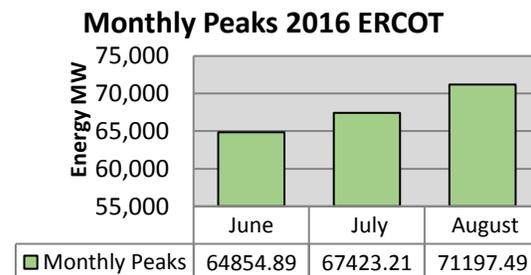
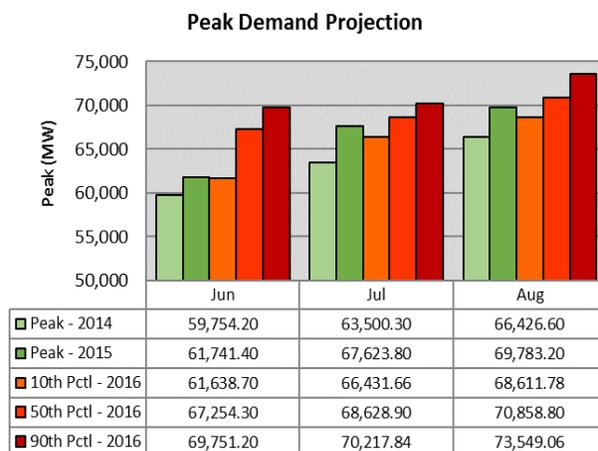


## Summer 2016 in ERCOT Review

Earlier in the year, TESLA, Inc. presented our Seasonal Perspective for ERCOT coming into Summer 2016. Our Seasonal Perspectives are intended to give an advance look at the high demand heating and cooling seasons. They are projections of the potentiality for the peak in month, the accumulated energy over the month and the coincident peak.

### Results



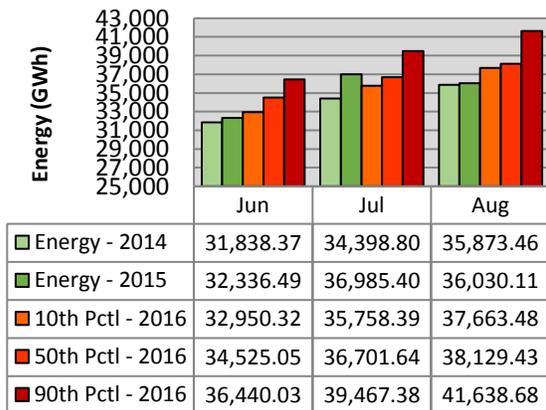
The most interesting observation was the new all-time peak, which ERCOT set in August of 71,197 MWs on August 11<sup>th</sup> at 4:00pm CDT, besting the previous all-time peak set in August 10<sup>th</sup> 2015 at 4:00pm CDT of 69,783 MWs. It is also noteworthy that, according to our projections, ERCOT's new all-time peak lies just above the median of our distribution for August. This is significant because it suggests that going forward, ERCOT will have the potential to set new peaks every August without necessarily experiencing record temperatures.

The average of the seasonal summer temperatures in Houston and Dallas as measured at IAH and DFW were down about .10°F in 2016 compared to 2015. There were 60 observations of temperatures above 97°F (i.e. hours for which the observed temperature was 97°F or above in Houston) in 2016. Compared to 2015, in which there were 82. In Dallas, there were 142 observations above 97°F in 2016 and 164 in 2015. Exactly 22 days fewer below 97°F in both Houston and Dallas than in 2015.

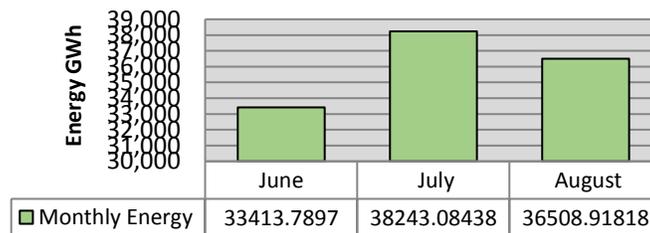
Houston also had very wet summer, 23 inches of rain for the summer in 2016 compared to 16 inches in 2015 and 6 inches in 2014. Notwithstanding milder weather, 2016 out peaked 2015 by nearly 1.5 GWs. It is worth noting that 2016 experienced a very strong El Niño, and the degree to which this may have affected load is yet to be analyzed. However, the second week of August should be watched carefully going forward.

During the week of the 11<sup>th</sup>, ERCOT set a new peak on the 8<sup>th</sup>, 10<sup>th</sup> and again on the 11<sup>th</sup>. Going forward this may pose challenges as well as opportunities to suppliers and encourage demand management strategies to continue to proliferate and potentially grow more exotic.

**Total Energy Projection**



**Monthly Energy Totals**



Total energy consumed over the Summer season in ERCOT continues to show a pattern which seems to suggest why we are seeing peaks in the second week of August. The total energy consumed in month reaches its maximum in July. This suggests that the heat is building up across July and peaking in the second week of August. Then it tapers off into the shoulder season. This would suggest that the total energy is becoming a lagging indicator of peak load.

### **Coincident Peaks**

We identified the dates on which a coincident peak is projected to occur from 150 or more individual demand projections. We then calculated how often each date in the sample was projected to be a coincident peak date as a percentage of all demand projections. The table below

lists the dates which we felt were most likely to be the coincident peak days. We did not include September in our analysis; however, we did include both July 14<sup>th</sup> and August 11<sup>th</sup>, both of which were indeed Coincident Peaks, in our top 10. The week of the 11<sup>th</sup> being the “Week of Three Peaks.”

Rank	Date	Percentage
1	Aug 09	37.1%
2	Aug 03	21.0%
3	Aug 16	18.1%
4	Aug 11	12.4%
	Aug 22	12.4%
	Aug 23	12.4%
7	Aug 15	10.5%
8	Jul 14	8.6%
9	Jun 28	7.6%
	Aug 04	7.6%
	Aug 05	7.6%
	Aug 31	7.6%

**Disclaimer** – Data presented here are projections based on historical weather patterns. The analysis should be interpreted as a presentation of possible outcomes and not a forecast of likely outcomes. For more information on TESLA’s forecasting solutions, please contact us at:

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