

GENERAL UPDATE

- The December 2018 prices increased \$0.29 (9%) to finish the week at \$3.555/MMBtu. The 12-month strip futures contracts for December 2018 through November 2019 ticked \$0.10 (0.3%) higher to \$2.974/MMBtu.
- Northeast physical gas spot prices experienced increases. Boston's Algonquin Citygate prices rose \$0.86 (29.6%) to \$3.76/MMBtu. Transco Zone 6 NYC also increased \$0.80 (29.1%) to \$3.55/MMBtu.
- Tennessee Zone 4 Marcellus prices increased \$0.71 (26.7%) to \$3.37/MMBtu. Dominion South, serving southwest Pennsylvania, increased \$0.61 (22.7%) to \$3.30/MMBtu. Chicago Citygate prices rose \$0.57/MMBtu (18.3%) to \$3.68/MMBtu.
- SoCal Citygate prices dropped \$0.51 (-9.3%) to \$4.98/MMBtu due to above-average temperatures forecasted to continue over the next several days. Prices at Northern California PG&E Citygate increased \$0.22 (5.8%) to \$4.00/MMBtu.

Near-month natural gas futures prices (Nymex)



eia Source: Natural Gas Intelligence

POWER

- Exceptional volatility in the near term gas futures market has translated to significant movement in the forward curve. The below strip prices correspond with Henry Hub Jan 2019 gas around \$3.88/MMBtu.
- For the NEMASSBOST zone in ISONE, the 12 Month ATC strip increased \$2.07 (4.2%) to \$51.55. The 24 Month ATC strip increased \$1.38 (2.9%) to \$49.41, and the Cal 2019 ATC strip increased \$1.82 (3.7%) to \$50.42/MWh.
- In NYISO, the Zone J 12 Month ATC strip increased \$2.00 (4.5%) to \$46.14. The 24 Month ATC strip increased \$1.30 (3.1%) to \$43.92, and the Cal 2019 ATC strip increased \$1.91 (4.5%) to \$44.77/MWh.
- For the PSEG zone in PJM, the 12 Month ATC strip increased \$1.68 (4.5%) to \$39.40. The 24 Month ATC strip increased \$1.11 (3.1%) to \$37.04 and the Cal 2019 ATC strip increased \$1.49 (4.1%) to \$37.83/MWh.
- In ERCOT, the Houston zone 12 Month ATC strip increased \$2.22 (4.8%) to \$48.10. The 24 Month ATC strip increased \$1.42 (3.4%) and the Cal 2019 ATC strip increased \$1.93 (4.3%) to \$46.53/MWh.

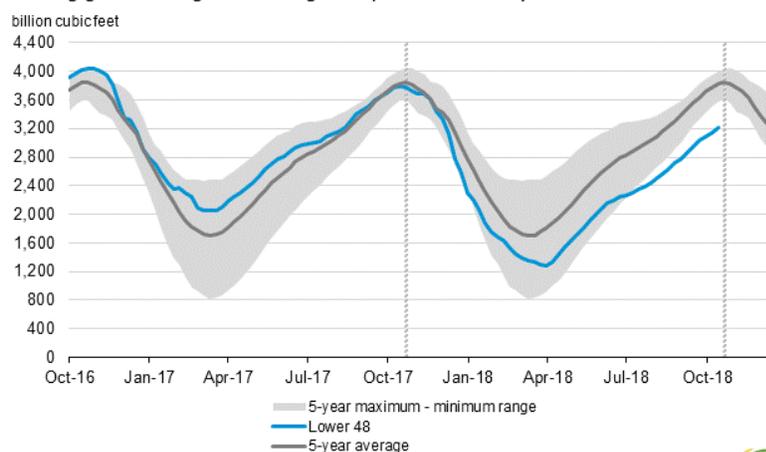
GAS UPDATE

- Exceptional volatility has hit the gas market over the last week. Bullish pressure sustained the market through most of October, during which the December 2018 strip hovered around the \$3.30 range. The mid-range weather forecasts, however, trended quite cold over the 11/2-11/5 weekend. This set up the Monday 11/5 market to open up with a bang as the prompt month traded above the \$3.50 threshold.
- Since then, the market has continued to test and surpass new levels of resistance, which haven't occurred since the winter of 2015 on the near term strips. On Friday 11/9, the prompt month traded over \$3.80. This week has continued the trend, trading into the mid-\$3.90s on Monday 11/12 and briefly breaking \$4.00 this morning, 11/13. Beyond Henry Hub, most basis points have also traded higher for winter strips, including AGT and Tetco-M3.
- With withdrawal already at low levels and moving at a fast pace due to this month's cold shot, concerns about depleting storage levels throughout this winter fuel price gains in the futures market.

