

December 6 - 10, 2021

# MARKET SUMMARY



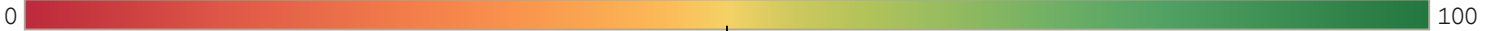
## SPOTLIGHT | ISO-NE Issues Warning About Winter Fuel Security

**ISO-NE issued a press release last week warning that fuel supply issues could under certain worst-case circumstances prevent the New England power grid from meeting total regional electricity demand this winter.**

ISO-NE issued a press release last week warning that fuel supply issues could under certain worst-case circumstances prevent the New England power grid from meeting total regional electricity demand this winter. With limited gas entering New England due to pipeline constraints and priority provided to heating customers, the regional wholesale electricity market relies heavily on LNG and oil deliveries when gas demand is high. However, the high prices seen globally for LNG and oil could potentially restrict the supply available from these backup fuel resources and hinder the ability to meet total power demand during an extended winter cold spell. Although early winter forecasts appear moderate, ISO-NE noted that an above-average temperature winter regionally does not necessarily alleviate the possibility of a prolonged cold stretch. ISO-NE issued the press release with the hopes to educate and prepare regional stakeholders for the winter, noting that conservation of electricity and gas could help avoid the need for emergency action during any winter cold stretches.

## 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: 30
18 MONTH: 27
24 MONTH: 24
36 MONTH: 22

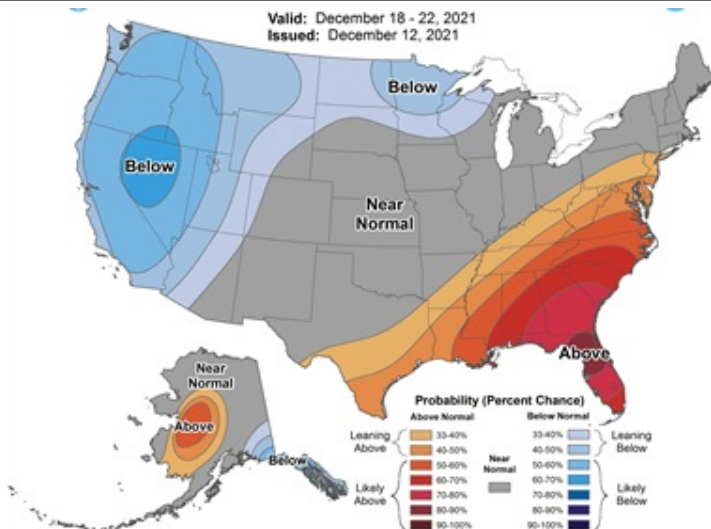
### NEW ENGLAND ELECTRICITY TERMS

12 MONTH: 22
18 MONTH: 30
24 MONTH: 28
36 MONTH: 27

### CRUDE OIL TERMS

12 MONTH: 10
18 MONTH: 10
24 MONTH: 9
36 MONTH: 7

## WEATHER | 6-10 Day Forecast



**Above average temperatures expected for all of the East and Midwest, with below average temperatures expected in the West**

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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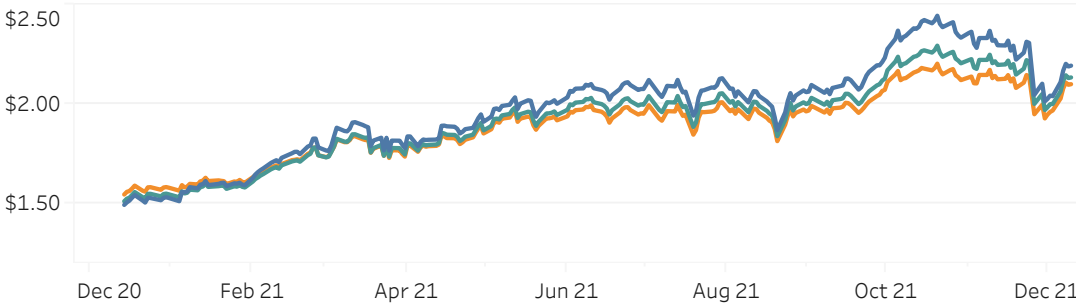
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## OIL & DISTILLATES OVERVIEW

