

Newstracker:

-Natural gas spot prices fell at most locations from Wednesday, December 14, to Wednesday, December 21 (the Report Week), during which the Henry Hub spot price fell 46 cents to \$3.35/MMBtu.


-The price of the February 2023 NYMEX natural gas futures contract decreased \$0.501 to \$3.671 for the Report Week. The price of the 12-month strip averaging January 2023 through December 2023 futures contracts declined 34.8 cents to \$3.748/MMBtu. International natural gas futures prices decreased this Report Week, with LNG cargoes in East Asia increasing \$1.17 to a weekly average of \$27.67/MMBtu and prices at TTF in the Netherlands decreasing \$1.17 to a weekly average of \$22.02/MMBtu.

-Net natural gas injections into storage totaled 11 Bcf for the week ending January 6, compared with the five-year (2018–2022) average net withdrawals of 157 Bcf and last year's net withdrawals of 157 Bcf during the same week. Working natural gas stocks totaled 2,902 Bcf, which is 40 Bcf (1%) lower than the five-year average and 140 Bcf (5%) lower than last year at this time.

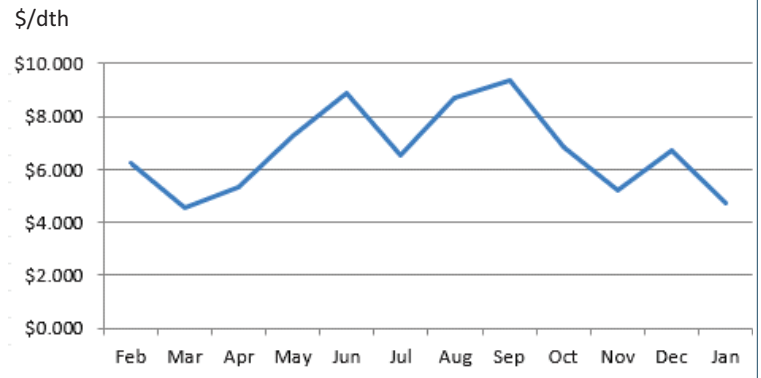
-Total US natural gas consumption rose 14.3% (11.6 Bcf/d) compared with the previous Report Week, with consumption for power generation climbing by 9.3% (2.6 Bcf/d), industrial sector consumption increasing 4.0% (1.0 Bcf/d), and residential and commercial sector consumption increasing by 27.3% (8.0 Bcf/d). Natural gas exports to Mexico increased 10.7% (0.5 Bcf/d). Natural gas deliveries to US LNG export facilities averaged 12.3 Bcf/d, or 0.7 Bcf/d higher than last Report Week.

-The natural gas plant liquids composite price at Mont Belvieu, Texas, rose by 6 cents/MMBtu, averaging \$7.66/MMBtu for the Report Week. Propane prices rose 3%, while the weekly average price of Brent crude oil fell 2%, resulting in an 8% decrease in the propane discount relative to crude oil.

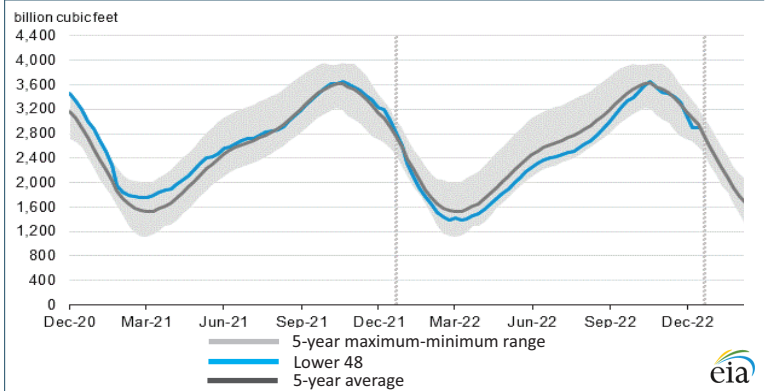
-For the week ending Tuesday, January 3, the natural gas rig count decreased by 4 to 152 rigs. Natural gas-directed rigs have been gradually declining from a high of 166 rigs in early September 2022, with week-over-week declines in 10 of the last 17 weeks. The number of oil-directed rigs fell by 3 to 618 rigs. The total rig count, which includes 2 miscellaneous rigs, decreased by 7, and now stands at 772 rigs.

