

Texas (ERCOT) Electric Market Zones



Overview

Geography

States covered: Most of Texas

Reliability regions: Electric Reliability Council of Texas (ERCOT)

Balancing authority: Electric Reliability Council of Texas (ERCOT)

Zones: Houston, North, South, West.

RTO/ISO

ERCOT schedules and centrally dispatches the grid within a single control area, ensures transmission reliability and wholesale open access, and manages financial settlement in the wholesale power market. It also administers the Texas competitive retail market, including customer switching. ERCOT operates wholesale markets for:

- Balancing energy
- Ancillary service markets with zonal congestion management.

Market participants trade electricity bilaterally directly, through brokers and through the Intercontinental Exchange (ICE). Physical products predominantly use the ERCOT hub pricing point, but physical and financial products priced at the four ERCOT zones are also traded.

[ERCOT 2008 State of the Markets Report](#)

Market Monitor:

Dan Jones of Potomac Economics – Independent Market Monitor, ERCOT

Jess Totten, Design Oversight and Pam Whittington Enforcement Oversight, PUC of Texas

Generation/Supply

Marginal fuel type: Coal and natural gas

Generating capacity (summer 2007): 71,244 MW

Capacity reserve (summer 2007): 8,744 MW

Reserve margin (summer 2007): 14%

As of December 2007, ERCOT expects reserve margins to be 13.1% in 2008 and 12.1% in 2009.

Demand

All time peak demand: 62.5 GW (set August 13, 2007)

Peak demand growth: 0.0% (2006–2007)

Summer Peak Demand (GW): 60.2 (2005) 62.3 (2006) 62.5 (2007)

