

## ELECTRICITY BENCHMARK PRICES & TRENDS

The Energy Research Council's (ERC) national average benchmark price for electricity didn't move an inch last week, closing at \$0.0725 per kilowatt hour. The few meaningful week-over-week price increases were in Delaware (1.7%), Maryland (1.1%), and New Jersey (1.1%). The largest decline last week occurred in Ohio, where prices dropped by only 0.8%.

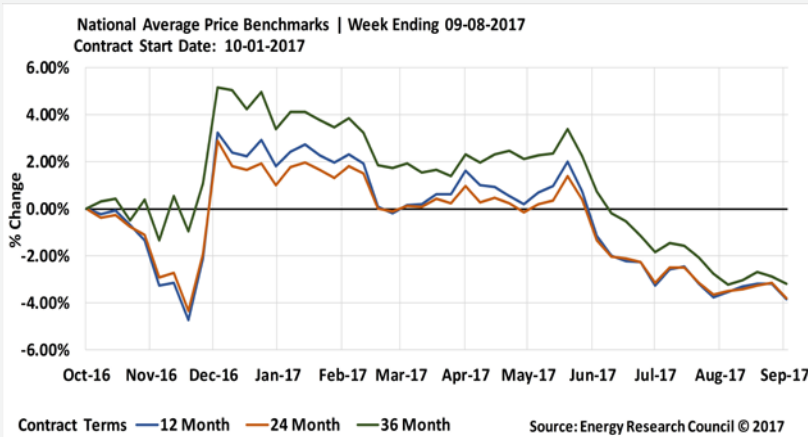
The national average benchmark price is almost exactly where it was this time last month. Month-over-month, prices increased

most in Illinois (2.3%) and dropped furthest in New York (-1.4%).

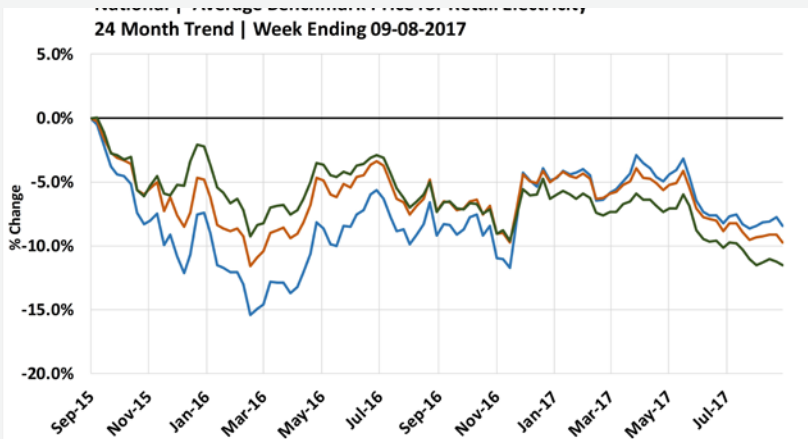
Last week, benchmark prices for longer term (36-60 month) electricity contracts were lower than short-term (12-24 month) contracts in Maryland, Massachusetts, Ohio, and Pennsylvania. Lower prices for longer term contracts continue to reflect more favorable pricing for longer term natural gas strips (2019-2021).

Despite all the tropical storm activity, the NYMEX October 2017 spot natural gas prices ended last week below the \$3/MMBtu mark at \$2.95/MMBtu. Both Hurricane Harvey and Irma depressed domestic demand in Texas, Florida, and Georgia over the past two weeks, while domestic production expanded. The current technical trading range boundaries are at \$2.83/MMBtu on the support side and \$3.11/MMBtu on the resistance end.

## COMPETITIVE ELECTRICITY BENCHMARK TRENDS



Contract Start October 2017	Week Ending			Wk/Wk % Chg.	Mo/Mo % Chg.
	8/11/17	9/1/17	9/8/17		
Connecticut	0.0865	0.0866	0.0863	-0.34%	-0.21%
Delaware	0.0722	0.0704	0.0716	1.69%	-0.91%
District of Columbia	0.0705	0.0708	0.0703	-0.69%	-0.30%
Illinois	0.0528	0.0539	0.0540	0.25%	2.32%
Maine	0.0835	0.0838	0.0832	-0.71%	-0.46%
Maryland	0.0672	0.0667	0.0674	1.11%	0.34%
Massachusetts	0.1048	0.1054	0.1055	0.04%	0.63%
New Jersey	0.0923	0.0913	0.0923	1.09%	-0.03%
New York	0.0608	0.0604	0.0600	-0.66%	-1.35%
Ohio	0.0557	0.0560	0.0555	-0.77%	-0.22%
Pennsylvania	0.0646	0.0642	0.0643	0.17%	-0.42%
Rhode Island	0.0940	0.0938	0.0931	-0.73%	-0.93%
Texas	0.0387	0.0387	0.0386	-0.07%	-0.08%
<b>Nat. Average</b>	<b>0.0726</b>	<b>0.0725</b>	<b>0.0725</b>	<b>0.03%</b>	<b>-0.16%</b>



