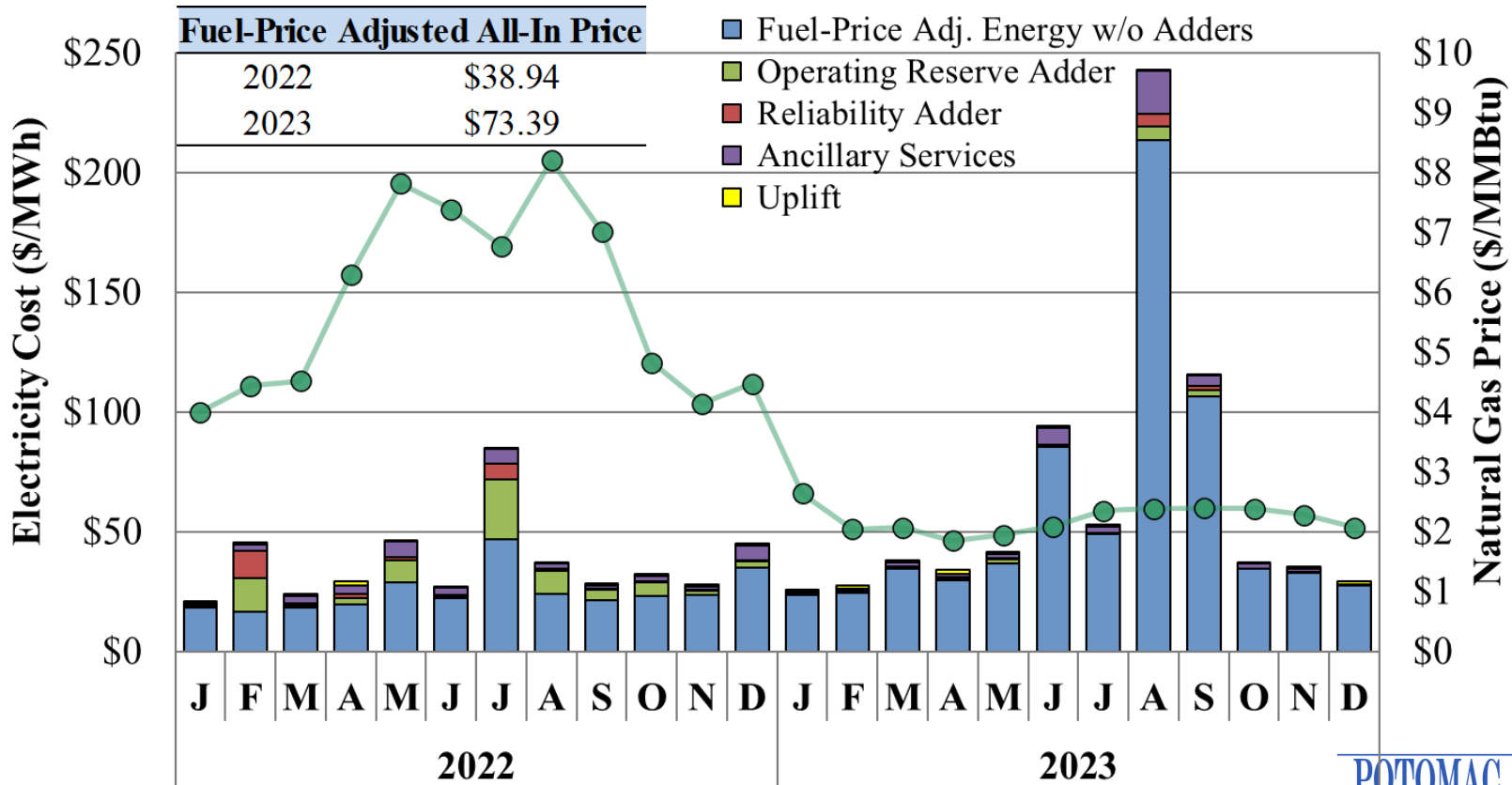
ERCOT Reliability & Markets Committee Meeting

