

# July 25 - 29, 2022 MARKET SUMMARY



## SPOTLIGHT | Democrats Push Forward Budget Reconciliation Bill With Significant Energy Spend

**After Senator Joe Manchin effectively killed hopes for President Joe Biden's initial climate change-focused legislation in the Build Back Better bill, last week Manchin reached an agreement with Senate Majority Leader Chuck Schumer on legislation dubbed the Inflation Reduction Act of 2022....**

After Senator Joe Manchin effectively killed hopes for President Joe Biden's initial climate change-focused legislation in the Build Back Better bill, last week Manchin reached an agreement with Senate Majority Leader Chuck Schumer on legislation dubbed the Inflation Reduction Act of 2022. With Manchin's support, the bill is expected to move forward quickly over the coming weeks, though it will need to maintain support among all Democrats to get through the Senate. The legislation includes household tax credits and rebates for appliances, heat pumps, electric vehicles, and other electrification and efficiency measures. It also extends and expands tax credits available for solar, wind and battery storage investments, while expanding these incentives to nuclear and hydrogen facilities. While the legislation lacks some of the large transmission and grid infrastructure investments originally contained in the Build Back Better bill, it is still being heralded as a landmark agreement that could go a long way towards addressing Biden's greenhouse gas reduction targets.

## 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: 27 |
| 18 MONTH: 31 |
| 24 MONTH: 33 |
| 36 MONTH: 31 |

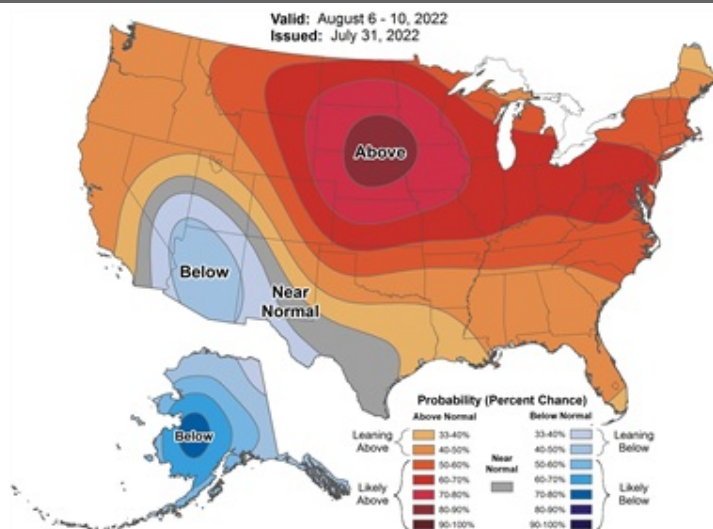
### NEW ENGLAND ELECTRICITY TERMS

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

### CRUDE OIL TERMS

|              |
|--------------|
| 12 MONTH: 30 |
| 18 MONTH: 28 |
| 24 MONTH: 27 |
| 36 MONTH: 24 |

## WEATHER | 6-10 Day Forecast



**Above average temperatures are expected for most of the U.S., with the highest temperatures in the great plains region. Below average temperatures are expected for the south west and Alaska.**

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.

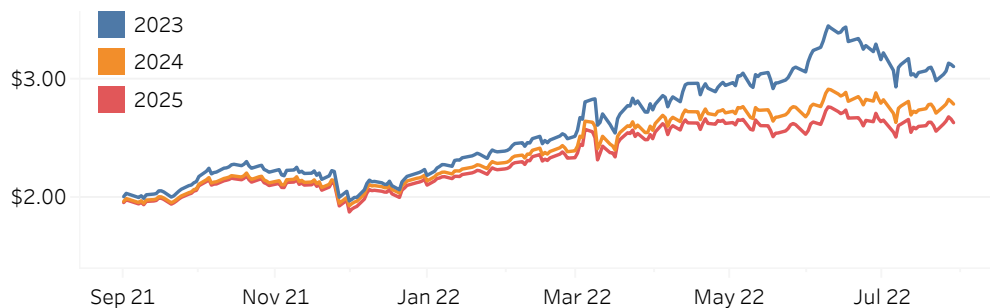
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## OIL & DISTILLATES OVERVIEW

