ADVANTAGE ENERGY PARTNERS
Tuesday, April 17th, 2018

GENERAL UPDATE

- Physical gas prices traded lower. At the Chicago Citygate prices fell $0.39 or about 3% to $2.55/MMBtu. Algonquin Citygate prices dropped $2.58, almost 40%, to $4.23/MMBtu. At the Transco Zone 6 point prices declined $0.13, about 5%, to $2.79/MMBtu.
- In Tennessee Zone 4 spot prices fell $0.72, about 30%, to $1.71/MMBtu; prices at Dominion South dropped $0.56, roughly 22%, to $2.01/MMBtu yesterday.
- Warmer conditions in California pushed spot prices higher. Prices at PG&E Citygate rose $0.08, or 3%, to $2.74/MMBtu. The price at SoCal Citygate jumped $0.38, more than 12%, to $3.35/MMBtu.

Near-month natural gas futures prices (Nymex)

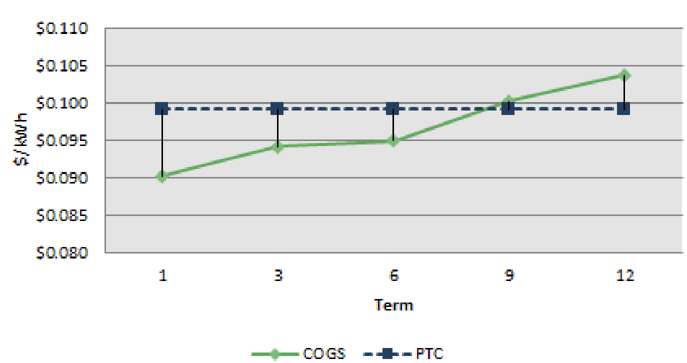
POWER

- Most power curves traded higher for the week. In New York's Zone J, the 12-month ATC strip rose $0.50 (1.2%) to close at $40.25/MWh. The 24-month curve added $0.65 (1.6%) to $39.70, and the calendar 2019 term traded $0.50 higher (1.3%) to end the week at $39.20.
- The NEMASS 12-month ATC rose $0.50 (1.1%) to $43.75; the 24-month ATC term rose $0.60 (1.4%) to $43.20, and the calendar 2019 curve increased $0.55 (1.3%) to $42.30/MWh.
- PJM East 12-month ATC curves rose about $0.15 (<0.5%) to $38.85; the 24-month ATC strips added $0.40 (1%) to $29.35, and the calendar 2019 term rose $0.40 (1%) to $37.05/MWh.
- ERCOT's Houston load zone curves traded lower. The 12-month ATC strip fell $0.95 (2.1%) to $44.05; the 24-month curve lost $0.85 (2%) to $41.30; the calendar 2019 strip gave up $0.70 (1.8%) to $38.50/MWh.

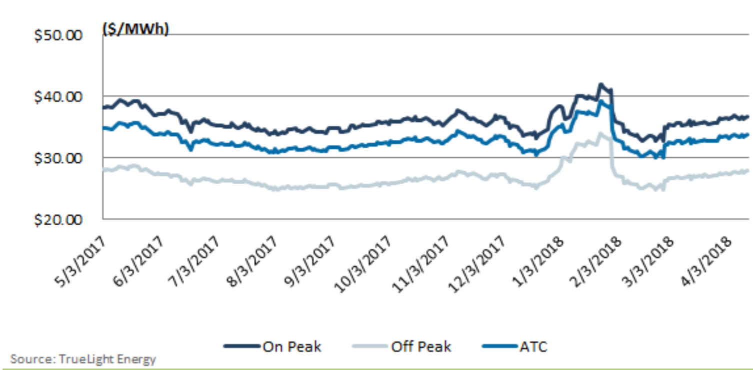
UTILITY HIGHLIGHT

PJM › NJ › AECO

AECO - MGSS



AECO - 12 MONTH STRIP PRICING



- The current Price to Compare (PTC) for Atlantic Energy Co (AECO) Commercial G Secondary Service rate class is $0.0992/kWh for the current price period of February 1, 2018 to May 31, 2018. This is an approximate 0.3% decrease from the previous PTC of $0.0995/kWh for the October 1, 2017 through January 31, 2018 price period.
- The rolling 12-month ATC curve in the AECO MGSS load zone traded $0.06/MWh higher to close at $33.88/MWh with a gain of about 0.18%.
- The curve has moved steadily higher in the last few weeks, adding 2.17% in the last 30 days. Despite recent upward momentum, the curve remains down more than 4% for the year and has fallen 13.7% below its 52-week high of $39.26/MWh which it hit on January 24, 2018.

