

## GENERAL UPDATE

- Financial gas futures traded lower for the week as markets shifted their focus to a warming pattern for the second half of January. The NYMEX Henry Hub Feb. 2018 contract dropped \$0.17/MMBtu, almost 6%, to close the week at \$2.78/MMBtu.
- Meanwhile, physical gas spot market prices continued their wild ride with extended cold impacting much of the East, South, and Central parts of the country.
- Henry Hub spot prices rose \$4.13 to \$6.88/MMBtu. At the Chicago Citygate, prices increased \$3.33 to \$6.49/MMBtu. Prices at PG&E Citygate rose \$0.19 to \$3.08/MMBtu, while SoCal Citygate prices jumped \$2.99 to \$6.15/MMBtu as maintenance outages on key delivery lines continue.
- Prices in the Northeast spiked due to winter storm Grayson. At the Algonquin Citygate prices jumped \$15.93 to \$38.22/MMBtu. At the Transco Zone 6 point prices rose an astonishing \$31.84 to \$48.38/MMBtu. Tennessee Zone 4 spot prices increased \$3.54 to \$5.75/MMBtu, while prices at Dominion South added \$3.52 to \$5.86/MMBtu.

Near-month natural gas futures prices (Nymex)



Source: Natural Gas Intelligence

## POWER

- The rolling 12-month ATC curve in the NEMASS load zone dropped \$1.50/MWh; the 24-month strip fell \$1.35, and the calendar 2019 curve lost \$1.30/MWh. In NYISO's Zone J, the 12-month strip fell \$1.40/MWh; the 24-month slipped \$1.50, and the calendar 2019 term traded \$0.80/MWh lower.
- PJM strips were also lower. The 12-month ATC term in the COMED zone dropped \$2.00/MWh; the 24-month gave up \$1.75, while the calendar 2019 term fell \$1.50/MWh. In the major PJM East load zones, 12-month curves fell about \$1.00; 24-month strips dropped \$0.90, and calendar 2019 forwards slipped \$0.80/MWh.
- In ERCOT's Houston load zone, the 12-month ATC term lost \$1.00/MWh, while the 24-month and calendar 2019 terms each dropped \$0.90/MWh.

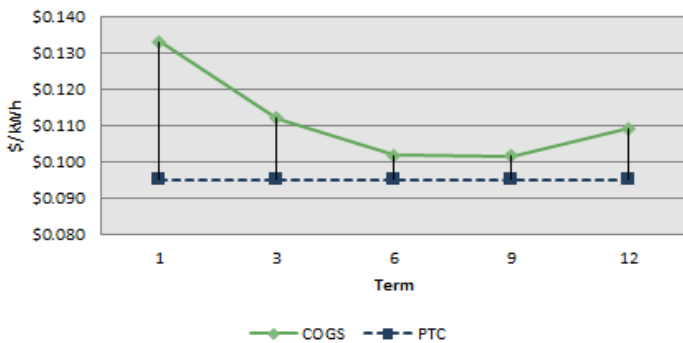
## UTILITY HIGHLIGHT

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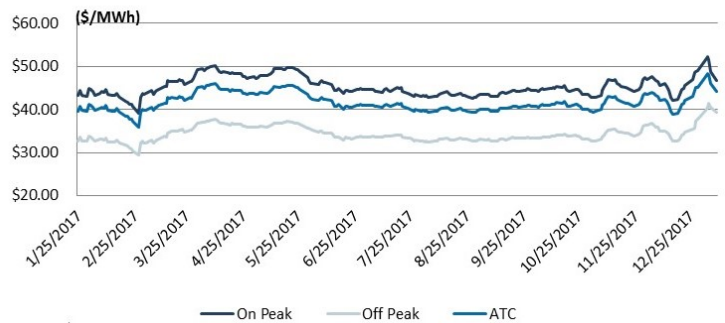
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### NGRID - 12 MONTH STRIP PRICING



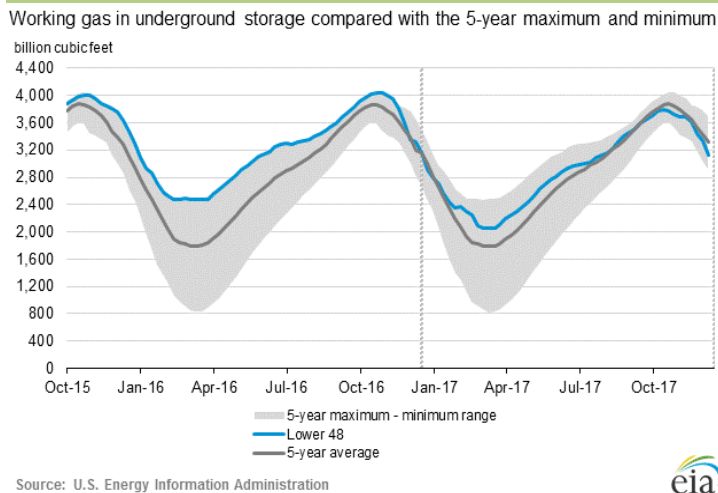
Source: TrueLight Energy

- The current Price to Compare (PTC) for Rhode Island's National Grid (NGRID) Residential Non-Heating Service rate class is \$0.09515/kWh for the current price period of October 1st, 2017 through March 31st, 2018. This is an approximate 52.7% increase from the previous PTC of \$0.06228/kWh for the April 1st, 2017 through September 30th, 2017 price period.
- The rolling 12-month ATC curve in the National Grid Rhode Island load zone traded roughly \$0.90/MWh lower for the week, a loss of 2%, to close at \$44.22/MWh.

