

DECEMBER 4 - 8, 2023 MARKET SUMMARY



SPOTLIGHT | Massachusetts Utility Regulation Takes Next Step in Move Away From Gas

Massachusetts regulators issued an order that pushed gas utilities away from renewable natural gas (RNG) and hydrogen as go-to alternatives for reducing greenhouse gas emissions, instead emphasizing electrification, demand-side gas reductions and networked geothermal districts.....

Massachusetts regulators issued an order that pushed gas utilities away from renewable natural gas (RNG) and hydrogen as go-to alternatives for reducing greenhouse gas emissions, instead emphasizing electrification, demand-side gas reductions and networked geothermal districts. The use of RNG and green hydrogen would be allowed to help gas utilities meet Massachusetts climate goals. The Department of Public Utilities (DPU), however, made it clear that these two options must be supplemented with other efforts to reach decarbonization targets in state law. The Dec. 6 order followed DPU efforts to examine the future of gas use, as well as utilities' long-term plans to shift gas use toward lower-emission alternatives such as RNG. The DPU rejected the recommendation that gas supply procurement plans should include RNG, due to concerns about cost, availability, and its uncertain status as a zero-emissions fuel. RNG production involves capturing methane emitted from landfills, agricultural facilities and other sources that would have otherwise escaped into the atmosphere. The order reset the regulatory framework for gas utility oversight in the state, compelled utilities to consider non-pipeline alternatives for all new infrastructure and said any utility marketing efforts to promote gas use will not be eligible for cost recovery.

CES SCORE | Is it Time for Action?

The **CES SCORE** shows how current wholesale commodity prices compare to their 52-week range. A score close to 0 indicates that current prices are close to their 52-week **HIGH**; a score close to 100 indicates that current prices are close to their 52-week **LOW**. Many factors influence how wholesale prices are translated into retail prices paid by consumers and when it is time to consider a price lock. Please contact your CES Energy Services Advisor for customized strategic procurement advice.



NATURAL GAS NYMEX TERMS

12 MONTH: 100
18 MONTH: 100
24 MONTH: 100
36 MONTH: 100

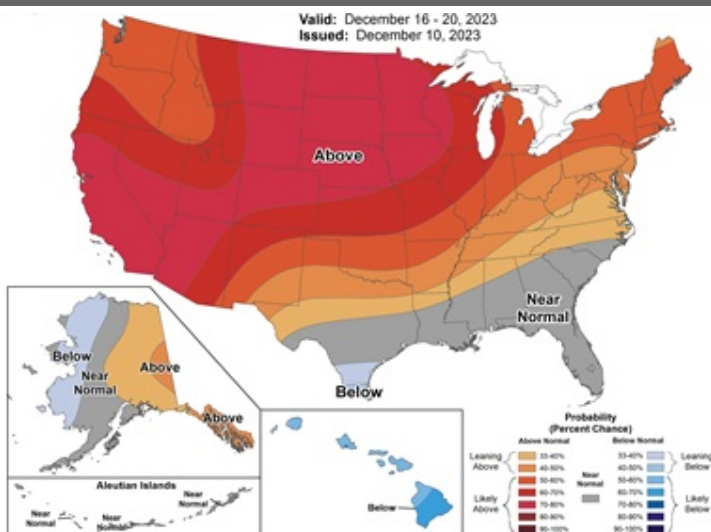
NEW ENGLAND ELECTRICITY TERMS

12 MONTH: 100
18 MONTH: 97
24 MONTH: 100
36 MONTH: 91

CRUDE OIL TERMS

12 MONTH: 84
18 MONTH: 82
24 MONTH: 80
36 MONTH: 77

WEATHER | 6-10 Day Forecast



A warm front is moving over much of the country, with above-average temperatures expected coast-to-coast.

This map depicts forecasted temperatures for next week compared to the long-term average. The **blue/purple** areas are forecast to be colder than normal, gray areas are normal, and **yellow/orange/red** areas are warmer than normal. Abnormally hot weather in the summer and cold weather in the winter can increase the price for natural gas, oil, and electricity.

