

# October 24 - 28, 2022

# MARKET SUMMARY



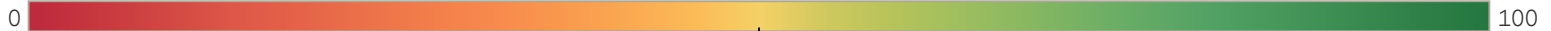
## SPOTLIGHT | ISO-NE Expected to Meet Grid Needs in Normal Conditions this Winter

On October 20, the Federal Energy Regulatory Commission (FERC) released its Winter Assessment, a preliminary report of market and grid reliability conditions around the U.S. this coming winter. In New England, with constrained regional natural gas infrastructure limiting available winter generation, capacity, fuel security, energy costs, and reliability have been key topics of concern the past several years....

On October 20, the Federal Energy Regulatory Commission (FERC) released its Winter Assessment, a preliminary report of market and grid reliability conditions around the US this coming winter. In New England, with constrained regional natural gas infrastructure limiting available winter generation, capacity, fuel security, energy costs, and reliability have been key topics of concern the past several years. A spike in liquified natural gas prices, due to the Russian war in Ukraine, has caused further concern and major energy cost increases for this coming winter. Based on the preliminary assessment, New England is expected to have sufficient generation capacity available to meet forecast peak electricity load in a mild-to-moderate winter scenario, however in a period of extreme conditions, outages and limited natural gas availability may require mitigation actions such as demand response and increasing electricity imports to limit the need for rolling blackouts. ISO-NE has been preparing for potential extreme conditions by actively engaging with oil and dual-fuel generators to ensure oil storage is refilled this fall, spurring some hope that grid failures may be avoided.

## 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: 68 |
| 18 MONTH: 61 |
| 24 MONTH: 61 |
| 36 MONTH: 55 |

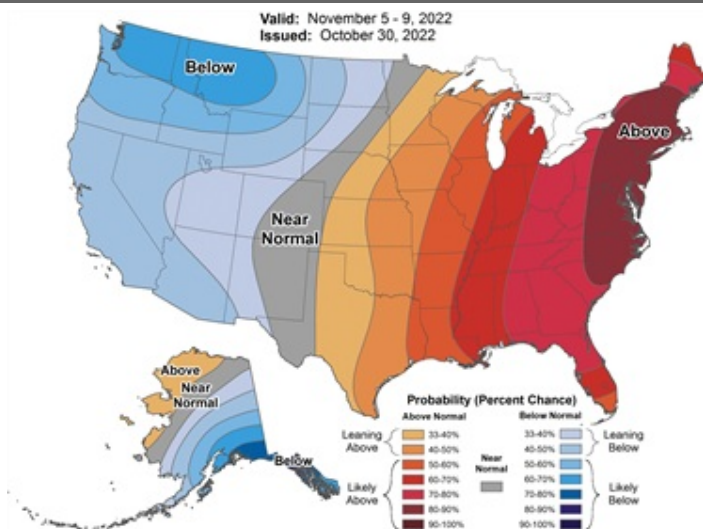
### NEW ENGLAND ELECTRICITY TERMS

|              |
|--------------|
| 12 MONTH: 57 |
| 18 MONTH: 42 |
| 24 MONTH: 46 |
| 36 MONTH: 41 |

### CRUDE OIL TERMS

|              |
|--------------|
| 12 MONTH: 53 |
| 18 MONTH: 52 |
| 24 MONTH: 50 |
| 36 MONTH: 48 |

## WEATHER | 6-10 Day Forecast

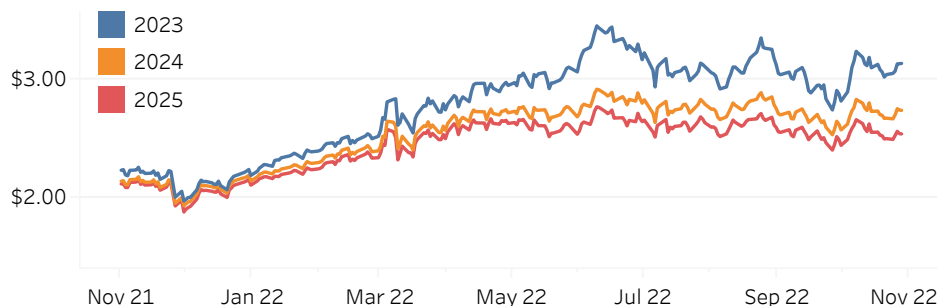


**Above average temperatures are expected for New England and the East Coast, with near normal and below average temperatures expected in the West.**

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.

