



## GENERAL UPDATE

- The NYMEX Henry Hub March 2018 forward contract dropped \$0.26/MMBtu, more than 10%, to close the week at \$2.58/MMBtu.
- Spot prices also came under pressure. At the Chicago Citygate, prices fell \$0.44 to \$2.67/MMBtu. Prices at PG&E Citygate dropped \$0.20 to \$2.54/MMBtu. The price at SoCal Citygate fell \$0.18 to \$2.58/MMBtu.
- At the Algonquin Citygate prices jumped \$1.80 to \$8.10/MMBtu. At the Transco Zone 6 point prices rose \$0.28 to \$4.81/MMBtu yesterday.
- Tennessee Zone 4 Marcellus prices lost \$0.41 to \$2.40/MMBtu. Prices at Dominion South fell \$0.48 to \$2.47/MMBtu yesterday.

Near-month natural gas futures prices (Nymex)



Source: Natural Gas Intelligence

## POWER

- Northeastern power curves moved sharply lower. In the NEMASS load zone the 12-month ATC strip dropped \$2.30/MWh; the 24-month lost \$0.90, and the calendar 2019 curve traded \$0.50/MWh lower. In New York's Zone J, the 12-month ATC strip lost \$1.35/MWh; the 24-month slipped \$0.85, and the calendar 2019 term lost \$0.45/MWh.
- PJM curves were mixed. In the COMED zone, the 12-month ATC term added \$0.05/MWh, while both the 24-month and calendar 2019 were unchanged. In PJM East zones, the 12-month strips dropped \$0.35/MWh, the 24-month curves lost \$0.25, and the calendar 2019 terms slipped \$0.20/MWh.
- In ERCOT's Houston zone, the 12-month ATC curve gave up \$0.95/MWh, the 24-month lost \$0.50 and the 2019 term slipped \$0.15/MWh.

## UTILITY HIGHLIGHT

PJM

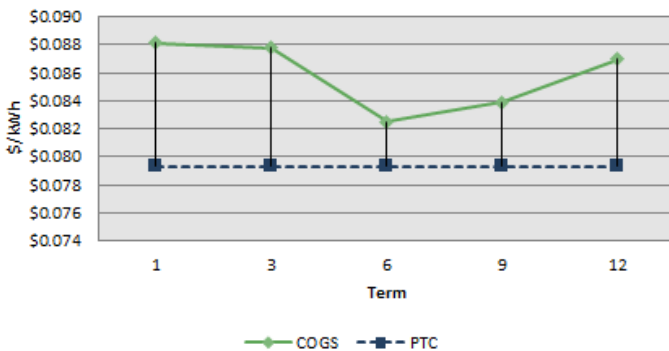


DC

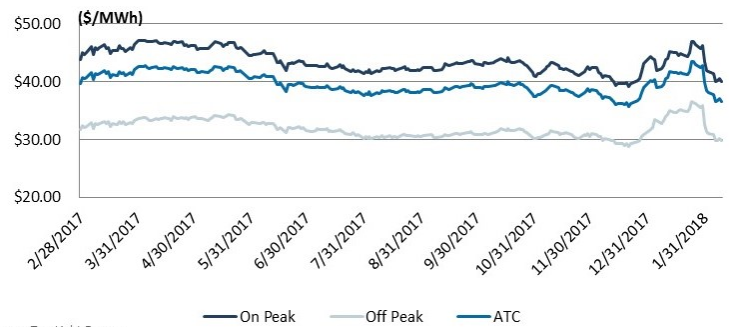


PEPCO

PEPCO - RDNS



PEPCO - 12 MONTH STRIP PRICING



Source: TrueLight Energy

- The current Price to Compare (PTC) for DC's Potomac Electric Power Co (PEPCO) Residential Non-Heating Service rate class is \$0.08104/kWh for the current month of February 2018. This is an approximate 1.45% increase from the previous PTC of \$0.07988/kWh for the previous month, January 2018.
- Headroom is unlikely at the 1, 3, 6, 9, and 12 month terms.

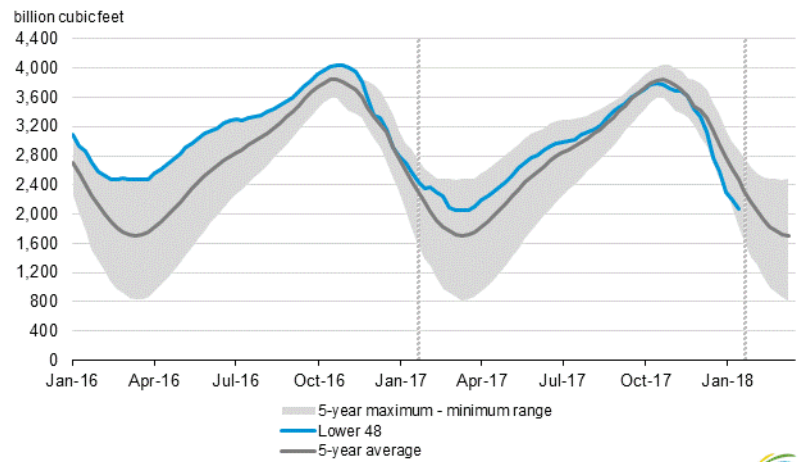
- The rolling 12-month ATC curve in PJM's PEPCO zone dropped \$1.64/MWh for the week, more than 4%, to close at \$36.58/MWh. The curve is down roughly 7.5% for the last 30 days, and roughly 6.5% lower for calendar 2018.
- Volatility in power forwards has been very extreme this winter. The PEPCO ATC strip set a 52-week low of \$35.58 on 12/21/17, following it with a new high of \$43.48/MWh just 30 days later, and has dropped 16% from that point in less than three weeks.



