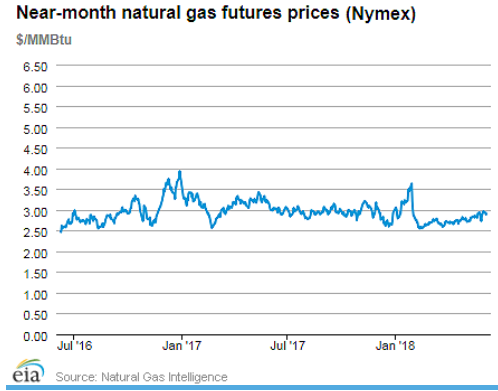




GENERAL UPDATE

- Financial gas markets ticked modestly lower with the July 2018 NYMEX forward contract falling \$0.03/MMBtu, roughly 1%, to close the week at \$2.93/MMBtu.
- Physical gas spot prices were mixed as temperatures moderated in some parts of the country. At the Chicago Citygate, prices added \$0.01 (<0.5%) to \$2.67/MMBtu. Prices at PG&E Citygate, which serves customers in the Northern California area, dropped \$0.08 (2.5%) to \$2.95/MMBtu. The price at SoCal Citygate, serving Southern California, fell \$0.34 (almost 11%) to \$2.82/MMBtu. Continuing supply constraints are adding to SoCal Citygate price volatility.
- At the Algonquin Citygate, serving the greater Boston area, prices ticked \$0.03/MMBtu lower (about 1%) to \$2.51/MMBtu. Transco Zone 6, serving New York City, prices gave up \$0.05 (about 2%) to \$2.67/MMBtu. Key Marcellus (NY) pricing points showed large increases. Tennessee Zone 4 prices jumped \$1.02 (95%) to \$2.09/MMBtu, and pricing on the Transco-Leidy Line (Mid-Atlantic) experienced similar gains. Prices at Dominion South, also serving the Mid-Atlantic, fell \$0.04 (1.5%) to \$2.36/MMBtu.
- Additional takeaway capacity entered service at several key points along the Marcellus (NY) area gas infrastructure (most notably the Rover Mainline and Transco elements), bringing additional demand to the system.



POWER

- ERCOT curves continued to trade lower. The 12-month ATC strip in the Houston zone dropped \$4.75 (9%) to \$46.13/MWh. The 24-month curve fell \$3.25 (7%) to \$42.97/MWh and the calendar 2019 term fell \$1.10 (2.5%) to \$40.12/MWh.
- PJM curves were modestly higher. The 12-month ATC strip in the PEPCO DC load zone rose \$0.30 to \$38.83/MWh; the 24-month added \$0.05 to \$37.61/MWh and the calendar 2019 strip rose \$0.10 to \$37.16/MWh. Each of these changes was less than 0.5%.
- In New York's Zone J, the 12-month ATC curve rose \$0.50 (1.2%) to \$40.91/MWh; the 24-month strip added \$0.40 (1%) to \$40.60/MWh, and the calendar 2019 term added \$0.40 (1%) to \$40.04/MWh.
- In the NEMASS load zone the 12-month ATC term rose \$0.45 (1%) to \$43.91/MWh. The 24-month ATC strip traded \$0.25 (0.5%) higher to \$43.64/MWh, and the calendar 2019 curve increased \$0.20 (0.5%) to \$43.05/MWh.

UTILITY HIGHLIGHT

ISONE

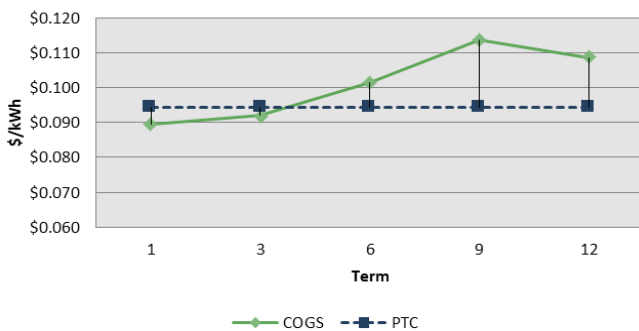


CT

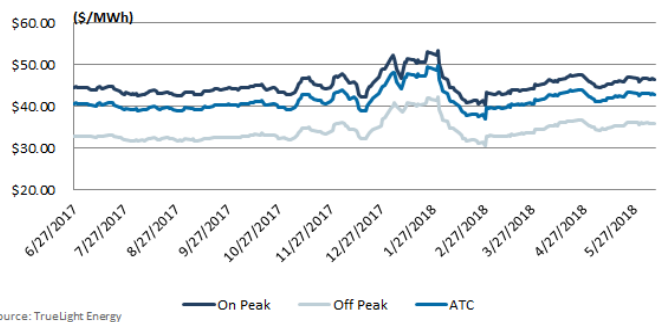


CLP

CLP - Rate 30



CONNECTICUT - 12 MONTH STRIP PRICING



- The current Price to Compare (PTC) for Eversource, formerly Connecticut Light & Power (CLP), Small Commercial rate class (Rate 30) is \$0.09304/kWh, effective January 1, 2018 through June 30, 2018. This PTC is projected to increase to \$0.09422/kWh for the July 1, 2018 to December 31, 2018 pricing period. This is only a 1.27% increase. Slight headroom is likely available at the 1 and 3 month terms (\$0.00473/kWh and \$0.00231/kWh, respectively) and unlikely at the 6, 9, and 12 month terms.
- Over the last week, the CLP ATC 12-month strip was virtually flat, falling by less than a tenth of a percent, finishing at \$42.88/MWh.
- Since the beginning of the year, the ATC strip has reached a high of \$49.72/MWh on Jan 30, 2018 and a low of \$37.09/MWh on Feb 27, 2018 and has traded between \$39.54/MWh and \$44.02/MWh.



