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MARKET INTELLIGENCE REPORT

07/31/2019

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THIS WEEK IN THE NEWS

- Proposed legislation would extend solar investment tax credit 5 years
- Federal regulators cancelled a power supply auction for August as PJM and stakeholders in its member states have been unable to set policies that ensure just and reasonable rates
- Ohio Gov DeWine signs controversial nuke subsidy bill
- US gives Freeport LNG permission to flow gas

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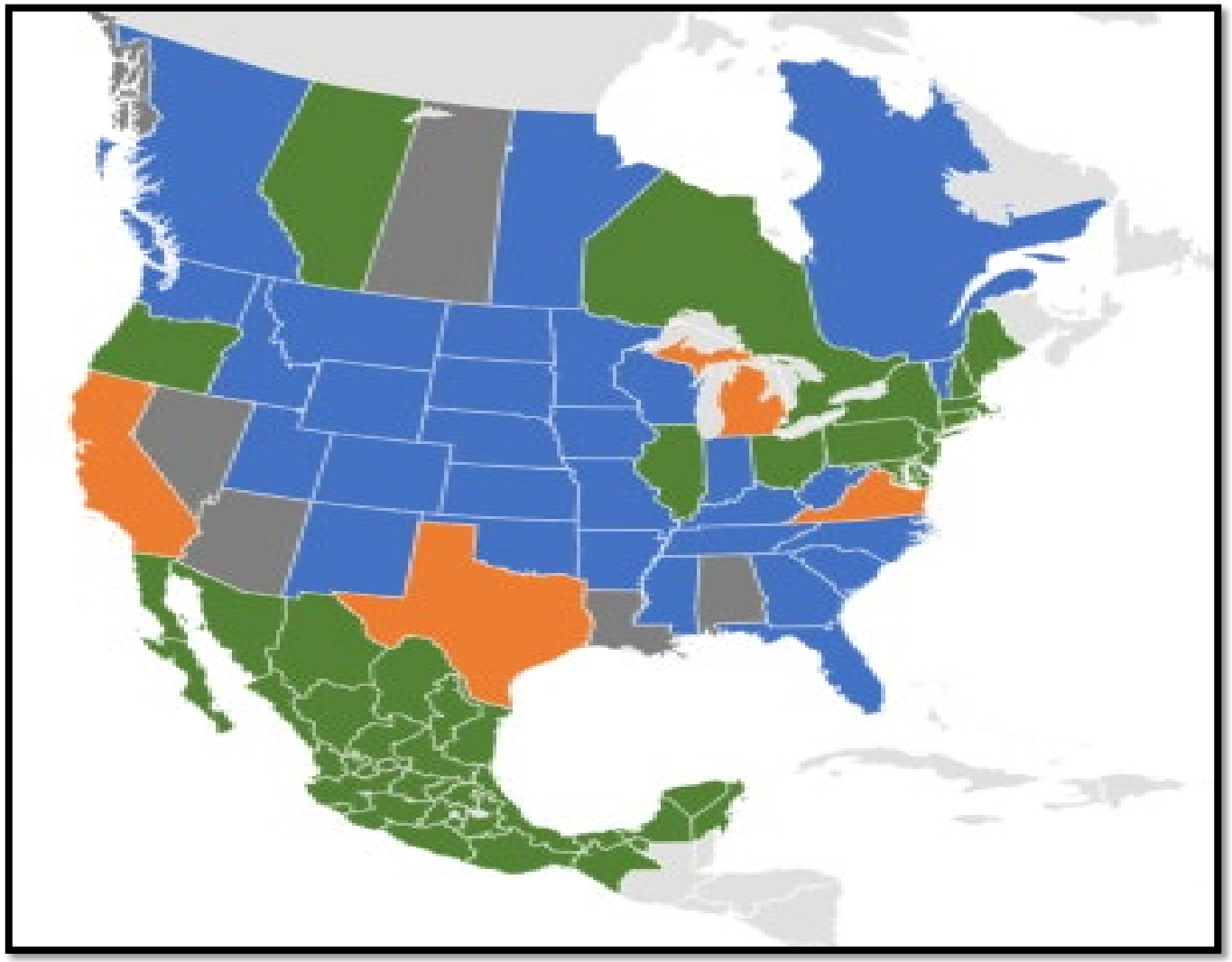
ELECTRICITY & GAS – OPPORTUNITY MAP



- Electricity and Natural Gas
- Natural Gas
- Natural Gas and Partial Electricity
- No Electricity, Partial Natural Gas

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FUNDAMENTAL MARKET DRIVERS

Bull Drivers (Dynamics Driving Prices higher)

- Thursday's EIA inventory build of 62 BCF was the first below average build of the injection season.
- Next EIA report to be bullish with another below-average build amid current heat wave over much of the country; ~150 million people under Heat Advisory/Warning.
- FERC granted Freeport LNG permission to begin flowing feed gas to commission its first cargo in mid-August, keeping Freeport Train 1 on track.
- Between July 10th and July 20th, more than 11.5 Bcf of offshore natural gas production was shut in by Tropical Storm Barry and its after-effects, shaving supply available to the market by more than 1.0 Bcf/d.

