Energy Market Report

Report Date: August 31, 2018

Report Week: August 22, 2018 to August 29, 2018

Questions?
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News Tracker:

-Natural gas spot prices fell at most locations for the Report Week of Wednesday, August 22 to Wednesday, August 29. Henry Hub spot prices fell from $2.99 per million British thermal units (MMBtu) to $2.96/MMBtu from start to end of the Report Week.

-At the New York Mercantile Exchange (Nymex), the September 2018 natural gas futures contract on Wednesday, August 29 at $2.895/MMBtu. The October 2018 contract price decreased to $2.863/MMBtu, down 8¢ over the term of the Report Week.

-Net natural gas injections into storage totaled 70 Bcf for the week ending August 24, compared with the five-year (201317) average net injections of 59 Bcf and last year's net injections of 32 Bcf during the same week. Working gas stocks totaled 2,505 Bcf, which is 588 Bcf (19%) lower than the five-year average and 646 Bcf (21%) lower than last year at this time. The average rate of net injections into storage is 17% lower than the five-year average so far in the 2018 refill season. If the rate of injections into working gas matches the five-year average of 10.6 Bcf/d for the remainder of the refill season, inventories will total 3,227 Bcf on October 31, which is 333 Bcf lower than the five-year low of 3,560 Bcf. Temperatures in the Lower 48 states during the storage week averaged 75 degrees °F, 1°F higher than normal and 1°F lower than last year at this time.

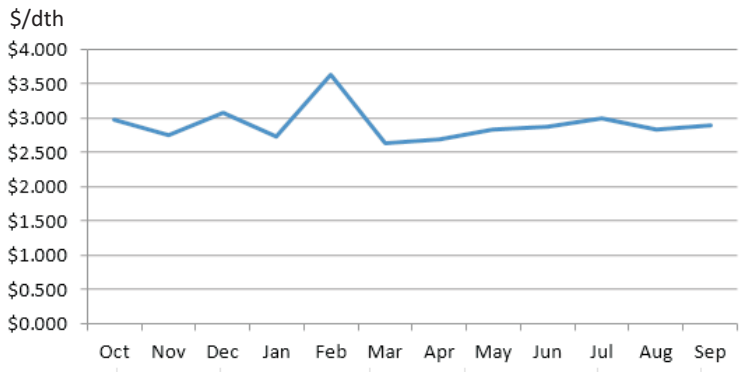
- Total US consumption of natural gas was unchanged from the previous report week, averaging 62.3 Bcf/d according to data from PointLogic Energy. Natural gas consumed for power generation remained largely unchanged, averaging 35.0 Bcf/d. Industrial sector consumption stayed constant, averaging 19.8 Bcf/d. In the residential and commercial sectors, consumption remained at last week's level, averaging 7.5 Bcf/d. Natural gas exports to Mexico decreased 2%.

-The natural gas plant liquids composite price at Mont Belvieu, Texas, rose by 37¢, averaging $9.37/MMBtu for the week ending August 29. The price of natural gasoline, ethane, propane, butane, and isobutane all rose by 3%, 1%, 6%, 5%, and 6%, respectively.

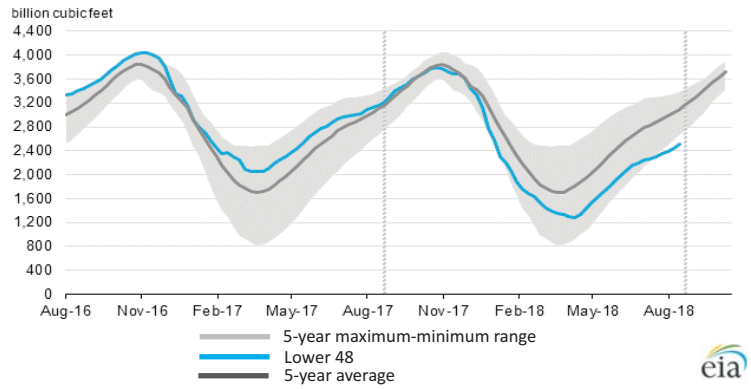
-According to Baker Hughes, for the week ending Tuesday, August 21, the natural gas rig count decreased by 4 to 182. The number of oil-directed rigs fell by 9 to 860.

Excerpted from eia

Monthly NYMEX Natural Gas Settle Price: Oct 2017 - Sep 2018:



Working natural gas in underground storage as of August 24, 2018



Forward 12-month NYMEX natural gas strip price - Oct18-Sep19:

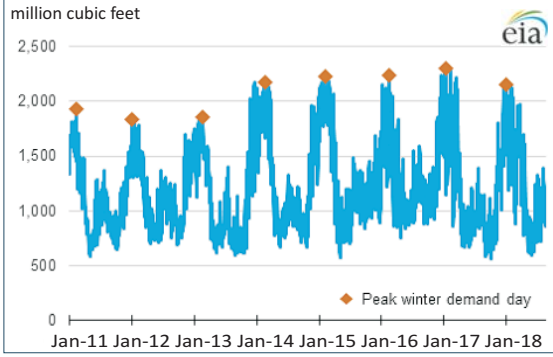
Process Load-weighted $2.801/dth - w/o/w = ▼$0.074

Typical Heat Load-weighted $2.898/dth - w/o/w = ▼$0.082

New York utility gets approval for natural gas demand response pilot program:

On August 9, 2018, the New York Public Service Commission approved a petition by Con Edison for a $5 million, three-year natural gas demand response (DR) pilot program, among the first uses of DR for natural gas. According to Con Edison, firm natural gas demand on its peak-day has increased by more than 30% between 2011 and 2017 and is expected to grow by an additional 23% over the next 20 years. This increase is driven by a preference for natural gas in new construction and switching from heating oil to natural gas in existing facilities. The transition resulted from a 2011 mandate to reduce use of heavy heating oil in New York City and the decline in natural gas prices since 2011. In its pilot program, Con Edison proposed two methods of natural gas DR that closely match its existing electric DR programs. For residential and small commercial customers, it proposed using direct load control to adjust customers' thermostats during peak natural gas demand days, with financial incentives for participation offered for up to 1,000 customers through 2021. For industrial, large commercial, and multi-family residential customers with centralized boilers, Con Edison proposed to achieve demand reductions via financial incentives alone when peak demand days are forecast. The company aims to enroll 500 new customers each year of this portion of the pilot program. Overall, Con Edison anticipates that it can meet approximately 1% of its anticipated shortfall in firm pipeline capacity with this pilot program. Con Edison has firm pipeline transport contracts that enabled the company to meet 83% of its peak-day demand in winter 2017-18. Con Edison estimates that by the winter of 2023-24, its firm pipeline contracts will meet only 78% of its peak-day demand absent any new pipeline capacity. However, no remaining firm pipeline capacity is currently available into New York City or Westchester County, and recent attempts to add pipeline capacity have stalled as a result of regulatory challenges.

Daily natural gas deliveries to Con Edison citygates



Excerpted from eia

"By the time you know what to do, you're too old to do it." -Ted Williams[1]

[1] https://www.brainyquote.com/quotes/ted_williams_140003