ERCOT IMM

February 26, 2023

All-In Prices Adjusted for Fuel Price Changes: 2022 - 2023

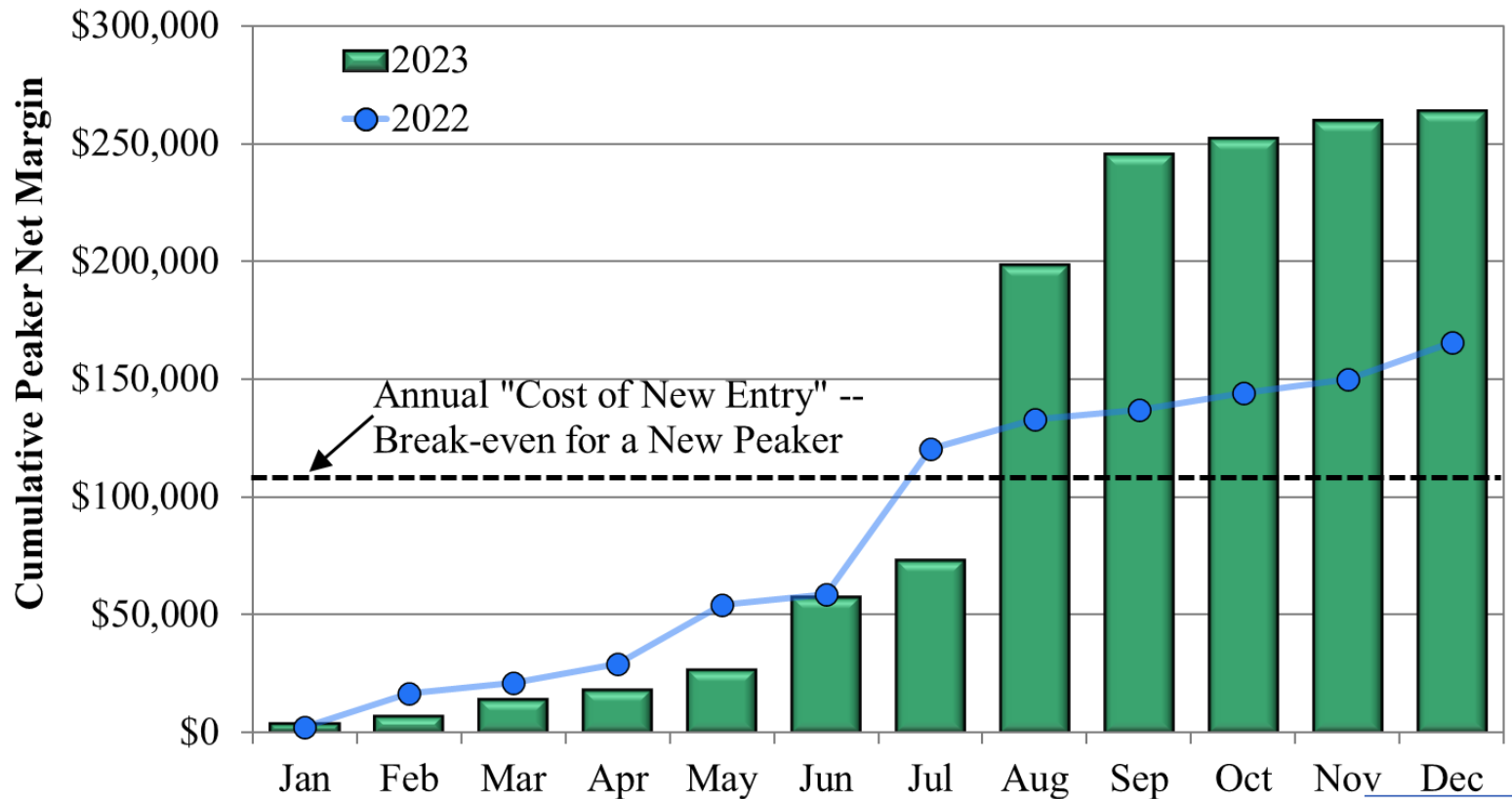
- The all-in prices were low in the last quarter of 2023, which was largely due to mild system conditions and low gas prices





