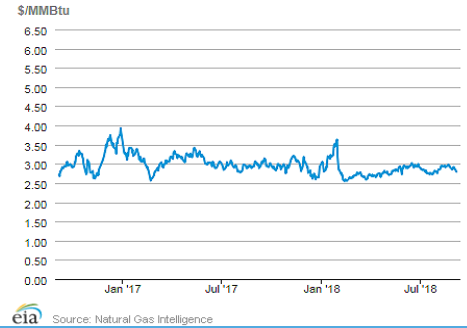




GENERAL UPDATE

- Financial gas markets continue to trade lower. The September 2018 NYMEX contract expired at \$2.895/MMBtu and the October 2018 contract price declined \$0.07 to finish at \$2.795/MMBtu on Wednesday September 5, 2018.
- Price movements in the physical gas spot markets were mixed. Boston's Algonquin Citygate decreased \$0.44 (12.4%) to \$3.11/MMBtu as temperatures in the Northeast ease up. Transco Zone 6 NYC increased just \$0.02 (0.65%) to \$3.06/MMBtu.
- Tennessee Zone 4 increased \$0.13 (5.5%) to \$2.49/MMBtu, and is expected to continue increasing as several pipeline projects come online in the latter half of 2018. Dominion South decreased \$0.04 (1.5%) to \$2.58/MMBtu. Chicago Citygate prices rose \$0.15/MMBtu (5.5%) to \$2.87/MMBtu as higher eastern Midwest temperatures last week drove up demand.
- SoCal Citygate prices fell \$1.30 (23.4%) to \$4.26/MMBtu. The Southern California gas system has experienced a 19% increase in gas send out, resulting in inventories of 76.5 Bcf as of Wednesday September 5. This is the highest inventory level for SoCal since January of 2016. Prices at Northern California PG&E Citygate increased just \$0.02 (.6%) to \$3.21/MMBtu.

Near-month natural gas futures prices (Nymex)



POWER

- While power curves generally trended upwards throughout the week, most of zones in NYISO regressed slightly. For the NYC zone, the 12 Month ATC strip lost \$0.19 (0.4%), falling to \$42.44. The 24 Month ATC strip decreased \$0.10 (0.2%) to \$41.54, while the Cal 2019 ATC strip fell \$0.33 (0.8%) to \$40.85/MWh.
- For the NEMASSBOST zone, the 12 Month ATC strip increased \$0.25 (0.5%) to \$16.18. The 24 Month ATC strip increased a comparable \$0.23 (0.5%) to \$45.36, while the Cal 2019 ATC strip gained \$0.49 (1.1%) up to \$45.23/MWh.
- In PJM, for the COMED zone, the 12 Month ATC strip increased \$0.10 (0.3%) to \$29.76. The 24 Month ATC strip increased by \$0.03 (0.1%) to \$28.88, while the Cal 2019 ATC strip increased \$0.14 (0.5%) to \$28.87/MWh.
- Consistent gains continued on the ERCOT forward curve. For the Houston zone, the 12 Month ATC strip increased \$0.16 (0.4%) to \$38.74. The 24 Month ATC strip increased \$0.23 (0.6%) to \$36.95 and the Cal 2019 strip gained \$0.24 (0.6%) to \$38.10/MWh.

