

August 22 - 26, 2022

# MARKET SUMMARY



## SPOTLIGHT | California to Ban Sale of Fossil Fuel Powered Cars

**Last week, California passed a regulation to restrict the sale of cars and light trucks powered solely by fossil fuels, reaching a 100% ban in 2035. Manufacturers who do not comply will be subject to a \$20,000 fine per vehicle sold outside of these thresholds....**

Last week, California passed a regulation to restrict the sale of cars and light trucks powered solely by fossil fuels, reaching a 100% ban in 2035. 16% of cars and light trucks on the road in California today are emissions-free. 35% of new vehicles sold in the state in 2026 are required to be emissions-free, increasing to 68% in 2030 and 100% in 2035. Manufacturers who do not comply will be subject to a \$20,000 fine per vehicle sold outside of these thresholds. The law has wider implications beyond California. 16 states, five of which are in New England, and the District of Columbia have previously elected to follow California's environmental standards for automobiles, rather than the looser federal regulations, and much of the same group have indicated the intent to follow the 2035 ban as well. While the restrictions govern new vehicles, buyers will still have the option to purchase used gasoline powered vehicles. However, with roughly one third of the U.S. auto market enacting these bans, the available options for electric vehicles are likely to expand significantly.

## 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: 9  |
| 18 MONTH: 8  |
| 24 MONTH: 11 |
| 36 MONTH: 10 |

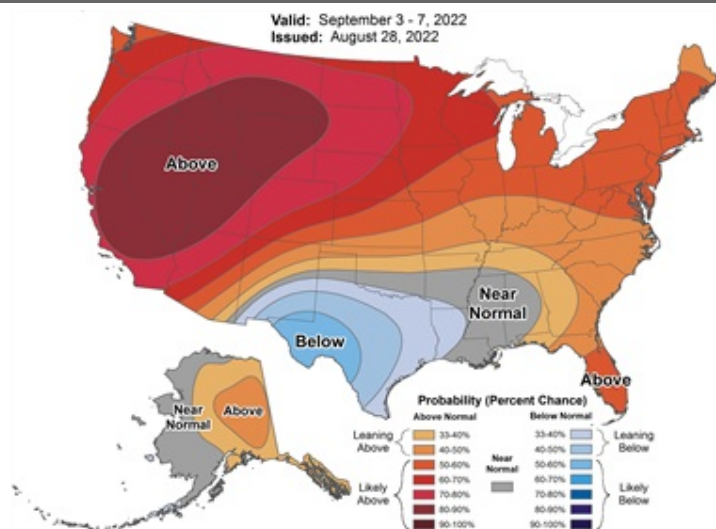
### NEW ENGLAND ELECTRICITY TERMS

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

### CRUDE OIL TERMS

|              |
|--------------|
| 12 MONTH: 36 |
| 18 MONTH: 34 |
| 24 MONTH: 33 |
| 36 MONTH: 31 |

## WEATHER | 6-10 Day Forecast



**Above average temperatures are expected for the West Coast and the Rockies, with below average temperatures predicted for Texas. Slightly above average temperatures predicted for New England and the East 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.

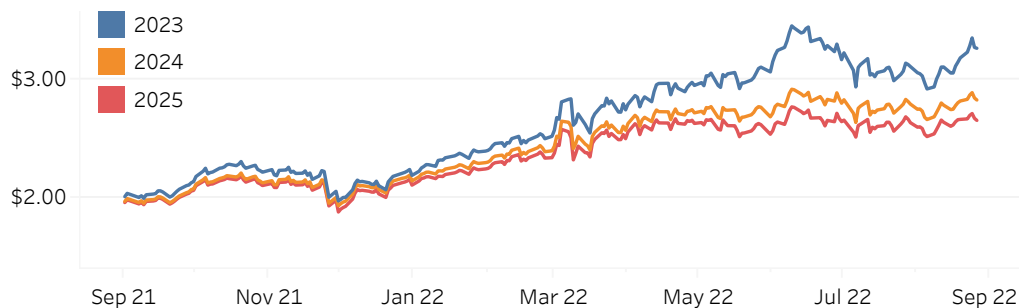
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## OIL & DISTILLATES OVERVIEW

