



GENERAL UPDATE

- The forward curve for natural gas has experienced minimal price movement, with the September 2018 NYMEX contract increasing \$0.02 from \$2.940/MMBtu to \$2.956/MMBtu.
- Price movements in the physical gas spot markets were mixed. Boston's Algonquin Citygate increased \$1.28 (31%) to \$2.86/MMBtu, Transco Z6 NYC decreased \$0.17 (5.4%) to \$2.97/MMBtu, Tennessee Zone 4 increased \$0.8 (3.2%) to \$2.61/MMBtu, and Dominion South increased just \$0.01 (<0.5%) to \$2.65/MMBtu. Chicago Citygate prices decreased \$0.10/MMBtu (3.4%) to \$2.85/MMBtu.
- Although the Southern California gas system is still experiencing ongoing maintenance and high summer demand, strain on the system is easing as SoCal Citygate prices drop another \$2.97 (37.6%) to \$4.92/MMBtu. Prices at the unconstrained Northern California PG&E Citygate decreased \$0.14 (4%) to \$3.34/MMBtu.

Near-month natural gas futures prices (Nymex)



POWER

- Price movements in ERCOT were mixed, with near terms trending down while terms further out on the curve trending up. For the Houston zone, the 12 Month ATC strip fell \$0.23 (0.7%) to \$33.79. The 24 Month ATC strip remained flat, giving up only \$0.01 (<0.5%) to end up at \$35.27. The Cal 2019 ATC strip increased \$0.19 (0.5%) to \$37.93/MWh.
- The forward curve generally trended down in the eastern markets. For PEPCO, the 12 Month ATC strip fell \$0.31 (0.8%) to \$39.69. The 24 Month ATC strip fell \$0.18 (0.5%) to \$38.37, while the Cal 2019 strip fell \$0.16 (0.4%) to \$38.28/MWh.
- For the N.Y.C. zone, the 12 Month ATC strip fell \$0.31 (0.7%) to \$42.71. The 24 Month ATC strip fell \$0.24 (0.6%) to \$41.73, while the Cal 2019 strip fell \$0.12 (0.3%) to \$41.08/MWh.
- In the northeast, the MASSBOST 12 Month ATC strip fell \$0.35 (0.8%) to \$45.96. The 24 Month ATC strip fell \$0.26 (0.6%) to \$45.1, while the Cal 2019 ATC strip fell \$0.13 (0.3%) to \$44.50/MWh.

UTILITY HIGHLIGHT

PJM

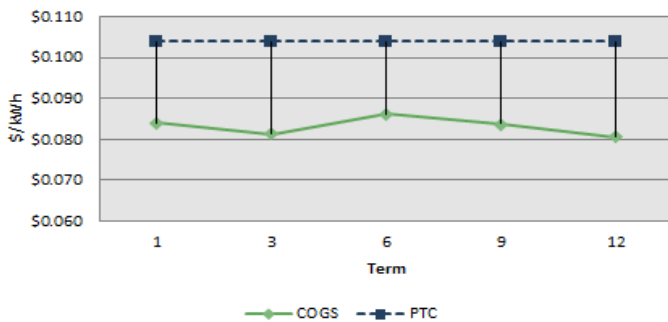


MD

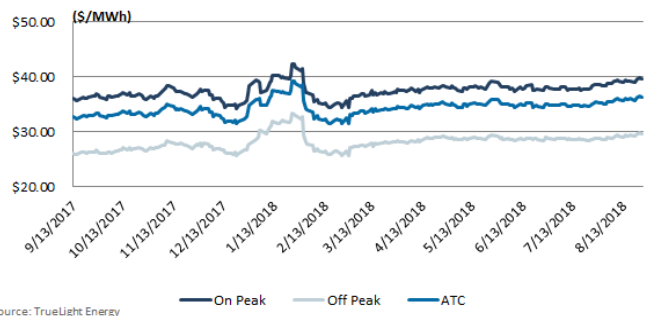


POTED

POTED - GSCS



POTED - 12 MONTH STRIP PRICING

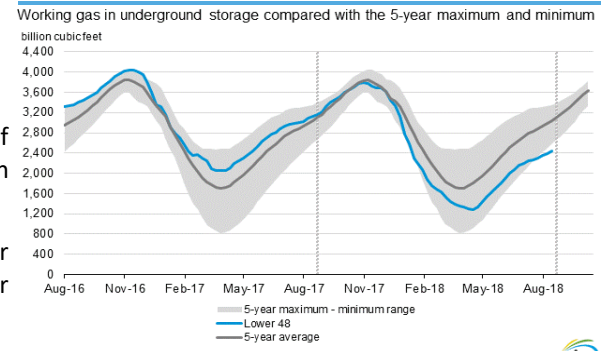


- The current Price to Compare (PTC) for Maryland's Potomac Edison (POTED), General Service Small Commercial Type I 0-700 kWh and >700 kWh calculated blend rate class (GSCS) is \$0.10391/kWh which is effective starting September 1, 2018. This PTC is projected to decrease 5.5% to \$0.09820/kWh starting on the 1st of October, 2018.
- Headroom has shifted since POTED PTC was last reported on July 31, 2018, with the 1 month term dropping 16.4% from \$0.02384/kWh to \$0.01992/kWh and the 3 month term decreasing 2.9% from \$0.02323/kWh to \$0.02256/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 has been steady, increasing 0.86% to finish at \$36.30/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. Since March 1, 2018, the strip has traded between \$33.04/MWh and \$36.45/MWh, which was hit this past Thursday August 23, 2018.