HEATING OIL FUTURE CALENDAR STRIPS - \$/GAL

2022 2023 2024



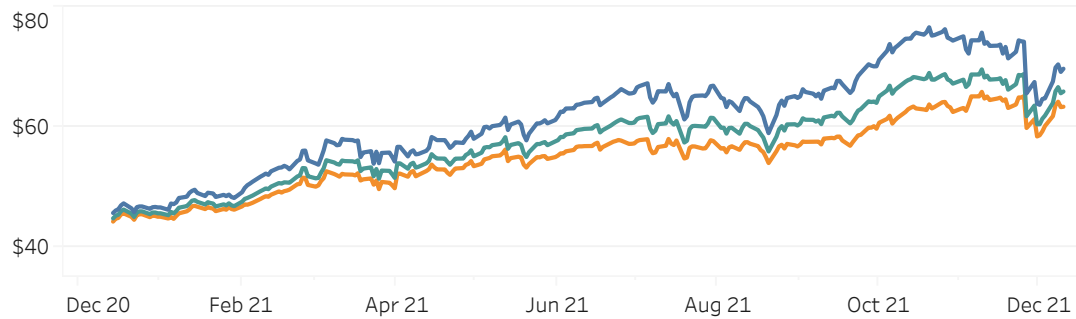
PROMPT MONTH PRICE FOR JAN 22

This Week:	\$71.67/Barrel
Prior Week:	\$66.26/Barrel
<b>CHANGE:</b>	<b>\$5.41▲</b>

WTI prices closed at \$71.23 per barrel on Friday, up 8.2% from the week prior. At the end of last week, oil futures recorded their first weekly gain in seven weeks, and the largest since August. Due to mild reactions of the Omicron variant, OPEC increased its expected demand for the first quarter of 2022 by 1.1 million barrels a day. The U.S. EIA also revised their oil demand projection for Q1 2022, lowering their forecast and demonstrating the ability for a new variant to cause significant uncertainty in the market.

