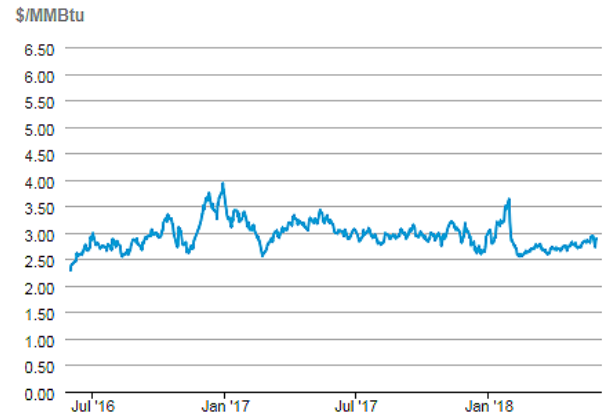




## GENERAL UPDATE

- Financial gas futures finished the week modestly higher with the July 2018 NYMEX Henry Hub contract up \$0.02 (less than 1%) to close the week at \$2.98/MMBtu.
- Physical gas spot prices were mostly lower. At the Chicago Citygate, prices decreased \$0.08, or 3%, to \$2.66/MMBtu. Prices at PG&E Citygate, which serves customers in the Northern California area, ticked \$0.01 (less than 0.5%) lower to \$3.03/MMBtu. The price at SoCal Citygate (Southern California) jumped \$0.70, or 28%, to \$3.16/MMBtu. Ongoing supply constraints are contributing to SoCal price volatility.
- At the Algonquin Citygate (greater Boston area) prices rose \$0.11, or 4%, to \$2.54/MMBtu. Transco Zone 6 (New York City) prices fell \$0.15, or 5%, to \$2.72/MMBtu. Tennessee Zone 4 prices dropped \$0.10, or 8.5%, to \$1.07/MMBtu, while prices at Dominion South (Mid-Atlantic region) added \$0.17, or 7.5%, to \$2.40/MMBtu.

Near-month natural gas futures prices (Nymex)



Source: Natural Gas Intelligence

## POWER

- Forward power curves fell sharply in ERCOT. The 12-month ATC strip in the Houston load zone dropped \$7.70 (13%) to \$51.90/MWh. The 24-month term lost \$4.40 (8.5%) to \$46.88/MWh, and the calendar 2019 curve gave up \$1.60 (3.5%) to \$42.10/MWh.
- PJM Eastern prices were modestly lower. In the PEPCO DC load zone, the 12-month ATC strip dropped \$0.75 (2%) to \$38.83/MWh. The 24-month curve fell \$0.35 (1%) to \$37.68. The calendar 2019 term also fell \$0.35 (1%) to \$37.12/MWh.
- Northeastern prices were mixed. In the NEMASS load zone, both the 12 and 24-month ATC curves were unchanged, closing the week at \$43.67/MWh and \$43.50/MWh, respectively. The calendar 2019 term dropped \$0.10 (<0.5%) to finish at \$42.95/MWh. In New York's Zone J, the 12-month ATC strip lost \$0.15 to close at \$40.70/MWh; the 24-month added \$0.05 to \$40.35/MWh, and the calendar 2019 term dropped \$0.15 to \$39.86. In each of these instances, the percentage change was less than 0.5%.

