

News Tracker:

-Natural gas spot prices fell at most locations for the period of Wednesday, April 18 to Wednesday, April 25 (the Report Week). The Henry Hub spot price fell from \$2.84 per million British thermal units (MMBtu) to \$2.79/MMBtu from open to close of the Report Week.

-At the New York Mercantile Exchange (Nymex), the May 2018 natural gas futures contract rose 5¢ from \$2.739/MMBtu to \$2.786/MMBtu during the course of the Report Week.

-Total U.S. consumption of natural gas fell by 6% compared with the previous report week, according to data from PointLogic Energy. In the residential and commercial sectors, consumption declined by 14%, as weather was warmer than normal west of the Rocky Mountains and close to normal on the eastern seaboard. Natural gas consumed for both power generation and in the industrial sector declined by 2% week over week. Natural gas exports to Mexico decreased 1%.

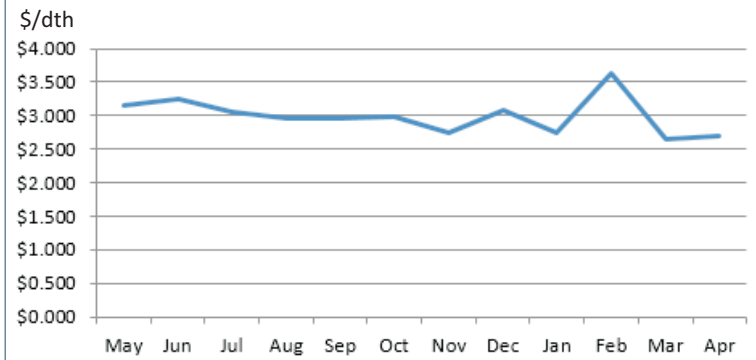
-Net natural gas withdrawals from storage totaled 18 Bcf for the week ending April 20, compared with the five-year (2013-17) average net injections of 60 Bcf and last year's net injections of 71 Bcf during the same week. The natural gas storage refill season typically begins on April 1. However, colder-than-normal temperatures throughout most of the Lower 48 states have resulted in continued withdrawals from storage. This week's report marks the third week in a row and sixth time since 2010 that net withdrawals from storage on a national level were reported during April. Working gas stocks totaled 1,281 Bcf, which is 527 Bcf (29%) lower than the five-year average and 897 Bcf (41%) lower than last year at this time.

-Net natural gas withdrawals from storage total 71 Bcf thus far in April. Working gas stocks have not posted a net decline for the first month of the refill season since 1984 when net withdrawals totaling 74 Bcf were reported. The smallest net monthly injections reported on a monthly basis for April totaled 29 Bcf in 1993. If net injections into working gas match the five-year average of 101 Bcf for the remainder of April, then the net injections for the month will total 30 Bcf.

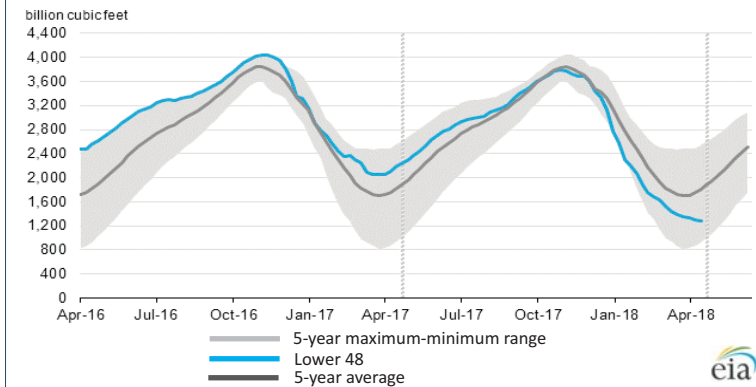
--According to Baker Hughes, for the week ending Tuesday, April 17, the natural gas rig count remained flat at 192. The number of oil-directed rigs rose by 5 to 820.

Excerpted from 

Monthly NYMEX Natural Gas Settle Price: May 2017 - Apr 2018:



Working nat. gas in underground storage as of April 20, 2018



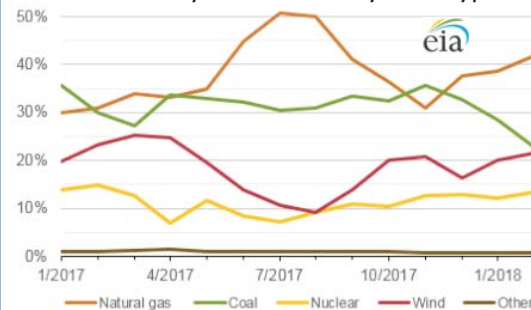
Forward 12-month NYMEX natural gas strip price - May 18-Apr 19:

Process Load-weighted \$2.879/dth - w/o/w = ▲\$0.012
 Typical Heat Load-weighted \$2.932/dth - w/o/w = ▲\$0.002

Natural gas-fired electricity generation gains market share in Texas:

In Texas in 2018, the share of generation from natural gas-fired power plants increased by 3.2 percentage points to almost 42% from January to February. Coal-fired power plants saw their share of total generation decrease from 28% in January to a little less than 23% in February. This decrease is largely the result of coal generation dropping significantly from the previous month (the largest difference between months in more than 15 years), and corresponds to a 34% drop in coal generation compared to an 18% drop in total generation from January to February. This decrease in coal generation likely reflects the retirement of capacity at three coal power plants in Texas in January and February. Offsetting this decrease in capacity is

Texas Electricity Generation By Fuel Type



capacity that was added last year, which included 6 units at 2 natural gas combined-cycle plants and 10 wind power generators. No coal capacity has been added in Texas since 2013. Currently, 12 coal-fired power plants operate in ERCOT, with a net summer capacity of a little less than 15 gigawatts (GW). By comparison, 120 natural gas-fired plants currently operate in ERCOT with a capacity at about 56 GW. Coal's share is likely to decrease further as 840-MW of coal-fired generation is planned for retirement by the end of 2018. Additional generation capacity projects planned to come in service in Texas between 2018 and 2022 are nearly two-thirds natural gas-fired. Over the next four years, 19 units at 7 natural gas combined-cycle plants are planned to begin operations; however, construction has not started on any of them. In addition, 38 units at 16 natural gas-fired combustion turbine plants are planned, with two projects near completion and seven projects under construction. No natural gas-fired power plants are slated for retirement this year in ERCOT.

Excerpted from 

"Talent isn't enough. You need common sense and good advice. If anyone tries to tell you different, tell them the story of Hack Wilson." -Hack Wilson¹