



Enel X Insights

May 2020 Texas Monthly Market Commentary

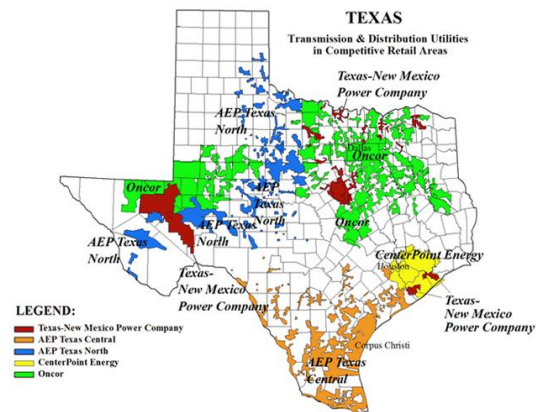
TEXAS

4CP – Opportunity to reduce demand charges for 2021

Amidst economic turmoil caused by coronavirus, many commercial and industrial business owners are looking to achieve significant reduction in their electric utility charges. Every summer, ERCOT rolls out a program to measure how much each consumer in Texas contributes to the total peak load of the electric grid. The greater a customer’s contribution to the peak load, the higher their demand charge for the following year.

4CP, also known as Four Coincident Peak, is the program that allows commercial business participants to voluntarily reduce their energy consumption during the 15-minute interval each month (June – September) when ERCOT is likely to record peak events. For each megawatt (MW) of demand reduced during the system peak this summer, customers save up to \$90,000 over the course of next year (January 2021 – December 2021). Depending upon the utility zone, cost avoided for each MW of demand reduction can be found in the table below:

Utility Zone	Cost Avoidance per 1 MW reduction
CenterPoint	\$54,461
ONCOR	\$46,332
AEP Central	\$66,191
AEP North	\$50,208
TNMP	\$90,069



In the past, Texas has often recorded peak load events between 4:00 PM and 5:00 PM when higher summer temperatures pushed the cooling demand upwards. Facilities that are able to reduce demand on a given day enact an energy reduction strategy by temporarily reducing non-essential site demand (i.e. lighting, HVAC, certain manufacturing equipment).

Enel North America uses proprietary predictive modeling technology called System Peak Predictor to assess the likelihood of system peaks every day between June 1 and September 30, and advises enrolled facilities of the likelihood of a peak through the daily email notifications sent each morning during the program period. Contact Enel X today to determine site eligibility and to assess your facility’s potential cost avoidance. For more information on Enel X System Peak Predictor, contact Enel X Support at +1 888 363 7662 or support.enelx@enel.com



Texas Electricity Pricing Update

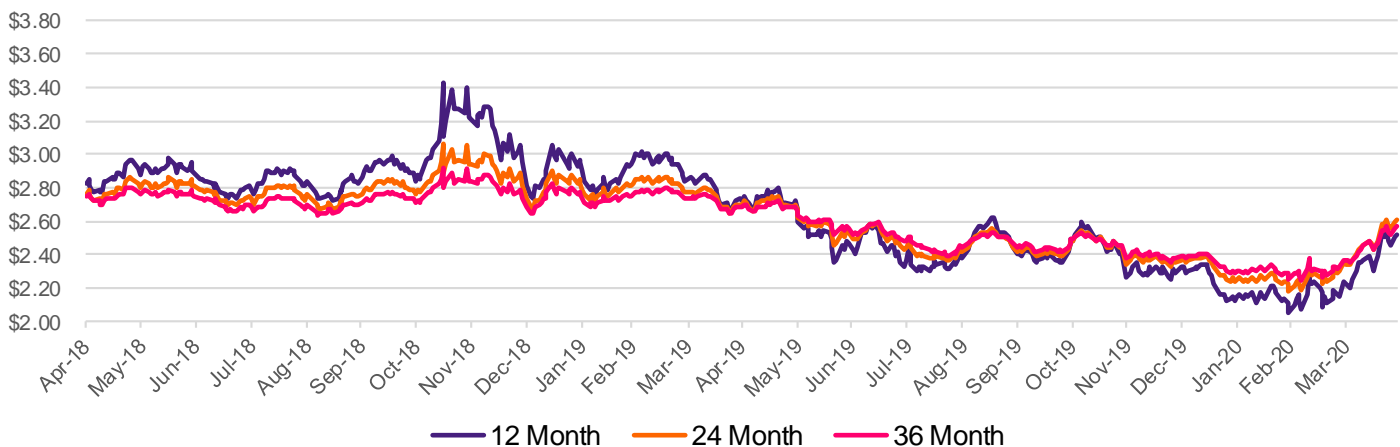
Spot power prices in ERCOT fell an average of 13% month-over-month in April as government-mandated lockdowns and milder temperatures weighed on demand. April 2020 day-ahead prices averaged \$19.87/MWh, representing an 11% decline year-over-year.

