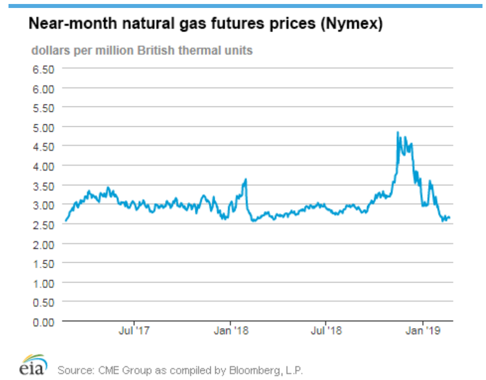
BROKER ONLINE EXCHANGE

Tuesday, February 26, 2019

GENERAL UPDATE



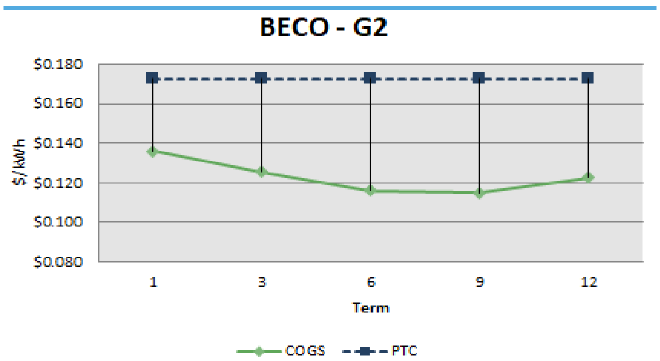
- The March 2019 NYMEX contract price increased $0.06 (2.4%) from $2.575/MMBtu to $2.636/MMBtu last Wednesday. The 12-month strip price averaging March 2019 through February 2020 futures contracts increased $0.03/MMBtu (0.5%) to $2.826/MMBtu.
- Boston's Algonquin Citygate prices decreased $0.81 (-21.6%) to $2.94/MMBtu on Wednesday, February 20 due to warmer temperatures. Transco Zone 6 NYC prices increased $0.04 (1.5%) to $2.69/MMBtu, reaching a weekly high of $2.99/MMBtu on Tuesday.
- Pennsylvania's Dominion South rose $0.01 (<0.5%) to $2.43/MMBtu. Tennessee Zone 4 Marcellus spot prices increased $0.09 (3.7%) to $2.52/MMBtu.
- Southern California prices were volatile due to increased demand and supply constraints on the Mojave Pipeline, which delivers natural gas from Arizona. SoCal Citygate prices jumped $11.56 (107.7%) to $22.29/MMBtu, with a weekly low of $7.94/MMBtu on Thursday. Prices at Northern California PG&E Citygate decreased $0.90 (-9.6%) to $8.44/MMBtu.

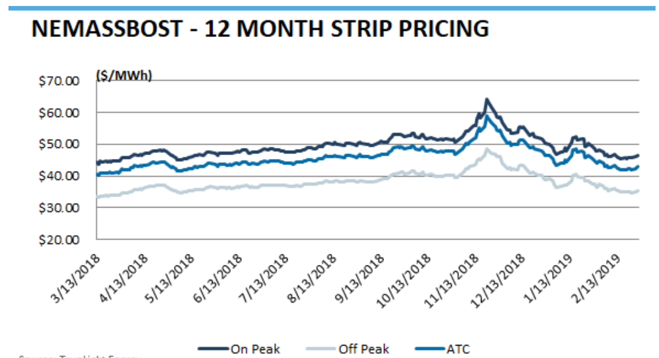
POWER

- For the NEMASSBOST zone in ISONE, the 12 Month ATC strip increased $0.31 (0.7%) to $42.31. The 24 Month ATC strip climbed $0.24 (0.6%) to $43.67, and the Cal 2020 ATC strip increased $0.26 (0.6%) to $45.02/MWh yesterday.
- For the NYC zone in NYISO, the 12 Month ATC strip increased $0.25 (0.6%) to $39.70. The 24 Month ATC strip climbed $0.64 (1.6%) to $41.19 and the Cal 2020 ATC strip increased $0.78 (1.9%) to $42.20/MWh yesterday.
- For the PEPCO zone in PJM, the 12 Month ATC strip increased $0.52 (1.4%) to $38.05. The 24 Month ATC strip increased $0.42 (1.1%) to $38.16 and the Cal 2020 ATC strip increased $0.33 (0.9%) to $38.40/MWh yesterday.
- For the Houston zone in ERCOT, the 12 Month ATC strip increased $1.32 (3.1%) to $44.33. The 24 Month ATC strip increased $0.57 (1.37%) to $42.15, and the Cal 2020 ATC strip dropped $0.08 (-0.2%) to $40.15/MWh yesterday.

UTILITY HIGHLIGHT

ISONE › MA › NEMASSBOST





- The current Price to Compare (PTC) for Eversource Energy, previously Boston Edison Company (BECO), General Service Large Commercial NEMA rate class (G2) has increased 30.7% to $0.17265/kWh for the January 1, 2019 to March 31, 2019 price period.
- Headroom is likely for all the 1, 3, 6, 9 and 12 month terms, with headroom of $0.05784/kWh and $0.04997/kWh expected for the 9 and 12 month terms, respectively.