Excerpted from 

Monthly NYMEX Natural Gas Settle Price: Feb 2022 - Jan 2023:



Working natural gas in underground storage as of Jan. 6, 2023



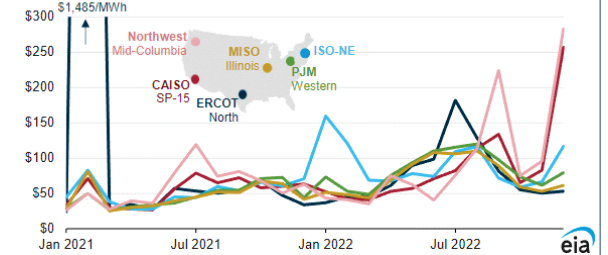
Forward 12-month NYMEX natural gas strip price - Feb23-Jan24:

Process Load-weighted \$3.748/dth - w/o/w = ▼\$0.348
 Typical Heat Load-weighted \$3.900/dth - w/o/w = ▼\$0.359

Wholesale US electricity prices were both higher and volatile in 2022:

US average wholesale electricity prices at all major trading hubs rose for much of 2022 and were, at times, volatile, with weather and limited availability of coal to substitute for higher-priced natural gas being primary contributors. Prices at all electricity trading hubs were higher in 2022 compared with 2021 except in the ERCOT region, and were, at times, volatile, with limited availability of coal to substitute for higher-priced natural gas and weather being primary contributors. The natural gas price is a significant driver of wholesale electricity prices because natural gas is often the highest-cost fuel for electricity generation. In January 2022, natural gas prices continued an upward trend driven by economic growth in Asia and high international demand for US LNG exports. Natural gas prices rose from \$3.70/MMBtu in early January 2022 to almost \$10.00/MMBtu in late August 2022. Four severe weather-related events provided upward pressure on wholesale electricity prices in 2022. In January, cold temperatures, and a winter storm, combined with natural gas pipeline constraints in New England, caused New England wholesale electricity prices to rise, averaging \$160/MWh in ISO-New England. In July, a heatwave in Texas created record-breaking electricity demand in ERCOT. Wind generation, an important source of electricity in Texas, provided less electricity than usual for several days during the heatwave because wind in Texas slowed to extremely low speeds. Wholesale prices at the ERCOT North trading hub averaged \$182/MWh that month. In early September, a heatwave covered the western US and resulted in record-breaking electricity demand. The Northwest Mid-Columbia market hub's whole electricity price averaged \$224/MWh that month. In California, expensive natural gas-fired generation increased in the electricity generation fuel mix during the heatwave, resulting in higher electricity prices. In the CAISO region, the grid operator for California, the wholesale electricity price averaged \$134/MWh that month. In December, cold weather and winter storms in the Western Pacific led to record-high electricity prices at the Northwest Mid-Columbia market hub (\$283/MWh) and at the CAISO N-15 hub (\$257/MWh). In addition to higher natural gas prices and severe weather in 2022, railroad and coal mine labor shortages constrained coal supply and delivery to power plants throughout the summer, limiting utility operators' ability to switch from relatively expensive natural gas to cheaper coal-fired generation.

Monthly average wholesale electricity prices at selected trading hubs (Jan 2021–Dec 2022) dollars per megawatour (\$/MWh)



“Sometimes it seems as if there are more solutions than problems. On closer scrutiny, it turns out that many of today's problems are a result of yesterday's solutions.” -Thomas Sowell¹

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¹https://www.brainyquote.com/quotes/thomas_sowell_557644