

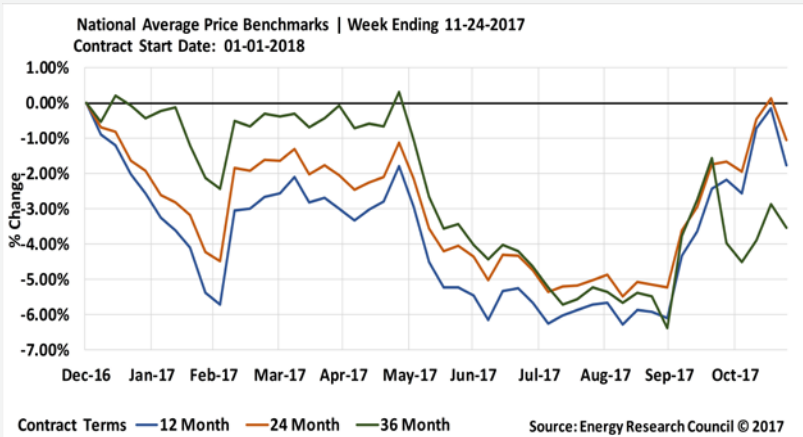
## ELECTRICITY BENCHMARK PRICES & TRENDS

Energy Research Council's (ERC) national average benchmark price for electricity plummeted last week by (1.7%), closing at \$0.0745 per kilowatt hour. Every deregulated territory saw electricity prices decline, with the biggest drops in New Jersey (-4.5%), Delaware (-4.1%), the District of Columbia (-2.5%), and Pennsylvania (-2.2%). Last week's declines brought prices in many states back to where their month-ago levels.

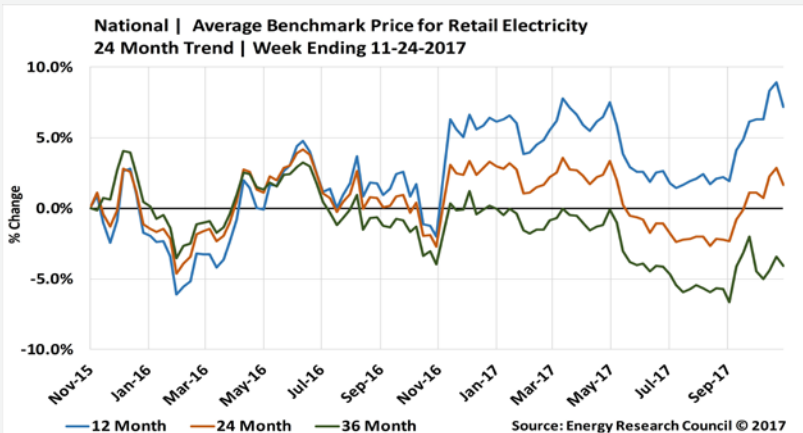
Benchmark prices for longer term (36-60 month) electricity contracts continue to trend lower than short-term (12-24 month) contracts in Connecticut, Maine, Maryland, Massachusetts, Ohio, Pennsylvania, and Texas. Lower prices for longer term contracts continue to reflect more favorable pricing for longer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

The price for December 2017 NYMEX natural gas dropped well below the \$3.00 support level last week, ending on Friday at \$2.928/MMBtu. An ongoing series of mild temperature forecasts continue to drive a downward trend in heating demand and gas prices. The current technical trading range boundaries for the November contract are at \$2.85/MMBtu on the support side and \$2.99/MMBtu on the resistance end.

## COMPETITIVE ELECTRICITY BENCHMARK TRENDS



Contract Start January 2018	Week Ending			Wk/Wk % Chg.	Mo/Mo % Chg.
	10/27/17	11/17/17	11/24/17		
Connecticut	0.0899	0.0905	0.0899	-0.66%	0.02%
Delaware	0.0732	0.0759	0.0728	-4.05%	-0.49%
District of Columbia	0.0702	0.0723	0.0704	-2.53%	0.30%
Illinois	0.0548	0.0548	0.0541	-1.23%	-1.23%
Maine	0.0858	0.0868	0.0852	-1.86%	-0.71%
Maryland	0.0674	0.0686	0.0678	-1.11%	0.67%
Massachusetts	0.1087	0.1105	0.1099	-0.47%	1.17%
New Jersey	0.0951	0.0982	0.0937	-4.50%	-1.40%
New York	0.0583	0.0592	0.0591	-0.05%	1.44%
Ohio	0.0568	0.0574	0.0564	-1.75%	-0.78%
Pennsylvania	0.0652	0.0667	0.0652	-2.18%	0.06%
Rhode Island	0.1014	0.1018	0.1017	-0.15%	0.25%
Texas	0.0415	0.0425	0.0416	-1.98%	0.36%
<b>Nat. Average</b>	<b>0.0745</b>	<b>0.0758</b>	<b>0.0745</b>	<b>-1.72%</b>	<b>-0.02%</b>



