

The Advisor

DATA-DRIVEN, HOLISTIC ENERGY CONSULTING

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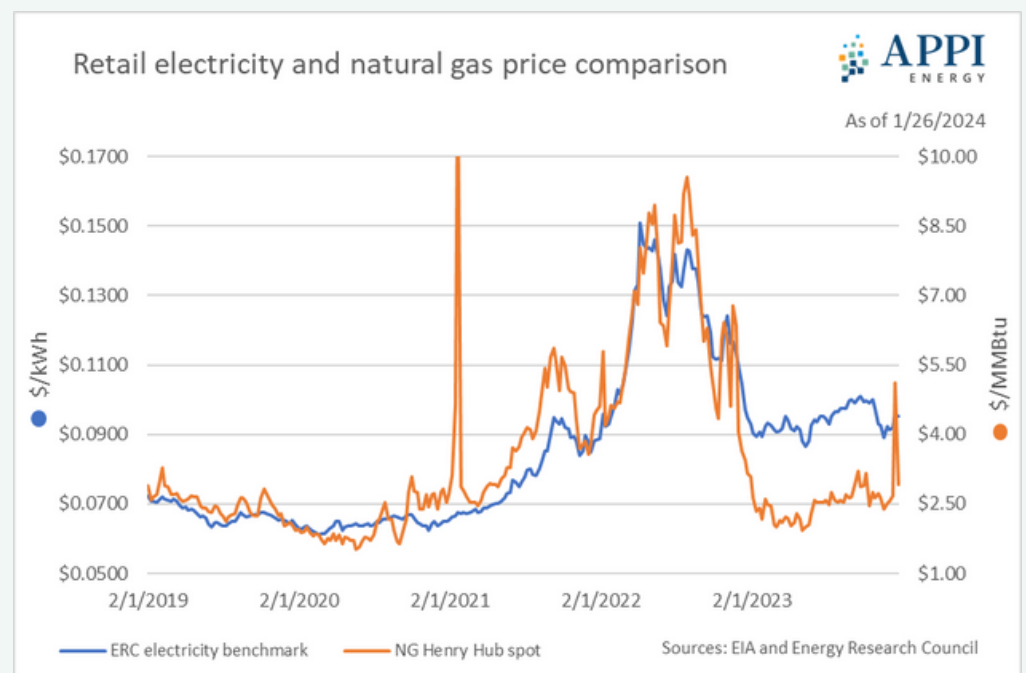
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MARKET MOMENT

Colder than expected weather to start the winter season caused Henry Hub natural gas futures pricing to increase from Dec. 12th lows. From a trading standpoint, many speculators were leaving their short positions, which caused substantial price jumps over a short time frame. A milder back half to January, and favorable forecasts for the rest of winter have allowed for a steady decline in NG futures since January 9th, recovering \$0.40/dth of the \$0.60/dth increase we saw last month (figure 1).

figure 1



DRIVING PRICES HIGHER

Potentially hot summer – While it may seem far away, NOAA appears to be forecasting a hotter than average summer, which tends to be the case during an El Nino. If forecasts continue to be hot as we get closer, expect potential increases in the futures market.

Europe/Middle East – Conflict in the Red Sea has caused Qatar to halt their LNG shipments to Europe. Europe has been reliant on LNG to meet their demand following the cut off from Russian natural gas supply. While Europe’s NG storage is in healthy standing, sustained conflict could cause supply constraints.

DRIVING PRICES LOWER

Remainder of the winter season – NOAA’s Feb-Apr forecast is calling for warmer than average temperatures for the northern half of the U.S – typical of an El Nino weather pattern (figure 2).

