

September 12 - 16, 2022

# MARKET SUMMARY



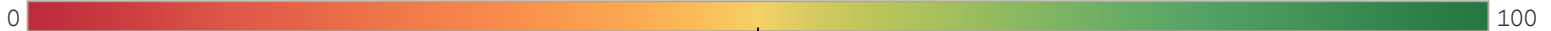
## SPOTLIGHT | Crypto Software Upgrade Cuts Carbon

**Last Thursday, Ethereum, the decentralized open source blockchain platform, whose native cryptocurrency Ether is second only to Bitcoin in market capitalization, completed the most ambitious crypto software upgrade to date. This upgrade, dubbed 'The Merge' transitioned Ethereum's blockchain from a proof-of-work model....**

Last Thursday, Ethereum, the decentralized open source blockchain platform, whose native cryptocurrency Ether is second only to Bitcoin in market capitalization, completed the most ambitious crypto software upgrade to date. This upgrade, dubbed 'The Merge,' transitioned Ethereum's blockchain from a proof-of-work model, where computers compete to mine the next block of a transaction for a reward, to a proof-of-stake model, where computers are selected via an algorithm. This change is anticipated to reduce Ethereum's energy consumption by 99.99% from 23,000,000 MWh per year to 2,600 MWh, decreasing its carbon footprint from 11 million tons of CO2 to 870 tons. Massive electricity consumption remains a serious concern for crypto mining operations, with Bitcoin alone responsible for 127 TWh per year, more than the country of Norway. On September 8th, the White House released a report detailing the energy impacts of crypto mining in the U.S. noting that in ERCOT, 17 facilities are currently interconnected to the grid and account for about 2.6% of the system's peak demand and ERCOT anticipates adding up to 25 GW of incremental crypto demand over the next decade.

## 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: 33
18 MONTH: 28
24 MONTH: 29
36 MONTH: 24

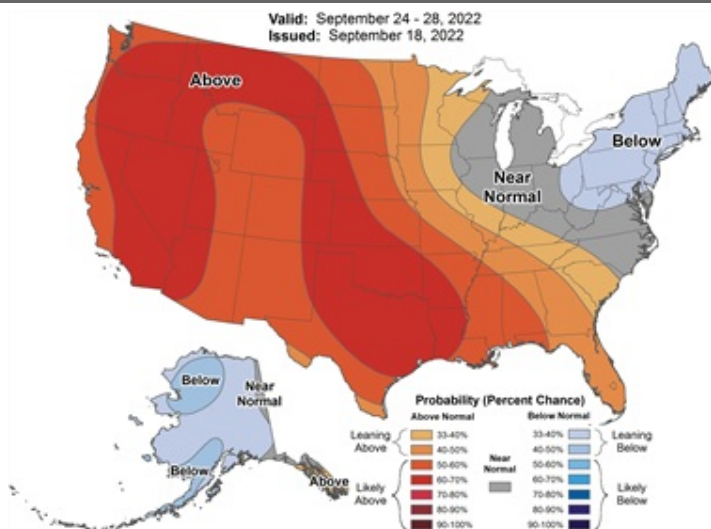
### NEW ENGLAND ELECTRICITY TERMS

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

### CRUDE OIL TERMS

12 MONTH: 55
18 MONTH: 54
24 MONTH: 52
36 MONTH: 50

## WEATHER | 6-10 Day Forecast



**Above average temperatures are expected for the Central and Western U.S. states, while below average temperatures are expected for New England.**

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.

