

# May 23 - 27, 2022

# MARKET SUMMARY



## SPOTLIGHT | Utilities Gauge Viability of Geothermal Heating and Cooling at the District Level

**Geothermal heating and cooling have been around since the 1940s but have only recently been getting more attention on a district scale for the potential sustainability and efficiency benefits. Washington D.C. is currently seeking proposals for a pilot project that would supply heating and cooling to an entire community.**

Geothermal heating and cooling have been around since the 1940s but have only recently been getting more attention on a district scale for the potential sustainability and efficiency benefits. Washington D.C. is currently seeking proposals for a pilot project that would supply heating and cooling to an entire community. This project comes in the wake of a handful of similar pilot projects that utility companies are hoping to use to gauge the viability of geothermal as an alternative to conventional gas heating. Eversource is participating in a project in Framingham, MA and is hoping to gain insight into whether geothermal can function as a heating and cooling replacement for delivered fuels and natural gas. Similarly, National Grid is looking to geothermal projects to aid in the plan to eliminate standard natural gas delivery in Massachusetts and New York by 2050. Especially when deployed at a district level, geothermal heating and cooling have the potential to make a positive impact on the reliability of our grid during the summers and winters and decrease the carbon that electric air conditioners and gas heating currently produce.

## 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: 0 |
| 18 MONTH: 0 |
| 24 MONTH: 0 |
| 36 MONTH: 0 |

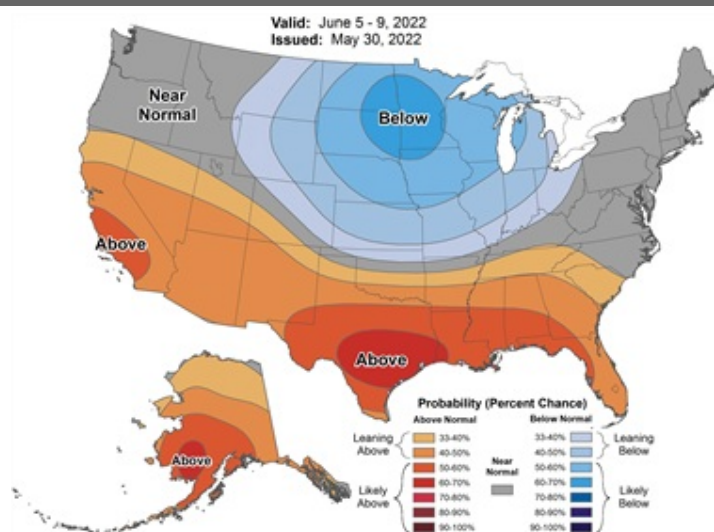
### NEW ENGLAND ELECTRICITY TERMS

|             |
|-------------|
| 12 MONTH: 4 |
| 18 MONTH: 4 |
| 24 MONTH: 5 |
| 36 MONTH: 5 |

### CRUDE OIL TERMS

|             |
|-------------|
| 12 MONTH: 4 |
| 18 MONTH: 1 |
| 24 MONTH: 0 |
| 36 MONTH: 0 |

## WEATHER | 6-10 Day Forecast



**Below average temperatures expected for the Midwest, with above average temperatures expected for the South and Texas.**

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.

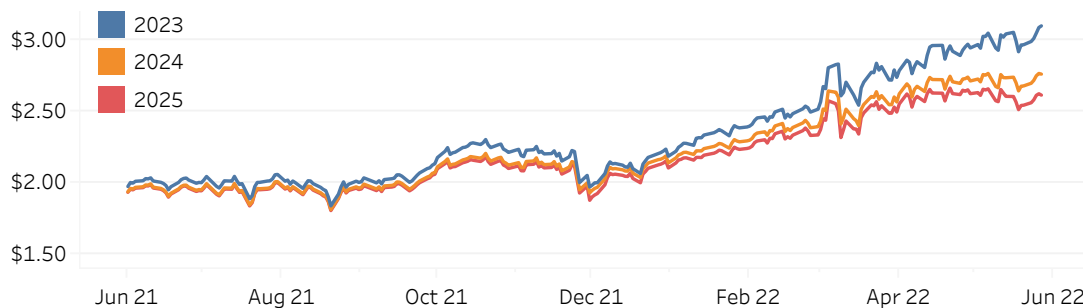
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## OIL & DISTILLATES OVERVIEW