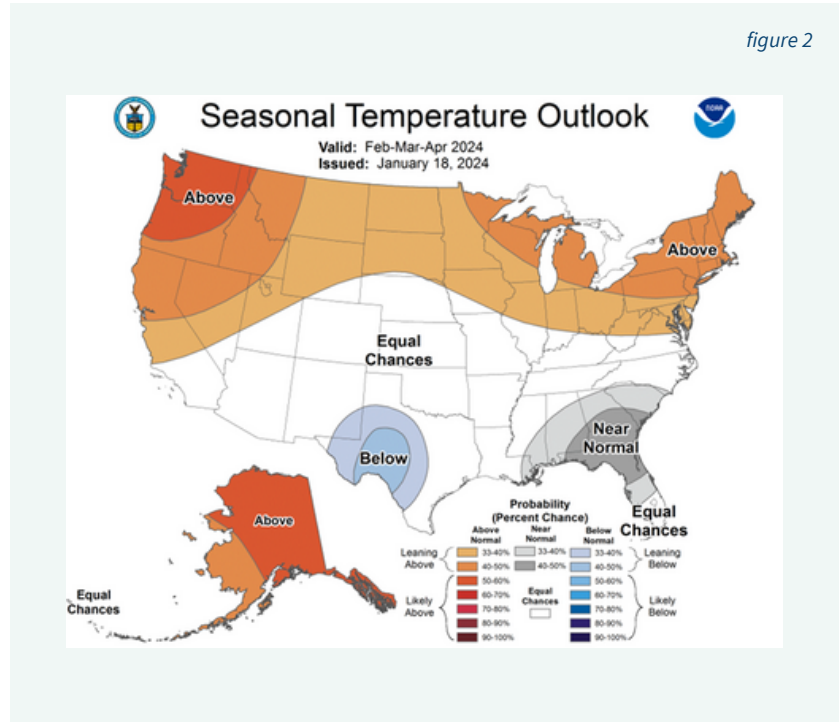
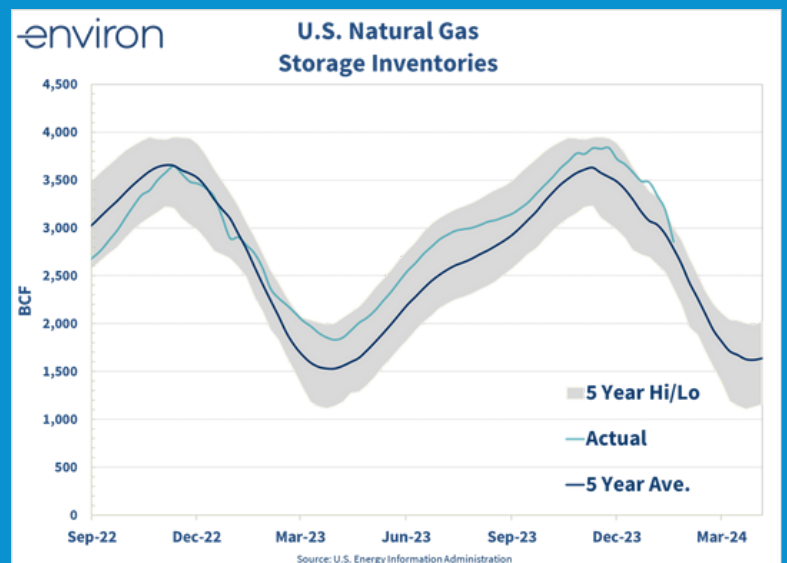


figure 2

Freeport LNG train down – Cold weather in Texas has caused the shutdown of one of Freeport LNG’s trains. This means ~0.8 Bcf/d will no longer be exported over the next month.

DID YOU KNOW?

The start of November through March is typically considered withdrawal season. Over the course of withdrawal season, the Henry Hub Natural Gas Futures pricing tends to be reactive when EIA storage reports are released each Thursday. Common belief is that a withdrawal of large volume would cause futures pricing to spike, and vice versa, however this is not always the case. **The natural gas market often reacts based on the comparison of actual volume withdrawn vs. the projected.** Last Thursday’s (1/25/2024) report was the third largest withdrawal on record, yet the Henry Hub futures prices dropped. Prior to the release, estimates ranged from 295 to 376 Bcf, with a median of 328 Bcf. The actual withdrawal came in at 326 BCF, slightly lower than the average estimates, and helped push the natural gas futures market down.





CARBON INSETTING: A GUIDE TO PROACTIVE CORPORATE CARBON REDUCTION STRATEGIES

Many businesses are already familiar with the process of carbon offsetting to reduce their carbon footprint, however, carbon insetting is emerging as a proactive alternative. Carbon insetting allows companies to make direct efforts to reduce carbon internally, and at the source, providing benefits over its counterpart. Such benefits include, direct control and ownership and holistic sustainability integration to name a few. However, combining insetting with additional options like efficiency measure and offsetting is the key to a more impactful result.

[Read More>>](#)

WHAT'S NEW?

ENERGY MARKET INSIGHT Q&A WITH ENERGY CONSULTANT, OLIVER HOAD



Energy consultant, Oliver Hoad, shares his experience and advice navigating the energy markets:

“If your energy cost is not being managed appropriately, if you have large open index positions, or remain on a utilities general service, you are potentially placing your budget under significant risk. “

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CLIENT CORNER



“We met APPI Energy at an Illinois Health Care Association event and have been delighted with the results. They took a huge burden of energy management off our shoulders by simplifying the process on our behalf. With our group spanning multiple communities in two states, under various energy contracts with different start dates and different billing processes, we needed APPI's expertise to make this area work for us. They came in and handled the process from the first step to the last. This not only streamlined the process, making the back-end work easier for us, but also found us the significant energy cost savings of \$97K a year! Plus, APPI continues to step in when we have questions or needs. It's great to be able to worry less about our energy management, so we can focus on the well-being of our guests and residents. Thank you, APPI Energy!”

Steve Miller

President
Helia Healthcare

*All market data above is at the national level, but regional and local energy market conditions can vary widely. For an in-depth review of current energy market conditions impacting your organization, please contact our team of dedicated, expert Energy Consultants: 800-520-6685 or info@appienergy.com.