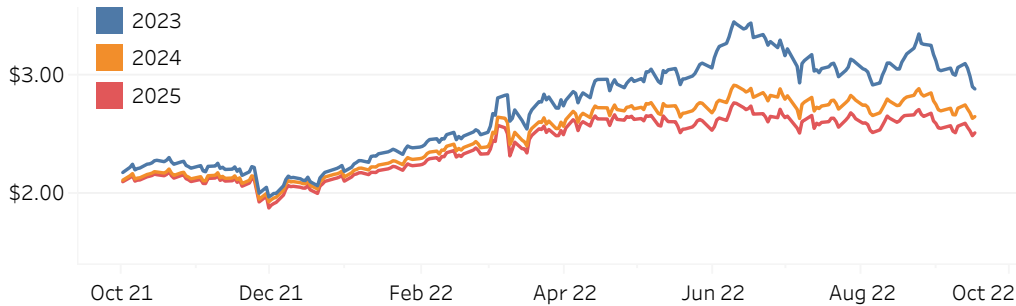
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## OIL & DISTILLATES OVERVIEW

HEATING OIL FUTURE CALENDAR STRIPS - \$/GAL

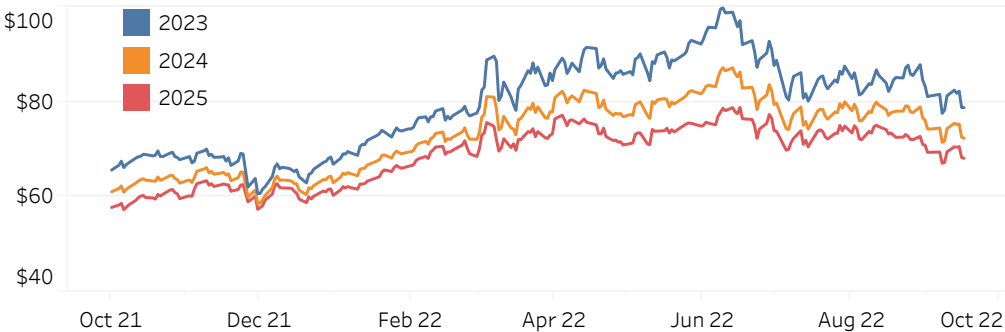


Prompt Month Price For Oct 22

This Week:	\$85.11/Bbl
Prior Week:	\$86.87/Bbl
CHANGE:	(\$0.08)/Bbl

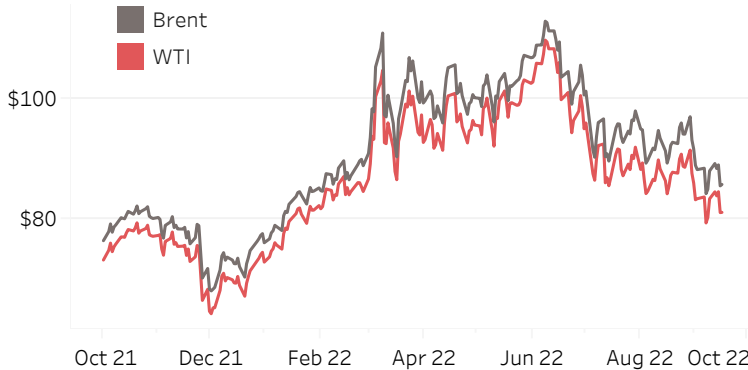
WTI closed at \$85.11 on Friday, down 1.9% from the week prior. Crude prices continued to fall and have now dropped by over 20% for the third quarter, owing to a weak demand outlook and expectations of a slowing global economy. The U.S. Federal Reserve is set to likely raise interest rates again at its upcoming policy meeting this week; higher interest rates, while aimed at slowing inflation, will also place downward pressure on demand for commodities such as oil. The International Energy Agency last week reported that it too anticipates close to zero growth in oil demand for the fourth quarter of 2022. An oil spill at Iraq's Basra terminal last week temporarily raised the prospect of reduced global supply, but exports have begun to slowly resume.

