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Energy Market Report

Report Date: October 27, 2023

Report Week: October 18, 2023 to October 25, 2023

Questions?
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Newstracker:

-Natural gas spot prices rose at most US locations from Wednesday, October 25, to Wednesday, November 1 (the Report Week), during which the Henry Hub spot price increased 33 cents to $3.19/MMBtu.

-The November 2023 NYMEX natural gas futures contract expired on Friday, October 27 at $3.164. For the Report Week, the December 2023 NYMEX contract price increased 12 cents to $3.494/MMBtu. The price of the 12-month strip averaging December 2023 through November 2024 futures contracts rose 12 cents to $3.505/MMBtu. International natural gas futures prices decreased this Report Week, with LNG cargoes in East Asia falling 39 cents to a weekly average of $17.82/MMBtu, and prices at TTF in the Netherlands decreasing 29 cents to a weekly average of $15.36/MMBtu.

-Total US consumption of natural gas rose by 16.1% (11.3 Bcf/d) compared with the previous Report Week. Residential and commercial sector consumption increased by 61.8% (9.2 Bcf/d) as cooler weather moved into the Midwest and Northeast, the largest consuming regions of natural gas for space heating. Natural gas consumed for power generation rose by 3.5% (1.1 Bcf/d) week over week, and industrial sector consumption increased by 4.4% (1.0 Bcf/d). Natural gas exports to Mexico decreased 2.7% (0.2 Bcf/d), and natural gas deliveries to US LNG export facilities averaged 13.9 Bcf/d, or 0.2 Bcf/d higher than last Report Week.

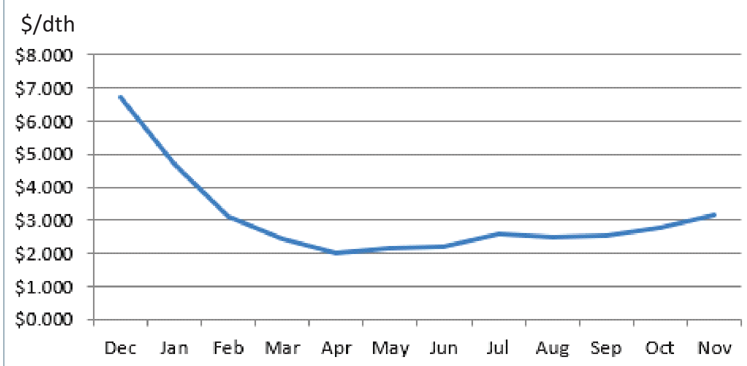
-The natural gas plant liquids composite price at Mont Belvieu, Texas, fell by 11 cents/MMBtu, averaging $6.97/MMBtu for the week ending November 1. The avg. weekly propane price fell 2%, while the Brent crude oil price fell 3%.

-For the week ending Tuesday, October 24, the natural gas rig count decreased by 1 rig from a week ago to 117 rigs. The number of oil-directed rigs increased by 2 rigs from a week ago to 504 rigs. The total rig count, which includes 4 miscellaneous rigs, stands at 625 rigs, 143 fewer rigs than last year at this time.

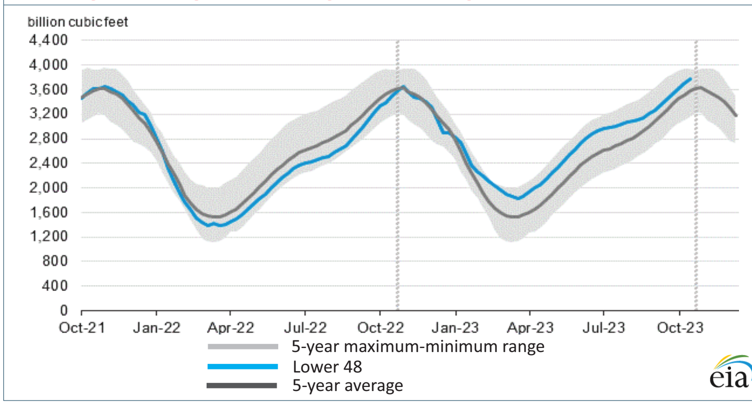
-Net natural gas injections into storage totaled 79 Bcf for the week ending October 27, compared with the five-year average net injections of 57 Bcf and last year's net injections of 99 Bcf during the same week. Working natural gas stocks totaled 3,779 Bcf, which is 205 Bcf (6%) more than the five-year average and 293 Bcf (8%) more than last year at this time.

Excerpted from eia

Monthly NYMEX Natural Gas Settle Price: Dec 2022 - Nov 2023:



Working natural gas in underground storage as of Oct. 27, 2023



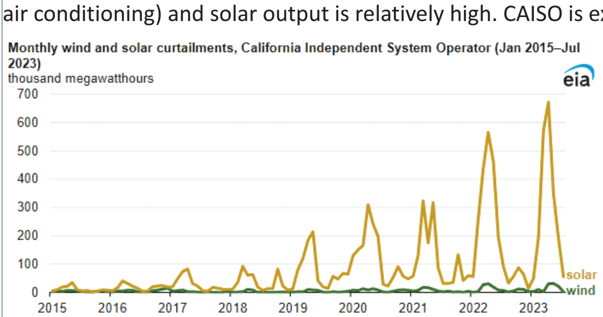
Forward 12-month NYMEX natural gas strip price - Dec23-Nov24:

Process Load-weighted $3.505/dth - w/o/w =▲$0.124

Typical Heat Load-weighted $3.561/dth - w/o/w =▲$0.126

Solar and wind power curtailments are rising in California:

The California Independent System Operator (CAISO) is increasingly curtailing solar- and wind-powered electricity generation as it balances supply and demand during the rapid growth of wind and solar power in California. Grid operators must balance supply and demand to maintain a stable electric system. The output of wind and solar generators is reduced either through price signals or rarely, through an order to reduce output, during periods of congestion and oversupply. In CAISO, curtailment is largely a result of congestion. Congestion-related curtailments have increased significantly since 2019 because solar generation has been outpacing upgrades in transmission capacity. In 2022, CAISO curtailed 2.4 million megawatthours (MWh) of utility-scale wind and solar output, a 63% increase from the amount of electricity curtailed in 2021. As of September, CAISO has curtailed more than 2.3 million MWh of wind and solar output so far this year. Solar accounts for almost all the energy curtailed in CAISO—95% in 2022 and 94% in the first seven months of 2023. CAISO tends to curtail the most solar in the spring when electricity demand is relatively low (because moderate spring temperatures mean less demand for space heating or air conditioning) and solar output is relatively high. CAISO is exploring and implementing various solutions to its increasing curtailment of renewables, including: The Western Energy Imbalance Market (WEIM) is a real-time market that allows participants outside of CAISO to buy and sell energy to balance demand and supply. In 2022, more than 10% of total possible curtailments were avoided by trading within the WEIM. A day ahead market is expected to be operational in Spring 2025. CAISO is expanding transmission capacity to reduce congestion. CAISO's 2022–23 Transmission Planning Process includes 45 transmission projects to accommodate load growth and a larger share of generation from renewable energy sources. CAISO is promoting the development of flexible resources that can quickly respond to sudden increases and decreases in demand such as battery storage technologies. Renewable generators can charge batteries with electricity that would otherwise have been curtailed.



Excerpted from eia

> “That's the great thing about a tractor. You can't really hear the phone ring." -Jeff Foxworthy[1]

[1]https://www.brainyquote.com/quotes/jeff_foxworthy_369553