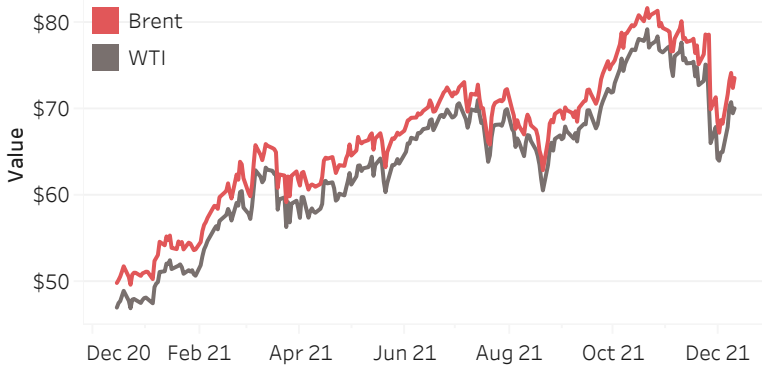
WTI FUTURE CALENDAR STRIPS - \$/BBL

2022 2023 2024

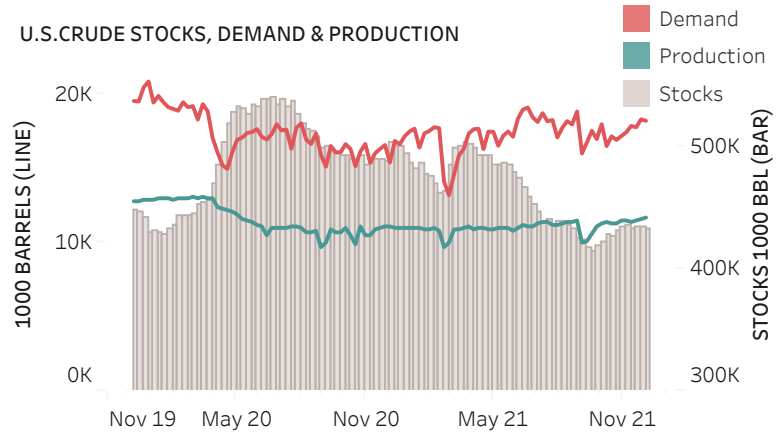


## FUNDAMENTALS

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



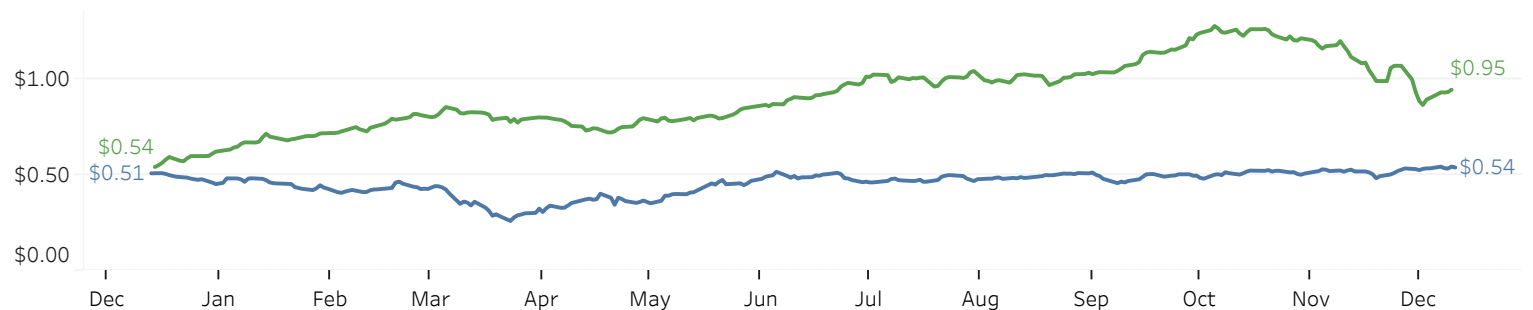
U.S. CRUDE STOCKS, DEMAND & PRODUCTION



## PROPANE

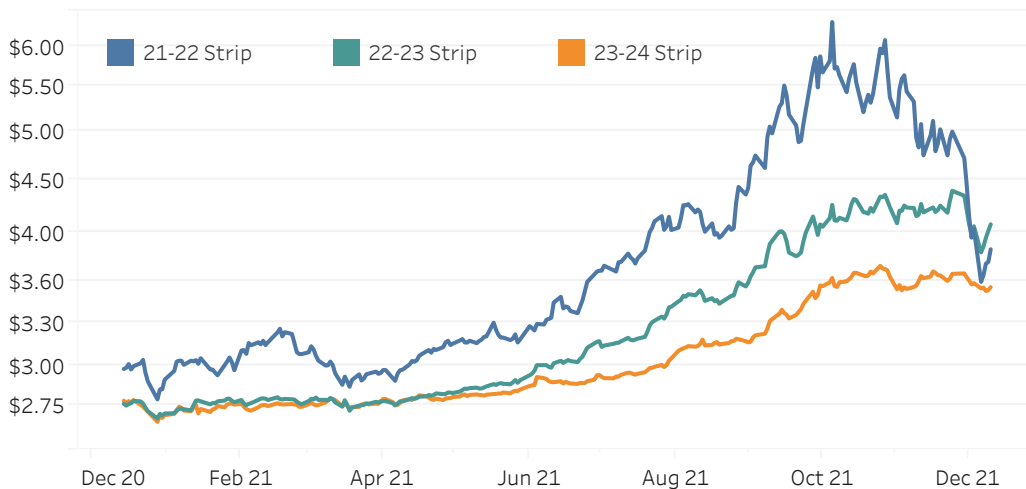
MONT BELVIEU 12 MO. ROLLING STRIP - \$/GAL