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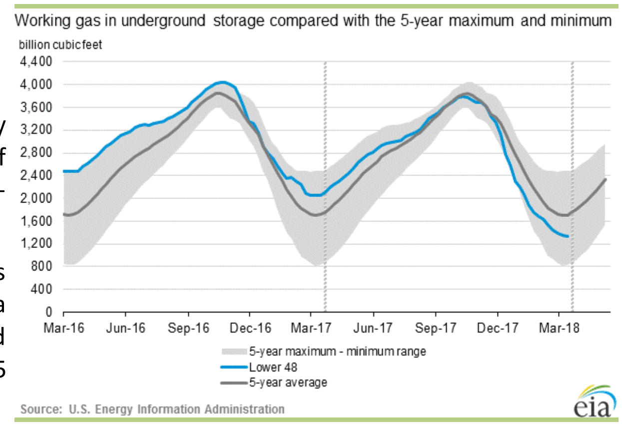
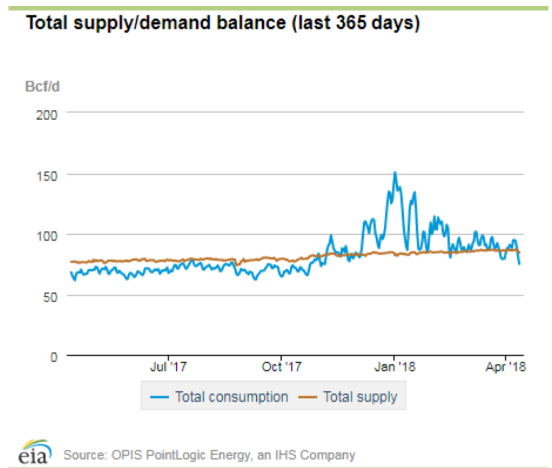
NATURAL GAS



- Net withdrawals from storage totaled -19 Bcf for the week ending April 6, very bullish compared with the 5-year average of +9 Bcf, and last year's injection of +9 Bcf for the same week. Estimates of the weekly net withdrawal from working natural gas storage ranged from -8 to -27 Bcf, with a median of -13 Bcf.
- The natural gas storage refill season officially begins on April 1. This week's report marks the 4th time since 2010 when net withdrawals from storage on a national level were reported during the month. Working gas stocks totaled 1,335 Bcf, 375 Bcf lower (21.9%) than the 5-year average of 1,710 Bcf and 725 Bcf lower (35.2%) than last year at this time, 2,060 Bcf.
- In another bullish indicator, this week's report included withdrawals from base gas. Although working gas levels remain adequate in the aggregate on a regional basis, some natural gas storage operators' working gas levels have fallen quite low. These withdrawals from base gas are expected to be temporary and storage operators will be able to replenish their base gas as the injection season gets under way.

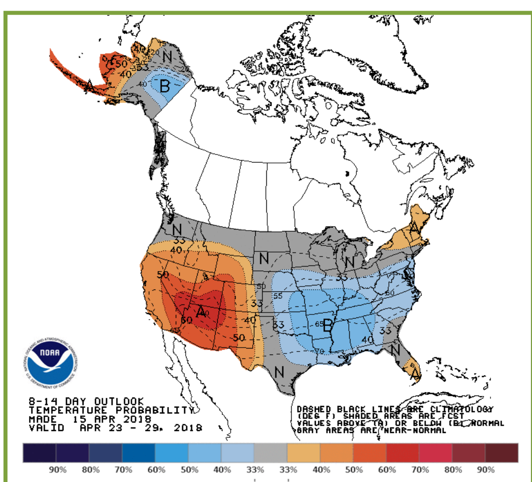
SUPPLY & DEMAND



- The EIA reported that the average total supply of natural gas remained the same as the prior report week, averaging 86.4 Bcf/day. Dry gas production was unchanged, while Canadian imports ticked 1% higher.
- Natural gas demand rose on a combination of heating demand in the North and cooling demand in the Southwest and Texas. Total consumption rose 7% compared with the prior week. Power burn demand rose 4%; residential and commercial consumption jumped 14%, and industrial consumption moved 2% higher. Mexican exports rose 16% as a major pipeline returned to service from a maintenance outage.
- LNG exports fell for the week. Five vessels carrying a total of 17.7 Bcf departed the Sabine Pass liquefaction facility last week. Dominion Energy's Cove Point liquefaction terminal officially entered commercial service on April 10.

MARKET INTELLIGENCE

- Bullish sentiment on the ERCOT Summer persists as glimpses of tight system conditions in recent weeks have sent RT prices briefly in the $1000+ range, offering a preview of what's in store this Summer when higher demand pushes the system to its limit. Though forward markets price in a hefty premium, risk remains asymmetrically to the upside.
- FirstEnergy Solutions filed for chapter 11 bankruptcy, signaling the likely retirement of several baseload coal and nuclear assets in northern Ohio. While the loss of this generation is offset by more efficient natural gas installations in eastern PA, the potential for increasingly tight conditions and subsequent high pricing is inevitable in an expensive gas environment, should one develop this Winter.



http://www.cpc.ncep.noaa.gov/products/predictions/814day/814temp.new.gif

WEATHER

- Temperatures in the Lower 48 states averaged 47°F, 2° lower than the normal and 6° lower than last year at this time. Conditions were especially colder than normal in the Midwest and Mid-Atlantic.
- Winter keeps hanging on in the Northern Plains; parts of Minnesota and Wisconsin got two feet of snow this weekend, and we have freeze warnings as far South as Arkansas. We should expect more snow for the Plains and parts of the Rocky Mountains. Some parts of the Midwest could see as much as 20 degrees below normal this week.
- As we get into late April we can still see well below normal air in the Central Plains, the Great Lakes and parts of the Northeast. Warming trends will likely stay contained in the Southeast and Southwest.