HEATING OIL FUTURE CALENDAR STRIPS - \$/GAL



Prompt Month Price For Jul 22

|             |              |
|-------------|--------------|
| This Week:  | \$115.07/Bbl |
| Prior Week: | \$113.23/Bbl |
| CHANGE:     | \$1.84/Bbl   |

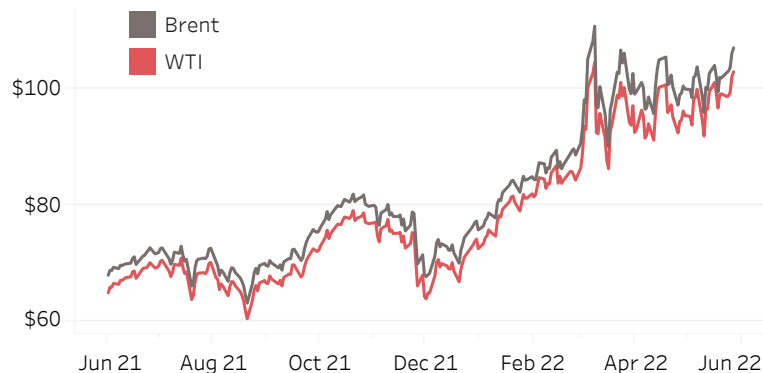
WTI closed at \$115.07 on Friday, up 1.63% from the week prior. On Monday, the European Union announced that it had reached an agreement to ban significant oil imports from Russia. Under the agreement, 90% of Russian oil imports to the EU would be banned by the end of 2022. The remaining 10%, which services Hungary, Slovakia, and Czech Republic, would be exempt. Additionally, OPEC+ is not expected to sway from its stated production outlook, further underpinning worries of a global market constricted by increasing demand without sufficient supply.