Source: *PUC of Texas*

Prices

Annual Average Real-Time Price at ERCOT North Hub

2004 \$42.33/MWh

2005 \$66.47/MWh

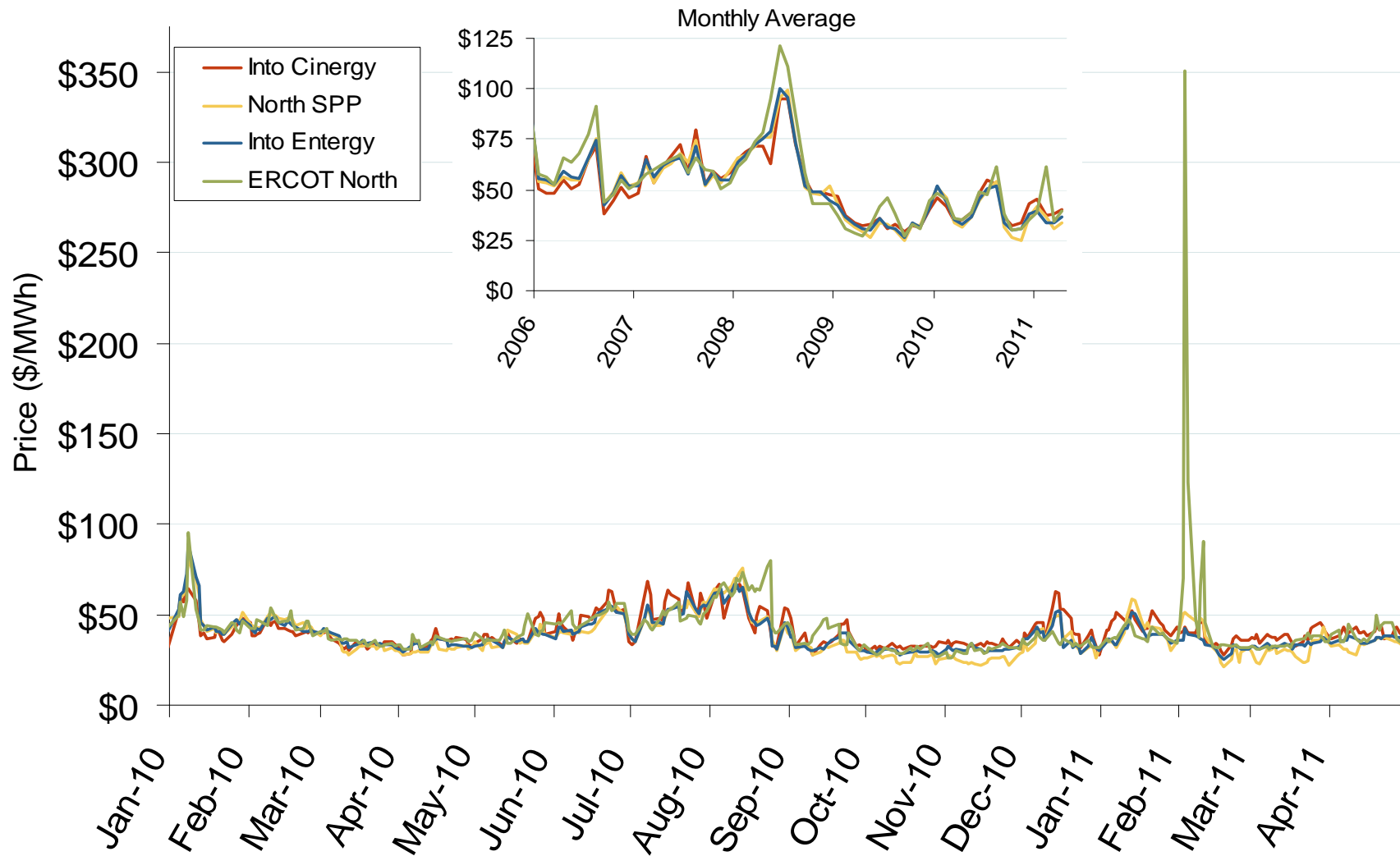
2006 \$51.39/MWh

2007 \$51.96/MWh

Interconnections/Seams

The ERCOT control area is not synchronously connected to the Eastern or Western Interconnection (it is a separate interconnection) but it can exchange about 1,100 MW with SPP and Mexico through DC links. An additional 250 MW of exchange capacity with Mexico came online in 2007.

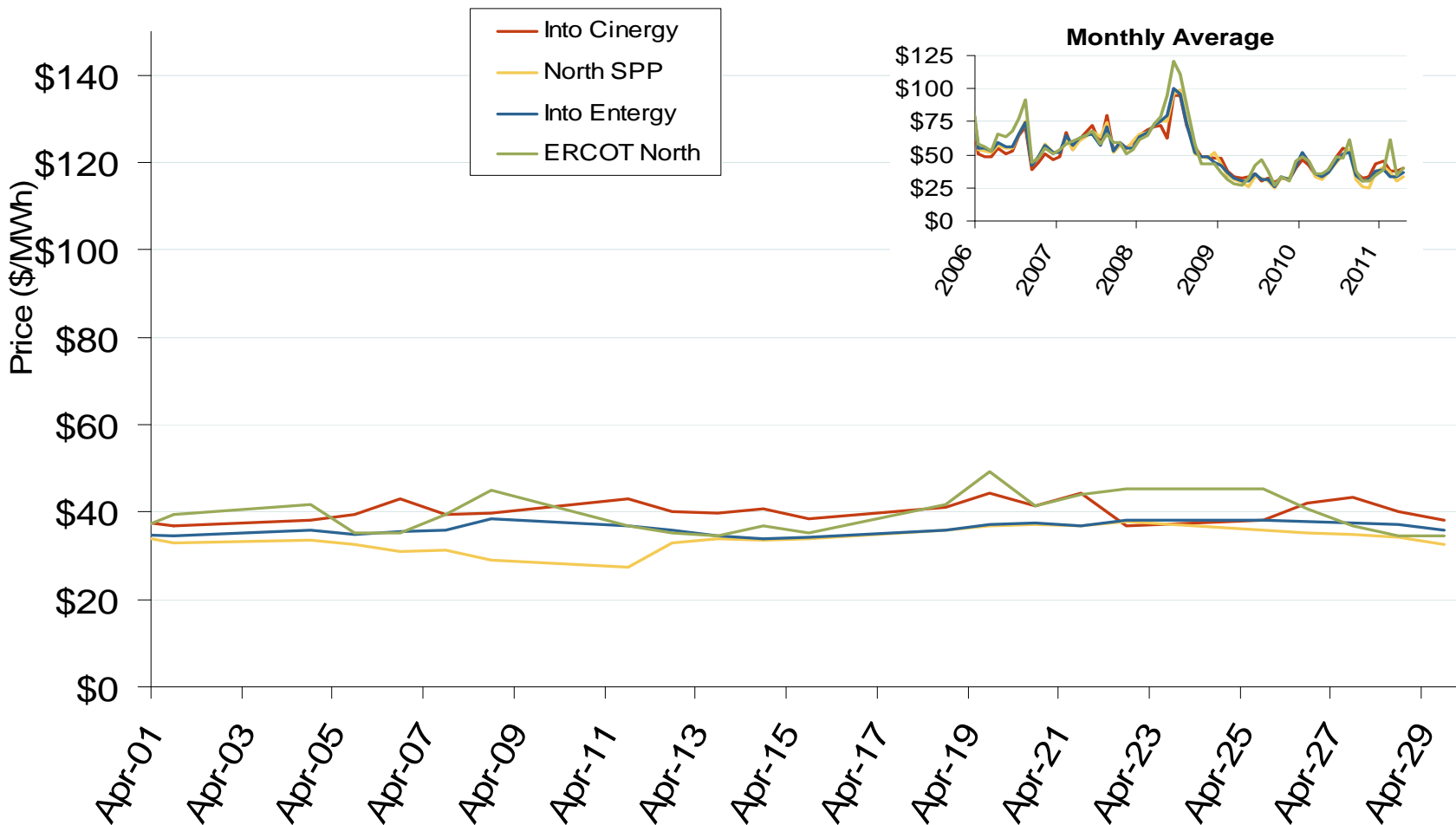
Midwestern Daily Bilateral Day-Ahead On-Peak Prices