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OIL & DISTILLATES OVERVIEW

HEATING OIL FUTURE CALENDAR STRIPS - \$/GAL



Prompt Month Price For Jan 24

This Week:	\$71.23/Bbl
Prior Week:	\$75.96/Bbl
CHANGE:	(\$4.73)/Bbl

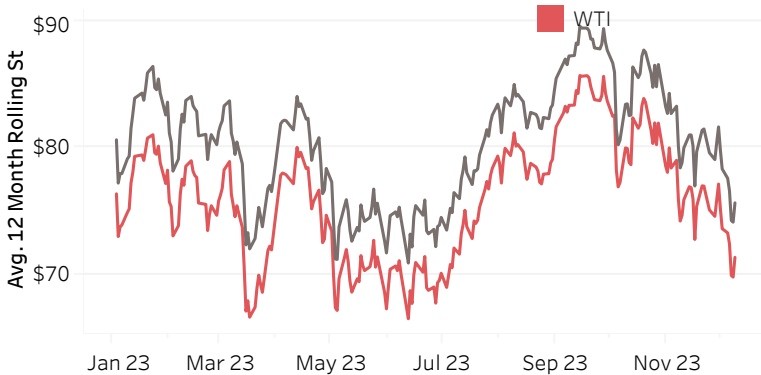
Oil prices dropped to their lowest point since early July this week. The rolling 12-month price strip for Brent closed at \$74.13/barrel last week, 7.2% lower than a week ago, and the rolling 12-month price strip for WTI closed at \$69.78/barrel, registering a decrease of 7.2% from the week prior. OPEC+ continues to focus on reducing global supply to curb price drops. The group pledged to cut 2.2 million barrels per day of crude oil production in the first quarter, but investors remain skeptical about compliance. Production from countries outside of OPEC, namely the United States, has been strong for months. Analysts are concerned by this imbalance and volatility in prices could continue until quantifiable OPEC+ compliance data provides more clarity on the supply cuts. Chinese officials pledged on Friday to spur despite rising deflationary pressures. Meanwhile, the Biden Administration is looking to take advantage of cheap prices and refill the Strategic Petroleum Reserve.

