

## News Tracker:

-Natural gas spot prices fell at most locations this Report Week (Wednesday, January 25 to Wednesday, February 1). The Henry Hub spot price fell from \$3.25 per million British thermal units (MMBtu) last to open the Report Week to \$3.12/MMBtu at the close of the Report Week.


-At the New York Mercantile Exchange (Nymex), the February 2017 natural gas futures contract expired January 27 at \$3.391/MMBtu. The March 2017 contract decreased to \$3.168/MMBtu, down 18¢ from open to close of the Report Week.

- For the second week in a row, considerably warmer-than-normal temperatures resulted in net withdrawals falling below the five-year average. Net withdrawals from storage totaled 87 Bcf, compared with the five-year (2012-16) average net withdrawal of 166 Bcf and last year's net withdrawals of 169 Bcf during the same week. Warmer-than-normal temperatures throughout most of the Lower 48 states mitigated heating demand for natural gas and contributed to the below-average withdrawals from storage. Working gas stocks totaled 2,711 Bcf, which is 59 Bcf (2%) more than the five-year average and 266 Bcf (9%) less than last year at this time.

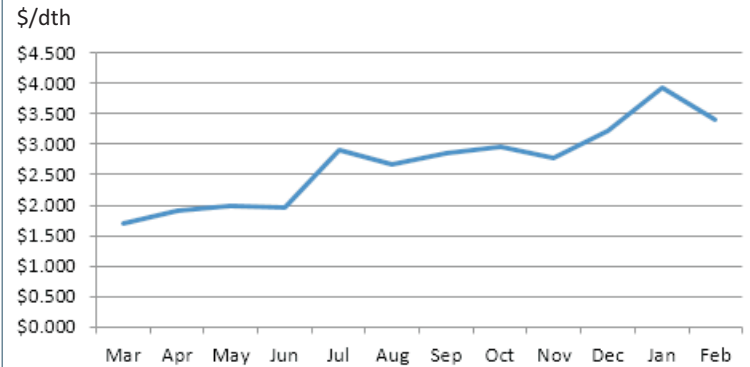
-U.S. liquefied natural gas (LNG) exports. Natural gas pipeline deliveries to the Sabine Pass liquefaction terminal averaged 1.8 Bcf/d for the report week, unchanged from the previous week. Four vessels (combined LNG-carrying capacity of 14.1 Bcf) departed Sabine Pass last week. In January 2017, 15 LNG cargoes were exported from Sabine Pass, exceeding the previous record set in December 2016 with 12 exported cargoes.

The natural gas plant liquids composite price at Mont Belvieu, Texas, rose by 4¢, closing at \$6.67/MMBtu for the week ending January 27. The prices of natural gasoline and ethane fell by 14% and 12%, respectively. The prices of propane, butane, and isobutane rose by 5%, 13%, and 11%, respectively.

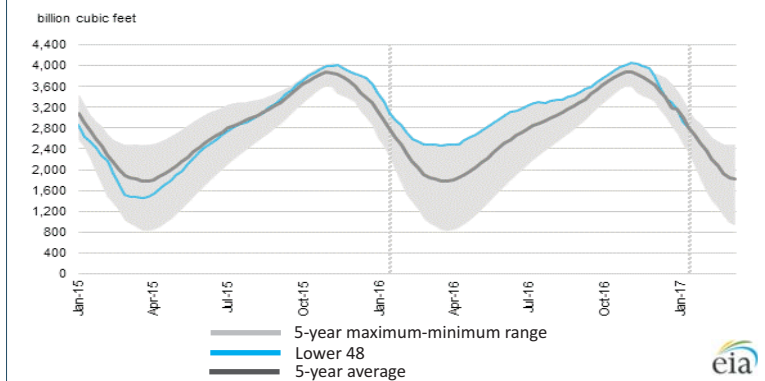
-According to Baker Hughes, for the week ending Friday, January 27, the natural gas rig count increased by 3 to 145. The number of oil-directed rigs rose by 15 to 566. The total rig count climbed by 18, and it now stands at 712.

Excerpted from 

## Monthly NYMEX Natural Gas Settle Price: Mar2016 - Feb 2017:



## Working nat. gas in underground storage as of January 27, 2017

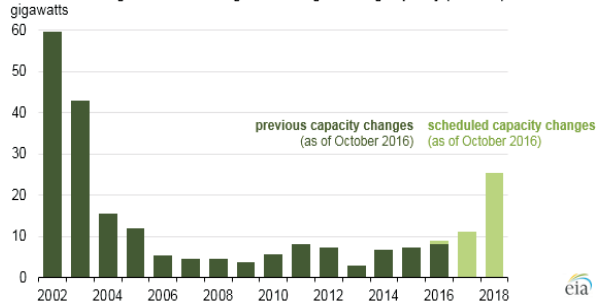


## Forward 12-month NYMEX natural gas strip price - Mar17-Feb18:

Process Load-weighted \$3.362/dth - w/w = ▼\$0.123  
 Typical Heat Load-weighted \$3.386/dth - w/w = ▼\$0.122

## Natural gas-fired generating capacity likely to continue increasing over next two years:


Net annual change in U.S. natural gas electric generating capacity (2002-18)





US generators are planning to increase natural gas-fired generating capacity by 11.2 gigawatts (GW) in 2017 and 25.4 GW in 2018, based on information reported to the US Energy Information Administration (EIA). On a combined basis, these 2017-18 additions would increase natural gas capacity by 8% from the capacity existing at the end of 2016. Depending on the timing and utilization of these plants, the new additions could help natural gas maintain its status as the primary energy source for power generation, even if natural gas prices rise moderately. The upcoming expansion of natural gas-fired electricity generating capacity follows five years of net reductions of total coal-fired electricity generating capacity. Available coal-fired capacity fell by an estimated 47.2 GW between the end of 2011 and the end of 2016, equivalent to a 15% reduction in the coal fleet over the five-year period. The electricity industry has been retiring some coal-fired generators and converting others to run on natural gas in response to the implementation of environmental regulations and to the sustained low cost of natural gas. Expanded production from shale formations is one of the main reasons that natural gas prices have remained low in recent

years. Many of the natural gas-fired power plants currently under construction are located in Mid-Atlantic states and Texas, where the nation's major natural gas shale plays are located. EIA projects natural gas prices to increase in both 2017 and 2018. Rising natural gas prices could lead developers to postpone or cancel some of the upcoming power plant additions. Construction time lines for these plants are relatively short: more than half of the natural gas-fired generating capacity scheduled to come online in 2017 and 2018 was not yet under construction as of October 2016. Rising natural gas prices could also encourage power generators to lower their use of natural gas-fired capacity. Despite the additions to capacity in 2017, the EIA forecasts the share of total US generation supplied by natural gas to fall from 34% in 2016 to 32% in 2017. In contrast, coal's share of generation is projected to rise from 30% to 32%.

Excerpted from 

"I never considered a difference of opinion in politics, in religion, in philosophy, as cause for withdrawing from a friend." -Thomas Jefferson.<sup>1</sup>

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<sup>1</sup><https://www.brainyquote.com/quotes/quotes/t/thomasjeff389008.html>