HEATING OIL FUTURE CALENDAR STRIPS - \$/GAL

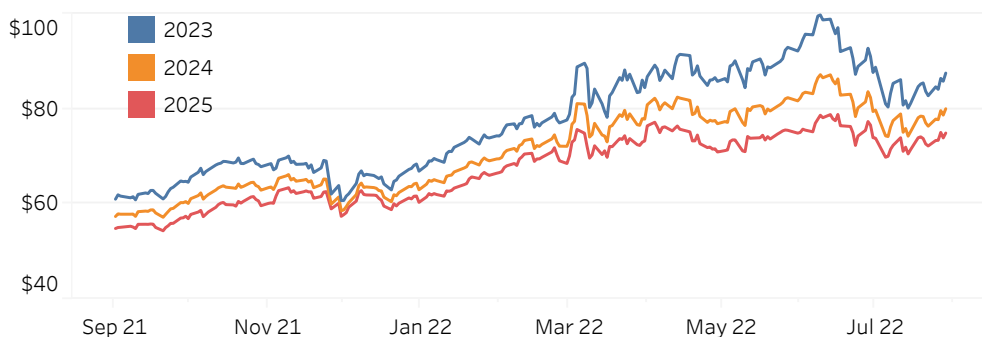


Prompt Month Price For Sep 22

|             |             |
|-------------|-------------|
| This Week:  | \$98.62/Bbl |
| Prior Week: | \$94.70/Bbl |
| CHANGE:     | \$3.92/Bbl  |

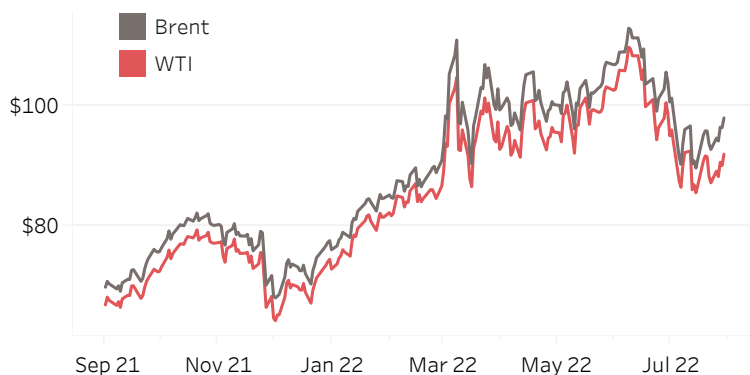
WTI closed at \$98.62 on Friday, up 4.1% from the week prior. Despite rising towards the end of the week, global crude oil prices finished down in July for the second straight month, with WTI falling 7% since the end of June. As OPEC+ meets later this week, expectations of any increase in supply output remain slim, aiding in the late week rise to crude prices. Providing some downward pressure on prices, however, was news that oil drillers in the U.S. had brought 11 more rigs online during July, continuing a now 23-month long streak of adding crude rigs to increase supply output. Indications of declining activity among factories in China due to Covid lockdowns is expected to push prices lower in the near-term as well.