NATURAL GAS

- For the week ending August 17, the EIA reported net injections into storage of +48 Bcf which is lower than the five-year average of +52 Bcf for the 8th week in a row. Last year's net injection for the same week totaled +45 Bcf.
- Working natural gas stocks totaled 2,435 Bcf, which is 684 Bcf (21.9%) lower than last year's level and 599 Bcf (19.7%) lower than the five year average for the same week.
- Total working gas stocks currently sit at 142 Bcf lower than the five year historical range in the Lower 48 states. The last time working gas inventories dipped below the 5 year range minimum of 2,500 Bcf at this point in the refill season was 2003.
- For the January 2019 futures contract, working gas stocks continue to trade at a lower premium (\$0.19/MMBtu) to the average spot price than last year at this time (\$0.38/MMBtu).



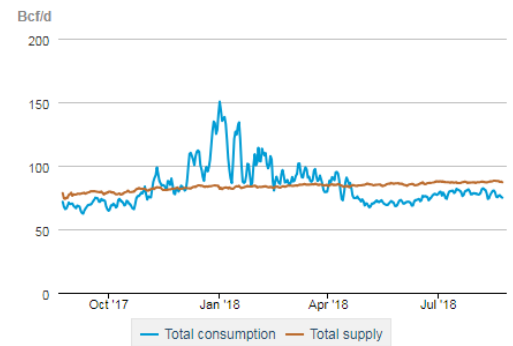
Source: U.S. Energy Information Administration



SUPPLY & DEMAND

- The EIA reported that the average total supply of natural gas increased 1%. Gains in dry natural gas production (1%) were balanced by a decrease (3%) in net imports from Canada.
- Total U.S. consumption of natural gas fell by 1% week/week as consumption for power generation dropped by 3%. While industrial demand remained constant, residential and commercial demand increased notably by 9% due to increased heating demand in the Northwest Grand Plains. Exports to Mexico decreased by 2%.
- LNG exports decreased week/week with five LNG vessels departing from US ports throughout the week and two additional vessels in the process of loading.

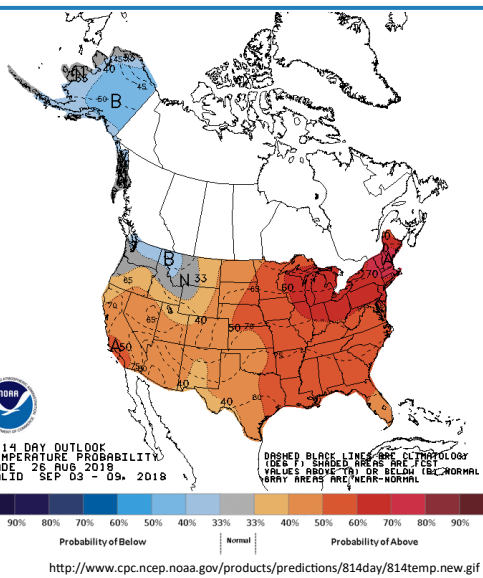
Total supply/demand balance (last 365 days)



Source: OPIS PointLogic Energy, an IHS Company

MARKET INTELLIGENCE

- Pennsylvania PUC has adopted a price cap on retail electric supplier offers to Pennsylvania Customer Assistance Program (PCAP or CAP) for FirstEnergy EDCs, ruling that these EDCs not charge PCAP customers rates exceeding the EDC price to compare (PTC). This motion has been passed off to PA PUC's Office of Competitive Market Oversight (OCMO) to work out logistics and implementation.
- Connecticut Light & Power has filed new default service rates for the upcoming October – December 2018 price period for Rate 39 & Rates 41, 55, 56, 57, and 58 large commercial variable rates (at or over 500kW). These rates are historically higher than last year at this time, with Rate 39 October rate increasing \$0.0073/kWh or 10.6%, November increasing \$0.00486/kWh or 6.3%, and December increasing \$0.00904/kWh or 9.3%.



WEATHER

- A healthy ridge is in place across the eastern half of the country, providing above normal heat to the area in general with a higher degree of anomalous heat centered in the mid-west and into the northeast. Above normal precipitation will accompany most of this eastern heat, though anomalies are closer to normal along most of the Atlantic coast.
- Texas calls for generally above normal heat across the state, though stronger anomalies are expected in the eastern half of the state. Most of the state also calls for drier air with the exception of the coastline where above normal precipitation is expected. The lone presence of neutral-to-below normal temperature is in the Pacific Northwest as trough moves into the region in the 8-14 day window.

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