## UTILITY HIGHLIGHT

PJM

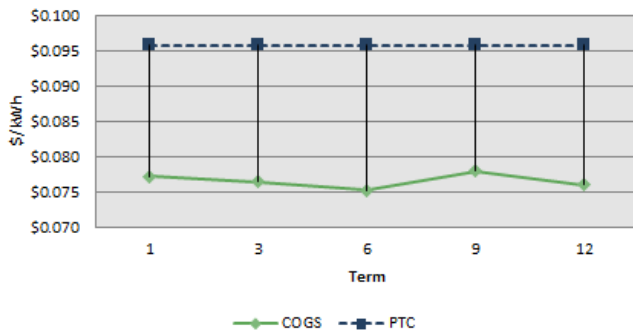


MD

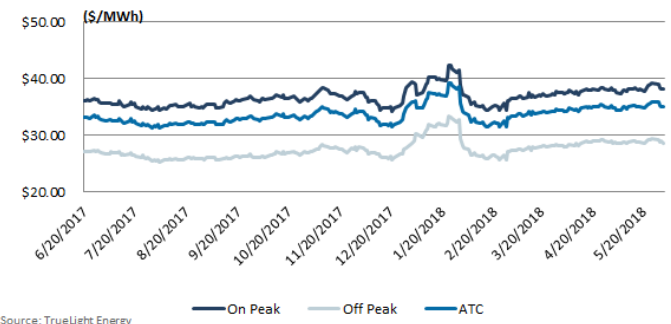


POTED

POTED - GSCS



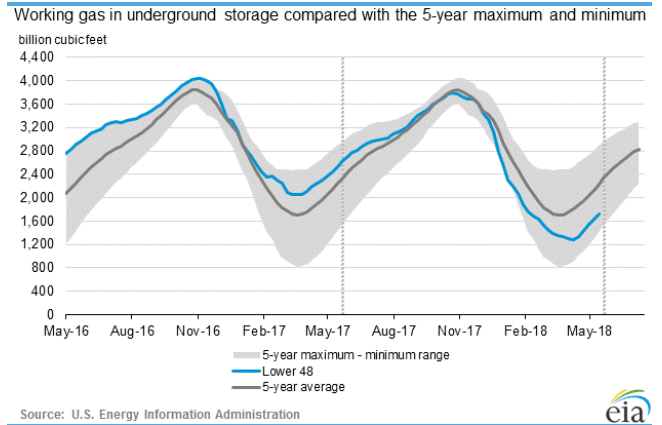
POTED - 12 MONTH STRIP PRICING



- The Price to Compare (PTC) for Maryland's Potomac Edison (POTED), General Service Small Commercial (GSCS) rate class has decreased to \$0.06393/kWh for the current price period of June 1, 2018 to September 30, 2018. This PTC is an approximate 8% decrease from the previous PTC of \$0.06942/kWh for the January 1, 2018 to May 31, 2018 price period. Headroom is very likely available for all 12 month terms.
- For POTED's Allegheny Power Systems (APS) Load Zone, over the last week the ATC 12-Month Strip traded \$0.95/MWh lower, a loss of about -2.65%, to finish the week at \$34.94/MWh.
- The strip hit a 52-Week high of \$39.29/MWh on January 24, 2018, and then hit a low of \$31.50/MWh on February 16, 2018. The curve has been on a steady incline since early March 2018, with prices trending more sharply upwards on the tail end of May and peaking at \$35.89/MWh May 25, 2018. Prices have since slid back down below \$35.

# NATURAL GAS

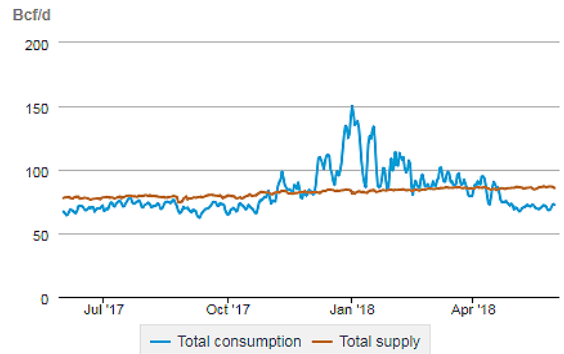
- The EIA reported a net injection into storage of +96 Bcf for the week ending May 25, in line with the 5-year average (+97), but well ahead of the past year's report of +80 Bcf. Estimates ranged from net injections of +96 to +107 Bcf, with a median estimate of +102 Bcf. This report ends a three-week streak of net injections that exceeded the 5-year average.
- Working gas stocks are now 1,725 Bcf, 500 Bcf lower than the 5-year average and 788 Bcf lower than last year at this time. The deficit to the 5-year average peaked at 534 Bcf in mid-April.



# SUPPLY & DEMAND

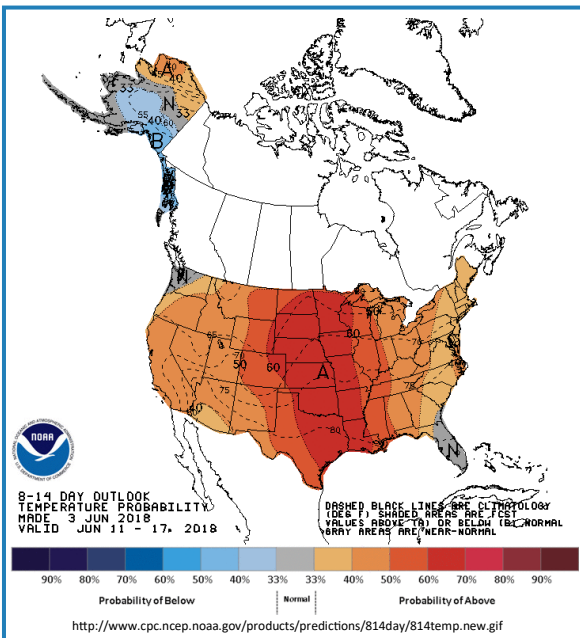
- The EIA reported that the average total supply of natural gas rose 1% compared with the prior week. Dry gas production rose 1%, averaging 80.2 Bcf/day, while Canadian imports added 2% for the week.
- Total demand for natural gas was unchanged for the week. Power burn demand rose 7%, largely due to hotter than average temperatures in the South and the Upper Plains. Industrial sector consumption fell 1%, and residential/commercial demand lost 19%. Mexican exports rose 2%.
- LNG exports were lower for the week. Four vessels carrying about 14.5 Bcf left the Sabine Pass terminal last week.

Total supply/demand balance (last 365 days)



# MARKET INTELLIGENCE

- ERCOT's Texas-New Mexico Power (TNMP) has proposed that three new riders be added to retail electric provider bills in their filing with the Public Utility Commission of Texas (PUCT). These riders include: Rider HCRF (Hurricane Cost Recovery Factor), Rider AVM (Rate Cause Additional Vegetation Management) and Rider RCE (Rate Class Expense Docket No. 48401). TNMP also proposed the elimination of Rider AMS (Advanced Metering Surcharge), due to the integration of remaining AMS costs into base rates. These changes, among others listed in the filing, mainly affect residential customers. These changes are the first steps in a longer term effort to adjust residential rates to reflect cost causation.
- New Jersey Governor Phil Murphy has signed a bill to subsidize two nuclear power plants in Salem County, which make up approximately 1/3 of the state's power supply. This will result in a price increase of \$30 to \$40 per year for standard New Jersey residential power bills.



## WEATHER

- Temperatures in the Lower 48 states averaged 66°F, 2° higher than normal and 1°F higher than last year.
- Much of the country will experience above average temperatures for the next two weeks, with strong above average advisories in place for the Southwest where we can see highs above 100 degrees. Some cold air out of Canada will move towards the Gulf coast in the near-term bringing cooler conditions to the Northeast, but conditions to the West of the Mississippi River will stay hot and humid.
- In the 8-14 day period, the cool spring-like conditions in the East will fade and extensive above normal air will move in. Some parts of the East could see more rain, but the majority of the country should stay dry.

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