

GENERAL UPDATE

- Financial gas markets trade higher, with the contract for November 2018 rising \$0.05 (1.7%) to \$3.284/MMBtu. The 12-month strip averaging November 2018 through October 2019 futures contracts increased \$0.04 (1.3%) to finish the week at \$2.968/MMBtu.
- Physical gas spot prices were once again mixed. Boston's Algonquin Citygate prices fell \$0.55 (-15.3%) to \$3.05/MMBtu. Transco Zone 6 NYC decreased \$0.36 (-11%) to \$2.93/MMBtu.
- Tennessee Zone 4 prices increased, rising \$0.90 (46.9%) to \$2.82/MMBtu. Dominion South, serving southwest Pennsylvania, increased \$0.69 (33%) to \$2.78/MMBtu. Chicago Citygate prices increased \$0.19/MMBtu (6%) to \$3.37/MMBtu. Henry Hub has seen higher prices due to low storage levels and high power burn, a result of above average temperatures and nuclear outages.
- SoCal Citygate prices dropped \$0.75 (-17%) to \$3.67/MMBtu. Prices at Northern California PG&E Citygate increased \$0.27 (7.7%) to \$3.77/MMBtu.

Near-month natural gas futures prices (Nymex)



Source: Natural Gas Intelligence

POWER

- Eastern forward curves gave up a bit more of the September run-up as prices generally trended downwards. For the ISONE zone NEMASSBOST, the 12 Month ATC strip fell \$0.71 (-1.5%) to \$48.24. The 24 Month ATC strip fell \$0.53 (-1.1%) to \$47.1, and the Cal 2019 ATC strip dropped \$0.63 (-1.3%) to \$47.48/MWh.
- For the NYC zone in NYISO, the 12 Month ATC strip dropped \$0.72 (-1.6%) to \$42.95. The 24 Month ATC strip fell \$0.69 (-1.6%) to \$42.29 and the Cal 2019 ATC strip fell \$0.77 (1.8%) to \$41.96/MWh.
- While NYISO and ISONE saw notable price drops, PJM's movement was less pronounced. In the PEPCO zone, the 12 Month ATC strip decreased \$0.26 (-0.6%) to \$40.67. The 24 Month ATC strip fell \$0.32 (-0.8%) to \$39.24, while the Cal 2019 ATC strip lost \$0.02 (-0.1%) to \$39.75/MWh.
- In ERCOT, the forward curve trended lower with larger price movements on the back end of the curve. For the Houston zone, the 12 Month ATC strip decreased \$0.12 (-0.3%) to \$43.87. The 24 Month ATC strip decreased \$0.41 (-1%) to \$40.78, while the Cal 2019 ATC strip dropped \$0.06 (-0.1%) to \$42.54/MWh.

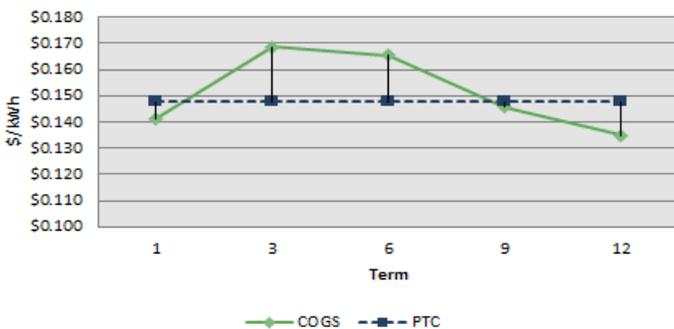
UTILITY HIGHLIGHT

ISONE

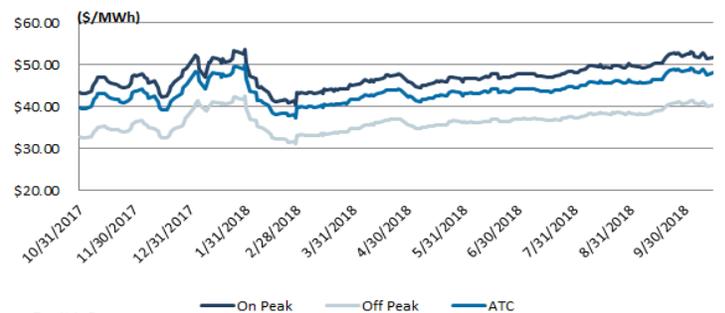
MA

SEMASS

NECO - G2



SEMASS - 12 MONTH STRIP PRICING



Source: TrueLight Energy

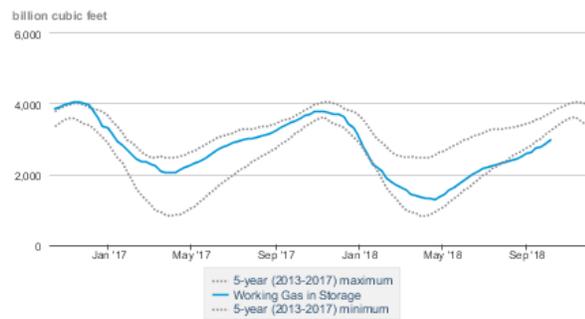
- The current Price to Compare (PTC) for Nantucket Electric Co (NECO), d/b/a National Grid, General Service Large Commercial SEMASS rate class (G2) is projected to increase 43% to \$0.14761/kWh for the price period starting November 1, 2018.

