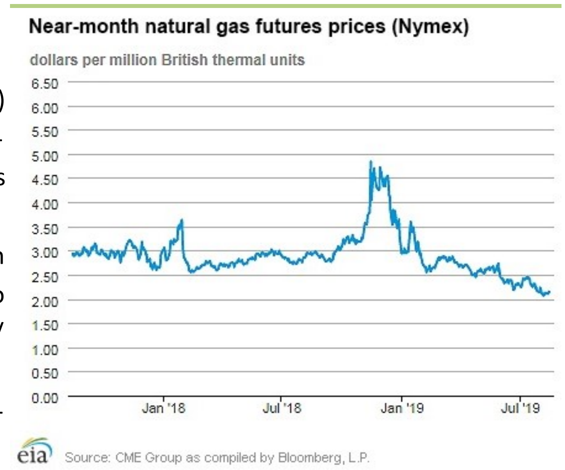
ADVANTAGE | ENERGY PARTNERS

Tuesday, August 20th, 2019

GENERAL UPDATE



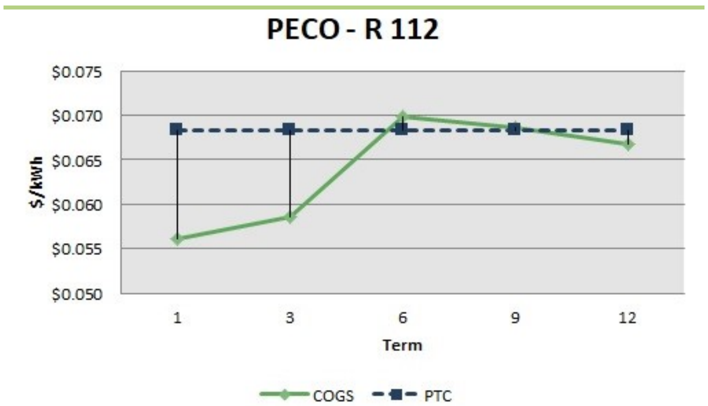
- The September 2019 NYMEX Henry Hub forward contract increased $0.06 (2.9%) from the previous Wednesday, reaching $2.143/MMBtu. The price of the 12-month strip averaging September 2019 through August 2020 futures contracts increased $0.02 (0.8%) to $2.323/MMBtu.
- Northeast natural gas prices experienced mixed movements. Boston's Algonquin Citygate prices increased $0.04 (2.0%) to $2.09/MMBtu last Wednesday. Transco Zone 6 NYC prices fell, decreasing -$0.15 (-7.3%) from $2.07/MMBtu to $1.92/MMBtu.
- Pennsylvania's Dominion South decreased -$0.09 (-4.8%) to $1.79/MMBtu. Tennessee Zone 4 Marcellus spot prices decreased -$0.10 (-5.6%) to $1.68/MMBtu.
- California prices increased since last week. SoCal Citygate prices increased $0.16 (5.3%) to $3.18/MMBtu last Wednesday amidst supply constraints in the region. Prices at Northern California PG&E Citygate also increased, rising $0.04 (1.6%) to $2.57/MMBtu.

POWER

- For the NYC zone (J) in NYISO, the 12 Month ATC strip decreased -$0.54 (-1.4%) to $36.92. The 24 Month ATC strip decreased -$0.31 (-0.8%) to $37.60 and the Cal 2020 ATC strip decreased -$0.46 (-1.2%) to $37.59.
- For the NEMASSBOST zone in ISONE, the 12 Month ATC strip decreased -$0.45 (-1.1%) to $39.16. The 24 Month ATC strip decreased -$0.30 (-0.7%) to $40.12 and the Cal 2020 ATC strip decreased -$0.40 (-1.0%) to $40.12.
- For the PEPCO zone in PJM, the 12 Month ATC strip decreased -$0.67 (-2.0%) to $32.58. The 24 Month ATC strip decreased -$0.37 (-1.1%) to $32.52 and the Cal 2020 ATC strip decreased -$0.31 (-1.0%) to $32.50.
- For the Houston zone in ERCOT, the 12 Month ATC strip increased $11.48 (29.3%) to $50.63. The 24 Month ATC strip increased $6.90 (18.5%) to $44.30 and the Cal 2020 ATC strip increased $2.97 (8.1%) to $39.48.

UTILITY HIGHLIGHT

PJM › PA › PECO



- The upcoming Price to Compare for Pennsylvania's PECO Residential rate class (R112) is $0.06832/kWh, in effect from September 1, 2019 to November 30, 2019. This rate is a 0.8% increase from the current rate of $0.06781/kWh for the June 1, 2019 to August 31, 2019 price period.
- TRUELight's expert analytics and proprietary models indicate that headroom in the PECO territory is now available in the 1, 3 and 12 month terms. Headroom of $0.00979/kWh and $0.00149/kWh is likely for the 3 and 12 month terms, respectively.
- Over the last week, the PECO ATC 12-month strip decreased slightly, falling -1.9% to finish at $27.79/MWh yesterday. This time last year, the strip was trading at $34.60/MWh, which is 24.5% higher than this year.
- Since the beginning of the year, the ATC strip has reached a high of $36.37/MWh on January 17, 2019 and a low of $27.44/MWh on July 5, 2019.