- As was the case with most New England power curves, the NGRID RI strip traded sharply higher in the last few weeks during the recent cold snap, and set a new 52-week high of \$52.22 on January 3, 2018.
- With the forecast for the second half of January showing a return to more normal temperatures, the strip has moved lower since the 3rd, dropping roughly \$8.00/MWh, or more than 15%.

# NATURAL GAS

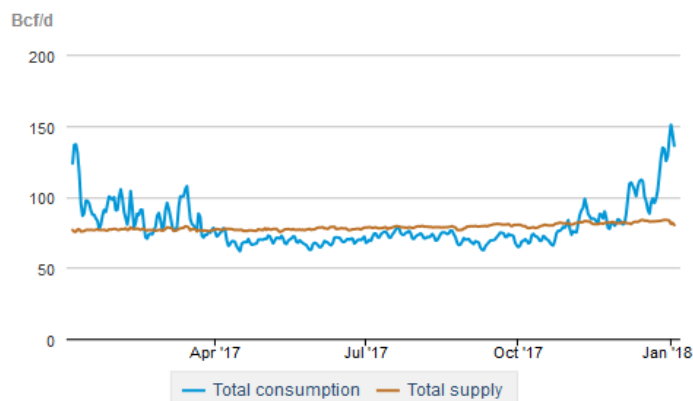
- The EIA announced that withdrawals from working gas storage totaled -206 Bcf for the week ending December 29, more than double the 5-year average of -99 Bcf and last year's report of -76 Bcf. Estimates for this week's draw ranged from -205 to -235 Bcf, with a median of -220 Bcf. Working gas stocks were 3,126 Bcf, 192 Bcf less than both the 5-year average and the prior year at this time.
- The record cold snap in the East is the primary cause for the large withdrawal. Below normal temperatures for a large portion of the Lower 48 drove higher consumption of natural gas for residential heating and power generation. Withdrawals exceeded the 5-year average in all of the EIA storage regions. Following this week's report, working gas stocks are now below the 5-year average in all five regions or the first time in 2017.



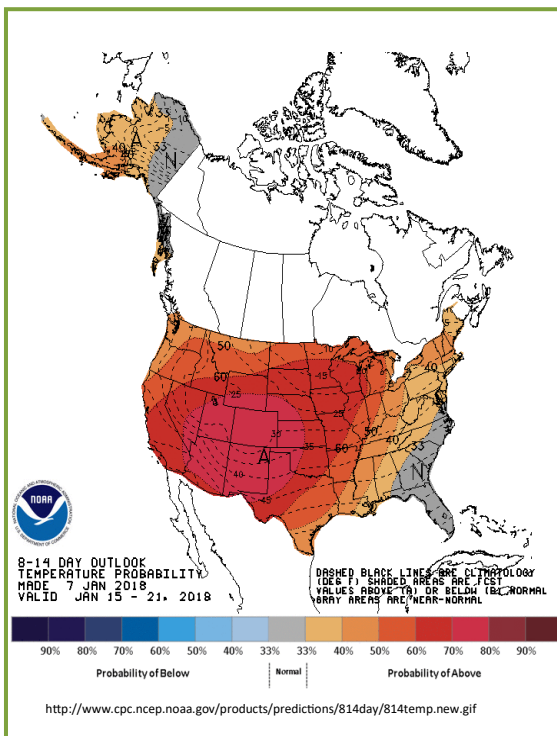
# SUPPLY & DEMAND

- The average total supply of natural gas fell 1% week over week. Dry gas production declined 4% with some isolated well freeze-offs reported. Average Canadian imports jumped 32% to meet rising demand related to the widespread cold snap.
- Total consumption of natural gas soared 26% compared with the prior week, reaching a new all-time high on January 1<sup>st</sup>. Power burn demand jumped 18%; industrial consumption rose 8%, while residential/commercial demand increased 39%. Mexican exports fell 5%.
- U.S. LNG exports were unchanged for the week, with four vessels (capacity of 15.2 Bcf) leaving the Sabine Pass facility for the report week. Sabine Pass finished the year with the highest monthly export total, sending 25 tankers from the terminal in December.

## Total supply/demand balance (last 365 days)



Source: OPIS PointLogic Energy, an IHS Company



## WEATHER

- Temperatures in the Lower 48 averaged 32 °F, 2° lower than normal and 10° lower than last year at this time. In the Midwest and Northeast, where natural gas demand tends to run much higher, temperatures were substantially below normal.
- With the Eastern cold snap winding down early this week, the national picture shows an accelerated warming trend has already begun. Seriously cold conditions hang on for portions of the Great Lakes, Ohio Valley and the Northeast, but things will be much warmer by the end of the week in those areas as well. We have a strong storm system heading for California and portions of the Southwest, and it will likely migrate East by early next week. Portions of the Northwest may see some below normal air by the weekend.
- In the 8-14 day window, widespread warming will cover a large swath of the country, bringing above normal temperatures for the second half of January. The upper Midwest will probably get some below normal air, but it remains to be seen how cold it will be and how far South it will manage to travel. Additional winter storm activity may be in store for the Upper Midwest and parts of the Ohio Valley.

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