APPI Energy Advisor

DATA-DRIVEN PROCUREMENT & CONSULTING

WEEK ENDING 1.4.19

Vol 3, Issue 2

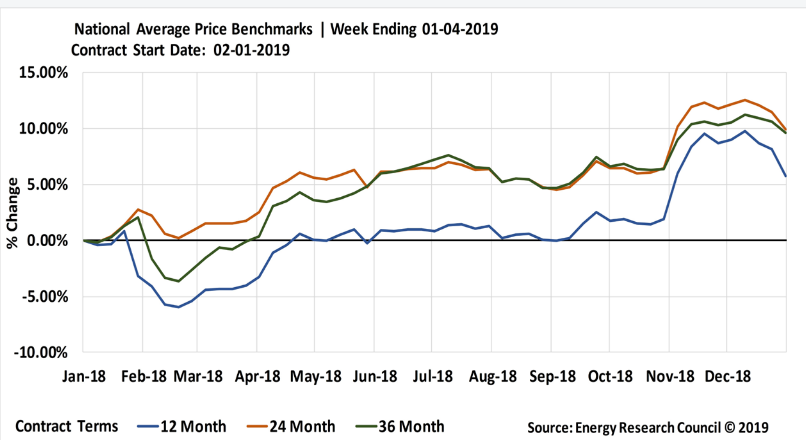
ELECTRICITY BENCHMARK PRICES & TRENDS

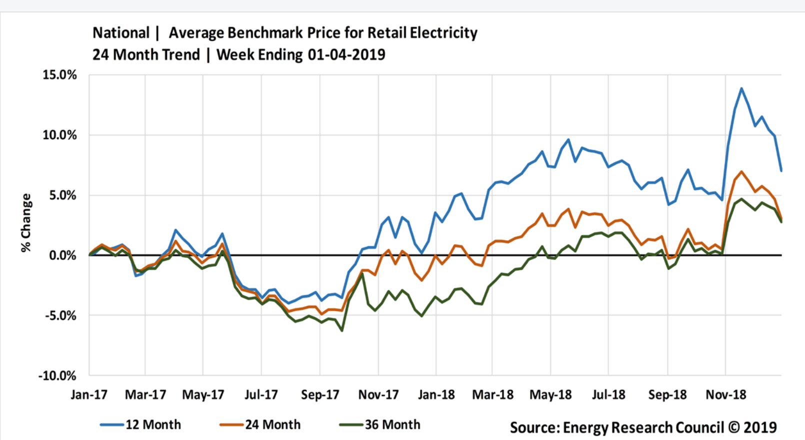
Energy Research Council's (ERC) national average benchmark price for electricity decreased again week-over-week, declining 1.4% to $0.0777/kWh. Prices decreased in every deregulated territory except for the District of Columbia. The largest price decreases were in New Jersey (2.6%), Maine (2.3%), and Delaware (1.8%). Month-over-month, prices are down 4% in Texas.

Above-normal temperatures have persisted across the primary natural gas consuming regions of the country, causing prices to fall dramatically against projections going into winter. The latest short-term weather forecast projects normal temperatures across the East Coast and above-normal temperatures over the rest of the country.

Natural gas consumption for heating related demand is, as a result of the weather, below normal for this time of year. The eight-to-fourteen day forecast proves similar, projecting above-normal temperatures for the next few weeks. The spot NYMEX February contract settled at $2.952/MMBtu. The current technical trading range boundaries for the contract remain at $2.80/MMBtu on the support side and $3.250/MMBtu on the resistance end.

COMPETITIVE ELECTRICITY BENCHMARK TRENDS





Contract Start February 2019	Week Ending 12/7/18	Week Ending 12/28/18	Week Ending 1/4/19	Wk/Wk % Chg.	Mo/Mo % Chg.
Connecticut	0.0970	0.0982	0.0967	-1.51%	-0.36%
Delaware	0.0713	0.0725	0.0711	-1.83%	-0.27%
District of Columbia	0.0769	0.0750	0.0755	0.65%	-1.81%
Illinois	0.0565	0.0559	0.0553	-0.95%	-2.11%
Maine	0.0896	0.0916	0.0895	-2.26%	-0.07%
Maryland	0.0718	0.0709	0.0702	-0.98%	-2.26%
Massachusetts	0.1167	0.1181	0.1163	-1.52%	-0.36%
New Jersey	0.1030	0.1051	0.1023	-2.59%	-0.64%
New York	0.0630	0.0628	0.0619	-1.42%	-1.67%
Ohio	0.0565	0.0559	0.0551	-1.42%	-2.41%
Pennsylvania	0.0673	0.0659	0.0655	-0.64%	-2.66%
Rhode Island	0.0990	0.0968	0.0957	-1.13%	-3.33%
Texas	0.0575	0.0560	0.0551	-1.64%	-4.19%
Nat. Average	**0.0789**	**0.0788**	**0.0777**	**-1.39%**	**-1.54%**