HEATING OIL FUTURE CALENDAR STRIPS - \$/GAL

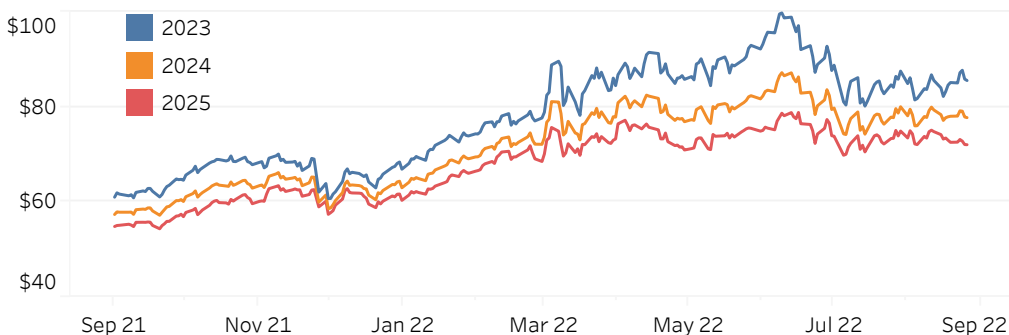


Prompt Month Price For Sep 22

|             |             |
|-------------|-------------|
| This Week:  | \$93.06/Bbl |
| Prior Week: | \$90.77/Bbl |
| CHANGE:     | \$2.29/Bbl  |

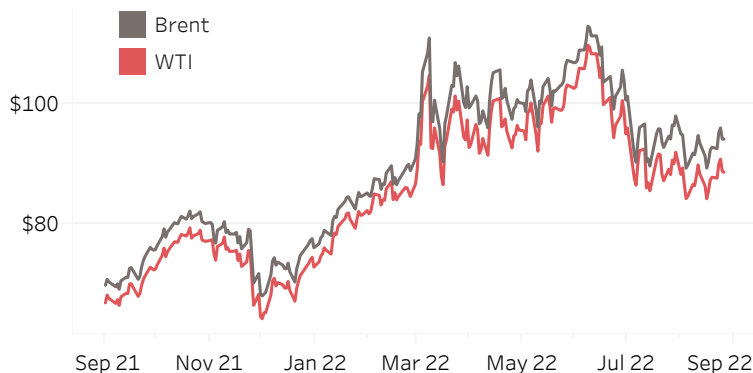
WTI closed at \$93.06 on Friday, up 2.5% from the week prior. Crude has continued to rise over the past week following reports of possible production cuts from OPEC+. The organization is scheduled to meet on September 5, and an official policy will be set then. Further price increases to crude were stalled by news of the U.S. dollar hitting a 20-year high. This came after announcements made by Federal Reserve Chairman Jerome Powell that the Fed would continue a tighter monetary policy "for some time" to tame inflation. U.S. oil rigs online rose by four this past week, indicating a potential increase to production and supply.

