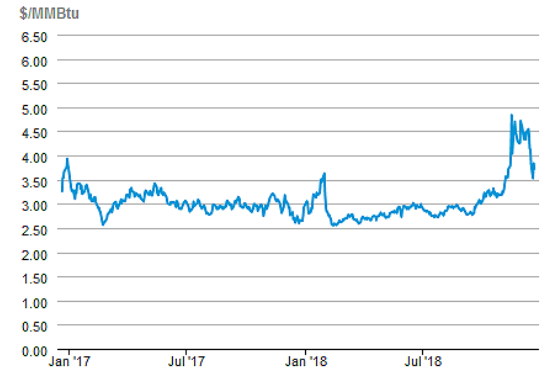




GENERAL UPDATE

- The January 2019 contract price decreased \$0.41 (-9.9%) to finish the week at \$3.726/MMBtu. The 12-month strip price averaging January 2019 through December 2019 futures contracts dropped \$0.12 (-18.1) to \$3.050/MMBtu.
- Physical gas spot prices decreased across the board this past week. Boston's Algonquin Citygate prices fell \$3.30 (-46.1%) to \$3.85/MMBtu. Transco Zone 6 NYC decreased \$0.76 (-17.3%) to \$3.63/MMBtu.
- Tennessee Zone 4 Marcellus prices decreased \$0.71 (-17.8%) to \$3.28/MMBtu. Dominion South, serving southwest Pennsylvania, decreased \$0.75 (-18.9%) to \$3.22/MMBtu.
- SoCal Citygate prices dropped \$0.47 (-7.2%), to \$6.09/MMBtu. Prices at Northern California PG&E Citygate decreased \$0.28 (-6.3%) to \$4.18/MMBtu.

Near-month natural gas futures prices (Nymex)



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

POWER

- For the NEMASSBOST zone in ISONE, the 12 Month ATC strip decreased \$1.19 (-2.4%) to \$47.75. The 24 Month ATC strip dropped \$0.54 (-1.1%) to \$47.41, and the Cal 2019 ATC strip dropped \$0.76 (-1.5%) to \$48.89/MWh.
- For the NYC zone in NYISO, the 12 Month ATC strip decreased \$0.35 (-0.7%) to \$44.12. The 24 Month ATC strip decreased \$0.02 (0%) to \$43.04, and the Cal 2019 ATC strip decreased \$0.15 (-0.3%) to \$44.57/MWh.
- For the PEPCO zone in PJM, the 12 Month ATC strip decreased \$0.45 (-1%) to \$41.91. The 24 Month ATC strip decreased \$0.22 (-0.5%) to \$40.53, and the Cal 2019 ATC strip decreased \$0.25 (-0.5%) to \$40.53/MWh.
- For the Houston zone in ERCOT, the 12 Month ATC strip decreased \$0.55 (-1.2%) to \$45.52. The 24 Month ATC strip decreased \$0.30 (-0.7%) to \$42.55, and the Cal 2019 ATC strip decreased \$0.41 (-0.9%) to \$45.19/MWh.

