



GENERAL UPDATE

- Gas and power prices continue to move higher. The September 2018 NYMEX contract rose 2.8% (\$0.08/MMBtu) to close the week at \$2.93/MMBtu.
- Physical gas spot prices were also higher. The EIA reported that Chicago Citygate prices rose \$0.28/MMBtu (10.3%) to \$3.01/MMBtu for the week ending August 8, 2018. Boston's Algonquin Citygate prices rose \$0.18 (5.8%) to \$3.26/MMBtu, climbing to \$3.76/MMBtu on Monday August 6th. Transco Zone 6, NYC, prices added \$0.15/MMBtu (5.1%) to \$3.07/MMBtu.
- Tennessee Zone 4 Marcellus prices stayed the same week-over-week at \$2.45/MMBtu. Prices at Dominion South rose \$0.06/MMBtu (2.4%) to \$2.59/MMBtu.
- SoCal Citygate high price levels continue to climb, rising \$4.43/MMBtu (45.5%) to \$14.17/MMBtu. Southern California prices hit a peak of \$26.55/MMBtu on Monday August 6. Prices at PG&E Citygate, Northern California, gained \$0.24/MMBtu (7.5%) to \$3.45/MMBtu.

Near-month natural gas futures prices (Nymex)



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

POWER

- A notable split has emerged on the forward curve for ERCOT as near terms inch downwards while 2019 strips have edged slightly higher. For the Houston zone, the 12-month ATC strip fell \$0.93 (2.7%) to \$33.04. For the 24-month ATC strip, Houston fell \$0.50 (1.4%) to \$34.79 while the Cal 2019 ATC strip increased \$0.32 (0.87%) to \$37.08/MWh.
- In PJM, eastern zones tended to move higher while western zones saw less price movement. For the PEPCO zone, the 12-month ATC strip increased \$0.15 (0.38%) to \$39.33. The PEPCO 24-month ATC strip moved up \$0.16 (0.42%) to \$38.17, while the Cal 2019 ATC strip increased \$0.23 (0.6%) to end the week at \$38.08/MWh.
- In NYISO, forward pricing generally moved higher, though the gains were more prominent in the eastern zones. For the N.Y.C. zone, the 12-month ATC strip increased \$0.53 (1.26%) to \$42.47. The 24-month ATC strip gained \$0.59 (1.43%) to \$41.79, while the Cal 2019 ATC strip moved up \$0.55 (1.3%) to \$41.05/MWh.
- Similar to PJM and NYISO zones, forward pricing in ISONE also generally moved higher. For NEMASSBOST, the 12-month strip increased \$0.60 (1.3%) to \$46.05. The 24-month ATC strip increased \$0.50 (1.1%) to \$45.25, while the Cal 2019 ATC strip gained \$0.40 (0.9%) to end the week at \$44.57/MWh.

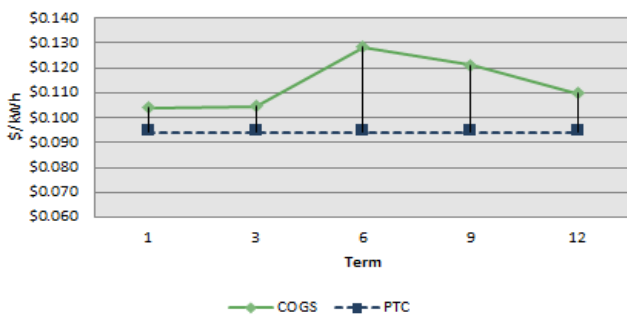
UTILITY HIGHLIGHT

ISONE >

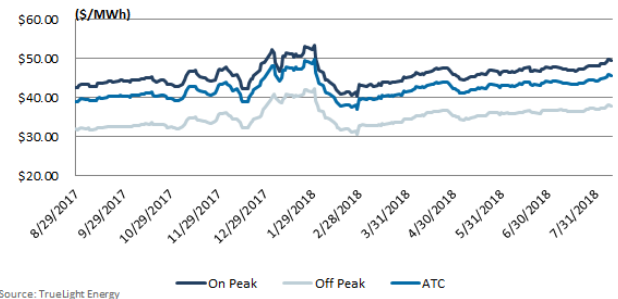
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CLP

CLP - Rate 30



CONNECTICUT - 12 MONTH STRIP PRICING

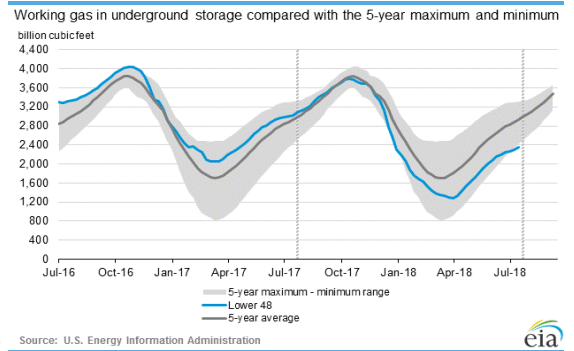


- The current Price to Compare (PTC) for Connecticut Light & Power (CLP), now Eversource, Small Commercial rate class (Rate 30) is \$0.09422/kWh, effective July 1, 2018 through December 31, 2018.
- This PTC is a 1.27% increase from the previous price period PTC of \$0.09304/kWh for January 1, 2018 to June 30, 2018. Since CLP PTC was last reported on July 24, 2018, slight headroom of \$0.00336/kWh that was likely available at the 1 month term has disappeared. Headroom is now unlikely at the 1, 3, 6, 9, and 12 month terms.
- Over the last week, the CLP ATC 12-month strip was steady, increasing by approximately 1.6% to finish at \$45.69/MWh. The strip has increased from \$43.75/MWh, 4.4%, since last reported 3 weeks ago on July 24, 2018.
- 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. Since March 1, 2018 the strip has traded between \$39.52/MWh and \$45.84/MWh, a high that was reached this past Wednesday August 8, 2018.



