

GENERAL UPDATE

- Warming temperatures pushed power curves and financial gas futures higher. The NYMEX Henry Hub contract for June 2018 delivery traded \$0.05/MMBtu higher, a gain of roughly 1.7%, to close the week at \$2.91/MMBtu.
- At the Chicago Citygate, prices rose \$0.26 (10.5%) to \$2.74/MMBtu. Prices at PG&E Citygate, serving Northern California customers, rose \$0.14 (5%) to \$3.04/MMBtu. SoCal Citygate (Southern California) prices fell \$0.57, almost 19%, to \$2.46/MMBtu.
- Northeast prices were generally higher due to pipeline maintenance. At the Algonquin Citygate (greater Boston area) prices rose just \$0.03, about 1%, to \$2.43/MMBtu. At the Transco Zone 6 (New York City) point prices rose \$0.55 to \$2.87/MMBtu.
- In the Mid-Atlantic Region, Tennessee Zone 4 prices rose \$0.40 (52%) to \$1.17/MMBtu and Dominion South prices added \$0.04 (2%) to \$2.23/MMBtu. Price increases resulted from maintenance-related flow constraints on the Millennium, Columbia Gas Transmission, and Texas Eastern Transmission pipeline systems.

Near-month natural gas futures prices (Nymex)



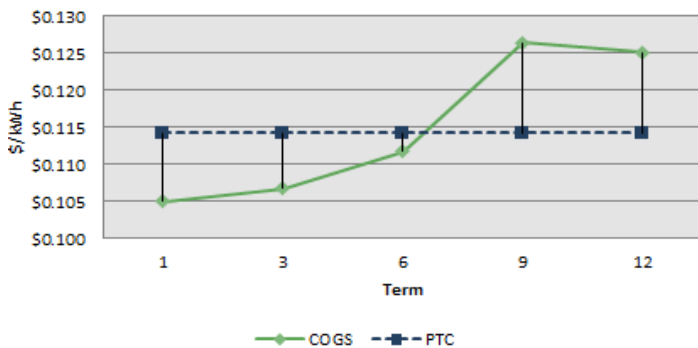
Source: Natural Gas Intelligence

POWER

- Power curves traded sharply higher as markets shifted their focus to rising temperatures for the summer of 2018. In ERCOT's Houston load zone, the 12-month ATC strip jumped \$7, more than 14%, to \$56.27/MWh. The 24-month curve rose \$4.75, about 11%, to \$49.50/MWh. The calendar 2019 term added \$2.55, roughly 6.5%, to \$43.05/MWh.
- Northeastern prices were also substantially higher. In the NEMASS load zone, the 12-month ATC curve rose \$1.10, or 2.6%, to \$43.87/MWh. The 24-month ATC term added \$0.90, about 2%, to \$43.61/MWh. The calendar 2019 strip traded \$0.95 higher, a gain of about 2.3%, to \$43.40/MWh.
- The price for the NYISO Zone J 12-month ATC strip added \$0.70, roughly 1.7%, to \$40.84/MWh. The 24-month ATC term rose \$0.60, or 2.1%, to \$43.61/MWh. The calendar 2019 term rose \$0.40, about 1%, to \$40.02/MWh.
- PJM curves also posted gains for the week. In the COMED load zone, the 12-month ATC curve added \$0.55, 1.9%, to \$29.57/MWh. The 24-month strip rose \$0.30, or 1%, to \$28.85/MWh. The calendar 2019 term was unchanged at \$28.34/MWh. In PJM's Pepco load zone, the 12-month ATC curve rose \$0.80, about 2.1%, to \$39.50/MWh. The 24-month strip added \$0.50, about 1.3%, to \$38.05/MWh. The calendar 2019 term moved \$0.30 higher to close at \$37.15/MWh, a gain of about 0.8%.

UTILITY HIGHLIGHT

WMECO - G0



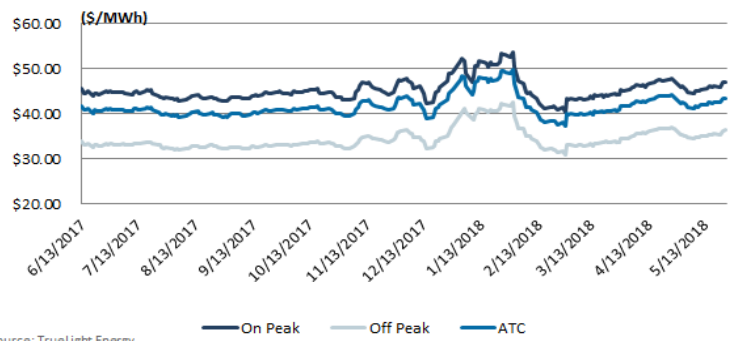
- The Price to Compare (PTC) for Western Massachusetts Electric Co (WMECO), now Eversource, General Service Small Commercial rate class (G0) is projected to decrease to \$0.10859/kWh for the July 1, 2018 to December 31, 2018 price period. This PTC is approximately 4.92% lower than the current PTC rate of \$0.11421/kWh for the February 1, 2018 to June 30, 2018 price period.