CRUDE OIL WTI FUTURE CALENDAR STRIPS - \$/BARREL

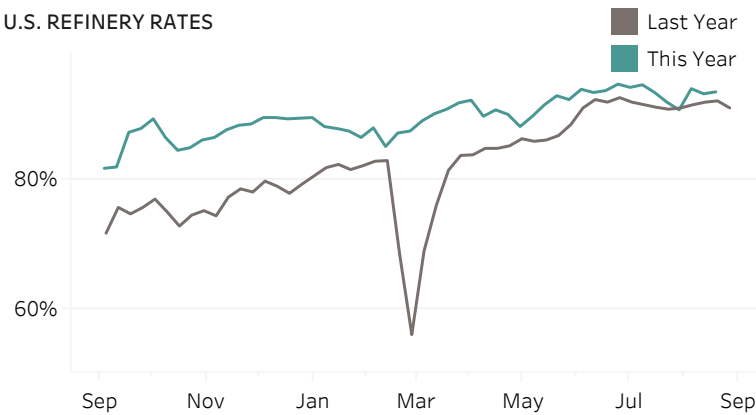


## FUNDAMENTALS

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

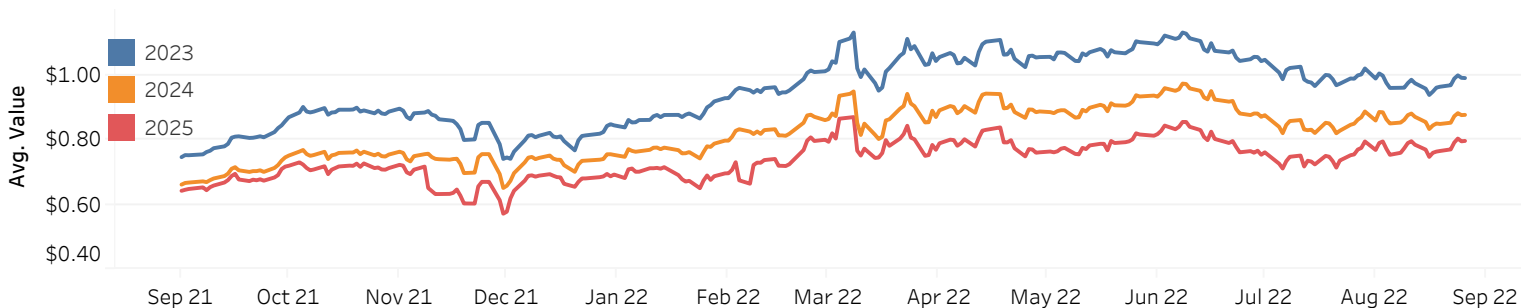


U.S. REFINERY RATES



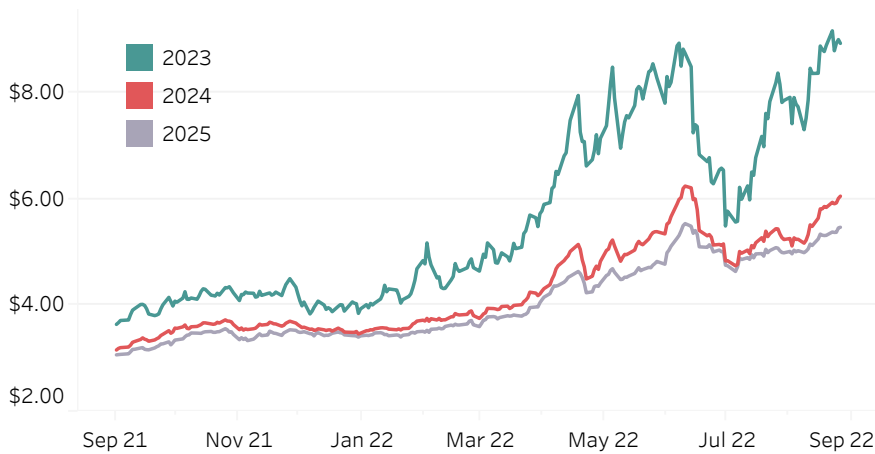
## PROPANE

MONT BELVIEU CALENDAR YEAR STRIPS \$/GAL



### 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.

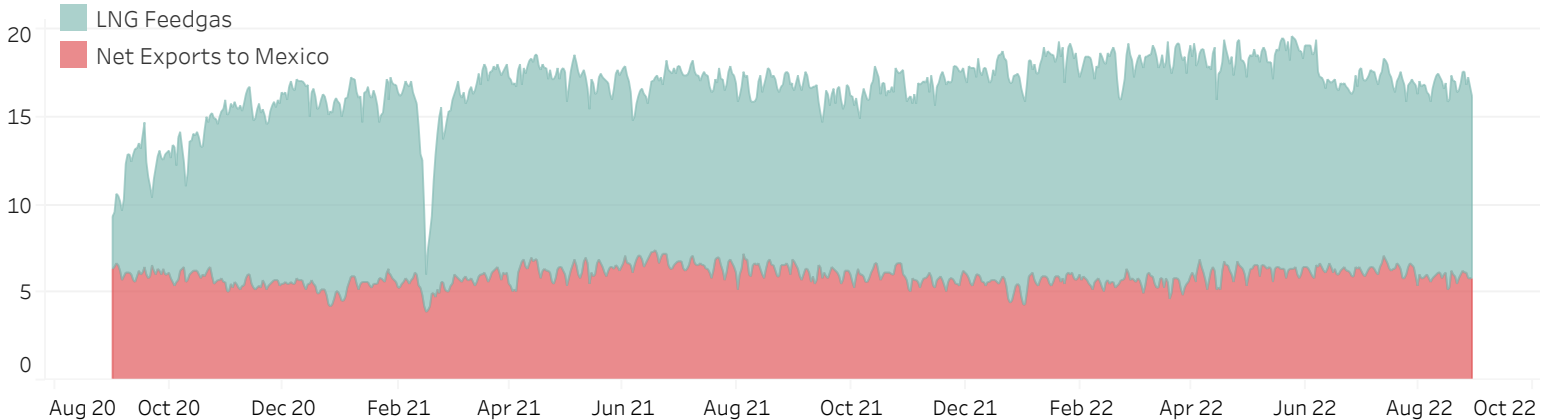
Prompt Month Price For Sep 22

|             |              |
|-------------|--------------|
| This Week:  | \$9.30/MMBTU |
| Prior Week: | \$9.19/MMBTU |
| CHANGE:     | \$0.11/MMBTU |

