

**News Tracker:**

-Natural gas spot prices fell over the report week (January 21<sup>st</sup> to January 28<sup>th</sup>) at most trading locations outside of the Northeast, where price movements were mixed. The Henry Hub spot price fell from \$2.94/MMBtu January 21, to \$2.89/MMBtu, January 28.

-The NYMEX February 2015 natural gas futures contract fell 10.8¢ over the report week and expired on January 28<sup>th</sup> at \$2.866/MMBtu.

-Working natural gas in storage decreased to 2,543 Bcf as of Friday, January 23, according to the U.S. Energy Information Administration Weekly Natural Gas Storage Report. A net withdrawal from storage of 94 Bcf for the week resulted in storage levels 14.6% above year-ago levels and 3.0% below the five-year average for this week.

Temperatures in the Lower 48 states averaged 38.9° for the storage report week, 5.7° warmer than the 30-year normal temperature and 5.3° warmer than the temperatures during the same week last year.

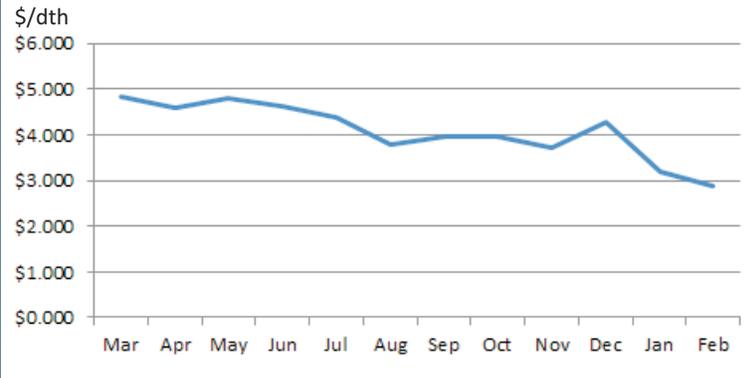
-The total U.S. rotary rig count decreased by 43 active units to 1,633 rigs for the week ending January 23, according to data from Baker Hughes Inc. The natural gas rig count rose by 6 units to 316, while the oil rig count fell by 49 to 1,317. The largest decline in oil rigs occurred in the Bakken, where the rig count fell by 13.

-The natural gas plant liquids composite price rose by 12¢ this week, increasing 2.5% from \$5.08/MMBtu to \$5.20/MMBtu. With the exception of ethane, which fell 6.3%, all Mont Belvieu NGL spot prices were up this week, with the strongest growth occurring in propane, which rose 9.9%.

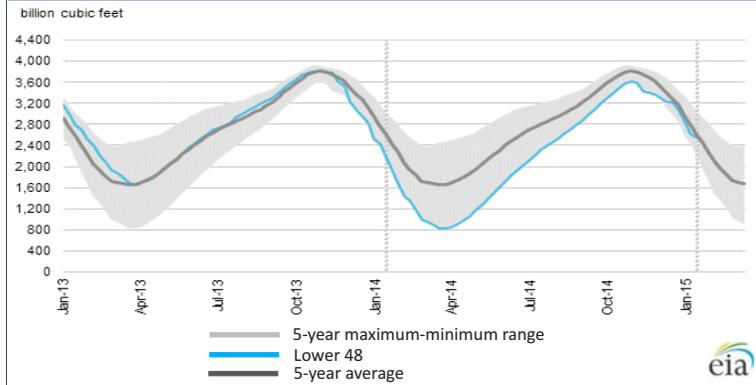
-Dry natural gas production rose 0.8% from last week, according to data from Bentek Energy. Production continues to recover from supply disruptions from freeze-offs earlier this month. Production is 12.2% greater than year-ago levels. Canadian imports fell 0.3% week-over-week, with increases in imports to the Northeast and West and declines in imports to the Midwest. LNG sendout declined from the previous week.



**Monthly NYMEX Natural Gas Settle Price Mar 2014 - Feb 2015:**



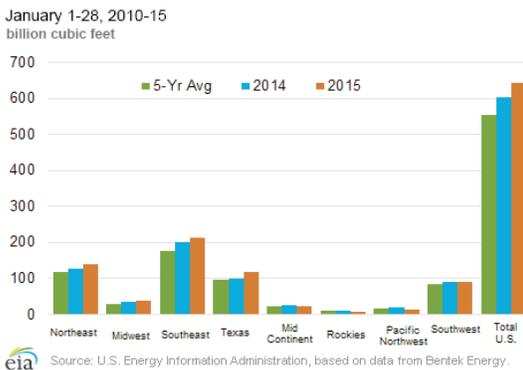
**Working nat. gas in underground storage as of January 24, 2015:**



**Forward 12-month NYMEX natural gas strip price - Mar15-Feb16:**

Process Load-weighted - \$3.000/dth  
Heat Load-weighted - \$3.060/dth

**Led by growth in Texas, the Southeast, and Northeast, power burn is headed for a January record:**



rather than the winter months. This is because electricity bumps up during the summer air conditioning season but is not the primary contributor to space heating in the colder regions of the US. However, with cold temperatures, power burn typically increases in the southern regions where electricity is the primary source for heating. January 2015's weather has been comparable to January 2014, and both years saw increases in power burn during cold snaps..

Natural gas consumed in electric generation (power burn) has generally increased over the past 10 years, and power burn during the first 28 days of January is at record levels this year, according to data from Bentek Energy. So far in January 2015, power burn is more than 6% greater than the same period in 2014, and 16% higher than the five-year (2010-14) average for this period.

Contributing to this growth is an increasing share of natural gas-fired capacity and relatively low natural gas prices. From January through November 2014, 66 power plant units, with a total net summer capacity of 3,787 megawatts (MW), were retired in 19 states. The primary generation fuels for these plants were coal and petroleum liquids. More than 300 utility-scale generating units, with a net summer capacity of 9,656 MW, were brought online in January-November 2014, with 46 being natural gas-fired units representing 48% (4,624 MW) of the total added capacity. Last month, the power sector planned to retire more than 17,000 MW of net summer capacity from December 2014 through 2015, of which 78% is coal-fired and 13% is gas-fired. At the same time there were 65 natural gas-fired units under construction or waiting to come online before 2016, with an estimated capacity of more than 10,000 MW. Power burn is highly seasonal, peaking during the summer

“Education without values, as useful as it is, seems rather to make man a more clever devil.” -C. S. Lewis