CRUDE OIL WTI FUTURE CALENDAR STRIPS - \$/BARREL

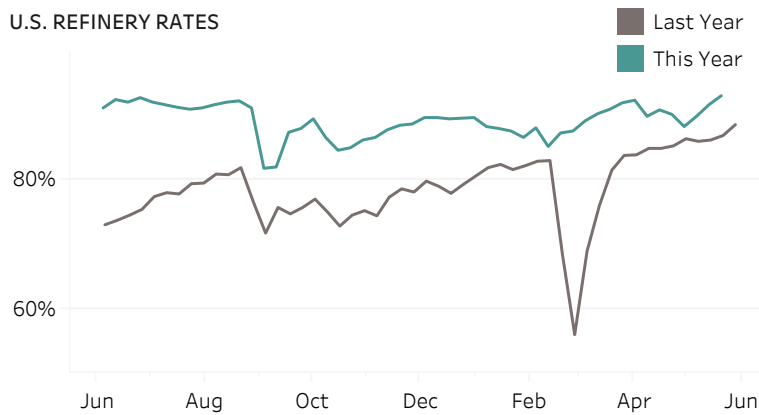


## FUNDAMENTALS

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

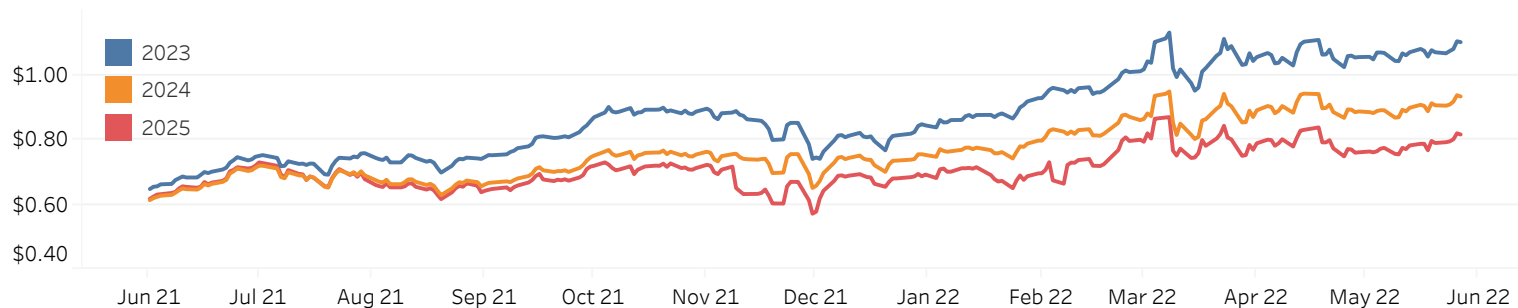


U.S. REFINERY RATES



## PROPANE

MONT BELVIEU CALENDAR YEAR STRIPS \$/GAL



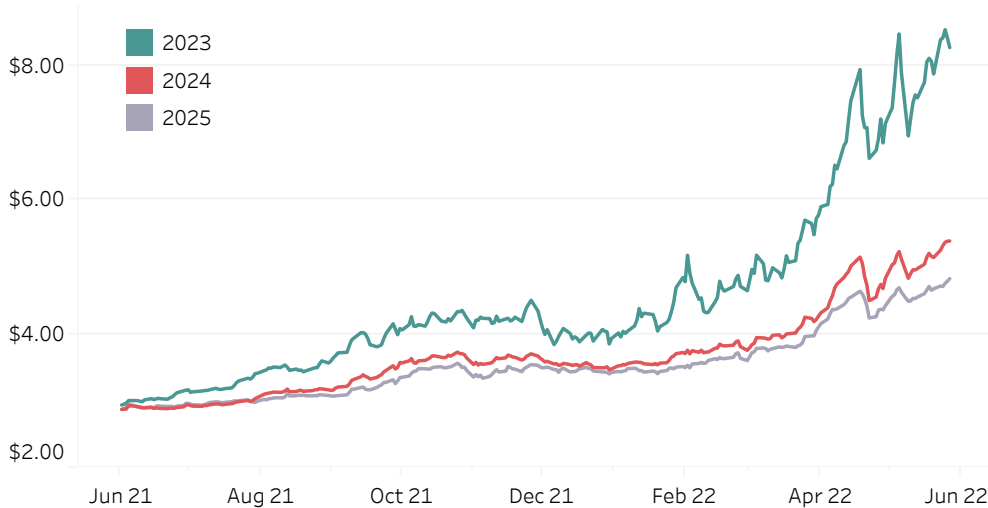
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## NATURAL GAS OVERVIEW

WINTER NATURAL GAS NYMEX STRIPS - \$/MMBTU



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.

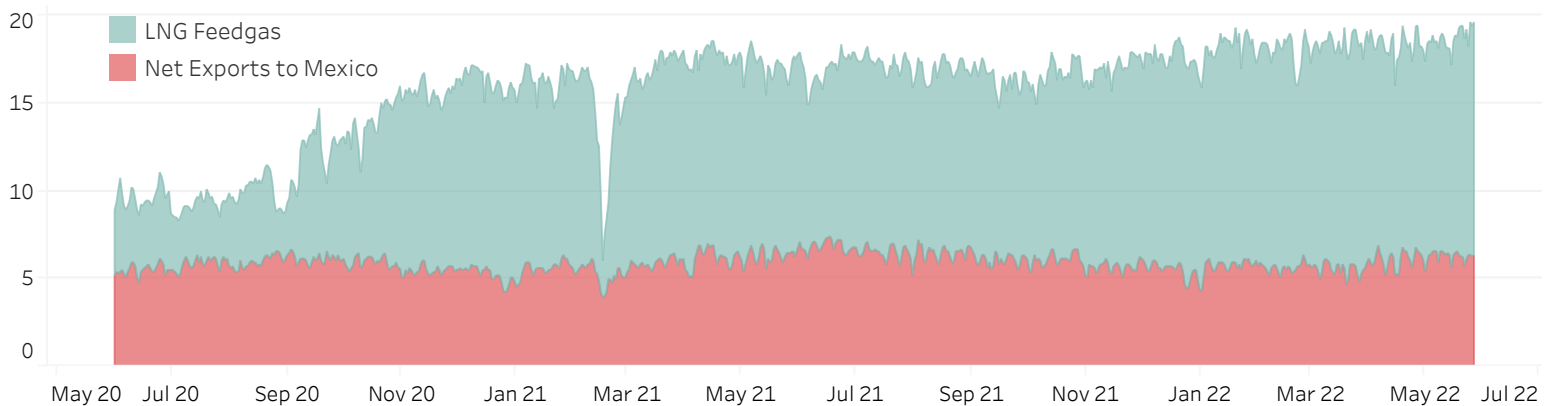
Prompt Month Price For Jul 22

|             |              |
|-------------|--------------|
| This Week:  | \$8.73/MMBTU |
| Prior Week: | \$8.40/MMBTU |
| CHANGE:     | \$0.34/MMBTU |

Front-month natural gas futures increased 7.9% from the previous week, settling at \$8.73/MMBTU on Friday. Cooling demand was high throughout much of the country, with summer seemingly already in full force, and high temperatures are expected to hold nationwide heading into June. Dry gas exports to Mexico also remained elevated at 6.4 Bcf/d due to increased cooling demand, while LNG exports sustained over 13 Bcf/d for most of last week. Dry gas production increased slightly to 95.0 Bcf/d at the end of the week, improving the overall supply and demand outlook relative to the previous week.