2019-2020 2020-2021



### NATURAL GAS OVERVIEW

WINTER NATURAL GAS NYMEX STRIPS - \$/MMBTU



PROMPT MONTH PRICE FOR JAN 22

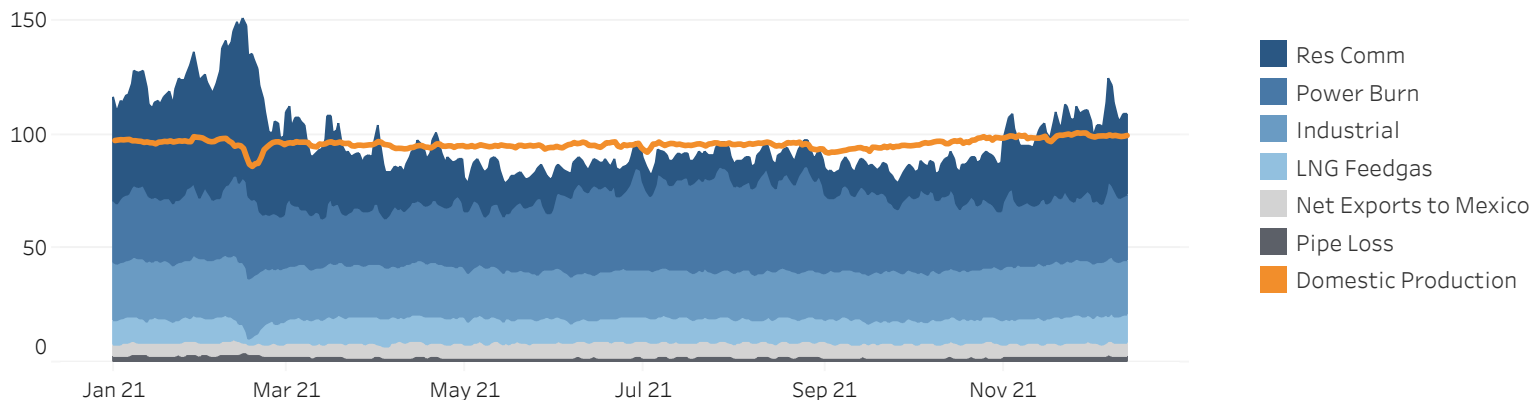
<b>This Week:</b>	\$3.93/MMBTU
<b>Prior Week:</b>	\$4.13/MMBTU
<b>CHANGE:</b>	(\$0.21) ▼

January natural gas futures fell by 5.0% from the previous week, settling at \$3.93/MMBtu on Friday. U.S. front-month gas futures posted their second weekly loss with forecasts for a mild winter signaling reduced demand for heating fuels. Dry gas production fell by 0.7 Bcf/d compared to the previous week, and the EIA reported a net withdrawal of 59 Bcf from storage. This withdrawal leaves total inventories at 3,505 Bcf, just 2.5% below the five-year average. Gas exports remain high, with dry gas exports to Mexico at 6.3 Bcf/d and gas flows to LNG export terminals at 11.7 Bcf/d.

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.