CRUDE OIL WTI FUTURE CALENDAR STRIPS - \$/BARREL

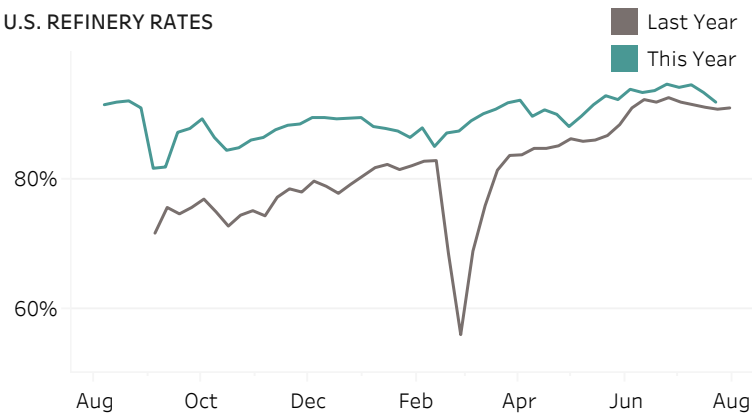


## FUNDAMENTALS

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

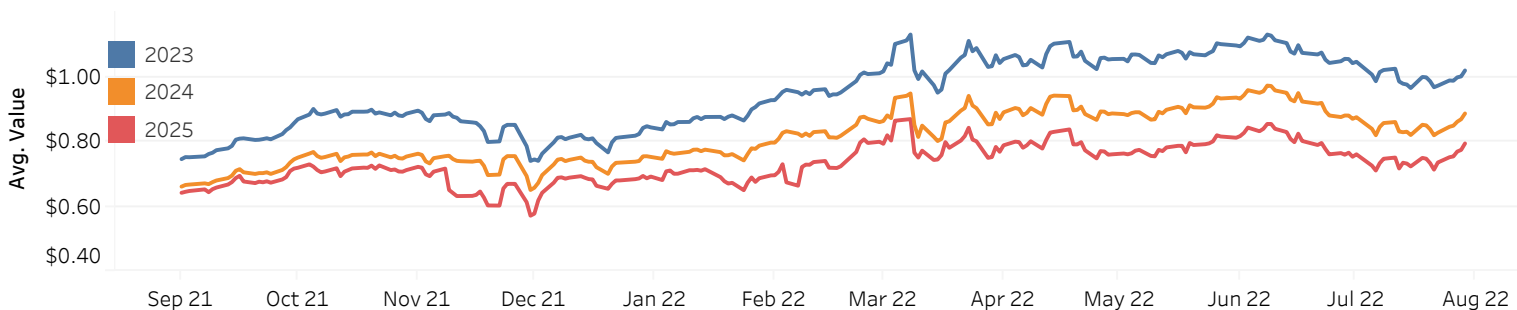


U.S. REFINERY RATES



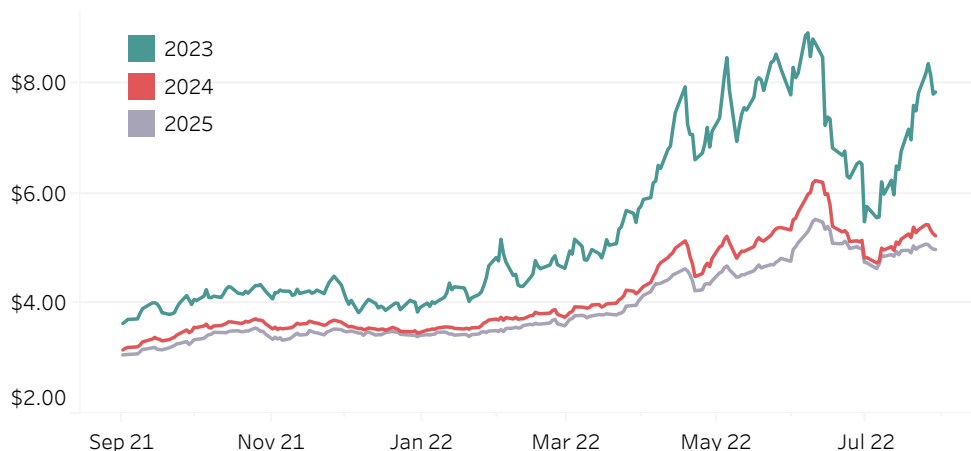
## PROPANE

MONT BELVIEU CALENDAR YEAR STRIPS \$/GAL



### NATURAL GAS OVERVIEW

WINTER NATURAL GAS NYMEX STRIPS - \$/MMBTU



Prompt Month Price For Sep 22

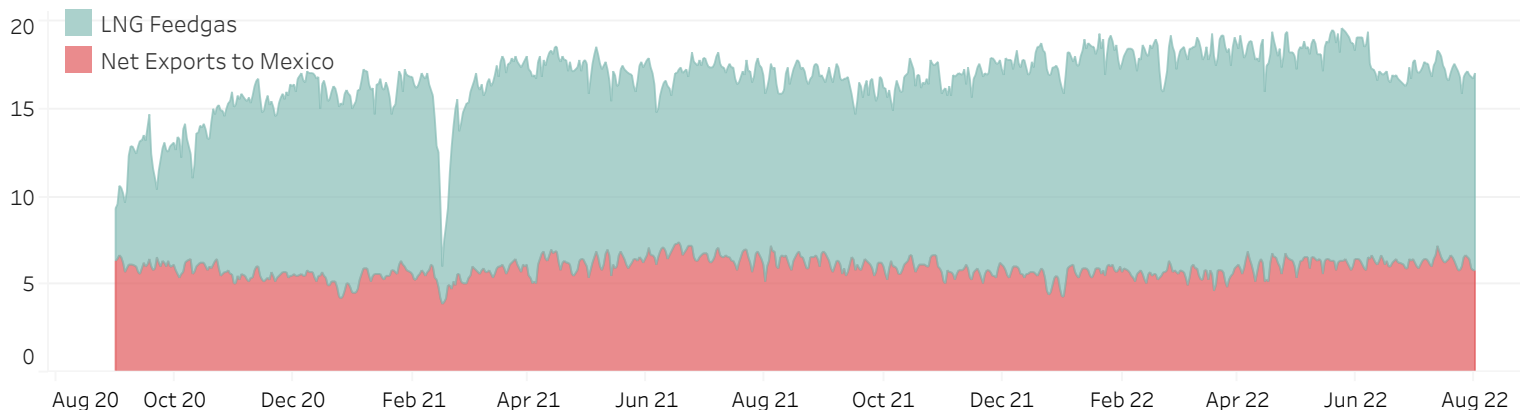
|                    |                |
|--------------------|----------------|
| <b>This Week:</b>  | \$8.23/MMBTU   |
| <b>Prior Week:</b> | \$8.30/MMBTU   |
| <b>CHANGE:</b>     | \$(0.07)/MMBTU |

Front-month natural gas futures fell 1.0% from the previous week, settling at \$8.23/MMBTU on Friday. Prices peaked at \$8.99/MMBTU