ISONE

MA

WCMASS

WCMASS - 12 MONTH STRIP PRICING

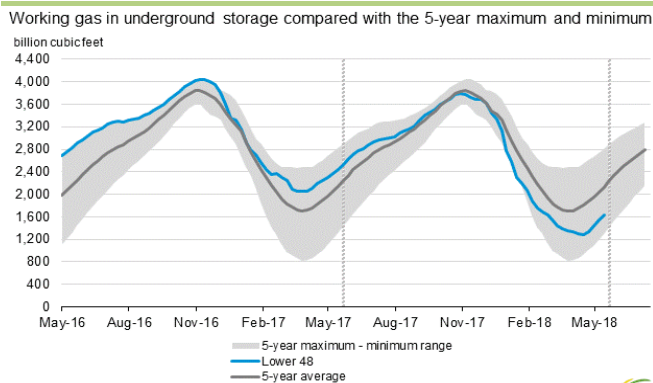


Source: TrueLight Energy

- Over the last week the WCMASS ATC 12-Month Strip traded \$1.11/MWh higher, a gain of about 2.6%, to finish the week at \$43.50/MWh.
- The strip hit a 52-week high of \$49.89/MWh on January 30, 2018 and a low of \$37.23/MWh on February 27, 2018. Since March 1, 2018 the strip has traded between \$39/MWh and \$44/MWh.

NATURAL GAS

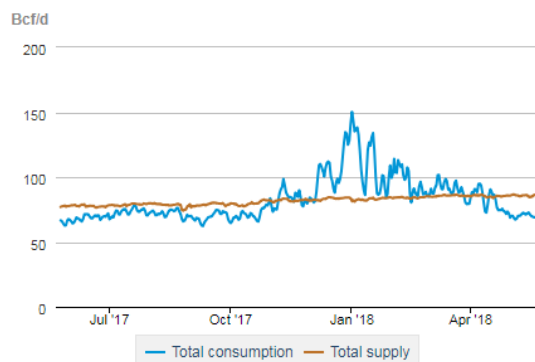
- Net injections into storage were +91 Bcf for the week ending May 18, a bearish report compared with the 5-year average (+89) and the prior year fill (+74), but mostly in line with market expectations. Estimates ranged from net injections of +83 to +100 Bcf, with a median estimate of +92 Bcf.
- Working gas stocks totaled 1,629 Bcf, 499 Bcf lower than the 5-year average and 804 Bcf lower than last year. The deficit to the 5-year average peaked at 534 Bcf during the week ending April 20.



SUPPLY & DEMAND

- The EIA reported that average total supply of natural gas rose by 1% for the week. Dry gas production was unchanged, while average net imports from Canada were 3% higher.
- Total demand for natural gas fell 1% compared with last week. Power burn demand fell 3%. Industrial sector use was steady at about 20 Bcf/day, while residential/commercial consumption dropped 1%. Exports to Mexico fell 1%.
- LNG exports fell from last week. Five vessels carrying roughly 18.8 Bcf left the Sabine Pass and Cove Point facilities last week.

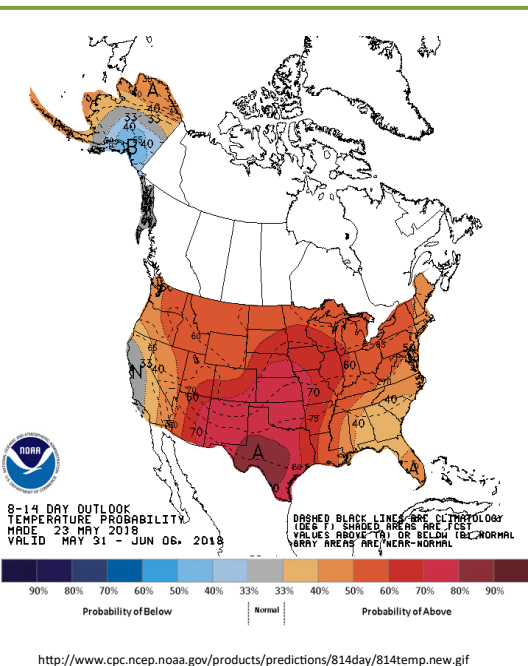
Total supply/demand balance (last 365 days)



MARKET INTELLIGENCE

- ISO New England has released its 2018 Summer Outlook report, forecasting peak demand to be approximately 7.4% higher than last year due to expected warmer than average summer temps. Summer peak demand will likely be pushed out later into the summer months, when daylight hours begin to decline, due to the staggering boom in Solar Photovoltaic generation over the past 5 years in New England as well as across the country (as outlined in ISONE’s Final 2018 PV Forecast released earlier this spring).
- Massachusetts has recently announced the selection of Vineyard Wind to enter into contract negotiations for an impending 800MW offshore wind energy procurement project, which will then be up for approval by the Massachusetts Department of Public Utilities (DPU). Though offshore wind has faced many hurdles over the past several years, this project selection marks a huge step forward in the race for development of the first commercial-scale offshore wind farm in the US. Joining Massachusetts, Rhode Island has also entered into contract negotiations with Deepwater Wind for a projected 400MW offshore wind procurement project.

WEATHER



- Temperatures in the Lower 48 states averaged 63°F, 1° higher than normal and about the same as last year.
- The warm and wet pattern will continue to dominate the weather this week, especially in the Southeast, which will feel the affects of an active tropical front coming out of the Gulf of Mexico. Some forecasters believe the tropical low has the potential to develop into the first named storm of the 2018 hurricane season, which officially kicks off on June 1. The rest of the country will also see widespread above normal temperatures, with the more extreme highs in the Upper Plains. Conditions should also be wetter than normal, but the Southeast will definitely lead in the rainfall department.
- The heat anomalies grow and move further South from the Plains into Texas in the 8-14 day window. Conditions should trend well above normal in ERCOT with highs approaching 100 in the Dallas-Fort Worth area. On the fringes of the front, we will see above average rainfall where the heat meets cooler air in the Midwest, the Great Lakes and Mid-Atlantic.

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