NATURAL GAS

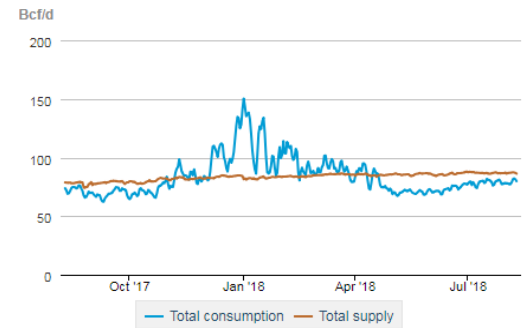
- For the week ending August 3, the EIA reported net injections into storage of +46 Bcf which is lower than the five-year average injection for this week (+53 Bcf), however higher than last year's +29 Bcf injection.
- Working natural gas stocks totaled 2,354 Bcf, which is 572 Bcf, or 32%, below the year-ago level and 671 Bcf, or 40%, lower than the five-year average for this week.
- For the second week in a row, working gas stocks have fallen below the five-year range, averaging at 18% lower so far this 2018 refill season. January 2019 futures contract price continues to trade at a lower premium to the average spot price than last year at this time, which was 39¢/MMBtu higher.



SUPPLY & DEMAND

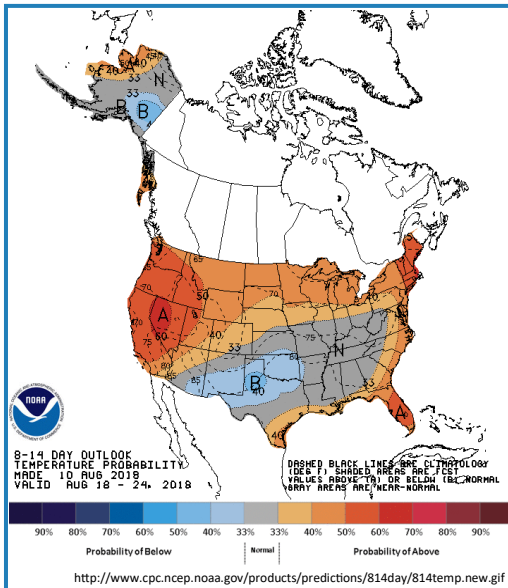
- The EIA reported that the average total supply of natural gas was again unchanged for the week at 87.1 Bcf/day. Dry gas production was consistent week-over-week as well at 81.4Bcf/day, however this is 11% higher than last year at this time. Canadian imports increased by 1%.
- Total U.S. consumption of natural gas rose by 1%. Power burn demand gained 6% as warmer temperatures spread across the country. Industrial sector consumption remained constant at an average 19.8 Bcf/day. Residential and commercial demand fell 14%, and Mexican exports rose 3%.
- Five LNG vessels (total capacity of 18 Bcf) left U.S. ports from August 2 through August 8, four from the Sabine Pass terminal and one from Cove Point.

Total supply/demand balance (last 365 days)



MARKET INTELLIGENCE

- According to the EIA, natural gas pipeline capacity into the South Central region of the country is projected to increase, indicating a growth in demand. There are several natural gas projects expected to come online in 2018, bringing supply to the Gulf Coast and expanding export markets. The LNG export facilities scheduled to come online between 2018 and 2019 totals over 6.1 Bcf/day of export capacity.
- ERCOT has approved Real-Time Market (RTM) price corrections for certain Security-Constrained Economic Dispatch (SCED) intervals and Settlement Intervals on Operating Day July 18, 2018 after filing a Market Notice W-A072018-01 on July 20 regarding substantial data input errors from hours 16:30 – 18:30. At the Board of Directors meeting on August 7 corrections were approved for all affected prices, such as Locational Marginal Prices (RTLMPs), Real-Time Settlement Point Prices (RTSPPs), EPS Meter Prices (RTRMPs), and others.



WEATHER

- A large pocket of neutral-to-below normal air takes up most of the central portion of the country, driving below normal temperatures across the northern half of Texas, with normal temperatures pushing towards the eastern reaches of the Midwest. Above normal temperatures reside along the periphery of this colder air mass, wrapping from the Texas coast all the way to Florida, and up the entire east coast. New England is likely to see above normal temperatures throughout the region.
- Above normal rainfall is expected across most of the eastern half of the US as the wet summer continues. Northern stretches of the Midwest and West make up the dominant presence of drier air, though smaller pockets of below normal precipitation is expected in southern Texas and Florida.

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