

# September 26 - 30, 2022

# MARKET SUMMARY



## SPOTLIGHT | European Union Takes New Action to Address Energy Crisis

**Last Friday, the EU reached agreement on implementing new measures to address skyrocketing energy costs and concerns for the approaching winter. The measures include required reductions in power demand by 5% during peak periods, commitments to reduce gas consumption by 15%, and caps on market revenues for generators and fossil fuel companies. This announcement comes on top of previous commitments....**

Last Friday, the EU reached agreement on implementing new measures to address skyrocketing energy costs and concerns for the approaching winter. The measures include required reductions in power demand by 5% during peak periods, commitments to reduce gas consumption by 15%, and caps on market revenues for generators and fossil fuel companies. This announcement comes on top of previous commitments to fill gas storage reserves this summer and fall. The moves come amid a likely sabotage of the Nord Stream pipeline which has indefinitely solidified a disruption in Russian gas supplies to Europe. Record high prices in Europe have had ripple effects on wider global markets, with a particularly direct impact on New England winter natural gas and electricity costs, where New England must compete with global demand for scarce LNG cargoes to supplement limited pipeline gas capacity in the region.

## 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: 52
18 MONTH: 47
24 MONTH: 48
36 MONTH: 43

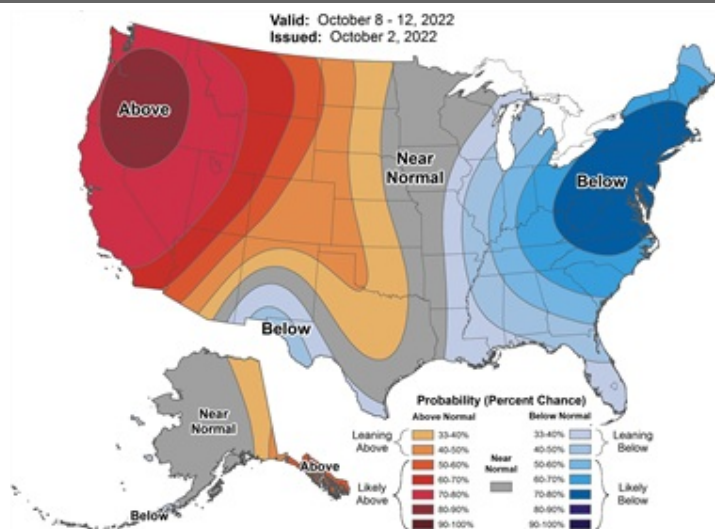
### NEW ENGLAND ELECTRICITY TERMS

12 MONTH: 34
18 MONTH: 20
24 MONTH: 26
36 MONTH: 22

### CRUDE OIL TERMS

12 MONTH: 67
18 MONTH: 66
24 MONTH: 65
36 MONTH: 64

## WEATHER | 6-10 Day Forecast



**Above average temperatures are expected for the West Coast and Rocky Mountain Regions, while below average temperatures are expected for the Eastern Seaboard.**

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.

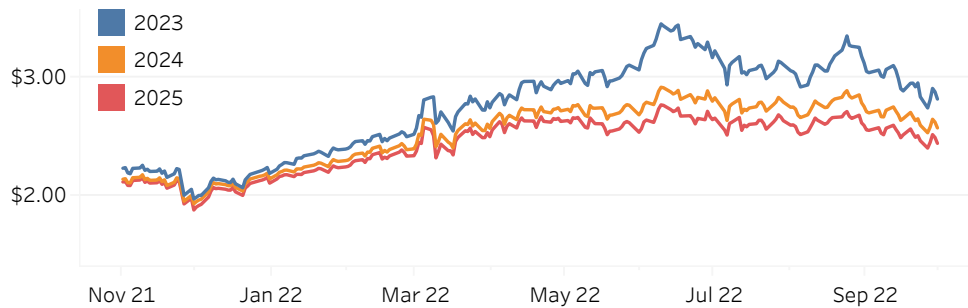
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## OIL & DISTILLATES OVERVIEW

