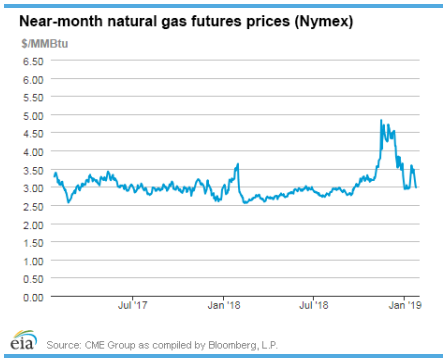
# BROKER ONLINE EXCHANGE

Tuesday, February 5, 2019

## GENERAL UPDATE

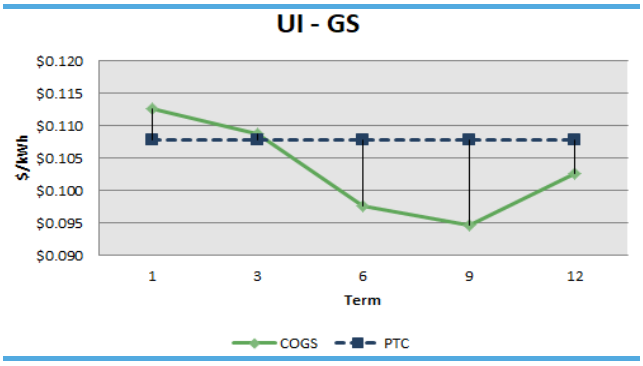


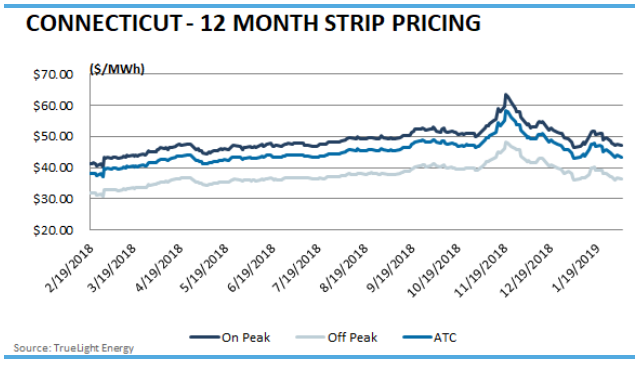

- The February 2019 NYMEX contract price expired on Tuesday January 29, 2019 at $2.95/MMBtu, which is $0.03 (-1%) lower than the previous week. The March 2019 contract fell $0.07 (-0.2%) to $2.854/MMBtu. The 12-month strip price averaging March 2019 through February 2020 futures contracts increased $0.02/MMBtu (0.7%) to $2.946/MMBtu.
- Physical gas spot prices experienced widespread increases. Boston's Algonquin Citygate rose $5.57 (158%) to $9.10/MMBtu on Wednesday, January 30, with a weekly peak of $10.04/MMBtu on Tuesday. Transco Zone 6 NYC prices increased $9.53/MMBtu (320%) from $2.98/MMBtu to a weekly peak of $12.51/MMBtu on Wednesday, January 30.
- Pennsylvania's Dominion South rose $0.22 (8%) to $2.94/MMBtu. Tennessee Zone 4 Marcellus spot prices increased $0.16 (6%) to $2.92/MMBtu.
- SoCal Citygate prices decreased $0.11 (-2.6%), to $4.05/MMBtu. Prices at Northern California PG&E Citygate increased $0.11 (3%) to $3.71/MMBtu.

## POWER

- For the NEMASSBOST zone in ISONE, the 12 Month ATC strip decreased $1.34 (-3%) to $42.94. The 24 Month ATC strip dropped $1.25 (-2.8%) to $43.78, and the Cal 2020 ATC strip dropped $1.54 (-3.3%) to $44.49/MWh today.
- For the NYC zone in NYISO, the 12 Month ATC strip decreased $0.19 (-0.5%) to $40.10. The 24 Month ATC strip dropped $0.61 (-1.5%) to $40.56 and the Cal 2020 ATC strip dropped $1.23 (-2.9%) to $40.56/MWh today.
- For the PEPCO zone in PJM, the 12 Month ATC strip increased $0.08 (0.2%) to $37.76. The 24 Month ATC strip dropped $0.38 (-1.0%) to $37.68 and the Cal 2020 ATC strip dropped $1.07 (-2.8%) to $37.68/MWh today.
- For the Houston zone in ERCOT, the 12 Month ATC strip dropped $1.42 (-3.2%) to $43.31. The 24 Month ATC strip dropped $1.36 (-3.2%) to $41.76, and the Cal 2020 ATC strip decreased $1.27 (-3.1%) to $40.33/MWh today.

## UTILITY HIGHLIGHT ISONE › CT › UI




- The current Price to Compare for Connecticut's United Illuminating (UI) General Service rate class is $0.107754/kWh, in effect from January 1, 2019 to June 30, 2019. This rate is a 19.6% increase from the previous rate of $0.090065/kWh for the July 1, 2018 to December 31, 2018 price period.
- Headroom in UI is available in the 6, 9 and 12 month terms. Headroom of $0.01028/kWh and $0.01324/kWh is likely for the 6 and 9 month terms, respectively.
- Over the last week, the UI Connecticut ATC 12-month strip has trended slightly lower, falling by approximately 3% to finish at $43.44/MWh yesterday.
- In the past 3 months, the ATC strip has reached a high of $58.43/MWh on November 20, 2018 and a low of $42.87/MWh a month ago on January 4, 2019.