# NATURAL GAS

- Net withdrawals from storage totaled -119 Bcf for the week ending February 2, 2018. This is relatively bearish compared with the 5-year average of -151 Bcf and last year's pull of -142 Bcf, but relatively bullish compared to the consensus estimate. Estimates ranged from -104 to -133 Bcf, with a median of -114 Bcf.
- Working gas stocks now total 2,078 Bcf, 393 Bcf less than the 5-year average and 503 Bcf less than last year at this time. Net injections into working gas stocks in the South Central salt region totaled 15 Bcf. These net injections came a week after working gas stocks posted the largest January net injection for the region on record and the second-largest net injection over the December to February time period. The deficit to the five-year average for the region declined from 124 Bcf to 67 Bcf during this two-week period.

Working gas in underground storage compared with the 5-year maximum and minimum



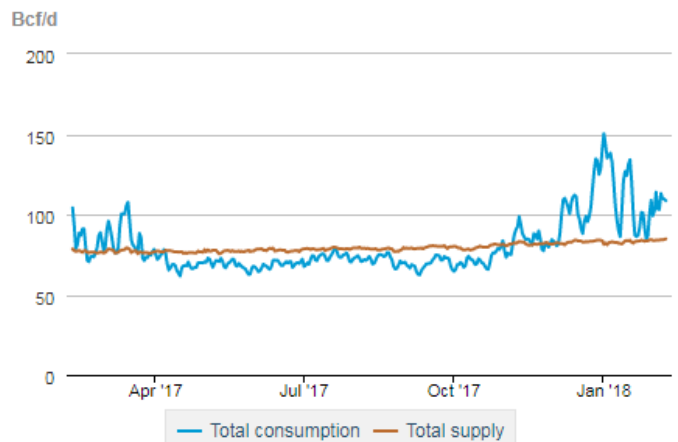
Source: U.S. Energy Information Administration



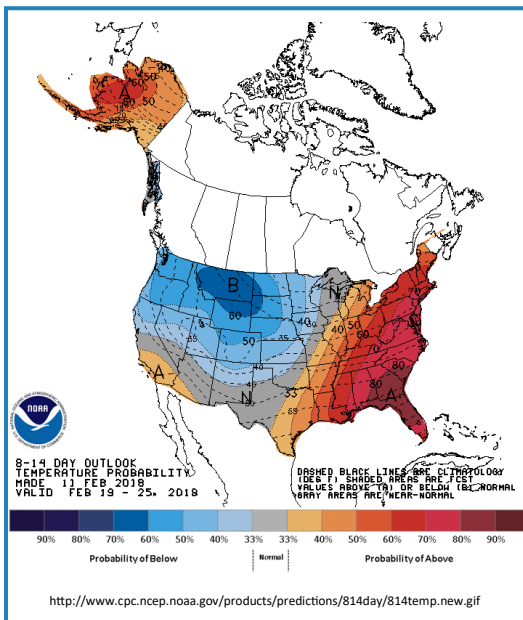
# SUPPLY & DEMAND

- The average total supply of natural gas was unchanged at 84.1 Bcf/day. Dry natural gas production was steady at 78 Bcf/day. Net imports from Canada were unchanged at 5.8 Bcf/day.
- Total consumption of natural gas rose 13% compared with the previous week. Power burn demand jumped 9% week over week; industrial sector consumption increased by 5%. In the residential and commercial sectors, demand spiked 20%. Exports to Mexico were steady at 4.5 Bcf/day.
- U.S. LNG exports rose for the week. Six vessels carrying about 22.6 Bcf left Sabine Pass last week.

Total supply/demand balance (last 365 days)



Source: OPIS PointLogic Energy, an IHS Company



## WEATHER

- Temperatures in the Lower 48 states averaged 40°F, 6° higher than normal, 2° higher than the same week last year, and unchanged from the prior week.
- The models suggest we are in for a fairly stable pattern of warm in the East and cold in the West for the next two weeks, with a strong band of precipitation working its way from Texas to the Ohio Valley and Northeast. At current temperatures, that means heavy rain.
- Another strong system is developing in the West, bringing rain to the Southwest and Snow to the Rockies and Sierras. If it survives, it will bring a wintery mix into the Plains and Midwest.

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