

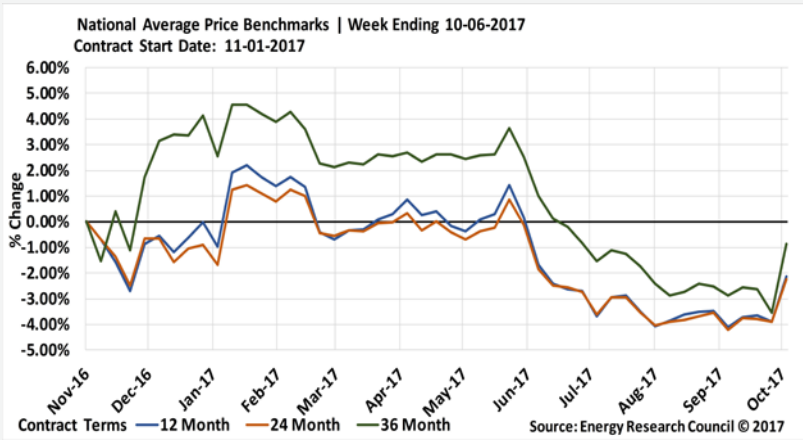
## ELECTRICITY BENCHMARK PRICES & TRENDS

The Energy Research Council's (ERC) national average benchmark price for electricity rose by 0.28% last week, ending at \$0.0732 per kilowatt hour. The largest price increase last week was in Rhode Island, where the average electricity price jumped by 2.6%.

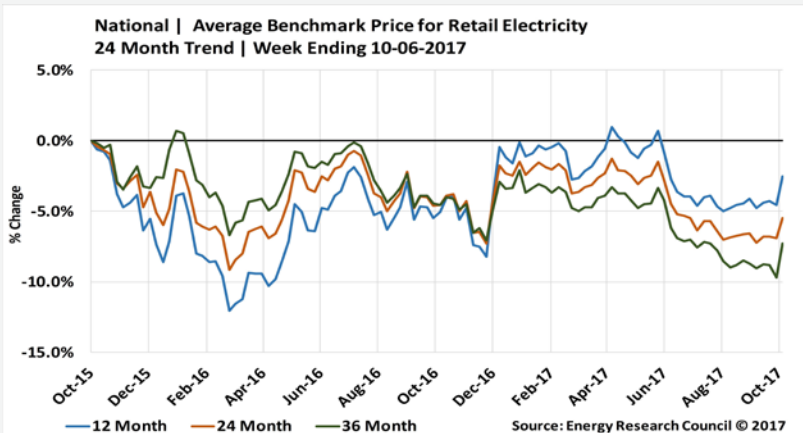
The national benchmark price is now just 0.9% higher than this time last month. Month-over-month, New York prices dropped 2.7% while Texas prices declined by 1.6%. Conversely, in Rhode Island, prices rose over the past month by 3.9%. Prices also spiked month-over-month in the District of Columbia (1.9%), Ohio (1.6%), New Jersey (1.6%), Massachusetts (1.5%), and Connecticut (1.2%).

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

## COMPETITIVE ELECTRICITY BENCHMARK TRENDS



Contract Start November 2017	Week Ending			Wk/Wk % Chg.	Mo/Mo % Chg.
	9/8/17	9/29/17	10/6/17		
Connecticut	0.0867	0.0870	0.0878	1.50%	1.18%
Delaware	0.0717	0.0725	0.0720	-0.45%	0.39%
District of Columbia	0.0701	0.0708	0.0715	0.86%	1.86%
Illinois	0.0543	0.0545	0.0545	-0.59%	0.28%
Maine	0.0836	0.0842	0.0834	-0.34%	-0.20%
Maryland	0.0673	0.0674	0.0675	-0.32%	0.23%
Massachusetts	0.1056	0.1060	0.1071	0.54%	1.45%
New Jersey	0.0922	0.0950	0.0937	-0.30%	1.63%
New York	0.0601	0.0597	0.0585	-0.44%	-2.65%
Ohio	0.0553	0.0562	0.0562	-0.12%	1.59%
Pennsylvania	0.0642	0.0646	0.0645	-0.31%	0.40%
Rhode Island	0.0937	0.0946	0.0974	2.58%	3.89%
Texas	0.0385	0.0387	0.0379	-0.78%	-1.56%
<b>Nat. Average</b>	<b>0.0726</b>	<b>0.0732</b>	<b>0.0732</b>	<b>0.28%</b>	<b>0.89%</b>



