

## ELECTRICITY BENCHMARK PRICES & TRENDS

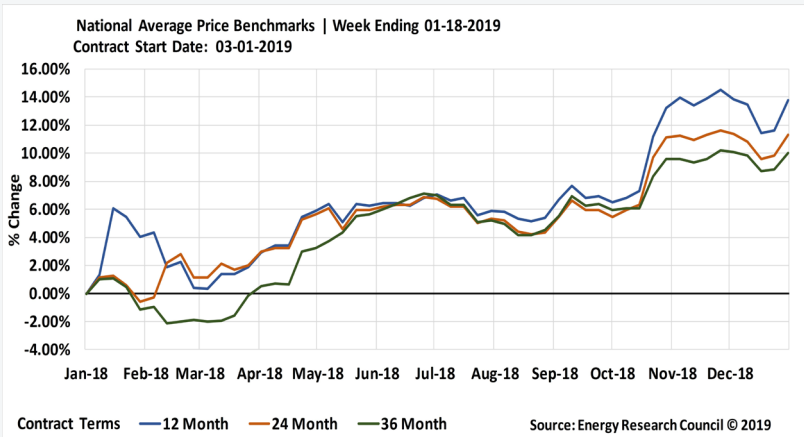
Shifting to the March 2019 prompt month, Energy Research Council's (ERC) national average benchmark price for electricity rose a bit week-over-week, ending 1/18 at \$0.0783/kWh. This marks an increase of 1.36% over the previous week. Prices in every deregulated territory increased this week, with Texas (2.23%), New Jersey (1.74%), and the District of Columbia (1.73%) being hit the hardest. Nationally, prices are trending roughly equal to this time last month.

This increase in prices is due primarily to the nor'easter and frigid winter conditions that swept across the primary natural gas consuming regions over the weekend. The forecast is calling for far colder-than-normal temperatures throughout the eastern 80% of the U.S. over the next two weeks. Natural gas prices increased, with Henry Hub spot prices soaring a dramatic 70 cents from the previous report week, increasing from \$2.91/MMBtu to \$3.61/MMBtu. The \$3/MMBtu level is often seen as significant in terms of measuring the mood of the

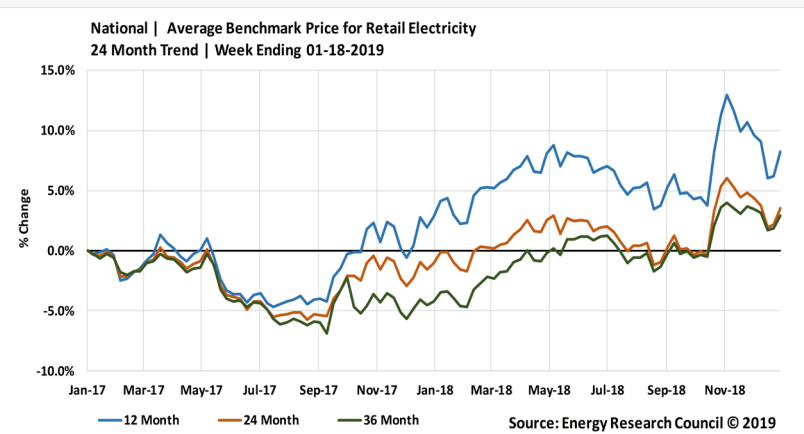
market. If that is the case, this escalation certainly indicates that the market predicts dramatic increases in consumption.

Total U.S. consumption of natural gas rose by 18% week-over-week, according to data from PointLogic Energy, averaging 97.2 Bcf/d. Natural gas for power generation rose 14% and industrial consumption rose 5%. In residential and commercial, consumption increased by a staggering 30%, with the chill of winter spiking consumption of the popular heating source.

## COMPETITIVE ELECTRICITY BENCHMARK TRENDS



Contract Start March 2019	Week Ending			Wk/Wk % Chg.	Mo/Mo % Chg.
	12/21/18	1/11/19	1/18/19		
Connecticut	0.0981	0.0951	0.0964	1.32%	-1.69%
Delaware	0.0708	0.0702	0.0709	1.00%	0.13%
District of Columbia	0.0760	0.0759	0.0772	1.73%	1.63%
Illinois	0.0559	0.0560	0.0562	0.37%	0.58%
Maine	0.0904	0.0884	0.0895	1.18%	-1.00%
Maryland	0.0710	0.0703	0.0714	1.62%	0.64%
Massachusetts	0.1166	0.1144	0.1156	1.05%	-0.86%
New Jersey	0.1026	0.1009	0.1027	1.74%	0.12%
New York	0.0632	0.0619	0.0628	1.47%	-0.59%
Ohio	0.0559	0.0553	0.0560	1.32%	0.25%
Pennsylvania	0.0656	0.0647	0.0657	1.57%	0.21%
Rhode Island	0.0969	0.0956	0.0967	1.17%	-0.23%
Texas	0.0556	0.0552	0.0565	2.23%	1.58%
<b>Nat. Average</b>	<b>0.0783</b>	<b>0.0772</b>	<b>0.0783</b>	<b>1.36%</b>	<b>-0.08%</b>



### Contact APPI Energy

APPI Energy helps businesses reduce and manage energy supply costs.

