

The Advisor

DATA-DRIVEN, HOLISTIC ENERGY CONSULTING

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MARKET MOMENT

Mild weather this month has allowed US natural gas storage levels to get above five-year highs. However, pricing has remained elevated due to hot summer forecasts as well as natural gas production cuts (*figure 1*). Warm summer forecasts are leading to forecasts of increased consumption by 4% vs. last summer. Increased summer demand paired with a pull back in production has kept pricing a bit higher, despite storage levels sitting well above the 5-year high (*figure 2*).

figure 1

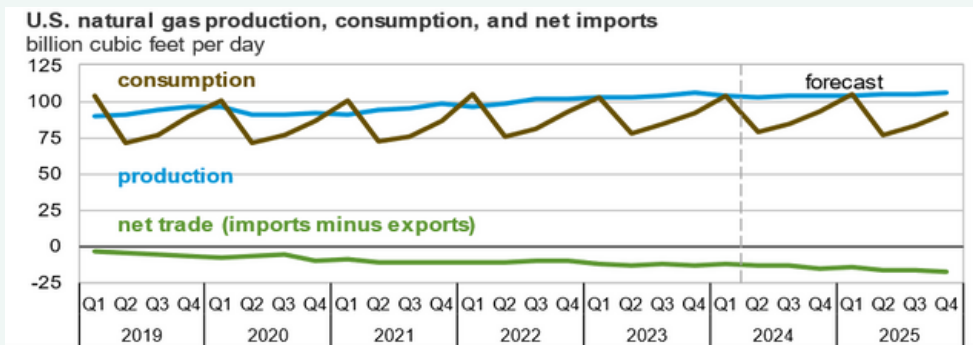
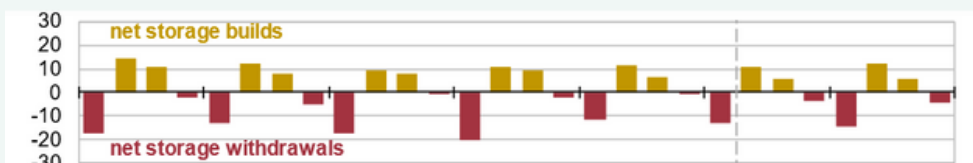


figure 2



Data source: U.S. Energy Information Administration, ShortTerm Energy Outlook, April 2024

DRIVING PRICES HIGHER

Outer year pricing has been steadily increasing largely due to speculator trading activity. Production cuts, hot summer forecasts, and increased LNG exports are all contributing to fear that our storage levels will be much tighter in 2025, than in 2024 (figure 3). While we have had hot summers in the past, the main fear this year is a hotter summer in the Mid-Atlantic & Northeast areas which are densely populated. Although the US has a pause on new LNG products, there are a few projects that are currently in the pipeline and set to go live towards the end of 2024, early 2025.

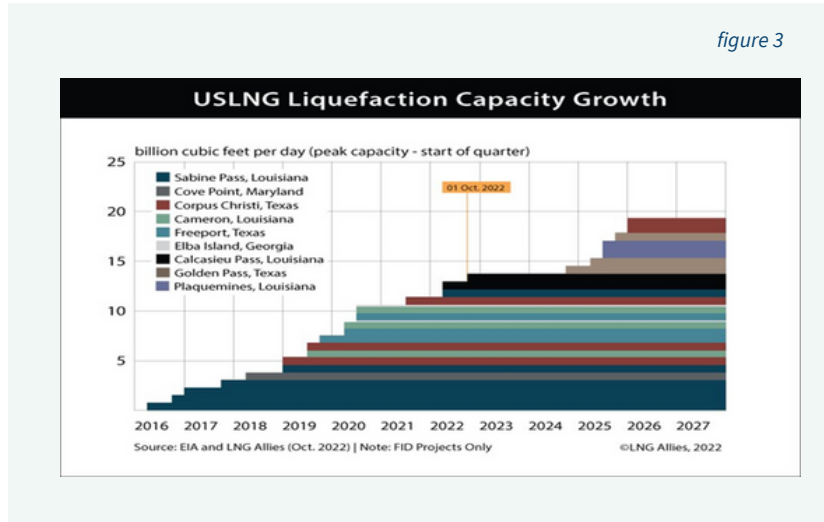


figure 3

DRIVING PRICES LOWER

Healthy storage levels in the US, Europe, & Asia have kept pricing in the short term low. Although we are seeing production cuts, mild weather has kept pricing at bay. Currently, the US has many renewable energy projects in the queue, as these projects come online, they will help ease some of the demand that natural gas has picked up due to coal & nuclear generation (figure 4 & 5). Additionally, on the global front, two of the largest importers of LNG have been showing signs of decreasing demand as global supply is set to pick up over the next few years. Japan has started to ramp up their nuclear fleet, while the Chinese economy is showing signs of weakening which could lead to decreased demand.

