

GENERAL UPDATE

- Financial gas markets continued to trade lower on warming temperatures and bearish natural gas fundamentals. The NYMEX Henry Hub futures contract for January 2018 slipped \$0.16/MMBtu, almost 6%, to close the week at \$2.62/MMBtu.
- Physical gas markets were mixed. At the Chicago Citygate, prices fell \$0.29 to \$2.62/MMBtu. Prices at PG&E Citygate dipped \$0.06 to \$2.91/MMBtu yesterday. SoCal Citygate prices plunged \$1.90 to \$4.12/MMBtu. Supply constraints and wildfire-related demand disruption has driven serious price volatility in Southern California.
- Spot prices rose in the Northeast as colder weather persisted. At the Algonquin Citygate prices spiked \$5.13 to \$9.28/MMBtu. Transco Zone 6 prices jumped \$1.16 to \$4.42/MMBtu. Mid-Atlantic prices traded down as warmer air moved into the region. Tennessee Zone 4 prices fell \$0.36 to \$2.01/MMBtu. Prices at Dominion South dropped \$0.42 to \$2.12/MMBtu.

Near-month natural gas futures prices (Nymex)



Source: Natural Gas Intelligence

POWER

- Northeast power futures traded sharply lower for the week. The 12-month ATC curve in Zone J slipped \$2.70/MWh; the 24-month dropped \$1.85, and the calendar 2018 strip lost \$2.50/MWh. In New England's NEMASS zone, the 12-month ATC curve dropped \$2.75/MWh; the 24-month lost \$1.75, and the calendar 2018 term lost \$2.55/MWh.
- In ERCOT's Houston zone, the 12-month ATC curve gave up \$1.50/MWh; the 24-month curve lost \$1.00, and the calendar 2018 strip traded \$1.40/MWh lower.
- PJM curves were also lower. In the COMED zone, the 12-month curve lost \$0.55/MWh; the 24-month term dropped \$0.60, and the calendar 2018 term slipped \$0.40/MWh. In major PJM East zone, 12-month ATC curves were about \$0.90/MWh lower, while the 24-month and calendar 2018 strips gave up about \$0.75/MWh.

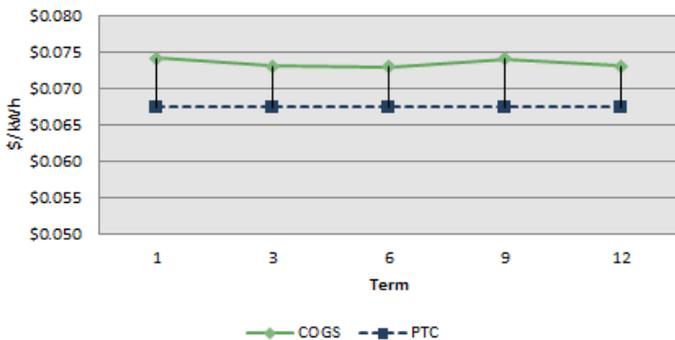
UTILITY HIGHLIGHT

PJM

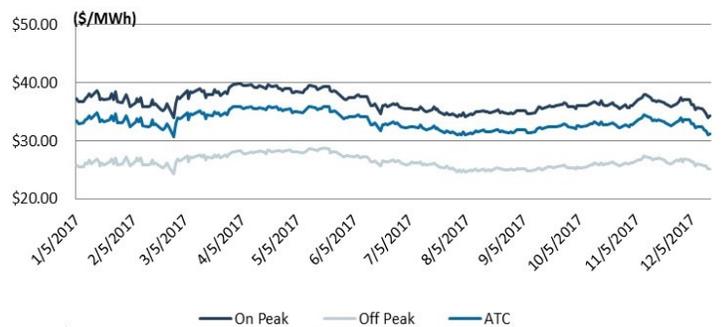
PA

PENELEC

PENELEC - RSNH



PENELEC - 12 MONTH STRIP PRICING



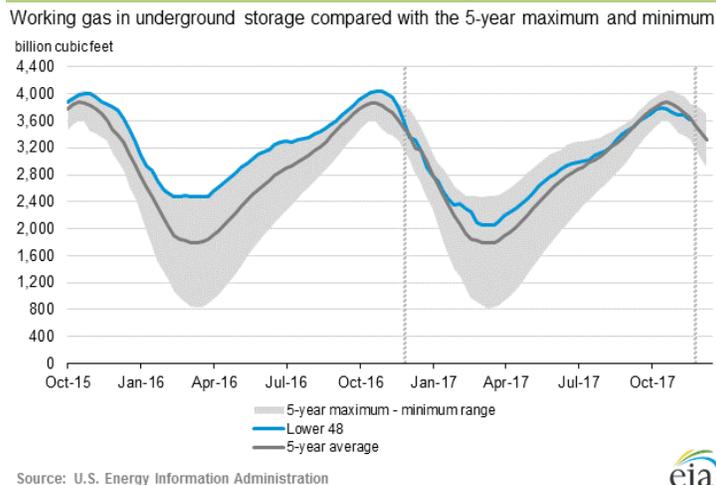
Source: TrueLight Energy

- The current Price to Compare (PTC) for Pennsylvania Electric Company (PENELEC) Residential Non-Heating Service rate class is \$0.06742/kWh for the current price period of December 1st, 2017 through February 28th, 2017.
- This is an approximate 25% increase from the previous PTC of \$ 0.05383/kWh for the September 1st, 2017 through November 30th, 2017 price period.