HEATING OIL FUTURE CALENDAR STRIPS - \$/GAL

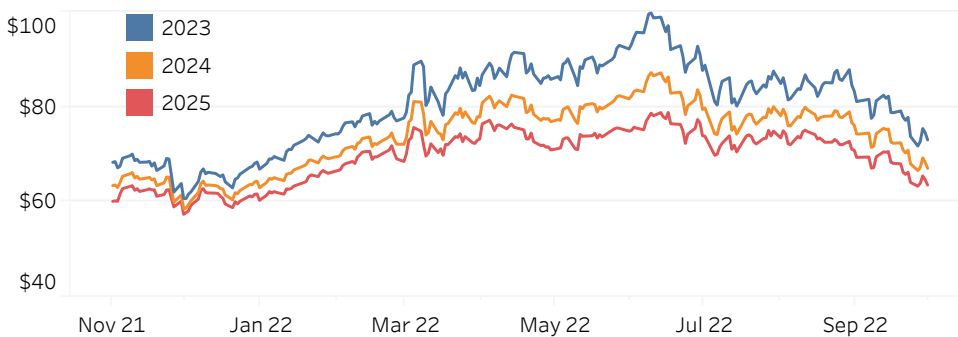


Prompt Month Price For Nov 22

This Week:	\$79.49/Bbl
Prior Week:	\$78.74/Bbl
CHANGE:	\$0.75/Bbl

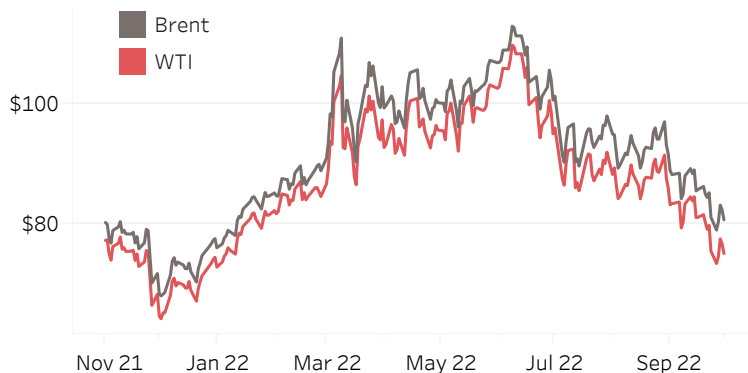
WTI closed at \$79.49 on Friday, up 1.0% from the week prior. Crude prices rose modestly over the past week, their first weekly gain in over a month. As OPEC+ meets this Wednesday, most observers now anticipate a more significant cut to production than initially expected. Analysts are forecasting a cut in OPEC's production quotas between 500,000 to 1 million barrels per day, with some believing the cut could exceed 1 million barrels per day. As crude prices have declined in recent weeks, OPEC+ remains keen on boosting prices back towards the \$90 mark by reducing overall supply in the market. Here in the U.S., two additional oil rigs came online for the third week in a row, yet demand remains suppressed due to rising interest rates and economic worries.