Bear Drivers (Dynamics Driving Prices Lower)

- Major weather pattern shift coming this weekend/early next week that will send the heat out West and noticeably cooler temperatures to the central and eastern U.S.
- Henry Hub natural gas spot prices for June, July, and August are expected to average $2.37/mmbtu, according to the EIA. If that forecast holds, average summer prices would be at their lowest level since 1998.
- The January 2020 contract fell to $2.654/MMBtu—its lowest price in three weeks and within pennies of its all-time low close of only $2.605/MMBtu.

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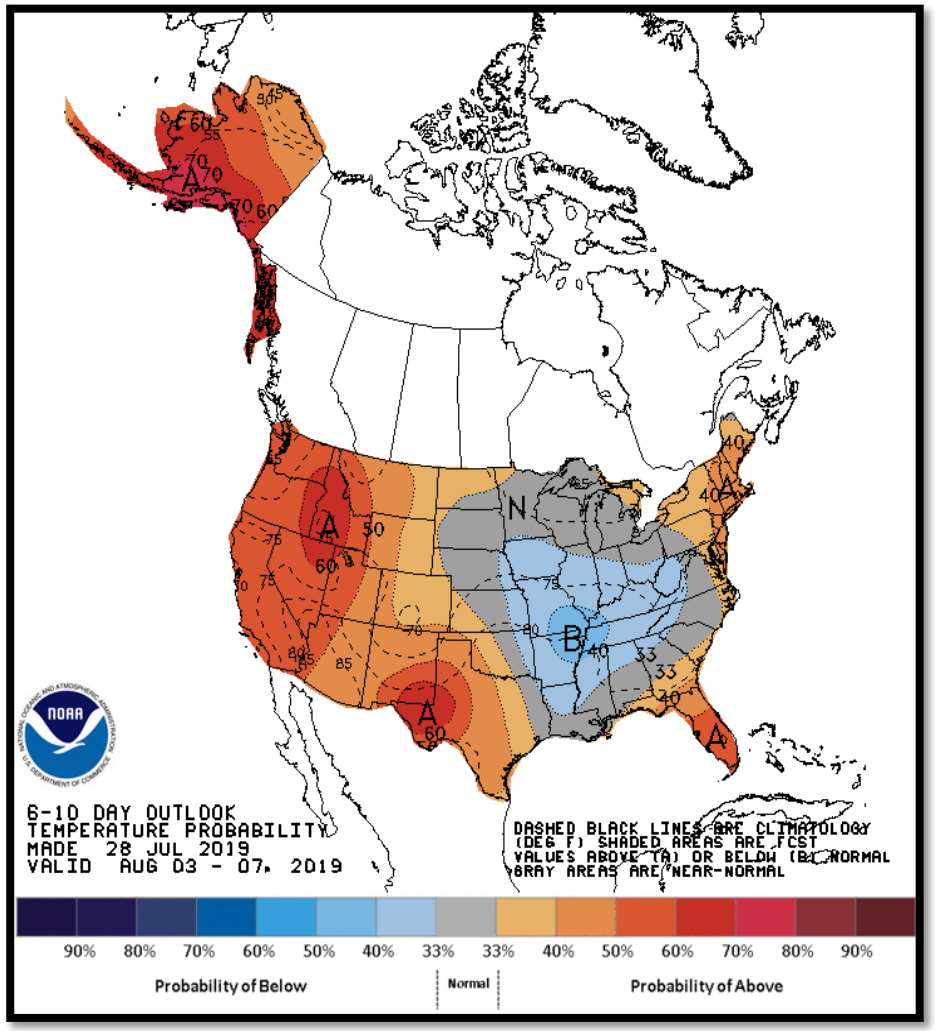
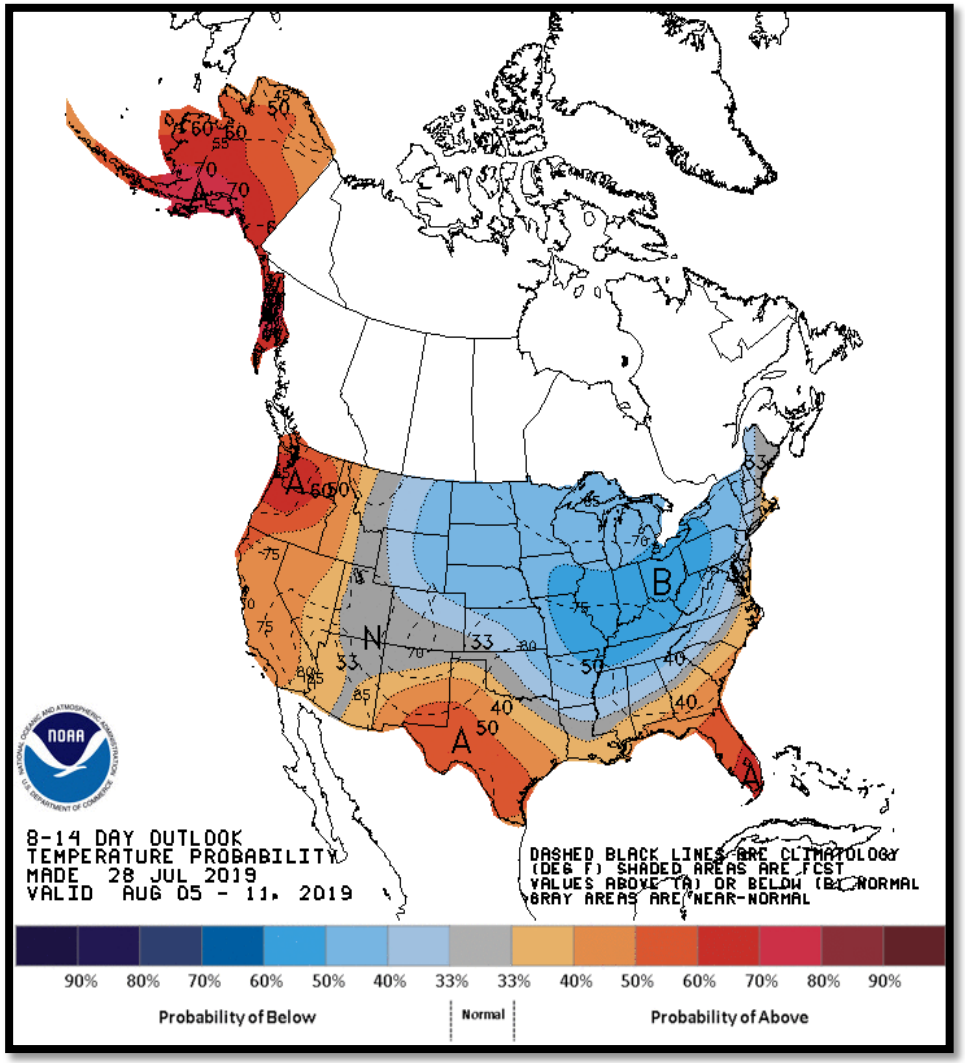
NOAA FORECASTS

