BOX BROKER ONLINE EXCHANGE

Tuesday, February 6, 2018

GENERAL UPDATE

- Financial gas markets traded sharply lower. The March 2018 NYMEX Henry Hub contract dropped $0.32/MMBtu, roughly 10%, to close the week at $2.84/MMBtu.
- Physical gas spot prices were also generally lower. At the Chicago Citygate, prices fell $0.16 to $3.11/MMBtu. Prices at PG&E Citygate dropped $0.28 to $2.74/MMBtu, while SoCal Citygate prices plunged $0.72 to $2.76/MMBtu.
- Northeastern prices had a very volatile week. At the Algonquin Citygate prices gave up $8.68 to $6.30/MMBtu. At the Transco Zone 6 point, prices slipped $0.59 to $4.53/MMBtu. Marcellus area prices were higher; Tennessee Zone 4 rose $0.26 to $2.81/MMBtu, while prices at Dominion South added $0.17 to $2.95/MMBtu.

Near-month natural gas futures prices (Nymex)

Source: Natural Gas Intelligence

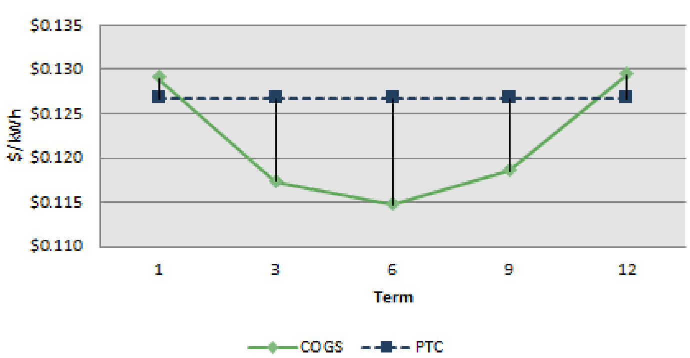
POWER

- Power prices collapsed, especially for the shorter terms, as weather forecasts for the balance of winter turned warmer.
- In the NEMASS load zone, the 12-month ATC strip fell $7.00/MWh for the week. The 24-month strip slipped $3.50, and the calendar 2019 curve fell $0.80/MWh. The 12-month curve in New York's Zone J lost $6.60/MWh; the 24-month gave up $3.60, and the calendar 2019 curves dropped $0.75/MWh.
- In the PJM East load zones, 12-month ATC curves lost about $5.00/MWh; the 24-months fell $2.00, and the calendar 2019 terms traded about $0.65 lower. In the COMED zone, the 12-month curve gave up $2.50; the 24-month fell $1.30, and the calendar 2019 strip lost $0.40/MWh.
- In ERCOT's Houston zone, the 12-month strip traded $2.25/MWh lower; the 24-month dropped $1.50, and the calendar 2019 curve lost $0.80/MWh.

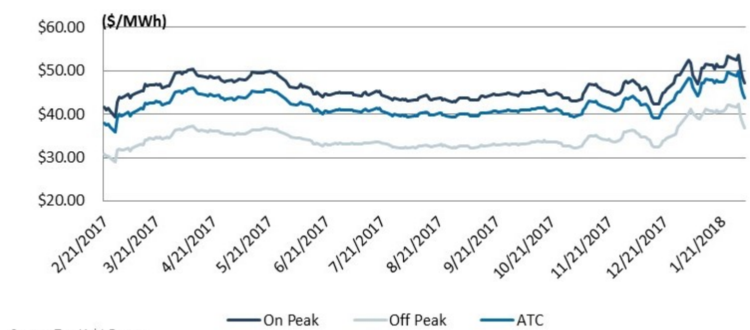
UTILITY HIGHLIGHT

ISONE › MA › NGRID

MECO - R1



NGRID - 12 MONTH STRIP PRICING



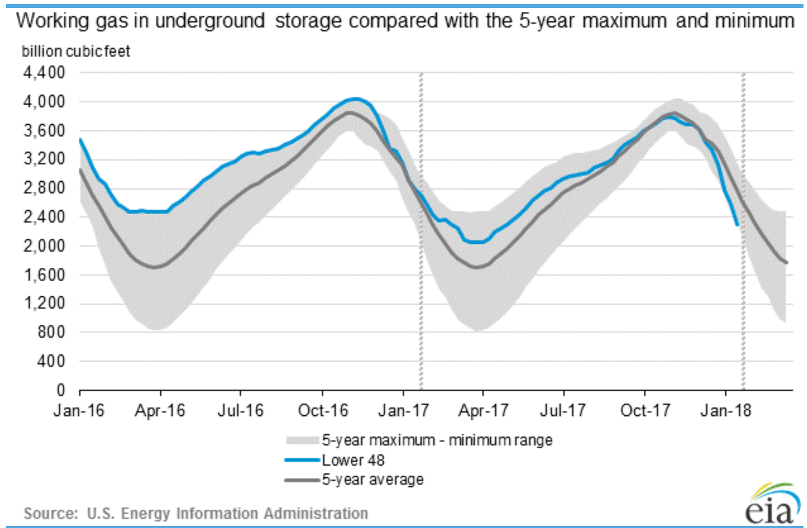
Source: TrueLight Energy

- The current Price to Compare (PTC) for Massachusetts National Grid (NGRID) Residential Non-Heating Service rate class is $0.1267/kWh for the current price period of November 1st, 2017 through April 30th, 2018. This is an approximate 34.4% increase from the previous PTC of $0.0943/kWh for the May 1st, 2017 to October 31st, 2017 price period.
- Headroom is unlikely at the 1, and 12 month terms, but likely at the 3, 6 and 9 month terms.