CRUDE OIL WTI FUTURE CALENDAR STRIPS - \$/BARREL

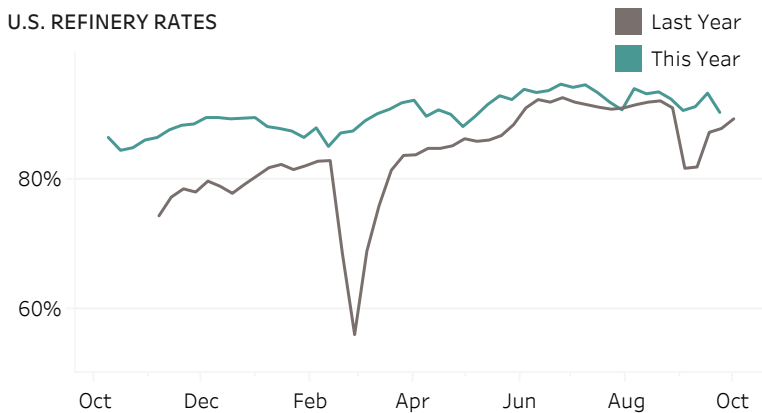


## FUNDAMENTALS

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

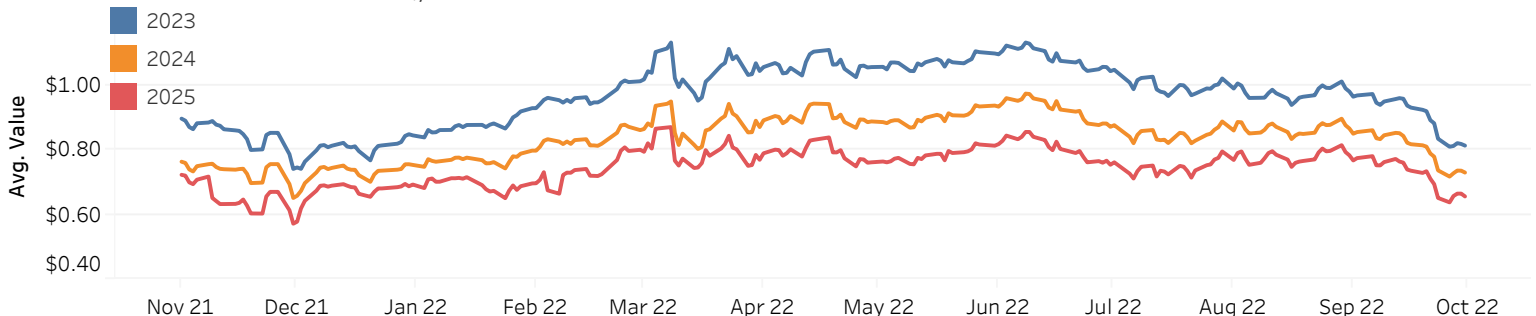


U.S. REFINERY RATES



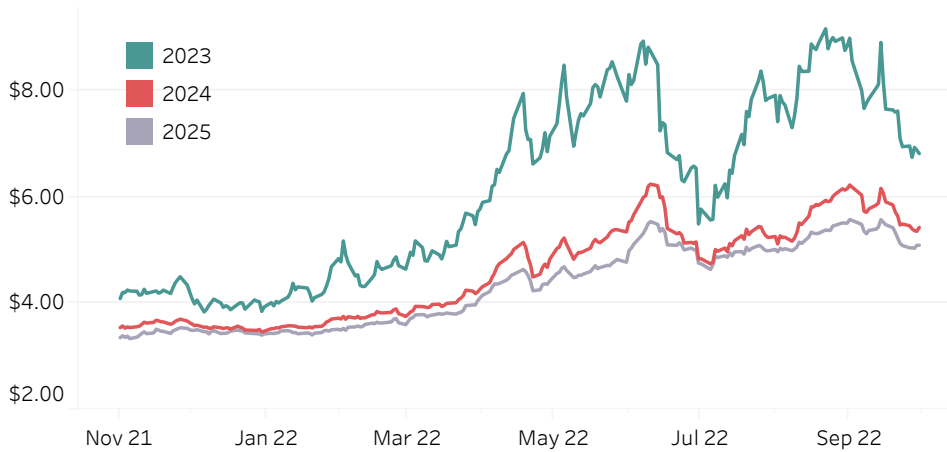
## PROPANE

MONT BELVIEU CALENDAR YEAR STRIPS \$/GAL



### NATURAL GAS OVERVIEW

WINTER NATURAL GAS NYMEX STRIPS - \$/MMBTU



Prompt Month Price For Nov 22

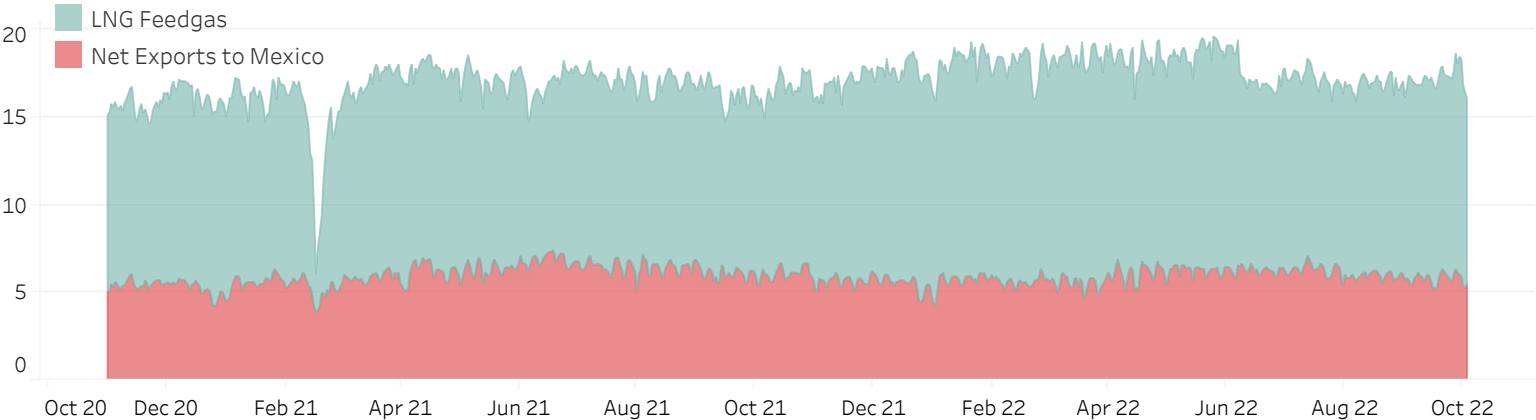
This Week:	\$6.77/MMBTU
Prior Week:	\$7.19/MMBTU
CHANGE:	(\$0.43)/MMBTU

October natural gas futures settled at \$6.77/MMBTU on Friday, down 1.0% from the previous week. Most forecasts show mild fall temperatures throughout the country which will help inventories to continue rebuilding. This