NATURAL GAS

- The EIA reported a net injection of +92 Bcf for the week ending June 1, lower than both the 5-year average (+104) and last year's fill (+103). Estimates of the weekly net injection ranged from + 85 to +98 Bcf, with a median estimate of +93. Working gas stocks totaled 1,817 Bcf, 512 Bcf lower than the 5-year average and 799 Bcf lower than last year at this time.

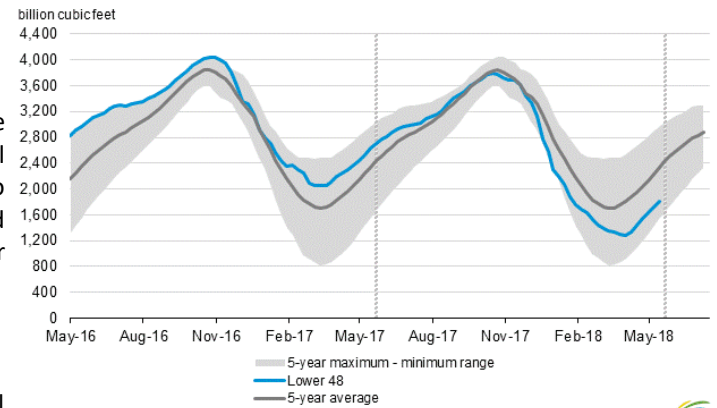
SUPPLY & DEMAND

- The EIA announced that the average total supply of natural gas fell 1% for the week. Dry gas production dropped 1%, while Canadian imports fell 11%.
- Total U.S. consumption of natural gas rose 2% for the week. Power burn demand slipped 1%, while residential/commercial consumption jumped 19%. Cooler temperatures in New England goosed heating demand on the system. Industrial demand rose 1%, while Mexican exports fell 1%.
- U.S. LNG exports rose. Six LNG vessels (total capacity of 21.8 Bcf) left the Sabine Pass and Cove Point terminals.

MARKET INTELLIGENCE

- Despite continued expectations of tight system conditions this summer in ERCOT and intense price volatility, forward prices for July and August have slipped by about \$40 across all hubs and load zones over the last week. However, this loss in the curve was not matched by bearish news releases and supply and demand expectations are consistent week-over-week, potentially leaving room for forward prices to tick back upwards.
- On 6/5/2018, NYISO proposed tariff revisions to revise rules governing Locational Minimum Installed Capacity Requirements. The most significant impact of this change will likely reduce capacity prices in Zone J, which is historically strapped for capacity, while pushing up capacity prices in Zone K. These price impacts are most likely to take form in the forward curve beyond June 2019.

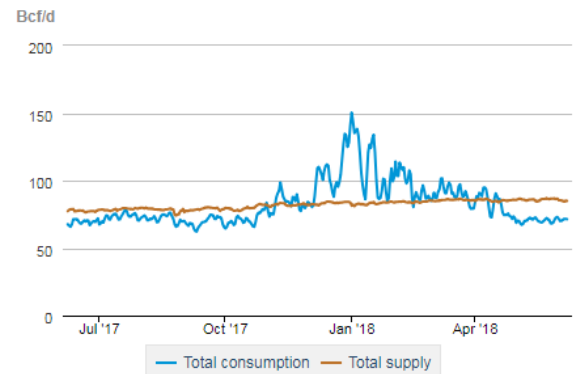
Working gas in underground storage compared with the 5-year maximum and minimum



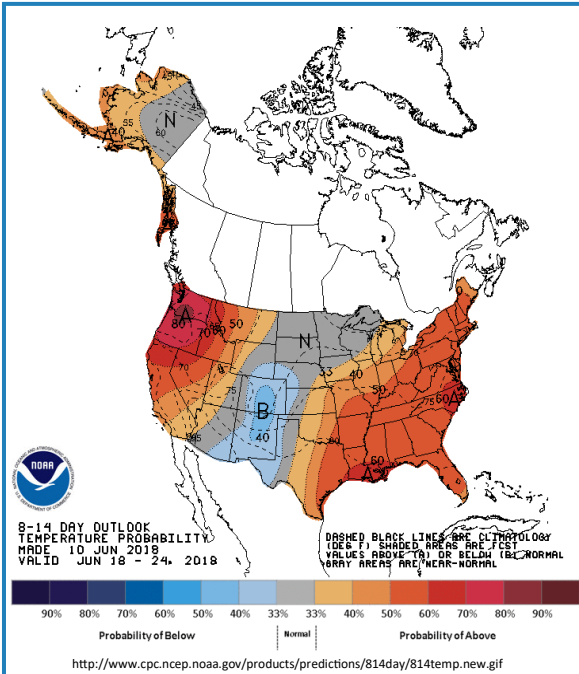
Source: U.S. Energy Information Administration



Total supply/demand balance (last 365 days)



Source: OPIS PointLogic Energy, an IHS Company



WEATHER

- Temperatures in the Lower 48 states averaged 73°F, 7° higher than normal and last year at this time.
- Above average temperatures dominate the landscape in the short-term. While the extreme advisories are gone from the South and Southwest, we can still expect some triple-digit areas for Texas. The Central Plains and East are well above average with high levels of humidity, so it will feel like summer all around. These kinds of conditions create volatile precipitation on the margins, so look for above average rainfall as well.
- A strong summer ridge builds in the Pacific Northwest next week with plenty of humidity and rain pushing ahead of it. The Upper Plains, Midwest and Ohio River Valley are all in store for above average precipitation. The East Coast will trend hot and humid as well, but with less frequent storm conditions.

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