



**News Tracker:**

-Natural gas spot price movements were mixed this Report Week (Wednesday, March 23, to Wednesday, March 30). The Henry Hub spot price rose slightly during the Report Week, starting at \$1.80 per million British thermal units (MMBtu) and finishing at \$1.84/MMBtu.

-At the New York Mercantile Exchange (Nymex), the April 2016 natural gas futures contract expired on Tuesday, March 29 at \$1.903/MMBtu. The May 2016 contract moved into the front month position and rose over the Report Week from \$1.868/MMBtu on March 23 to \$1.996 on March 30.

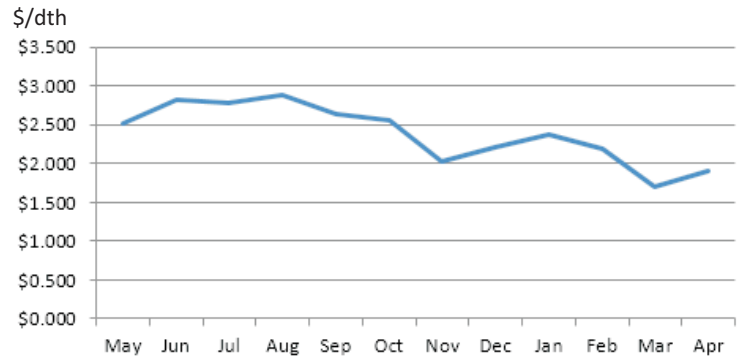
- Natural gas net withdrawals from storage totaled 25 Bcf, compared with the five-year average withdrawal of 22 Bcf and the year-ago withdrawal of 10 Bcf for the storage report week. This ends an eight-week streak in which the implied net change was smaller than the five-year average. Since January 22, the storage surplus compared with the five-year average has grown from 432 to 843 Bcf. Natural gas storage is 1,002 Bcf higher than a year ago. Despite a larger-than-average net withdrawal for the week, working gas stocks remain at record-highs for this time of year. Working gas stocks are currently 27 Bcf above the five-year maximum for the storage report week of 2,441 Bcf set in 2012. The traditional end of the season is March 31. The record high for the end of the heating season occurred in 2012, when working gas stocks totaled 2,473 Bcf. Temperatures in the Lower 48 states averaged 48°F during the report week, 3% higher than normal and 3% above last year at this time. These above-normal temperatures are a continuation of an ongoing pattern that has occurred since the beginning of the 2015-16 heating season on November 1, 2015. Temperatures have been above normal levels during 18 out of 21 weeks in the 2015-16 heating season so far. Cumulative heating degree-days during this period are 17% below normal.

-For the week ending March 24, gas-directed rigs increased by 3 to 92, and oil-directed rigs fell by 15 to 372. The total rig count fell by 12, and now stands at 464.

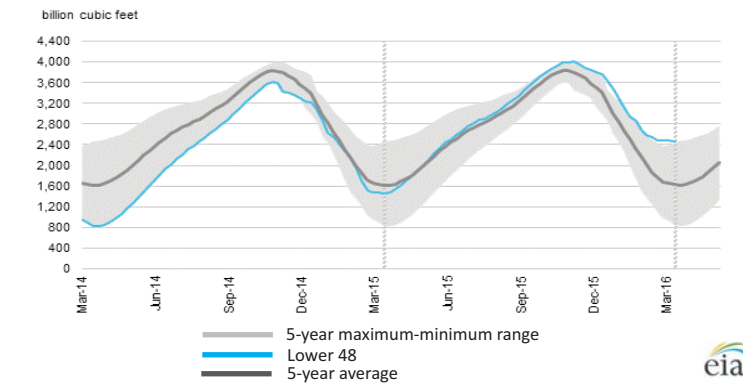
-The natural gas plant liquids (NGPL) composite price at Mont Belvieu, Texas, increased by a penny to \$4.61/MMBtu for the week ending Friday, March 25. The prices of ethane and natural gasoline rose by 1.0% and 3.2%, respectively. The prices of isobutane, butane, and propane fell by 0.5%, 0.7%, and 1.1%, respectively.

Excerpted from eia

**Monthly NYMEX Natural Gas Settle Price: May 2015 - Apr 2016:**



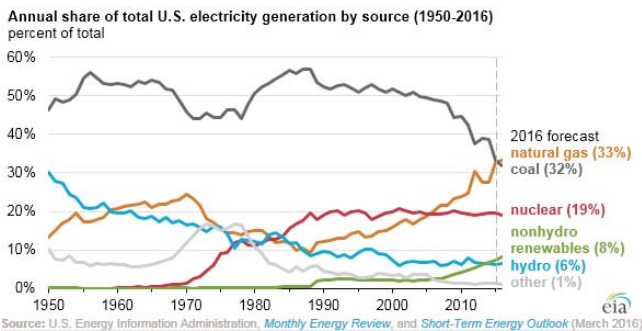
**Working nat. gas in underground storage as of March 25, 2016**



**Forward 12-month NYMEX natural gas strip price - May16-Apr17:**

Process Load-weighted \$2.508/dth (w/w = +\$0.124)  
 Typical Heat Load-weighted \$2.677/dth (w/w = +\$0.114)

**Natural gas expected to surpass coal in mix of fuel used for US power generation in 2016:**



For decades, coal has been the dominant energy source for generating electricity in the U.S. Energy Information Administration's Short-Term Energy Outlook is now forecasting that 2016 will be the first year that natural gas-fired generation exceeds coal generation in the U.S. on an annual basis. Natural gas generation first surpassed coal generation on a monthly basis in April 2015, and the generation shares for coal and natural gas were nearly identical in 2015. The mix of fuels used for electricity generation has evolved over time. The recent decline in the generation share of coal, and the concurrent rise in the share of natural gas, was mainly a market-driven response to lower natural gas prices that have made natural gas generation more economically attractive. Between 2000 and 2008, coal was significantly less expensive than natural gas, and coal supplied about 50% of total U.S. generation. However, beginning in 2009, the gap between coal and natural gas prices narrowed, as large amounts of natural gas produced from shale formations changed the balance between supply and demand in U.S. natural gas

markets. Environmental regulations affecting power plants have played a secondary role in driving coal's declining generation share over the past decade, although plant owners in some states have made investments to shift generation toward natural gas at least partly for environmental reasons. Looking forward, environmental regulations may play a larger role in conjunction with market forces. Owners of some coal plants will face decisions to either retire units or reduce their utilization rate to comply with requirements to reduce carbon dioxide emissions from existing fossil fuel-fired power plants under the Clean Power Plan, which is scheduled to take effect in 2022 but has recently been stayed by the Supreme Court pending the outcome of ongoing litigation.

“In the case of the laser, it happens that it really isn’t a very good death ray. It will burn you. It can kill people. But a pistol is much simpler and quicker and cheaper. I don’t think the laser will ever be really used as a death ray.” -Charles Townes<sup>1</sup>

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<sup>1</sup> “Charles Townes Interview - Academy of Achievement,” 1991