6-10 Day Forecast



8-14 Day Forecast



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CRUDE OIL – 12 MONTH STRIP

	Last Year	Last Month	Last Week	Today
Trade Date	7/24/2018	6/24/2019	7/17/2019	7/24/2019
12M Strip	$65.82	$56.93	$56.28	$55.48
% Δ	15.72%	2.55%	1.44%	-

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HENRY HUB - NATURAL GAS – 12 MONTH STRIP

	Last Year	Last Month	Last Week	Today
Trade Date	7/26/2018	6/26/2019	7/18/2019	7/26/2019
12M Strip	$2.78	$2.43	$2.45	$2.36
% Δ	15.29%	3.04%	3.68%	-

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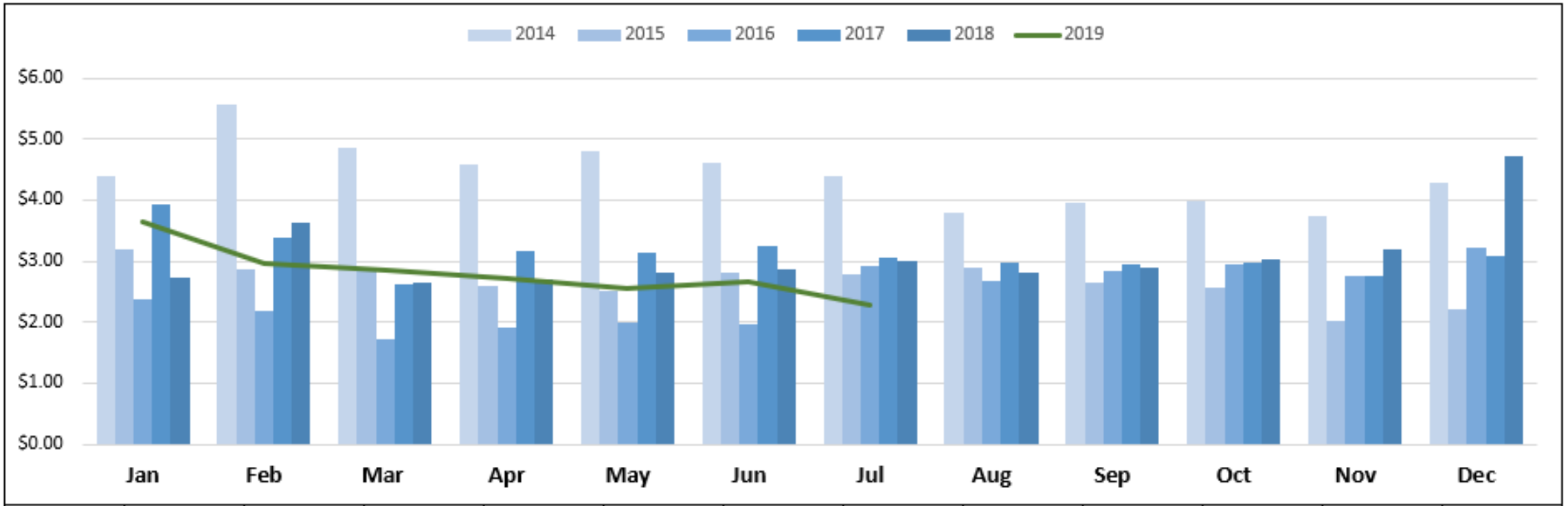
NYMEX MONTHLY NATURAL GAS SETTLEMENTS