on Tuesday as intense heat throughout the U.S. and Europe kept cooling demand high. Additionally, an unexpected capacity reduction in the Russia-Germany Nord Stream 1 pipeline revived concerns about European supply. This news has boosted demand for U.S. LNG and caused New England Basis prices to escalate week-over-week. The EIA reported a 15 Bcf injection into national storage inventories last week, falling below analysts' already conservative projections and putting stocks 345 Bcf below the 5-year average.

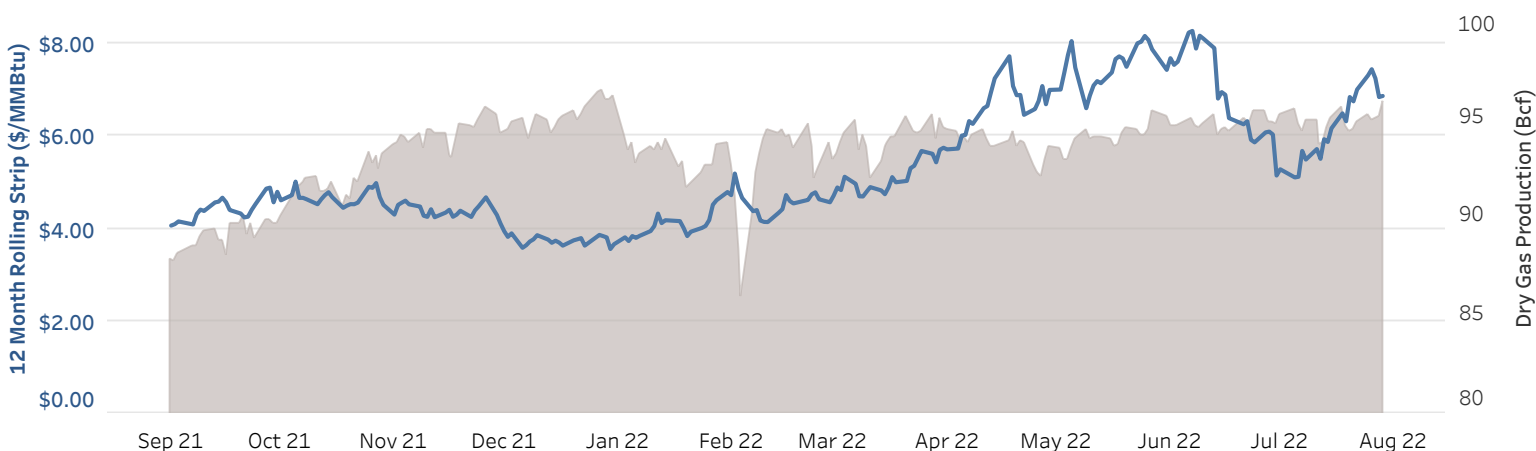
Winter natural gas NYMEX strips are an average of commodity prices for the months of December - March of each winter. Prices are presented in this format to highlight what consumers will pay during the typical heating season in the U.S.