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## MARKET DRIVERS

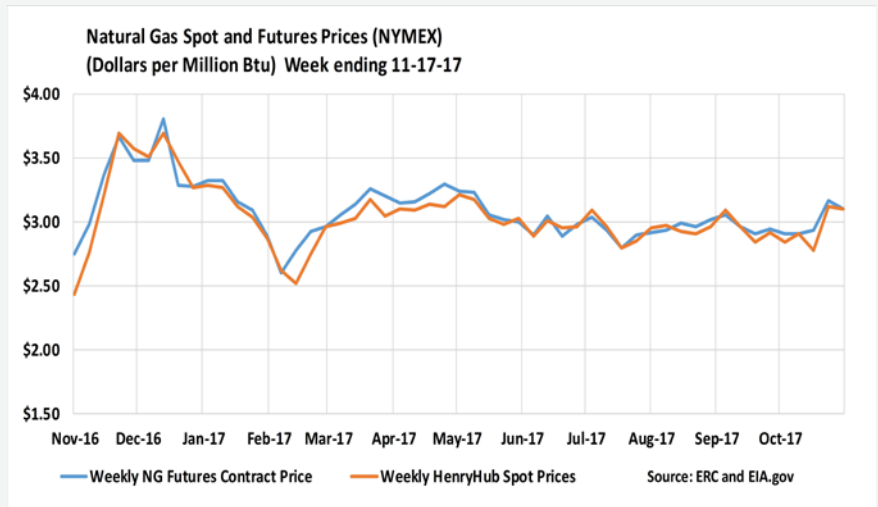
We are almost through a third of the official winter heating season without a sustained cold front. Long term forecasts, however, are still calling for a cold and wet January/February for the Northeast U.S. Total domestic natural gas inventories are likely to end the year above the 3 TCF level. Currently, natural gas stocks are 319 Bcf (-7.9%) lower than year-ago levels, while the deficit to the five-year average has expanded to 121 Bcf (-3.1%). Most analysts view this as an adequate storage level given normal winter weather and the current level of natural gas production.

Natural gas production is nearing an 18-month high, keeping downward pressure on longer-term natural gas prices with NYMEX calendar strips for 2018-2022 delivery trading at an average of \$2.88/MMBtu. Output appears poised for additional gains next year if the recent upswing in the rig counts is any indication.

Nearly 50% of US households use natural gas for heating and cooling. Heating demand in January and February this year will determine whether prices move upward into the \$3.25-3.45 range or continue to float below the \$3.00/MMBtu mark. Most of the other fundamentals like Mexican and LNG exports, industrial/commercial use and production are likely to continue on a predictable path. Weather, however, imports real volatility into the price of natural gas.

### HH SPOT PRICE & NG FUTURES CONTRACTS

Week Ending 11-24-17		HH Spot Price		NG Futures Contract	
		\$/MMBUT	% Chg.	\$/MMBUT	%Chg.
6 months	5/26/17	\$3.18	8.90%	\$3.24	5.41%
Last Quarter	8/25/17	\$2.97	1.71%	\$2.93	-4.43%
Last Month	10/20/17	\$2.84	-2.74%	\$2.91	-5.21%
Prev. Week	11/17/17	\$3.10	6.16%	\$3.17	3.09%
Last Week	11/24/17	\$2.92		\$3.07	



### NATURAL GAS INJECTION & STORAGE LEVELS

Week End- ing 11-24-17	Net Injections		Storage	
	Bcf	% Chg.	Bcf	%Chg.
11/17/2017	-46		3,726	
Previous Week	-18	155.6%	3,772	-1.22%
Last year	-7.9	482.3%	4,045	-7.9%
5 Yr Avg	-3.1	1383.9%	3,847	-3.1%

## 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.
- PJM's Electricity Capacity Performance model has increased capacity clearing prices.
- Natural gas storage is projected to enter the winter season at its lowest level since 2014.
- NOAA is predicting a 13% increase in heating degree days year-over-year, suggesting cold conditions similar to the winter of '14-'15.
- EIA forecasts that average household expenditures for all major home heating fuels will rise this winter because of expected colder weather and higher energy costs.

### BEARS: Moving prices downward

- 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. FERC has regained its quorum, and is beginning to approve long-delayed pipeline projects.
- 2018's natural gas production is forecast to be 4.9 Bcf/d higher than 2017's levels.
- In the short-term, forecasts indicate that the national trend towards cold weather may give way to warmer temperatures in the coming weeks.