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2014	$ 4.4070	$ 5.5570	$ 4.8550	$ 4.5840	$ 4.7950	$ 4.6190	$ 4.4000	$ 3.8080	$ 3.9570	$ 3.9840	$ 3.7280	$ 4.2820
2015	$ 3.1890	$ 2.8660	$ 2.8940	$ 2.5900	$ 2.5170	$ 2.8150	$ 2.7730	$ 2.8860	$ 2.6380	$ 2.5630	$ 2.0330	$ 2.2060
2016	$ 2.3720	$ 2.1890	$ 1.7110	$ 1.9030	$ 1.9950	$ 1.9630	$ 2.9170	$ 2.6720	$ 2.8530	$ 2.9520	$ 2.7640	$ 3.2320
2017	$ 3.9300	$ 3.3910	$ 2.6270	$ 3.1750	$ 3.1420	$ 3.2360	$ 3.0670	$ 2.9690	$ 2.9610	$ 2.9740	$ 2.7520	$ 3.0740
2018	$ 2.7380	$ 3.6310	$ 2.6390	$ 2.6910	$ 2.8210	$ 2.8750	$ 2.9960	$ 2.8220	$ 2.8950	$ 3.0210	$ 3.1850	$ 4.7150
2019	$ 3.6420	$ 2.9500	$ 2.8550	$ 2.7130	$ 2.5660	$ 2.6630	$ 2.2910					

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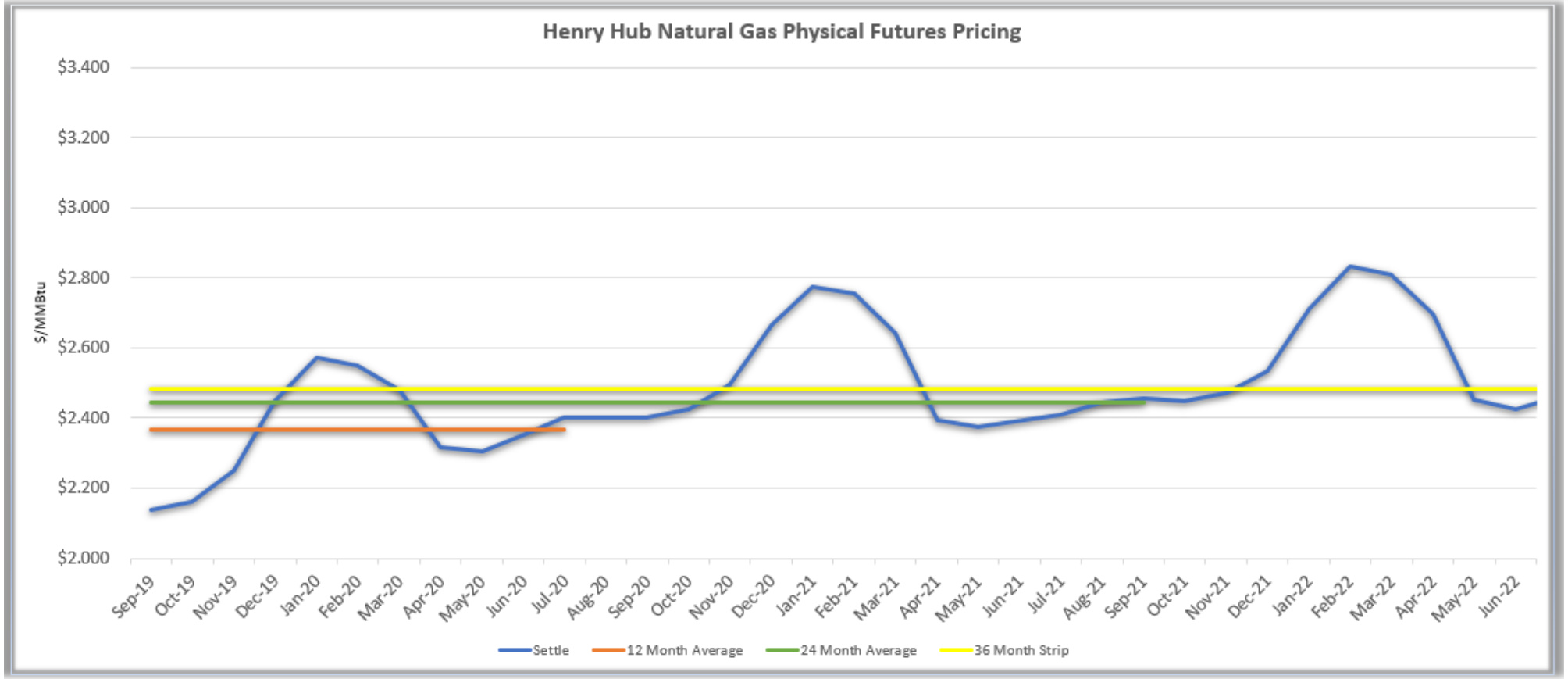
NATURAL GAS FORWARD PRICING