Source: Derived from *Platts* data.

Updated May 6, 2011

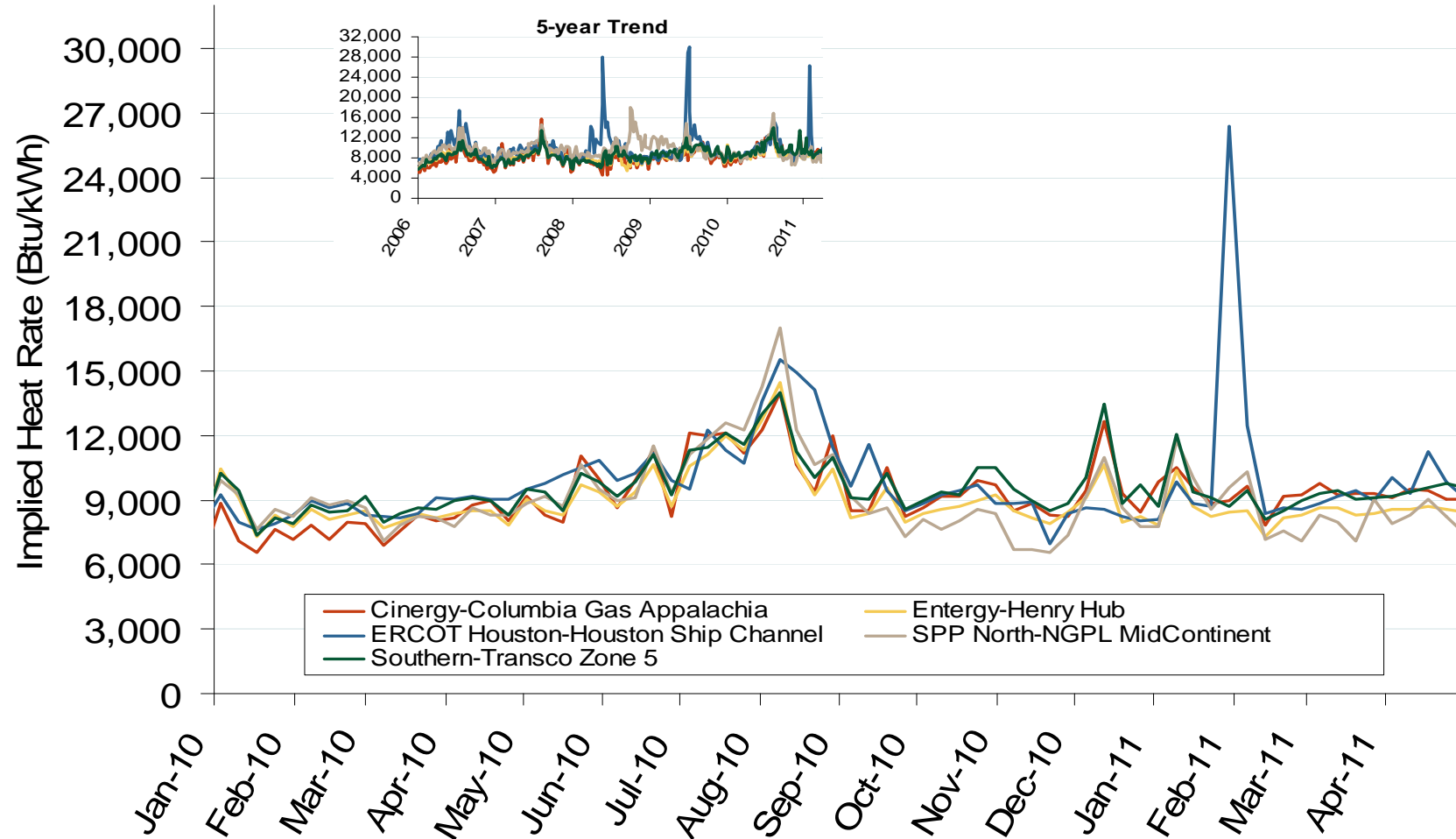
Midwestern Daily Bilateral Day-Ahead On-Peak Prices



