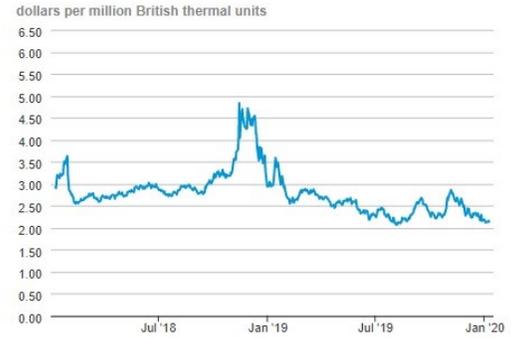


## GENERAL UPDATE

- The February 2020 NYMEX Henry Hub forward contract increased to \$2.141/MMBtu, a \$0.02 (0.9%) increase from the previous Wednesday. The price of the 12-month strip averaging February 2020 through January 2021 futures contracts increased \$0.03 (1.3%) to \$2.319/MMBtu.
- Natural gas prices in the Northeast ticked up week over week with cooler weather arriving at the end of the report week. Boston's Algonquin Citygate prices climbed \$0.55 (23.3%) to \$2.91/MMBtu last Wednesday. Transco Zone 6 NYC prices increased \$0.14 (6.9%) from \$2.03/MMBtu to \$2.17/MMBtu.
- Pennsylvania's Dominion South increased \$0.02 (1.2%) to \$1.71/MMBtu. Tennessee Zone 4 Marcellus spot prices decreased \$0.05 (-2.9%) from \$1.75/MMBtu to \$1.70/MMBtu.
- California prices saw mixed movement since last week. SoCal Citygate prices decreased \$1.25 (-20.7%) to \$4.80/MMBtu last Wednesday. Prices at Northern California PG&E Citygate increased \$0.10 (3.1%) to \$3.32/MMBtu week over week.

Near-month natural gas futures prices (Nymex)



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

## POWER

- For the NYC zone (J) in NYISO, the 12 Month ATC strip increased \$0.08 (0.2%) to \$32.73. The 24 Month ATC strip decreased \$0.20 (-0.6%) to \$33.62 and the Cal 2021 ATC strip increased \$0.03 (0.1%) to \$31.68.
- For the NEMASSBOST zone in ISONE, the 12 Month ATC strip decreased \$0.06 (-0.2%) to \$37.53. The 24 Month ATC strip decreased \$0.22 (-0.6%) to \$38.11 and the Cal 2021 ATC strip decreased \$0.13 (-0.4%) to \$36.25.
- For the PEPSCO zone in PJM, the 12 Month ATC strip decreased \$0.04 (-0.1%) to \$30.87. The 24 Month ATC strip decreased \$0.06 (-0.2%) to \$30.65 and the Cal 2021 ATC strip decreased \$0.05 (-0.2%) to \$30.37.
- For the Houston zone in ERCOT, the 12 Month ATC strip increased \$0.69 (1.9%) to \$37.51. The 24 Month ATC strip increased \$0.67 (1.9%) to \$35.48 and the Cal 2021 ATC strip increased \$0.75 (2.1%) to \$37.27.

## UTILITY HIGHLIGHT

PJM

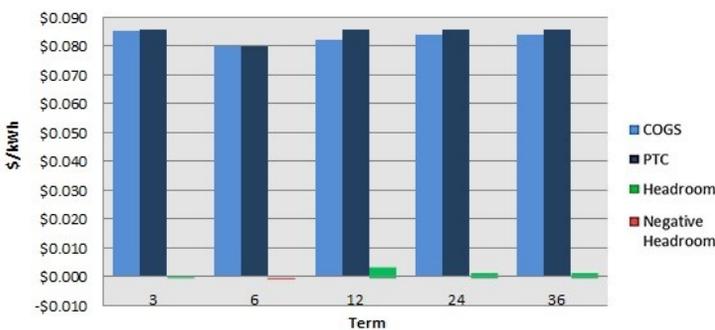


MD

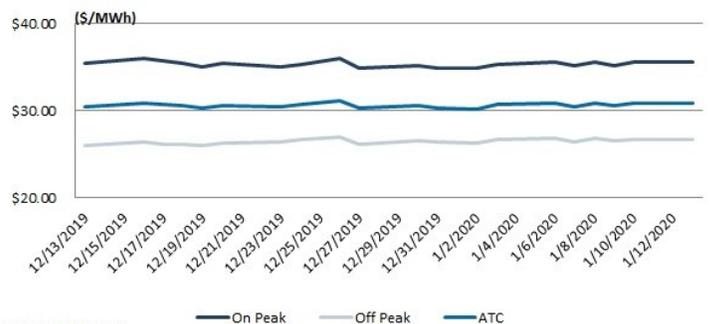


PEPCO

PEPCO - RMNS



PEPCO - 12 MONTH STRIP PRICING



Source: TrueLight Energy

- The current Price to Compare for Maryland's PEPCO Residential rate class (RMNS) is \$0.08545/kWh, in effect from January 1, 2020 to January 31, 2020. This rate is a 0.3% increase from the previous rate of \$0.08518/kWh for the December 1, 2019 to December 31, 2019 price period.
- Headroom in the PEPCO MD territory is now available in the 3, 12, 24 and 36 month terms. Headroom of \$0.00167/kWh and \$0.00168/kWh is likely for the 24 and 36 month terms, respectively.
- Over the last week, the PEPCO ATC 12-month strip decreased, slipping -0.1% to finish at \$30.87/MWh yesterday. This time last month, the strip was trading at \$30.47/MWh, which is -1.3% lower than this month.
- Since the beginning of the year, the ATC strip has reached a high of \$30.91/MWh on January 6, 2020 and a low of \$30.23/MWh on January 2, 2020.