CRUDE OIL WTI FUTURE CALENDAR STRIPS - \$/BARREL

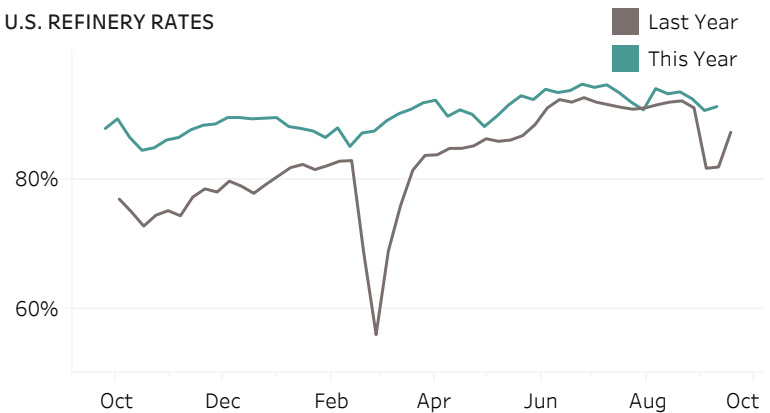


## FUNDAMENTALS

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

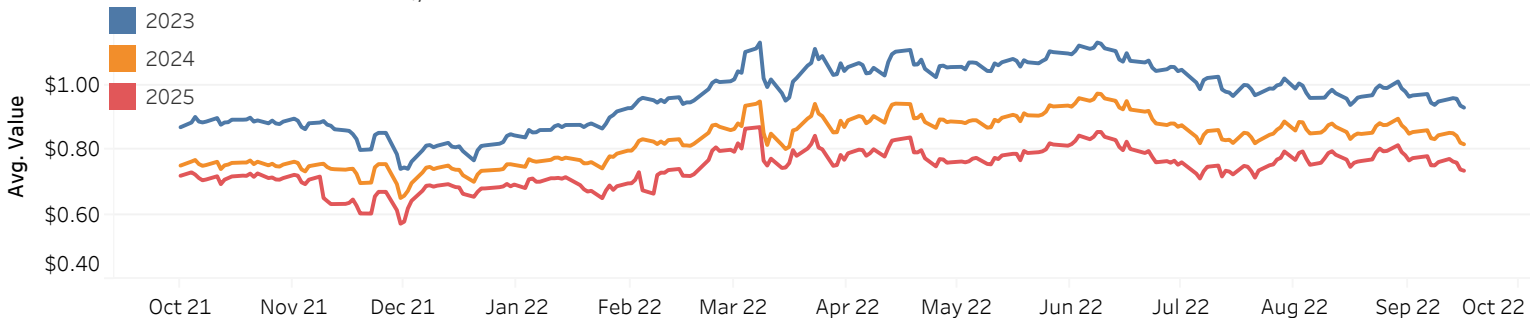


U.S. REFINERY RATES



## PROPANE

MONT BELVIEU CALENDAR YEAR STRIPS \$/GAL



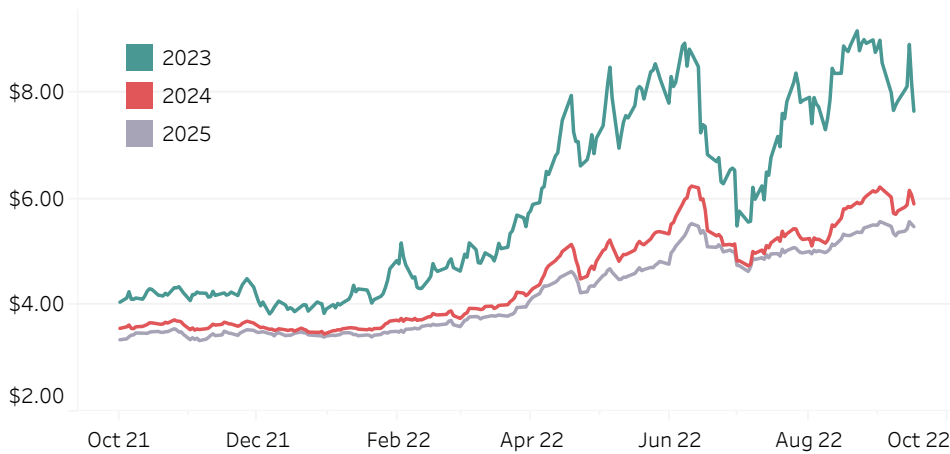
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## NATURAL GAS OVERVIEW

