



Week Ending: 7/17/2020

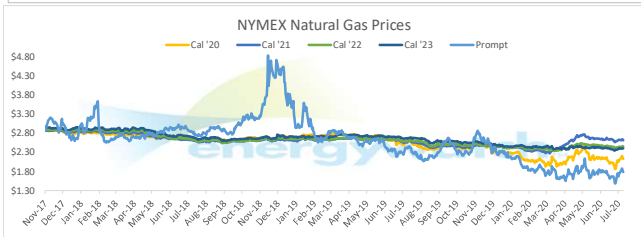
Weekly Update:

The Aug20 prompt month natural gas contract is currently trading at \$1.78/MMBtu and the Sep20 crude oil contract is down \$0.20 at \$41.70. Oil prices have hit their highest levels since March and energy stocks surged on Tuesday, sending the S&P 500 Energy Sector Index up more than 6% as investor optimism for a solid economic recovery continue to grow.

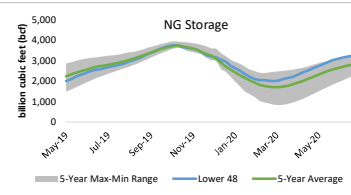
Weather forecasts show above-normal temperatures for the next 20 days but are lower than what was originally expected. There should be less peak demand alerts for the NYISO, ISONE, and PJM territories over the next week or two. The current heatwave across the nation has led to a 6 Bcf/day increase in gas demand. Day-ahead power prices are still trading in the \$25-\$30/mWh in the 3 major Eastern US ISOs. Prices in ERCOT (TX) are closer to \$40/mWh.

In the weekly storage report issued on Thursday mornings, the U.S. Energy Information Administration (EIA) reported that natural gas storage stockpiles were up by 37 Bcf in the week ending July 17 at 3,215 Bcf. Stocks were 656 Bcf or 26% higher than this time last year and 436 Bcf or 16% above the five-year average of 2,779 Bcf. Gas prices are expected to stay steady in the upcoming week.

Natural gas pricing plays a key role in electricity power pricing due to the increasing reliance on natural gas fired generators as nuclear, coal, and oil generation is retired and mothballed. As the marginal unit of generation, gas prices are directly correlated to power pricing (more so in some regions such as NYC vs. others such as parts of PJM). We keep an eye on natural gas market fundamentals in order to provide insights into forward power pricing for our clients. Gas production has grown and surpassed any speculation that production would not be able to keep up with demand due to LNG and Mexican exports.

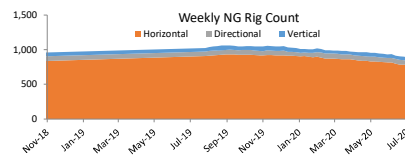


| Natural Gas Storage Week Ending 7/17/2020 | |
|--|-------|
| Current Week Stocks (bcf) | 3,215 |
| Previous Week Stocks (bcf) | 3,178 |
| Implied Net Change (bcf) | 37 |
| Expected Net Change (bcf) | 36 |
| Variance (bcf) | 1 |
| Year-Ago Stocks (bcf) | 2,259 |
| Variance vs Prev. Year (%) | 25.6% |
| 5-Year Average (bcf) | 2,779 |
| Variance vs 5-YR Avg (%) | 15.7% |

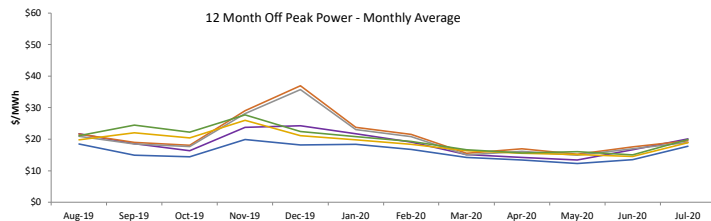
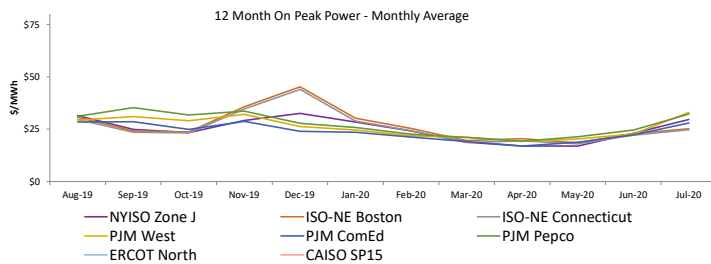


