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Energy Market Report

Report Date: Arpil 12, 2024

Report Week: April 3, 2024 to April 10, 2024

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Newstracker:

-US natural gas spot prices fell at most locations from Wednesday, April 3, to Wednesday, April 10 (the Report Week), during which the Henry Hub spot price rose 2 cents to $1.88/MMBtu.

-The May 2024 NYMEX natural gas futures contract price increased 4.4 cents to $1.885/MMBtu for the Report Week. The price of the 12-month strip averaging May 2024 through April 2025 futures contracts climbed 1 cent to $2.828/MMBtu. International natural gas futures prices increased this Report Week, with LNG cargoes in East Asia climbing 6 cents to a weekly average of $9.57/MMBtu, and prices at TTF in the Netherlands rose 17 cents to a weekly average of $8.58/MMBtu. In the same week last year, prices were $12.61/MMBtu in East Asia and $13.84/MMBtu at TTF.

-Total US consumption of natural gas fell by 2.4% (1.9 Bcf/d) compared with the previous Report Week. Residential and commercial sector consumption declined by 6.0% (1.5 Bcf/d) week over week. Natural gas consumed for power generation declined by 0.7% (0.2 Bcf/d), and industrial sector consumption decreased by 1.0% (0.2 Bcf/d). Natural gas exports to Mexico increased 1.4% (0.1 Bcf/d), and natural gas deliveries to US LNG export facilities averaged 12.6 Bcf/d, or 0.1 Bcf/d higher than last Report Week.

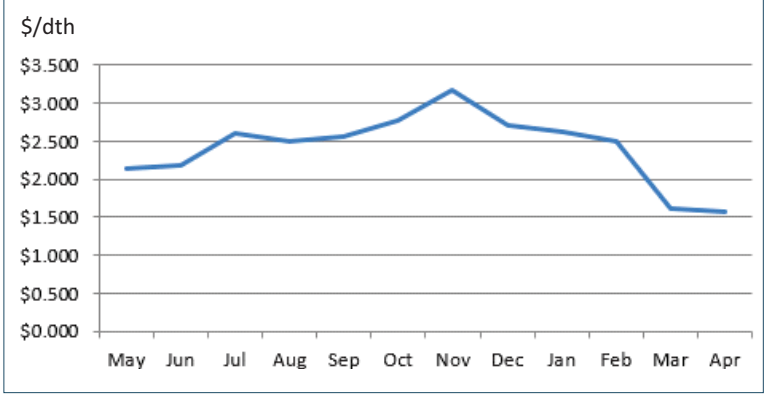
-The natural gas plant liquids composite price at Mont Belvieu, Texas, rose by 7 cents/MMBtu, averaging $7.70/MMBtu for the week ending April 10. Propane prices remained relatively unchanged, while Brent crude oil prices rose 2%, and the propane discount to crude oil increased by 6%.

-For the week ending Tuesday, April 2, the natural gas rig count decreased by 2 rigs from a week ago to 110 rigs. The number of oil-directed rigs increased by 2 rigs from a week ago to 508 rigs. The total rig count, which includes 2 miscellaneous rigs, now stands at 620 rigs, 131 fewer rigs than last year at this time.

