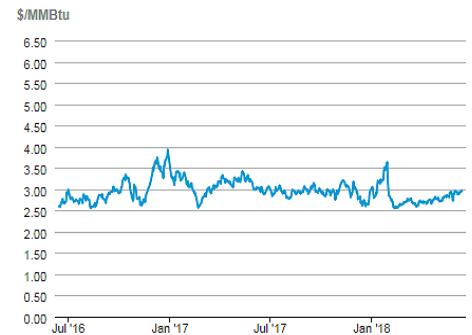




GENERAL UPDATE

- The NYMEX Henry hub contract for July 2018 rose \$0.14/MMBtu, a gain of roughly 5%, to close the week at \$3.02/MMBtu. Physical spot gas prices were mixed. At the Chicago Citygate, prices rose \$0.06 (2.2%) to \$2.73/MMBtu.
- Warmer temperatures drove higher power burn demand in California; SoCal Citygate prices jumped \$0.54 (19%) to \$3.36/MMBtu, while prices at PG&E Citygate, serving the Northern California area, ticked just \$0.05 (1.5%) higher to close at \$3.00/MMBtu.
- At the Algonquin Citygate, serving the greater Boston area, prices slipped \$0.01 (<0.5%) to \$2.50/MMBtu, and Zone 6 prices for NY added \$0.12 (4.5%) to \$2.79/MMBtu yesterday. In the Mid-Atlantic, prices at Dominion South dropped \$0.07 (3%) to \$2.29/MMBtu. Tennessee Zone 4 Marcellus spot prices fell \$0.06 (2.8%) to \$2.03/MMBtu yesterday.

Near-month natural gas futures prices (Nymex)



eia Source: Natural Gas Intelligence

POWER

- Prices continued to drop in ERCOT's Houston zone. The 12-month ATC strip fell \$4.50 (10%) to close at \$41.45/MWh. The 24-month curve dropped \$2.40 (5.5%) to \$40.63/MWh, while the calendar 2019 strip slipped \$0.10 (<0.5%) to \$40.22/MWh.
- In New York's zone J, prices continued to move higher. The 12-month ATC strip added \$0.65 (1.5%) to \$41.64/MWh; the 24-month curve rose \$0.55 (1.2%) to \$41.39/MWh, and the calendar 2019 term rose \$0.50 (1.2%) to \$40.88/MWh.
- Prices in the NEMASS load zone saw more modest gains. The 12-month ATC strip ticked \$0.40 (1%) higher to \$44.51/MWh. The 24-month strip added \$0.25 (0.5%) to \$44.05/MWh, and the calendar 2019 term was unchanged at \$43.28/MWh.
- PJM curves saw similar gains. In the PEPCO DC zone the 12-month ATC curve rose \$0.35 (1%) to \$39.07/MWh; the 24-month curve added \$0.20 (0.5%) to \$37.77/MWh, and the calendar 2019 strip added \$0.10 (<0.5%) to \$37.25/MWh.