CRUDE OIL WTI FUTURE CALENDAR STRIPS - \$/BARREL

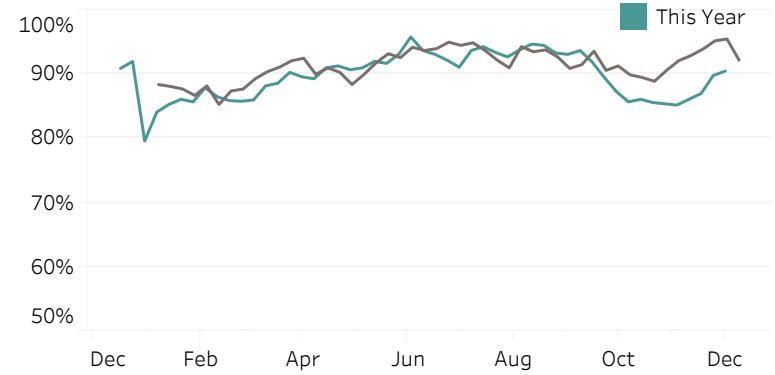


FUNDAMENTALS

CRUDE OIL 12-MONTH ROLLING STRIP - \$/BARREL

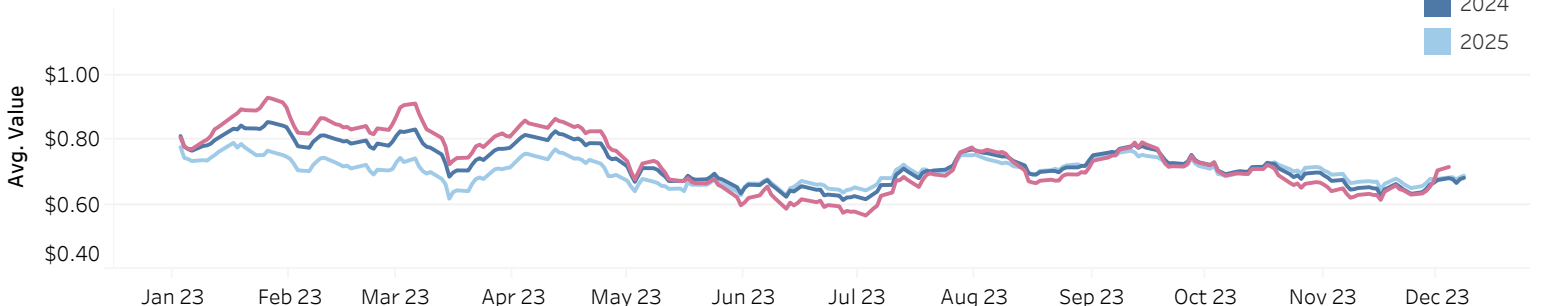


U.S. REFINERY RATES



PROPANE

MONT BELVIEU CALENDAR YEAR STRIPS \$/GAL



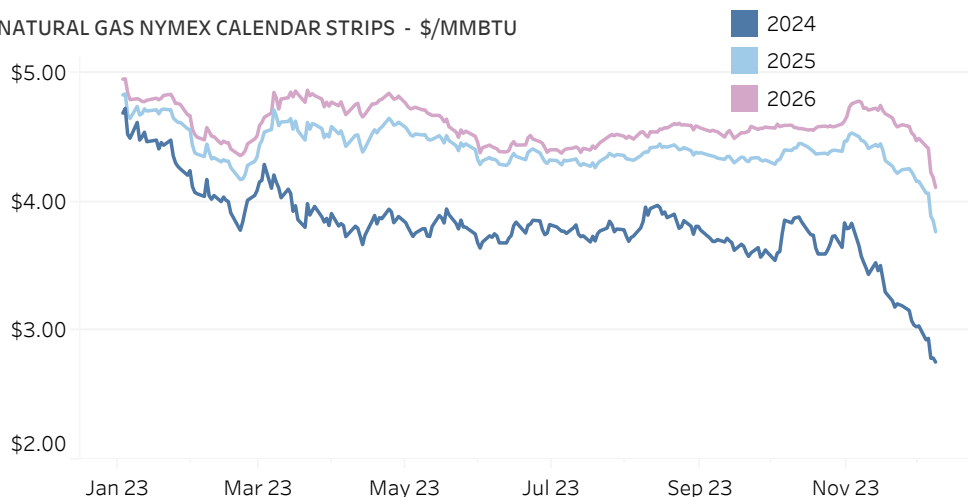
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NATURAL GAS OVERVIEW