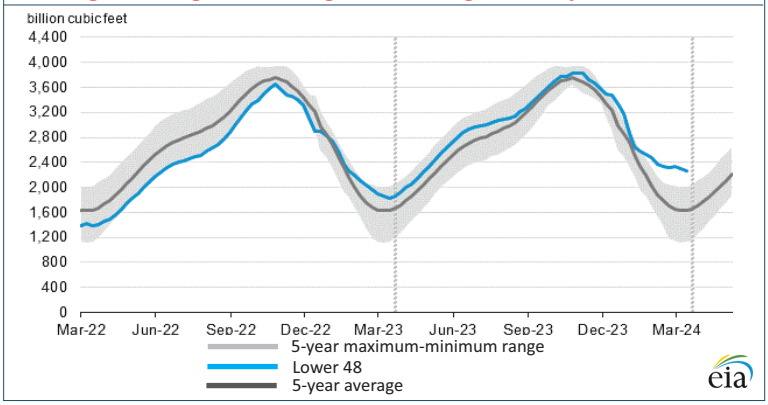
-Net natural gas injections into storage totaled 24 Bcf for the week ending April 5, on par with the five-year average net injections of 24 Bcf and higher than last year's net injections of 11 Bcf during the same week. Working natural gas stocks totaled 2,283 Bcf, which is 633 Bcf (38%) more than the five-year average and 435 Bcf (24%) more than last year at this time. The 24 Bcf injection was higher than analysts estimate of a net injection of 13 Bcf.

Excerpted from eia

Monthly NYMEX Natural Gas Settle Price: Mar 2023 - Apr 2024:



Working natural gas in underground storage as of Apr. 5, 2024



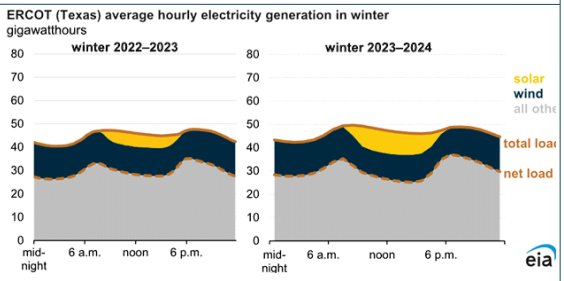
Forward 12-month NYMEX natural gas strip price - May24-Apr25:

Process Load-weighted $2.829/dth - w/o/w =▲$0.010

Typical Heat Load-weighted $3.185/dth - w/o/w =▲$0.017

Solar capacity additions are changing the shape of daily electricity supply in Texas:

The electricity mix of energy sources in Texas, managed by the Electric Reliability Council of Texas (ERCOT) electricity grid operator, changed noticeably in 2023. Although wind power remains the largest source of renewable power in the state, the installation of new wind turbine capacity slowed in 2023, while additions of solar generating capacity, often co-located with storage, grew rapidly. More solar capacity on the ERCOT electricity grid will result in less use of natural gas generation during the middle of the day when solar generation displaces it, as well as less use of natural gas in the summer when electricity demand is at its highest in Texas. However, natural gas will continue to be a key source of electricity generation in the evening when demand is high and solar generation diminishes as the sun goes down. In Texas's wholesale electricity markets, natural gas-fired electricity generation usually helps balance changes in electricity demand with daily cycles in wind and solar electricity generation. This dispatch pattern is somewhat similar to that in California, often referred to as a duck curve. Electricity output from natural gas-fired power plants is often greatest in the evening between 6:00 p.m. and 8:00 p.m. Most solar power is generated in Texas by midday. As solar power generation declines later in the afternoon, natural gas is dispatched to meet the electricity demand. Wind generation also increases in the evening, limiting the need for additional generation from natural gas or other dispatchable resources. The maximum hourly average solar generation during the winter of 2022–23 was 2.1 gigawatthours (GWh) and increased to 3.8 GWh in the winter of 2023–24. The maximum hourly average wind generation slightly increased during the same period from 15.1 GWh to 15.7 GWh. The maximum hourly average for all other fuels was 78.0 GWh in winter 2022–23 and increased to 88.6 GWh the next winter. In the summer of 2022, the maximum hourly average solar generation was 3.9 GWh and increased to 5.3 GWh in the summer of 2023. The maximum hourly average wind generation decreased during the same period from 13.4 GWh to 12.0 GWh. The maximum hourly average of all other fuels increased from 106.9 GWh in summer 2022 to 119.0 GWh the next summer.



"Trying to sneak a fastball past Hank Aaron is like trying to sneak the sunrise past a rooster." -Joe Adcock[1]

https://www.brainyquote.com/authors/joe-adcock-quotes