

GENERAL UPDATE

- Financial gas markets start off the new month trading marginally lower. The September 2018 NYMEX contract expired at \$2.895/MMBtu and the October 2018 contract price declined \$0.08 to finish at \$2.863/MMBtu on Wednesday August 29, 2018.
- Price movements in the physical gas spot markets were mixed. Boston's Algonquin Citygate increased \$0.69 (24.1%) to \$3.55/MMBtu as above normal Northeast temperatures continue to hold. Transco Z6 NYC increased \$0.07 (2.4%) to \$3.04/MMBtu, Tennessee Zone 4 decreased \$0.25 (9.6%) to \$2.36/MMBtu, and Dominion South decreased \$0.03 (1.1%) to \$2.62/MMBtu. Chicago Citygate prices decreased \$0.13/MMBtu (2.6%) to \$2.72/MMBtu.
- SoCal Citygate prices increase just \$0.64 (13%) to \$5.56/MMBtu. Southern California gas system is working to maximize storage injections in preparation for peak winter demand and continued maintenance work. Prices at Northern California PG&E Citygate decreased \$0.15 (4.5%) to \$3.19/MMBtu.

Near-month natural gas futures prices (Nymex)



Source: CME Group as compiled by Bloomberg, L.P.

POWER

- Forward prices trended upwards, with notable movement in ERCOT as the 12 Month and 24 Month strips rolled into expensive August 2019 and August 2020, respectively. For the Houston zone, the 12 Month ATC strip increased \$5.40 (16.3%) to \$38.58, while the 24 Month ATC strip moved up \$1.94 (5.6%) to \$36.72. The Cal 2019 ATC strip remained stable, increasing \$0.07 (0.2%) to \$37.86/MWh.
- In PJM, forward prices were mixed with minor gains in the near term and smaller losses further out on the curve. For the PEPCO zone, the 12 Month ATC strip increased \$0.12 (0.3%) to \$39.47. The 24 Month ATC strip increased \$0.09 (0.2%) to \$38.25, while the Cal 2019 ATC strip fell \$0.18 (0.5%) to \$38.18/MWh.
- For the NYC zone, the 12 Month ATC strip increased \$0.19 (0.5%) to \$42.63. The 24 Month ATC strip increased \$0.09 (0.2%) to \$41.64, while the Cal 2019 ATC strip increased \$0.20 (0.5%) to \$41.18/MWh.
- In the northeast, the NEMASSBOST 12 Month ATC strip gained \$0.12 (0.3%) to \$45.93 while the 24 Month ATC strip increased \$0.14 (0.3%) to \$45.13. The Cal 2019 ATC strip saw a larger movement, gaining \$0.55 (1.24%) to end up at \$44.74/MWh.

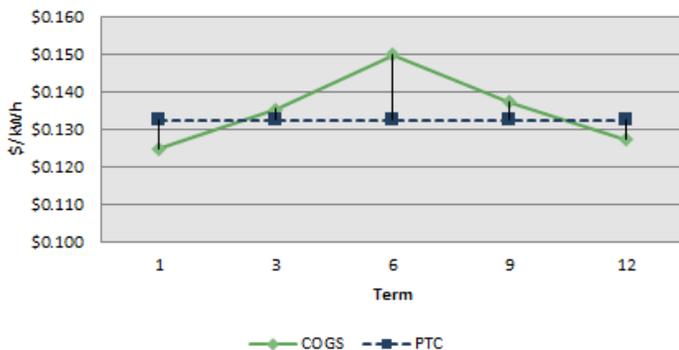
UTILITY HIGHLIGHT

ISONE

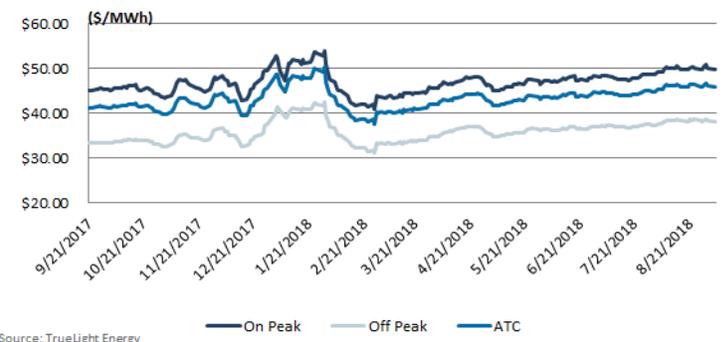
MA

NEMASSBOST

CELCO - G2



NEMASSBOST - 12 MONTH STRIP PRICING



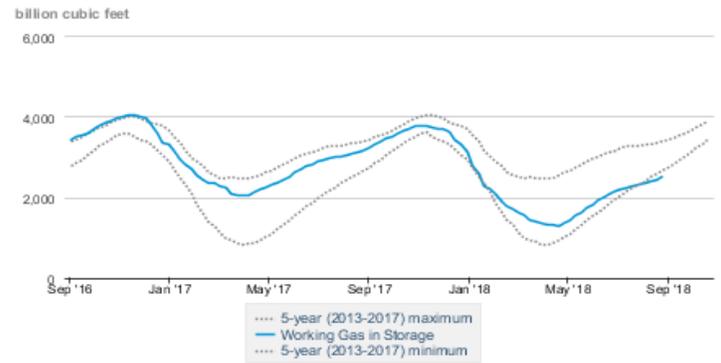
- The current Price to Compare (PTC) for Eversource Eastern MA, previously Cambridge Electric Co (CELCO), General Service Large Commercial NEMA rate class (G2) is \$0.11498/kWh starting July 1, 2018 and effective through September 30, 2018. This PTC is projected to increase 15.3% to \$0.1326/kWh for the October 1, 2018 to December 31, 2018 price period.