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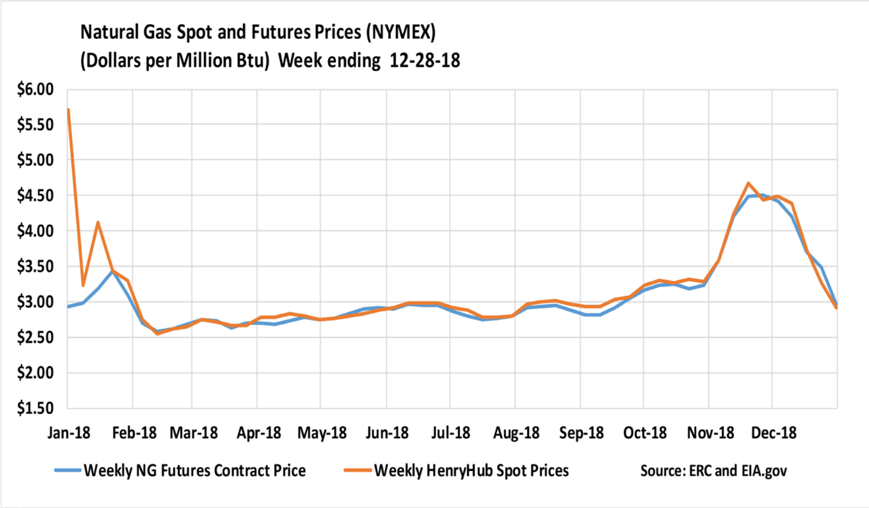
MARKET DRIVERS

Weather remains the most relevant factor for nature gas prices. The large storage deficit we saw going into winter is ever shrinking, falling from nearly 20% compared with the five-year average at the start of the season to 17%. A sustained cold spell in late winter, or into spring as we saw last year, could reverse the trend.

Working gas in storage was 2,705 Bcf as of 12/28, after a minor withdrawal of 20 Bcf. Estimates are that the trend is likely to continue this week, with predictions of a 90-100 Bcf cut in the deficit. Until temperature views change, it is likely that prices (and the deficit to storage) will be in freefall throughout January.

HH SPOT PRICE & NG FUTURES CONTRACTS

Week Ending 1-4-19		HH Spot Price		NG Futures Contract	
		$/MMBUT	% Chg.	$/MMBUT	%Chg.
6 months	7/13/18	$2.89	-1.03%	$2.80	-5.44%
Last Quarter	10/12/18	$3.30	13.01%	$3.24	9.46%
Last Month	12/7/18	$4.49	53.77%	$4.42	49.19%
Prev. Week	12/28/18	$3.26	11.64%	$3.48	17.57%
Last Week	1/4/19	$2.92		$2.96	



NATURAL GAS INJECTION & STORAGE LEVELS

Week Ending 1-4-19	Net Injections		Storage	
	Bcf	% Chg.	Bcf	%Chg.
1/4/2019	-20		3,705	
Previous Week	-59	-66.1%	3,725	-0.54%
Last year	-337	-94.1%	3,155	17.4%
5 Yr Avg	-187	-89.3%	3,265	13.5%

BULLS & BEARS

BULLS: *Moving prices upward*

- LNG exports are expected to increase from 3.6 Bcf/d to 9.6 Bcf/d by the end of 2019.
- Delays in new power generation projects have lead to higher prices in some ISOs, namely ERCOT.

BEARS: *Moving prices downward*

- Temperatures have been unseasonably warm throughout December and January, dramatically reducing natural gas related heating demand
- The storage deficit to the five-year average has declined to 17%, compared to the 20% at the beginning of winter.
- The short and long-term weather forecasts project warm temperatures for at least the next two weeks.

ABOUT APPI ENERGY

Founded in 1996, APPI Energy delivers data-driven procurement and consulting solutions. We monitor electricity and natural gas prices daily, and utilize a proprietary database of daily supplier prices to assist our clients in making smart purchasing decisions. Visit us at www.appienergy.com to learn more.