NATURAL GAS NYMEX CALENDAR STRIPS - \$/MMBTU



Prompt Month Price For Jan 24

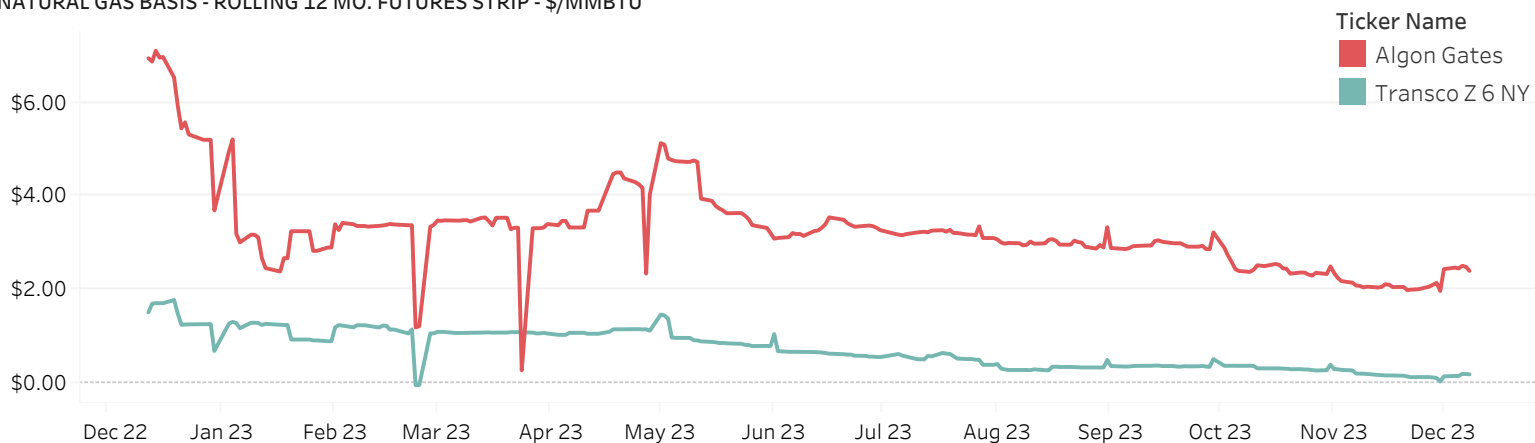
This Week:	\$2.58/MMBTU
Prior Week:	\$2.80/MMBTU
CHANGE:	(\$0.22)/MMBTU

Natural gas prompt month futures saw a 4.8% decrease week-over-week to land at \$2.59/MMBtu, as warm temperatures moved in over the weekend in New England and heating demand was expected to fall. Net withdrawals from storage totaled 117 Bcf, which is the largest withdrawal for the same week since 2011, leaving total stocks at 3,719 Bcf. Spot prices at Algonquin Citygate hub rose to a high of \$13.13/MMBtu on Tuesday as New England experienced cold temperatures. Warm temperatures across much of the rest of the country kept spot prices low, and total demand for natural gas across the country fell 9.4% week over week.

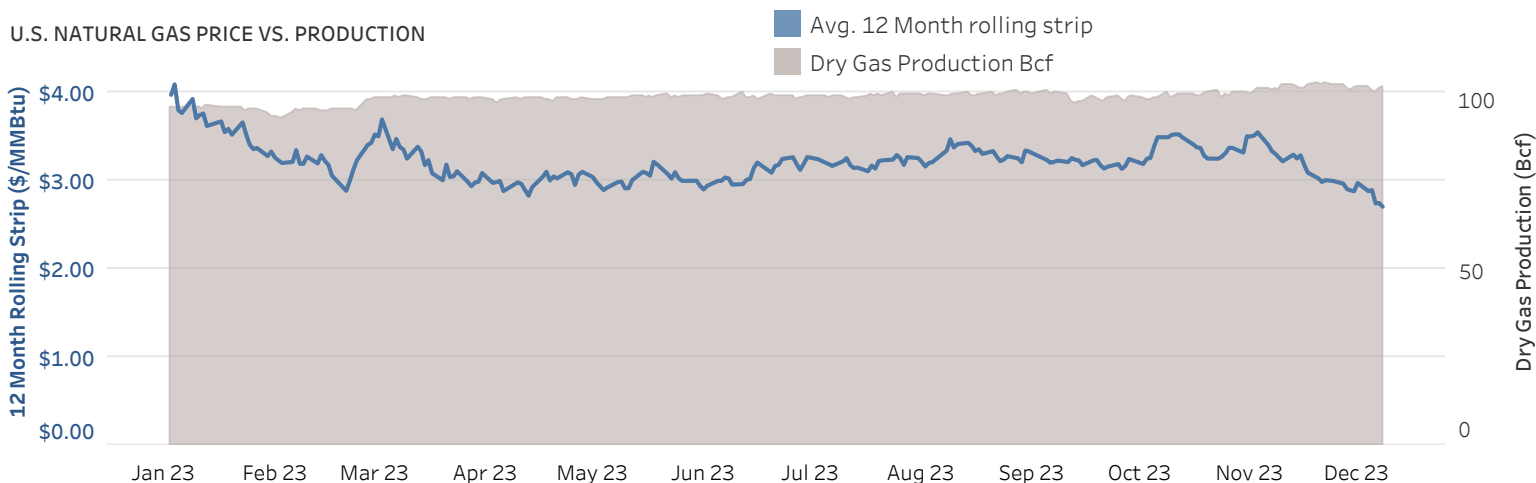
Winter natural gas NYMEX strips are an average of commodity prices for the months of December - March of each winter. Prices are presented in this format to highlight what consumers will pay during the typical heating season in the U.S.