- Over the last week, the NECO ATC 12-month strip was relatively stagnant, increasing <0.5% to finish at \$48.01/MWh.
- Since the beginning of the year, the ATC strip has reached a high of \$49.92/MWh on Jan 30, 2018 and a low of \$37.24/MWh on Feb 27, 2018. Since June 1, 2018, the strip has traded between \$43.03/MWh and \$49.28/MWh, a high that was reached October 3, 2018.

NATURAL GAS

- For the week ending October 5, the EIA reported net injections into storage of +90 Bcf, which is higher than last year's net injections of +81 Bcf for last year at this time and the same as the 2013-2017 average net injections.
- Working natural gas stocks totaled 2,956 Bcf, which is 627 Bcf (-17.5%) lower than last year's level and 607 Bcf (-17%) 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, averaging at \$3.16/MMBtu which is \$0.03/MMBtu higher than the front-month futures contract at NYMEX. Last year at this time, the January 2019 contract was \$0.13/MMBtu higher than the front-month contract.

Working natural gas in underground storage

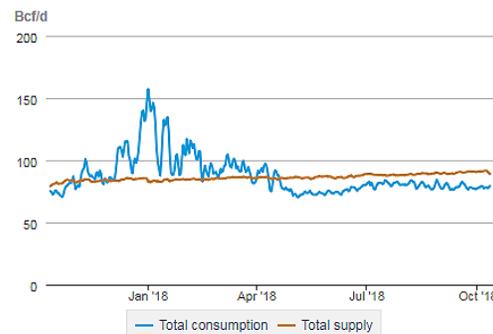


Source: Form EIA-912, "Weekly Underground Natural Gas Storage Report"

SUPPLY & DEMAND

- The EIA reported that the average total supply of natural gas was unchanged for the second week in a row, averaging 91.1 Bcf/day. Dry natural gas production was the same, while net imports from Canada increased 2% week/week.
- Total U.S. consumption of natural gas increased by 1% week/week as consumption for power generation increased 4%. Gas burn for power generation outweighed drops in the industrial (-2%) and residential-commercial (-1%) sectors. Natural gas exports to Mexico decreased 3%.
- LNG exports were flat week/week with four LNG vessels departing US ports throughout the week.

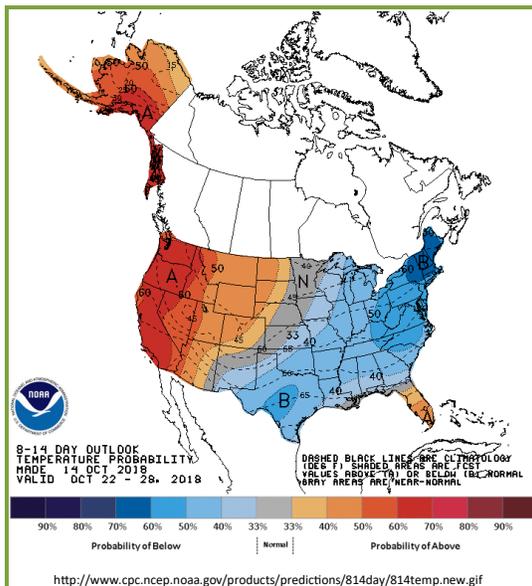
Total supply/demand balance (last 365 days)



Source: OPIS PointLogic Energy, an IHS Company

MARKET INTELLIGENCE

- According to the EIA, natural gas storage is projected to enter the winter season at the lowest level for the end of October since 2005 largely due to delays in the 2018 refill season back in April. Along with this 4 week delay, there were also heavy withdrawals previously in January 2018 that made matters worse. Late-season injections at the end of this summer have made a comeback however, with many injections in the last several weeks within the range of the previous five-year average minimum.
- Unitil has posted new fixed default service rates for the December 1, 2018 to May 31, 2019 price period, with price increases of over 40% from the current price period. The new rates, which have been approved by the NH PUC, are as follows: residential fixed rate will increase from \$0.08238/kWh to \$0.11689/kWh and small commercial fixed rate (G2 and OL Class) from \$0.07377/kWh to \$0.010598/kWh.



WEATHER

- Temperature anomalies for the 8-14 day window are similar week over week with increasingly anomalous cold in the northeast stretching down into the Mid-Atlantic. The probability of below normal temperatures has eased slightly in Texas, though a cold October remains in place for most of the South with the exception of Florida. There is high probability for above normal temperatures to maintain its hold on the western half of the lower 48.
- Precipitation anomalies are split across the US, with drier air holding over most of the northern half of the lower 48, stretching from the Northern Rockies to New England. Conversely, the southern half of the country is expected to see above normal precipitation.

The information contained herein, including any pricing, is for informational purposes only, and is subject to change at any time without notice. This information is provided by Advantage Energy Partners, LLC ("Advantage"), and while Advantage believes the information to be reliable as of the date and time of publication, energy markets are dynamic and specific outcomes can vary widely based on a variety of factors. Therefore, neither Advantage nor any of its members or affiliates is responsible for errors, omissions or misstatements of any kind, nor makes any warranty or representation, whether express or implied, including without limitation the implied warranties of merchantability and fitness for a particular purpose. Advantage accepts no liability for any direct, indirect or other consequential loss arising out of any use of the information contained herein or any inaccuracy, error or omission in any of its content. This content is made possible by TrueLight Energy, LLC.