Sep-19	$ 2.137	*Mar-20*	$ 2.478	*Sep-20*	$ 2.400	*Mar-21*	$ 2.641	*Oct-21*	$ 2.450	*Apr-22*	$ 2.698
Oct-19	$ 2.160	*Apr-20*	$ 2.318	*Oct-20*	$ 2.426	*Apr-21*	$ 2.393	*Nov-21*	$ 2.473	*May-22*	$ 2.453
Nov-19	$ 2.252	*May-20*	$ 2.304	*Nov-20*	$ 2.496	*May-21*	$ 2.376	*Dec-21*	$ 2.532	*Jun-22*	$ 2.425
Dec-19	$ 2.447	*Jun-20*	$ 2.351	*Dec-20*	$ 2.666	*Jul-21*	$ 2.410	*Jan-22*	$ 2.712	*Jul-22*	$ 2.459
Jan-20	$ 2.574	*Jul-20*	$ 2.401	*Jan-21*	$ 2.776	*Aug-21*	$ 2.446	*Feb-22*	$ 2.831	*Aug-22*	$ 2.492
Feb-20	$ 2.549	*Aug-20*	$ 2.414	*Feb-21*	$ 2.753	*Sep-21*	$ 2.457	*Mar-22*	$ 2.809	*Sep-22*	$ 2.503

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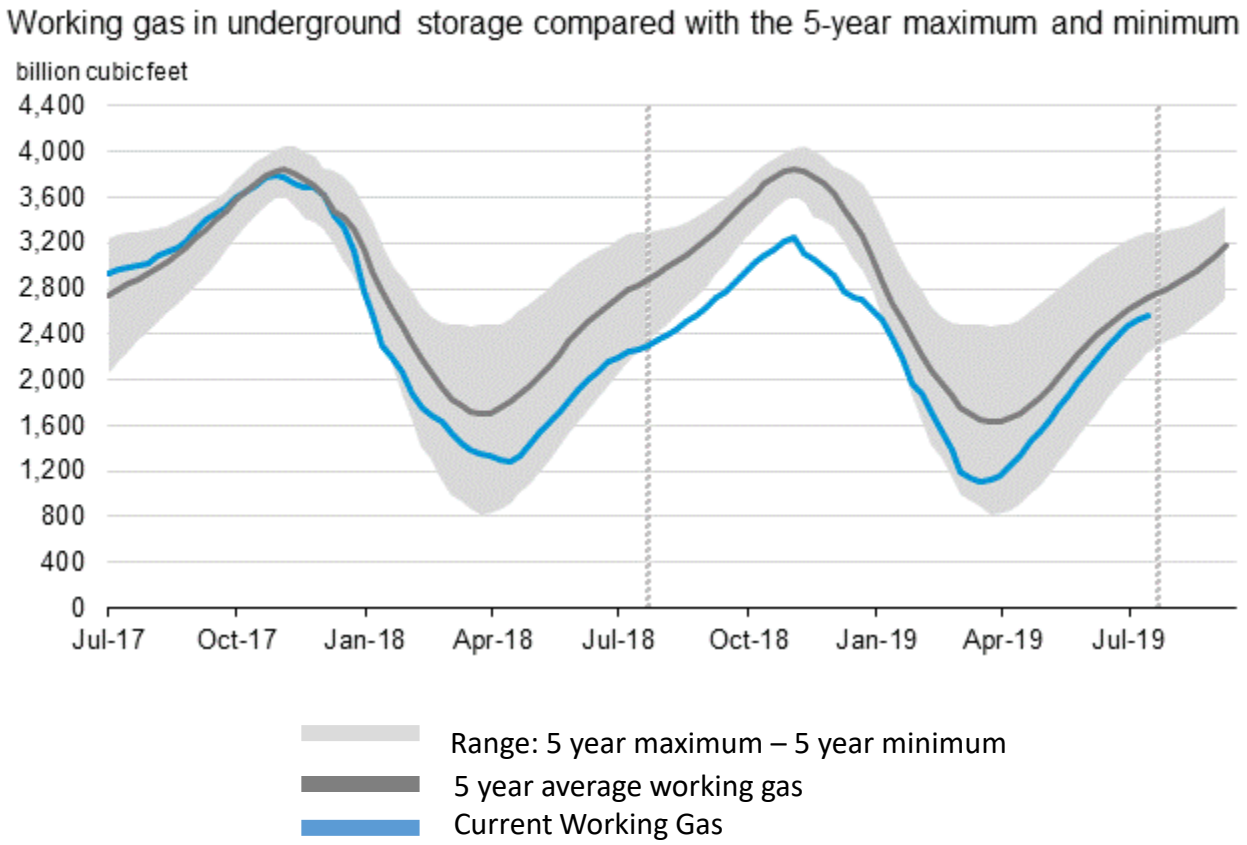
NATURAL GAS STORAGE REPORT

- The EIA reported Thursday morning that, for the week ending June July 19, U.S. inventories increased by 36 bcf.
- Total stockpiles now stand at 2,569 bcf. Inventories are 13.2% above last year's level, but still 5.6% below the five-year average for this time of the year.
- After failing to climb above $2.50 per MMBtu, the price of the energy commodity fell to a low at $2.165 last week and settled at $2.169 on Friday, July 26.
- The inventory builds have been declining steadily, and the week of July 19 marked the sixth consecutive week of lower injections.