week also saw the second consecutive week of a 103 Bcf storage injection, now tied for the largest build of the year. Comparatively, the injection for this week last year was 86 Bcf and the five year average for this week is 77 Bcf. In addition to an improving supply outlook, massive outages and shutdowns across Florida and the U.S. Southeast amid Hurricane Ian have resulted in a sharp decrease in demand. Any additional storms this season could help further reduce prices this fall.

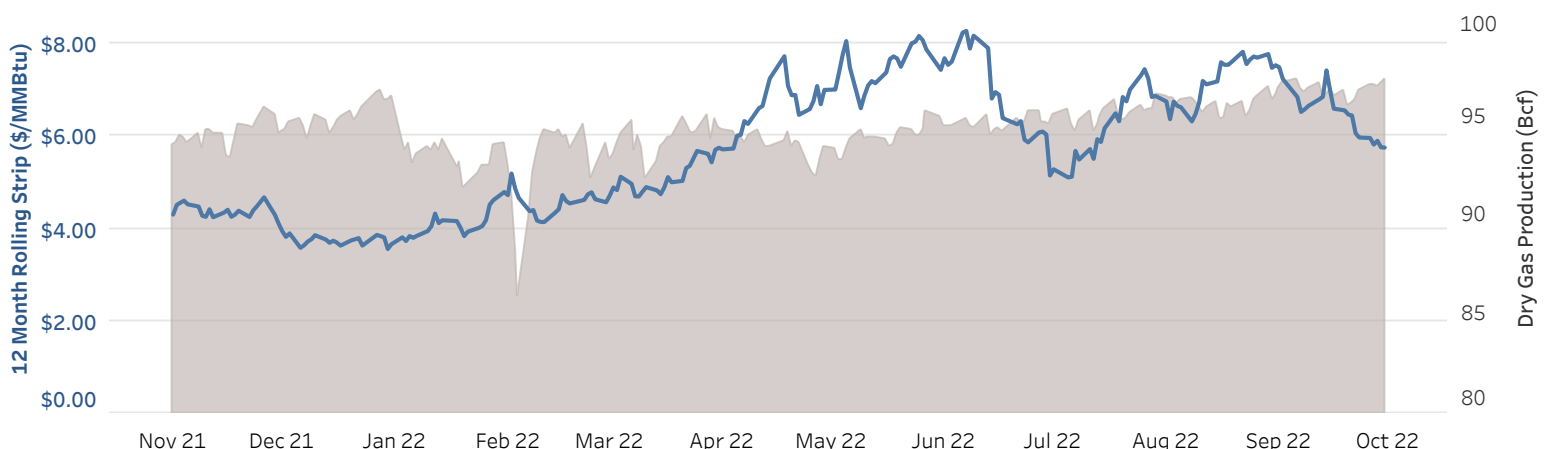
Winter natural gas NYMEX strips are an average of commodity prices for the months of December - March of each winter. Prices are presented in this format to highlight what consumers will pay during the typical heating season in the U.S.