WINTER NATURAL GAS NYMEX STRIPS - \$/MMBTU



Prompt Month Price For Oct 22

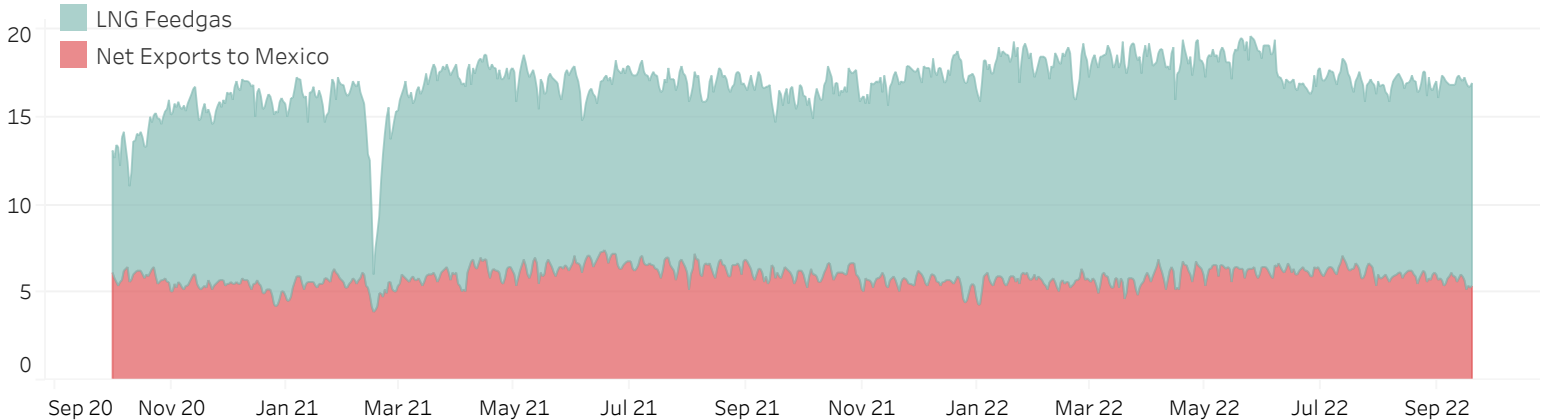
This Week:	\$7.76/MMBTU
Prior Week:	\$7.92/MMBTU
CHANGE:	(\$0.15)/MMBTU

September natural gas futures settled at \$7.76/MMBtu on Friday, down 2.9% from last week. Prices spiked up to \$9.11/MMBtu on Wednesday, with the possibility of a railroad strike threatening to disrupt the natural gas market. However, following an announcement on Thursday that the Biden administration had struck a tentative deal to prevent this strike, prices quickly came back down. The EIA reported a storage injection of 77 Bcf this week, which exceeded the median analyst estimates. While inventories are still below seasonal averages, this most recent injection reflects increasing production levels that could help narrow the existing deficit as we move towards the winter.

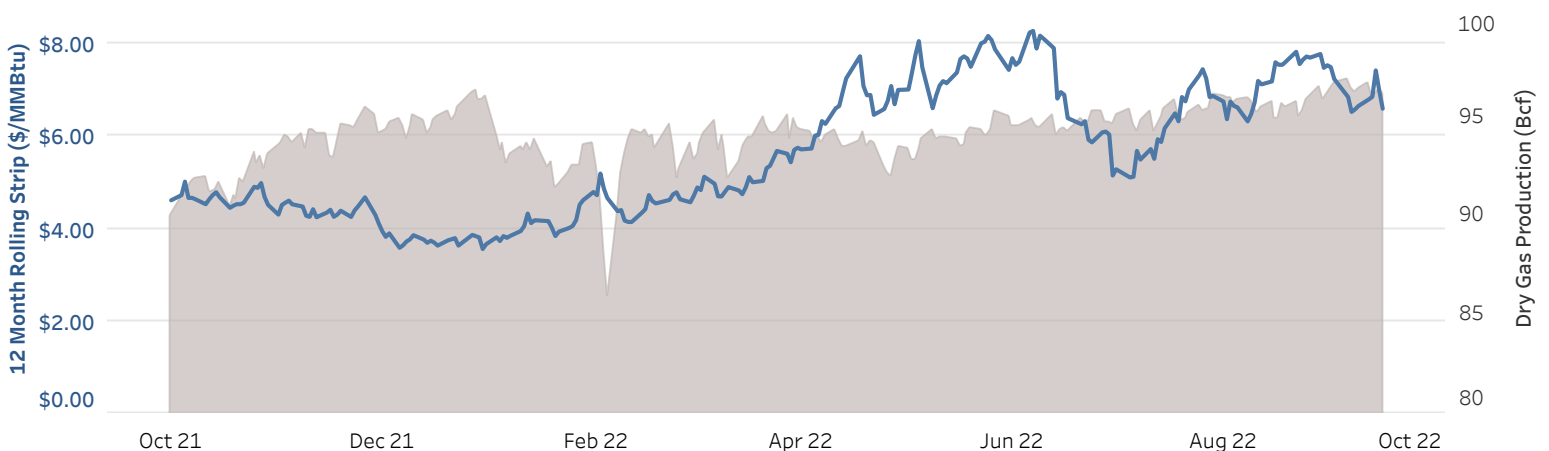
Winter natural gas NYMEX strips are an average of commodity prices for the months of December - March of each winter. Prices are presented in this format to highlight what consumers will pay during the typical heating season in the U.S.