ERCOT Spot Pricing							
ERCOT Hub	Apr-20	Mar-20	MoM		Apr-19	YoY	
			▼	% Inc/(March)		▼	% Inc/(April)
North	\$20.04	\$23.33	▼	-14%	\$22.98	▼	-13%
Houston	\$21.02	\$24.30	▼	-13%	\$23.85	▼	-12%
South	\$20.71	\$23.34	▼	-11%	\$22.45	▼	-8%
West	\$17.72	\$20.39	▼	-13%	\$19.54	▼	-9%
Hub Average	\$19.87	\$22.84	▼	-13%	\$22.20	▼	-11%

Texas Natural Gas Pricing Update

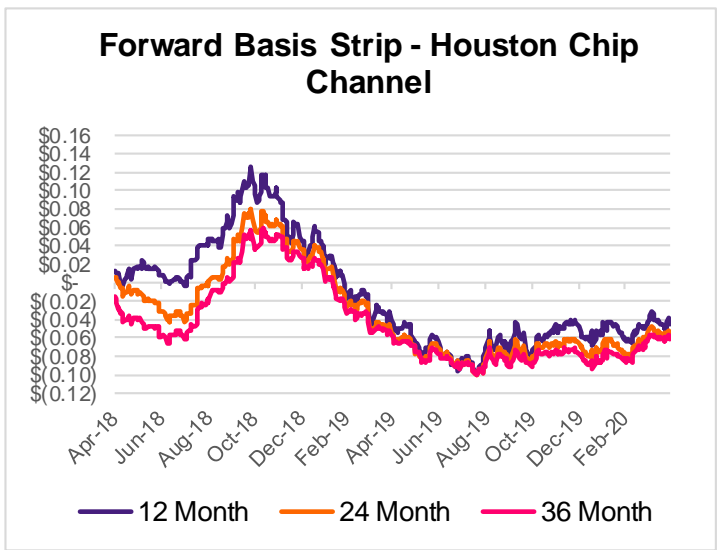
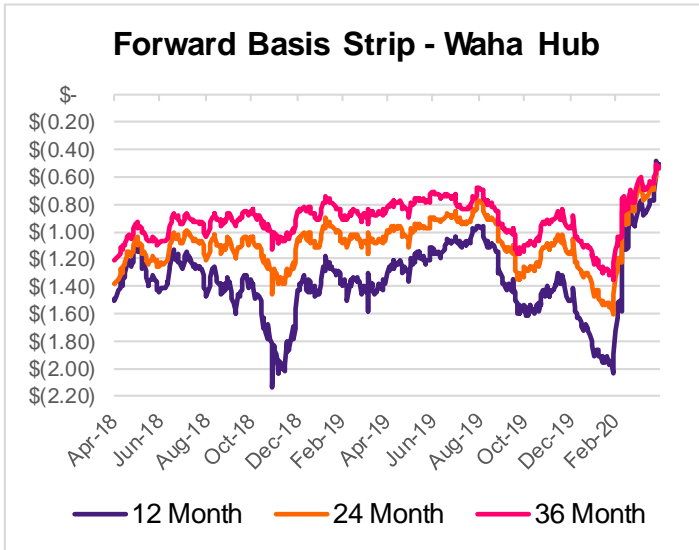
NYMEX Henry Hub futures continue to trend higher amid slowing oil production as drillers shut oil wells due to the recent collapse in crude prices. The rebound in prices, however, has been partially restrained by forecasted government lockdowns, which are expected to reduce domestic gas demand and international exports. The NYMEX 12-month rolling strip settled at \$2.56/MMBtu on May 1, roughly 11% higher month-on-month

Forward Strips - Henry Hub





Houston Ship Channel's prompt month forward basis strips continued to trade below \$(0.04)/MMBtu on lower demand. Forward basis for the 24-month term and 36-month term rebounded to April 2019 levels after peaking at \$(0.08)/MMBtu in December 2018. In the west, Waha forward basis continued to charge higher in April 2020. The 12-month contract was last seen trading near \$(0.60)/MMBtu while the 24-month term and 36-month term traded close to \$(0.80)/MMBtu.



For questions or further discussion about these topics, please contact your Enel X Energy Advisor or talk to an [Energy Sourcing Expert](#).