Peaker Net Margin in 2023 vs 2022

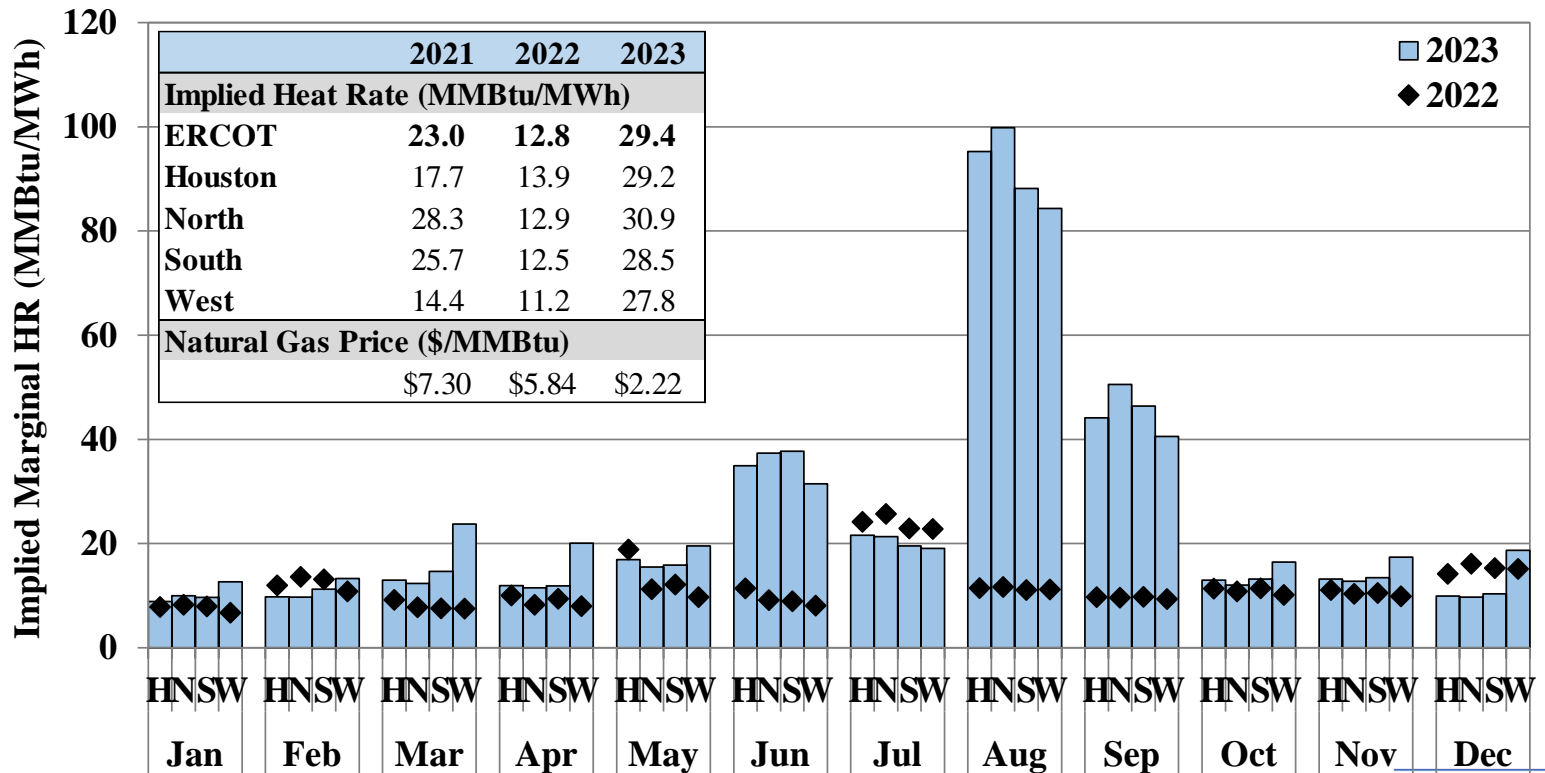
- Peaker Net Margin in 2023 was more than double the entry cost of a new peaker, largely because of the effects of ECRS that began in June





