



GENERAL UPDATE

- Financial gas futures and power curves moved higher as warmer temperatures spread across much of the country. The NYMEX Henry Hub June 2018 contract rose \$0.11/MMBtu, roughly 4%, to close the week at \$2.71/MMBtu. Physical spot gas prices, on the other hand, moved lower as the warmer conditions reduced heating-related demand for natural gas.
- Prices at the Algonquin Citygate fell \$0.35, almost 14%, to \$2.27/MMBtu. Transco Zone 6 prices slipped \$0.07, about 2.5%, to end the week at \$2.69/MMBtu. Marcellus area prices also fell on lower demand. The price at Dominion North lost \$0.10, or 4.5%, to \$2.10/MMBtu. Prices at the SoCal Citygate dropped \$0.50, almost 14%, to \$3.12/MMBtu.

Near-month natural gas futures prices (Nymex)



Source: Natural Gas Intelligence

POWER

- ERCOT prices showed strong upside as the market focused on warming summer temperatures. In the HOUSTON load zone, the 12-month ATC strip rose \$2.80 (+6%) to close at \$48.93/MWh. The 24-month ATC curve added \$1.65 (+4%) to end the week at \$43.93/MWh. The calendar 2019 term moved \$0.80 (+2%) higher to close at \$40.94/MWh.
- Northeastern prices also edged higher but at a slower pace. In the NEMASS zone the 12-month ATC curve rose \$0.45 (+1%) to finish at \$42.42/MWh. The 24-month curve rose \$0.20 (<0.5%) to \$42.40/MWh, while the calendar 2019 strip also rose \$0.20 (<0.5%) to \$42.10/MWh.
- New York Zone J prices rose \$0.17 (<0.5%) to \$40.01/MWh for the 12-month ATC term. The 24-month term was unchanged at \$39.69, while the calendar 2019 strip rose \$0.23 (<0.5%) to \$39.65/MWh.
- PJM East load zone prices were modestly higher. The 12-month ATC strip rose \$0.15 to \$38.91/MWh; the 24-month ticked \$0.08 higher to \$37.72/MWh, and the calendar 2019 term rose \$0.02 to \$28.50/MWh. In all three instances, the percentage gain was less than 0.5%.

UTILITY HIGHLIGHT

ISONE

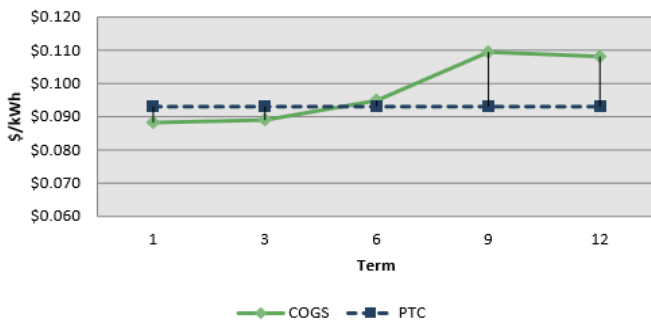


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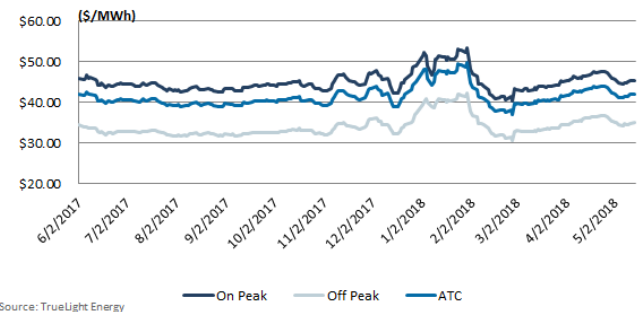


CLP

CLP - Rate 30



CONNECTICUT - 12 MONTH STRIP PRICING

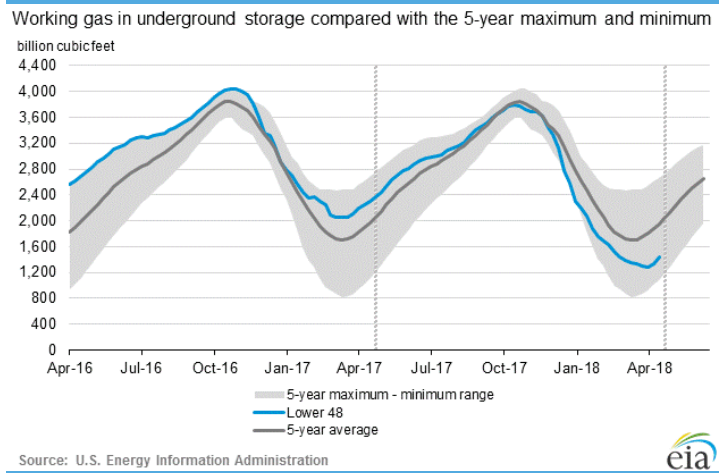


- The Price to Compare (PTC) for Connecticut Light & Power (CLP), now Eversource, General Service Small Commercial rate class (Rate 30) is projected to increase to \$0.09422/kWh for the July 1, 2018 to December 31, 2018 price period. This PTC is an approximate 1.27% increase from the current PTC rate of \$0.09304/kWh for the January 1, 2018 to June 30, 2018 price period. Headroom is likely available at the 1 and 3 month terms, however unlikely at the 6, 9, or 12 month terms.

