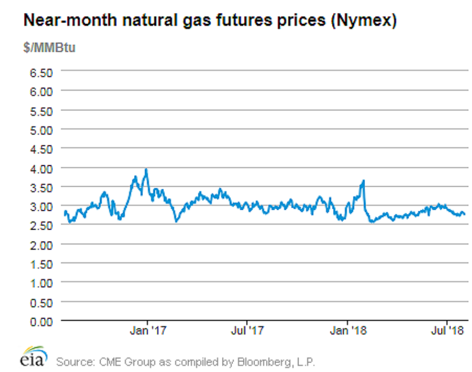
ADVANTAGE ENERGY PARTNERS

Tuesday, August 7th, 2018

GENERAL UPDATE



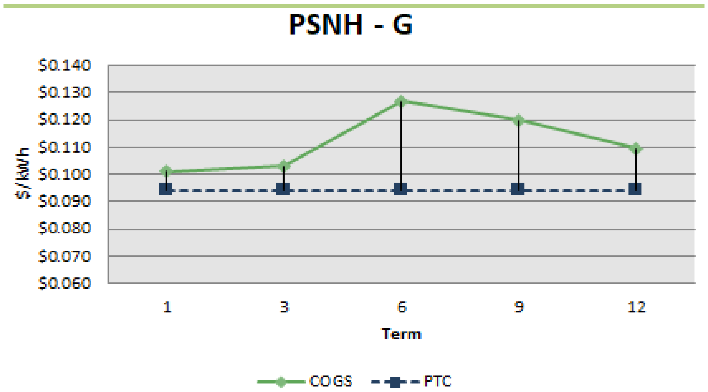
- Gas and power prices edged higher this week. The September 2018 NYMEX contract rose 2.9% ($0.08/MMBtu) to close the week at $2.85/MMBtu.
- Physical gas spot prices were also generally higher. Chicago Citygate prices rose $0.04/MMBtu (1.5%) to $2.73/MMBtu. At the Algonquin Citygate, serving the Boston area, prices rose $0.26 (9%) to $3.08/MMBtu. Transco Zone 6, NYC, prices added $0.04/MMBtu (1.4%) to $2.92/MMBtu.
- Tennessee Zone 4 Marcellus prices rose $0.19/MMBtu (8.4%) to $2.45/MMBtu. Prices at Dominion South added $0.12/MMBtu (9%) to $2.53/MMBtu.
- SoCal Citygate prices corrected but remain at high levels; prices dropped $5.28/MMBtu (35%) to $9.74/MMBtu. Prices at PG&E Citygate, Northern California, rose $0.04/MMBtu (1.2%) to $3.21/MMBtu.

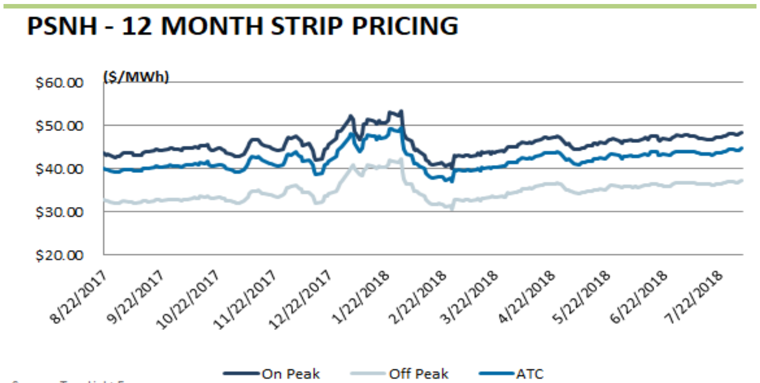
POWER

- There was less price movement in ERCOT this past week, as short term markets experienced less volatility than mid-July. For the Houston Zone, the 12-month ATC strip dropped $1.75 (4.9%) to $33.97 while the 24-month ATC strip also fell by a smaller margin, $0.90 (2.5%), to $34.52. The Cal 2019 strip, untouched by summer 2018 price movements, fell by only $0.01 to $36.26/MWh.
- PJM's price movement was on the lower side, though generally higher week-over-week across most of the RTO. In the COMED zone, the 12-month ATC strip gained $0.25 (1%) to $29.46, while the 24-month ATC strip gained $0.17 (0.6%) to $28.58. On the Cal 2019 ATC strip, COMED gained $0.28 (1%) to $28.48/MWh.
- Similar to PJM, NYISO price movement was small throughout the week though generally increasing. In the WEST zone, the 12-month ATC strip increased $0.17 (1%) to $32.36, while the 24-month strip had a smaller gain of $0.10 (0.3%) to $31.42. The Cal 2019 strip only moved $0.02 to $31.14/MWh.
- In ISONE, price movement tended to be a bit larger than the other northeastern markets, though still largely muted overall. For NEMASSBOST, the 12-month ATC strip increased $0.65 (4.1%) to $45.45. The 24-month ATC strip had a smaller gain of $0.42 (1%) to $44.75, and the Cal 2019 strip moved up $0.35 (0.8%) to $44.17/MWh.