- Over the last week, the NEMASSBOST ATC 12-month strip experienced a slight increase of 1.9% to finish the week at $42.82/MWh.
- Since the beginning of the year, the ATC strip has reached a high of $48.44/MWh on January 17, 2019 and a low of $42.02/MWh on Feb 19, 2019. This time last year, the strip was at $38.53/MWh, or 11% lower than this year.

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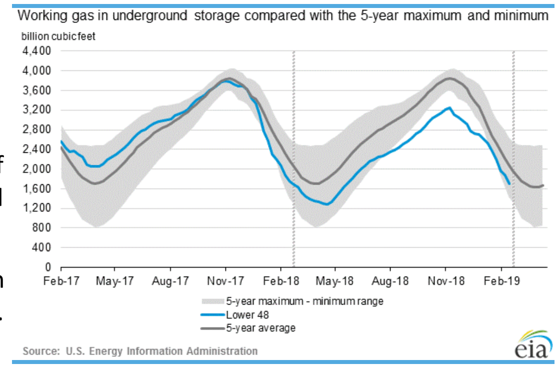
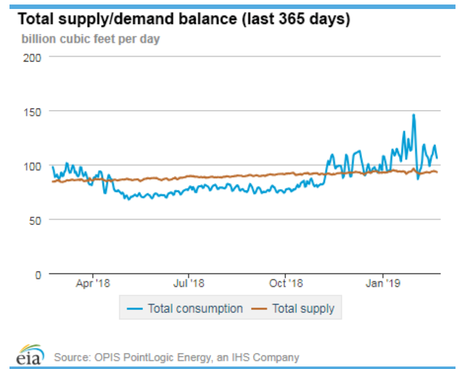
NATURAL GAS



- For the week ending February 15, the EIA reported net withdrawals from storage of 177 Bcf, which is higher than last year's net withdrawals of 134 Bcf for this week and the 5-year (2014–18) average net withdrawals of 148 Bcf.
- Working natural gas in storage totaled 1,705 Bcf, which is 73 Bcf (-4%) lower than last year's level and 362 Bcf (-17.5%) lower than the five year average of 2,067 Bcf. Total working gas is back within the five-year historical range.

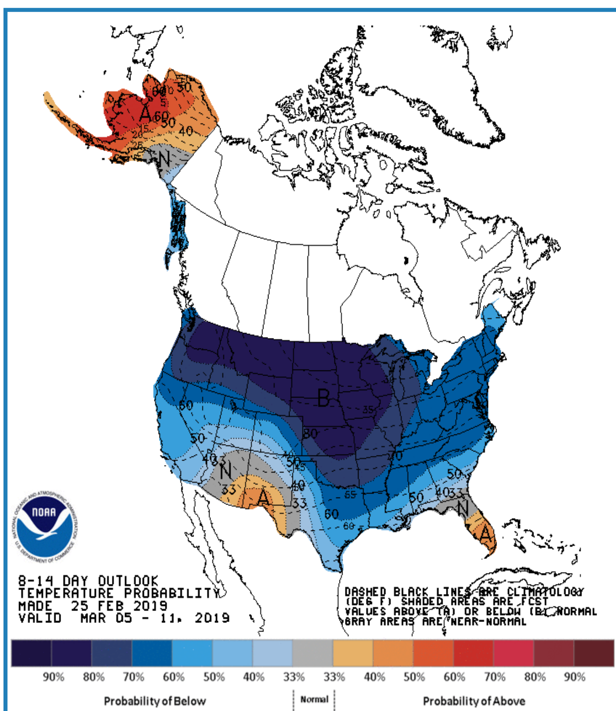
SUPPLY & DEMAND



- Average total supply of natural gas rose by 1% compared with the previous week, averaging 93.5 Bcf/day. Dry natural gas production grew by 1%, while net imports from Canada increased by 2%.
- Total US consumption of natural gas fell by 2%. Consumption for power generation declined by 4% week/week, industrial sector consumption dropped by 1%, residential-commercial consumption decreased by 2%, and exports to Mexico dropped by 3%.
- US LNG exports increased week/week, with nine vessels departing US ports for a combined 32.8 Bcf.

MARKET INTELLIGENCE

- The Virginia State Corporation Commission (SCC) has denied Walmart's request to leave the Dominion Energy Virginia (Dominion) and Appalachian Power Company (APCo) utility systems in order to supply its Virginia retail stores with third-party competitive electric power. The Commission stated that the loss of such a large-demand customer would result in a cost shift to the remaining residential and small commercial utility supply customers, who would not have the legal ability to switch to competitive supply and therefore bear the burden of even higher rates. Although Walmart's request is compliant with a provision of Virginia law that authorizes single customers with over five megawatts of demand to leave the utility for a third party vendor, this mandate is subject to the Commission's discretion. Due to historically increasing rates that are projected to continue rising into the future, as well as the impact on remaining captive utility customers, the SCC has declined the request.



http://www.cpc.ncep.noaa.gov/products/predictions/814day/814temp.new.gif

WEATHER

- Extreme wind is expected to continue in the Northeast until midweek before subsiding. Steady and consistent cold and stormy weather is predicted to continue in the Northeast into the early days of March. There has been an active storm track resulting in multiple storms across the country throughout February. This pattern is forecasted to continue for the next couple of weeks.
- High pressure is building in Alaska this week, which will push Arctic air into the middle of the country first before making its way east by the end of this week. Snow is also expected to move east from the Great Lakes to New England sometime in the middle of the week. Several inches of accumulation is possible. A second storm is predicted to form later in the week along the edge of the Arctic air, possibly reaching much farther south.