

Newstracker:

-Natural gas spot prices were mixed from Wednesday, January 12 to Wednesday, January 19 (the Report Week), with the Henry Hub spot price rising fifteen cents to \$4.74/MMBtu.

International natural gas prices decreased this Report Week. Bloomberg Finance, L.P., reports that swap prices for LNG cargos in East Asia fell \$3.41 to a weekly average of \$30.46/MMBtu. At the Title Transfer Facility (TTF) in the Netherlands, day-ahead prices fell \$1.65 to a weekly average of \$26.42/MMBtu. In the same week last year, prices in East Asia and at TTF were \$14.32/MMBtu and \$7.15/MMBtu, respectively.

-The price of the February 2022 NYMEX natural gas futures contract decreased 82.6 cents to \$4.031/MMBtu for the Report Week. The price of the 12-month strip averaging February 2022 through January 2023 futures contracts declined 31.1 cents to \$4.015/MMBtu.

-Net natural gas withdrawals from storage totaled 206 Bcf for the week ending January 14, compared with the five-year average of 167 Bcf and last year's net withdrawals of 179 Bcf during the same week. Working natural gas stocks totaled 2,810 Bcf, which is 33 Bcf (1%) more than the five-year average and 226 Bcf (7%) lower than last year at this time.

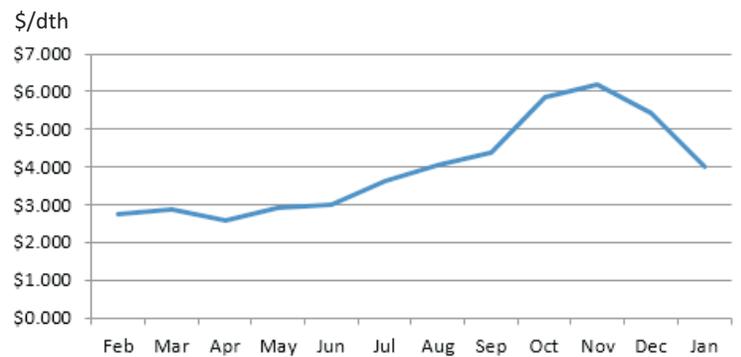
-Total US natural gas consumption for the Report Week fell by 6.0% as consumption in all sectors decreased, according to data from IHS Markit. In the residential and commercial sectors, consumption declined by 8.2% but was still 15.2% higher than last year at this time due to colder temperatures in many of the consuming regions. Natural gas consumed for power generation declined by 5.4%, and industrial sector consumption decreased by 2.2%. Natural gas exports to Mexico decreased 2.2%, and natural gas deliveries to LNG export facilities rose by 0.55 Bcf/d.

-The natural gas plant liquids composite price at Mont Belvieu, Texas, rose by 11 cents/MMBtu, averaging \$10.78/MMBtu for this Report Week. Propane prices rose 2% while the Brent crude oil price rose 5%, widening the propane discount to crude oil by 24% this week.

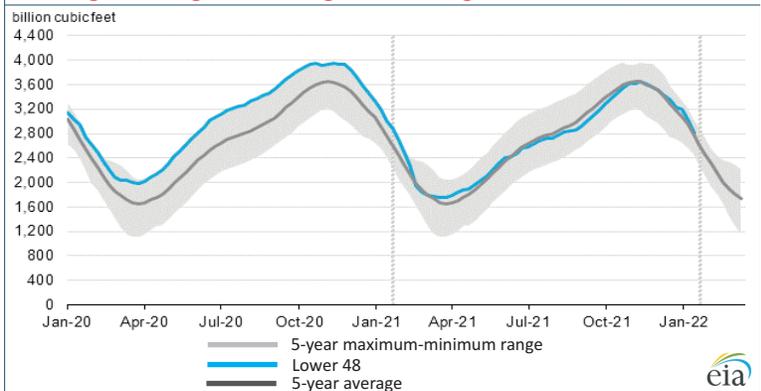
-According to Baker Hughes, for the week ending Tuesday, January 11, the natural gas rig count increased by 2 to 109 rigs. The number of oil-directed rigs rose by 11 to 492. The total rig count now stands at 601, the highest level since April 9, 2020.

Excerpted from 

Monthly NYMEX Natural Gas Settle Price: Feb 2021 - Jan 2022:



Working natural gas in underground storage as of Jan. 14, 2022



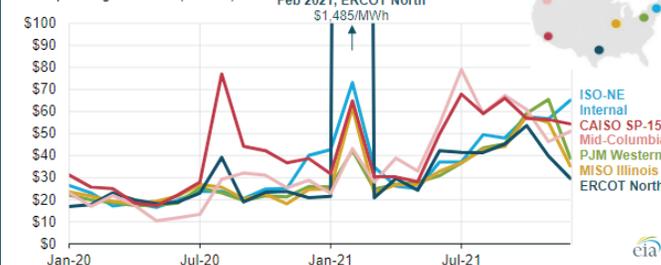
Forward 12-month NYMEX natural gas strip price - Feb22-Jan23:

Process Load-weighted \$4.015/dth - w/o/w = ▼\$0.311
 Typical Heat Load-weighted \$4.069/dth - w/o/w = ▼\$0.358

Wholesale electricity prices trended higher in 2021 due to increasing natural gas prices:

Average wholesale prices for electricity at major trading hubs in the US were higher in 2021 than in 2020 as increasing costs for power generation fuels, especially natural gas, pushed electricity prices higher in the second half of 2021. Constraints on electricity supply as a result of cold weather in the central US also created price spikes in February 2021. Wholesale electricity prices were especially volatile last year in the Electric Reliability Council of Texas (ERCOT) market. A major winter storm in February led to significant energy disruptions in Texas. Extreme cold temperatures restricted the flow of natural gas for power generation, and many wind turbines froze. Between February 14 and February 19, hourly wholesale prices at the ERCOT North trading hub exceeded \$6,000/MWh 70% of the time. For the month of February, the Texas wholesale electricity price averaged \$1,485/MWh. The cold weather in February 2021 also caused natural gas price spikes throughout the US, which led to increased electricity prices at other wholesale markets besides Texas. February wholesale

Monthly average wholesale electricity prices at selected trading hubs (2020-2021)
 dollars per megawatthour (\$/MWh)



electricity prices averaged \$42/MWh in the PJM Interconnection market, which serves the mid-Atlantic states, and \$73/MWh in ISO-New England. The cost of natural gas is a significant driver of electricity prices because it often acts as the marginal (highest cost) fuel of generating units that operators dispatch to supply electricity. Natural gas prices have remained relatively low in recent years; the cost of natural gas delivered to electric generators averaged \$2.40/(MMBtu) in 2020. The delivered cost of natural gas to electricity generators grew from \$3.19/MMBtu in January 2021 to an estimated \$5.04/MMBtu in the fourth quarter of 2021. Average electricity prices during the second half of 2021 averaged \$45/MWh at the Illinois hub in the Midcontinent ISO market (a 97% increase from second half of 2020) and \$61/MWh at the SP15 hub in California CAISO market (a 37% increase).

Excerpted from 

“Success depends almost entirely on how effectively you learn to manage the game’s two ultimate adversaries: the course and yourself.” -Jack Nicklaus¹

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¹https://www.brainyquote.com/quotes/jack_nicklaus_392771