Implied Heat Rates in 2023 vs 2022

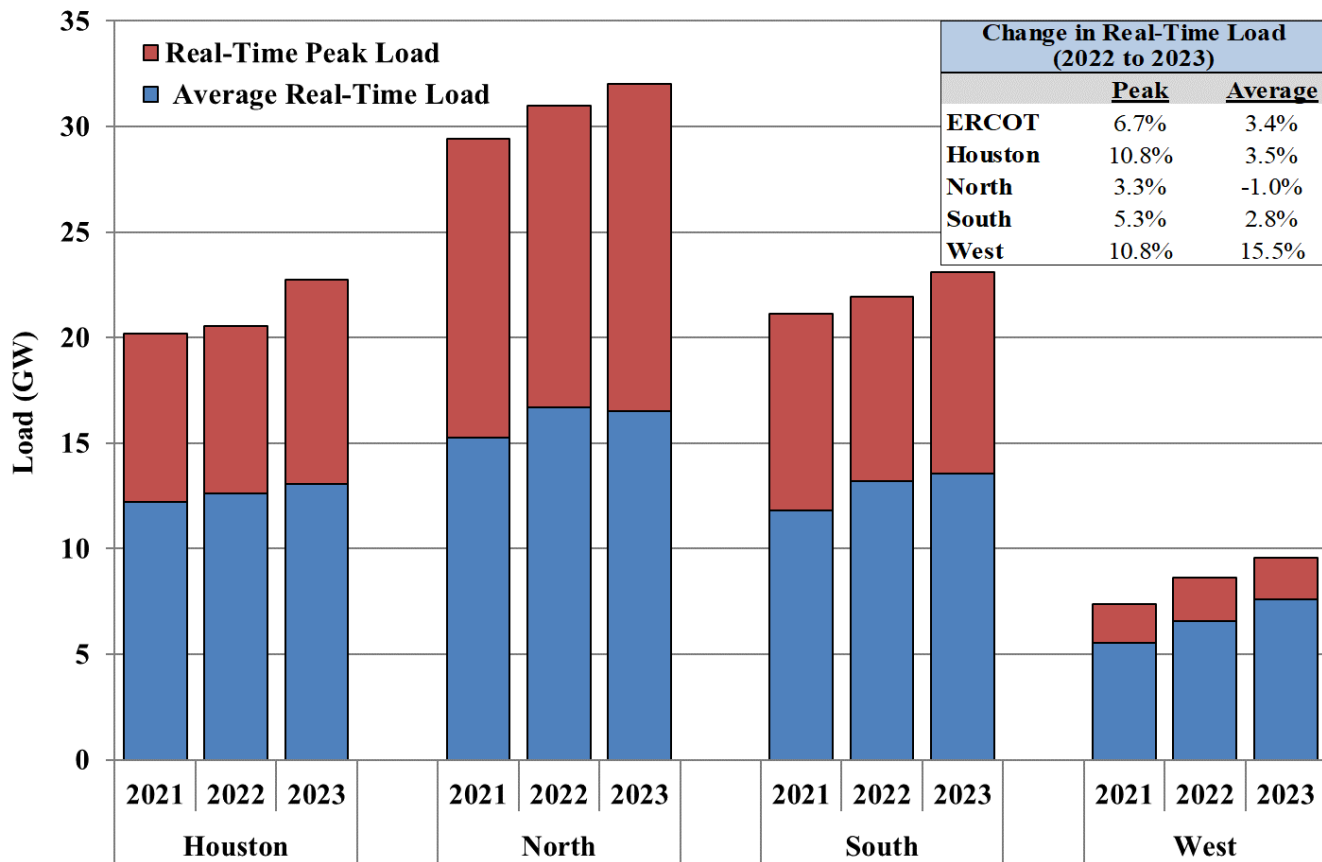
- Implied heat rates, which account for changes in gas prices, were much higher in 2023 than 2022, particularly in the summer months, despite higher online reserve levels in 2023.





