

GENERAL UPDATE

- Financial gas markets were mostly unchanged. The February 2018 NYMEX Henry Hub contract gave up \$0.02/MMBtu, less than 1%, to close the week at \$3.17/MMBtu.
- Physical gas spot prices were mostly higher. At the Chicago Citygate, prices increased \$0.29 to \$3.32/MMBtu. Prices at PG&E Citygate rose \$0.12 to \$2.99/MMBtu. The price at SoCal Citygate increased \$0.47 to \$3.61/MMBtu.
- At the Algonquin Citygate prices jumped \$9.32 to \$13.80/MMBtu as a result of colder temperatures and increased demand. At the Transco Zone 6 point prices rose \$6.04 to \$9.26/MMBtu.
- Tennessee Zone 4 Marcellus prices increased \$0.33 to \$2.87/MMBtu. Prices at Dominion South rose \$0.23 to \$2.92/MMBtu.

POWER

- Most power forward curves traded lower week over week, with some isolated increases in New York and Texas. In ERCOT's Houston zone, the 12-month ATC strip rose \$0.50/MWh; the 24-month strip added \$0.35 and the calendar 2019 curve increased \$0.20/MWh.
- In New York's zone J, the 12-month curve added \$0.50/MWh. The 24-month curve was unchanged, and the calendar 2019 strip fell \$0.50/MWh. In New England's NEMASS zone, the 12-month ATC curve dropped \$0.35; the 24-month slipped \$0.20 and the 2019 term gave up \$0.05/MWh.
- PJM curves were lower across the board. In the COMED zone, the 12-month strip fell \$0.80; the 24-month lost \$0.50, and the 2019 term moved \$0.20/MWh lower. In major PJM Eastern zones, the 12-month curves dropped \$0.40/MWh, the 24-month traded \$0.25 lower and the 2019 curves lost \$0.10/MWh.

Near-month natural gas futures prices (Nymex)



Source: Natural Gas Intelligence

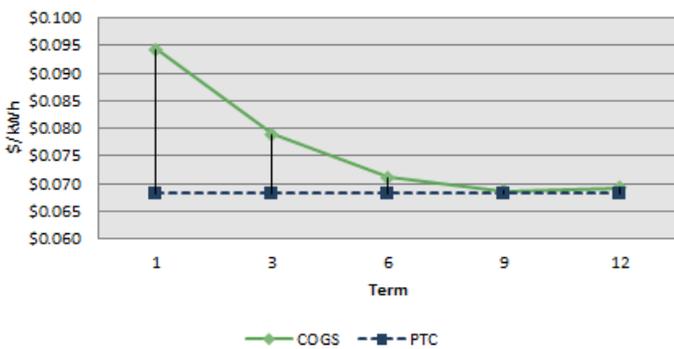
UTILITY HIGHLIGHT

PJM

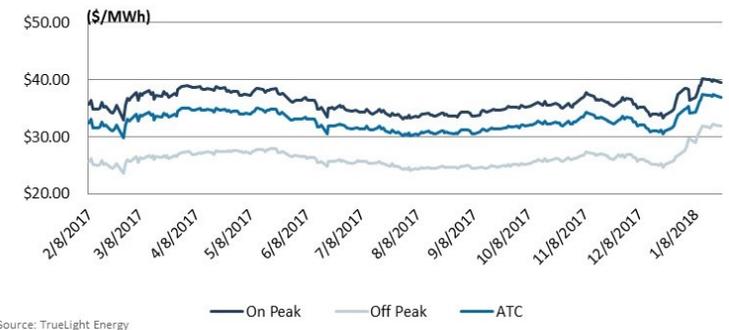
PA

METED

MetEd - RSNH



METED - 12 MONTH STRIP PRICING



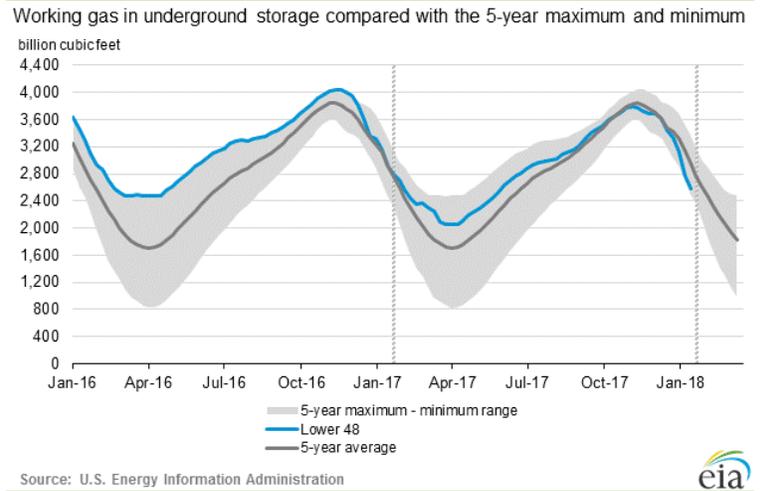
Source: TrueLight Energy

- The current Price to Compare (PTC) for Pennsylvania's Metropolitan Edison (METED) Residential Non-Heating Service rate class is \$0.06816/kWh for the current price period of December 1st, 2017 through February 28th, 2018. This is an approximate 13.7% increase from the previous PTC of \$0.05995/kWh for the September 1st, 2017 to November 30th, 2017 price period.