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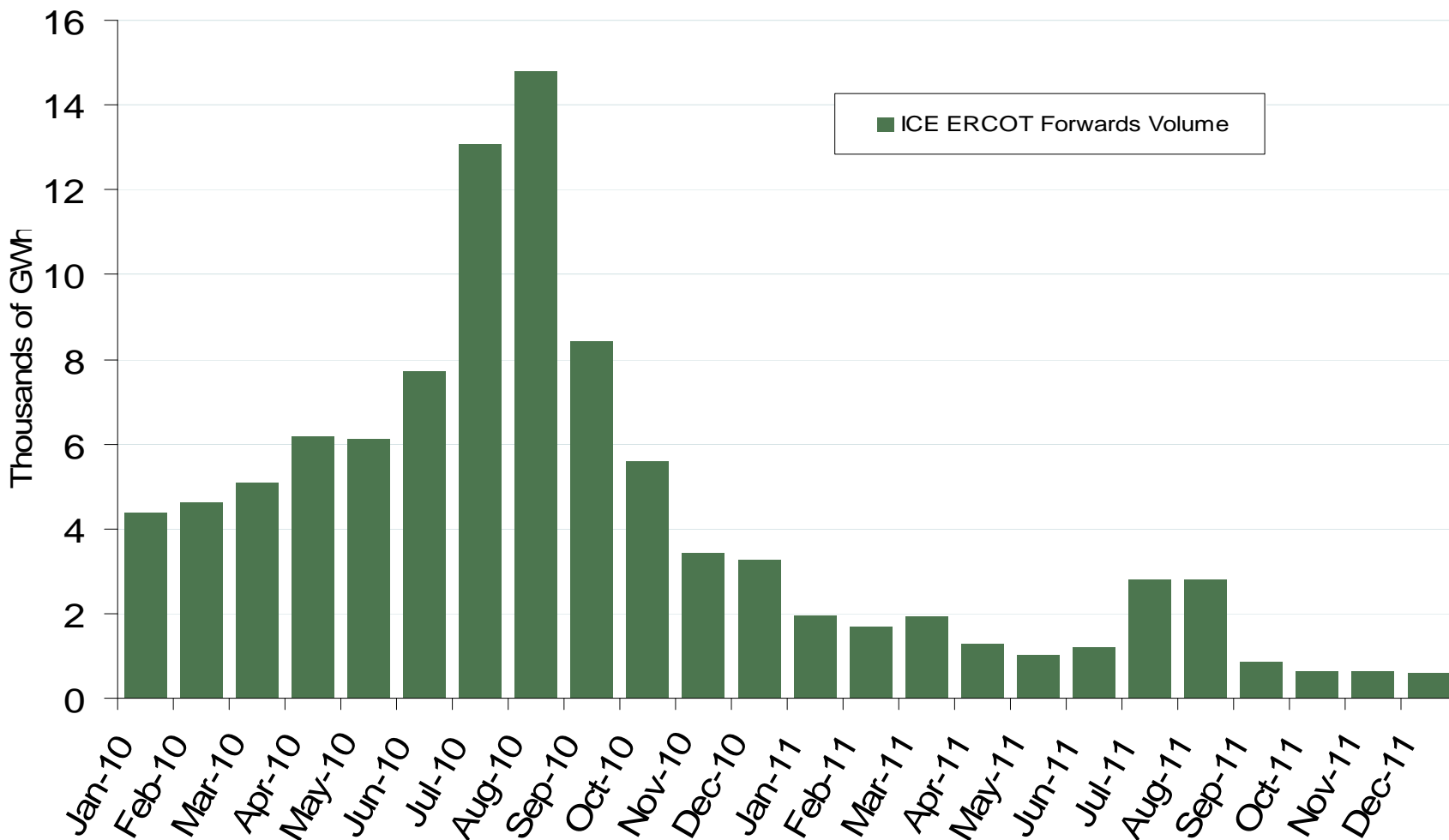
Implied Heat Rates at South Central Trading Points Weekly Averages



Source: Derived from *Platts* on-peak electric and natural gas price data.