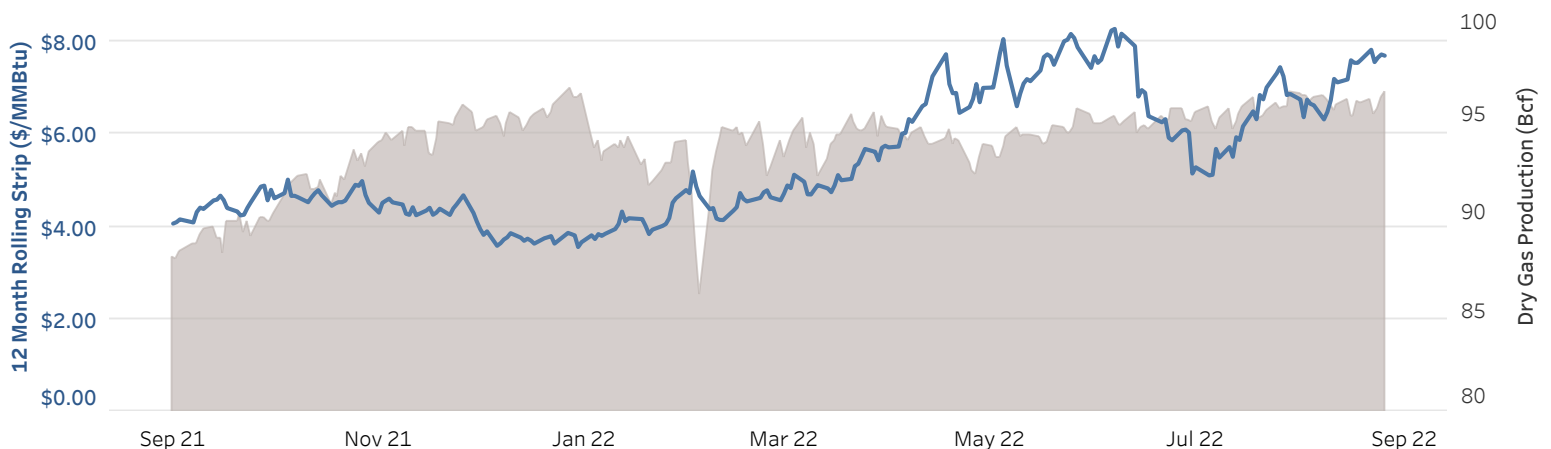
September natural gas futures fell 0.4% week-over-week, settling at \$9.30/MMBTU on Friday. Cooling demand stayed high in some parts of the country, though in the South and Southwest, temperatures were 15 degrees cooler than average this week. The subsequent reduction in cooling demand helped signal the beginning of the shoulder season and caused markets to decline. The EIA reported a much more promising storage injection of 60 Bcf this week, surpassing most analysts' expectations. With Europe and Asia increasing their reliance on U.S. LNG amidst conflict with Russia and both continents reporting record high prices in recent weeks, the U.S. will need more promising injection weeks such as this to help meet global demand this winter.

### NATURAL GAS FUNDAMENTALS

U.S. NATURAL GAS TOTAL EXPORTS - BCF



U.S. NATURAL GAS PRICE VS. PRODUCTION



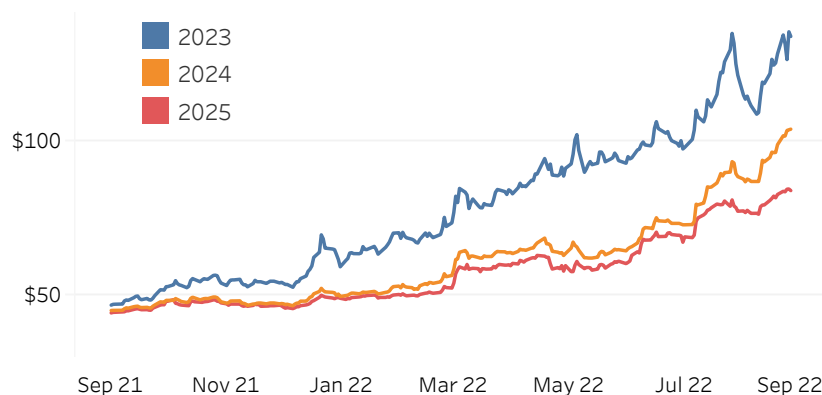
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## NEW ENGLAND ELECTRICITY OVERVIEW

