



## GENERAL UPDATE

- After trading in a \$0.10/MMBtu range, the NYMEX Henry Hub May 2018 futures contract ended the week essentially unchanged at \$2.74/MMBtu. Physical gas prices were generally higher, especially in the Midwest, Mid-Atlantic and Northeast where below normal temperatures were prevalent.
- At the Chicago Citygate, prices increased \$0.61 (about 24%) from \$2.55 to \$3.16/MMBtu. Algonquin Citygate prices jumped almost 100% from \$4.23 to \$8.34/MMBtu. The Algonquin Gas Transmission Pipeline began scheduled maintenance at its Stony Point compressor station on April 10, which constrained supply and contributed to the price spike.
- At the Transco Zone 6 point prices rose \$0.26 (9%) from \$2.79 to \$3.05/MMBtu. Tennessee Zone 4 spot prices added \$0.28 (16%) from \$1.71 to \$1.99/MMBtu. Prices at Dominion South spiked \$0.64 (32%) from \$2.01 to \$2.65/MMBtu. Prices at PG&E Citygate rose \$0.18 (roughly 6.5%) from \$2.74 to \$2.92/MMBtu. SoCal Citygate prices fell \$0.28 (8%) from \$3.35 to \$3.07/MMBtu.

Near-month natural gas futures prices (Nymex)



Source: Natural Gas Intelligence

## POWER

- In the NEMASS load zone, the 12-month ATC strip rose \$0.40 (1%) to \$44.34/MWh; the 24-month term rose \$0.35 (0.08%) to \$43.65/MWh; the calendar 2019 curve added \$0.35 (0.08%) to \$42.65/MWh.
- NY Zone J 12-month ATC prices added \$0.10 (<0.5%) to \$40.36/MWh; the 24-month ATC curve rose \$0.15 (<0.5%) to \$39.79/MWh. The calendar 2019 strip also rose \$0.20 (<0.5%) to \$39.20/MWh.
- PJM East 12 month ATC prices added \$0.05 (<0.5%) to \$38.70; 24-month terms added \$0.10 (<0.5%) to \$37.84/MWh; calendar 2019 curves rose \$0.25 (0.6%) to \$37.22/MWh.
- Prices in the HOUSTON load zone fell \$1.10 (2.5%) to \$42.78 for the 12-month ATC term; the 24-month ATC strip dropped \$0.40 (1%) to \$40.85, and the calendar 2019 curve rose \$0.45 (1%) to \$38.95/MWh.

## UTILITY HIGHLIGHT

PJM

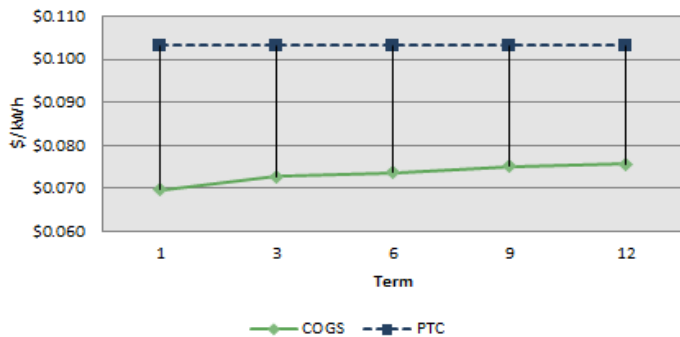


MD

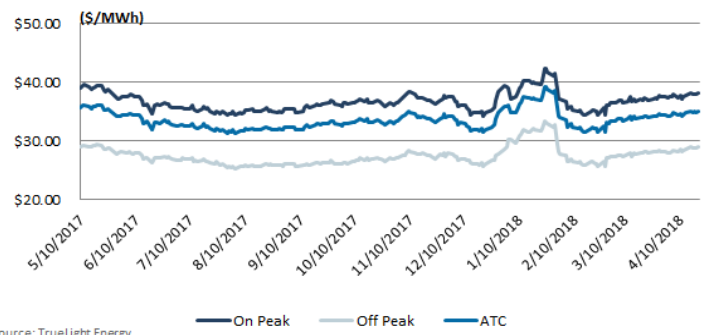


POTED

POTED - GSCS



POTED - 12 MONTH STRIP PRICING

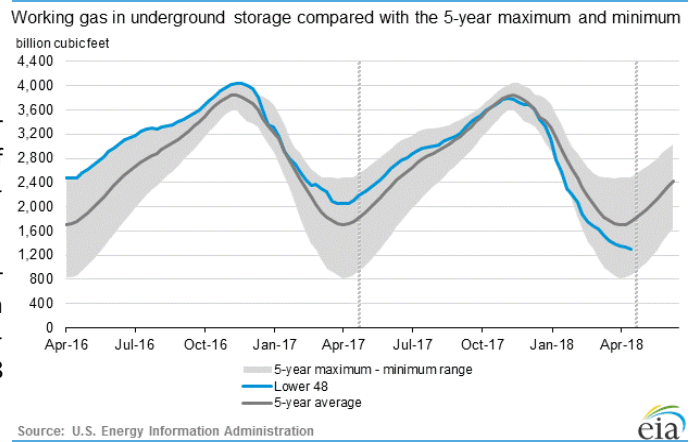


- The current Price to Compare (PTC) for Maryland's Potomac Edison (POTED) Commercial General Service Small Commercial rate class is \$0.1049/kWh for the month, starting April 1, 2018. This is an approximate 0.96% increase from the previous month's PTC of \$0.1039/kWh starting March 1, 2018. Headroom is likely at all the 1, 3, 6, 9, and 12 month terms.

