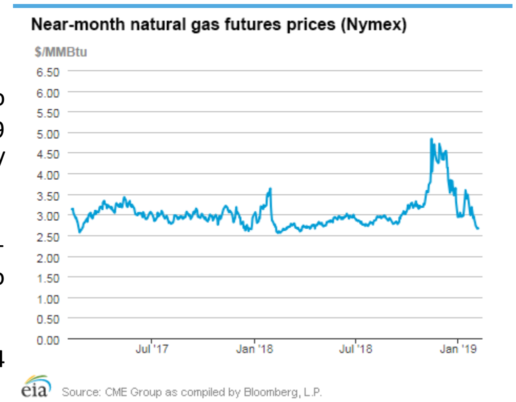
BROKER ONLINE EXCHANGE

Tuesday, February 12, 2019

GENERAL UPDATE



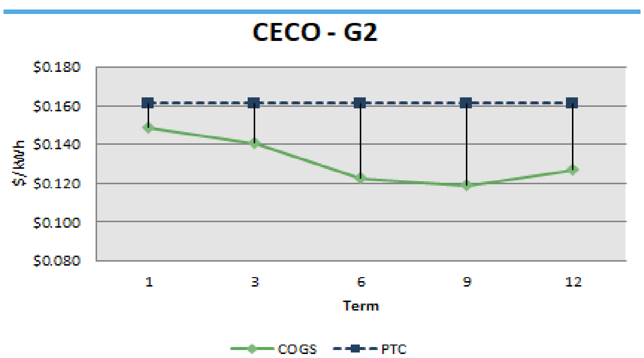
- The March 2019 NYMEX contract price decreased $0.19 (-6.7%) from $2.854/MMBtu to $2.662/MMBtu last Wednesday. The 12-month strip price averaging March 2019 through February 2020 futures contracts decreased $0.13/MMBtu (-4.5%) to $2.812/MMBtu.
- Physical gas spot prices have decreased in the wake of the polar vortex. Boston's Algonquin Citygate fell $6.41 (-70.4%) to $2.69/MMBtu on Wednesday, February 6. Transco Zone 6 NYC prices decreased $10.04 (-80.3%) to $2.47/MMBtu.
- Pennsylvania's Dominion South fell $0.58 (-19.7%) to $2.36/MMBtu. Tennessee Zone 4 Marcellus spot prices decreased $0.55 (-18.8%) to $2.37/MMBtu.
- Abnormally cold temperatures and high heating demand drove up prices on the West Coast. SoCal Citygate prices jumped $16.29 (402%) to $20.34/MMBtu, which is the highest it's been since early August 2018 when above normal heat and system constraints drove prices up to $39.24/MMBtu. Prices at Northern California PG&E Citygate increased $7.52 (202.7%) to $11.23/MMBtu.

POWER

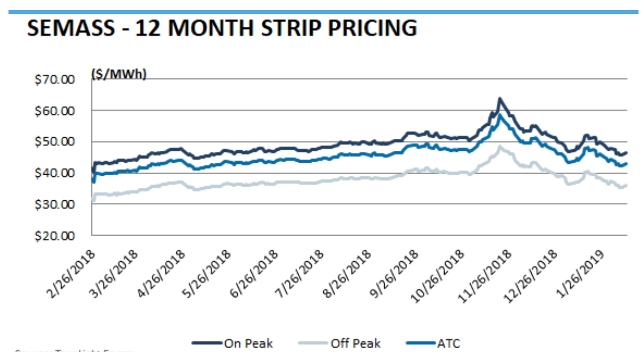
- For the NEMASSBOST zone in ISONE, the 12 Month ATC strip decreased $0.77 (-1.8%) to $43.23. The 24 Month ATC strip dropped $0.31 (-0.7%) to $44.14, and the Cal 2020 ATC strip increased $0.25 (0.6%) to $45.00/MWh yesterday.
- For the NYC zone in NYISO, the 12 Month ATC strip increased $0.05 (0.12%) to $40.79. The 24 Month ATC strip increased $0.30 (0.7%) to $41.19 and the Cal 2020 ATC strip increased $0.72 (1.8%) to $41.48/MWh yesterday.
- For the PEPCO zone in PJM, the 12 Month ATC strip increased $0.10 (0.3%) to $38.24. The 24 Month ATC strip increased $0.19 (0.5%) to $38.08 and the Cal 2020 ATC strip increased $0.29 (0.8%) to $38.00/MWh yesterday.
- For the Houston zone in ERCOT, the 12 Month ATC strip was unchanged at $43.93. The 24 Month ATC strip increased $0.02 (0.05%) to $42.19, and the Cal 2020 ATC strip increased $0.08 (0.2%) to $40.63/MWh yesterday.

UTILITY HIGHLIGHT

ISONE › MA › SEMASS



- The Price to Compare (PTC) for Southern Massachusetts Eversource (CECO) General Service rate class (G2) for the January 1, 2019 to March 31, 2019 price period is $0.16148/kWh, which is 31.6% higher than the previous price period's PTC of $0.12266/kWh.
- Headroom is likely for all the 1, 3, 6, 9 and 12 month terms. Headroom of $0.04246/kWh and $0.03455/kWh is likely for the 9 and 12 month terms, respectively.



- Over the last week the SEMASS ATC 12-Month Strip traded $0.77/MWh lower, a loss of about 1.8%, to finish the week at $43.03/MWh.
- In the past 3 months, the strip has traded between $42.29/MWh and $58.75/MWh. This time last year, the strip traded at $41.48/MWh, which is 2% lower than this year.

