



Item 6.2: 2024 Summer Markets and Credit

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Senior Vice President and Chief Operating Officer

Board of Directors Meeting

ERCOT Public

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Overview

- **Purpose**

To share key market dynamics in operation during the 2024 Summer Season

- **Voting Items / Requests**

No action is requested of the Board; for discussion only

- **Key Takeaways**

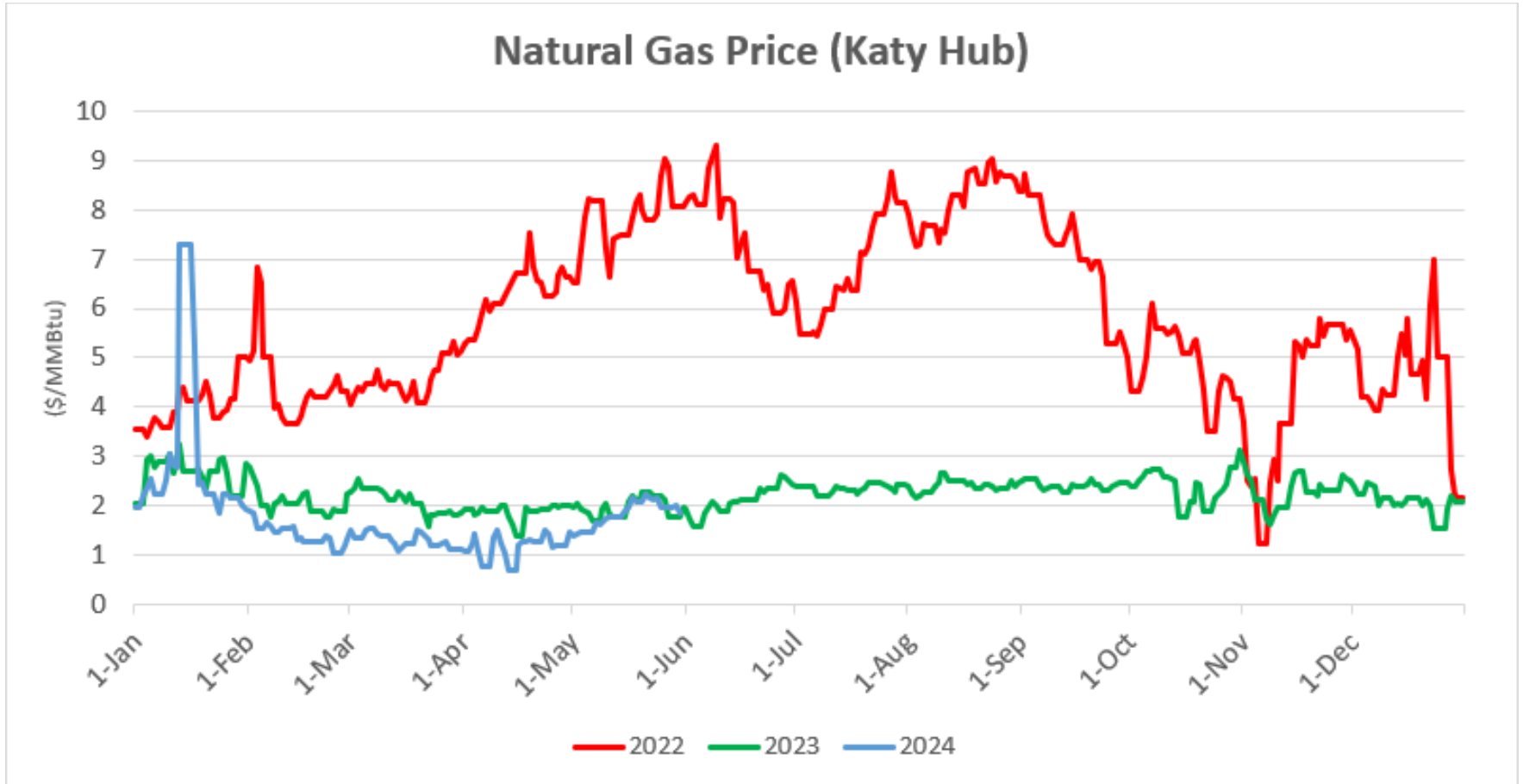
- New multi-step Operating Reserve Demand Curve (ORDC) price floors may influence the relative frequency of self-commitment over Reliability Unit Commitment (RUC) actions
- During the first quarter of 2024, natural gas pricing was lower than 2023 but has since risen to be roughly the same for May. Natural gas futures indicate slightly higher prices this summer than 2023. Prices remain much lower than 2022.
- Forward energy prices are trending higher than 2023, but lower than 2022

Operating Reserve Demand Curve (ORDC)

- The ORDC has been modified to now include multi-step price floors¹
 - When real-time online reserves are at or below 6500 MW, the minimum Real-Time Online Reserve Price Adder (RTORPA) will be \$20/MWh
 - When real-time online reserves are greater than 6500 MW but at or below 7000 MW, the minimum RTORPA will be \$10/MWh
- These measures are meant to incentivize greater self-commitment from generators and minimize the need for Reliability Unit Commitment (RUC) by ERCOT
- To date the impact of multi-step price floors has been limited
 - This has largely been a function of available reserves observed in Real-Time since implementation. The price floors and associated reserve levels may come into play more often during the summer months.

¹ Effective via [OBDRR 048](#) as of 11/01/2023

Natural Gas Prices



Forward Electricity Prices

ICE Forward Prices