- The rolling 12-month ATC curve in the POTED GSCS load zone traded \$0.35/MWh higher to close at \$35.09/MWh with a gain of about 1.01%.
- The curve has moved steadily higher in the last few weeks, adding 3.38% in the last 30 days. Despite recent upward momentum, the curve remains down more than 2.5% for the year and has fallen 10.69% below its 52-week high of \$39.29/MWh which it hit on January 24, 2018.

# NATURAL GAS

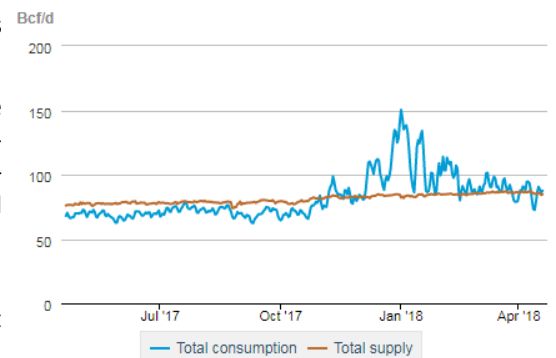
- The EIA reported a bullish net withdrawal from storage of -36 Bcf for the week ending April 13, well ahead of the 5-year average injection of +38 Bcf and last year's injection of +47 Bcf during the same week. Estimates ranged from -18 to -31 Bcf with a median of -25 Bcf.
- Although the refill season officially ended on April 1, colder-than-normal temperatures have continued to drive demand and resulted in gas being pulled from storage well into April. Working gas stocks totaled 1,299 Bcf, which is 449 Bcf lower than the 5-year average and 808 Bcf lower than last year at this time.
- We saw net withdrawals in the East, Midwest, and South Central regions, which is in sharp contrast to the net injections we normally see in April. In the South Central region, the weekly draw was -12 Bcf compared to the 5-year average weekly net injection of +22 Bcf.



# SUPPLY & DEMAND

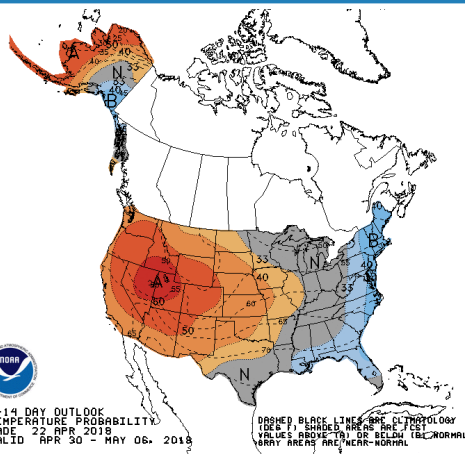
- The EIA reported that the average total supply of natural gas fell 1% compared with the prior week. Dry gas production slipped 1%, while Canadian imports dropped 9% from last week.
- Total demand for natural gas in the U.S. declined by 9% week over week. In the residential and commercial sectors, demand fell 22% mostly due to rising temperatures in the South and West. Colder conditions in the Midwest and Northeast contributed to higher than normal heating demand. Power burn demand ticked 2% higher, industrial consumption fell 3%, and Mexican exports dropped 1%.
- U.S. LNG exports rose for the week. Six vessels (total capacity of 21.6 Bcf) left Sabine pass last week.

Total supply/demand balance (last 365 days)



# MARKET INTELLIGENCE

- The state of NJ passed Legislation to generate Zero Emission Credits, which will effectively subsidize nuclear generation in the state. While nuclear generators have struggled recently to compete against cheaper gas-fired generation in the region, a subsidy will enable them to continue operation and provide bearish pressure to energy prices. The Governor of the state has not yet signed the bill into law, though he has another few weeks to do so.
- NYISO recently presented two options to build in charges for carbon emissions by generators. Though different in their implementation, the end game of both options will help power prices reflect the price of carbon. This will likely result in higher energy prices due to the increased cost of thermal generation, though this should also help diversify the supply stack in the long run by allowing renewable/zero-emission resources to be more competitive.



## WEATHER

- Temperatures in the Lower 48 states averaged 46°F, 5° lower than normal and 9° lower than last year.
- Storm action has moderated for the time being; we have a slow moving low system in the Southern states which will deliver some rain but the risk of heavy precipitation is low. It will migrate North and East keeping most of the Midwest and North at the below normal range for temperatures. The West remains above normal.
- By the end of April we can expect the majority of the below normal air to move back North of the Canadian border, and the majority of the country will see warming conditions. The Plains and the Midwest will see the most remarkable contrast, with highs approaching the 70s and 80s.

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