



GENERAL UPDATE

- Financial and physical gas markets traded sharply lower on weak holiday-related trading volume and relatively mild temperatures. The NYMEX Henry Hub January futures contract gave up \$0.29/MMBtu, or roughly 9%, to close the week at \$2.92/MMBtu.
- In physical gas spot markets, widespread above-normal temperatures had most regions trading in the red. With storage levels trending well below the 5-year average and December looking to be colder than normal, gas and power prices are set to move higher.

Near-month natural gas futures prices (Nymex)



Source: Natural Gas Intelligence

POWER

- Power prices were mostly negative or unchanged for the near-term, and modestly higher for calendar 2018. In ERCOT's Houston zone, the 12-month ATC strip dropped \$0.90/MWh; the 24-month curve fell \$0.60, and the calendar 2018 term gave up \$0.80/MWh.
- In the NEMASS load zone, the 12-month ATC curve lost \$0.30; the 24-month dropped \$0.25 and the calendar 2018 was unchanged. In New York's Zone J, the 12-month term traded \$0.20 lower; the 24-month fell \$0.10 and the calendar 2018 strip rose \$0.15/MWh.
- PJM curves were more muted. In the COMED zone, both the 12 and 24-month ATC curves were unchanged. The calendar 2018 strip added \$0.20/MWh. In the big PJM East load zones, 12-month ATC curves were flat; 24-month terms fell \$01.0 and calendar 2018 terms added \$0.25/MWh.

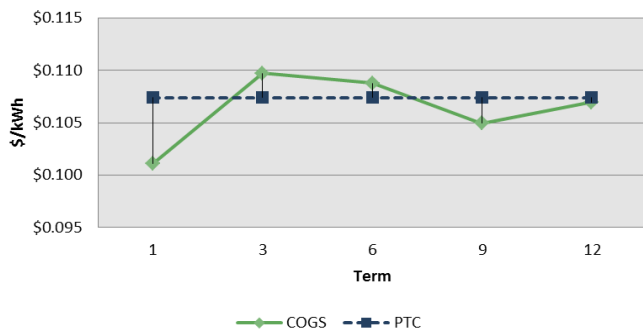
UTILITY HIGHLIGHT

PJM

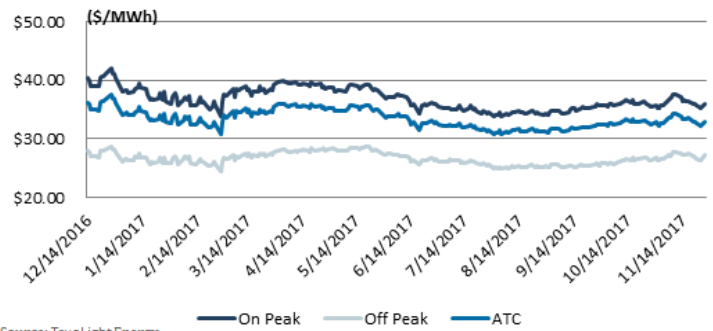
NJ

AECO

AECO - RS



AECO - 12 MONTH STRIP PRICING



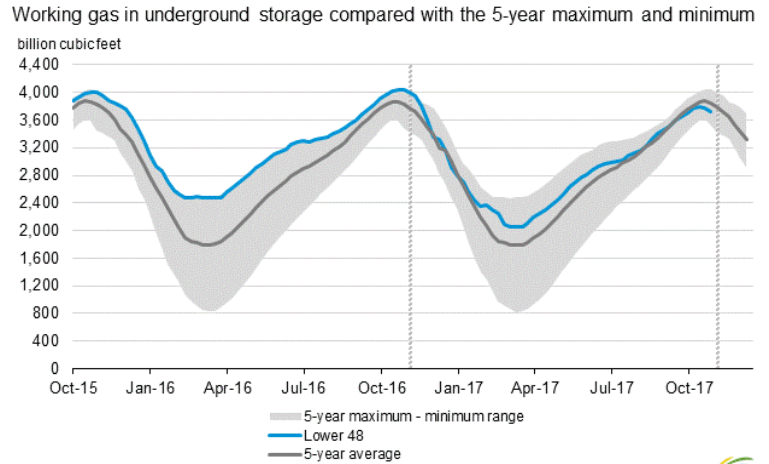
Source: TrueLight Energy

- The current Price to Compare (PTC) for New Jersey's Atlantic City Electric Co (AECO) Residential Non-Heating Service rate class is \$ 0.1074/kWh for the current price period of October 1, 2017 to December 31, 2017. This is an approximate 0.3% decrease from the previous PTC of \$ 0.1104/kWh for the month of September.

