

ELECTRICITY BENCHMARK PRICES & TRENDS

Energy Research Council's (ERC) national benchmark price for a May 2017 electricity contract declined last week by 0.27% to \$0.0760 per kilowatt hour. The largest price declines were in New York (2.25%), Ohio (1.42%), and Texas (0.88%).

The national benchmark price is now 1.26% higher than it was a month ago. States with the highest month-over-month price increases include Connecticut (3.41%), Maine (2.17%), and New Jersey (1.96%).

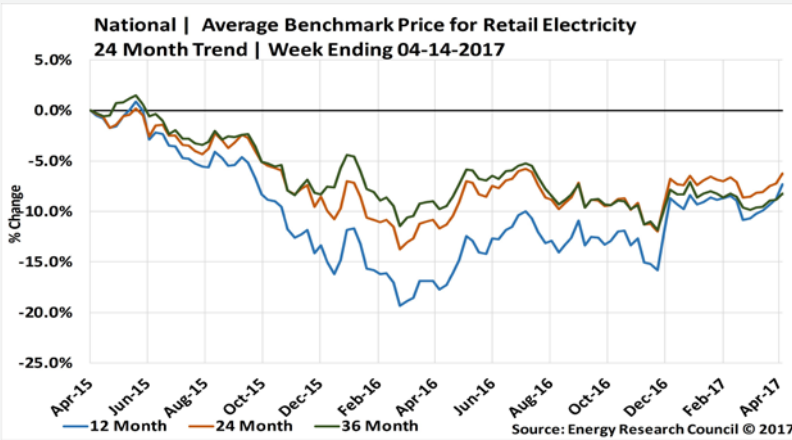
Last week, benchmark prices for longer term (36-60 month) electricity contracts were lower than short-term (12-24 month) contracts in the District of Columbia, Maine, Maryland, Massachusetts, New Jersey, Ohio, Pennsylvania, and Texas.

Forward power prices have moved modestly higher in the past month but remain close to their all-time lows. Forward power prices for 2019-2025 are within a percent of their all-time lows in PJM and MISO. The recent recovery of natural gas

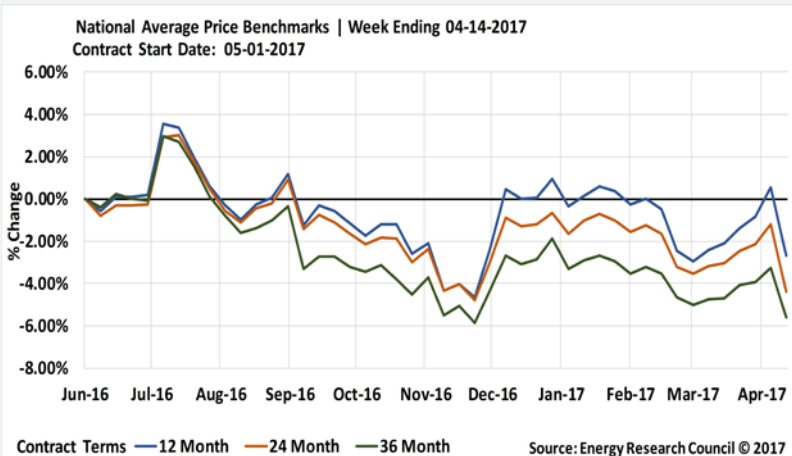
prices has kept near-term power prices (2017-2018) elevated compared to the outer years.

Power prices are following natural gas prices. A tightening supply/demand balance has pushed NYMEX Calendar 2017 and 2018 prices well above year-ago levels. Outer year gas prices, however, have stayed below the \$3 mark in anticipation that production will eventually rebound to meet growing demand.

COMPETITIVE ELECTRICITY BENCHMARK TRENDS



Contract Start May 2017	Week Ending			Wk/Wk % Chg.	Mo/Mo % Chg.
	3/17/17	4/7/17	4/14/17		
Connecticut	0.0876	0.0896	0.0905	1.07%	3.41%
Delaware	0.0755	0.0756	0.0758	0.32%	0.46%
District of Columbia	0.0738	0.0749	0.0743	-0.80%	0.58%
Illinois	0.0601	0.0599	0.0597	-0.29%	-0.59%
Maine	0.0859	0.0873	0.0878	0.57%	2.17%
Maryland	0.0716	0.0723	0.0722	-0.12%	0.80%
Massachusetts	0.1066	0.1082	0.1077	-0.47%	1.05%
New Jersey	0.0919	0.0939	0.0937	-0.27%	1.96%
New York	0.0641	0.0665	0.0650	-2.25%	1.48%
Ohio	0.0580	0.0587	0.0578	-1.42%	-0.24%
Pennsylvania	0.0675	0.0684	0.0682	-0.31%	0.99%
Rhode Island	0.0935	0.0949	0.0951	0.15%	1.69%
Texas	0.0394	0.0401	0.0398	-0.88%	1.08%
Nat. Average	0.0750	0.0762	0.0760	-0.27%	1.26%



