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ARGUS NORTH AMERICAN HEAT RATE FORWARD CURVES

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

Introduction

Argus North American Heat Rate Forward Curves delivers daily assessments of forward heat rates at more than 50 locations across North America.

Forward heat rates are not intended to be “predictive” and do not necessarily represent a forecast of the heat rates that will prevail in future prompt markets.

Curve length

Argus assesses heat rates for the following terms:

Table 1: Curve length

Period	Duration (inclusive)	Periods assessed	Earliest period assessed
Month		84	Month after current month
Calendar year		6/7	Year after current year
Quarter		24	Quarter after current quarter
Power winter	1 January–last day February	6	Next season
Power spring	1 March–30 April	6	Next season
Power summer	1 July–31 August	6	Next season

Timing

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

Means of calculation

For each term and location, Argus publishes a midpoint, bid level, and offer level for two types of heat rate:

1. Nymex heat rates: Argus divides its electricity assessment by the settlement price for the corresponding CME Henry Hub futures contract.
2. Other NG heat rates: Argus divides its electricity assessment by its assessment of a corresponding local natural gas market (see Table 2).

Currency and units of assessment:

Heat rates are calculated in mn Btu/MWh

Other:

See [Argus North American Electricity Forward Curves methodology](#) for the following additional information:

- Information on how Argus assesses the underlying electricity forward curve
- Definitions of on-peak, off-peak, round-the-clock (RTC) and other electricity markets

Table 2: Corresponding natural gas markets

Region	Electricity market	Corresponding natural gas market
ERCOT	Houston Load Zone	HSC
	Houston Zone	Waha
	North Load Zone	HSC
	North Zone	Waha
	South Zone	Waha
	South Load Zone	Waha
	West Zone	Katy
West Load Zone	Katy	
FRCC	Florida	FGT - Z3
ISO-NE	Connecticut Zone	Algonquin
	Massachusetts Hub	Algonquin
	Maine Zone	Algonquin
	NEMA Zone	Algonquin
	New Hampshire Zone	Algonquin
	Rhode Island Zone	Algonquin
	SEMA Zone	Algonquin
WCMA Zone	Algonquin	
MISO	Arkansas Hub	Centerpoint
	DEOK Hub	TCO
	Entergy	Centerpoint
	Illinois Hub	Chicago CG
	Indiana Hub	TCO
	Louisiana Hub	Trunkline-LA
	Michigan Hub	Michcon CG
	Minnesota Hub	Chicago CG
Texas Hub	HSC	
NYISO	Zone A	Niagara
	Zone B	Niagara
	Zone C	Niagara
	Zone D	Niagara
	Zone E	Niagara
	Zone F	Algonquin
	Zone G	Algonquin
	Zone H	Algonquin
	Zone I	Algonquin
	Zone J	Transco zone 6 (NY)
	Zone K	Transco zone 6 (NY)
PJM	AD Hub	TCO
	AECO Zone	Transco Zone 6 (non-NY)
	AEP Zone	TCO
	APS Zone	Tetco - M3
	ATSI Zone	Tetco - M3
	BGE Zone	Transco Zone 6 (non-NY)
	ComEd Zone	Chicago CG
	Dayton Zone	TCO
	Duzuesne Zone	Tetco - M3
	East Hub	Transco Zone 6 (non-NY)
	JCPL Zone	Transco Zone 6 (non-NY)
	MetEd Zone	Transco Zone 6 (non-NY)
	NI Hub	Chicago CG
	Peco Zone	Transco Zone 6 (non-NY)
	Penelec Zone	Transco Zone 6 (non-NY)
	PEPCO Zone	Transco Zone 6 (non-NY)
	PPL Zone	Tetco - M3
	PSEG Zone	Transco Zone 6 (non-NY)
	RECO Zone	Transco Zone 6 (non-NY)
	West Hub	Tetco - M3
DEOK Hub	TCO	
SERC	Southern Hub	Tetco - ELA
SPP	SPP North Hub	PEPL
	SPP South Hub	PEPL
VACAR	VACAR	TCO
WSPP	COB	PG&E CG
	Four Corners	EP San Juan
	Mead	EP Permian
	Mid Columbia	MALIN
	NP 15	PG&E CG
	Palo Verde	EP Permian
SP 15	Socal	

See [Argus North American Natural Gas Forward Curves methodology](#) for the following additional information:

- Information on how Argus assesses the underlying natural gas forward curve

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.