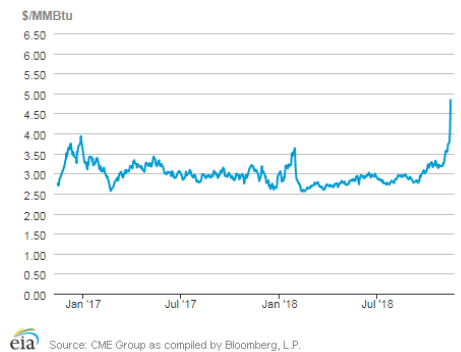




GENERAL UPDATE

- December 2018 NYMEX contract rose \$1.28 (36.1%) to end the week at \$4.837/MMBtu.
- All physical gas spot prices saw substantial increases this past week. Boston's Algonquin Citygate prices jumped \$6.40 (170.2%) to \$10.16/MMBtu. Transco Zone 6 NYC increased \$1.57 (44.2%) to \$5.12/MMBtu.
- Tennessee Zone 4 Marcellus prices increased \$1.12 (33.2%) to \$4.49/MMBtu. Dominion South, serving southwest Pennsylvania, increased \$1.10 (33.3%) to \$4.40/MMBtu. Chicago Citygate prices rose \$0.93/MMBtu (25.3%) to \$4.61/MMBtu.
- SoCal Citygate prices increased \$3.51 (70.5%), peaking at \$8.49/MMBtu. A reported 6,600 Southern California customers were without power last week due to the Woolsey and Hill Fires. Northern California is also experiencing devastation from the Camp Fire, with about 23,000 PG&E electric customers and 12,000 natural gas customers without service. Prices at Northern California PG&E Citygate increased \$1.28 (32%) to \$5.28/MMBtu.

Near-month natural gas futures prices (Nymex)



POWER

- Near term ISONE prices turned up sharply on Monday as the cold start to winter 2018-2019 continues with New England slated to see one of its coldest Thanksgivings on record. For the NEMASSBOST zone, the 12 Month ATC strip increased \$5.53 (10.4%) from last week to \$58.95. The 24 Month ATC strip increased \$3.27 (6.5%) to \$50.43, and the Cal 2019 ATC strip increased \$2.18 (4.2%) to \$51.44/MWh.
- Price gains also occurred in NYISO, though they were smaller in magnitude compared to those in ISONE. For the N.Y.C. zone, the 12 Month ATC strip increased \$2.65 (5.6%) to \$2.65. The 24 Month ATC strip increased \$1.86 (4.1%) to \$44.57, and the Cal 2019 ATC strip increased \$1.94 (4.3%) to \$45.54/MWh.
- For the PSEG zone in PJM, the 12 Month ATC strip increased \$1.90 (4.7%) to \$40.56. The 24 Month ATC strip increased \$1.31 (3.5%) to \$37.55, and the Cal 2019 ATC strip increased \$1.45 (3.8%) to \$38.51/MWh.
- For the Houston zone in ERCOT, the 12 Month ATC strip increased \$1.38 (2.8) to \$48.91. The 24 Month ATC strip increased \$0.55 (1.3%) to \$48.91, and the Cal 2019 ATC strip increased \$0.77 (1.6%) to \$46.67/MWh.