# NATURAL GAS

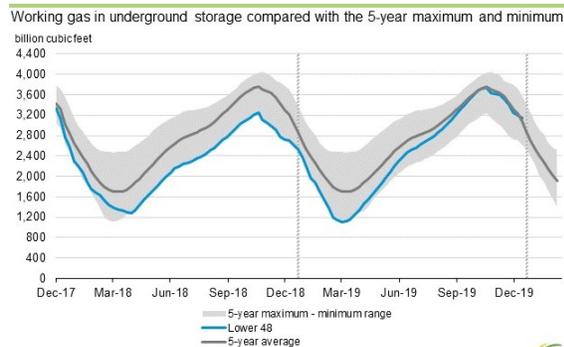
- For the week ending January 3, the EIA reported net withdrawals from storage of 44 Bcf, which is lower than last year's net withdrawals of 81 Bcf for this week and lower than the 5-year (2014–18) average net withdrawals of 156 Bcf.
- Working natural gas in storage totaled 3,148 Bcf, which is 521 Bcf (19.8%) higher than last year's working gas totals of 2,627 Bcf at the same time and 74 Bcf (2.4%) higher than the 5-year (2014–2018) average of 3,074 Bcf. Total working gas is within the five-year historical range.

# SUPPLY & DEMAND

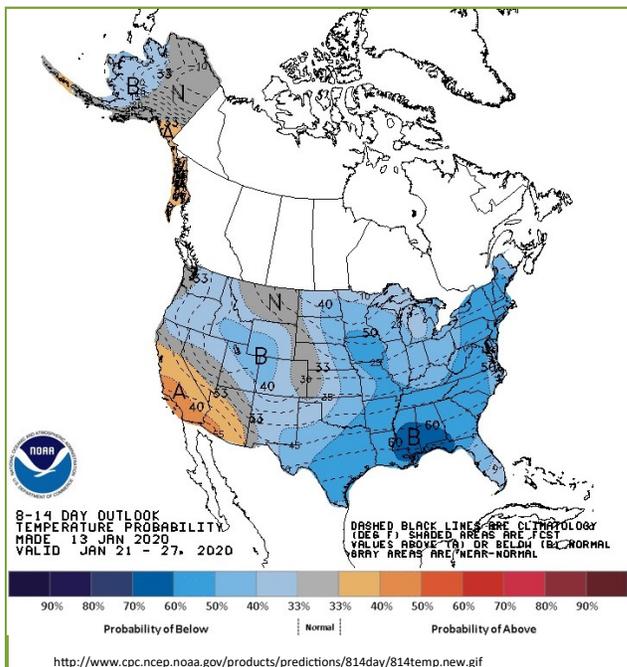
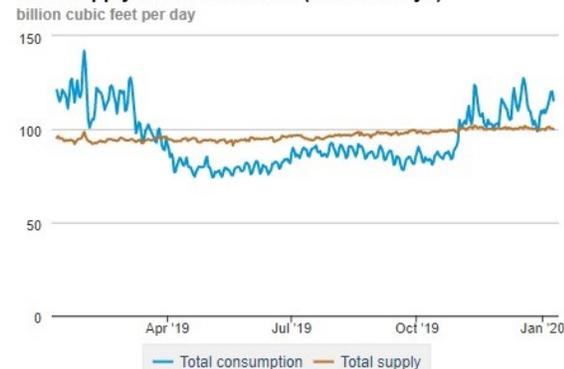
- Average total supply of natural gas increased 1% week/week. Dry natural gas production remained constant while net imports with Canada increased 28% compared with the previous week.
- Total US consumption of natural gas increased by 10% since last week. Consumption for power generation increased 11%, industrial sector consumption increased 2%, residential-commercial consumption increased 15%, and exports to Mexico increased 16%.
- US LNG exports increased week/week, with nineteen vessels departing US ports for a combined 68 Bcf.

# MARKET INTELLIGENCE

- PJM decided it will hold off on conducting its 2022/2023 Base Residual Auction (BRA) until it establishes price floors for capacity resource classes during a Market Implementation Committee meeting held last week. PJM's compliance filing to FERC due on March 18<sup>th</sup> will include these proposed price floors, as well as a timeline for the 2022/2023 and 2023/2024 delivery year capacity auctions. PJM needs to make its compliance filing to FERC by March 18<sup>th</sup>, and once the price floors and the rest of the proposal are approved it will take steps to conduct the 2022/2023 BRA. Members disagreed over when the auction should be held after the proposal is approved, with Exelon proposing the auction be held a year after the compliance filing to allow for Fixed Resource Requirement (FRR) alternative elections and Vistra urging PJM to hold the auction soon to eliminate capacity price uncertainty.



## Total supply/demand balance (last 365 days)



## WEATHER

- The majority of the country should expect colder than normal temperatures beginning in the 8-14 day window starting January 21. Areas east of the Rockies as well as a pocket extending from the Rockies into the Pacific Northwest will see below average temps, with the largest drops from average in the Gulf Coast and entire East Coast. Most of California and Arizona will expect warmer than average temperatures during this period.
- Wetter than normal conditions are expected for Texas, the Plains states north of Texas, and Florida. High pressure systems will keep weather drier than average for most of the East, spanning from Iowa east to the Mid-Atlantic and Northeast. Drier than normal conditions are also predicted for the West Coast, with the highest chances for dry conditions in California and Nevada.

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