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Energy Market Report

Report Date: February 7, 2019
Report Week: January 29, 2020 to February 5, 2020

Questions?
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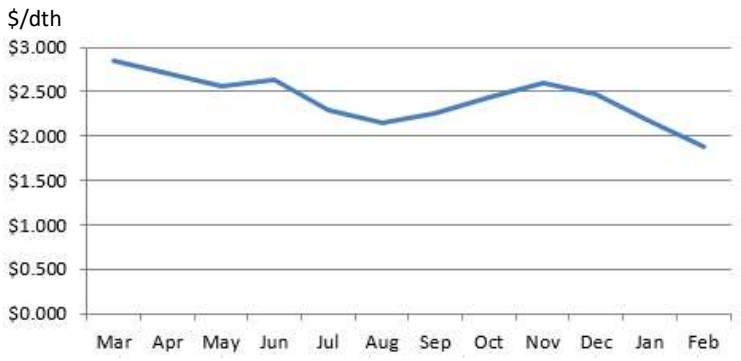
Newstracker:

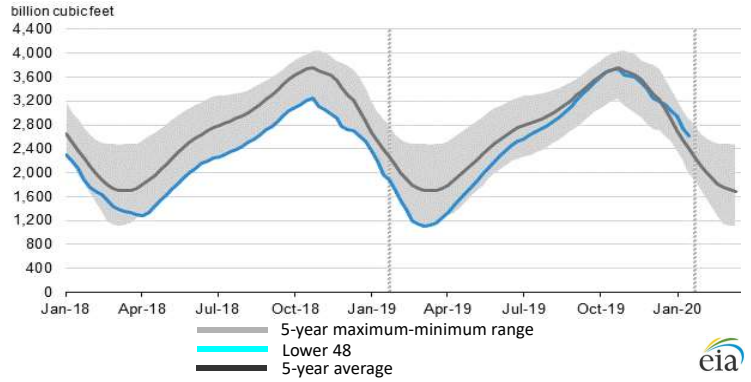
-Natural gas spot prices fell at most locations for the period of Wednesday, January 29, to Wednesday, February 5 (the Report Week). The Henry Hub spot price fell from $1.92/MMBtu to $1.85/MMBtu from open to close of the Report Week.
-At the New York Mercantile Exchange (Nymex), the February 2020 natural gas futures contract expired Wednesday, January 29 at $1.877/MMBtu. The March 2020 contract price remained unchanged week to week at $1.861/MMBtu. The price of the 12-month strip averaging March 2020 through February 2021 futures contracts declined 3¢/MMBtu to $2.147/MMBtu.
-The net natural gas withdrawal from storage totaled 137 Bcf for the week ending January 31, compared with the five-year (201519) average net withdrawal of 143 Bcf and last year's net withdrawal of 228 Bcf during the same week. Working natural gas stocks totaled 2,609 Bcf, which is 199 Bcf (8%) more than the five-year average and 615 Bcf (31%) more than last year at this time.
-Total U.S. consumption of natural gas rose by 2% compared with the previous report week, according to data from IHS Markit. Natural gas consumed for power generation declined by 2% week over week as temperatures in the Southeast generally warmed, reducing the need for space heating in the region. Industrial sector consumption increased by 2% week over week. In the residential and commercial sectors, consumption increased by 4% as a cold front moved across the western and central United States. Natural gas exports to Mexico decreased 4%.
-The natural gas plant liquids composite price at Mont Belvieu, Texas, fell by 16¢/MMBtu, averaging $4.60/MMBtu for the week ending February 5. The prices of natural gasoline, ethane, butane, and isobutane fell by 5%, 2%, 6%, and 20%, respectively. The price of propane rose by 8%.
-According to Baker Hughes, for the week ending Tuesday, January 28, the natural gas rig count decreased by 3 to 112, the lowest level since October 2016. The number of oil-directed rigs fell by 1 to 675. The total rig count decreased by 4, and it now stands at 790.

Excerpted from eia

Monthly NYMEX Natural Gas Settle Price: Mar 2019 - Feb 2020:



Working natural gas in underground storage as of Jan. 31, 2020

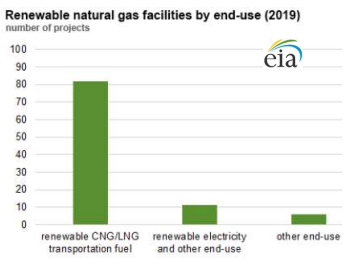


Forward 12-month NYMEX natural gas strip price - Mar20-Feb21:

Process Load-weighted $2.147/dth - w/o/w = ▼$0.030
Typical Heat Load-weighted $2.231/dth - w/o/w = ▼$0.026

Smithfield begins renewable natural gas production at its Tar Hill, North Carolina pork processing plant:

In January, Smithfield Foods Inc., the world's largest pork processor and hog producer, announced that the company is producing renewable natural gas (RNG) at its Tar Heel, North Carolina pork processing plant. RNG projects have increased in recent years, driven by corporate sustainability efforts, state renewable portfolio standards, and biofuels targets. According to the Coalition for Renewable Natural Gas, the number of RNG facilities in the US reached nearly 100 in 2019, with 13% located at wastewater treatment facilities. Transportation fuel was classified as the predominant end-use of RNG at 83% of facilities in 2019, followed by renewable electricity at 11% of RNG facilities. About 40 RNG projects are under construction across the US. RNG, or biomethane, is derived through the decomposition of organic matter in an anaerobic environment, most often at landfills, wastewater treatment facilities, or dedicated anaerobic digester units. The RNG is cleaned and upgraded to achieve the characteristics of pipeline-quality natural gas, making it suitable to be injected into local natural gas distribution systems. Smithfield's project converts wastewater into biogas, which is then upgraded to pipeline-quality natural gas. The project was developed with Duke Energy, a regulated utility that serves approximately 7.7 million retail electric customers, and OptimaBio, LLC, a swine waste-to-energy project developer. The project uses the facility's three million gallon-per-day wastewater treatment system and an existing anaerobic digester that previously produced biogas to run on-site processes. The modified process collects and upgrades the biogas for injection into the Piedmont Natural Gas system. The RNG produced at Smithfield's Tar Heel pork processing facility is purchased by Duke Energy for generation at natural gas-fired power plants. Under North Carolina's Renewable Energy and Energy Efficiency Portfolio Standard (REPS), Duke Energy is required to generate 0.2% of its retail sales of electricity from swine waste by 2024. Duke Energy entered a contract to purchase RNG from the Smithfield facility over a 15-year period. According to Smithfield, the project will produce about 370,000 cubic feet per day of RNG, or about 140 million cubic feet per year. The RNG delivered to Duke Energy will produce enough electricity to power more than 2,000 homes and businesses per year.



Excerpted from eia

"My approach to life was, and still is, 'Do while you can'." -Charles McGee[1]

[1]https://www.historynet.com/aviation-history-interview-with-tuskegee-airman-charles-mcgee-2.htm