



## Energy Market Report

Report Date: May 8, 2015

Report Week: April 29 to May 6, 2015

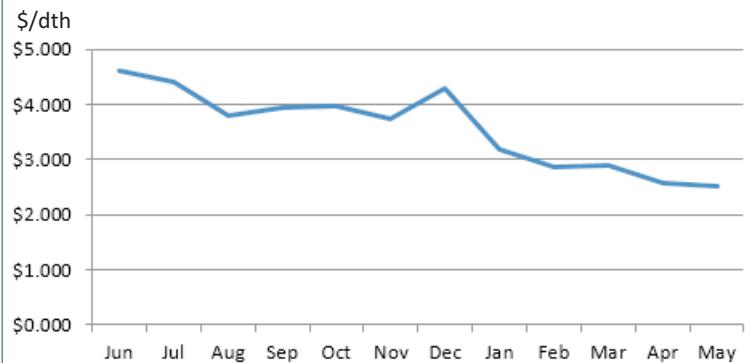
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## News Tracker:

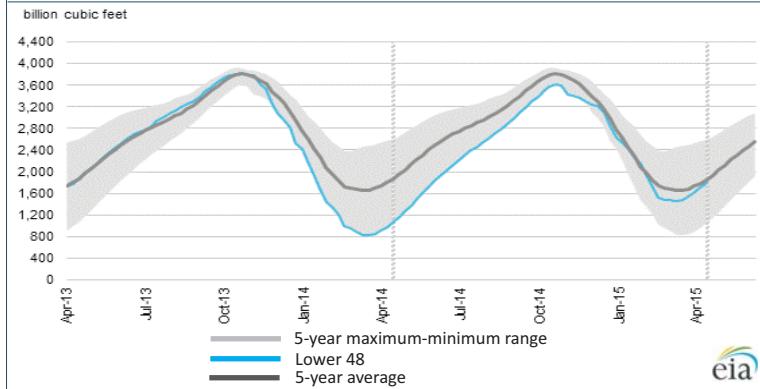
- With planned and unplanned maintenance, along with higher-than-average temperatures, most trading locations experienced increasing prices through the report week (Wednesday, April 29-Wednesday, May 6). Henry Hub spot prices started the week at \$2.56/MMBtu last Wednesday, and rose 19¢ to \$2.75/MMBtu yesterday.
- The NYMEX June 2015 prompt month contract opened the report week at \$2.606/MMBtu, increased during the week and ended up at \$2.776/MMBtu to close the report week.
- Working natural gas in storage increased to 1,786 Bcf as of Friday, May 1, according to the U.S. Energy Information Administration Weekly Natural Gas Storage Report. A net injection into storage of 76 Bcf for the week resulted in storage levels 71.1% above year-ago levels and 3.6% below the five-year average for this week. Market expectations, on average, called for a build of 75 Bcf. Temperatures in the Lower 48 states averaged 55° Fahrenheit for the storage report week, 1.9° cooler than the 30-year normal temperature and 1.3° cooler than the average temperature during the same week last year.
- The total rig count for May 1 fell by 27 units to 905 rigs, according to data reported by Baker Hughes Inc. Oil rigs fell by 24 units to 679 and gas rigs fell by 3 to 222. The largest reduction was 8 rigs overall in the Permian Basin, followed by Eagle Ford dropping 7 oil rigs, but gaining 2 for natural gas.
- The natural gas plant liquids composite price, for the week ending May 1, was unchanged from the previous week at \$5.70/MMBtu. With the exception of natural gasoline, which fell by 0.8%, all of the other Mont Belvieu natural gas liquids spot prices rose slightly this week. The price of ethane increased by 0.1%, propane increased by 0.3%, butane increased by 0.9%, and isobutane increased by 0.2%.
- Total natural gas consumption fell by 10.8% week over week, with decreased consumption in industrial and residential/commercial sectors, and an increase in both the power sector and exports to Mexico. With many areas experiencing warming temperatures, some above normal, residential/commercial demand fell by more than 30%. Industrial consumption fell as well, dropping 3.4%. Natural gas consumption for electric generation (power burn) increased 0.6% for the week, up by 13.9% over the same period in 2014.

Excerpted from 

## Monthly NYMEX Natural Gas Settle Price Jun 2014 - May 2015:



## Working nat. gas in underground storage as of May 1, 2015:

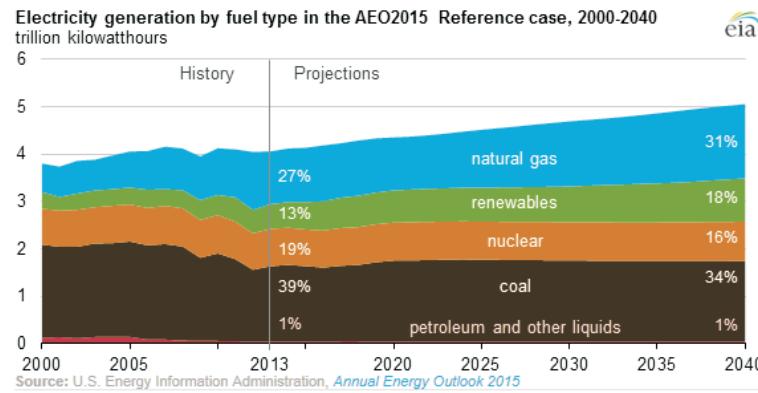


## Forward 12-month NYMEX natural gas strip price - Jun15-May16:

Process Load-weighted - \$3.074/dth (w/w \$0.188)  
 Heat Load-weighted - \$3.170/dth (w/w \$0.172)

## Natural gas, renewables projected to provide larger shares of electricity generation :

The U.S. Energy Information Administration's (EIA) Annual Energy Outlook 2015 (AEO2015) projects that US electricity consumption will increase at an average annual rate of 0.8% from 2013 to 2040, nearly in line with expected population growth. Continuing a recent trend toward lower levels of carbon-intensive generation, natural gas and renewable generation meet almost all of the increase. Electricity generation from renewable sources provided 13% of U.S. electricity in 2013. In the AEO2015 Reference case, which reflects current laws and regulations *but not pending rules, such as the Environmental Protection Agency's Clean Power Plan*, this percentage is projected to increase to 18% by 2040. Wind and solar generation account for nearly two-thirds of the growth in renewable generation. Solar is the fastest-growing renewable generation source, but wind accounts for the largest absolute increase in generation. Wind becomes the single largest source of renewable generation by 2040, supplanting hydropower as the largest renewable generation source. New solar photovoltaic capacity drives nearly all of the growth in solar generation, with increases coming from both the electric power sector and end-use sectors such as distributed or customer-sited generation (i.e., rooftop installations). The *natural gas share of total generation also grows*, from 27% in 2013 to 31% in 2040 in the Reference case, while the *coal share declines* from 39% in 2013 to 34% in 2040, and the nuclear share drops from 19% to 16% over the projection period.



"A mass media society offers its citizens many advantages but accurate understanding of risk is not among them. The media must sell themselves, and they do so by overstatement." -Michael Crichton

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