

ELECTRICITY BENCHMARK PRICES & TRENDS

The Energy Research Council's (ERC) national average benchmark price for electricity dropped again last week by half of one percent to \$0.0722 per kilowatt hour. Electricity prices declined most in Texas (-1.4%), and Pennsylvania (-1.2%).

Month-over-month, the national benchmark price is just 0.6% lower than where it was on July 7th. Prices are markedly lower than last month in Illinois (-2.6%), Texas (-2.5%), and Maryland (-2.2%). Conversely, electricity prices are higher than this time last month in New Jersey (1.2%), Massachusetts (0.9%),

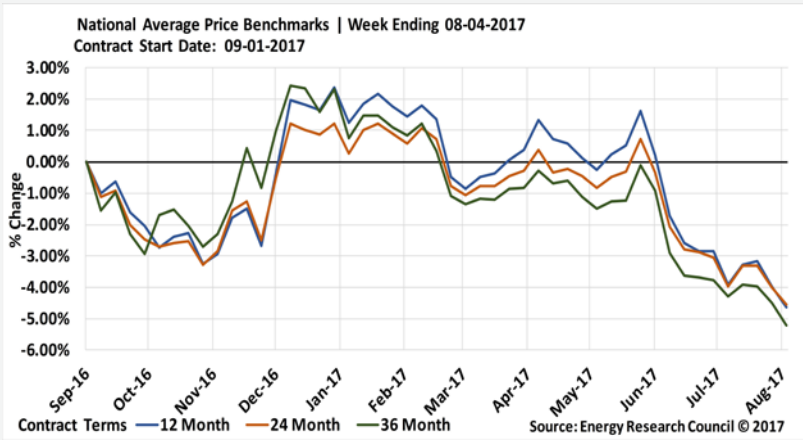
Rhode Island (0.6%) and Ohio (0.2%).

Last week, benchmark prices for longer term (36-60 month) electricity contracts were lower than short-term (12-24 month) contracts in Maryland, Massachusetts, Ohio, and Pennsylvania. Lower prices for longer term contracts continue to reflect more favorable pricing for longer term natural gas strips (2019-2021).

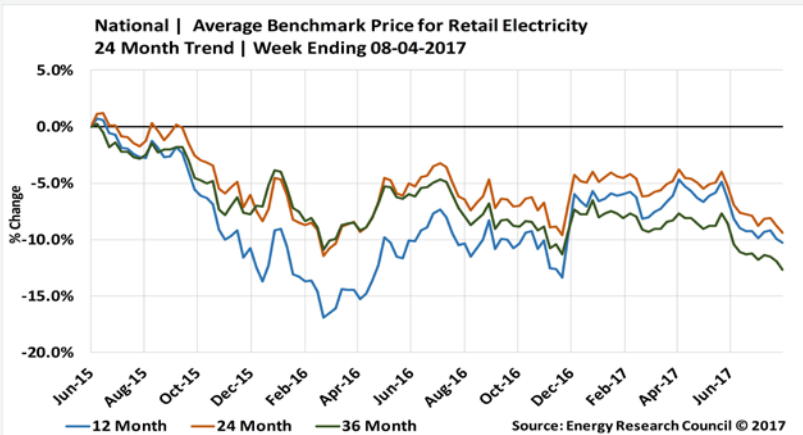
The NYMEX September 2017 futures contract for natural gas ended last week at \$2.77/MMBtu, down 5.68% or

\$0.167/MMBtu from the previous week. The spot contract is back to trading at levels not seen since late February 2017. The current technical trading range for the September contract are at \$2.83/MMBtu on the resistance side and \$2.675/MMBtu on the support end. Technical indicators, however, suggest that additional declines into the \$2.65 area are quite possible.

COMPETITIVE ELECTRICITY BENCHMARK TRENDS



Contract Start September 2017	Week Ending			Wk/Wk % Chg.	Mo/Mo % Chg.
	7/7/17	7/28/17	8/4/17		
Connecticut	0.0869	0.0867	0.0862	-0.69%	-0.91%
Delaware	0.0729	0.0724	0.0722	-0.38%	-1.01%
District of Columbia	0.0710	0.0710	0.0705	-0.64%	-0.68%
Illinois	0.0539	0.0529	0.0525	-0.77%	-2.61%
Maine	0.0839	0.0833	0.0828	-0.63%	-1.26%
Maryland	0.0687	0.0675	0.0672	-0.49%	-2.18%
Massachusetts	0.1038	0.1052	0.1047	-0.48%	0.86%
New Jersey	0.0914	0.0921	0.0925	0.44%	1.19%
New York	0.0614	0.0611	0.0606	-0.73%	-1.29%
Ohio	0.0557	0.0560	0.0558	-0.31%	0.22%
Pennsylvania	0.0650	0.0649	0.0641	-1.21%	-1.43%
Rhode Island	0.0910	0.0918	0.0915	-0.33%	0.55%
Texas	0.0395	0.0391	0.0386	-1.37%	-2.47%
Nat. Average	0.0727	0.0726	0.0722	-0.52%	-0.64%



