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Energy Market Report

Report Date: July 2, 2021

Report Week: June 23, 2021 to June 30, 2021

Questions?
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Newstracker:

-Natural gas spot prices rose at most locations from Wednesday, June 23, to Wednesday, June 30 (the Report Week). The Henry Hub spot price rose from $3.33/MMBtu to $3.72/MMBtu from open to close of the Report Week.

-The July 2021 NYMEX natural gas futures contract expired Monday at $3.617/MMBtu, up 28¢/MMBtu from the previous Wednesday. The August 2021 NYMEX contract price increased to $3.650/MMBtu, up 30¢/MMBtu from the previous Wednesday. The price of the futures contracts for the 12-month strip averaging August 2021 through July 2022 climbed 21¢/MMBtu to $3.429/MMBtu.

-Net natural gas injections into storage totaled 76 Bcf for the week ending June 25, compared with the 5-year (20162020) average net injections of 65 Bcf and last year's net injections of 73 Bcf during the same week. Working natural gas stocks totaled 2,558 Bcf, which is 143 Bcf (5%) lower than the five-year average and 510 Bcf (17%) lower than last year at this time.

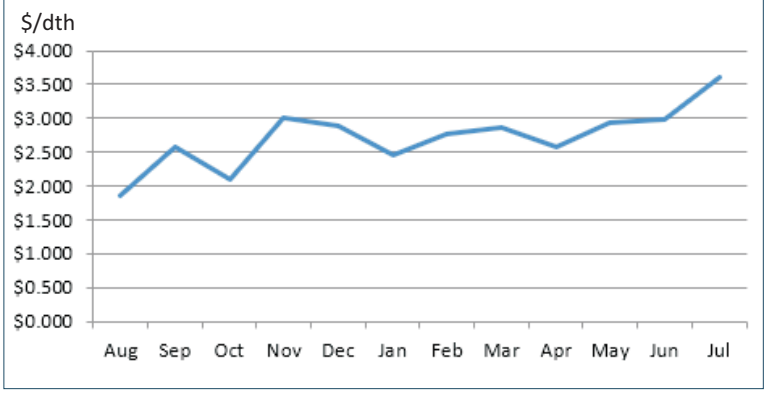
-Total US consumption of natural gas rose by 6.0% compared with the previous Report Week, according to data from IHS Markit. Power generation consumption climbed by 10.5% week over week as much of the US experienced higher than normal temperatures. Industrial sector consumption decreased slightly by 0.4% week over week. Residential and commercial consumption increased by 2.8%. Natural gas exports to Mexico decreased 7.7%, partly due to planned pipeline maintenance. Natural gas deliveries to US LNG export facilities averaged 11.1 Bcf/d, or 1.09 Bcf/d higher than last week.

-The natural gas plant liquids composite price at Mont Belvieu, Texas, rose by 44¢/MMBtu, averaging $9.07/MMBtu for the week ending June 30. Ethane prices rose 4%. Propane prices rose 6%, and normal butane and isobutane prices both increased by 7%, as a result of elevated exports of these three fuels this summer. The price of natural gasoline rose 2%, slightly more than Brent crude oil, which increased 1%.

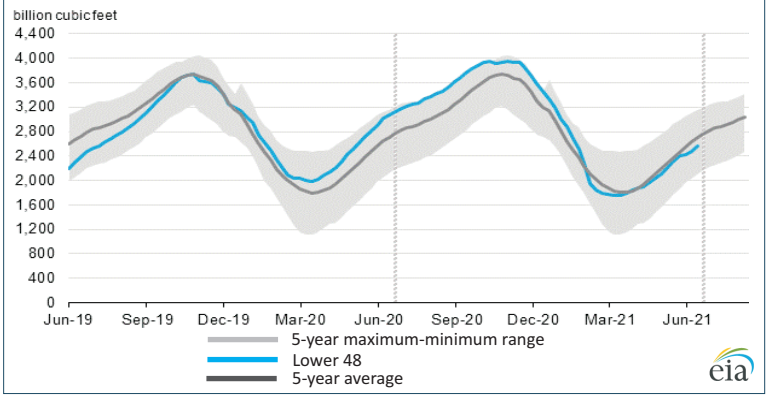
-According to Baker Hughes, for the week ending Tuesday, June 22, the natural gas rig count increased by 1 to 98. The number of oil-directed rigs fell by 1 to 372. The total rig count stayed at 470.

Excerpted from eia

Monthly NYMEX Natural Gas Settle Price: Aug 2020 - Jul 2021:



Working natural gas in underground storage as of June 25, 2021

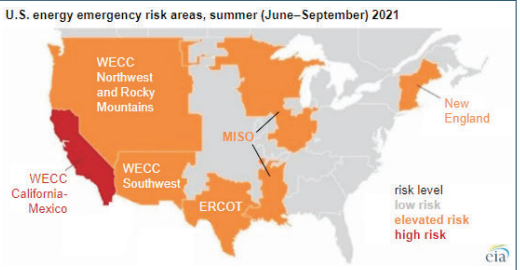


Forward 12-month NYMEX natural gas strip price - Aug21-Jul22:

Process Load-weighted $3.429/dth - w/o/w = ▲ $0.209

Typical Heat Load-weighted $3.551/dth - w/o/w = ▲ $0.219

NERC report outlines potential electricity disruptions in the US this summer:



Parts of the US are at elevated risk for potential electricity emergencies this summer, according to the North American Electric Reliability Corp.'s (NERC) 2021 Summer Reliability Assessment. Summer peak US electricity demand is strongly influenced by temperature. NERC's report notes above-normal temperatures are expected for much of North America this summer and several regions are at risk of electricity shortfalls during above-normal peak temperatures. According to NERC's assessment, electric supply shortages may occur in the western US, Texas, New England, and parts of the Midwest. In the Western Electricity Coordinating Council (WECC), resource and energy adequacy is a significant concern this summer. Generating capacity and projected demand are at similar levels as they were in 2020, when an August wide-area heat wave caused rolling blackouts. NERC found that WECC subregions in the Southwest and Northwest have enough resources to meet electricity demand under normal peak summer demand conditions, but they are at elevated risk of electricity shortfalls if demand is higher. The highest risk of electricity emergency is in California, which relies heavily on energy imports during normal peak summer demand and when solar generation declines in the late afternoon. California is at high risk of an electricity emergency when above-normal demand is widespread in the west because the amount of resources available for electricity transfer to California may be limited. The Electric Reliability Council of Texas (ERCOT) typically has one of the smallest anticipated reserve margins in the country. ERCOT's anticipated reserve margin increased from 12.9% last summer to 15.3% for this summer. Although ERCOT's anticipated reserve margin is higher this summer, extreme summer heat could result in supply shortages that lead to an electricity emergency. The Midcontinent Independent System Operator (MISO) and ISO-New England have sufficient resources to meet projected peak demand. However, if above-normal levels of electricity demand occur in these regions, demand is likely to exceed capacity resources. In that case, additional transfers of electricity from surrounding areas will be needed to meet demand.

Excerpted from eia

"Truth is so hard to tell, it sometimes needs fiction to make it plausible." -Francis Bacon[1]

[1]https://www.brainyquote.com/quotes/francis_bacon_118731