***Data sourced from Energy Information Administration*

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NYISO (NY) – 12 MONTH FLAT FORWARD PRICING

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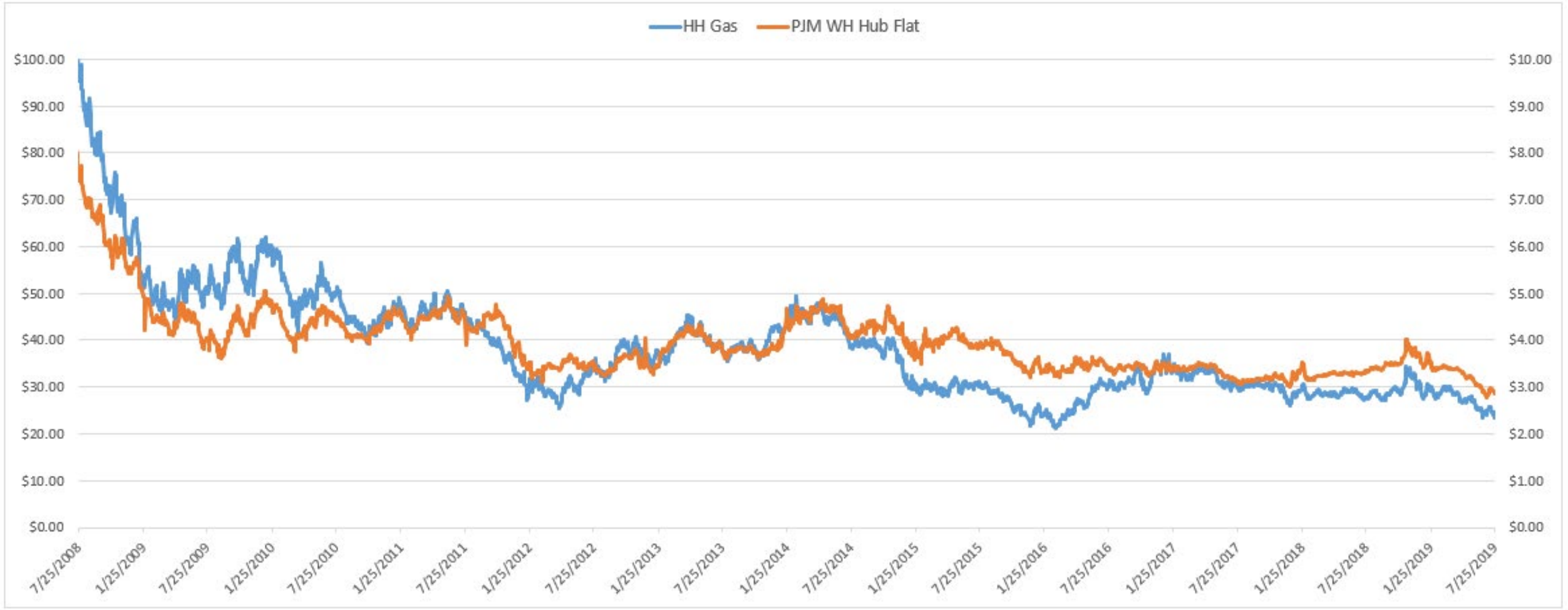
PJM WEST HUB vs HH - 12 MONTH FLAT FORWARD PRICING



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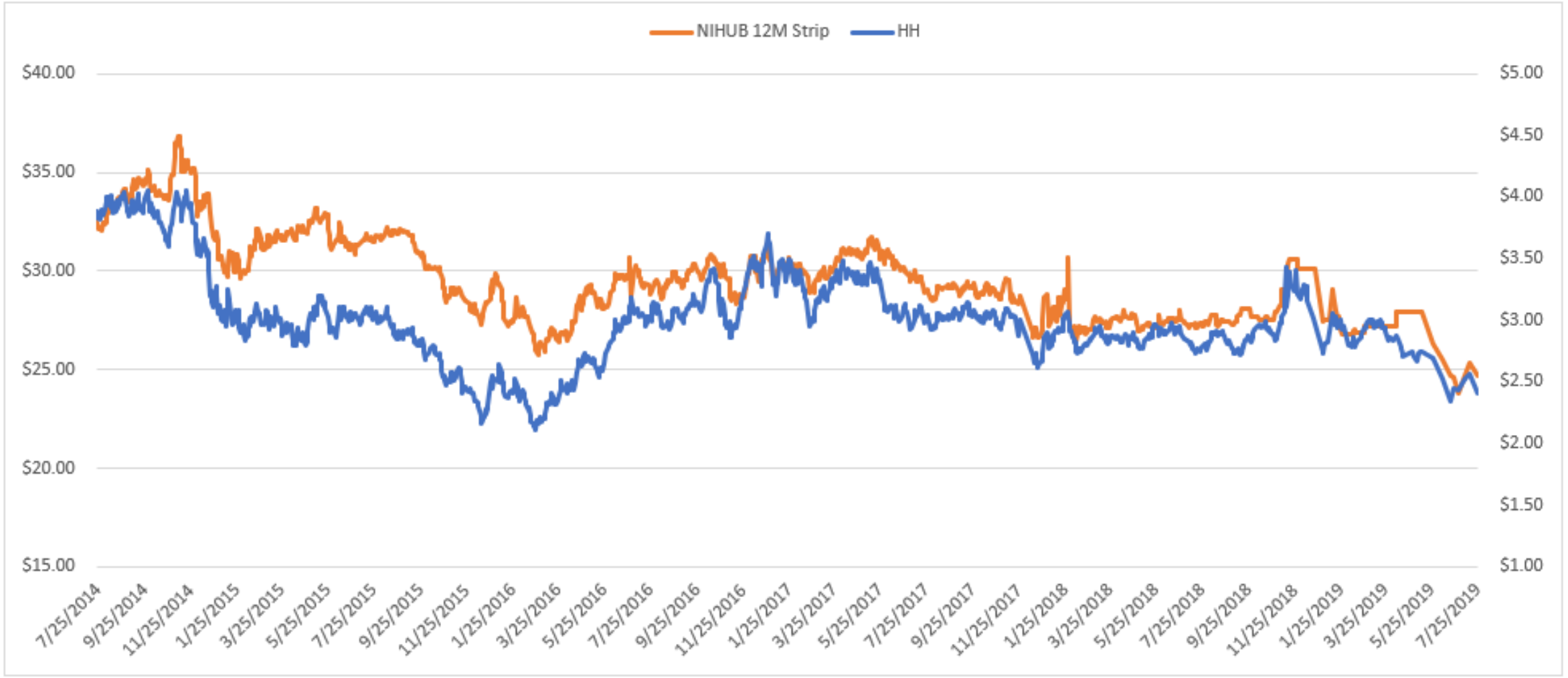
PJM NI-HUB (MIDWEST) vs HH - 12 MONTH FLAT FORWARD PRICING