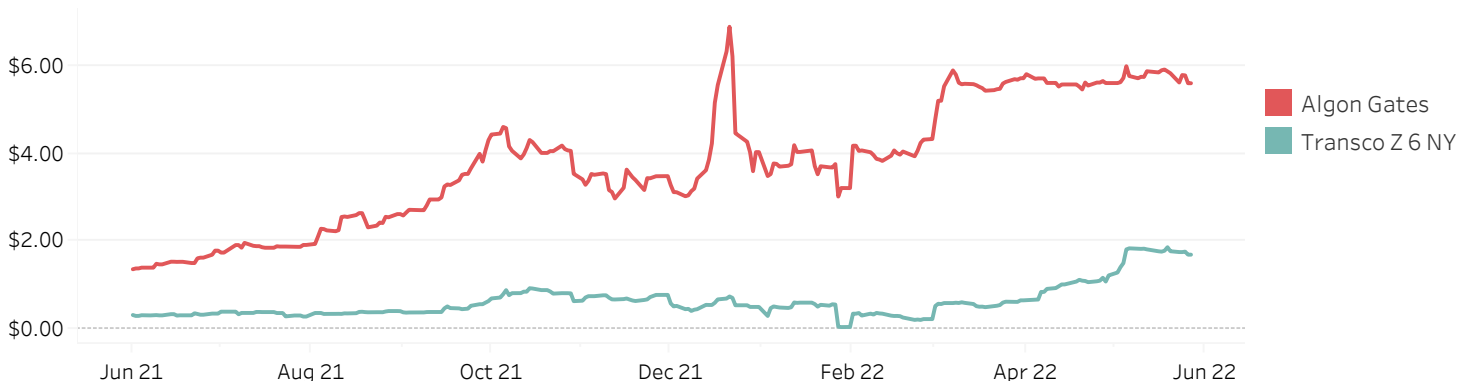
## NATURAL GAS FUNDAMENTALS

U.S. NATURAL GAS TOTAL EXPORTS - BCF



## NATURAL GAS BASIS

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



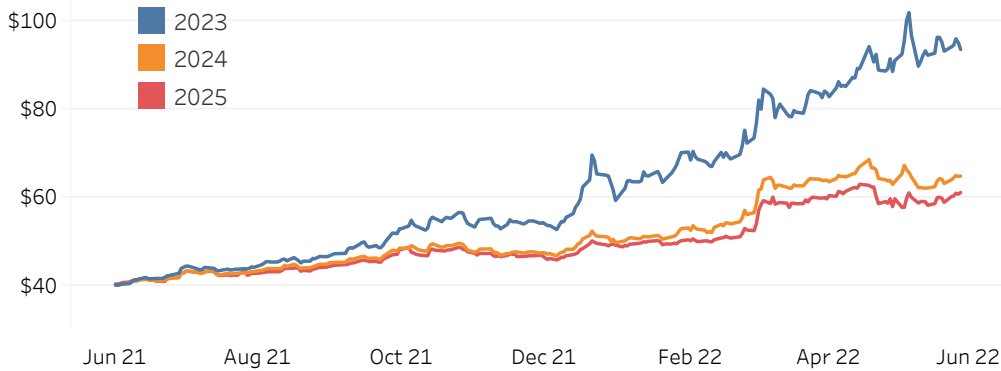
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## NEW ENGLAND ELECTRICITY OVERVIEW