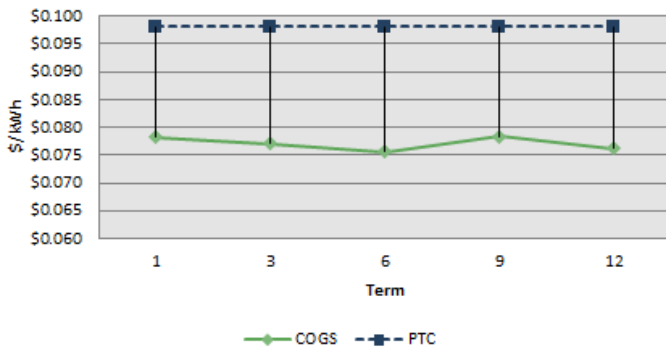
UTILITY HIGHLIGHT

PJM

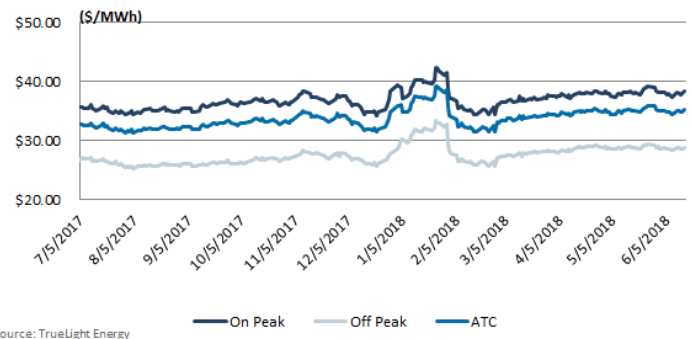
MD

POTED

POTED - GSCS



POTED - 12 MONTH STRIP PRICING



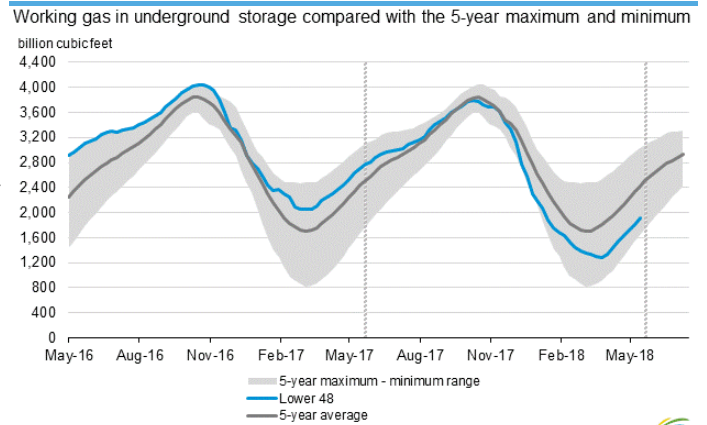
Source: TrueLight Energy

- The current Price to Compare (PTC) for Maryland's Potomac Edison (POTED), General Service Small Commercial rate class (GSCS) is \$ 0.10064/kWh, which was effective starting June 1, 2018. This PTC is a 1.4% decrease from the previous month's PTC, starting May 1, 2018, and is projected to further decrease 2.5% to \$0.09807/kWh starting on the 1st of July, 2018.
- Headroom has increased since POTED PTC was last reported on June 5, 2018, with the 1 month term jumping 6.5% from \$0.01863/kWh to \$0.01984/kWh and the 3 month term increasing 8.8% from \$0.01937/kWh to \$0.02108/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 experienced a slight decrease of 2.5%, finishing at \$35.23/MWh.
- Since the beginning of the year, the ATC strip has reached a high of \$39.29/MWh on Jan 24, 2018 and a low of \$31.50/MWh on Feb 16, 2018 and has traded between \$31.50/MWh and \$39.29/MWh since March 1, 2018.



NATURAL GAS

- Net injections into storage totaled +96 Bcf for the week ending June 8. That is bearish compared to the 5-year average (+91), but bullish compared to last year's fill (+82). Estimates of the weekly net change from working natural gas storage ranged from net injections of +86 to +97 Bcf, with a median estimate of +89 Bcf.
- Working gas stocks totaled 1,913 Bcf, which is 507 Bcf lower than the 5-year average and 785 Bcf lower than last year at this time.



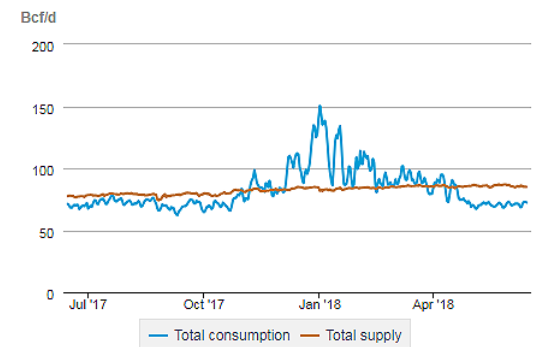
Source: U.S. Energy Information Administration



SUPPLY & DEMAND

- The total supply of natural gas was unchanged for the week, averaging 85.4 Bcf/day. Dry gas production was steady, while Canadian imports fell 1%.
- Demand fell modestly, down 1%, with a significant decline in the residential and commercial sectors. Power burn demand was unchanged at about 29.5 Bcf/day. Industrial consumption slipped 1%, and residential/commercial demand dropped 4%. Mexican exports rose 1%.
- LNG exports declined for the week. Four vessels carrying roughly 14.6 Bcf left the Sabine Pass terminal between June 7 and June 13.

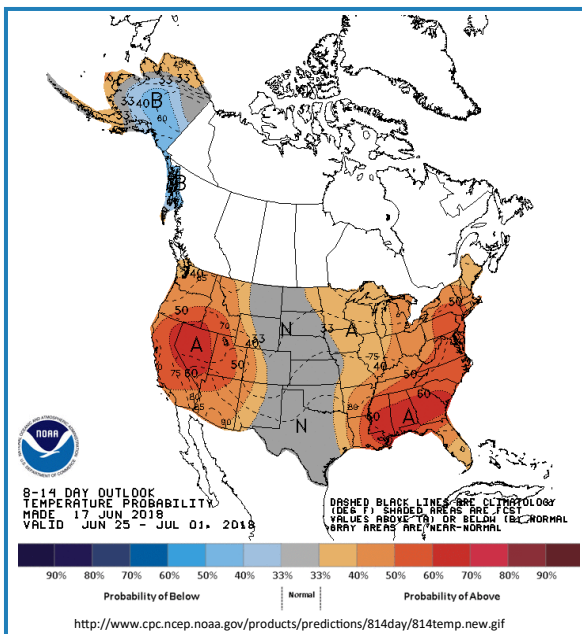
Total supply/demand balance (last 365 days)



Source: OPIS PointLogic Energy, an IHS Company

MARKET INTELLIGENCE

- On June 8, 2018, ERCOT received a Notice of Suspension of Operations (NSO) for the following resources: CITY OF GARLAND (RE) - Spencer (SPNCE_4) and Spencer (SPNCE_5). These units have a Seasonal Operation Period spanning from June 1 to September 30, and will then enter into year-round mothball status beginning October 3, 2018. While this summer's pricing will likely be unaffected, it should carry a bullish influence on 2019 prices and beyond. Retiring or mothballed generation resources only contributes to the tight system conditions that have emerged amid volumes of coal retirements and continued demand growth in ERCOT.
- PJM Capacity prices cleared higher than expected in the 2021/2022 auction. A notable drop in cleared nuclear generation was observed and believed to contribute to higher pricing, though this was partially offset by an increase in demand response, energy efficiency, renewable, and other thermal resources. Low energy prices are believed to be the key driver for the higher capacity prices as power plants increase their capacity offers to compensate for the lower energy prices and maintain profitability.



WEATHER

- Temperatures in the Lower 48 states averaged 70°F, 2° above normal and 1° higher than both last year and last week at this time.
- We will see rain in the Pacific Northwest pushing into the Southwest and the Rocky Mountains this week. As it moves East it will merge with a second front out of the North and bring cooler and wetter conditions to the middle portion of the country. Some extreme temperatures will remain from Missouri to New York, and the mercury will also move higher along the West Coast.
- The rainmaking system lingers over the Midwest in the 8-14 day window. Some cooler conditions are possible there, but for the rest of the nation the bias will be towards the above normal side of the equation.

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