| | \$/MMBtu | W-o-W Δ | Y-o-Y Δ |
|---------------------|----------|---------|---------|
| Prompt Month | \$1.785 | 5.9% | -18.0% |
| 12-Month | \$2.422 | 1.6% | 2.3% |
| 24-Month | \$2.481 | 1.0% | 1.5% |
| Cal 20 | \$2.136 | 3.7% | -13.2% |
| Cal 21 | \$2.614 | 0.5% | 3.0% |
| Cal 22 | \$2.466 | 0.3% | -4.8% |

| Week Ending: | 7/17/2020 | W-o-W Δ |
|--------------|-----------|---------|
| Oil Rigs | 180 | -0.3% |
| Gas Rigs | 71 | -3.1% |
| Vertical | 52 | 0.0% |
| Horizontal | 749 | 0.0% |
| Directional | 54 | 0.0% |



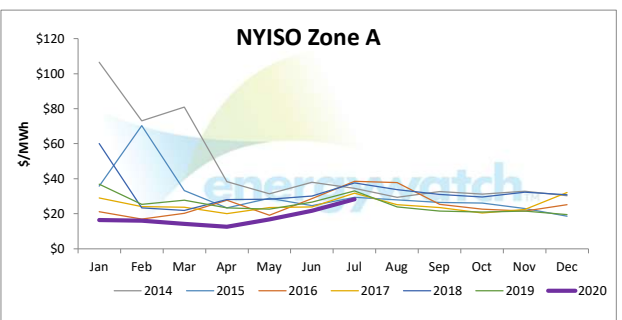
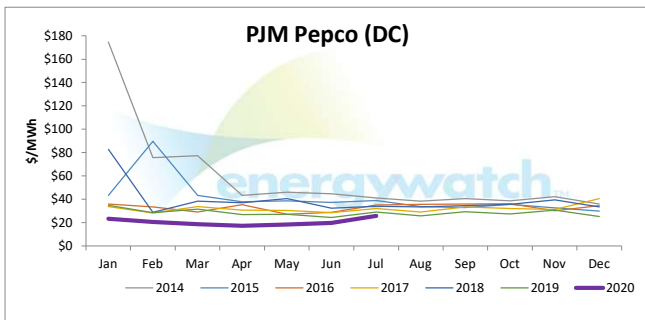
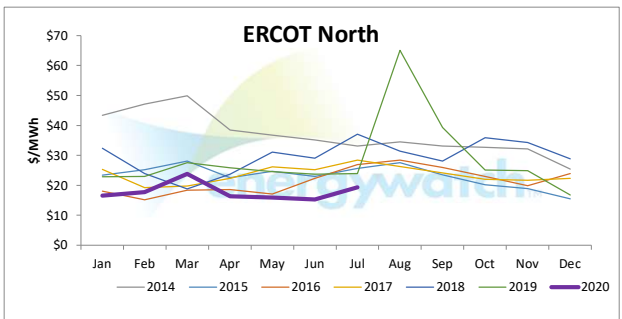
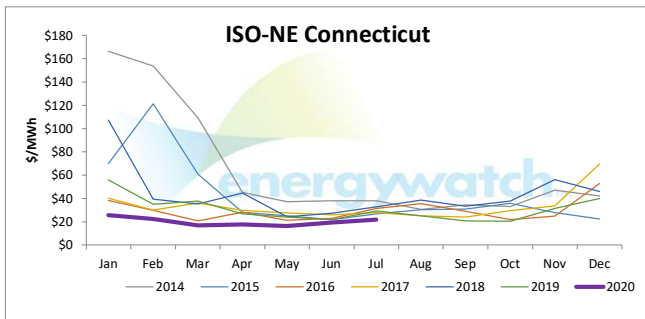
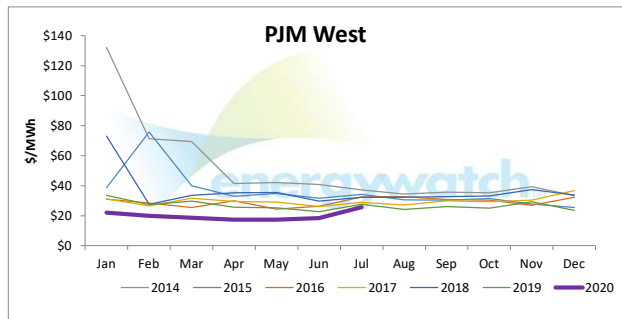
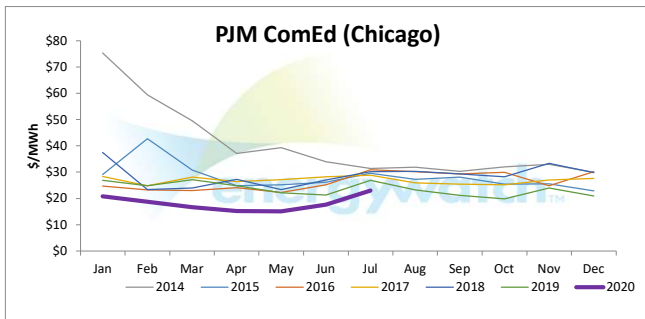
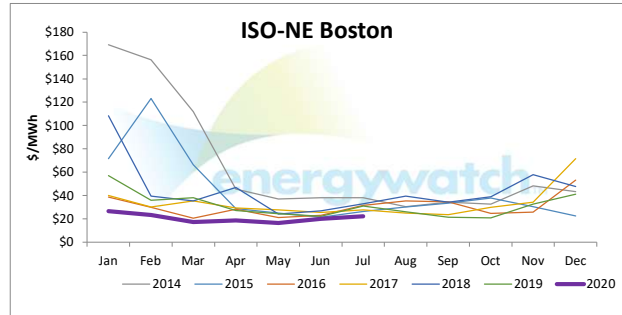
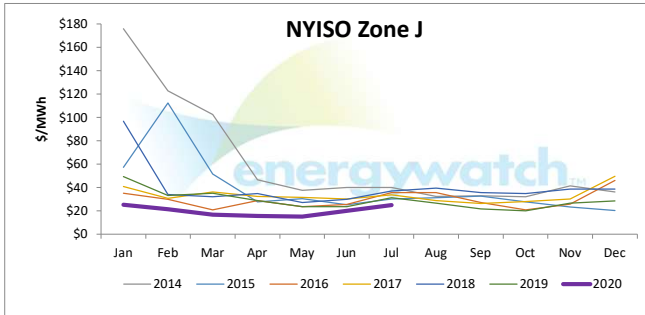
| | Avg. Temp | Past 10 Weeks | Departure From Normal | | CDD | HDD |
|-----------------|-----------|---------------|-----------------------|-------|-----|-----|