- The rolling 12-month ATC strip in PJM's METED load zone slipped \$0.16/MWh, roughly 0.5%, to close the week at \$37.28/MWh. This is just 21 cents below the 52-week high the curve set on January 18th of this year.
- The curve has rallied strongly this year as well below-average winter temperatures and record-setting withdrawals from natural gas storage have pushed most major power forward curves higher. The METED 12-month ATC curve has gained 10% so far in 2018, and is up more than 20% in the last 30 days alone.

NATURAL GAS

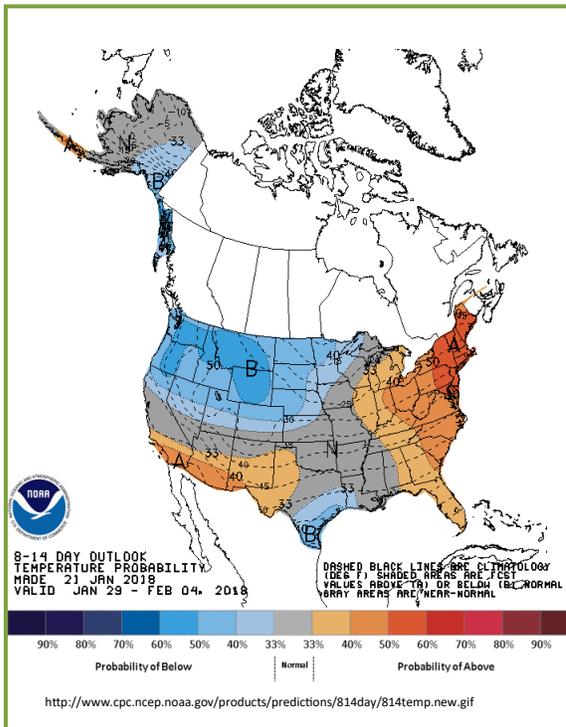
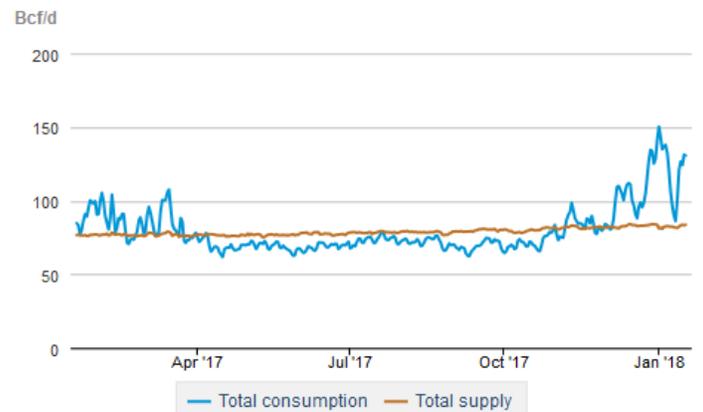
- Warming temperatures reduced natural gas consumption during the storage week, with declines in natural gas consumption reported in all market sectors. Net withdrawals from storage totaled -183 Bcf for the week ending January 12, 2018. The report was relatively bearish compared with the 5-year average (-203) and last year's report (-230). Estimates of the weekly net change in working natural gas storage ranged from -180 Bcf to -212 Bcf, with a median of -199 Bcf.
- Working gas stocks are now 2,584 Bcf, 362 Bcf less than the 5-year average and 368 Bcf less than last year. Weekly withdrawals were lower than the 5-year average for the first time in three weeks.



SUPPLY & DEMAND

- The EIA reported that total natural gas supply edged 1% higher. Dry gas production was unchanged week over week, while average net imports from Canada rose 5% to meet regional spikes in demand.
- Total U.S. consumption was also unchanged from the prior week, averaging 102.3 Bcf/day. Power burn demand rose 6% for the week, but residential/commercial consumption slipped 4%. Industrial sector demand was 1% higher, while Mexican exports rose 3%.
- LNG exports rose for the week with 5 vessels carrying a total of 17.2 Bcf departing the Sabine Pass facility this week.

Total supply/demand balance (last 365 days)



WEATHER

- Temperatures in the Lower 48 states averaged 34°F, 1° higher than the normal and 4° higher than last year. Temperatures in the Northeast, where winter-demand for natural gas runs well above the national norm, were much warmer than the prior week but remained about 6°F below normal.
- Conditions are mixed this week, with serious blizzard conditions in parts of the Midwest, and above average warmth in the South and the East. Any cooling trend we see in the middle of the country will be short-lived. Conditions will shift to the warmer end of the spectrum by the end of the week. Pacific-sourced low pressure systems could impact the West, with rain and snow in the North.
- As we look at the end of January, most of the country will see above normal temperatures. A large rainmaking system is shaping up to move across the Central and Eastern portions of the country. A separate Pacific storm will probably move into the Northwest as well, with a stronger chance for snow.

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