- The rolling 12-month ATC curve in PJM's AECO load zone rose \$0.05, or roughly 0.15%, to close the week at \$33.02/MWh.
- The curve is currently 7.4% above its 52-week low of \$30.74/MWh and is on the rise after experiencing a steady decline since May.

NATURAL GAS

- The EIA reported that net withdrawals from working gas storage were -46 Bcf, which was less than the consensus estimate of -51 Bcf, but much larger than the 5-year average for the same week of -26 Bcf.
- Natural gas stocks now sit at 3,726 Bcf, which is -319 Bcf (roughly 8%) lower than last year at this time, and -121 Bcf (or 3%) lower than the 5-year average for this week.



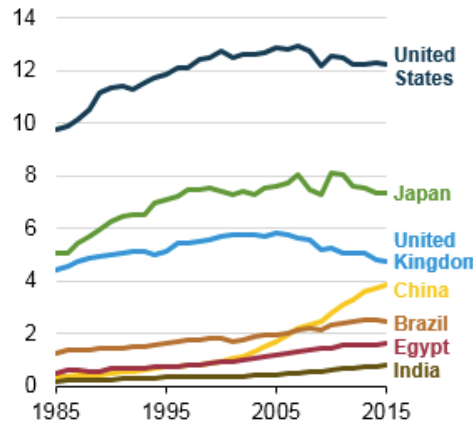
Source: U.S. Energy Information Administration



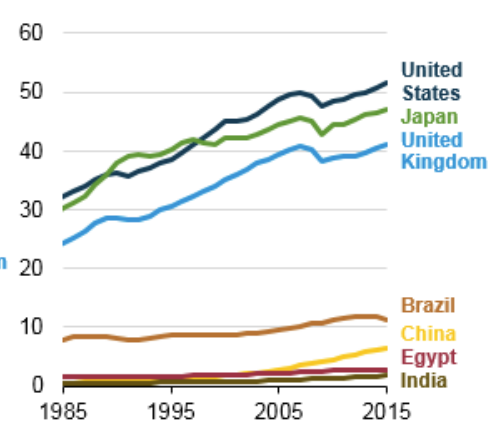
SUPPLY & DEMAND

- Unlike historical data of the past, researchers have noticed a recent decoupling between electricity use and gross domestic product. This trend is particularly evident among the world's most developed countries due to a shift from product-based to service-based economies.
- This marks a significant change in the future of energy generation and usage both within the U.S. and worldwide.

Electricity use per capita thousand kilowatthours

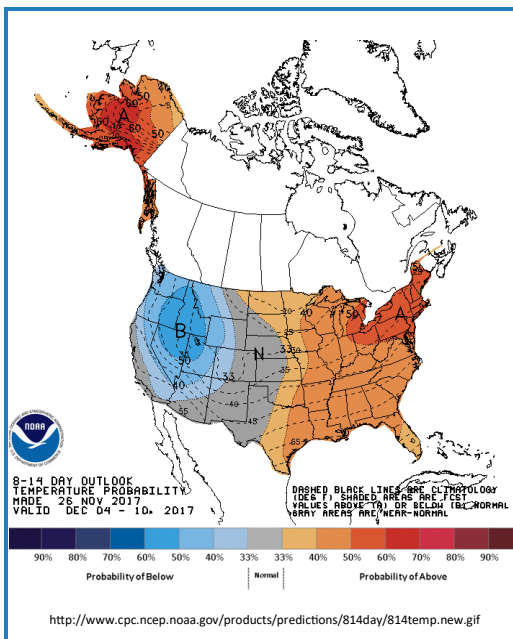


Gross domestic product per capita thousand 2010 dollars



Source: U.S. Energy Information Administration, World Bank

<https://www.eia.gov/todayinenergy/detail.php?id=33812>



WEATHER

- The West has been enjoying above-average temperatures, and these conditions will spread into the Rockies and Plains this week. There are few indications of any serious precipitation for the near term. The Pacific Northwest will like see some rain, but nothing too extreme is on the horizon there.
- December is set to start out on the warm side, with temperatures trending roughly 10-15 degrees above normal in the Plains and Midwest. Models show a relatively strong cold front developing out of the North and West in the 8-14 day window, with the middle of December shaping up to be very cold. Rainfall should also trend above average as that system develops.

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