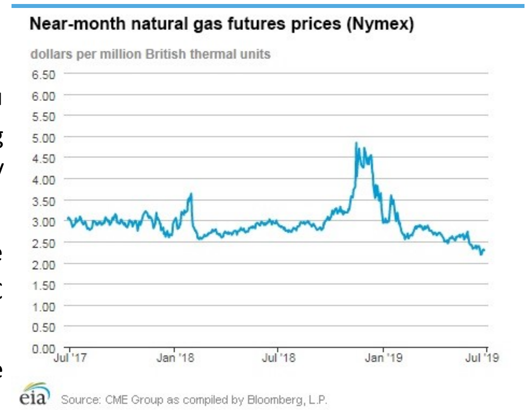
BROKER ONLINE EXCHANGE

Tuesday, July 2, 2019

GENERAL UPDATE



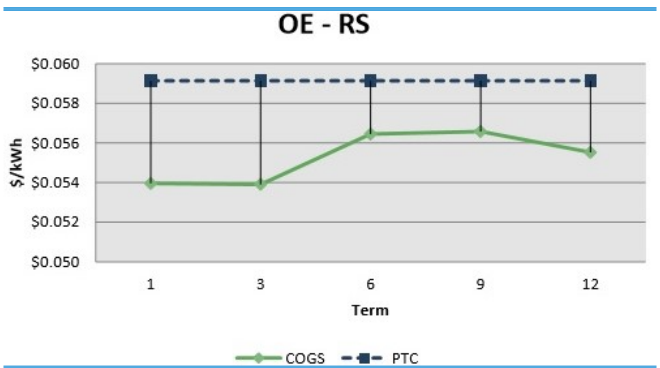
- The July 2019 contract expired last Wednesday at $2.291/MMBtu, a $0.02/MMBtu (0.9%) increase from the previous Wednesday. The 12-month strip price averaging August 2019 through July 2020 futures contracts decreased $0.01 (-0.4%) to $2.446/MMBtu.
- Northeast natural gas prices were flat in demand markets. Boston's Algonquin Citygate prices increased $0.04 (1.8%) to $2.21/MMBtu last Wednesday. Transco Zone 6 NYC prices declined $0.01 (-0.5%) from $2.19/MMBtu to $2.18/MMBtu.
- Pennsylvania's Dominion South decreased $0.03 (-1.5%) to $2.01/MMBtu. Tennessee Zone 4 Marcellus spot prices increased $0.03 (1.5%) to $2.01/MMBtu.
- California prices trended downwards. SoCal Citygate prices fell $0.44 (-18.3%) to $1.96/MMBtu last Wednesday. Prices at Northern California PG&E Citygate also decreased, falling $0.23 (-8.5%) to $2.47/MMBtu. Prices were volatile with SoCalGas announcing Aliso Canyon had reached its maximum storage capacity.

POWER

- For the NEMASSBOST zone in ISONE, the 12 Month ATC strip decreased $1.37 (-3.4%) to $38.78. The 24 Month ATC strip decreased $1.35 (-3.3%) to $39.92, and the Cal 2020 ATC strip decreased $1.69 (-4%) to $40.16/MWh yesterday.
- For the NYC zone in NYISO, the 12 Month ATC strip decreased $1.28 (-3.4%) to $36.20. The 24 Month ATC strip decreased $1.39 (-3.6%) to $36.72, and the Cal 2020 ATC strip decreased $1.80 (-4.7%) to $36.62/MWh yesterday.
- For the PEPCO zone in PJM, the 12 Month ATC strip decreased $1.24 (-3.7%) to $32.37. The 24 Month ATC strip decreased $1.28 (-3.8%) to $32.19 and the Cal 2020 ATC strip decreased $1.35 (-4%) to $32.15/MWh yesterday.
- For the Houston zone in ERCOT, the 12 Month ATC strip decreased $0.09 (-0.3%) to $32.85. The 24 Month ATC strip decreased $0.61 (-1.7%) to $34.41 and the Cal 2020 ATC strip decreased $0.90 (-2.5%) to $35.74/MWh yesterday.

UTILITY HIGHLIGHT

PJM › OH › OHIO EDISON



- The current Price to Compare (PTC) for Ohio Edison (OE) Residential rate class (RS) Is $0.05913/kWh, effective July 1, 2019 through August 31, 2019. This is a 0.5% increase from the previous PTC of $0.05884/kWh for the June 2019 price period.
- TRUELight's proprietary pricing models indicate that headroom is available for all the 1, 3, 6, 9 and 12 month terms. Headroom of $0.0057/kWh and $0.00676 is available for the 9 month and 12 month terms, respectively.

- Over the last week, the ATSI ATC 12-month strip has experienced a slight decrease, falling 3.8% to finish at $30.14/MWh yesterday.
- Since the beginning of the year, the ATC strip has reached a high of $38.40/MWh on January 17, 2019 and a new low of $30.14/MWh this past Monday, July 1, 2019. This time last year, the strip traded at around $35.46/MWh, about 15% higher than this year.