UTILITY HIGHLIGHT

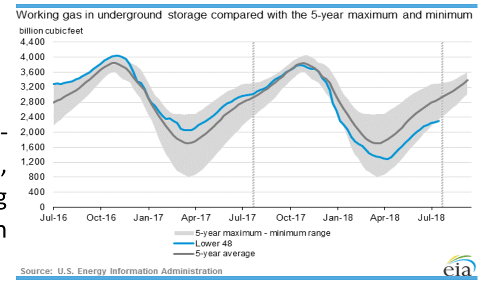
ISONE › NH › PSNH





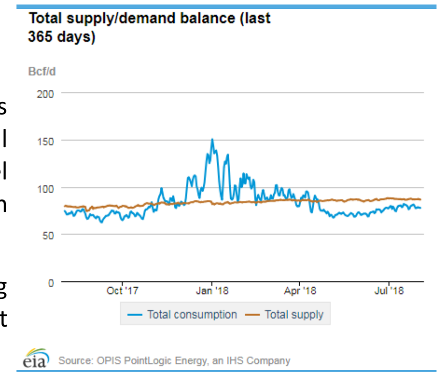
- The Price to Compare (PTC) for Public Service of New Hampshire (PSNH), now Eversource, General Service Commercial rate class (G) is $0.09412/kWh for the August 1, 2018 through December 31, 2018 price period.
- Over the last week, the PSNH ATC 12-month strip has continued its steady trend upwards, increasing 0.32%, to end the week at $44.75/MWh.
- Since the beginning of the year, the ATC strip has reached a high of $49.61/MWh on Jan 30, 2018 and a low of $36.96/MWh on Feb 27, 2018. Since March 1, 2018, the strip has traded between $39.39/MWh and $44.75/MWh, which was reached this past Friday August 3, 2018.

NATURAL GAS



- The EIA reported that net injections into natural gas storage failed to match the 5-year average for the 5th consecutive week. Net injections were +35 Bcf for the week ending July 27, compared with the 5-year average of +43 Bcf and last year's net injections of +18 Bcf during the same week. Estimates of the weekly net change ranged from +24 to +46, with a median estimate of +42 Bcf.
- Working gas stocks totaled 2,308 Bcf, which is 565 Bcf lower than the 5-year average and 688 Bcf lower than last year at this time.
- Gas stocks have fallen below the 5-year range for the first time since 2014. If storage matches the 5-year average rate of 9.6 Bcf/day for the remainder of the refill season, inventories will reach 3,250 Bcf on October 31. That would be 310 Bcf less than the 5-year low of 3,560 Bcf.

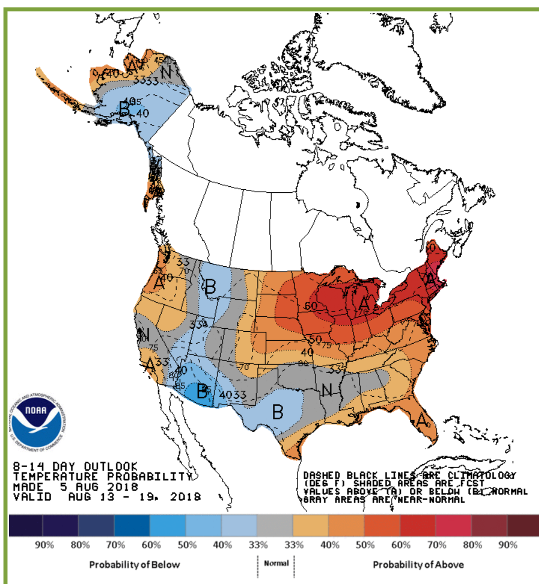
SUPPLY & DEMAND



- The average total supply of natural gas was unchanged for the week at 86.7 Bcf/day. Dry gas production held steady while Canadian imports fell 4%. According to EIA's most recent Natural Gas Monthly, May 2018 dry natural gas production averaged 80.4 Bcf/day, the highest level since EIA began tracking dry gas production in 1973. The previous record was 79.5 Bcf/day in March 2018.
- Total U.S. consumption of natural gas fell by 1%. Power burn demand slipped 4% as blistering temperatures eased, particularly in the Southwest. Industrial sector consumption was steady at roughly 20 Bcf/day. Residential and commercial demand rose 8%, and Mexican exports rose 2%.
- LNG exports were flat week over week. Six vessels (total capacity of 21.6 Bcf) left U.S. ports from July 26 through August 1. LNG exports continue to become a more meaningful part of the demand equation this year. In July, a total of 30 LNG cargoes with more than 103 Bcf of LNG were exported from the United States; that's the highest monthly LNG export since the United States began exporting LNG in February 2016.

MARKET INTELLIGENCE

- ERCOT has submitted an Other Binding Document Revision Request (OBDRR) to include Photo-Voltaic Generation Resources (PVGRs) in the Operating Reserve Demand Curve (ORDC). Significant MWs of PVGRs have been installed since the original implementation of the ORDC in June 2014, PVGRs. Accounting for this additional capacity will better merge Physical Responsive Capability (PRC) and the ORDC Real-Time On-Line capacity, allowing for more accurate measurement of ERCOT supply.
- ERCOT reached a new all-time hourly peak load record of 73,259MW at 5pm on July 19th, 2018, surpassing the previous record of 71,110MW on August 11, 2016 by 2,148MW. Although ERCOT did experience some patchy outages, the system was able to support demand without any major outages.



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

WEATHER

- Temperatures in the Lower 48 states averaged 77°F, 2° higher than normal and unchanged from the same last year. Temperatures were 11°F lower than last week.
- Heat advisories remain in affect for portions of the Mid-Atlantic and Northeast. Excessive heat is also in play for parts of the Southwest and may spread to the interior Northwest as well. For the central states, conditions are generally normal for this time of year. Look for above average storm activity on the margins where the normal air meets higher temperatures.
- As we look further out into August, the isolated patches of above normal air will shrink. While that will bring heat advisories to an end, the normal conditions still signal plenty of heat across the country. The middle of the country will remain cooler than the coasts, and we can see some higher than normal rain events especially to the East of the Mississippi River.