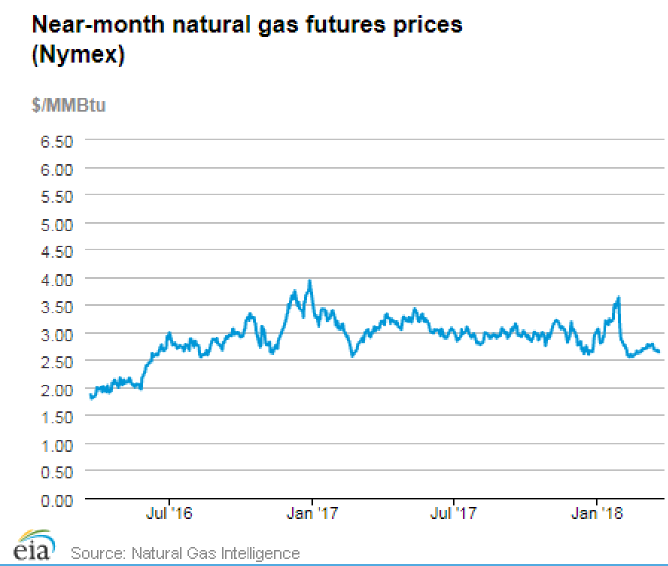
BROKER ONLINE EXCHANGE

Tuesday, March 27, 2018

GENERAL UPDATE

- Financial gas futures dropped $0.11/MMBtu, roughly 4%, to close the week at $2.58/MMBtu. Physical gas spot prices were mixed based on regional demand factors. At the Chicago Citygate prices rose 0.04 to $2.57/MMBtu. Prices at PG&E Citygate fell $0.14 to $2.69/MMBtu. The price at SoCal Citygate jumped $0.40 to $3.82/MMBtu due to ongoing pipeline maintenance.
- Northeast prices are mixed. At the Algonquin Citygate prices dropped $2.03 to $3.82/MMBtu; the Pilgrim nuclear plant remains out of service. At the Transco Zone 6 trading point prices rose $0.07 to $2.90/MMBtu. Tennessee Zone 4 prices added $0.11 to $2.50/MMBtu, while prices at Dominion South rose $0.04 to $2.52/MMBtu.

