

March 28 - April 1, 2022

MARKET SUMMARY



SPOTLIGHT | ISO New England Files Proposal to Remove MOPR

On Thursday, March 31, ISO New England filed a proposal with FERC to remove its minimum offer price rule ("MOPR") before FCA 19 scheduled for 2025.

On Thursday, March 31, ISO New England filed a proposal with FERC to remove its minimum offer price rule ("MOPR") before forward capacity market ("FCA") 19 scheduled for 2025. The MOPR was first implemented in 2013 and sets offer price-floors for state-sponsored renewable resources, limiting their ability to clear the auction. Originally intended to protect the market, as states have implemented policies to develop renewables through alternative market mechanisms, the MOPR could burden consumers with additional costs of paying for surplus resources. In an early February stakeholder meeting of the New England Power Pool's ("NEPOOL") Participants Committee, 70% of members supported the proposal. ISO has proposed replacing it with a new methodology that will measure buyer side market power. The proposal includes an exemption for 700 MW of state-sponsored renewables in FCA 17 and FCA 18. By implementing a gradual plan, these changes to the Forward Capacity Market ("FCM") will minimize reliability risks that are expected if a large wave of renewables were to clear the auction, drive down capacity prices, and force conventional power generators to retire.

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:1
18 MONTH:0
24 MONTH: 0
36 MONTH:0

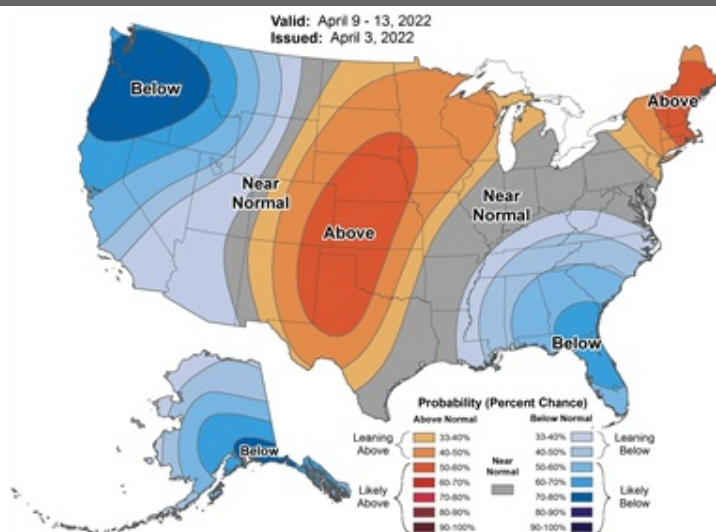
NEW ENGLAND ELECTRICITY TERMS

12 MONTH:8
18 MONTH:24
24 MONTH: 5
36 MONTH:3

CRUDE OIL TERMS

12 MONTH:25
18 MONTH:20
24 MONTH: 16
36 MONTH:12

WEATHER | 6-10 Day Forecast



Below average temperatures expected for the West and Southeast and above average temperatures expected for the Midwest and Northeast

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.

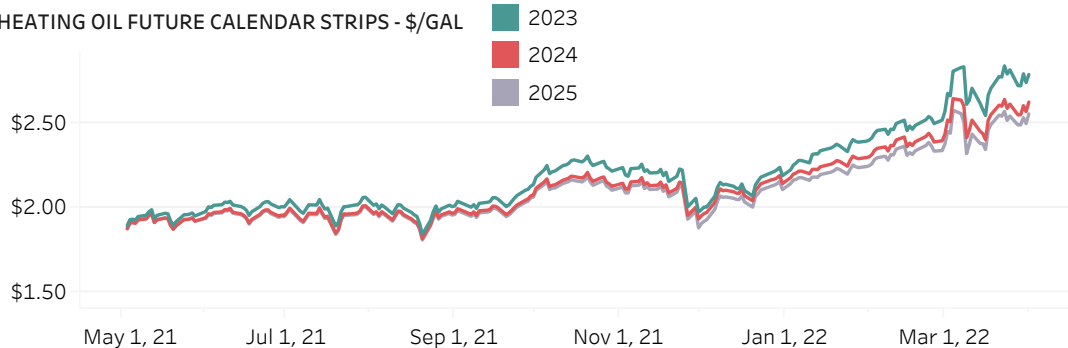
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OIL & DISTILLATES OVERVIEW