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MASS HUB (MA) - 12 MONTH FLAT FORWARD PRICING

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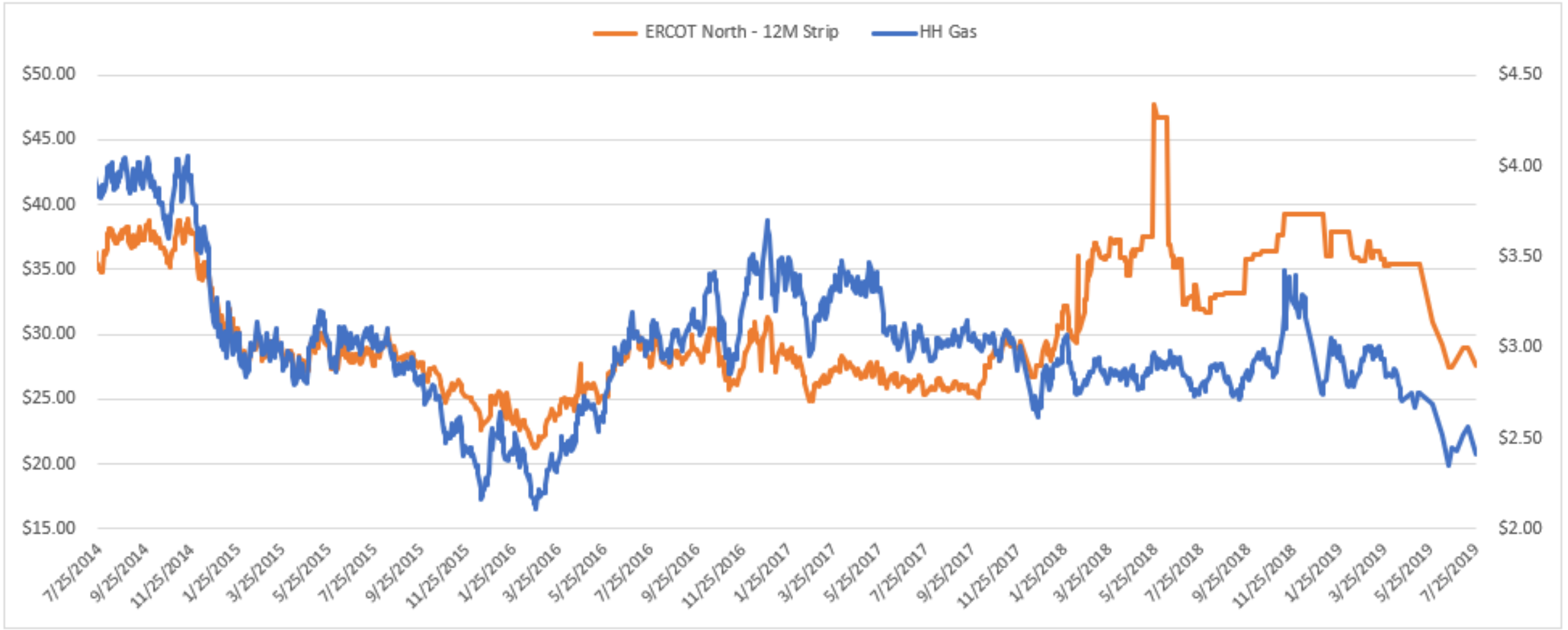
ERCOT NORTH (TX) – 12 MONTH FLAT FORWARD PRICING



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CAISO (CA) – 12 MONTH FLAT FORWARD PRICING

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ISO-NEW ENGLAND FORWARD CAPACITY AUCTION PRICES ($/MW-year)

