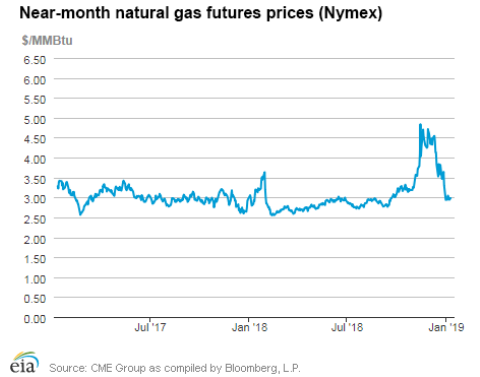




## GENERAL UPDATE

- Financial gas markets trended slightly higher, with the February 2019 NYMEX contract price increasing approximately \$0.03/MMBtu (0.9%) to finish the week at \$2.984/MMBtu. The 12-month strip price averaging February 2019 through January 2020 futures contracts grew 0.10/MMBtu (0.4%) to \$2.844/MMBtu.
- Physical gas spot prices also trended higher this past week, with the exception of California. Boston's Algonquin Citygate rose approximately \$3.63 (122%) to \$6.60/MMBtu. Transco Zone 6 NYC increased \$2.53 (93%) to \$5.25/MMBtu.
- Pennsylvania's Dominion South decreased approximately \$0.14 (-5.6%) to \$2.65/MMBtu. Tennessee Zone 4 Marcellus spot prices increased \$0.19 (7.5%) to \$2.71/MMBtu.
- SoCal Citygate prices fell \$2.99 (-39%), to \$4.66/MMBtu. Prices at Northern California PG&E Citygate also decreased \$0.40 (-10.5%) to \$3.42/MMBtu.



## POWER

- Power curves have experienced steep increases as forecasts reveal colder than normal temperatures for the end of January. For the NEMASSBOST zone in ISONE, the 12 Month ATC strip increased \$3.96 (9%) to \$48.11. The 24 Month ATC strip rose \$2.32 (5%) to \$47.25, and the Cal 2020 ATC strip gained \$0.98 (1.5%) to finish at \$46.39/MWh today.
- For the NYC zone in NYISO, the 12 Month ATC strip increased \$3.91 (9.6%) to \$44.40. The 24 Month ATC strip rose \$2.56 (6.3%) to \$43.25 and the Cal 2020 ATC strip gained \$1.22 (3%) to finish at \$42.11/MWh today.
- For the PEPCO zone in PJM, the 12 Month ATC strip increased \$2.93 (7.5%) to \$42.04. The 24 Month ATC strip rose \$1.86 (4.8%) to \$40.65 and the Cal 2020 ATC strip gained \$0.80 (2%) to finish at \$39.27/MWh today.
- For the Houston zone in ERCOT, the 12 Month ATC strip dropped \$2.05 (4.6%) to \$46.24. The 24 Month ATC strip rose \$1.35 (3.2%) to \$43.21, and the Cal 2020 ATC strip gained \$0.65 (1.6%) to finish at \$40.19/MWh today.

## UTILITY HIGHLIGHT

PJM

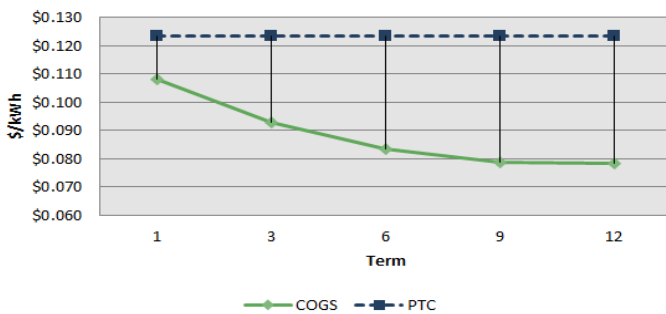


MD

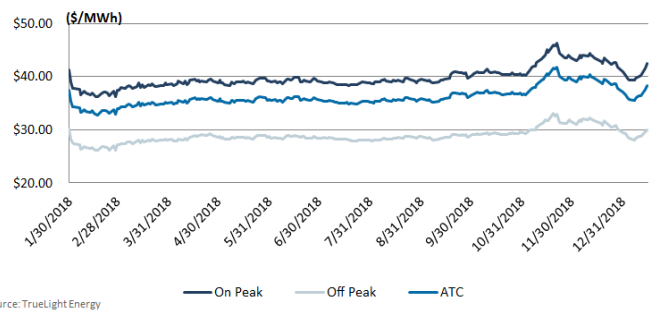


POTED

### POTED - GSCS



### POTED - 12 MONTH STRIP PRICING



- The current Price to Compare (PTC) for Maryland's Potomac Edison (POTED) General Service Small Commercial Type I 0-700 kWh and >700 kWh calculated blend rate class (GSCS) is \$0.09189/kWh for the price period starting January 1, 2019.
- POTED Headroom is likely for all the 1, 3, 6, 9, and 12 month terms, with \$0.0155/kWh and \$0.03086/kWh of headroom likely for the 1 and 3 month terms, respectively. Headroom for the 3, 6, 9, and 12 month terms have all increased since last reported on December 26, 2018.
- Over the last week, the POTED ATC 12-month strip has begun to spike back up after a downward trend throughout the end of the year and into early January, increasing 7% to finish at \$38.33/MWh.
- In the past 3 months, the ATC strip has reached a high of \$41.85/MWh on November 21, 2018 and a low of \$35.59/MWh on Monday, January 7, 2019.