- The rolling 12-month ATC strip in PJM's PENELEC zone traded roughly \$1.25/MWh lower, a decline of almost 4%, to close the week at \$31.26/MWh.
- The 12-month strip is down roughly 11.5% for the year, and is trading near its 52-week low of \$30.79, which it hit at the end of February 2017.

NATURAL GAS

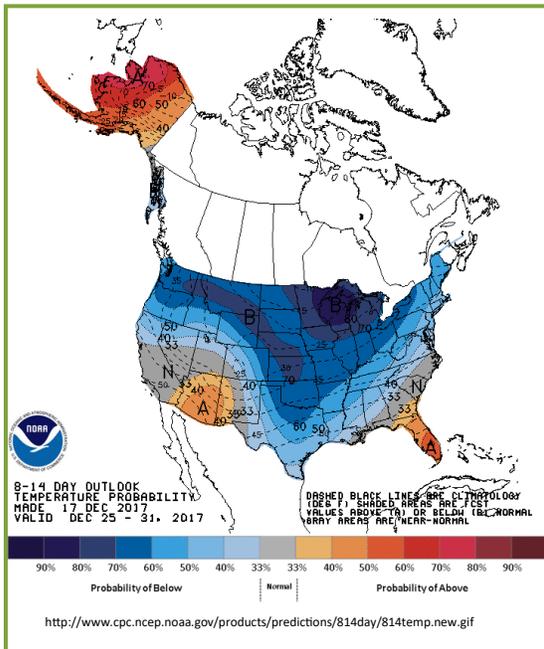
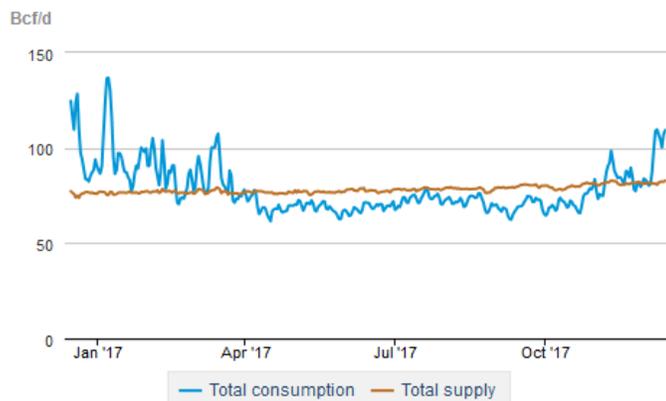
- The EIA reported that net withdrawals from storage totaled -69 Bcf for the week ending December 8, well below the 5-year average of -78 Bcf and last year's pull of -132 Bcf for the same week. Estimates ranged from net withdrawals of -52 Bcf to -69 Bcf, with a consensus of -60 Bcf. While nominally a bearish report, the data shows that current storage levels are roughly in line with the 5-year average. Working gas stocks are now at 3,626 Bcf, just 27 Bcf less than the 5-year average and 201 Bcf less than the prior year's report.
- The deficit to the 5-year average narrowed for the fourth week in a row. Most of gap versus the 5-year average occurred in the Pacific region, where gas stocks were 39 Bcf below the 5-year average.
- Storage in the East and Midwest regions, where demand for space and water heating is much higher, were 6 Bcf lower than and 16 Bcf higher than the 5-year average, respectively.



SUPPLY & DEMAND

- The EIA reported the total supply of natural gas held steady week over week, averaging 82 Bcf/day. Dry gas production was unchanged, while Canadian imports rose 8%.
- Total U.S. consumption of natural gas climbed 27% for the week. Power burn demand rose 18%, while industrial sector consumption increased 8%. The biggest jump came from the residential and commercial sector, where demand spiked 50% as widespread cold impacted many sections of the country. Mexico exports rose 4%.
- U.S. LNG exports are steady for the week. Four vessels (total capacity of 14.8 Bcf) left the Sabine Pass terminal this week.

Total supply/demand balance (last 365 days)



WEATHER

- Temperatures in the lower 48 states averaged 45°F, 5° higher than normal and 2° higher than the prior year. Although trending warmer than normal, these temperatures were lower than observed last week.
- In the short term, most of the country will stay in the above normal category with highs in the 40s and 50s in the North and 60s and 70s in the South. The Northeast will show some below normal temperatures. The Pacific Northwest will see some significant snow in the higher elevations. We will see a very active storm track develop, moving out of the Northwest across the Plains and into the Southeast. Most of the country will see rain as this system transits.
- Looking into the 7-15 day term, we see a strong chance of an active Southern storm system with some very cold Arctic air in the final week of 2017. Above normal temperatures will linger in the Southeast, but most of the country will be solidly below normal as we look to the New Year.

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