- Over the last week, the CELCO ATC 12-month strip experienced a slight increase of <0.5%, finishing at \$45.93/MWh.
- Since the beginning of the year, the ATC strip has reached a high of \$50.26/MWh on Jan 30, 2018 and a low of \$37.58/MWh on Feb 27, 2018. Since June 1, 2018, the strip has traded between \$43.37/MWh and \$46.72/MWh, a high that was reached this past Thursday August 30, 2018.

NATURAL GAS

- For the week ending August 24, the EIA reported net injections into storage of +70 Bcf, which is higher than the five-year average of +59 Bcf and last year's net injections of +32 Bcf for the same week.
- Working natural gas stocks totaled 2,505 Bcf, which is 646 Bcf (21%) lower than last year's level and 588 Bcf (19%) lower than the five year average for the same week.
- For the January 2019 futures contract, working gas stocks continue to trade at a lower premium (\$0.18/MMBtu) to the average spot price than last year at this time (\$0.33/MMBtu).

Working natural gas in underground storage

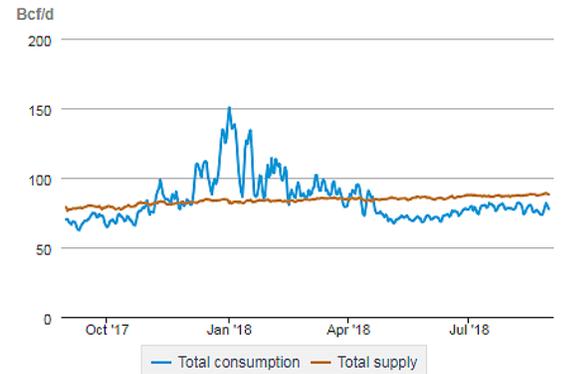


Source: Form EIA-912, "Weekly Underground Natural Gas Storage Report"

SUPPLY & DEMAND

- The EIA reported that the average total supply of natural gas went unchanged week/week, averaging 88.2 Bcf/day. Dry natural gas production was flat while net imports from Canada increased by 5%.
- Total U.S. consumption of natural gas also remained flat week/week, averaging 62.3 Bcf/day. Consumption for power generation across the US was unchanged, though demand in the Northeast has increased while demand in the West saw declines. Both industrial and residential/commercial demand remained unchanged week/week, while exports to Mexico decreased 2%.
- LNG exports increased with six LNG vessels departing US ports throughout the week.

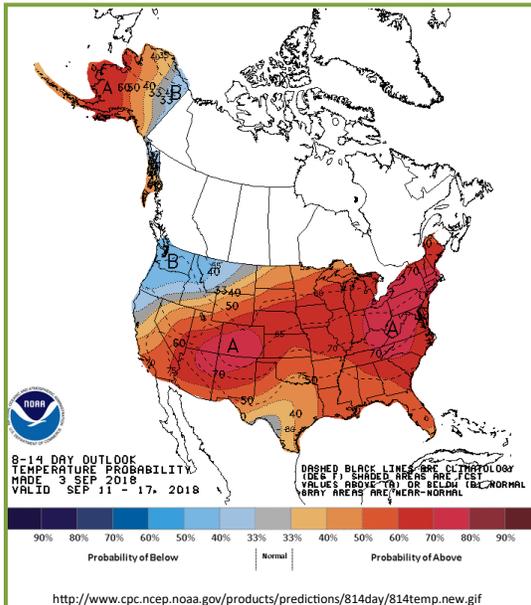
Total supply/demand balance (last 365 days)



Source: OPIS PointLogic Energy, an IHS Company

MARKET INTELLIGENCE

- FERC has approved PJM's request to delay the 2019 Base Residual Action (BRA) for the 2022/2023 Delivery Year in order to allow time for incorporation of any changes to RPM made in recent FERC proceedings. The BRA has been postponed from May 2019 to August 14 -28, 2019.
- FirstEnergy Solutions has alerted PJM of its plans to retire four fossil-fired plants in June of 2021 and 2022, with a total generating capacity of 4,017 megawatts (MW). FES has also filed for exemption from PJM's "must-offer" rules for these four fossil-fuel generating plants as well as the three nuclear generating plants that FES filed deactivation notices for on March 28, 2018 (for retirement in May of 2020 and 2021). FES is seeking exemption from capacity auctions for the 2022-2023 delivery year onwards.



WEATHER

- For the 8-14 day period, above normal heat remains locked in for all of the Eastern US as summer-like conditions carry deeper into September. Additionally, an emerging western ridge develops to extend above normal heat to most of the Western US as well. The lone pocket of below normal temperature resides in the Pacific Northwest, though it is unlikely to push cooler air further into the interior West.
- While above normal heat sweeps across most of the lower 48 states, above normal precipitation may offer some relief from intense heat. Rain is expected along most of the east coast and the Texas coast. A firm pocket of dry air takes form in the middle of Central US, with below normal precipitation in Kansas and Oklahoma.

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