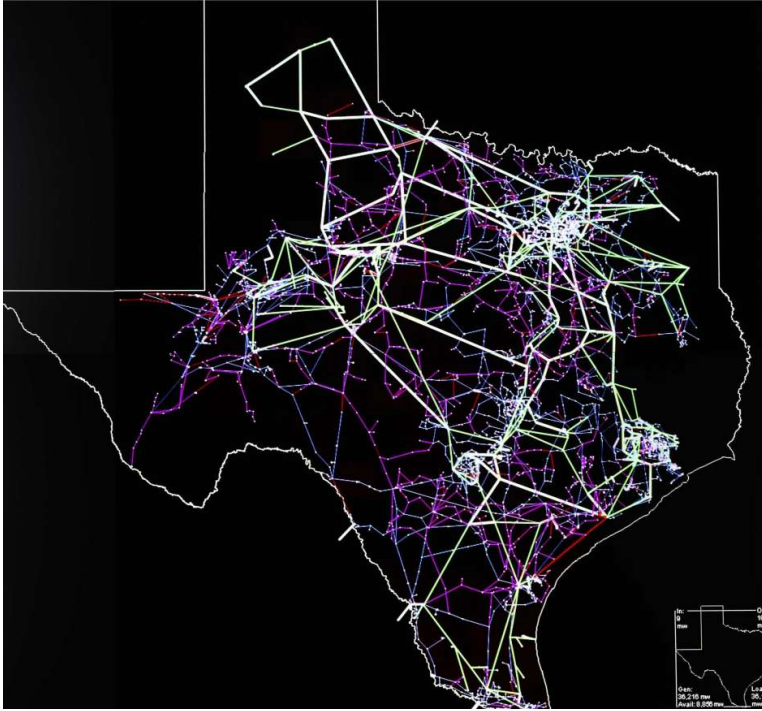


Calpine admits error that sent power prices soaring

L.M. Sixtel | July 22, 2019 | Updated: July 25, 2019 8:58 a.m.

<https://www.houstonchronicle.com/business/energy/article/Calpine-admits-error-that-sent-power-prices-14112008.php>



A view of the state's power grid in the ERCOT control room. Calpine has claimed responsibility for a data error that sent wholesale power prices spiking at the end of May and, according to an estimate from a commodity trading firm, cost consumers, industrial customers, power traders and retail electric providers more than \$18 million and boost the cost of futures contracts by tens of millions more.

The Houston merchant power company Calpine has claimed responsibility for a data error that sent wholesale power prices spiking at the end of May and, according to an estimate from a commodity trading firm in Houston, cost consumers, industrial customers, power traders and retail electric providers more than \$18 million.

The error likely added millions more in costs by pushing up the price of summer futures contracts for electricity, according to the electricity trading firm Aspire Commodities of Houston. Companies buy futures contracts to lock in supplies and prices over longer terms and protect themselves from rising prices. The costs of futures contracts are also built into electricity rates.

The price spike, which lasted less than three minutes and sent wholesale prices soaring to the maximum allowed by regulators, \$9,000 per megawatt hour, occurred the afternoon of May 30, when temperatures were somewhat above average but supplies seemed plentiful. Calpine said an information technology employee unknowingly caused a data error that indicated Calpine had taken some 4,000 megawatts of generation capacity — enough to power some 800,000 Texas homes — offline when they were in fact still operating.

“We regret the error and are taking measures to prevent this type of event from occurring again,” said Calpine spokesman Brett Kerr.

Calpine is calling on the state’s grid manager to reprice the 15-minute interval in which the price spike occurred, a move that would essentially lead to refunds from generators, which are paid based on the average price during each 15-minute interval. The wholesale price averaged \$1,400 a megawatt hour during that interval in which the price spike occurred; it averaged \$41 in the 15 minutes before and \$29 in the 15 minutes after.

The Electric Reliability Council of Texas, however, has rejected repricing the 15-minute interval. ERCOT does not make price corrections when it receives incorrect information from generators, Kenan Ogelman, vice president of commercial operations, said during a meeting of the ERCOT’s board of directors in June.

Calpine said it has not calculated how much extra money it made from the data error. Leslie Sopko, spokeswoman for ERCOT, said she could neither confirm nor deny that Calpine was responsible for the price spike.

Aspire Commodities, the electricity trader, has asked the Public Utility Commission to require generators to repay their multimillion-dollar windfall. The company estimates that the May 30 spike pushed up summer futures contracts for electricity by \$245 million.

Sopko said ERCOT will file a response to Aspire’s complaint next week.

Griddy, the California company that sells wholesale power to consumers in Texas, estimates the jump in wholesale prices caused by Calpine’s data error amounted to nearly \$3 per customer. The company won’t say how many customers it has.

Griddy texted its customers on May 30 telling them not to worry because it was a data error and Griddy expected ERCOT to recalculate what the real price should have been. And if ERCOT didn’t adjust the price, Griddy told its customers that the company would step in and reimburse them.

“We didn’t want our members to eat it,” said Greg Craig, the founder and CEO of Griddy.