HEATING OIL FUTURE CALENDAR STRIPS - \$/GAL



This Week:

Prior Week:

CHANGE:

WTI prices closed at \$99.27 per barrel on Friday, down 12.8% from the week prior. President Biden announced a historic release of oil from the Strategic Petroleum Reserve, resulting in the largest weekly price decline in two years. While this release is intended to relieve prices for consumers at the gas pump, its effects will likely dissipate in the near future. China is suffering from a large coronavirus outbreak that is hurting crude production. Finally, the ongoing discussions between the U.S. and Iran regarding a new nuclear accord may be close to a resolution, which could boost Iranian crude exports.

CRUDE OIL WTI FUTURE CALENDAR STRIPS - \$/BARREL

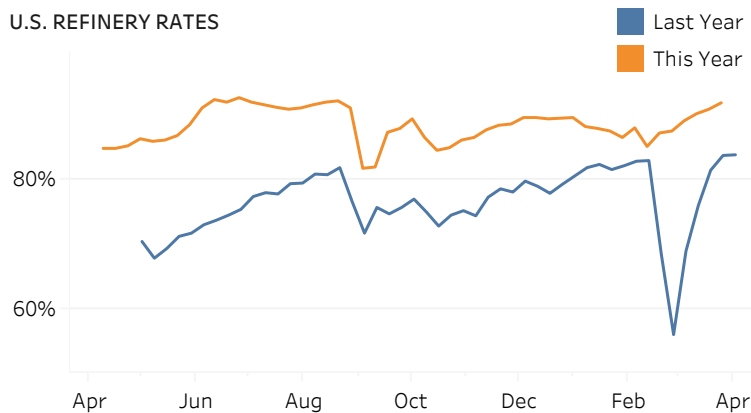


FUNDAMENTALS

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

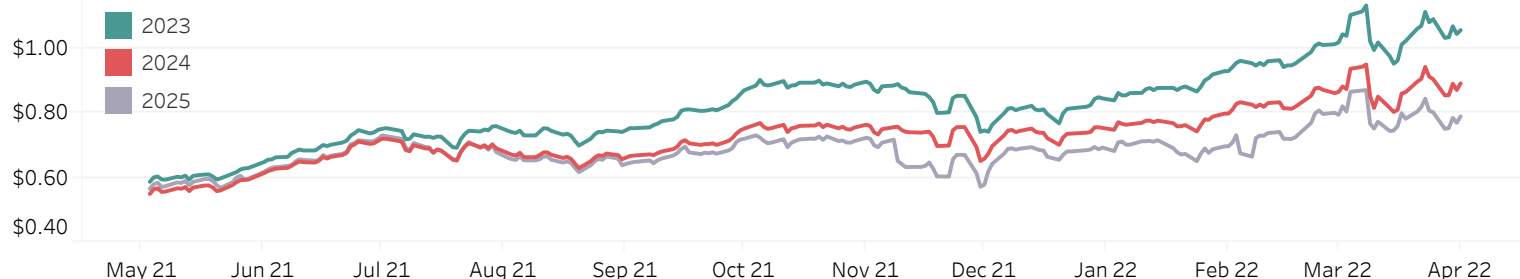


U.S. REFINERY RATES



PROPANE

MONT BELVIEU CALENDAR YEAR STRIPS \$/GAL