Contact us and speak with our team of dedicated consultants, or send an email to [info@appienergy.com](mailto:info@appienergy.com)

[Click here to subscribe to Advisor](#)

## MARKET DRIVERS

Storage sits at 2,533 Bcf, 11% lower than the five year average and just 3% lower than last year at this time. The gap between storage levels has closed dramatically from the 20% seen at the beginning of the winter season, but we'll have to see if that keeps up under sustained winter chills.

Natural gas supply seems to be moving in lockstep with production this week, with both total supply and total production increasing 1% week-over-week. While winter weather will continue to drive up consumption, it is important to note that natural gas production is still ever-escalating, and continues to hit historical highs, primarily out of Marcellus.

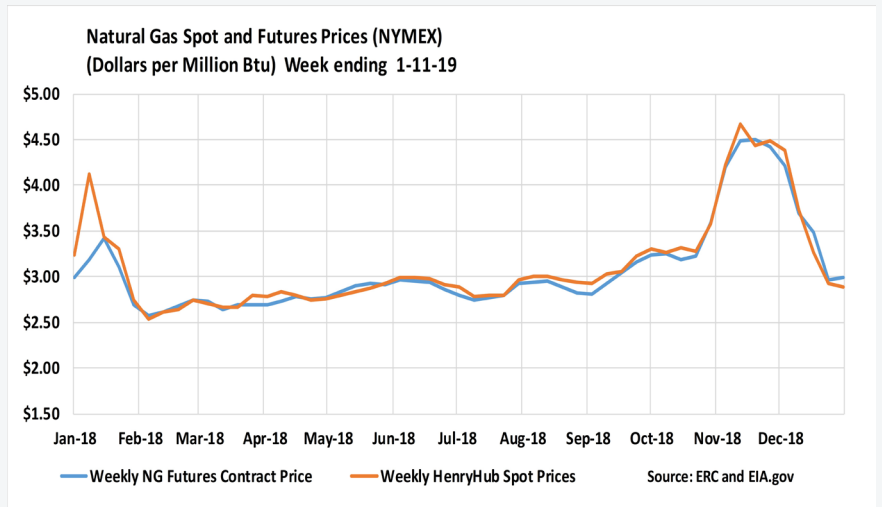
The average rate of net withdrawals from storage is 31% lower than the five-year average so far in the withdrawal season. If the rate of withdrawals from storage matched the five-year average of 15.5 Bcf/d for the remainder of the withdrawal season, total inventories would be 1,309 Bcf on March 31, which is 327 Bcf lower than the five-year average of 1,636 Bcf for that time of year. Looking forward, the ability of the nor'easter to sustain cold temperatures throughout the primary natural gas consuming regions will determine prices going forward.

### HH SPOT PRICE & NG FUTURES CONTRACTS

Week Ending 1-18-19		HH Spot Price		NG Futures Contract	
		\$/MMBUT	% Chg.	\$/MMBUT	%Chg.
6 months	7/20/18	\$2.78	-18.95%	\$2.75	-21.01%
Last Quarter	10/19/18	\$3.26	-4.96%	\$3.25	-6.61%
Last Month	12/14/18	\$4.38	27.70%	\$4.21	20.92%
Prev. Week	1/11/19	\$2.92	-14.87%	\$2.97	-14.66%
Last Week	1/18/19	\$3.43		\$3.48	

### NATURAL GAS INJECTION & STORAGE LEVELS

Week Ending 1-18-19	Net Injections		Storage	
	Bcf	% Chg.	Bcf	%Chg.
1/11/2019	-81		2,533	
Previous Week	-91	-11.0%	2,614	-3.10%
Last year	-208	-61.1%	2,610	-3.0%
5 Yr Avg	-218	-62.8%	2,860	-11.4%



## 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.
- A sustained nor'easter is predicted throughout 80% of the Eastern U.S.

### BEARS: Moving prices downward

- The storage deficit to the five-year average has declined to 11%, compared to the 20% at the beginning of winter.
- Production continues at record highs.