



GENERAL UPDATE

- The January 2019 contract price decreased \$0.33 (-7.4%) to finish the week at \$4.136/MMBtu. The 12-month strip price averaging January 2019 through December 2019 futures contracts fell \$0.08/MMBtu to \$3.165/MMBtu.
- Physical gas spot prices experienced overall decreases this past week. Boston's Algonquin Citygate prices increased \$0.19 (2.7%) to \$7.15/MMBtu, with temperatures 4°F lower and heating degree days 29 higher than last year at this time in the New England Census division. Transco Zone 6 NYC fell \$0.60 (-12%) to \$4.39/MMBtu.
- Tennessee Zone 4 Marcellus prices decreased \$0.34 (-7.8%) to \$3.99/MMBtu. Dominion South, serving southwest Pennsylvania, decreased \$0.32 (-7.5%) to \$3.97/MMBtu.
- SoCal Citygate prices dropped \$3.47 (-34.6%), to \$6.56/MMBtu. Prices at Northern California PG&E Citygate decreased \$1.99 (-30.8%) to \$4.46/MMBtu.

Near-month natural gas futures prices (Nymex)



Source: CME Group as compiled by Bloomberg, L.P.

POWER

- Winter natural gas prices stumbled hard throughout the back-end of the week, driving down forward power curves across the board. In ISONE, the NEMASSBOST zone dropped \$2.25 (-4.4%) on the 12 Month ATC strip to \$48.80. The 24 Month ATC strip decreased \$1.30 (-2.6%) to \$47.92, while the Cal 2019 ATC strip dropped \$1.99 (-3.9%) to \$49.50/MWh.
- For the NYC zone in NYISO, the 12 Month ATC strip dropped \$2.40 (-5.1%) to \$44.50. The 24 Month ATC strip decreased \$1.34 (-3%) to \$43.11, while the Cal 2019 ATC strip dropped \$2.02 (-4.3%) to \$44.75/MWh.
- For the PEPCO zone in PJM, the 12 Month ATC strip dropped \$1.82 (-4.1%) to \$42.51. The 24 Month ATC strip dropped \$1.03 (-2.5%) to \$40.81 and the Cal 2019 ATC strip fell \$1.58 (-3.6%) to \$42.29/MWh.
- For the Houston zone in ERCOT, the 12 Month ATC strip dropped \$2.90 (-5.9%) to \$46.32. The 24 Month ATC strip decreased \$1.06 (-2.4%) to \$42.96 while the Cal 2019 ATC strip decreased \$2.55 (-5.3%) to \$45.62/MWh.

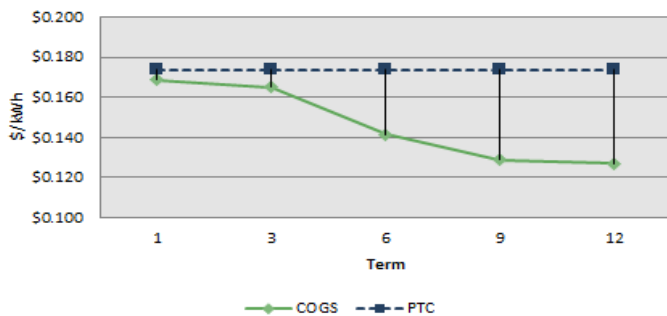
UTILITY HIGHLIGHT

ISONE

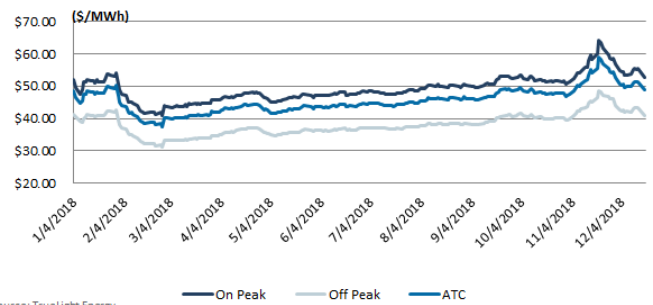
MA

NEMASSBOST

BECO - G2



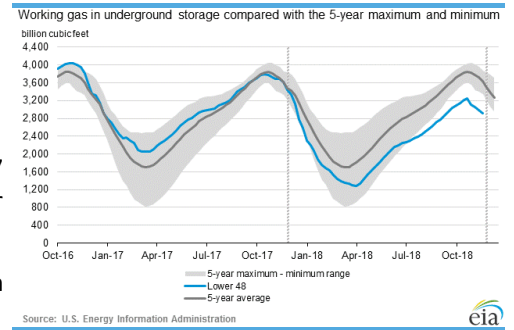
NEMASSBOST - 12 MONTH STRIP PRICING



- The current Price to Compare (PTC) for Eversource Energy, previously Boston Edison Company (BECO), General Service Large Commercial NEMA rate class (G2) is projected to increase 31.6% to \$0.17381/kWh for the January 1, 2019 to March 31, 2019 price period.
- Headroom is likely for all 1, 3, 6, 9, and 12 month terms, with headroom of \$0.00514/kWh expected for the 1 month term and \$0.0087/kWh for the 3 month term.
- Over the last week, the NEMASSBOST ATC 12-month strip experienced a notable decrease of 4.4% to finish at \$48.80/MWh.
- In the past 3 months, the strip has traded between \$45.78/MWh and \$58.95/MWh, a high that was reached Tuesday November 20, 2018.