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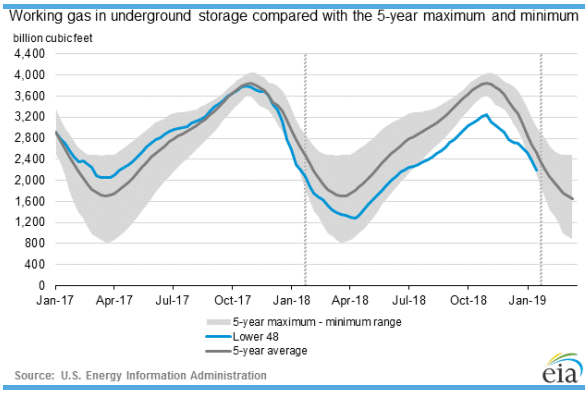
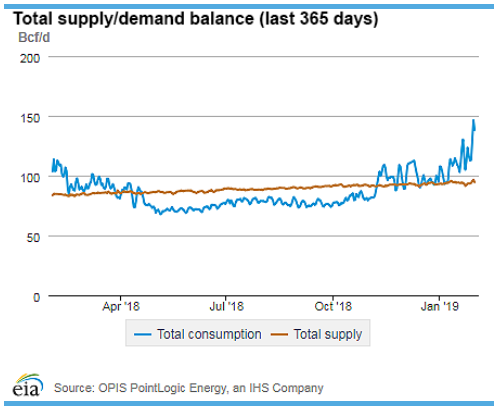
# NATURAL GAS

- For the week ending January 25, the EIA reported net withdrawals from storage of 173 Bcf, which is higher than last year's net withdrawals of 126 Bcf for this week and the 5-year (2014–18) average net withdrawals of 150 Bcf.
- Working natural gas in storage totaled 2,197 Bcf, which is 14 Bcf (-0.6%) lower than last year's level and 328 Bcf (-13%) lower than the five year average of 2,525 Bcf. Total working gas is back within the five-year historical range.



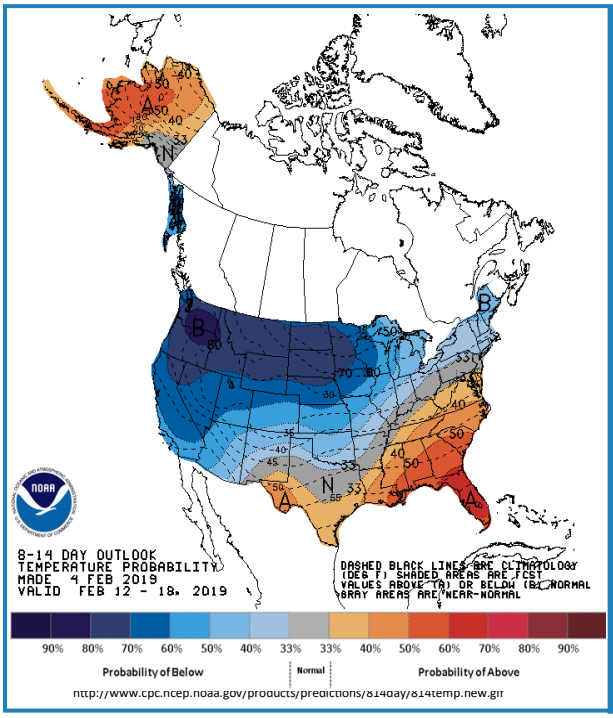

# SUPPLY & DEMAND

- Average total supply of natural gas did not change week/week. Dry natural gas production remained constant, while net imports with Canada increased 7%.
- Total US consumption of natural gas increased 8%. Consumption for power generation was up 6% week/week, industrial sector consumption gained 4%, residential-commercial consumption increased 11%, and exports to Mexico increased 3%.
- US LNG exports increased week/week, with seven vessels departing US ports for a combined 25.5 Bcf.




# MARKET INTELLIGENCE

- ERCOT expects to see tight reserve margins (the excess capacity buffer during peak demand) for summer 2019, as higher forecasted summer peak load and fewer than expected new generation projects drive reserves down. Furthermore, NOAA forecasts a hotter than normal summer this year in Texas, which would drive up demand as folks crank up the AC to cope with the heat. Similar to last summer, a tight supply stack would result in price spikes and greater risk for brownouts. ERCOT remains confident in its ability to navigate another hot Texas summer.
- As coal demand in the US has continued to decline, the number of active coal mines has shrunk by more than half, from 1,435 mines in 2008 to 671 mines in 2017. This decline has been largely due to economics, with smaller and less efficient mines being the first to close. The majority of mine closures have occurred in the Appalachian region, including both underground and surface mines.




## WEATHER

- A brief warm-up to start the month of February quickly gives way to another round of winter cold, this time not nearly as severe as the last week of January but still a sufficient arctic air mass likely to drive well below normal temperatures across most of the western US. The Pacific Northwest is expected to see the strongest cold anomalies.
- Cold temperatures will return to the Northeast as well, though this will be more of a return to typical February temperatures. Further south along the Atlantic coast, temperatures trend warmer relative to seasonal norms.