- The rolling 12-month ATC curve in NEPOOL'S WCMA load zone dropped $5.60/MWh, or more than 11%, to close the week at $43.75/MWh. The curve is down roughly 9% for the week, and off about 3% for 2018.
- After setting a new 52-week high of $49.89 on January 30th, the curve plunged more than 12% as bullish forecasts for a severely cold February gave way to a more moderate view, especially for the second half of the month.

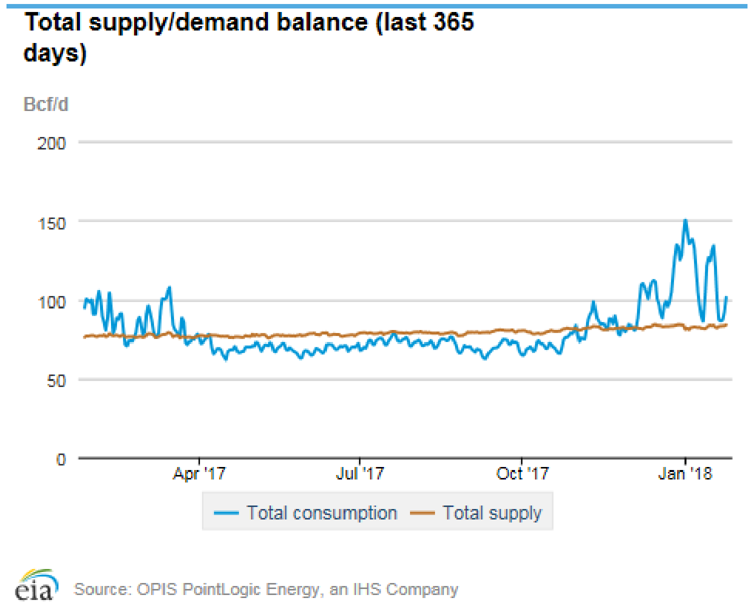
NATURAL GAS

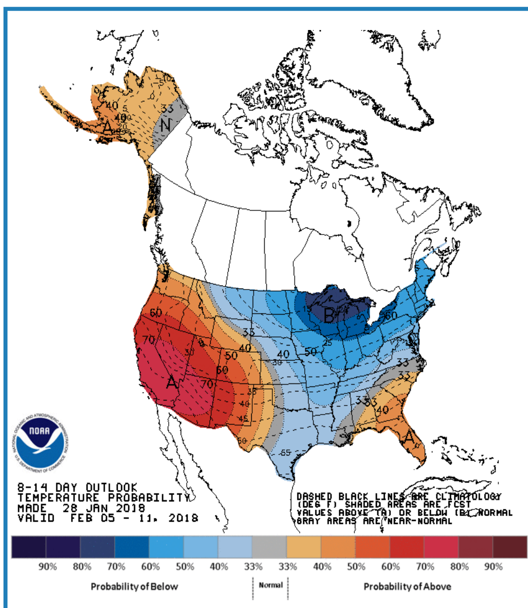
- Net withdrawals from natural gas storage were -99 Bcf for the week ending January 26, a very bearish report compared to the 5-year average (-160) and last year's withdrawal (-92) during the same week. Estimates of the weekly net change in working natural gas storage ranged from -87 to -119 Bcf, with a median of -102 Bcf. Working gas stocks are now 2,197 Bcf, 425 Bcf less than the 5-year average and 526 Bcf less than last year at this time.
- Injections in the South Central salt region were +18 Bcf, just a week after the region showed a -55 Bcf withdrawal. This week's report is the largest January net injection for the region on record, largely due to warmer-than-average temperatures in the Gulf Coast area.



SUPPLY & DEMAND

- The average total supply of natural gas rose by 1% for the week. Dry gas production grew 1%, while average net imports from Canada fell 2%.
- Total consumption of natural gas fell by 2% for the week. Power burn demand fell 8%, industrial consumption slipped 1% and residential/commercial demand was unchanged at 37.8 Bcf/day. Exports to Mexico rose 3%.
- After an unexpected shutdown at Sabine Pass in mid-January because of water supply problems, LNG loadings returned to normal last week.
- Two LNG cargoes from Nigeria and Trinidad arrived at the new Cove Point LNG facility in Maryland.





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

WEATHER

- Temperatures in the Lower 48 states averaged 40° F, about 7° higher than normal, 4° lower than last year, and roughly 10° warmer than last week.
- As January was coming to a close, markets were anticipating a new polar vortex for the Feb 6 to 10 time frame; that view has moderated. While conditions will be below normal for the eastern 2/3rds of the country through the 10th, most of the serious cold will stay up by the Canadian border. As the polar vortex forecast deflated, power and gas curves corrected sharply, especially in the second half of last week. Looking at the East and Midwest, winter hangs on but at a more normal level. In the West and South, conditions should remain warm and dry.