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Energy Market Report

Report Date: September 23, 2022

Report Week: September 14, 2022 to September 21, 2022

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Newstracker:

-Natural gas spot prices fell at most locations from Wednesday, September 14, to Wednesday, September 21 (the Report Week), during which time the Henry Hub spot price fell 70 cents to $7.99/MMBtu.

-The price of the October 2022 NYMEX natural gas futures contract decreased $1.335 to $7.779/MMBtu for the Report Week. The price of the 12-month strip averaging October 2022 through September 2023 futures contracts declined 97.6 cents to $6.448/MMBtu. International natural gas futures prices also declined, with prices for LNG cargoes in East Asia decreasing $9.23 to a weekly average of $43.97/MMBtu, and natural gas futures for delivery at the TTF in the Netherlands decreasing $4.18 to a weekly average of $56.63/MMBtu.

-Net natural gas injections into storage totaled 103 Bcf for the week ending September 16, compared with the five-year average net injections of 81 Bcf and last year's net injections of 77 Bcf during the same week. Working natural gas stocks totaled 2,874 Bcf, which is 332 Bcf (10%) lower than the five-year average and 197 Bcf (6%) lower than last year at this time.

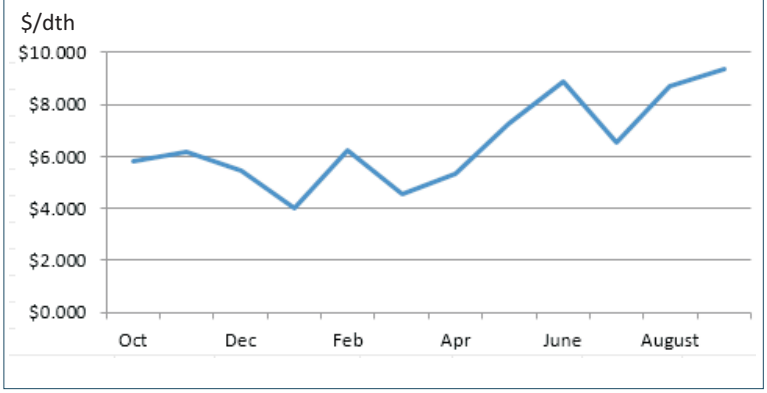
-Total US natural gas consumption fell by 1.0% (0.7 Bcf/d) versus the previous Report Week, with consumption for power generation declining 1.1% (0.4 Bcf/d) and industrial sector consumption decreasing 1.8% (0.4 Bcf/d). In the residential and commercial sectors, consumption increased by 1.0% (0.1 Bcf/d). Natural gas exports to Mexico decreased 5.9% (0.3 Bcf/d). Natural gas deliveries to US LNG export facilities averaged 11.6 Bcf/d, or 0.4 Bcf/d higher than last Report Week.

-The natural gas plant liquids composite price at Mont Belvieu, Texas, fell by 54 cents/MMBtu, averaging $9.89/MMBtu for the week ending September 21. The price of ethane fell 10%, more than the natural gas price at the Houston Ship Channel, which fell 7%. The propane price fell 4%, while the Brent crude oil price fell 2%, resulting in the propane discount to crude oil increasing by 4%.

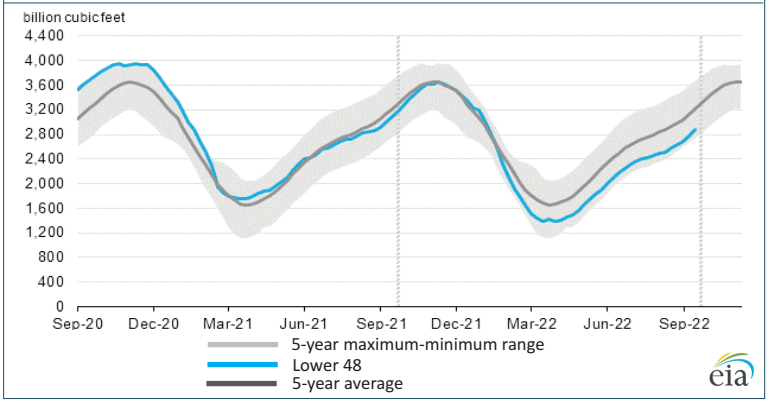
-For the week ending Tuesday, September 13, the natural gas rig count decreased by 4 rigs from a week ago to 162 rigs. The number of oil-directed rigs increased by 8 rigs from a week ago to 599 rigs. The total rig count, which includes 2 miscellaneous rigs, now stands at 763 rigs, which is 251 more rigs than the same week last year.

Excerpted from eia

Monthly NYMEX Natural Gas Settle Price: Oct 2021 - Sep 2022:



Working natural gas in underground storage as of Sep. 16, 2022



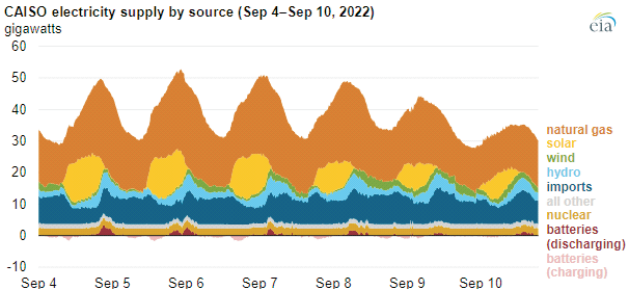
Forward 12-month NYMEX natural gas strip price - Oct22-Sep23:

Process Load-weighted $6.448/dth - w/o/w = ▼ $0.976

Typical Heat Load-weighted $7.097/dth - w/o/w = ▼ $1.150

California fuel mix changes in response to September heat wave:

An extreme heat wave affected California the week of September 4, 2022, driving record-breaking demand for electricity to meet increased air-conditioning use. On September 6, a new record was set in the California Independent System Operator's (CAISO) territory. CAISO, the grid operator for most of the state, issued appeals for consumer energy conservation throughout the week, as well as Energy Emergency Alerts each day, to help reduce electricity demand and prevent rolling power outages. CAISO predominately used natural gas, electricity imports, and hydroelectric sources during the highest demand hours to meet the record-breaking demand, which was a change from the typical mix. For brief periods during the week of September 4, CAISO used natural gas for as much as 60%and never less than 30%of the generation mix to meet electricity demand. California typically uses a mix of solar, wind, imports, hydroelectric, and natural gas sources for electricity generation. The exact mix depends on the time of day, the availability of sources, and the price that power plants set to sell electricity to the grid. This year, up to the record-setting demand week in September, CAISO's generation mix included: 40% from solar, wind, nuclear, batteries, and other sources; 32% from natural gas; 20% from imports; and, 7% from hydroelectric. The mix relies slightly more on natural gas during the evening hours from 6:00 p.m. to 9:00 p.m., when electricity demand peaks and solar generation wanes. During the week of September 4, 2022, however, natural gas contributed nearly one-half of the resource mix in CAISO; nuclear, solar, wind, batteries, and other resources decreased to a 24% share. In California, natural gas units are often the last resource turned on to meet demand because they can be turned on after the sun sets in the evening when cooling demand remains high. When demand reaches record highs, seldom-used (less efficient, more expensive) natural gas units are needed to meet demand.



"At many a moment on many a day, I am convinced that pro football must be a game for madmen, and I must be one of them." -Vince Lombardi[1]

[1]https://www.brainyquote.com/quotes/vince_lombardi_724602