Annual Load Comparison by Zone

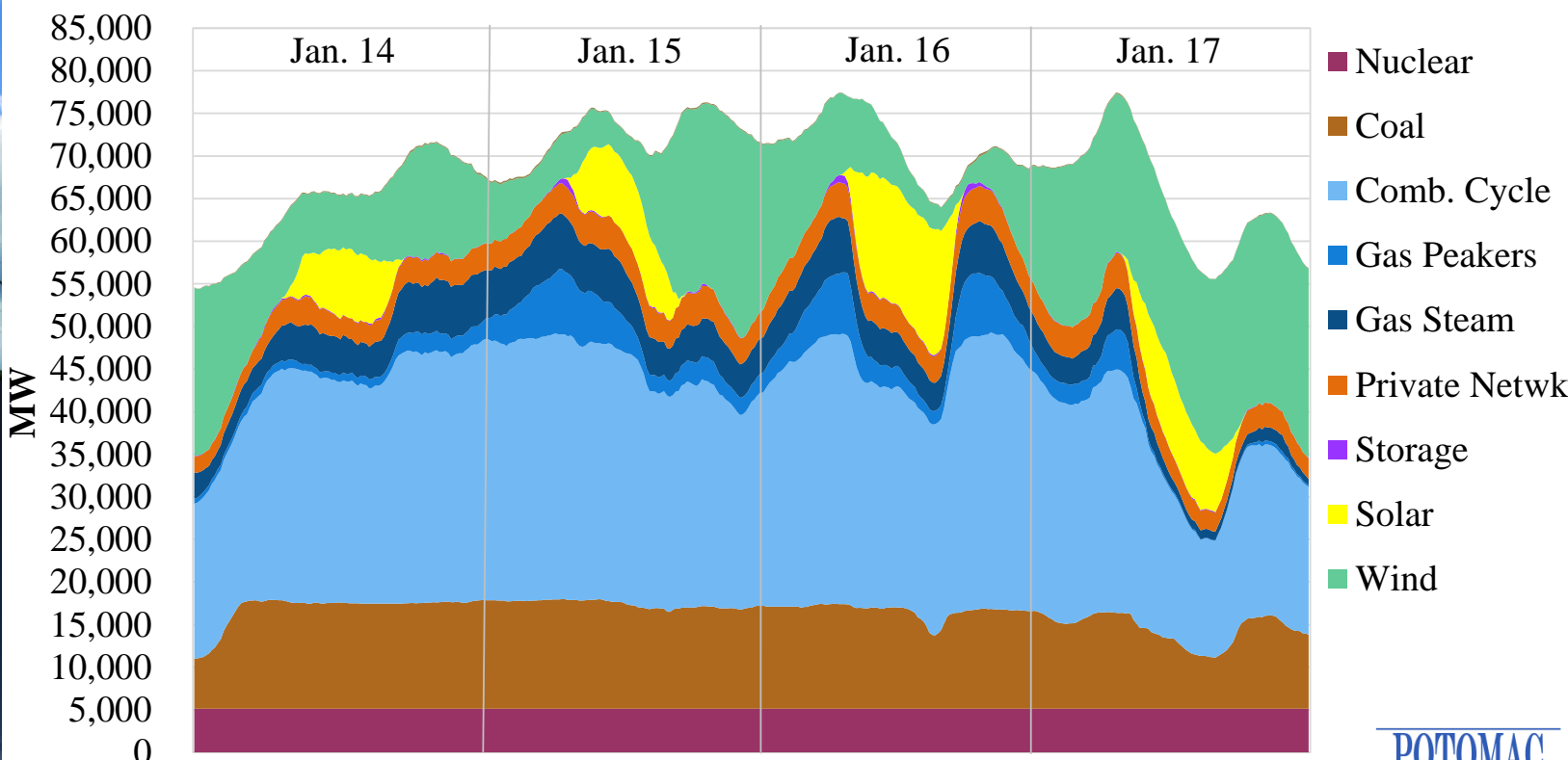
- Load continues to grow throughout Texas, particularly in the West