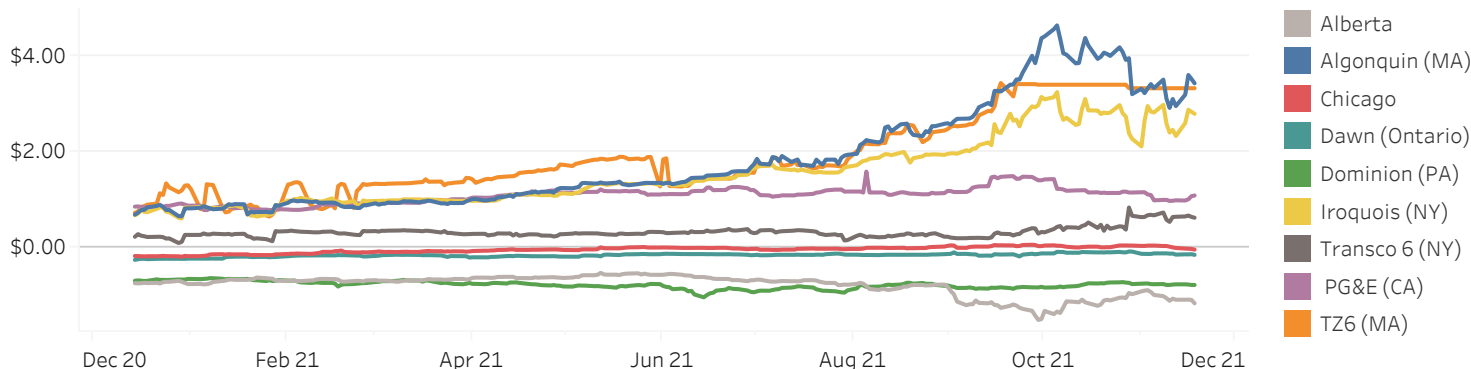
### NATURAL GAS FUNDAMENTALS

U.S. NATURAL GAS TOTAL SUPPLY AND DEMAND - BCF



### NATURAL GAS BASIS

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



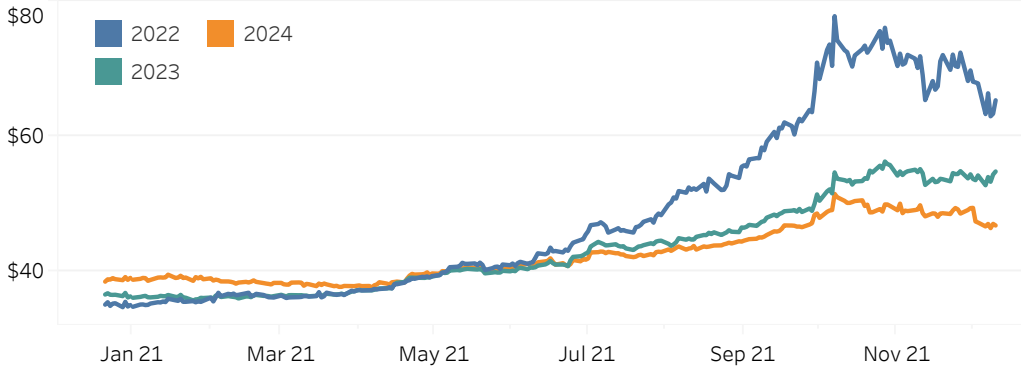
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## NEW ENGLAND ELECTRICITY OVERVIEW