NATURAL GAS FUNDAMENTALS

NATURAL GAS BASIS - ROLLING 12 MO. FUTURES STRIP - \$/MMBTU



U.S. NATURAL GAS PRICE VS. PRODUCTION



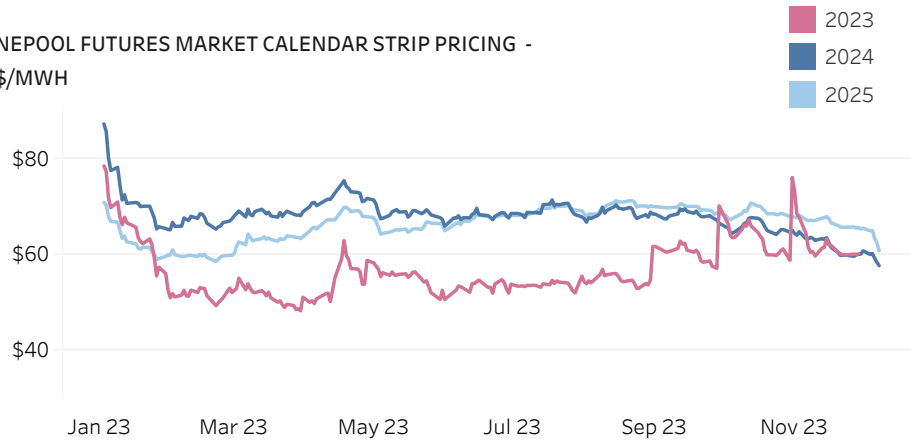
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NEW ENGLAND ELECTRICITY OVERVIEW

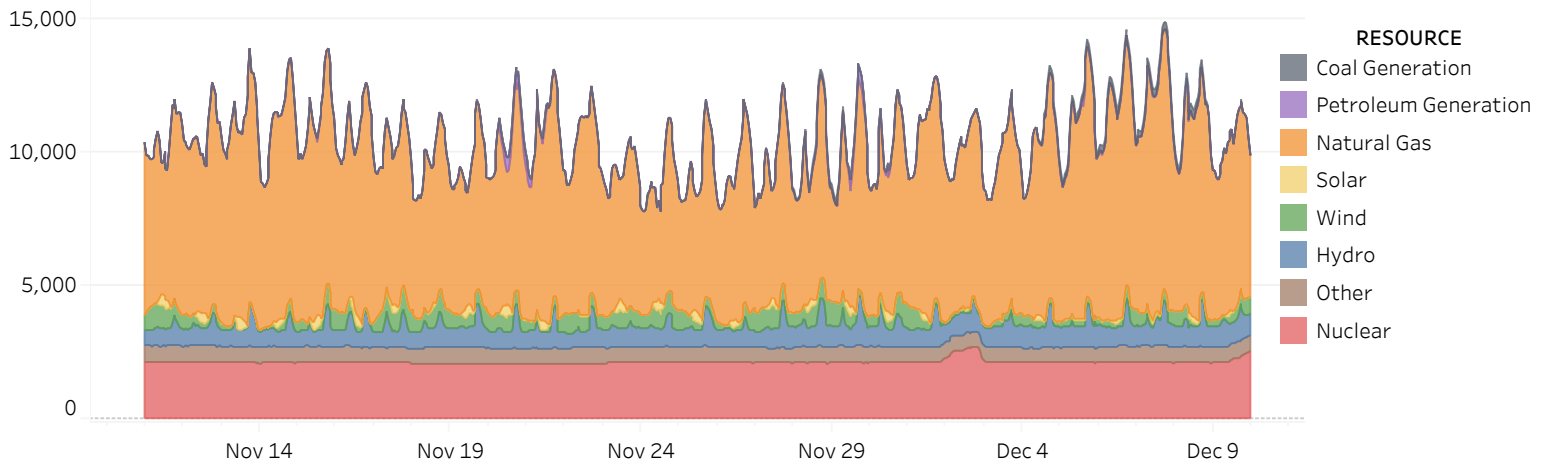
NEPOOL FUTURES MARKET CALENDAR STRIP PRICING - \$/MWH