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MARKET DRIVERS

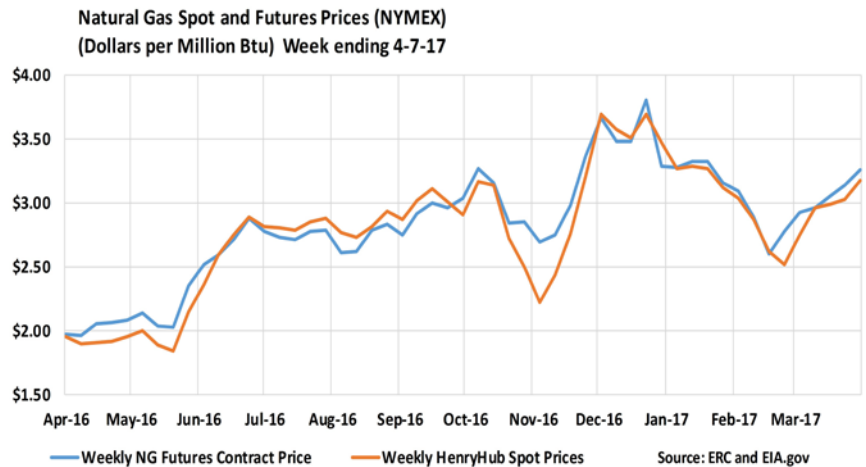
After an impressive run up of over 30% from February 21st to April 6th, the NYMEX May 2017 natural gas contract pulled back to close on Tuesday at \$3.145/MMBtu. The unusual price escalation during the shoulder months when demand is low was likely caused, in part, by lingering concerns about production, which has dropped almost 3% year-over-year. The technical trading range for the May contract price is now between \$2.95/MMBtu on the support side and \$3.23/MMBtu on the resistance end.

The latest weather forecast still anticipates 65 percent of the country will continue to experience above-normal temperatures through the remainder of April. According to the National Oceanic and Atmospheric Administration, there were 18% fewer heating degree days at the end of last week compared to the same week last year, and overall, 17% fewer than normal for the week on average.

Natural gas stocks ended the heating season (November through March) at the third highest level in 10 years. Working natural gas stocks are now 2,061 Bcf, which is 17% lower than the year-ago level but 15% higher than the five-year (2012–16) average for this week. While gas inventories finished last week with a substantial surplus, overall demand weakened considerably. Total U.S. consumption of natural gas fell by 7% compared with the previous report week. Power burn also declined by 5% week-over-week, while industrial sector consumption decreased by 1%. Residential and commercial sector consumption declined by 15%, largely because of the warmer weather.

HH SPOT PRICE & NG FUTURES CONTRACTS

Week Ending 4-14-17		HH Spot Price		NG Futures Contract	
		\$/MMBUT	% Chg.	\$/MMBUT	%Chg.
6 months	10/14/16	\$3.17	-1.86%	\$3.27	8.93%
Last Quarter	1/13/17	\$3.27	1.24%	\$3.28	9.40%
Last Month	3/17/17	\$2.96	-8.36%	\$2.96	-1.27%
Prev. Week	4/7/17	\$3.18	-1.55%	\$3.26	8.53%
Last Week	4/14/17	\$3.23		\$3.00	



NATURAL GAS INJECTION & STORAGE LEVELS

Week End- ing 4-14-17	Net Injections		Storage	
	Bcf	% Chg.	Bcf	%Chg.
4/13/2017	10		2,061	
Previous Week	2	400.0%	2,051	0.49%
Last year	-1	-1100.0%	2,477	-16.8%
5 Yr Avg	12	-16.7%	1,798	14.6%

BULLS & BEARS

BULLS: Moving prices upward

- Declining natural gas production.
- Exports to Mexico are at record highs and expected to continue rising.
- LNG exports are expected to increase from 2 Bcf/d to almost 9 Bcf/d over the next three years.
- PJM's Electricity Capacity Performance model has increased capacity clearing prices.
- Nine out of the ten warmest winters have been followed by hotter-than-normal summers. This winter was the third warmest since 1950.
- A large number of nuclear generators are going offline for maintenance.
- Increased coal-to-gas switching.

BEARS: Moving prices downward

- EIA projects natural gas production will increase 2.5% this year.
- President Trump's energy policies will impact the industry over the next few years, particularly his pledge to roll back regulations.
- 28,607 MW of natural gas fired electricity generation is expected to come online between 2015 and 2018.
- New pipelines have helped boost gas production and moderate prices.
- Year over year, more NG drilling rigs are in operation, with more drilled but uncompleted wells on standby until prices increase.
- Natural gas stocks ended the season (November-March) at the third highest level in 10 years.
- Warm temperatures have lowered natural gas consumption.