### NATURAL GAS FUNDAMENTALS

U.S. NATURAL GAS TOTAL EXPORTS - BCF



U.S. NATURAL GAS PRICE VS. PRODUCTION



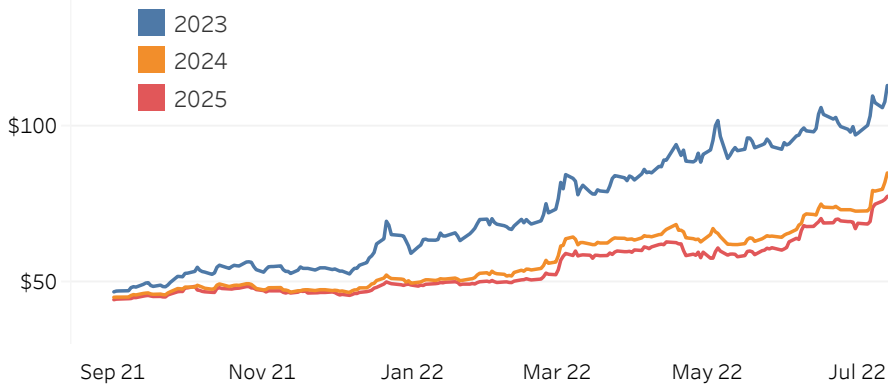
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## NEW ENGLAND ELECTRICITY OVERVIEW

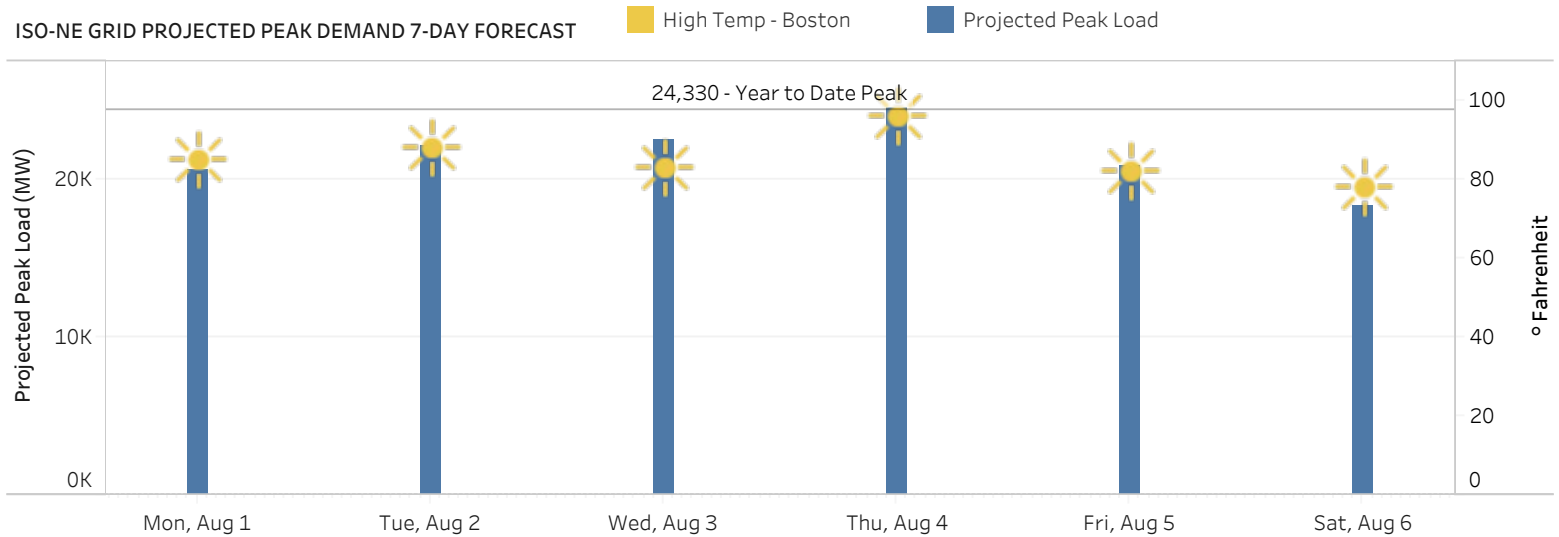
### NEPOOL FUTURES MARKET CALENDAR STRIP PRICING -\$/MWH



