



GENERAL UPDATE

- Financial gas markets trade higher, with the contract for November 2018 rising \$0.04 (1.1%) to \$3.32/MMBtu. The 12-month strip averaging November 2018 through October 2019 futures contracts ticked \$0.02 (0.7%) higher to finish the week at \$2.992/MMBtu.
- Physical gas spot prices experienced price increases across the board. Boston's Algonquin Citygate prices rose \$0.87 (28.5%) to \$3.92/MMBtu. Transco Zone 6 NYC increased \$0.47 (16%) to \$3.40/MMBtu.
- Tennessee Zone 4 prices increased \$0.26 (9.2%) to \$2.82/MMBtu. Dominion South, serving southwest Pennsylvania, increased \$0.29 (10.4%) to \$3.07/MMBtu. Chicago Citygate prices increased \$0.04/MMBtu (1.2%) to \$3.41/MMBtu.
- SoCal Citygate prices jumped \$1.36 (37%) to \$5.03/MMBtu. Prices at Northern California PG&E Citygate increased \$0.05 (1.3%) to \$3.82/MMBtu.

Near-month natural gas futures prices (Nymex)



Source: Natural Gas Intelligence

POWER

- Forward prices in northeast ISOs generally trended downwards throughout the week. In ISONE, the NEMASSBOST zone lost \$0.51 (-1.1%) on the 12 Month ATC strip, settling down to \$47.73. The 24 Month ATC strip fell \$0.22 (-0.5%) to \$46.90 and the Cal 2019 ATC strip fell \$0.45 (-0.9%) to \$46.67/MWh.
- For the NYC zone in NYISO, the 12 Month ATC strip dropped \$0.32 (-0.7%) to \$42.51. The 24 Month ATC strip fell \$0.31 (-0.8%) to \$41.87 and the Cal 2019 ATC strip fell \$0.21 (-0.5%) to \$41.59/MWh.
- For the PEPCO zone in PJM, the 12 Month ATC strip decreased \$0.17 (-0.4%) to \$40.31. The 24 Month ATC strip decreased \$0.04 (-0.1%) to \$39.10 and the Cal 2019 ATC strip also dropped \$0.04 (-0.1%) to \$39.51/MWh.
- In ERCOT, forward prices saw minor gains throughout the week. For the Houston zone, the 12 Month ATC strip increased \$0.26 (0.6%) to \$43.93. The 24 Month ATC strip increased \$0.20 (0.5%) to \$40.89 while the Cal 2019 ATC strip increased \$0.25 (0.6%) to \$42.72/MWh.

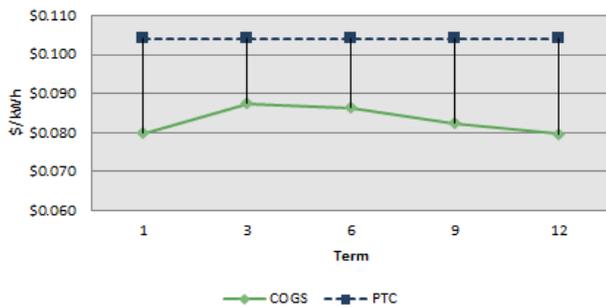
UTILITY HIGHLIGHT

PJM

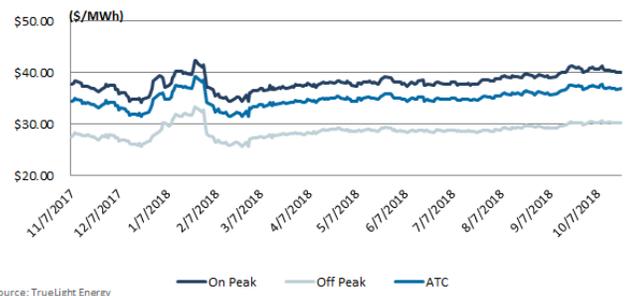
MD

POTED

POTED - GSCS



POTED - 12 MONTH STRIP PRICING



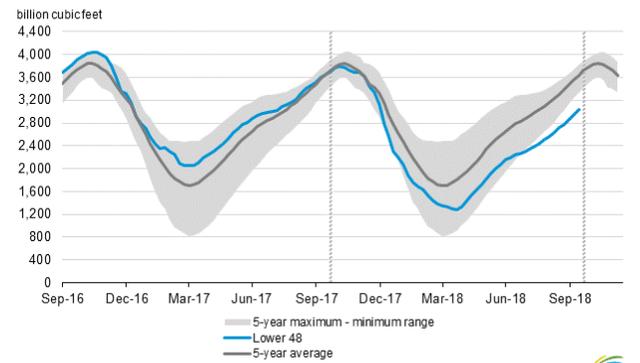
- The current Price to Compare (PTC) for Maryland's Potomac Edison (POTED) General Service Small Commercial Type I 0-700 kWh and >700 kWh calculated blend rate class (GSCS) is \$0.1041/kWh for the current price period starting November 1, 2018.
- Headroom has shifted since POTED PTC was last reported on October 2nd, 2018, with the 1 month term increasing 54.6% from \$0.01572/kWh to \$0.02431/kWh and the 12 month term decreasing 42.6% from \$0.01715/kWh to \$0.02446/kWh. Headroom is likely available at all the 1, 3, 6, 9, and 12 month terms.
- Over the last week, the POTED ATC 12-month strip has a slight decrease of 1% to finish at \$36.82/MWh.
- Since June 1, 2018, the strip has traded between \$34.36/MWh and \$37.68/MWh, which was reached Wednesday October 10, 2018.