### NATURAL GAS FUNDAMENTALS

U.S. NATURAL GAS TOTAL EXPORTS - BCF



U.S. NATURAL GAS PRICE VS. PRODUCTION



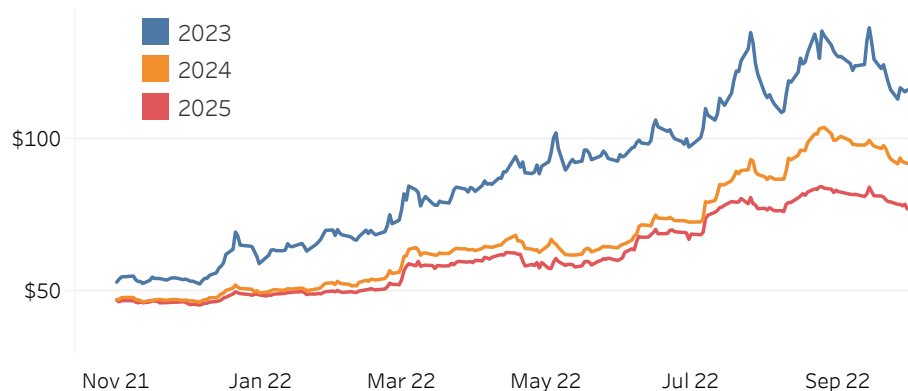
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## NEW ENGLAND ELECTRICITY OVERVIEW

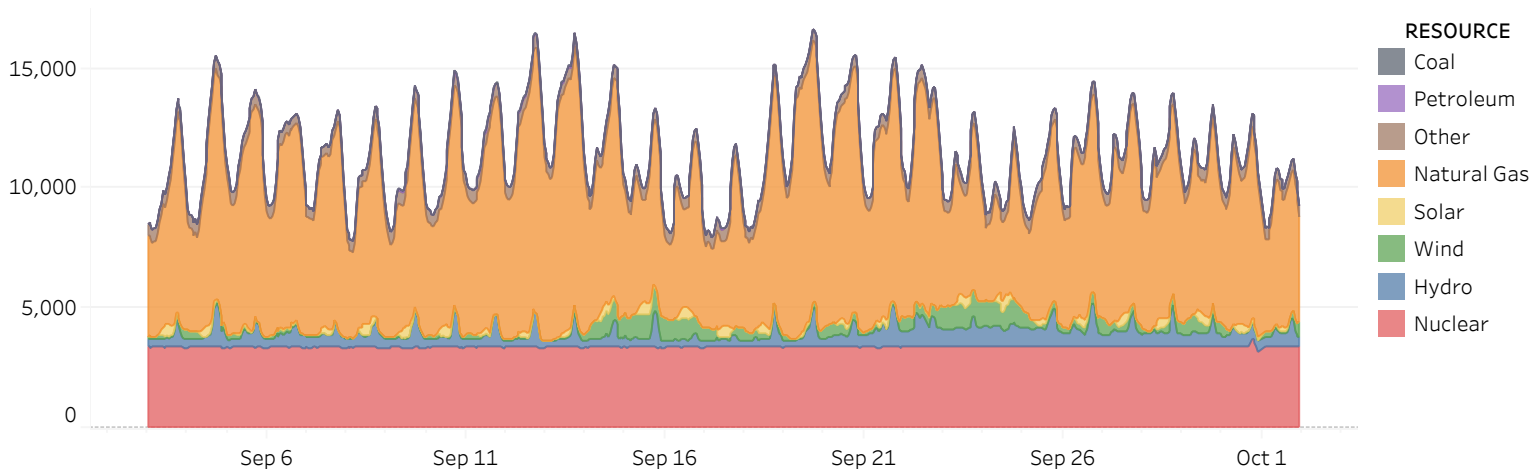
NEPOOL FUTURES MARKET CALENDAR STRIP PRICING -\$/MWH