# NATURAL GAS

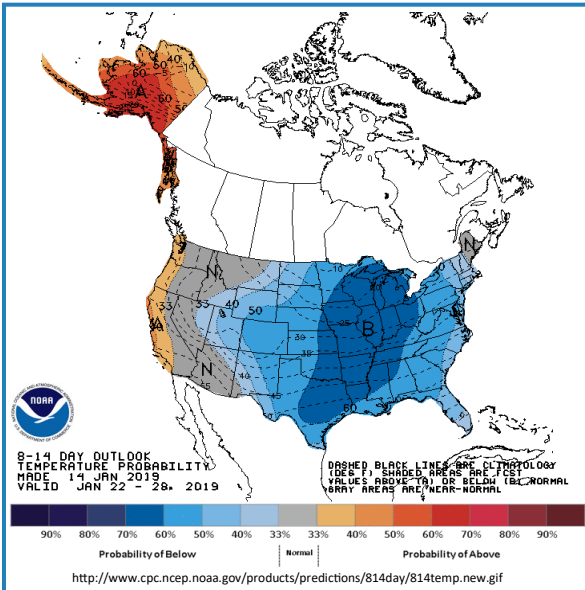
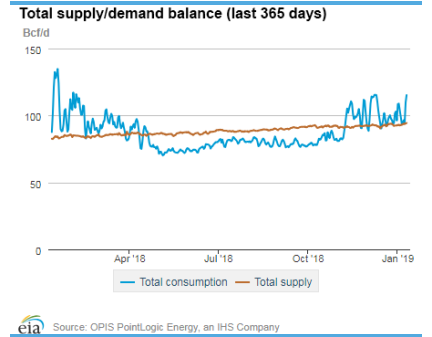
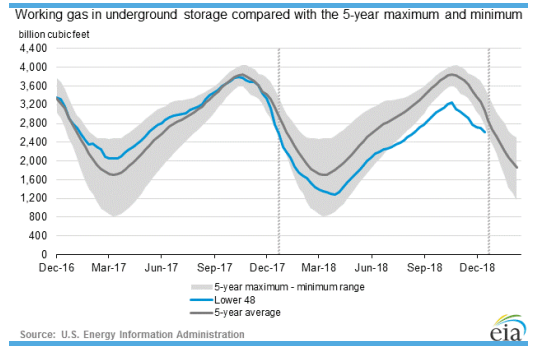
- For the week ending January 4, the EIA reported net withdrawals from storage of 91 Bcf, which is higher than last year's net withdrawals of 337 Bcf for this week and lower than the 2014-2018 average net withdrawals of 187 Bcf.
- Working natural gas in storage totaled 2,614 Bcf, which is 204 Bcf (-7.2%) lower than last year's level and 464 Bcf (-15.1%) lower than the five year average of 3,078 Bcf.

# SUPPLY & DEMAND

- The EIA reported that the average total supply of natural gas increased by 1% week/week. Dry natural gas production remained constant while imports from Canada increased 18%.
- Total US consumption of natural gas fell by 3% week/week, while consumption for power generation fell 1%. Residential-commercial consumption experienced a 4% drop. Industrial sector consumption dropped 2%, and exports to Mexico increased 19%.
- LNG exports declined week/week as ten vessels (7 from the Sabine Pass liquefaction terminal, 2 from Cove Point, and 1 from Corpus Christi) were loaded and departed US ports, totaling 36.2 Bcf.

# MARKET INTELLIGENCE

- With the Government shutdown into its fourth week, some impacts have translated into the energy market. Beginning with weather - there are some concerns that the American weather model was getting stale inputs, which may have contributed to a decline in model performance earlier this month. While the model's performance has rebounded amid the colder turn in January, there are still questions as to whether the model is receiving the freshest inputs possible. While the NOAA does produce its short term/long term weather outlooks and other essential forecasts, "non-essential" datasets are no longer being supplied, including daily forecasts from the NCDC: <https://governmentshutdown.noaa.gov/>.
- NRG filed a Notification of Change of Generation Resource Designation (NCRGD) with ERCOT on December 28, 2018, declaring the NRG Texas Power LLC – SRB\_SRB\_G1 and NRG Texas Power LLC – SRB\_SRB\_G2 generation resources, which are currently moth-balled, will be permanently retired as of January 23, 2019.
- CenterPoint Energy Houston Electric has filed at the PUC Texas to reduce charges to retail electric providers by lowering the Rider NDC (Nuclear Decommissioning Charges), which will become effective February 15, 2019. The residential rate class NDC charge is set to decrease 70% to \$0.000003/kWh and the Secondary ≤10 kVa rate class NDC charge is to decrease about 71% from \$0.000007/kWh to \$0.000002/kWh.



## WEATHER

- Over the last week, weather forecasts for the last third of January have taken a sharp turn in the colder direction. While both the American and European models are in agreement for a significant cold event, there is some disagreement as to the depth of the Arctic intrusion, with the American calling for deeper cold as a product of the stronger Alaskan ridge. The cold burst should begin in earnest this weekend and likely carry into February.
- Above normal precipitation risk accompanies the widespread cold risk in the 8-14 day window along the East Coast, the Midwest and the northern Rockies. Neutral precipitation risk is in store for most of Texas and southern reaches of the Great Plains, while the West Coast is expected to experience relatively dry conditions.

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