NATURAL GAS

- For the week ending October 12, the EIA reported net injections into storage of +81 Bcf, which is higher than last year's net injections of +55 Bcf for this week as well as the 2013-2017 average net injections of +79 Bcf.
- Working natural gas stocks totaled 3,037 Bcf, which is 601 Bcf (-16.5%) lower than last year's level and 605 Bcf (-16.6%) 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, with NYMEX averaging at \$3.34/MMBtu which is \$0.05/MMBtu higher than the spot price. Last year at this time, the January 2019 contract was \$0.28/MMBtu higher than the spot price.

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



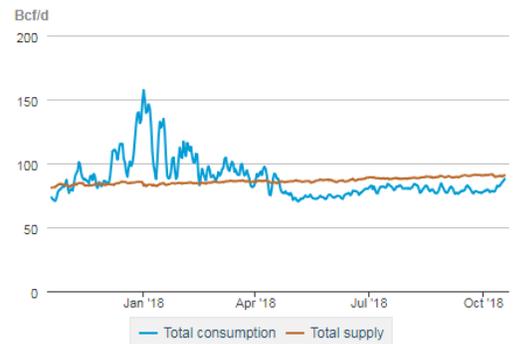
Source: U.S. Energy Information Administration



SUPPLY & DEMAND

- The EIA reported that the average total supply of natural gas decreased by 1% week/week. Dry natural gas production remained unchanged, while average net imports dropped off 14% from the previous week due to the explosion on Enbridge's Westcoast Energy pipeline near Prince George, British Columbia.
- Total U.S. consumption of natural gas increased by 6% week/week, chiefly driven by a 73% increase in residential-commercial demand as colder temperatures swept over most of the country. With lower electricity demand, natural gas consumption for power generation decreased 18%. Industrial consumption increased 5% week/week while natural gas exports to Mexico decreased by 5%.
- LNG exports increased week/week with five LNG vessels departing US ports.

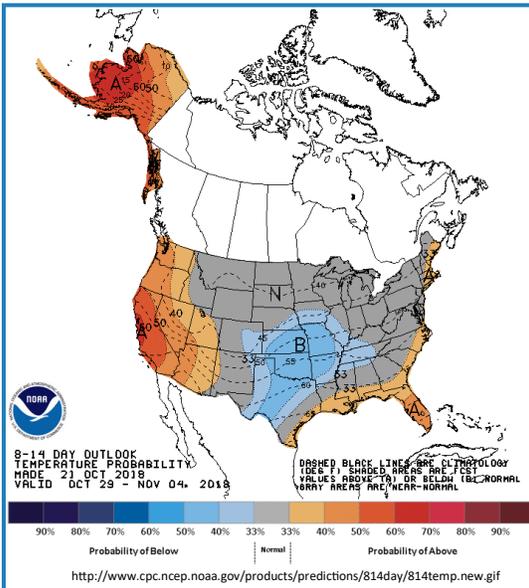
Total supply/demand balance (last 365 days)



Source: OPIIS PointLogic Energy, an IHS Company

MARKET INTELLIGENCE

- FirstEnergy Pennsylvania has filed new default PTC rates with the PUC for the December 1, 2018 to February 28, 2019 price period. Tariffed residential PTC rates are as follows: Met-Ed will increase 10% to \$0.06684/kWh, Penelec will increase 5% to \$0.06288/kWh, PennPower will increase 16% to \$0.07714/kWh, and West PennPower will increase 14% to \$0.06354/kWh.
- The New York State Public Service Commission (PSC) has predicted that this winter's electricity prices should remain relatively unchanged from last year. Although natural gas prices will likely tick slightly higher, the NY PSC expects that a mild weather forecast for this winter will keep prices within the same ballpark as last year.



WEATHER

- Normal seasonal temperatures will finally take over most of the lower 48 in the 8-14 day window, coming off of some more extreme temperature swings from a very warm early October followed by a recent drop to cold autumn weather. A pocket of below normal temperatures is likely to persist in the central plains and extend down into western Texas.
- There is a fair degree of probability that a thin sliver of above normal temperatures will unfold along the Atlantic coast, with Florida seeing generally warm temperatures across the entire state. This coastal warmth also extends along the Gulf Coast. There is also high probability for above normal temperatures generally west of the Rockies.
- Above normal precipitation accompanies a majority of the neutral air mass, with drier air being restricted to northern California.

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