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ARGUS NORTH AMERICAN HOURLY ELECTRICITY FORWARD CURVES

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The most up-to-date Argus North American Hourly Electricity Forward Curves methodology is available on
www.argusmedia.com

Introduction

Argus North American Hourly Electricity Forward Curves delivers daily assessments of forward electricity prices at locations across North America.

Argus forward curves provide an independent view of forward prices, informed by a variety of data sources for both liquid and illiquid markets. Argus forward curves are not intended to be “predictive” and do not represent a forecast of what electricity will be worth in future physical prompt markets.

Definitions and curve length

Prices reflect the market’s valuation of a standard quantity of firm physical electricity delivered during a named hour on weekdays, weekend days, or all days of a named month

Timing:

Assessments reflect prices at the close of CME’s Henry Hub futures primary trading session, normally 14:30 EST.

Source data:

Argus derives its hourly forward curves from:

1. Transactions, bids and offers for individual hours or multi-hour periods. Market information is gathered from numerous sources, including brokers, traders, and mid and back offices of energy companies. Information that Argus cannot validate may be excluded from the assessment process.
2. Peak, off-peak, RTC, 2*16, and 7*8 forward price assessments, as published in Argus North American Electricity Forward Curves. [Click here](#) to view the Argus North American Electricity Forward Curves methodology for peak, off-peak, RTC, 2*16, and 7*8 forward prices.
3. Hourly price data published by transmission system operators.

Means of assessment:

Argus assesses each market at the midpoint of an end-of-day bid-offer spread where possible. In the absence of hourly market data, Argus uses proprietary algorithms, statistical analysis, regression analysis, and correlation covariance to extrapolate hourly curves from its peak, off-peak, RTC, 2*16 and 7*8 curves, and from day-ahead and real-time ISO hourly prices.

Currency and units of assessment:

Assessments are made in US dollars per megawatt hour (MWh), unless otherwise specified.

Corrections to assessments

Argus will on occasion publish corrections to price assessments after the publication date. We will correct errors that arise from clerical mistakes, calculation errors, or a misapplication of our stated methodology. Argus will not retroactively assess markets based on new information learned after the assessments are published. We make our best effort to assess markets based on the information we gather during the trading day assessed. If transaction information is submitted in error, and the company submitting informs Argus of the error within 24 hours of the original submission, Argus will make best efforts to correct the price data. After 24 hours, Argus will review both the material effect that the correction will have on the price data and the amount of time that has elapsed from the date of the published price data before deciding whether to issue a correction. After 30 days, data submitters are not expected to file corrections to submitted data.

Ethics and compliance

Argus operates according to the best practices in the publishing field, and maintains thorough compliance procedures throughout the firm. We want to be seen as a preferred provider by our subscribers, who are held to equally high standards, while at the same time maintaining our editorial integrity and independence. Argus has a strict ethics policy that applies to all staff. The policy can be found on our website at www.argusmedia.com. Included in this policy are restrictions against staff trading in any energy commodity or energy related stocks, and guidelines for accepting gifts. Argus also has strict policies regarding central archiving of email and instant messenger communication, maintenance and archiving of notes, and archiving of spreadsheets and deal lists used in the price assessment process. Argus publishes prices that report and reflect prevailing levels for open-market arms length transactions (please see the [Argus Global Compliance Policy](#) for a detailed definition of arms length).

Updates to methodology

Argus methodologies are constantly updated and revised. The latest available methodology (which may supersede the one you are reading) is available at www.argusmedia.com.