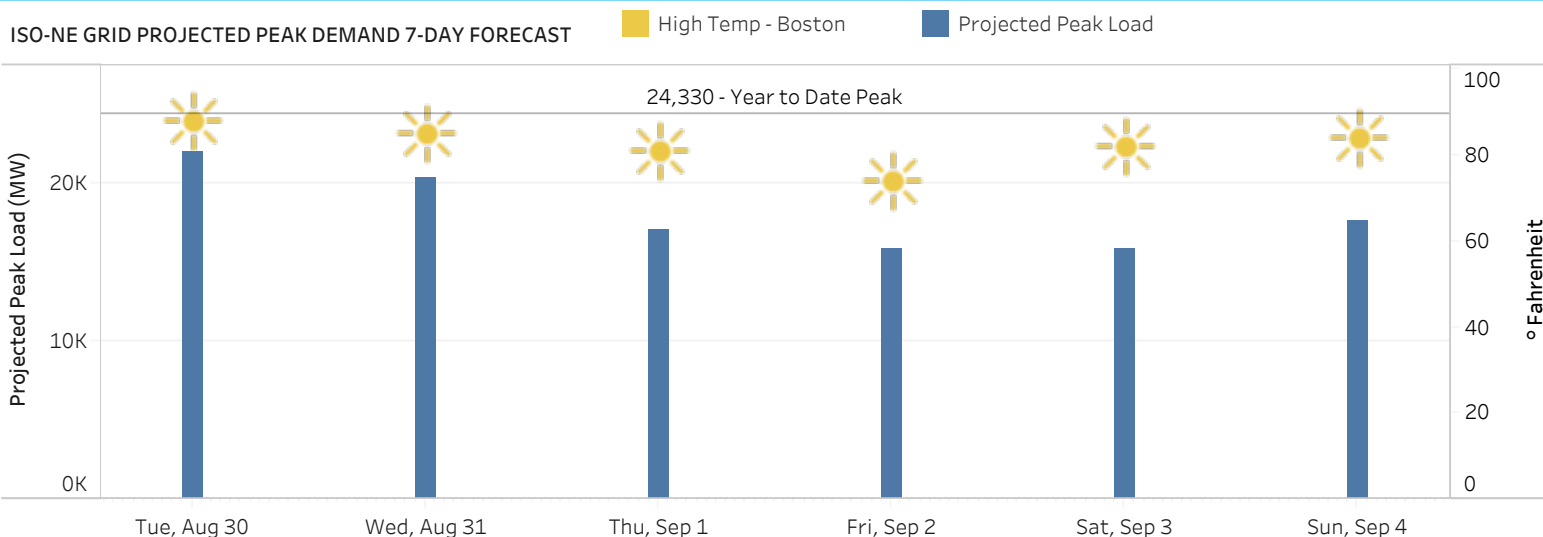
NEPOOL FUTURES MARKET CALENDAR STRIP PRICING -\$/MWH



The NEPOOL 12-month strip rose by 4.4% week-over-week, settling at \$148.27/MWh on Friday. Following the announcement of the Nord Stream pipeline shut off on August 19th, the 12-month strip rose to just under \$150/MWh by Monday last week. By Wednesday this price had fallen by \$8/MWh, but quickly rose again by end of week. Calendar strips also rose week-over-week, with each reaching new YTD highs. The near-term calendar strip fell slightly from its YTD high on Thursday of \$135.48/MWh, settling at \$133.98/MWh on Friday for a weekly increase of 4.4%. The 2024 strip rose by 4.1%, settling at \$103.94/MWh, and the 2025 strip rose by 1.5%, settling at \$84.04/MWh. Forward pricing will remain driven by trends in the volatile natural gas market, especially as the Nord Stream pipeline shutdown exacerbates concerns over winter fuel security in Europe.