The NEPOOL 12-month strip rose by 4.3% week-over-week, settling at \$155.01/MWh. This closing price brings the 12-month strip to yet another decade high. The near-term calendar strip continues to rise as well. The 2023 strip settled at \$131.77/MWh, representing a week-over-week increase of 4.8%. The 2024 strip trended similarly, increasing by 3.5% to settle at \$92.98/MWh. The 2025 strip finally saw some relief, falling by 2.0% week-over-week, settling at \$79.04/MWh. As regional temperatures climb, consequently driving up ISO-NE grid demand, the 12-month and near-term calendar strips will likely see further increases in the coming week.

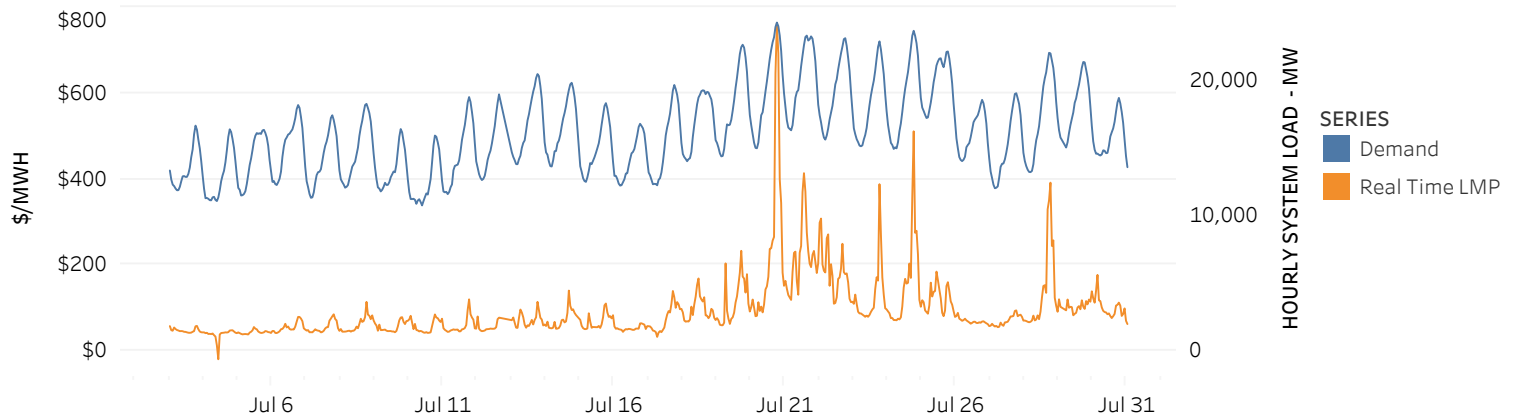
## NEW ENGLAND 7-DAY DEMAND FORECAST

### ISO-NE GRID PROJECTED PEAK DEMAND 7-DAY FORECAST



## NEW ENGLAND GRID FUNDAMENTALS

### ISO NE HOURLY GRID DEMAND & REAL TIME LMP RATE



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