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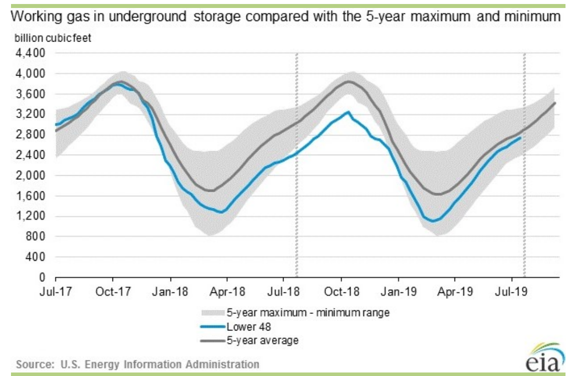
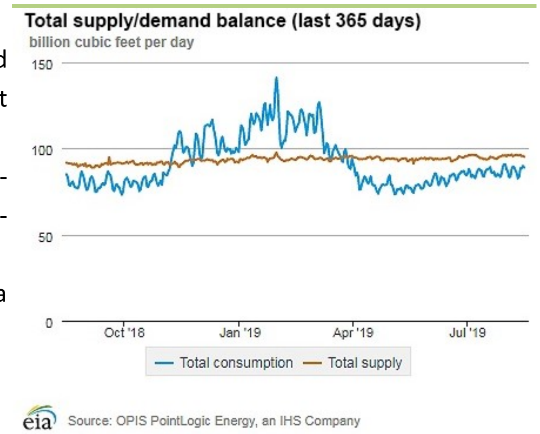
NATURAL GAS

- For the week ending August 9, the EIA reported net injections from storage of 49 Bcf, which is higher than last year's net injections of 35 Bcf for this week and equal to the 5-year (2014–18) average net injections of 49 Bcf.
- Working natural gas in storage totaled 2,738 Bcf, which is 357 Bcf (15%) more than last year's working gas totals of 2,381 Bcf at the same time and 111 Bcf (-3.9%) lower than the 5-year (2014-2018) average of 2,849 Bcf. Total working gas is within the five-year historical range.



SUPPLY & DEMAND

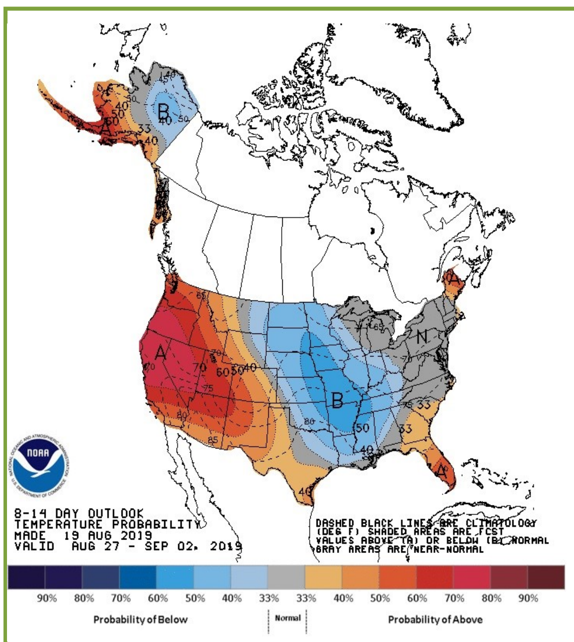
- Average total supply of natural gas remained constant week/week following record levels reached last week. Dry natural gas production remained the same while net imports with Canada decreased 4%.
- Total US consumption of natural gas remained the same. Consumption for power generation was constant week/week, industrial sector consumption decreased 1%, residential-commercial consumption increased 4%, and exports to Mexico increased 2%.
- US LNG exports decreased week/week, with seven vessels departing US ports for a combined 29 Bcf.



MARKET INTELLIGENCE

- ERCOT experienced record electricity demand and soaring wholesale electricity prices last week as a heat wave enveloped the region. Demand reached an all-time high of 74,531 MW from 4pm-5pm on Monday, August 12th. For the first time since January 2014, ERCOT issued a Level 1 Energy Emergency Alert (EEA 1) on Tuesday and Thursday of last week as operating reserves dipped below 2,300 MW. Real-time wholesale prices maxed out at the system-wide price cap of $9,000/MWh on Tuesday and Thursday as well. Price volatility has been driven by not only high demand but also a thin reserve margin of 8.6%. However, this figure is expected to increase as solar and wind projects come online in the next few years, which should result in less price volatility in ERCOT.

- The Chairman of the Arizona Corporation Commission (ACC), Bob Burns, ordered the ACC's regulatory staff to draft a proposal for "full retail electric competition for all customers" by January 10, 2020. Burns stated in a letter that drafting the regulations before further deliberation would accelerate the process and allow the Commission to more effectively address questions about retail competition.



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

WEATHER

- Above normal temperatures continue to reign in the east with higher probability of hot anomalies occurring in New England and the bulk of the Atlantic coast down through the Chesapeake region. This heat likely extends through the eastern Midwest, with more western portions into the Plains seeing some relief in the form of below normal temperatures.
- Most of Texas is slated to continue to remain in the above normal temperature territory, carrying hot August into September. Some relief here will be in the form of rain with above normal precipitation across the state, and most of the US for that matter, working to keep a lid on peak temperatures.
- The Western US is expected to see well above normal temperatures coupled with neutral-dry conditions.