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MARKET DRIVERS

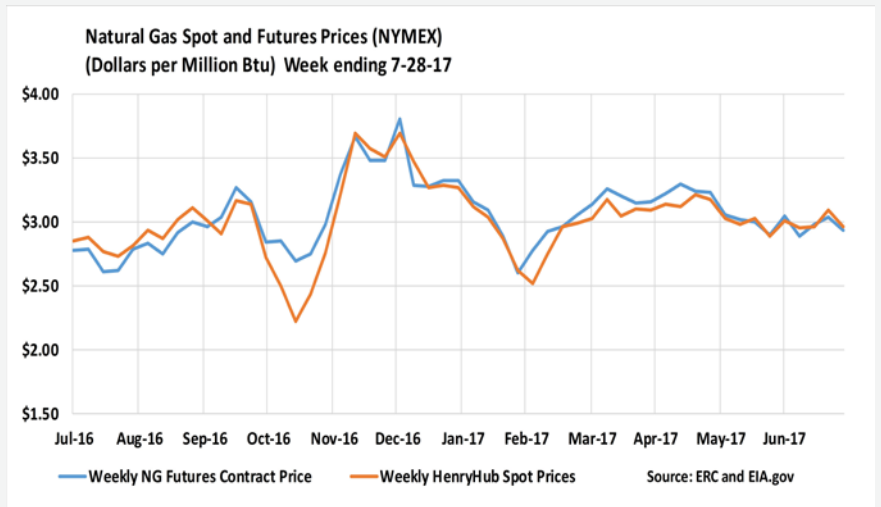
The normal temperatures that have limited cooling demand and driven natural gas prices downward are still projected for most of the country into the third week of August. Below normal temperatures will prevail over most of the Eastern U.S., while warmer temperatures will be confined to the Western U.S. and a small pocket of the Southeast.

Overall natural gas supply remained flat last week. The EIA reported that as of July 28th, working gas in storage was 3,010 Bcf, which is 279 Bcf less than last year at this time (-8.5%) and 87 Bcf above the five-year average of 2,923 Bcf (+3.0%).

Dry gas production also remained constant week-over-week with the strongest production coming from the Marcellus and Utica basins. Average net imports from Canada decreased by 2% from last week, but remain a small contributor to overall supply. At this point it looks like the summer season is all but over from the market's perspective. If current conditions continue, most analysts expect natural gas prices to dip another ten to fifteen cents before heading back up as we move into the shoulder months.

HH SPOT PRICE & NG FUTURES CONTRACTS

Week Ending 8-4-17		HH Spot Price		NG Futures Contract	
		\$/MMBUT	% Chg.	\$/MMBUT	%Chg.
6 months	2/3/17	\$3.12	11.03%	\$3.15	11.81%
Last Quarter	5/5/17	\$3.14	11.74%	\$3.22	14.11%
Last Month	6/30/17	\$3.01	7.12%	\$3.04	7.87%
Prev. Week	7/28/17	\$2.96	5.34%	\$2.94	4.08%
Last Week	8/4/17	\$2.81		\$2.82	



NATURAL GAS INJECTION & STORAGE LEVELS

Week End- ing 8-4-17	Net Injections		Storage	
	Bcf	% Chg.	Bcf	%Chg.
8/4/2017	20		3,010	
Previous Week	17	17.6%	2,990	0.67%
Last year	3	566.7%	3,289	-8.5%
5 Yr Avg	44	-54.5%	2,923	3.0%

BULLS & BEARS

BULLS: Moving prices upward

- 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.
- Three months out of this year, the U.S. was a net exporter of natural gas.
- PJM's Electricity Capacity Performance model has increased capacity clearing prices.
- If El Nino weather patterns remain weak, it could introduce risks for a cold winter, which would increase demand and raise prices.

BEARS: Moving prices downward

- Mild weather is forecast for the remainder of summer, limiting cooling demand.
- American models are forecasting widespread warmth for December.
- Production has rebounded from May lows, especially in the northeast United States.
- 28,607 MW of natural gas fired electricity generation is expected to come online between 2015 and 2018.
- New pipelines will help boost gas production and moderate prices.
- Year over year, more natural gas drilling rigs are in operation, with more drilled but uncompleted wells on standby until prices increase.
- Natural gas storage is at adequate levels for the end of the summer season.