UTILITY HIGHLIGHT

PJM

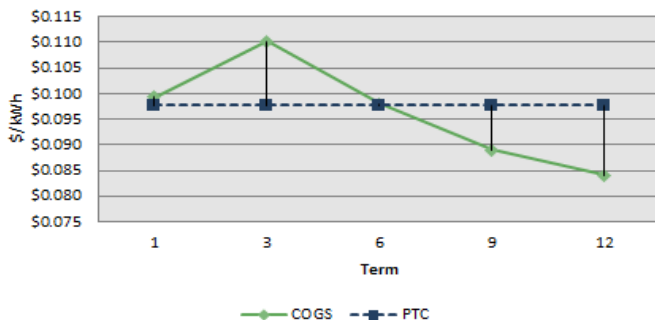


MD

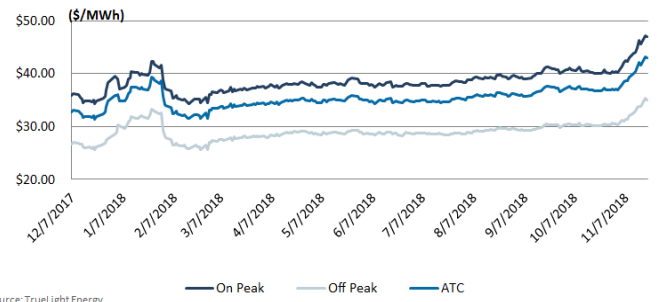


POTED

POTED - GSCS



POTED - 12 MONTH STRIP PRICING

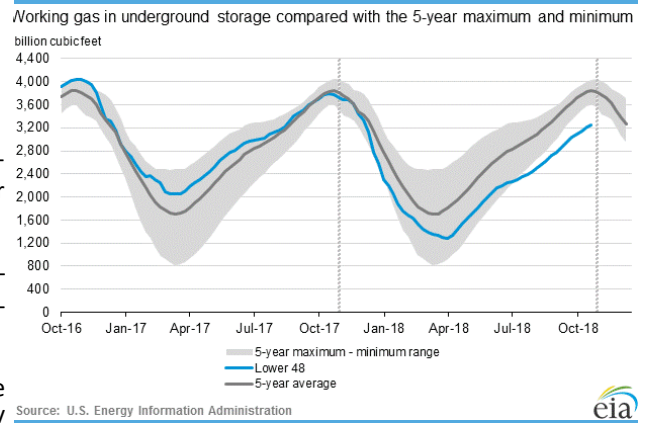


- The current Price to Compare (PTC) for Maryland's Potomac Edison (POTED) General Service Small Commercial Type I 0-700 kWh and >700 kWh calculated blend rate class (GSCS) is \$0.09772/kWh for the price period starting December 1, 2018.
- POTED headroom has decreased since last reported, with \$0.00873/kWh of headroom likely for the 9 month term and \$0.01359/kWh of headroom likely for the 12 month term.
- The POTED ATC 12-month strip has been on a steady increase since March yet has experienced an especially significant run up since early November. Over the last week, the strip increased 6.5% to \$43.05/MWh today.
- Since June 1, 2018, the strip has traded between \$34.36/MWh and \$43.20/MWh, an all-time high in the past year which was reached yesterday November 19, 2018.



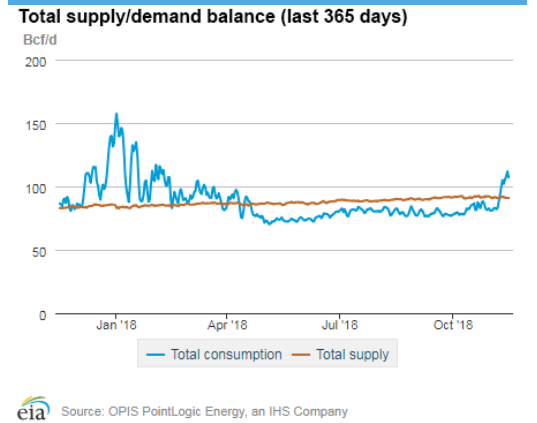
NATURAL GAS

- For the week ending November 9, the EIA reported net injections into storage of +39 Bcf, which is higher than last year's net injections of +13 Bcf for this week and higher than the 2013-2017 average net injections of +19 Bcf.
- Working natural gas stocks totaled 3,247 Bcf, which is 528 Bcf (-13.9%) lower than last year's level and 601 Bcf (-15.6%) lower than the five year average of 3,848 Bcf.
- For the January 2019 futures contract, working gas stocks continue to trade at a lower premium, with NYMEX averaging at \$3.52/MMBtu which is \$0.05/MMBtu higher than the spot price. Last year at this time, the January 2019 contract was \$0.24/MMBtu higher than the spot price.



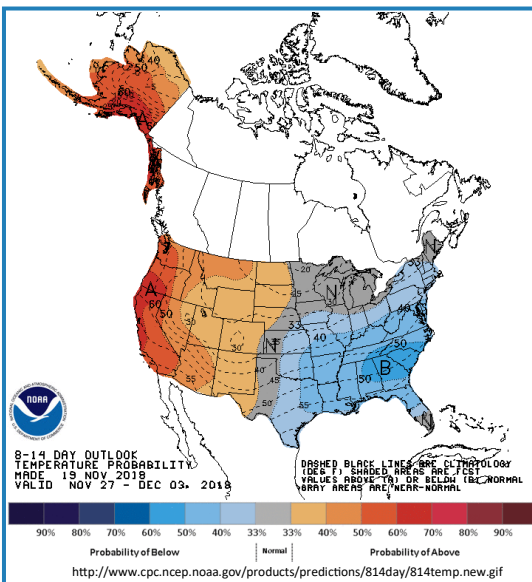
SUPPLY & DEMAND

- The EIA reported that the average total supply of natural gas went unchanged week over week, averaging 91.3 Bcf/day. Dry natural gas production increased by 1%, while net imports from Canada jumped 19%.
- Total US consumption of natural gas increased 27% week/week primarily on the back of a notable rise in residential-commercial demand as cold temperatures drove increased consumption for space heating. An increase in space heating also drove up demand for gas consumption for power generation which rose 16%. Industrial demand increased by 7% while exports to Mexico dropped by 2%.
- LNG exports increased week/week with, climbing 8% to a daily average of 4.3 Bcf/day.



MARKET INTELLIGENCE

- As folks take a break from work and school to gather together for the holiday weekend, it's no surprise that hourly electricity usage will deviate from the typical demand patterns of a normal day: peaking in the morning and later in the evening. Thanksgiving Thursday and Black Friday peak electricity demand tends to be in the late morning, as holiday meals are being prepared and people are most actively using appliances. Electricity demand on this holiday weekend also varies year to year depending on the weather. The heating degree days, a metric that measures heating demand based on outside air temperature, for Thanksgiving week 2017 were in the 15 to 20 range (about 45 to 50 degrees Fahrenheit). Thanksgiving 2018 heating degree days are projected to be 24% higher than last year, according to the National Oceanic and Atmospheric Administration, meaning especially colder temperatures and higher electricity demand.



WEATHER

- The frigid November forecast continues with below normal temperatures persisting across most of the eastern US, stretching into the eastern reaches of Texas and the Great Plains. Most of New England remains colder than normal, which will be accompanied by above normal precipitation.
- The Rockies is the dividing line with the western half of the US, especially the Pacific coast in California and southern Oregon, seeing a high probability of above normal temperatures.
- Drier air is contained in two pockets – the northern Rockies and the interior Midwest, with surrounding reaches seeing above normal precipitation risks.

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