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## MARKET DRIVERS

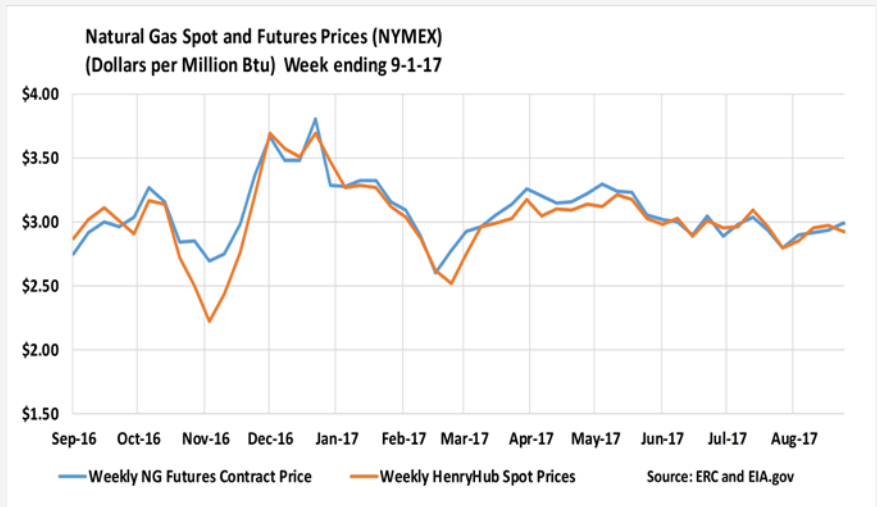
With the shoulder period now in full swing and storage levels close to the five-year average, demand for natural gas is currently a neutral price driver. Other than lowering demand, all of the tropical activity over the past two weeks has had little impact on electricity or gas prices. Moreover, a weather map calling for higher-than-normal temperatures across most of the country is having little effect on the market.

Total U.S. consumption of natural gas was unchanged last week, averaging 55.7 Bcf/d. Natural gas consumed for power generation (burn) was flat, averaging 29.4 Bcf/d. Industrial sector consumption increased by 1% week-over-week. In the residential and commercial sectors, consumption declined by 5%.

Natural gas exports to Mexico increased 6% last week, but were about 500 MMcf/d lower than pre-hurricane exports. LNG vessel loadings resumed at the Sabine Pass liquefaction terminal last Wednesday (September 6th). The port has been inaccessible to LNG vessels for almost two weeks in the wake of Hurricane Harvey. Currently, six vessels are around the Sabine Pass port waiting for a loading window. LNG export volume should ramp back up quickly.

## HH SPOT PRICE & NG FUTURES CONTRACTS

Week Ending 9-8-17		HH Spot Price		NG Futures Contract	
		\$/MMBUT	% Chg.	\$/MMBUT	%Chg.
6 months	3/17/17	\$2.96	1.72%	\$2.96	0.07%
Last Quarter	6/16/17	\$3.03	4.12%	\$3.00	1.45%
Last Month	8/11/17	\$2.85	-2.06%	\$2.90	-2.20%
Prev. Week	9/1/17	\$2.93	0.69%	\$2.99	1.01%
Last Week	9/8/17	\$2.91		\$2.96	



## NATURAL GAS INJECTION & STORAGE LEVELS

Week Ending 9-8-17	Net Injections		Storage	
	Bcf	% Chg.	Bcf	%Chg.
9/6/2017	65		3,220	
Previous Week	30	116.7%	3,155	2.06%
Last year	38	71.1%	3,423	-5.9%
5 Yr Avg	58	12.1%	3,205	0.5%

## BULLS & BEARS

### BULLS: Moving prices upward

- LNG exports are expected to increase from 2 Bcf/d to almost 9 Bcf/d over the next three years.
- In February, April, and May of this year, the U.S. was a net exporter of natural gas, a trend the Energy Information Agency predicts will continue throughout the remainder of 2017 and beyond.
- 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

- 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, which will help lower electricity prices.
- 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.