## NATURAL GAS FUNDAMENTALS

U.S. NATURAL GAS TOTAL EXPORTS - BCF

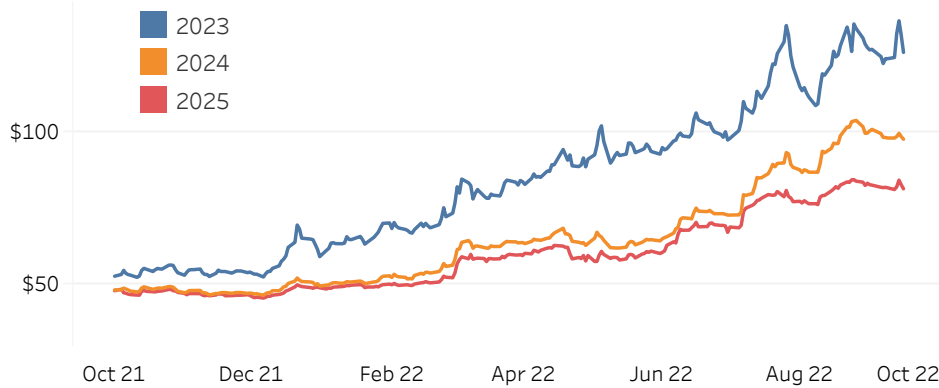


U.S. NATURAL GAS PRICE VS. PRODUCTION



### NEW ENGLAND ELECTRICITY OVERVIEW

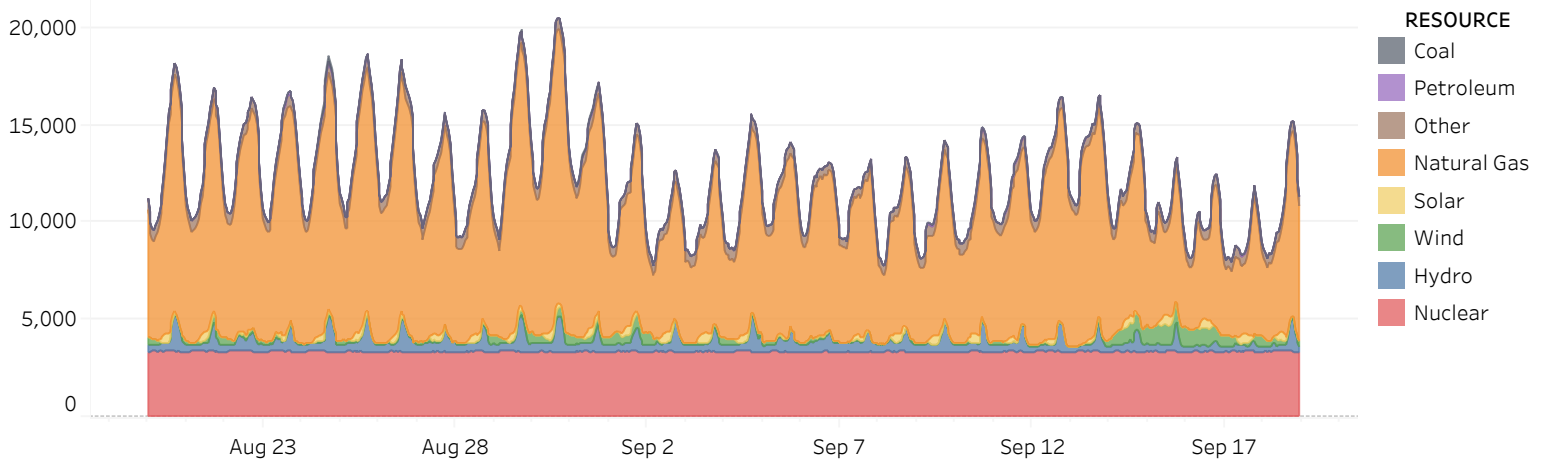
NEPOOL FUTURES MARKET CALENDAR STRIP PRICING -\$/MWh