NATURAL GAS

- For the week ending November 2, the EIA reported net injections into storage of +65 Bcf, which is equal to last year's net injections for this week and higher than the 2013-2017 average net injections of +62 Bcf.
- Working natural gas stocks totaled 3,208 Bcf, which is 580 Bcf (-15.3%) lower than last year's level and 621 Bcf (-16.2%) lower than the five year average of 3,829 Bcf.
- For the January 2019 futures contract, working gas stocks continue to trade at a lower premium, with NYMEX averaging at \$3.27/MMBtu which is \$0.03/MMBtu higher than the spot price. Last year at this time, the January 2019 contract was \$0.29/MMBtu higher than the spot price.

Working gas in underground storage compared with the 5-year maximum and minimum



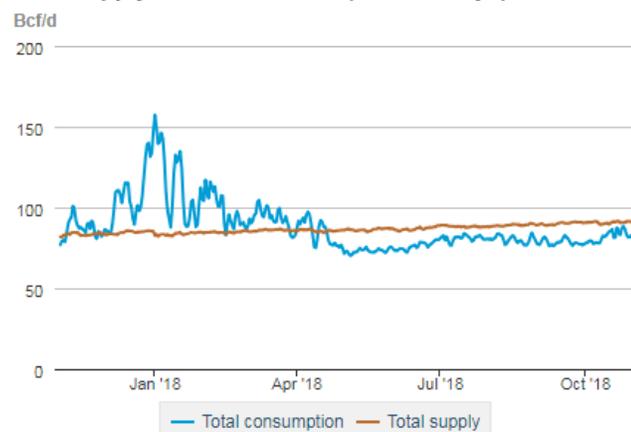
Source: U.S. Energy Information Administration



SUPPLY & DEMAND

- The EIA reported that the average total supply of natural gas decreased by 1% to 91.1 Bcf/day week/week. Dry natural gas production did not change, while average net imports from Canada dropped off by 11%.
- Total US consumption of natural gas went unchanged week/week, averaging 67.9 Bcf/day, as a 5% drop in consumption for gas for power generation offset a 6% increase in the residential and commercial sectors. Industrial sector consumption remained constant, while natural gas exports to Mexico decreased by 1%.
- LNG exports decreased week/week with five LNG vessels, totaling 18.2 Bcf, departing US ports throughout the week.

Total supply/demand balance (last 365 days)



Source: OPIS PointLogic Energy, an IHS Company

MARKET INTELLIGENCE

- The FirstEnergy Pennsylvania utilities have filed new commercial PTC Default rates for the December 1, 2018 to February 28, 2018 price period, which have yet to be officially posted. For Met-Ed, commercial rate is projected to increase 14% to \$0.07236/kWh. Penelec will also increase 14% to \$0.06654/kWh. Penn Power is to increase 3% to \$0.07807/kWh, and West Penn Power commercial rate is to jump 64% to \$0.06962/kWh.
- Pacific Gas & Electric (PG&E) has proposed a new subscription-based commercial electric vehicle (EV) charging rate to better meet EV charging station needs as they become more common in transit stations, businesses, multi-family units, and more. The current business electric rate structure for commercial properties with EV chargers often results in higher costs than usual. This proposal would allow customers to "choose the amount of power they need for their charging stations, similar to choosing a data plan for a cell-phone bill," resulting in "simpler, more consistent monthly costs," according to PG&E release statement.