UTILITY HIGHLIGHT

PJM

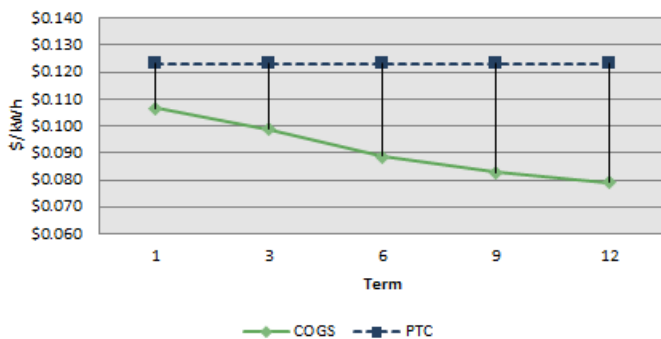


MD

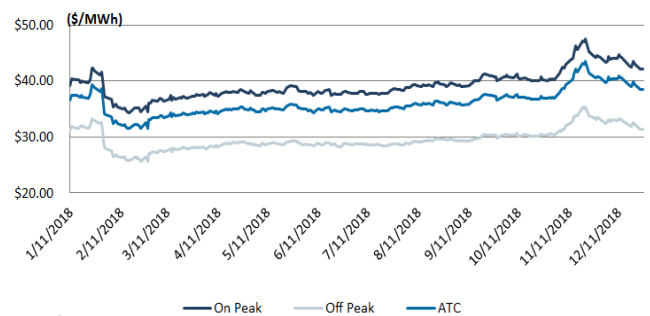


POTED

POTED - GSCS



POTED - 12 MONTH STRIP PRICING



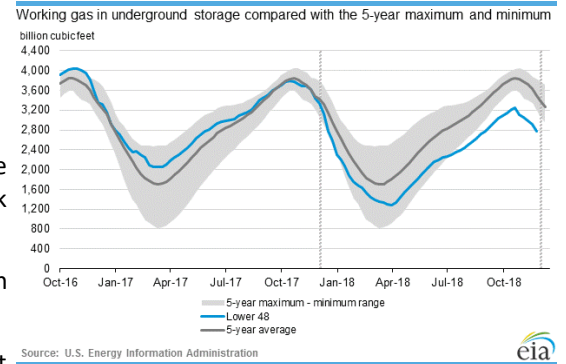
Source: TrueLight Energy

- 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 is likely for all the 1, 3, 6, 9, and 12 month terms, with \$0.0166/kWh and \$0.02425/kWh of headroom likely for the 1 and 3 month terms, respectively.
- The POTED ATC 12-month strip has been on the decline since a record-breaking run-up in late November. Over the last week, the strip has decreased just 1% to \$38.54/MWh today, December 26, 2018.
- In the past 3 months, the strip has traded between \$35.76/MWh and \$43.49/MWh, an all-time high in the past year which was reached on November 21, 2018.



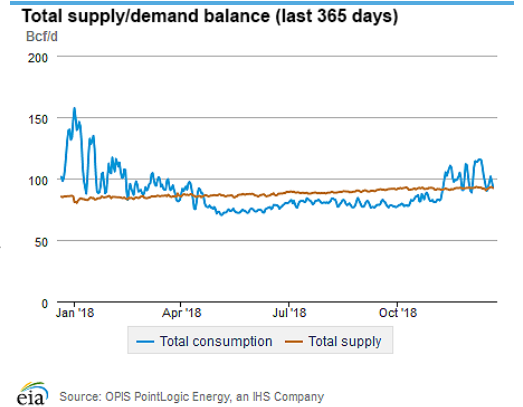
NATURAL GAS

- For the week ending December 14, the EIA reported net withdrawals from storage of 141 Bcf, which is lower than last year's net withdrawals of 166 Bcf for this week and lower than the 2013-2017 average net withdrawals of 144 Bcf.
- Working natural gas in storage totaled 2,773 Bcf, which is 697 Bcf (-20%) lower than last year's level and 720 Bcf (-20.6%) lower than the five year average of 3,493 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 \$4.26/MMBtu, which is \$0.12/MMBtu lower than the spot price. Last year at this time, the January contract was \$0.13/MMBtu higher than the spot price.



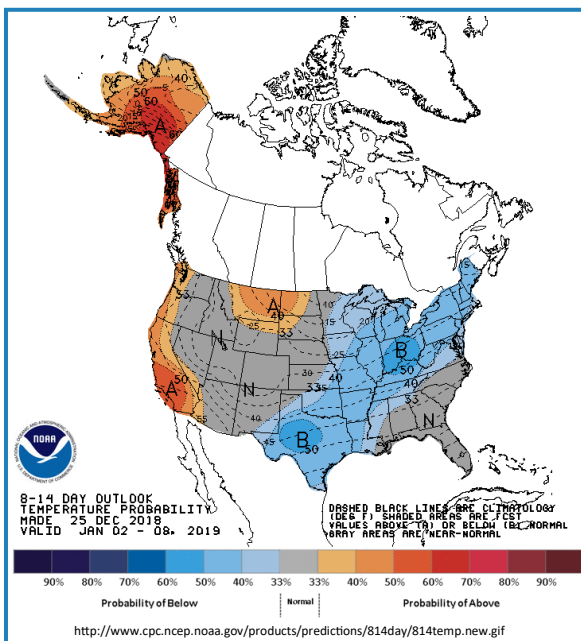
SUPPLY & DEMAND

- The EIA reported that the average total supply of natural gas dropped 1% week/week. Dry natural gas production remained constant, while imports from Canada decreased 3%.
- Total US consumption of natural gas fell by 16% week/week, driven by a 25% drop in residential-commercial consumption. Consumption for power generation fell 11%, industrial sector consumption dropped 3%, and exports to Mexico decreased 2%.
- LNG exports declined week/week as seven vessels were loaded and departed US ports, totaling 24.7 Bcf.



MARKET INTELLIGENCE

- Public Service of New Hampshire (PSNH) utility has released new default service rates approved by the New Hampshire PUC for the February 1, 2019 to August 31, 2019 price period. The default service rate for the Small Customer Group, composed of residential and small commercial customers, is set to increase 6% from \$0.09412/kWh to \$0.09985/kWh.
- ERCOT has received a Notification of Suspension of Operations (NSO) for the City of Garland – GIBCRK_GIB_CRG1 (Gibbons Creek Generating Station) Generation Resource, which is to be mothballed indefinitely. This NSO is proposed to become effective June 1, 2019. Under a previous NSO filed April 30, 2018, this Generation Resource was scheduled to be mothballed starting October 1, 2018 and continuing for a 7 to 8 month period. The new NSO has updated that period to a permanent mothball status.



WEATHER

- Below normal temperatures are finally expected to return to most of the eastern US as what has been a warm December gives way to a colder pattern for the beginning of January. Cold anomalies extend down into Texas, with much of the rest of the US experiencing neutral temperatures. The west coast is the lone region where above normal warmth is likely to take place.
- Neutral precipitation risk sets up across most of the lower 48, temporarily stalling what has been an extended wet-stretch impacting much of the east coast, which started in the fall.

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