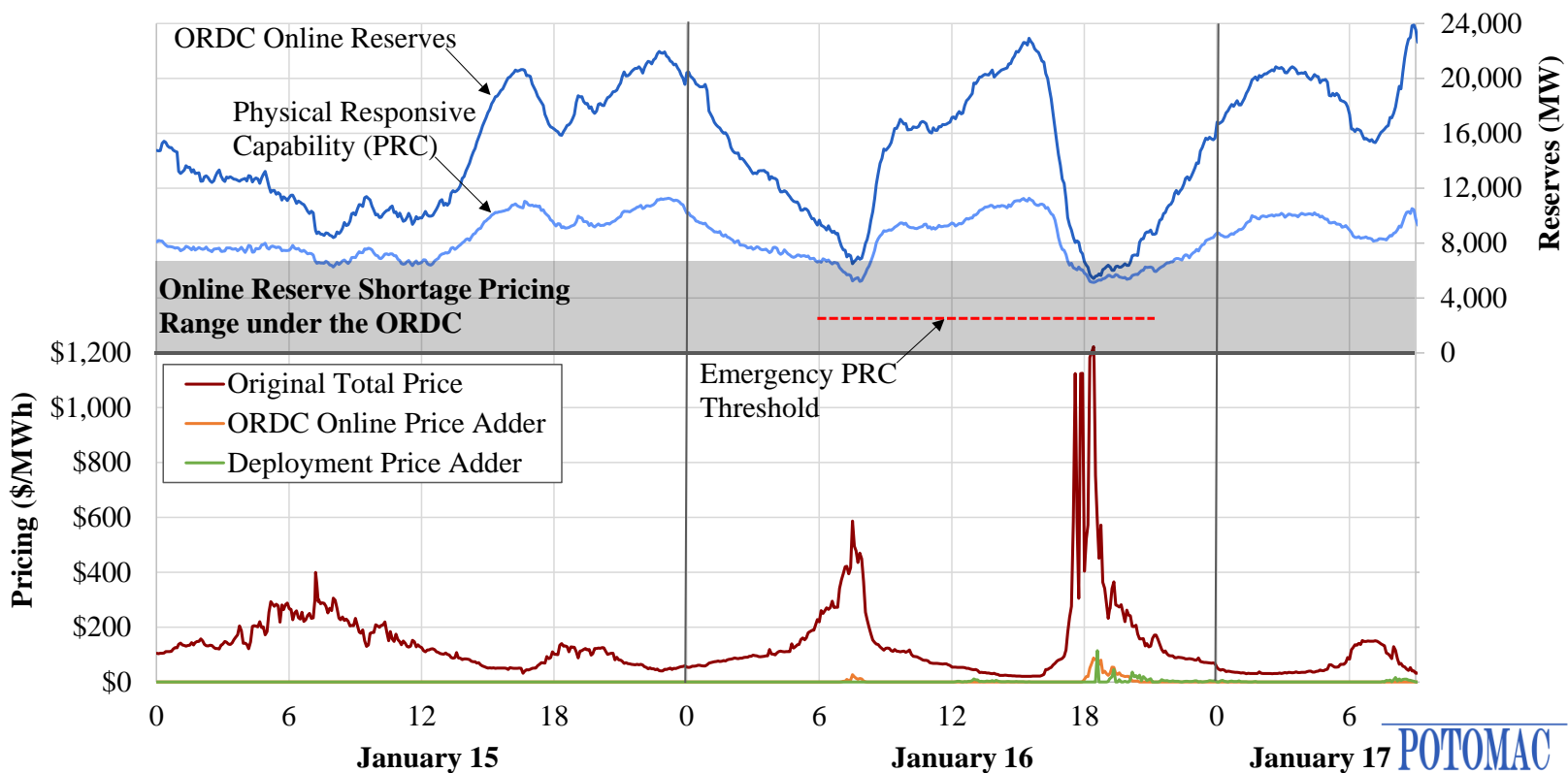
Generation by Type During Winter Storm Heather

- Supply was adequate – gas-fired resources and wind played a key role
- Conditions were tightest in the evening of Jan. 16 when wind output was low
- Storage was utilized to manage ramp needs in the morning and evening



Winter Storm Heather Pricing and Reserves

- ERCOT managed the system reliably during Winter Storm Heather
- Prices exceeded \$1,200 per MWh even though reserve levels never fell below 5,000 MW so the ORDC Online Price Adder never exceeded \$90 per MWh



Evaluation of Pricing During Winter Storm Heather

- Excessively held ECRS inflated prices during the storm– we estimate efficient prices would have lowered wholesale energy costs by more than \$90M
- Addressing these issues remains critical – discussion with ERCOT has begun