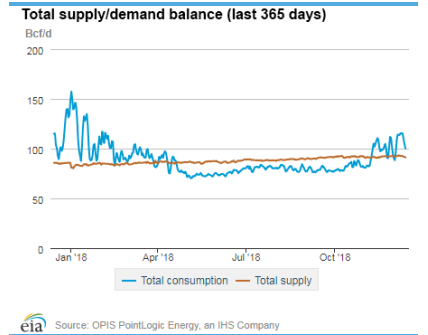
NATURAL GAS

- For the week ending December 7, the EIA reported net withdrawals from storage of 77 Bcf, which is higher than last year's net withdrawals of 59 Bcf for this week and lower than the 2013-2017 average net withdrawals of 79 Bcf.
- Working natural gas in storage totaled 2,914 Bcf, which is 722 Bcf (-19.8%) lower than last year's level and 723 Bcf (-19.9%) lower than the five year average of 3,637 Bcf.
- The January 2019 futures contract price is trading at a discount to the average spot price, creating incentive for withdrawals. NYMEX future prices averaged at \$4.44/MMBtu, which is \$0.08/MMBtu lower than the spot price. Last year at this time, the January contract was \$0.09/MMBtu higher than the spot price.



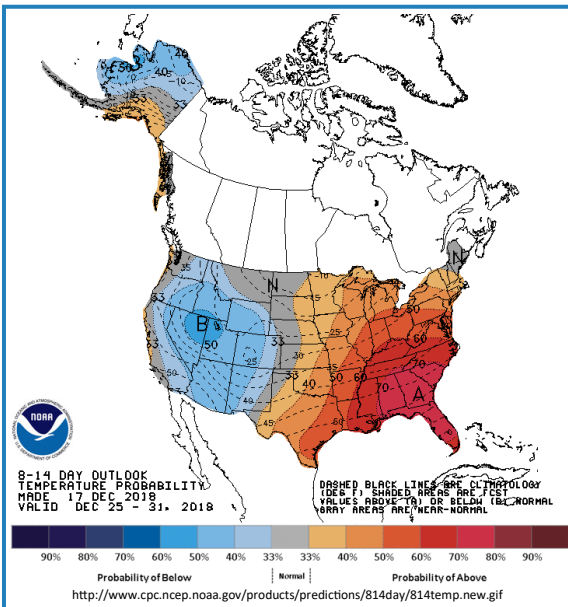
SUPPLY & DEMAND

- The EIA reported that the average total supply of natural gas was flat week/week, averaging 92.6 Bcf/day. Dry natural gas production dropped 1%, which was offset by a 27% increase in average net imports from Canada.
- Total US consumption of natural gas increased 15% week/week as colder weather swept across the country. Natural gas consumption for power generation increased 9%, industrial sector consumption increased 4%, residential-commercial demand increased 26%, and exports to Mexico increased 2%.
- LNG exports were flat week/week as eight vessels were loaded and departed US ports, totaling 26.2 Bcf.



MARKET INTELLIGENCE

- According to the EIA, coal-fired generation for US electric power hit its peak in 2007. Coal-fired generation has been responsible for 90% of sulfur dioxide (SO₂) emissions and 76% of nitrogen oxides (NO_x) emissions from electric power. However, declining coal generation and implementation of environmental regulations has caused SO₂ and NO_x emissions to drop by 88% and 76%, respectively, between 1997 and 2017.
- New Central Maine Power (CMP) Standard Offer rates have been approved by the Maine PUC, with new residential and small commercial rates rising almost 14% from \$0.0792063/kWh to \$0.090029/kWh for the upcoming year starting January 1, 2019. Bangor Hydro District (BHE) Standard Offer rates are also to increase, with residential and small commercial rates increasing nearly 16% from \$0.07225/kWh to \$0.083695/kWh starting January 1, 2019.



WEATHER

- Above normal temperatures are expected across most of the eastern US for the 8-14 day window. Colder air begins working its way into the western US, but fails to advance past the plains by the end of the year. Most models look towards the first week of January to see the next round of winter cold.
- There is a lot of moisture in the air for this period, with above normal precipitation probability across most of the country, though the anomalously warm temperatures ensure most of this precipitation materializes as rain and not snow.

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