| | | | W-o-W | Y-o-Y | | |
| Boston | 74 | | 0 | 9 | 0 | 0 |
| Chicago | 79 | | 5 | 14 | 0 | 0 |
| Columbus | 75 | | 1 | 10 | 0 | 0 |
| Dallas | 85 | | -1 | 20 | 0 | 0 |
| Denver | 75 | | -2 | 14 | 0 | 0 |
| Detroit | 79 | | 7 | 17 | 0 | 0 |
| Hartford | 82 | | 0 | 14 | 0 | 0 |
| Houston | 84 | | -1 | 19 | 0 | 0 |
| Indianapolis | 78 | | 2 | 13 | 0 | 0 |
| Las Vegas | 95 | | 2 | 30 | 0 | 0 |
| Los Angeles | 65 | | -5 | 0 | 0 | 0 |
| Miami | 82 | | -2 | 17 | 0 | 0 |
| Minneapolis | 63 | | -11 | 0 | 2 | 0 |
| New York City | 85 | | 7 | 20 | 0 | 0 |
| Philadelphia | 84 | | 6 | 19 | 0 | 0 |
| Phoenix | 98 | | 3 | 33 | 0 | 0 |
| Salt Lake City | 76 | | -4 | 11 | 0 | 0 |
| San Diego | 70 | | -1 | 5 | 0 | 0 |
| San Francisco | 66 | | 2 | 1 | 0 | 0 |
| Seattle | 66 | | -1 | 1 | 0 | 0 |
| St. Louis | 82 | | 2 | 17 | 0 | 0 |
| Washington D.C. | 83 | | 6 | 18 | 0 | 0 |



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2014 - 2020 YTD Locational Marginal Pricing (LMPs)



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