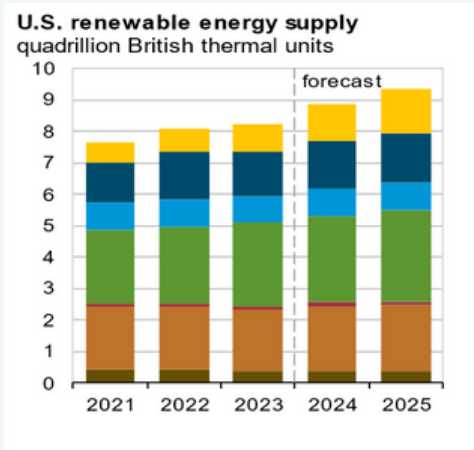


figure 4

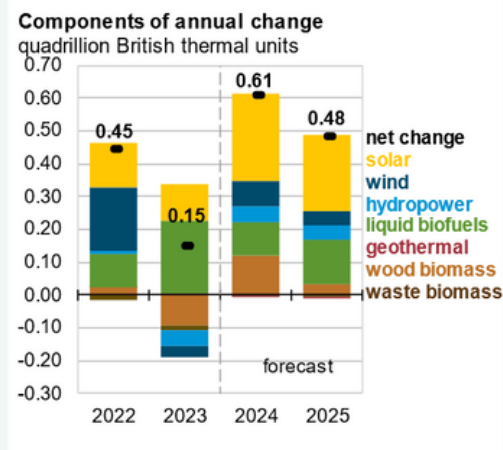


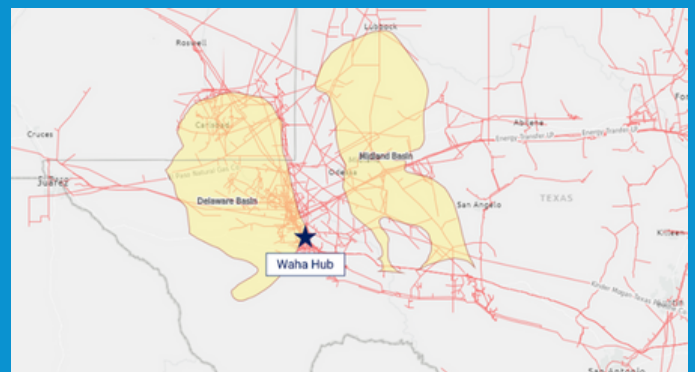
figure 5

DID YOU KNOW?

Since March 11, natural gas pricing in West Texas has traded below \$0Dth. There are a few factors that are contributing to these negative prices:

- Natural gas demand down due to mild weather.
- Pipeline maintenance has hindered gas flow out of the area.
- High oil pricing has kept drilling active, natural gas occurs with deposits of crude oil.

Negative spot pricing has suppressed pricing in the area, as well as, pricing west of West Texas. While pipeline maintenance continues, and oil pricing remains, high pricing will remain at or below \$0 for the time being.





CONSIDERATIONS ON HOW TO RENAME YOUR ESG, SUSTAINABILITY OR IMPACT REPORT

ISOS Group, a division of Environ, recently published an article aimed at companies facing challenges in renaming sustainability or impact reports. They noticed an increase in client inquiries regarding the naming of sustainability reports. Despite finding no significant movement towards renaming reports, they recognize companies' concerns and aim to provide clarity. Their article starts by detailing common report names and their meanings, stressing the importance of aligning names with company objectives and global trends. They advocate for a strategic approach that mirrors the company's values rather than blindly following industry trends. For further insight on navigating the complexities of renaming reports and enhancing the process, check out their latest article.

[Read More>>](#)

WHAT'S NEW?

ESG MANDATE: NAVIGATING THE SEC'S CLIMATE-DISCLOSURE RULE

In recent years, the global conversation around climate change has intensified, leading regulatory bodies to take significant steps to address environmental concerns. The U.S. Securities and Exchange Commission (SEC) recently announced a groundbreaking climate disclosure rule, underscoring the importance of environmental transparency and accountability for companies across various industries. Let's look at the implications for companies regarding a new Securities and Exchange Commission rule.

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CLIENT CORNER



“Working with APPI Energy on our borough’s electricity procurement has been simple and efficient. APPI Energy provides competitive electricity rates from multiple suppliers and term length, allowing us to make the best decision for our budget. Through their relationship with many suppliers, we know we are doing our due diligence via APPI Energy to get the best price available. Our consultant also made sure we received tax exemption status. Their endorsement through the PSAB gives us peace of mind that they understand and are familiar with the energy needs of boroughs and we would recommend other PSAB members to utilize the APPI Energy program.”

Diane M. Schaefer, CMC, CBO, CGS

Borough Manager
Borough of Youngwood

**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.*