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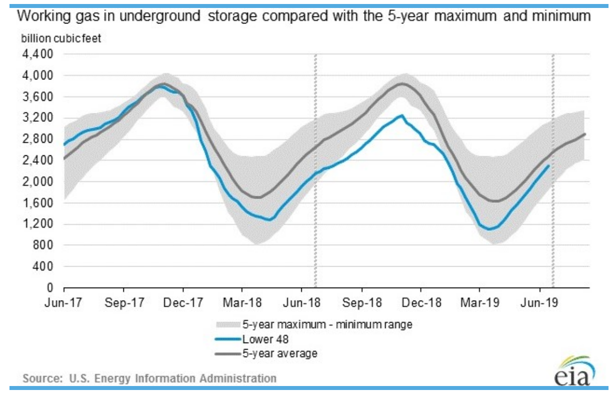
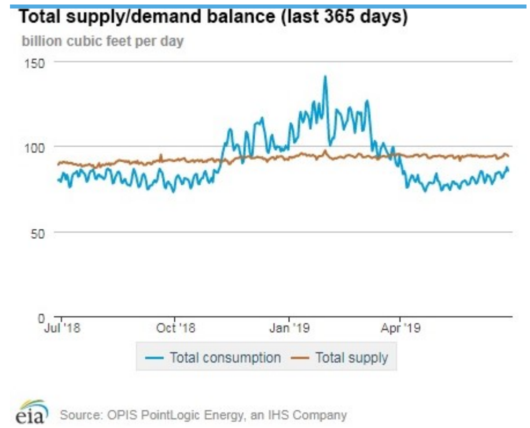
NATURAL GAS



- For the week ending June 21, the EIA reported net injections from storage of 98 Bcf, which is higher than last year's net injections of 71 Bcf for this week and higher than the 5-year (2014–18) average net injections of 70 Bcf.
- Working natural gas in storage totaled 2,301 Bcf, which is 236 Bcf (11.4%) higher than last year's level and 171 Bcf (-6.9%) lower than the five-year average of 2,472 Bcf. Total working gas is within the five-year historical range.

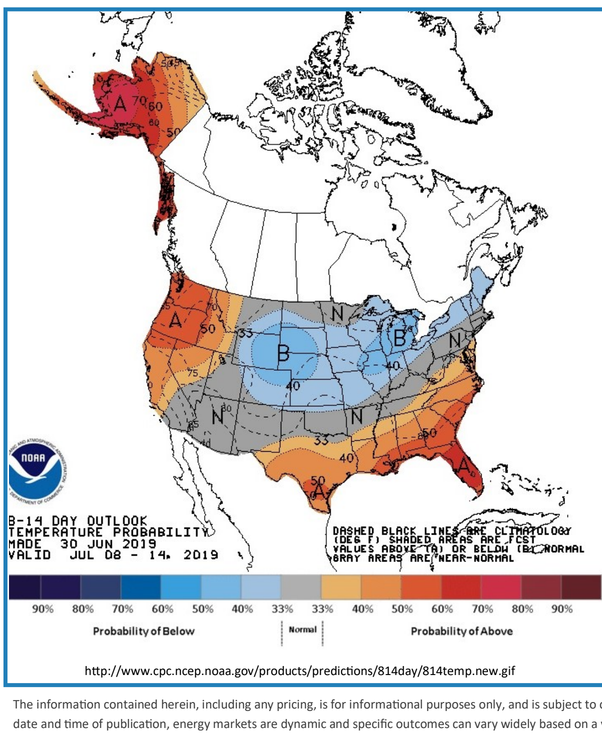
SUPPLY & DEMAND



- Average total supply of natural gas did not change week/week, averaging 94.2 Bcf/day. Dry natural gas production increased 1%, while net imports with Canada decreased 2%.
- Total US consumption of natural gas increased 4%. Consumption for power generation was up 8% week/week, industrial sector consumption decreased 2%, residential-commercial consumption decreased 1%, and exports to Mexico stayed the same week/week.
- US LNG exports decreased week/week, with eight vessels departing US ports for a combined 28 Bcf.

MARKET INTELLIGENCE

- Governor Janet Mills of Maine signed a law that revises the state's Renewable Portfolio Standards (RPS) and mandates long-term renewable energy contracts for utilities. The new standard creates a Class IA RPS tier, starting at 2.5% in 2020 and increasing to 40% by 2030, as well as a thermal energy tier starting at 0.4% in 2020 and increasing to 4% by 2030. The law requires utilities to enter into at least one contract of a minimum of 20 years for energy or renewable energy credits from Class IA resources.
- For the first time, renewable energy sources provided more electric generation than coal in the month of April 2019. Although this is partially due to seasonal factors, such as maintenance to coal plants during the shoulder season, record wind generation and near-record solar generation drove the spike in renewable generation this spring. The EIA expects coal to provide more generation than renewables, on average, for 2019 and 2020, but predicts renewable generation to exceed nuclear generation next year.



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

WEATHER

- Above normal temperatures are expected along the West coast, particularly in the Pacific Northwest. Alaska is expected to see even greater temperature anomalies. Areas from the Rocky Mountains east to the Great Lakes should see cooler than average temperatures.
- The southern tip of the US from Texas through Georgia and Florida should expect to see above average temperatures, while the Northeast should expect normal temperatures.
- Precipitation is expected to be below normal in the Southwest and for most of Texas, which could cause elevated demand in ERCOT when coupled with above average temperatures. Higher than average precipitation will cover the Midwest, and drier to normal precipitation conditions will prevail in the Mid-Atlantic and the Northeast.