The NEPOOL 12-month strip rose 3.8% week-over-week, settling at \$123.72/MWh on Friday. Earlier in the week on Monday, the 12-month strip reached its lowest price since early July, settling at \$114.39/MWh. NEPOOL futures market calendar strips continue to decline, with outer year strips reaching their lowest prices in over a month. The 2023 strip settled at \$116.19/MWh, representing a week-over-week decrease of 0.1%. The 2024 strip fell 0.9%, settling at \$92.69/MWh, and the 2025 strip fell 1.6%, settling at \$78.26/MWh. Strong natural gas storage injections, as well as mild regional temperatures, drove these week-over-week declines in the calendar strips.

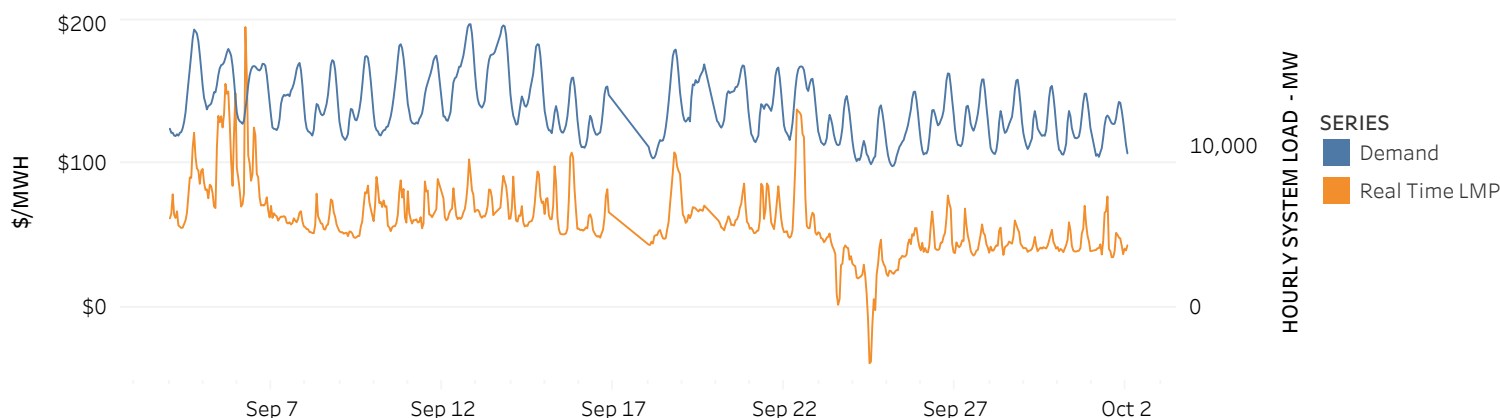
## NEW ENGLAND 7-DAY DEMAND FORECAST

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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