



## GENERAL UPDATE

- Natural gas futures traded sharply higher for the week following the record withdrawal from storage. The NYMEX Henry Hub February 2018 contract rose \$0.33/MMBtu, a gain of 11.5%, to close the week at \$3.20/MMBtu.
- Spot prices fell at most locations for the week, but remain above normal levels. The Henry Hub spot price dropped \$3.77/MMBtu from \$6.88 to \$3.11/MMBtu. At the Chicago Citygate, prices fell \$3.46 to \$3.03/MMBtu. Prices at PG&E Citygate fell \$0.21 to \$2.87/MMBtu. At the SoCal Citygate prices declined \$3.01 to \$3.14/MMBtu.
- At the Algonquin Citygate prices plunged \$33.74 to \$4.48/MMBtu. Algonquin prices hit a record high of \$78.98/MMBtu during the Northeast's latest snow event during which the Pilgrim Nuclear Power Station was taken offline after key transmission lines were damaged. Natural gas generation was called on to replace the base-load demand, helping push spot prices to new levels. Prices at the Transco Zone 6 also set a new record, hitting \$140.06/MMBtu. For the week, Transco 6 prices fell \$45.16 to \$3.22/MMBtu.
- Tennessee Zone 4 Marcellus prices dropped \$3.21 to \$2.54/MMBtu, while prices at Dominion South fell \$3.17 to \$2.69/MMBtu.

Near-month natural gas futures prices (Nymex)



Source: Natural Gas Intelligence

## POWER

- Power curves moved sharply higher for the week. In the NEMASS load zone, the 12-month ATC strip rose \$2.70/MWh; the 24-month added \$1.80, and the calendar 2019 curve rose \$0.90/MWh. In New York's Zone J, the 12-month ATC term increased \$2.20/MWh. The 24-month curve rose \$1.20, and the calendar 2019 strip traded \$0.25 higher.
- PJM terms also moved higher. Major PJM East zones saw the 12-month curves move \$2.10/MWh higher. 24-month strips rose roughly \$1.15, while the calendar 2019 terms ticked \$0.20 higher. COMED curves traded \$1.10/MWh higher for the 12-month term; 24-month curves added \$0.50, while the calendar 2019 curves dropped \$0.10/MWh.
- In ERCOT's Houston zone, the 12-month ATC term rose \$1.00/MWh. The 24-month curve traded \$0.50 higher and the 2019 term fell \$0.10/MWh.

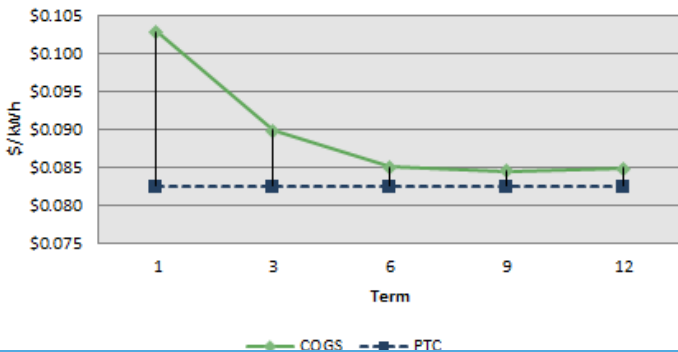
## UTILITY HIGHLIGHT

PJM

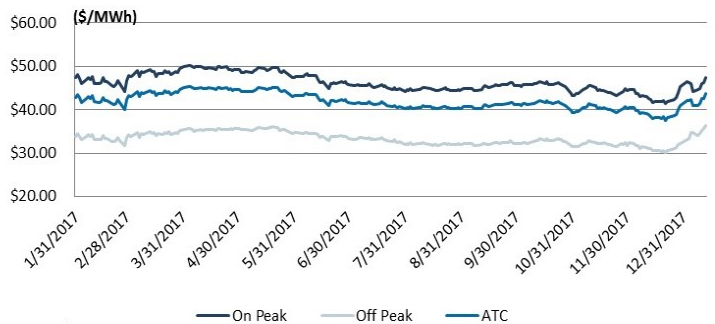
MD

BGE

### BGE - R



### BGE - 12 MONTH STRIP PRICING



Source: TrueLight Energy

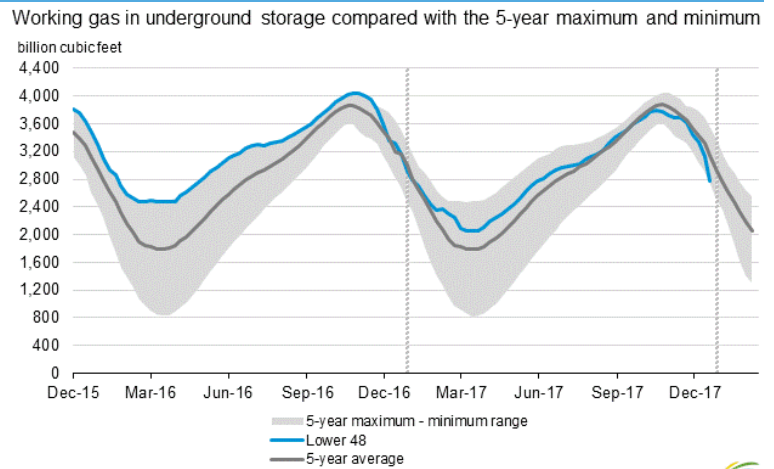
- The current Price to Compare (PTC) for Maryland's Baltimore Gas & Electric (BGE) Residential Non-Heating Service rate class is \$0.08218/kWh for the current price period of October 1st, 2017 through January 31st, 2018. This is an approximate 4.5% decrease from the previous PTC of \$0.08607/kWh for the month of September 2017.
- Headroom is unlikely at the 1, 3, 6, 9 and 12 month terms.