UTILITY HIGHLIGHT

ISONE

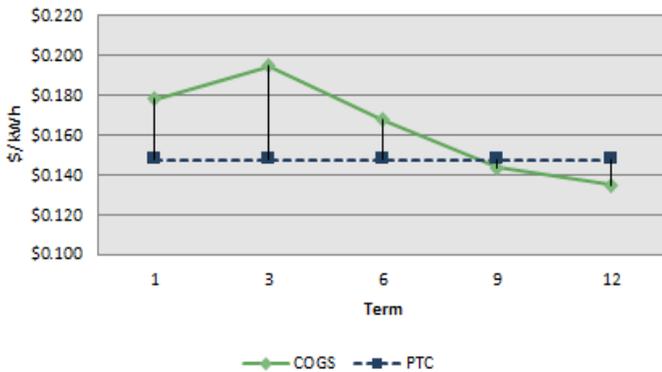


MA

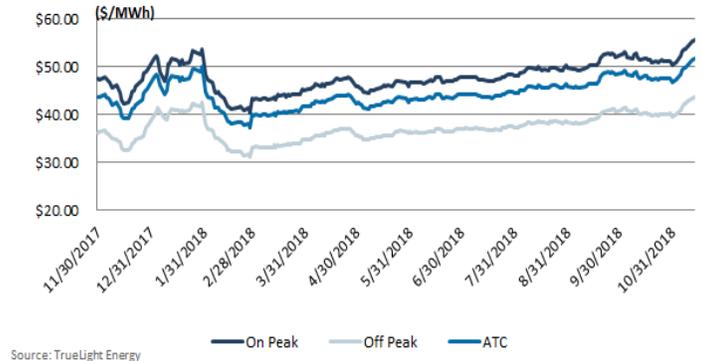


SEMASS

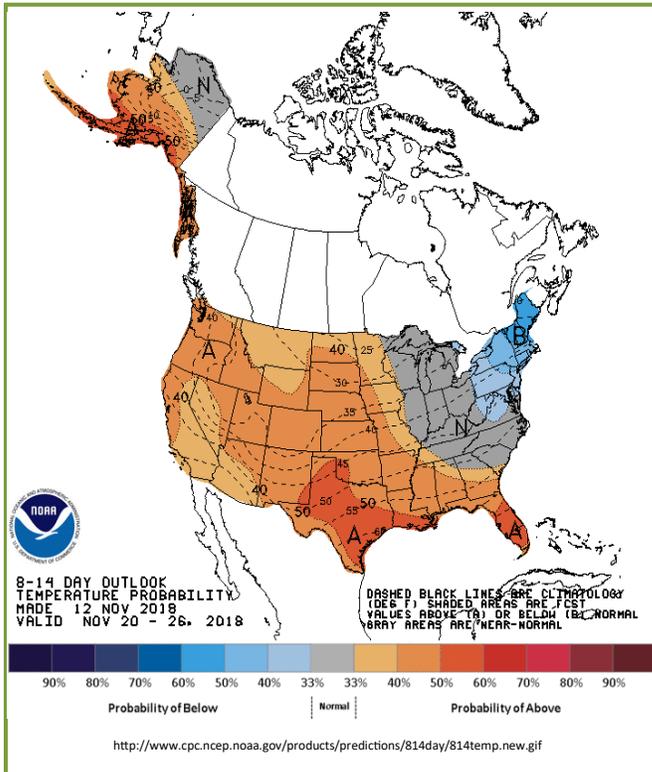
NECO - G2



SEMASS - 12 MONTH STRIP PRICING



- 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.
- The NECO ATC 12-month strip has been on the rise, increasing 6% over the past week to \$51.65/MWh today, November 13, 2018.
- Since June 1, 2018, the strip has traded between \$43.03/MWh and \$51.65/MWh, a new high that was reached this morning and well surpasses the strip's previous high of \$49.92/MWh on Jan 30, 2018.



WEATHER

- Anomalous cold begins to shift out of most of the lower 48 and becomes isolated to New England with neutral risks extending further into the Midwest and Southeast. Elsewhere across the US, a return to normal and slightly above normal temperatures will bring relief to what has been an otherwise early taste of winter.
- Precipitation risks are below normal in the northern corners of the country, namely the Northeast and Pacific Northwest. The rest of the lower 48 is slated to see above normal precipitation risk, especially the southwest corner which will help provide relief to fire risk.

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