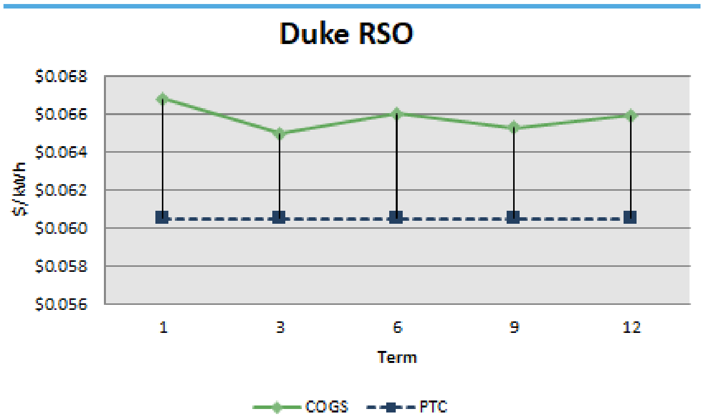


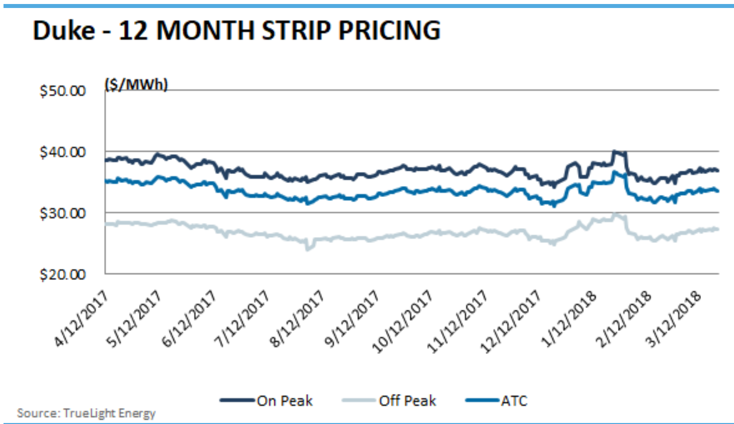
POWER

- Power prices ticked higher. In ERCOT's Houston zone the 12-month ATC strip rose $0.90/MWh, while the 24-month and calendar 2019 term each increased $0.80/MWh.
- In NEPOOL's NEMASS load zone, the 12-month ATC curve rose $0.50; the 24-month traded $0.30/MWh higher while the calendar 2019 term added just $0.05/MWh. New York Zone J prices were modestly higher. The 12-month term rose $0.05, the 24-month strip added $0.10, and the calendar 2019 curve traded $0.05 higher.
- PJM curves were mostly flat. The 12-month ATC curve in the COMED zone was unchanged; the 24-month rose $0.10, and the calendar 2019 term added $0.25/MWh. In major PJM East load zone, the 12-month, 24-month and calendar 2019 curves each rose just $0.10/MWh.

UTILITY HIGHLIGHT

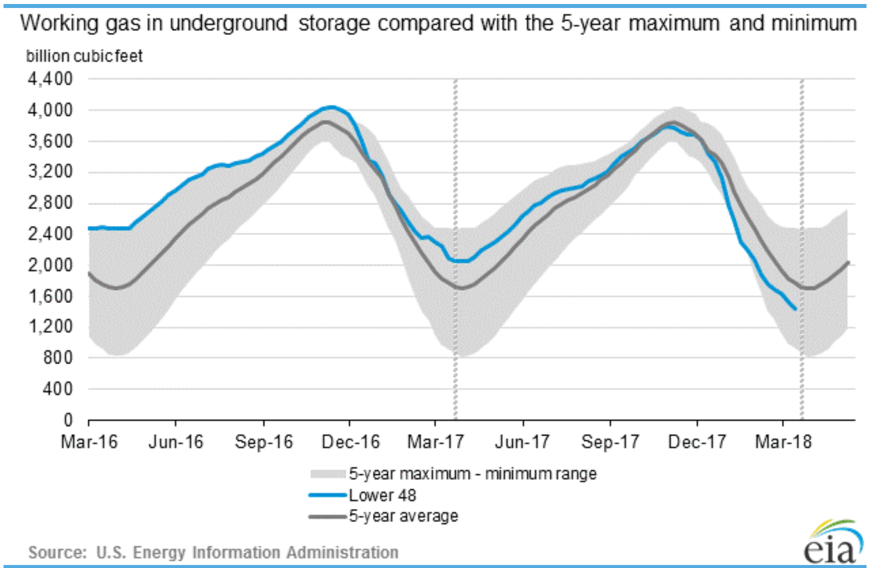
PJM › OH › DUKE





- The current Price to Compare (PTC) for Ohio's Duke Energy (DEOK) Residential Non-Heating Service rate class is $0.06049/kWh for the current price period, running from January 1st, 2018 to March 31st, 2018. This is an approximate 1.37% decrease from the previous PTC of $0.06133/kWh for October 1st, 2017 through December 31st, 2017. Headroom is unlikely at the 1, 3, 6, 9, and 12 month terms.
- The rolling 12-month ATC strip in the Duke Ohio load zone ticked $0.16/MWh higher to close the week at $33.65/MWh with a gain of 0.48%. The curve has shown strong upside recently, adding almost 6% for the month of March, but remains mostly unchanged for the year so far.

NATURAL GAS



- Net withdrawals from storage reached -86 Bcf for the week ending March 16, compared with the 5-year average of -53 Bcf and last year's draw of -137 Bcf during the same week. Estimates ranged from -77 to -93 Bcf, with a median of -88 Bcf. Working gas stocks totaled 1,446 Bcf, which is 329 Bcf lower than the five-year average and 667 Bcf lower than last year at this time.