- The rolling 12-month ATC curve in PJM's BGE load zone rose \$2.70/MWh for the week to close at \$43.67 with a gain of more than 6.5%.
- The curve has rallied strongly with the Mid-Atlantic cold snap, adding more than 12.5% in the last 30 days, and is currently trading just \$0.67/MWh below its 52-week high of \$44.34/MWh, which it set in May of 2017.



# NATURAL GAS

- The EIA reported a record-breaking weekly withdrawal from natural gas storage, sending gas and power forward prices higher. Net withdrawals from storage totaled -359 Bcf for the week ending January 5, compared with the 5-year average of -169 and draw of -136 Bcf for the same week. Estimates of the weekly net change in working natural gas storage ranged from -305 to -365 Bcf, with a median of -335 Bcf.
- Working gas stocks now total 2,767 Bcf, 382 Bcf less than the 5-year average and 415 Bcf less than last year at this time. Working gas levels are now lower than the 5-year averages in all reporting regions.
- Record level withdrawals occurred in all regions except for the Pacific. The East and Midwest regions exceeded the previous record high by 10 Bcf (15%) and 14 Bcf (17%), respectively. Withdrawals in the South Central salt and non-salt regions totaled 78 and 76 Bcf, respectively and surpassed the previous record levels by 30 and 10 Bcf.



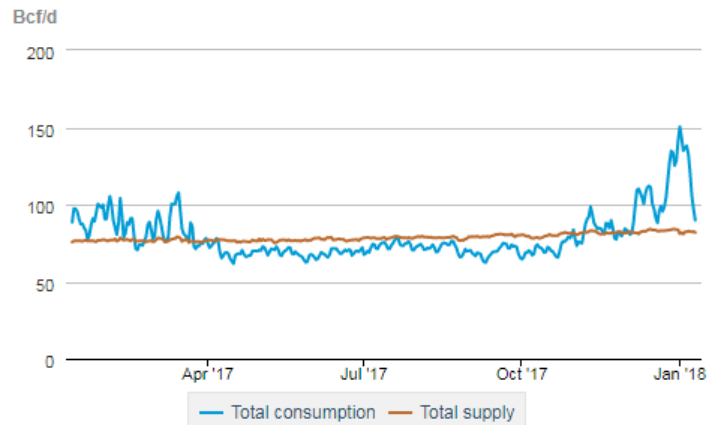
Source: U.S. Energy Information Administration



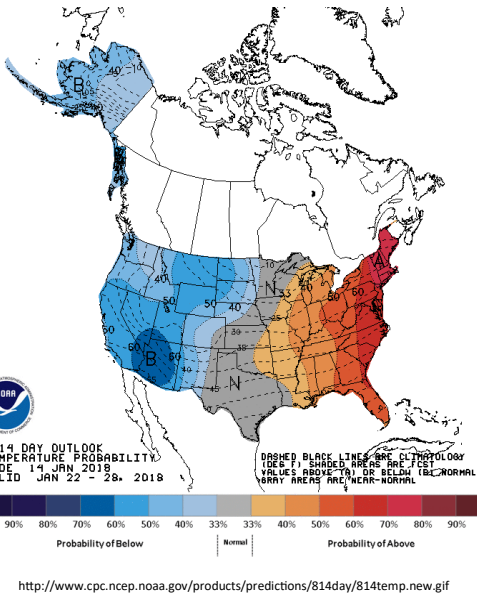
# SUPPLY & DEMAND

- The EIA reported that the total supply of natural gas was unchanged for the week, averaging 82.3 Bcf/day. Dry gas production rose 2% for the week, while Canada imports fell 20% as spot prices retreated from recent high.
- Total U.S. demand for natural gas fell sharply across almost all reported sectors as temperatures moderated from the previous week. Total consumption fell 14%. Power burn demand dropped 10%; industrial sector consumption fell 7%. In the residential and commercial sectors, consumption declined 19% while exports to Mexico rose 2%.
- LNG exports were also lower week over week. Three vessels (total capacity of 10.4 Bcf) left the Sabine Pass facility last week. The start-up of Dominion Energy's Cove Point terminal (in Lusby, Maryland) is now expected to begin in early spring.

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



Source: OPIS PointLogic Energy, an IHS Company



## WEATHER

- Temperatures were significantly lower than normal in most of the Lower 48 states during the storage week. Temperatures in the Lower 48 averaged 23°F, 10° lower than normal and 16° lower than last year at this time. Temperatures in the Midwest and Northeast (where natural gas is usually in high demand for heating and power production) were significantly colder than normal, averaging less than 13° for the week.
- For the short-term, the weather is neutral to bullish (especially in the Midwest and the East) and bearish in the West. As a cold front shifts East, conditions will turn bullish in the 6-10 day window. The Western warm front moves East in the 8-14 day window, with a strong pattern of cooler than normal conditions settling into the West and Rocky Mountains.

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