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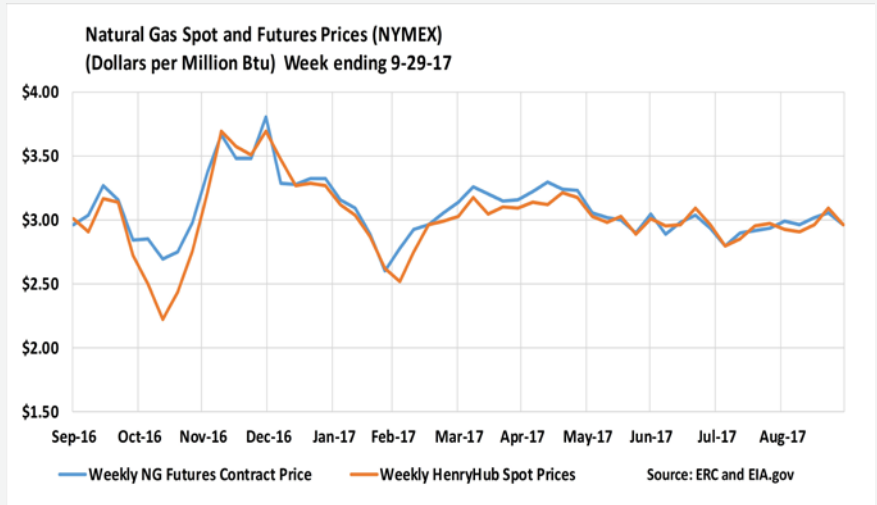
## MARKET DRIVERS

The NYMEX natural gas strip price for a November 2017 contract ended last week at \$2.863/MMBtu, the lowest closing price for a prompt month contract since early August. Since early June, November natural gas futures have traded in a range from \$2.856 to \$3.214. This week, however, prices have breached the support point of \$2.88 and moved into a new lower trading range with boundaries at \$2.75/MMBtu on the support side and \$2.90/MMBtu on the resistance end. The downward thrust in prices is the result of mild weather that is likely to limit heating demand well into late October. NYC is forecast to hit 77 degrees this week, 13 degrees above the normal high.

Total natural gas storage now stands at 3,508 Bcf, which is 8 Bcf (or 0.23%) below the five-year average for this time of the year. Storage is expected to remain below the five-year average and is currently on track to finish injection season at 3.8 Tcf. That means natural gas will go into the winter season with the lowest amount of stocks in storage since 2014, when inventories peaked at 3.611 Tcf. In 2013, as the market prepared for the heating season with an inventory of 3.834 Tcf, it turned out that the supplies of the energy commodity were not enough and we experienced a Polar Vortex that dramatically increased prices.

### HH SPOT PRICE & NG FUTURES CONTRACTS

Week Ending 10-6-17		HH Spot Price		NG Futures Contract	
		\$/MMBUT	% Chg.	\$/MMBUT	%Chg.
6 months	4/7/17	\$3.18	10.03%	\$3.26	12.66%
Last Quarter	7/7/17	\$2.95	2.08%	\$2.89	-0.14%
Last Month	9/1/17	\$2.93	1.38%	\$2.99	3.36%
Prev. Week	9/29/17	\$2.96	2.42%	\$2.97	2.66%
Last Week	10/6/17	\$2.89		\$2.89	



### NATURAL GAS INJECTION & STORAGE LEVELS

Week End- ing 10-6-17	Net Injections		Storage	
	Bcf	% Chg.	Bcf	%Chg.
10/5/2017	42		3,508	
Previous Week	58	-27.6%	3,466	1.21%
Last year	76	-44.7%	3,669	-4.4%
5 Yr Avg	91	-53.8%	3,516	-0.2%

## 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, May, and June of this year, the U.S. was a net exporter of natural gas. EIA expects this trend to continue.
- 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.
- Natural gas storage is projected to enter the winter season at its lowest level since 2014.

### 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.