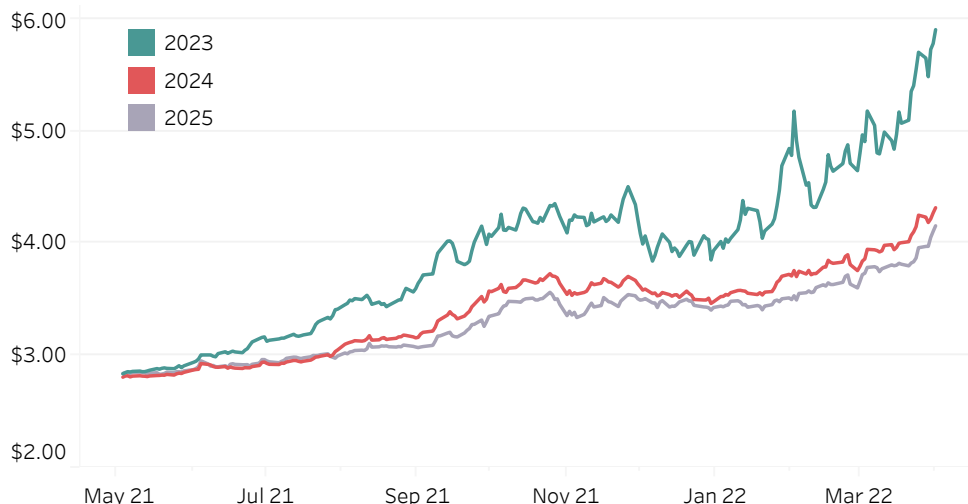
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NATURAL GAS OVERVIEW

WINTER NATURAL GAS NYMEX STRIPS - \$/MMBTU



This Week: \$5.72/MMBTU

Prior Week: \$5.61/MMBTU

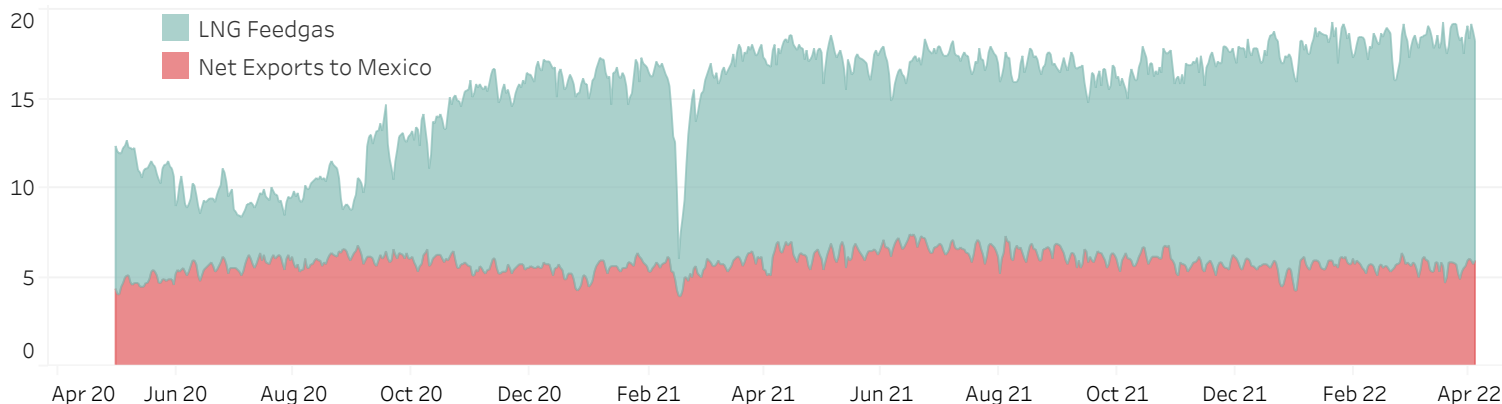
CHANGE: \$0.11▲

U.S. front-month natural gas futures increased 2.3% from the previous week, settling at \$5.72/MMBtu on Friday. Warmer forecasts across the northern U.S. should help alleviate pressures on domestic gas supply. However, U.S. LNG terminals continue to operate near maximum capacity, with exports averaging 12.9 bcf/d as Europe pushes to reduce its dependence on Russian gas. The continued record export baseline has led to supply-side concerns in the market, as storage inventories could be more challenging to refill than usual this injection season. Total U.S. gas inventories stand 244 Bcf below the five-year seasonal average at 1,415 Bcf.

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.