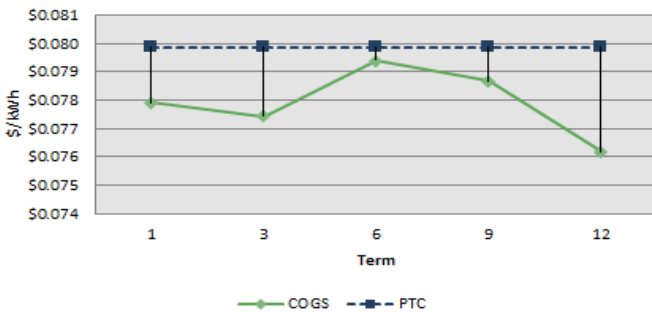
UTILITY HIGHLIGHT

PJM

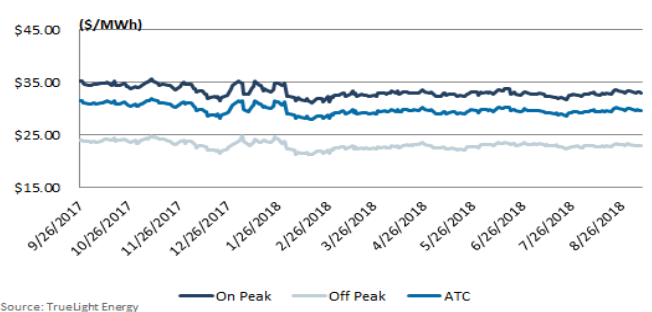
IL

COMED

ComEd - Rate C28



COMED - 12 MONTH STRIP PRICING



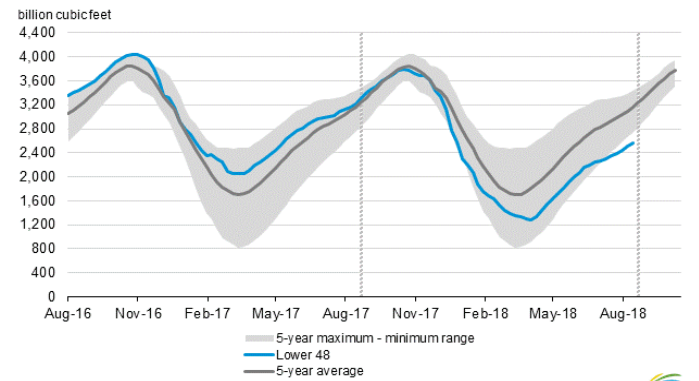
- The current Price to Compare (PTC) for Illinois Commonwealth Edison Company (COMED) General Service Small Load Delivery Class (0-100kWh) rate class (C28) is \$0.07395/kWh for the price period starting September 1, 2018. This PTC is projected to increase 8% to \$0.07987/kWh for the next month's price period, starting October 1, 2018.
- Headroom is likely available for the 1, 3, 6, 9, and 12 month terms. Headroom of \$0.00196/kWh and \$0.00243/kWh is likely available for the 1 and 3 month terms, respectively.
- Over the last week, the COMED ATC 12-month strip remained flat with a slight decrease of <0.5%, finishing at \$29.63/MWh.
- Since the beginning of the year, the ATC strip has reached a high of \$31.54/MWh on Jan 12, 2018 and a low of \$27.89/MWh on Feb 16, 2018. Since March 1, 2018, the strip has traded between \$28.58/MWh and \$30.35/MWh, a high that was reached June 15, 2018.



NATURAL GAS

- For the week ending August 31, the EIA reported net injections into storage of +63 Bcf, which is lower than the five-year average of +65 Bcf and higher than last year's net injections of +60 Bcf for the same week.
- Working natural gas stocks totaled 2,568 Bcf, which is 643 Bcf (20%) lower than last year's level and 590 Bcf (18.7%) lower than the five year average for the same week.
- For the January 2019 futures contract, working gas stocks continue to trade at a lower premium (\$0.14/MMBtu) to the average spot price than last year at this time (\$0.36/MMBtu).

Working gas in underground storage compared with the 5-year maximum and minimum



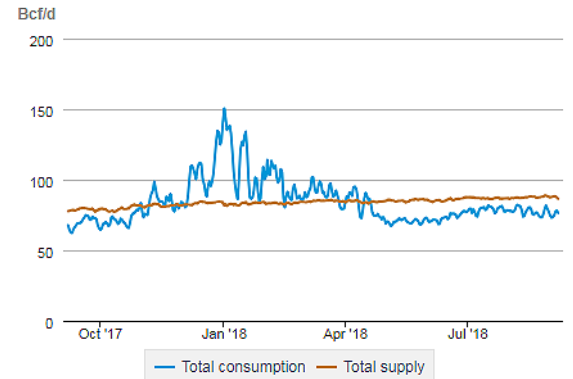
Source: U.S. Energy Information Administration



SUPPLY & DEMAND

- The EIA reported that the average total supply of natural gas went unchanged for the second week in a row, averaging 87.9 Bcf/day. Dry natural gas production was flat while net imports from Canada decreased by 7%.
- Total U.S. consumption of natural gas decreased by 2% week/week, primarily driven by 3% lower consumption for power generation as cooler temperatures swept across much of the US. Residential-commercial demand also dropped by 3% amid cooler temperatures while industrial consumption remained unchanged. Exports to Mexico increased by 2%.
- LNG exports decreased from last week with five vessels, totaling 17.7 Bcf, departing from US ports throughout the week.

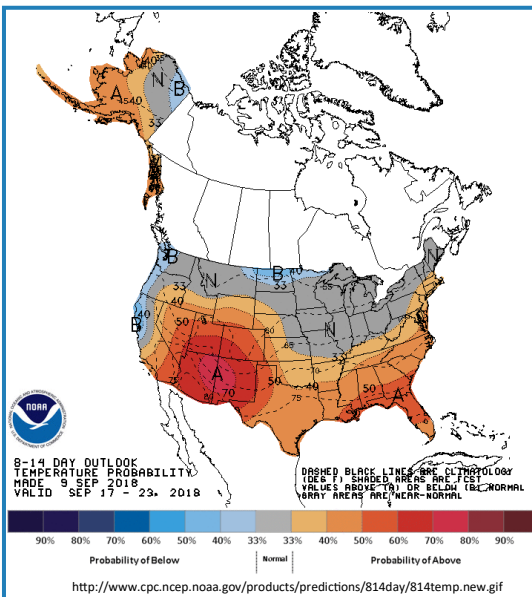
Total supply/demand balance (last 365 days)



Source: OPIS PointLogic Energy, an IHS Company

MARKET INTELLIGENCE

- California Governor Jerry Brown recently signed a bill mandating the state to source electricity from entirely carbon-free sources by 2045, a measure that juxtaposes Trump's pro-fossil fuel policies by setting the state on track to meet Paris Agreement requirements.
- ERCOT has released a final Seasonal Assessment of Resource Adequacy (SARA) report for the upcoming fall season (October – November 2018) and as well as a preliminary report for the winter season (December 2018 – February 2019). Both reports indicate sufficient available capacity to serve forecasted peak demand. The fall SARA peak demand forecast remains unchanged from the May 2018 preliminary report forecast of 58,619 MW. With multiple new sources of generation coming online since this preliminary release, ERCOT expects more than 81,000 MW of resource capacity for the fall.



WEATHER

- Above normal temperatures and humidity remains in place along most of the east coast, though above normal precipitation aided by increased tropical storm activity will help keep temperatures in check. The central portion of the Atlantic coast, reaching from SC to VA, is expected to experience well above normal precipitation through the period. Above normal air extends down into TX, though the coastline is also expected to experience above normal rain as well.
- A strong pocket of above normal air is expected to setup in the Southwest where precipitation risks are slated to range from below normal to neutral. Neutral temperatures consume most of the northern half of the lower 48, with pockets of below normal air in the upper Midwest and Pacific Northwest.

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