- Over the last week the CLP ATC 12-Month Strip traded \$0.82/MWh higher, a gain of about 1.99%, to finish the week at \$41.96/MWh.
- Since January 1, 2018 the strip hit a high of \$49.72/MWh on January 30, 2018 and a low of \$37.09/MWh on February 27, 2018. Since March 1, 2018 the strip has traded between \$39/MWh and \$44/MWh.

NATURAL GAS

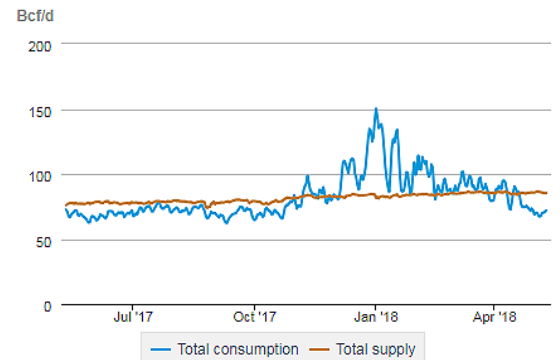
- The EIA reported that net injections into storage reached +89 Bcf for the week ending May 4. This bullish report is long overdue and well in excess of the 5-year average (+75), last year's report (+49) and the prior week's data (+62). Unseasonably cool temperatures for most of April triggered net withdrawals for the first three weeks of the month. Analyst estimates ranged from +83 to +114 Bcf, with a median of +92 Bcf.
- Working gas stocks are now 1,432 Bcf, 520 Bcf lower than the 5-year average and 863 Bcf less than last year's levels.



SUPPLY & DEMAND

- The average total supply of natural gas averaged about 86 Bcf/day, unchanged from the prior week. Dry gas production was steady, while Canadian imports rose 2%.
- Total demand for natural gas fell 4% for the week. We saw a large drop in residential and commercial demand, down 37%, partially offset by a 14% increase in power burn demand. Industrial sector consumption fell by 3% for the week.
- U.S. LNG exports rose for the week. Six vessels carrying roughly 21 Bcf left the Sabine Pass and Cove Point facilities last week.

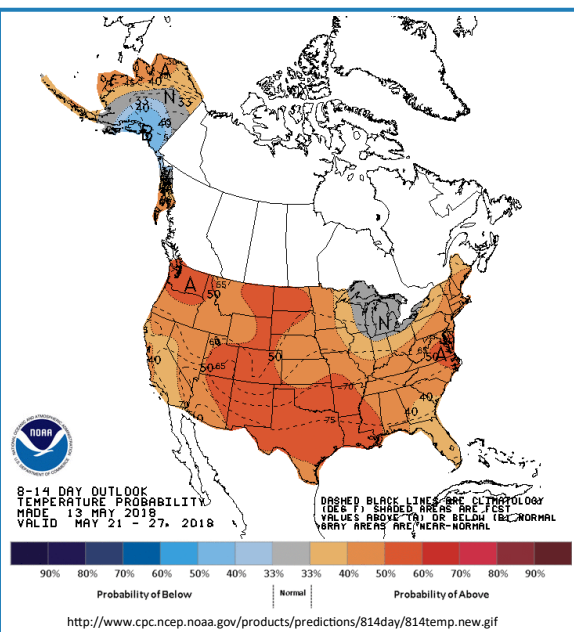
Total supply/demand balance (last 365 days)



MARKET INTELLIGENCE

- Bullish sentiment on the ERCOT summer continues to drive up the forward curve. Even following ERCOT's announcement last week that the reserve margin will be slightly higher than initially expected, the bulls have not backed down and August peak North Hub has gained another \$20. This recent trading activity highlights the immense RT risk heading into the summer.
- For the first time in its history, on 4/21 ISONE reported demand in the middle of the day was lower than it was overnight. This is due to the high presence of solar generation, both utility-scale and behind the meter. As solar generation is expected to increase its penetration of the northeast market, the duck-curve pattern is likely to deepen and reduce on-peak prices.

WEATHER



- Temperatures in the Lower 48 states averaged 58°F, which is normal for this time of year but 2° lower than last year, and about 3° warmer than last week.
- The vast majority of the country will be warmer than normal this week. Some isolated pockets in the Southwest and Southeast will dip into the below normal range but at this time of the year it will feel like air-conditioning weather just the same. The only pattern of note in the short-term is a healthy upper low system approaching Florida, which will creep North and bring some above-average rainfall with it.
- Looking into the end of May and early June, warming conditions will likely dominate and spread. As the Florida low brings moisture North it could meet a cooler system developing in the Midwest; if that happens, expect heavy rainfall for a wide piece of the Central and Eastern states starting around May 21. That system could help moderate some of the heat we see, but the dominant pattern will trend above normal.

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