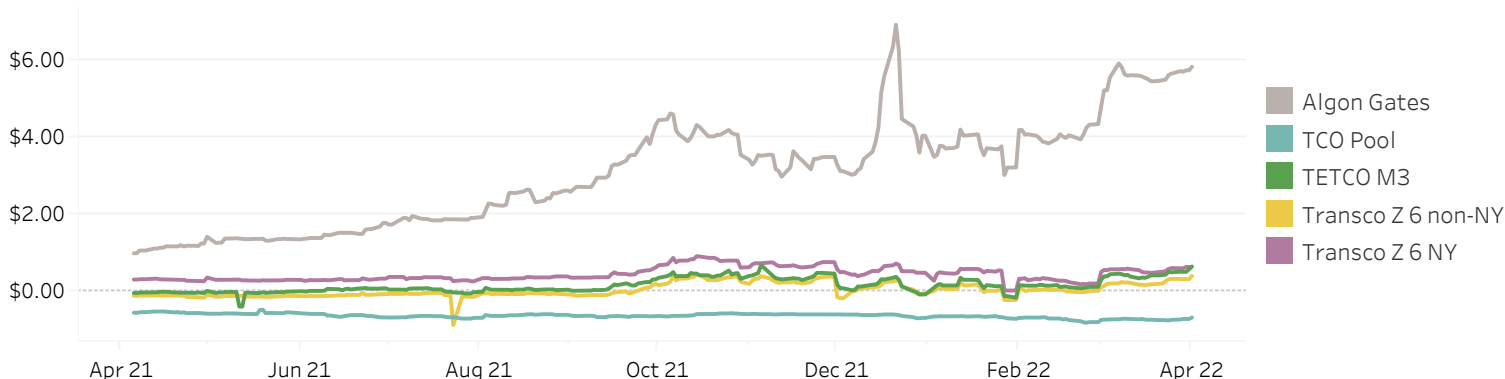
NATURAL GAS FUNDAMENTALS

U.S. NATURAL GAS TOTAL EXPORTS - BCF



NATURAL GAS BASIS

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



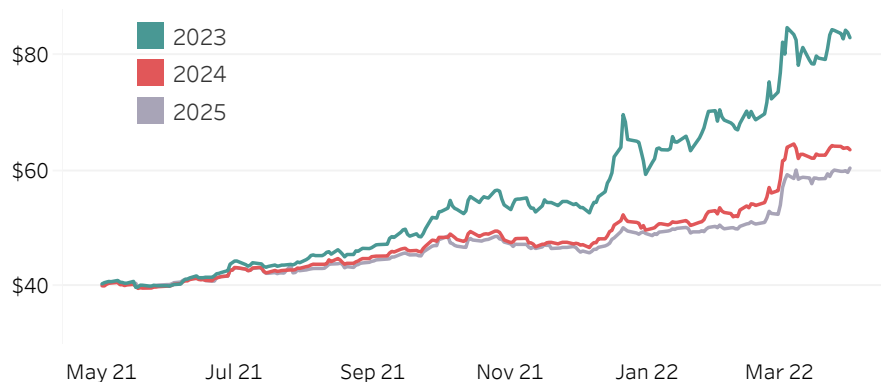
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NEW ENGLAND ELECTRICITY OVERVIEW