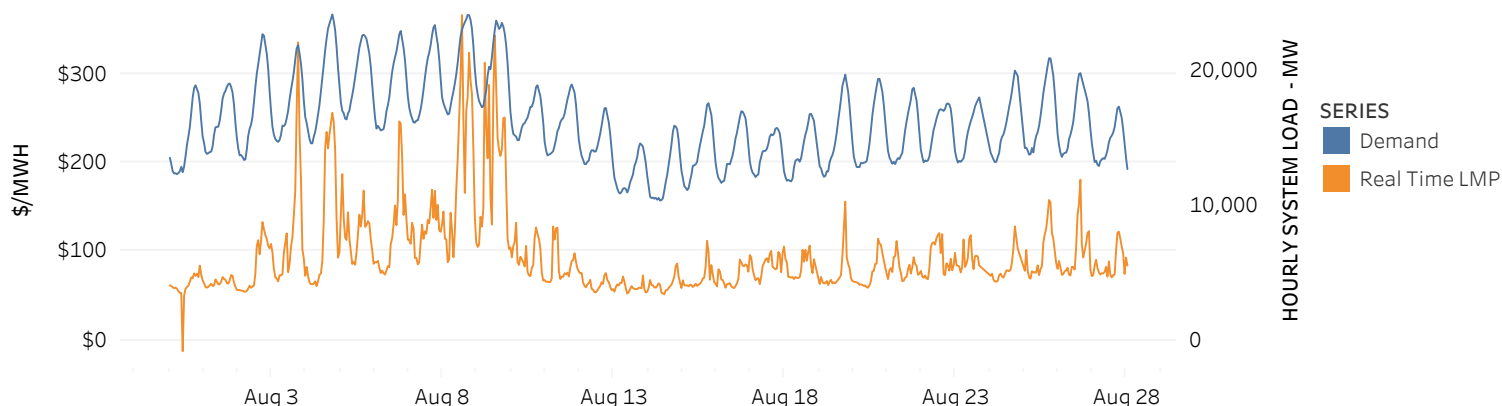
## NEW ENGLAND 7-DAY DEMAND FORECAST

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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## ENERGY SERVICES

### KEY CONTACTS



#### KEITH SAMPSON

*Senior VP Energy Services*

(617) 633-9320

[ksampson@competitive-energy.com](mailto:ksampson@competitive-energy.com)

ISO-NE; Massachusetts, Connecticut,  
Rhode Island; NYISO



#### ZAC BLOOM

*VP, Head of Sustainability & Renewables*

(617) 237-6497

[zbloom@competitive-energy.com](mailto:zbloom@competitive-energy.com)

ISO-NE; CAISO; ERCOT; NYISO, SPP



#### CHARLIE AGNEW

*Managing Director of Energy Services*

(207) 576-3490

[cagnew@competitive-energy.com](mailto:cagnew@competitive-energy.com)

ISO-NE; Maine, New Hampshire,  
Massachusetts



#### CHRIS BROOK

*Director of Natural Gas & Energy Services*

(207) 949-0312

[cbrook@competitive-energy.com](mailto:cbrook@competitive-energy.com)

ISO-NE; Maine, Massachusetts;  
ERCOT; CAISO



#### LARRY PIGNATARO

*Director of Strategic Partnerships  
& Sr. Energy Services Advisor*

(603) 767-5321

[lpignataro@competitive-energy.com](mailto:lpignataro@competitive-energy.com)

ISO-NE; New Hampshire, Maine,  
Massachusetts



#### SANDY BEAUREGARD

*Director of Sustainability Services*

(207) 616-6340

[sbeauregard@competitive-energy.com](mailto:sbeauregard@competitive-energy.com)

ISO-NE; CAISO; ERCOT; NYISO; SPP



#### ZACK HALLOCK

*Senior Energy Services Advisor*

(603) 558-4872

[zhallock@competitive-energy.com](mailto:zhallock@competitive-energy.com)

ISO-NE; Massachusetts, Connecticut,  
New Hampshire; NYISO



#### MAGGIE PAUL

*Energy Services Advisor*

(508) 648-9554

[mpaul@competitive-energy.com](mailto:mpaul@competitive-energy.com)

ISO-NE; Connecticut



#### LAUREN GREY

*Energy Services Advisor*

(207) 712-9703

[lgrey@competitive-energy.com](mailto:lgrey@competitive-energy.com)

ISO-NE; Maine

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