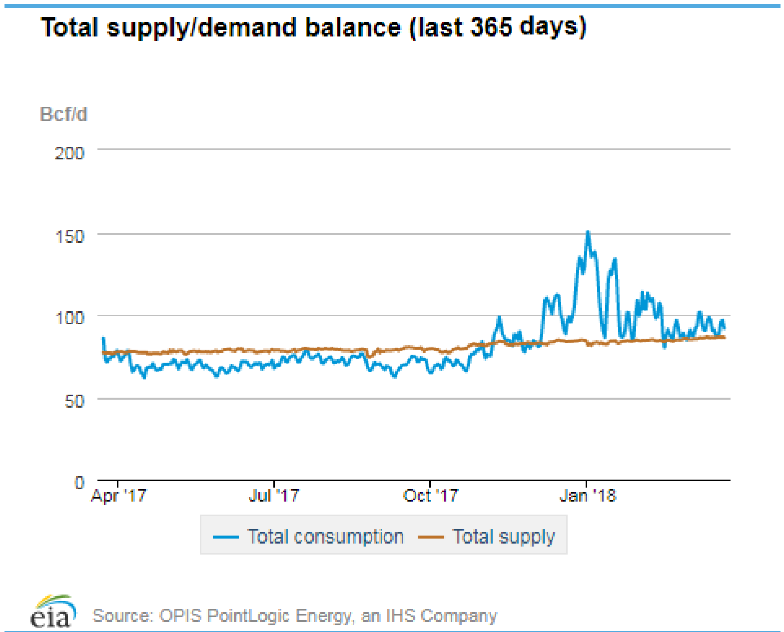
- Working gas stocks have recovered since falling to 59 Bcf lower than the 5-year minimum range and 486 Bcf lower than the 5-year average for the Lower 48 states on January 19, 2018. If withdrawals match the 5-year average for the remainder of the season, gas stocks will drop to 1,373 Bcf by March 31, 2018, 19% below the 5-year average. Working gas stocks ended the 2013–14 heating season at 837 Bcf, which is the lowest reported level for that time since 2010.

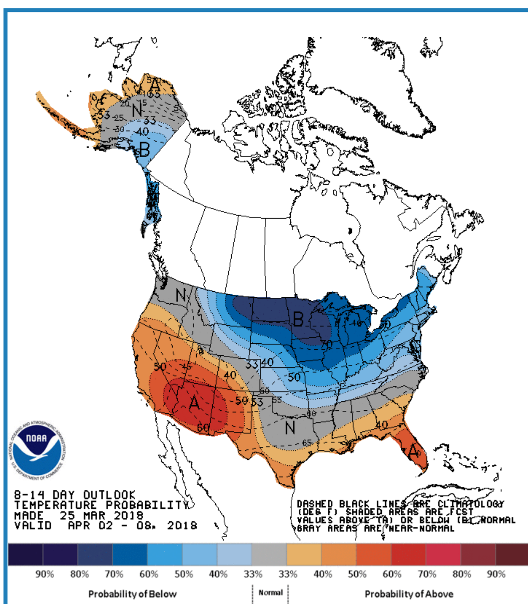
SUPPLY & DEMAND

- Total consumption of natural gas dropped 5% from the prior week. Power burn demand slipped 1%, industrial consumption fell 3% and residential and commercial use dropped 9%, mostly due to above average temperatures in the Southeast. Mexican exports were unchanged at about 4.5 Bcf/day.

- Natural gas supply was steady at roughly 86.2 Bcf/day week over week. Production rose 1% while Canadian imports dropped 2%.

- LNG exports were steady for the week; four vessels carrying about 15 Bcf left Sabine Pass from March 15 to March 21.





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

WEATHER

- Temperatures in the Lower 48 states averaged 43°F, on par with the normal level this time of year and 3° higher than last year.

- Above average temperatures are creeping North out of Texas and the Southeast this week, but severe storms remain on the menu for parts of the Midwest. In the North, it still feels more like winter. We will see light snow in the Northern plains and heavier snow in the Rockies. The anomalies continue to shrink and the normals are inching higher.

- North of the Canadian border we see signs of much colder air, enough to put the first week of April firmly in the below normal category. Heavy storm activity out of the Pacific Northwest is expected in the 6-10 day window. Cold air from the North will meet warm air in the South and kick up some storm action on the margins as well. Look for heavy rain in the middle of the country and maybe even some snow in the Northern Plains.