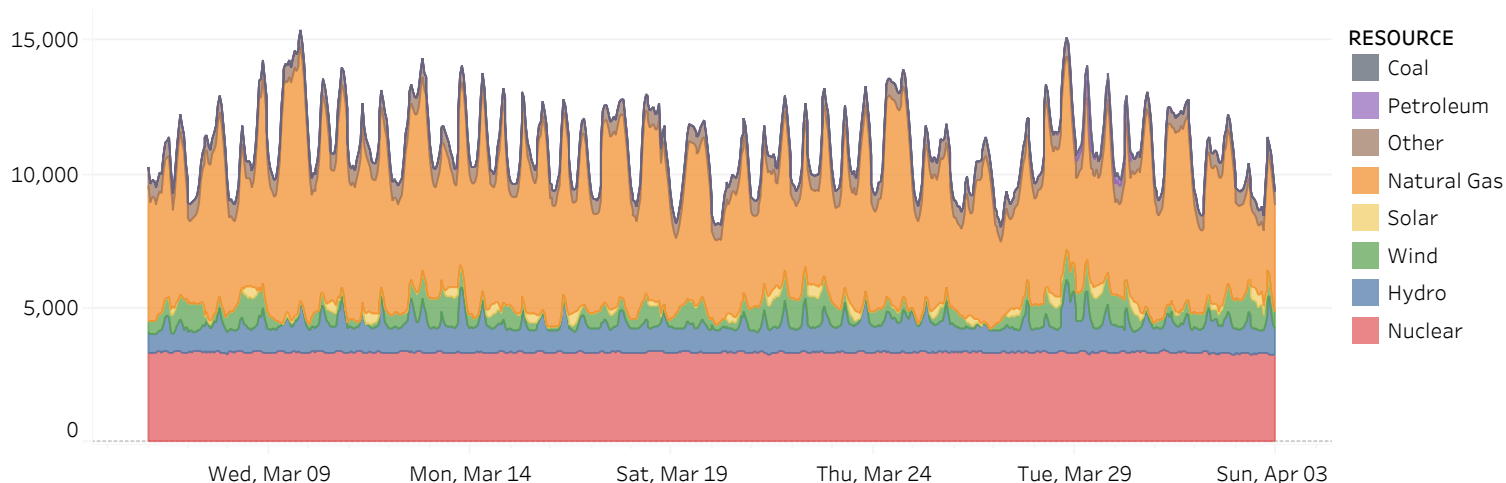
NEPOOL FUTURES MARKET CALENDAR STRIP PRICING -\$/MWH



The NEPOOL 12-mo. strip fell 0.7% week-over-week, ending at \$96.43/MWh. Calendar strip prices also saw some slight shifts, with the 2023 strip down 1.5%, the 2024 strip down 1.0%, and the 2025 strip up 0.6%. Despite these marginal declines, electricity prices remain elevated and have yet to come down from the spike brought on by the war in Ukraine. Additionally, a slow start to spring weather in the Northeast has kept heating demand strong and put upward pressure on prices. Temperatures will be slightly higher in the coming weeks, though it is yet to be seen if that reduction in heating demand will be enough to balance out the impact of geopolitical turmoil in Eastern Europe and volatile natural gas prices.

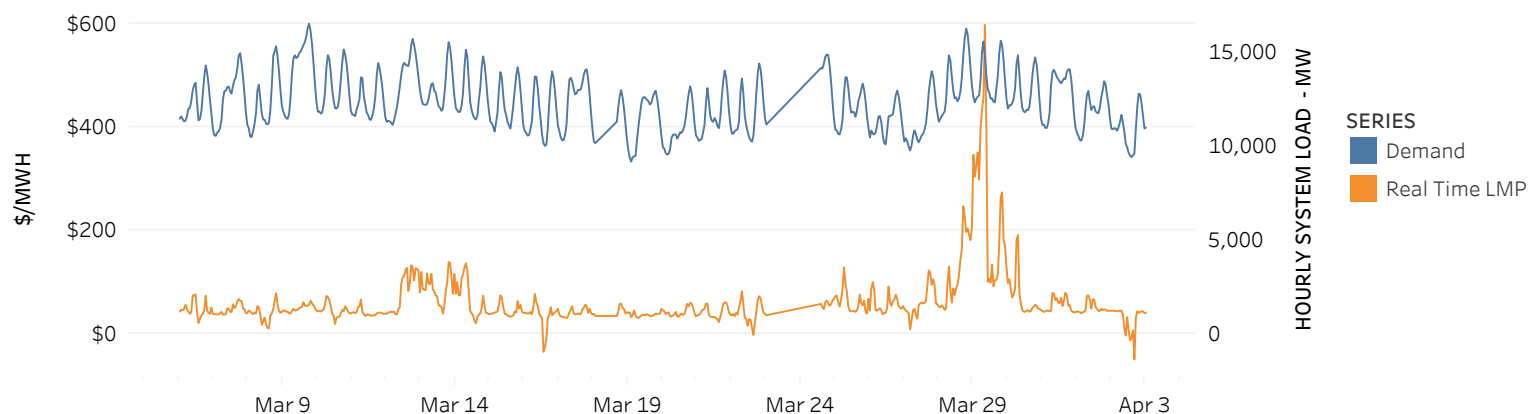
NEW ENGLAND ELECTRICITY SUPPLY

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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