The NEPOOL 12-month strip rose 0.8% week-over-week, settling at \$133.63/MWh on Friday, recovering substantially from a \$15/MWh spike to on Wednesday. Calendar strips also rose slightly over the past week, with the 2023 strip saw a mid-week spike of \$12/MWh before settling at \$126.18/MWh on Friday, a week-over-week increase of 1.3%. The outer strips saw less fluctuation throughout the week. The 2024 strip fell 0.4%, settling at \$97.78/MWh, and the 2025 strip rose 0.3%, settling at \$81.55/MWh. While forward electricity pricing recovered from the mid-week spike driven by the possibility of a railroad strike, prices in New England are likely to remain elevated as European gas supply remains uncertain heading into the winter.

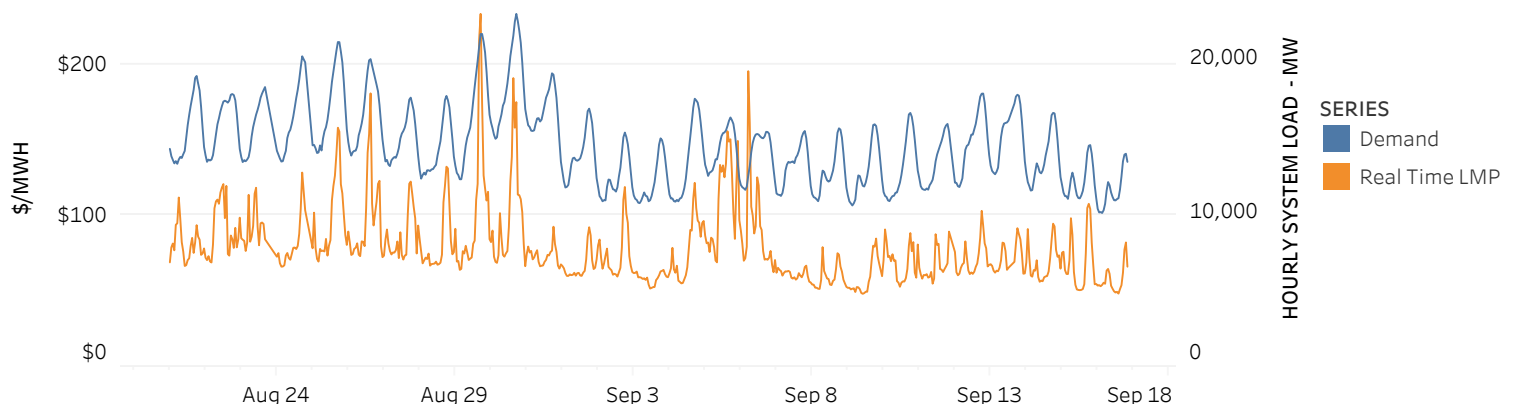
### NEW ENGLAND 7-DAY DEMAND FORECAST

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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## 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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