Updated May 6, 2011

ERCOT Forwards Volume

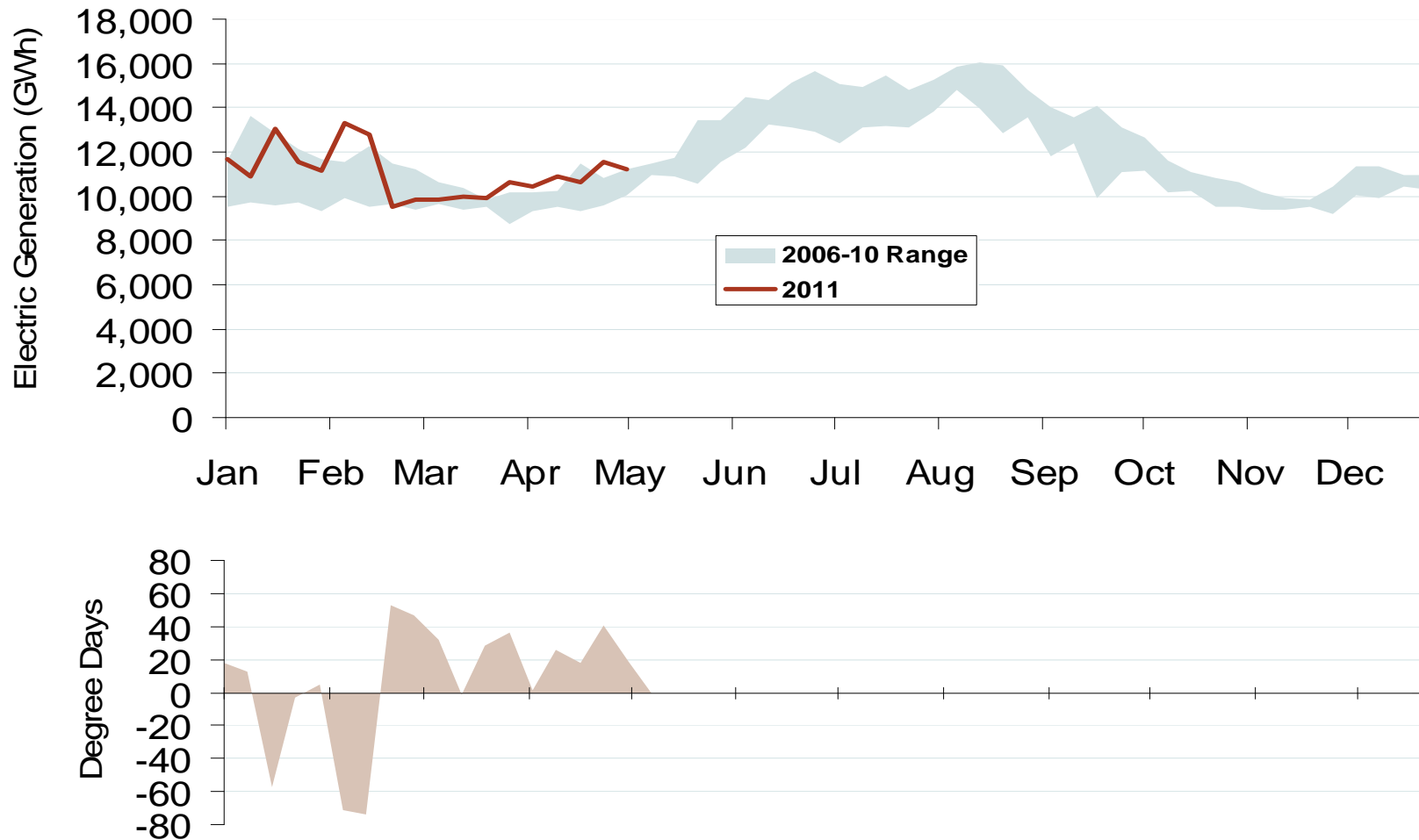


Source: Derived from ICE data.

ICE forwards (physical) volume for ERCOT include on-peak monthly, dual month, quarterly, and calendar year contracts traded for each month.

Updated May 6, 2011

Weekly Electric Generation Output and Temperatures South Central Region



Source: Derived from *EEl* and *NOAA* data.

Updated May 6, 2011