ISO-NE Forward Capacity Auction Prices ($/kW-month)								
Auction	ME	SEMA	WCMA	NEMA	NH	VT	RI	CT
FCA 1 2010-2011	$ 4.500	$ 4.500	$ 4.500	$ 4.500	$ 4.500	$ 4.500	$ 4.500	$ 4.500
FCA 2 2011-2012	$ 3.600	$ 3.600	$ 3.600	$ 3.600	$ 3.600	$ 3.600	$ 3.600	$ 3.600
FCA 3 2012-2013	$ 2.951	$ 2.951	$ 2.951	$ 2.951	$ 2.951	$ 2.951	$ 2.951	$ 2.951
FCA 4 2013-2014	$ 2.951	$ 2.951	$ 2.951	$ 2.951	$ 2.951	$ 2.951	$ 2.951	$ 2.951
FCA 5 2014-2015	$ 3.209	$ 3.209	$ 3.209	$ 3.209	$ 3.209	$ 3.209	$ 3.209	$ 3.209
FCA 6 2015-2016	$ 3.434	$ 3.434	$ 3.434	$ 3.434	$ 3.434	$ 3.434	$ 3.434	$ 3.434
FCA 7 2016-2017	$ 2.831	$ 2.749	$ 2.749	$ 6.790	$ 2.749	$ 2.749	$ 2.749	$ 2.747
FCA 8 2017-2018	$ 7.086	$ 7.117	$ 7.117	$ 15.000	$ 7.117	$ 7.117	$ 7.117	$ 7.030
FCA 9 2018-2019	$ 9.551	$ 11.404	$ 9.551	$ 9.551	$ 9.551	$ 9.551	$ 11.404	$ 9.551
FCA 10 2019-2020	$ 7.030	$ 7.030	$ 7.030	$ 7.030	$ 7.030	$ 7.030	$ 7.030	$ 7.030
FCA 11 2020-2021	$ 5.297	$ 5.297	$ 5.297	$ 5.297	$ 5.297	$ 5.297	$ 5.297	$ 5.297
FCA 12 2021-2022	$ 4.630	$ 4.630	$ 4.630	$ 4.630	$ 4.630	$ 4.630	$ 4.630	$ 4.630
FCA 13 2022-2023	$ 3.800	$ 3.800	$ 3.800	$ 3.800	$ 3.800	$ 3.800	$ 3.800	$ 3.800

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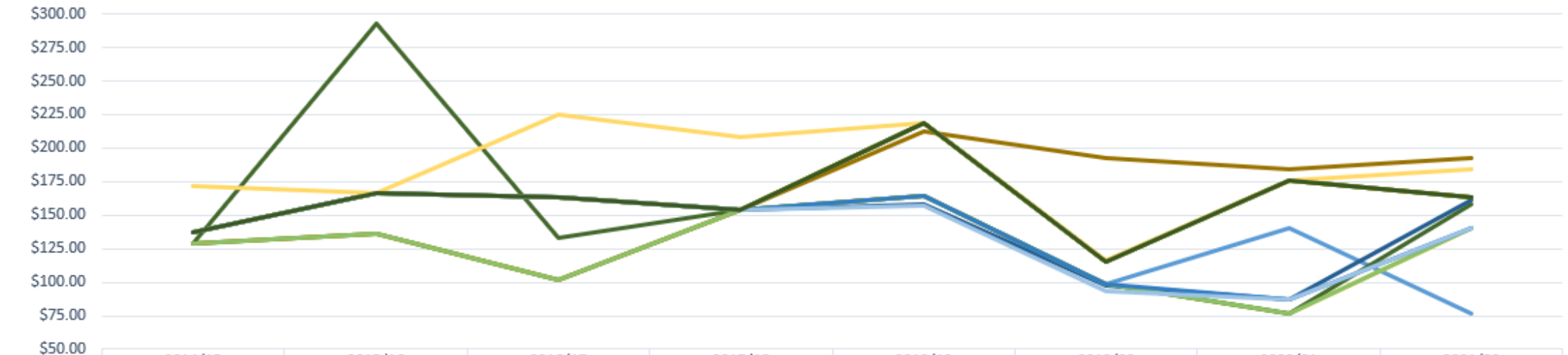
PJM FORWARD CAPACITY AUCTION PRICES ($/MW-day)



	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
AECO	$137.54	$166.53	$163.27	$153.74	$218.98	$115.58	$176.17	$163.08
AEP	$128.38	$135.81	$101.62	$153.61	$164.70	$98.07	$140.53	$77.00
APS	$128.38	$135.81	$101.62	$153.61	$164.70	$98.07	$77.00	$140.53
ATSI	$128.38	$293.00	$133.23	$153.61	$164.70	$98.07	$77.00	$157.99
BGE	$137.55	$166.53	$163.27	$153.74	$158.20	$97.79	$86.89	$161.62
ComEd	$128.38	$135.81	$101.62	$153.61	$212.03	$192.56	$183.79	$192.69
Dayton	$128.38	$135.81	$101.62	$153.61	$164.70	$98.07	$77.00	$140.53
JCPL	$137.54	$166.53	$163.27	$153.74	$218.98	$115.58	$176.17	$163.08
METED	$137.55	$166.53	$163.27	$153.74	$164.70	$98.07	$86.89	$140.53
PECO	$137.54	$166.53	$163.27	$153.74	$218.98	$115.58	$176.17	$163.08
PEPCO	$137.55	$166.53	$163.27	$153.74	$156.90	$92.90	$86.89	$140.53
PSEG	$171.59	$166.29	$224.70	$208.59	$218.98	$115.83	$176.17	$184.03
RECO	$137.54	$166.53	$163.27	$153.74	$218.98	$115.58	$176.17	$163.08

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