NEPOOL calendar strips all saw decreases week-over-week, with the 2024 strip falling 1.3% to \$59.34/MWh, the 2025 strip decreasing 3.4% to \$63.52, and the 2026 strip falling 0.6% to settle at \$63.32. Despite decreases in calendar strip prices, the NEPOOL 12-month strip rose 4.7% week-over-week to \$59.34/MWh, reflecting the rolling on of the December 2024 futures month, with significantly higher prices than December 2023. This spread exhibits volatility common in December pricing. The temperature forecast continues to be mild for the coming weeks, likely putting downward pressure on natural gas pricing and subsequent electricity pricing.

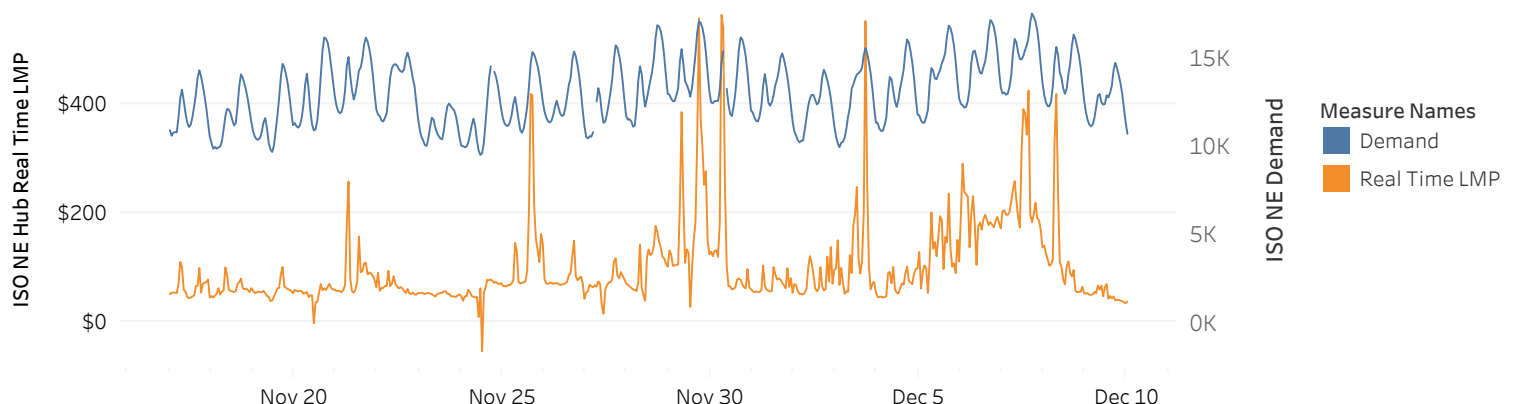
NEW ENGLAND REGIONAL ELECTRICITY GRID GENERATION MIX

ISO-NE GRID ELECTRICITY GENERATION MIX - EXCLUDES IMPORTS - MW



NEW ENGLAND GRID FUNDAMENTALS

ISO NE HOURLY GRID DEMAND & REAL TIME LMP RATE



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