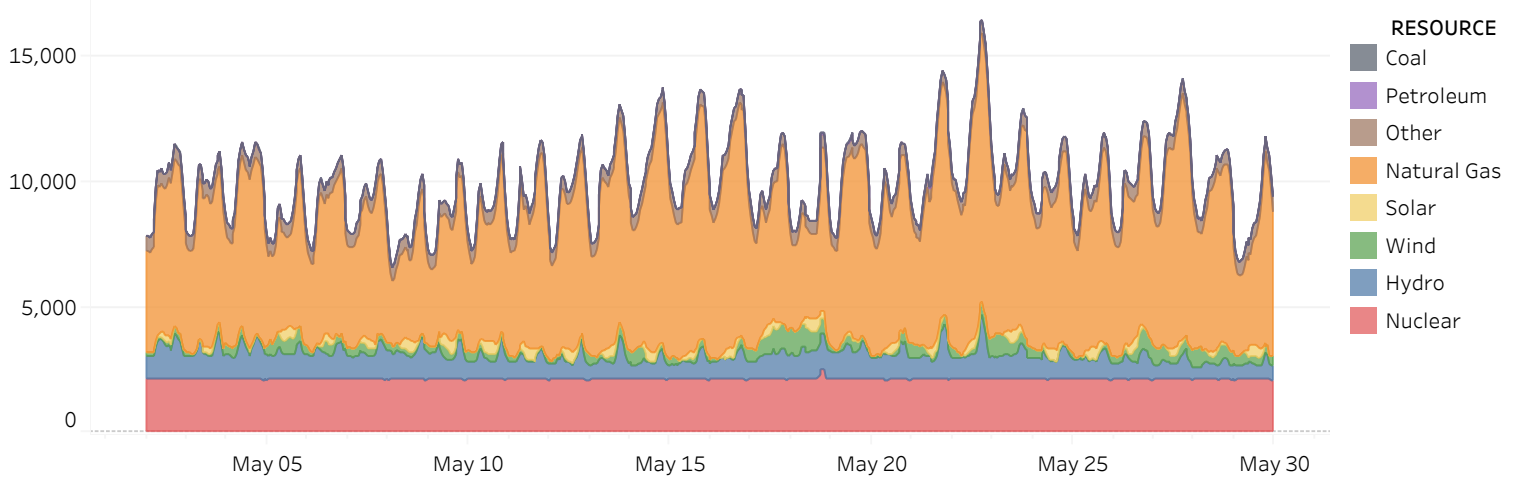
NEPOOL FUTURES MARKET CALENDAR STRIP PRICING -\$/MWH



The NEPOOL 12-mo. strip rose 1.6% week-over-week, ending at \$121.83/MWh. This closing price fell from Wednesday's mid-week peak of \$124.79/MWh. Calendar strips trended similarly, with the outermost strip experiencing the greatest fluctuation. The 2023 strip increased 0.4% to \$93.76/MWh, the 2024 strip increased 2.7% to \$64.91/MWh, and the 2025 strip rose 3.8%, ending at \$61.17/MWh. As we head into the summer months, it is unlikely that we will see a decline in wholesale electricity prices, given the increasing cooling demand nationwide, and constrained fuel supplies across the globe.

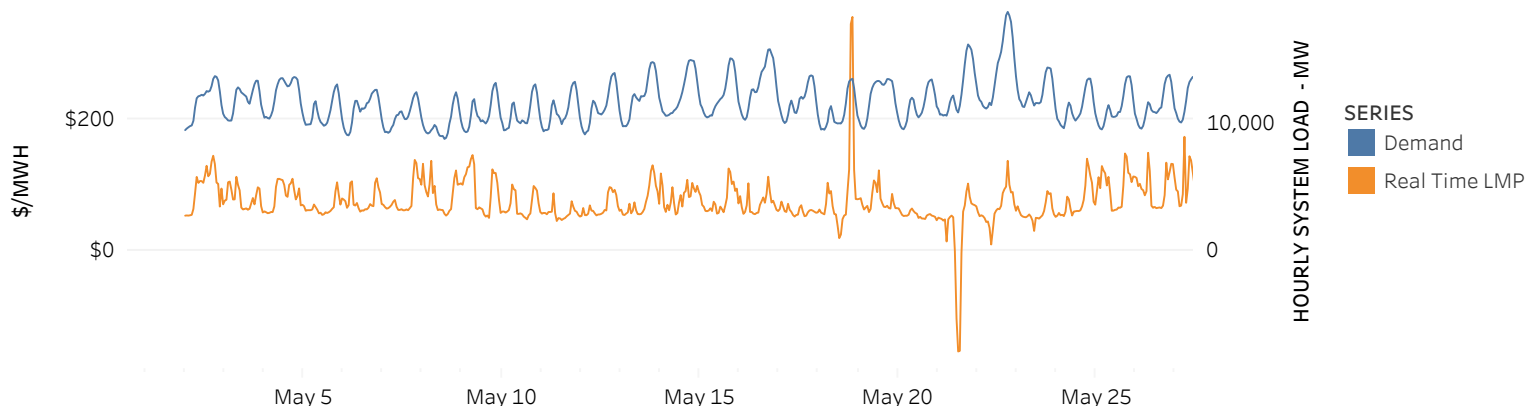
## NEW ENGLAND ELECTRICITY SUPPLY

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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