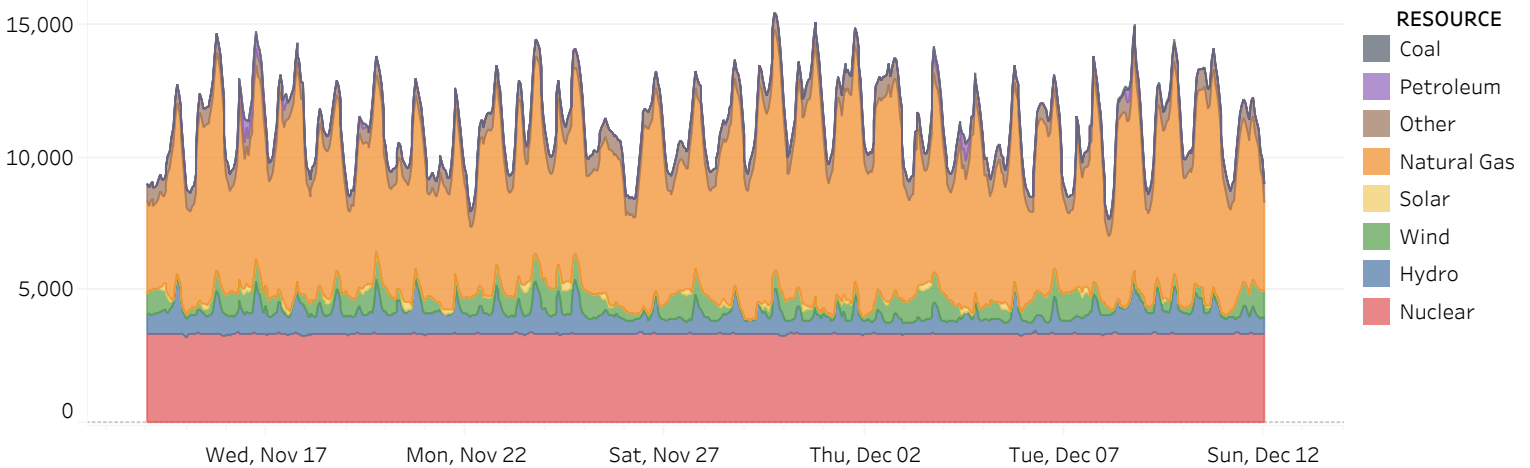
NEPOOL FUTURES MARKET CALENDAR STRIP PRICING -\$/MWH



The NEPOOL 12-mo. strip fell 4% week-over-week, ending at \$65.05/MWh on Friday. Calendar strips were mixed this week, with outer years less subject to short term swings driven by weather. The 2022 strip fell 3.7%, the 2024 strip fell 1.2% week over week, and the 2023 strip rose 1.1%. Natural gas prices were down for the second week in a row, with mild winter temperature forecasts expecting to limit heating demand. If this forecast holds, electricity prices could continue to drop steadily moving into the winter months.

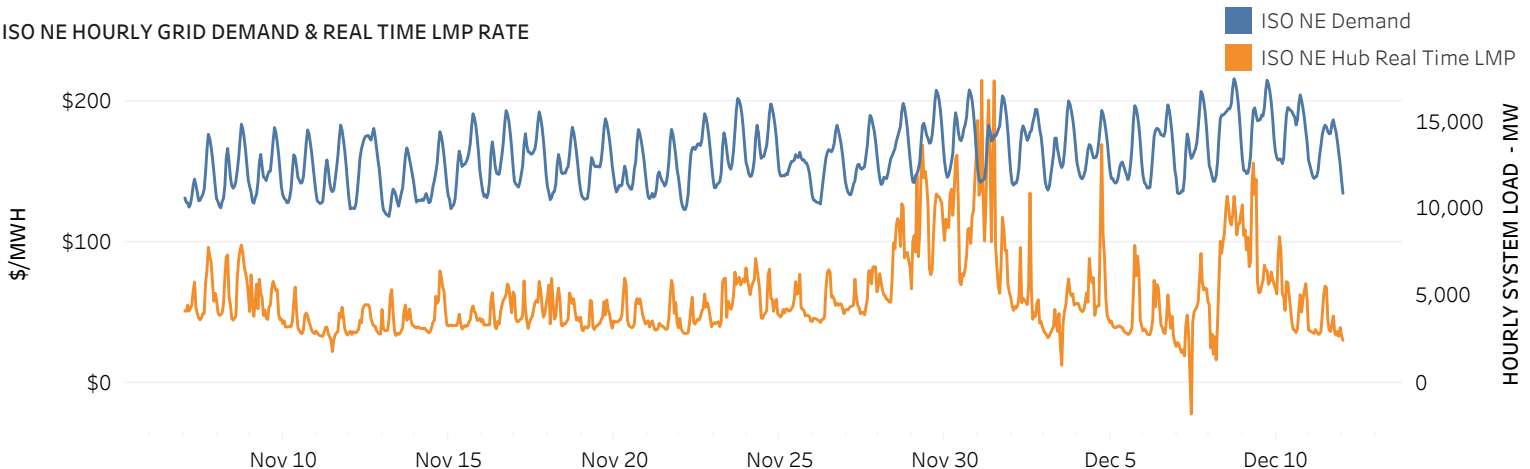
## NEW ENGLAND ELECTRICITY SUPPLY

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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