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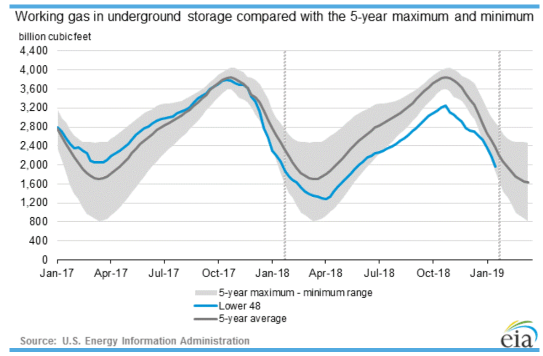
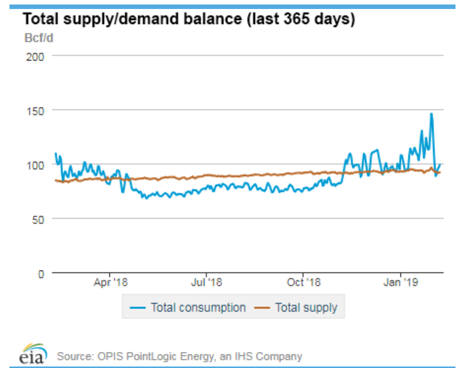
NATURAL GAS

- For the week ending February 1, the EIA reported net withdrawals from storage of 237 Bcf, which is higher than last year's net withdrawals of 116 Bcf for this week and the 5-year (2014–18) average net withdrawals of 150 Bcf.
- Working natural gas in storage totaled 1,960 Bcf, which is 135 Bcf (-6.4%) lower than last year's level and 415 Bcf (-17.5%) lower than the five year average of 2,375 Bcf. Total working gas is back within the five-year historical range.



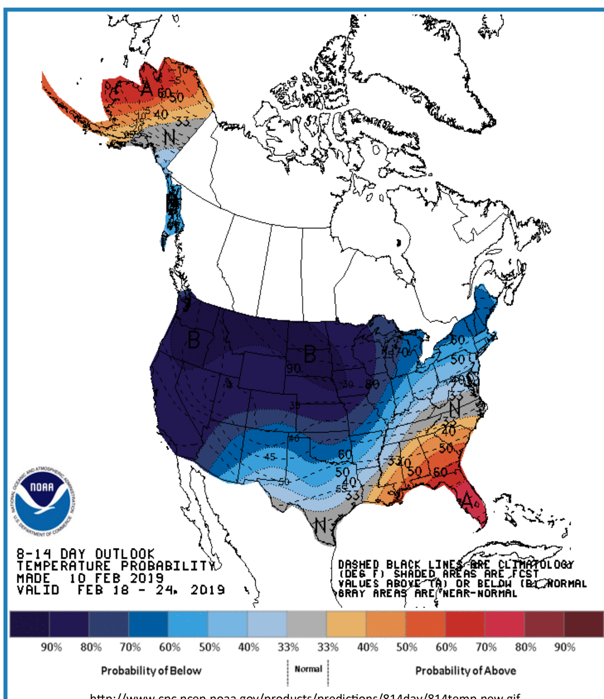
SUPPLY & DEMAND

- Average total supply of natural gas fell by 1% compared with the previous report week. Dry natural gas production remained constant, while net imports with Canada decreased 22%.
- Total US consumption of natural gas fell by 15%. Consumption for power generation was down 11% week/week, industrial sector consumption dropped by 7%, residential-commercial consumption declined 21%, and exports to Mexico decreased 3%.
- US LNG exports decreased week/week, with five vessels departing US ports for a combined 17.3 Bcf.



MARKET INTELLIGENCE

- Procurement of one third of the fixed price Basic Generation Service (BGS) default electric service contracts in the 2019 BCG auction has been approved by the New Jersey BPU. Winning prices for the four NJ EDCs have increased 2.4% and 7.6% compared to the 2018 auction, however monthly residential bills will be mostly unaffected due to the fact that these new contracts are replacing marginally more expensive 3-year old contracts. Fixed price BGS contracts (<500 kW) were procured in 36-month tranches with a June 1, 2019 start date. CIEP auction prices for all NJ EDCs have either remained the same or decreased slightly, with approximately 83% of load being provided via individual contracts with third party suppliers as of December 2018.
- Pennsylvania experienced a net loss of over 10,000 of residential customers on competitive supply for late December to late January, which is the highest it's been since late August to late September 2018. From late November to late December, Pennsylvania EDCs experienced a loss of just 8,200 compared to this past month's aggregate loss of 10,300. PPL Electric Utilities has taken the hardest hit, losing 2,400 more customers from late December to late January compared to the previous month.



WEATHER

- A developing winter storm will bring widespread moderate to heavy snow to much of the Midwest and Great Lakes Monday night and into Tuesday, and then reaching the Northeast by Tuesday and early Wednesday. The potential exists for 6 to 12 inches of snow from eastern Iowa to northern Michigan, and also across upstate New York and northern New England with localized higher amounts.
- A series of winter storms impacting the Western US will continue to bring rounds of widespread snowfall to much of the Pacific Northwest, northern California, and the northern Rockies. Given the presence of below normal temperatures across this region already, snow levels remain low with accumulating snowfall likely near or just above sea level for western Washington and Oregon. The most significant snowfall is expected across the higher terrain of the Washington and Oregon Cascades, where 1 to 3 feet of snow is likely.