### OIL & DISTILLATES OVERVIEW

HEATING OIL FUTURE CALENDAR STRIPS - \$/GAL

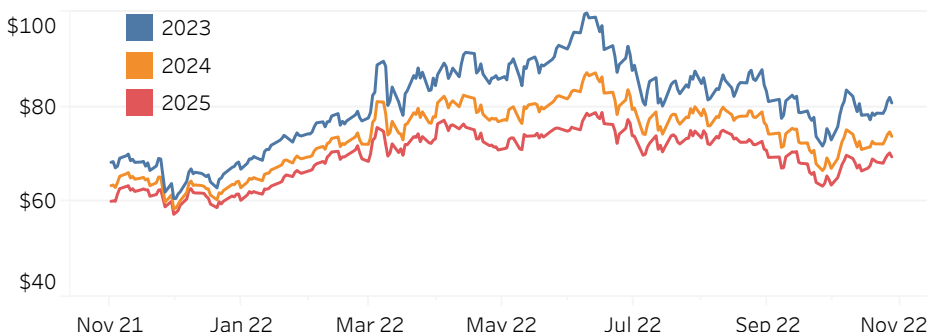


Prompt Month Price For Nov 22

|             |             |
|-------------|-------------|
| This Week:  | \$87.90/Bbl |
| Prior Week: | \$85.05/Bbl |
| CHANGE:     | \$2.85/Bbl  |

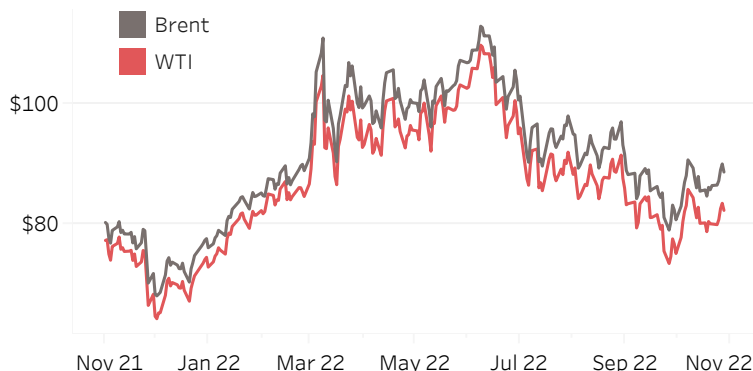
WTI closed at \$87.90 on Friday, up 3.4% from the week prior. Crude prices finished up for the week as global supply remains limited while the outlook on demand rose. Following several significant rate hikes by central banks around the world, expectations of additional rate increases have begun to recede leading to a more positive outlook on crude demand as a result. U.S. crude exports reached their highest levels ever, topping out at 5.1 million barrels per day; an increasing premium between Brent and WTI crude prices is viewed as a strong driver to the rise in U.S. crude exports. Additional COVID-19 measures implemented by China pared back the global outlook on demand to a degree, with the International Monetary Fund now predicting China's overall growth to come down to 3.2% for 2022 after reaching 8.1% in 2021.

CRUDE OIL WTI FUTURE CALENDAR STRIPS - \$/BARREL

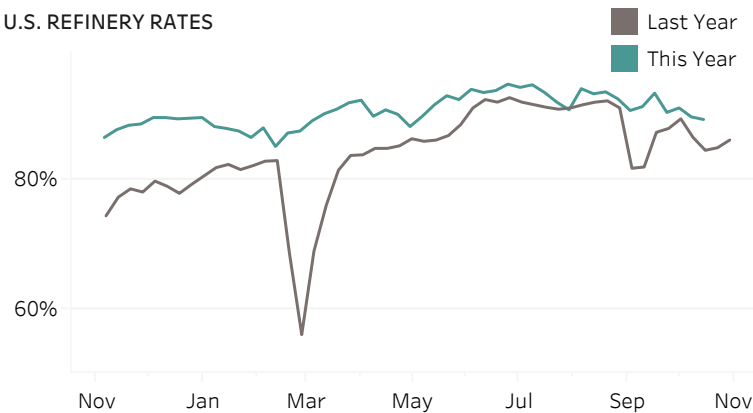


### FUNDAMENTALS

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

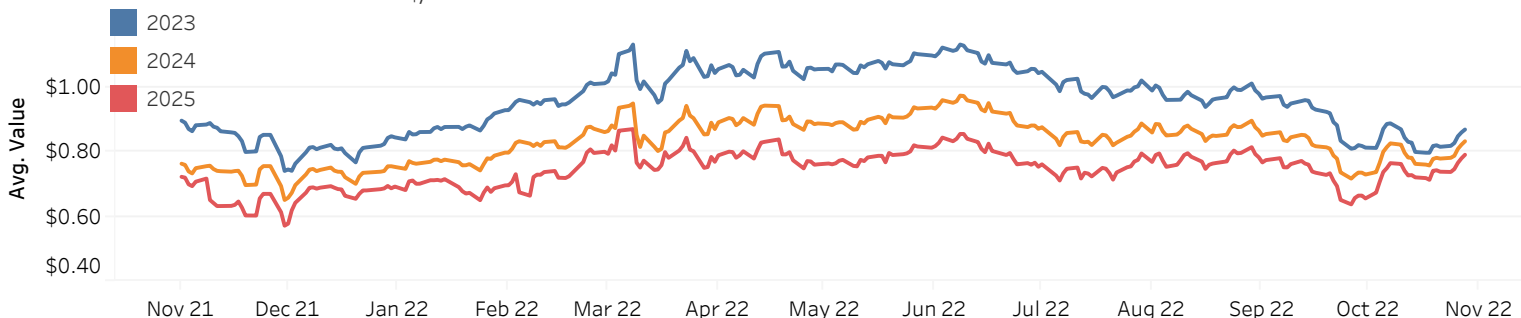


U.S. REFINERY RATES



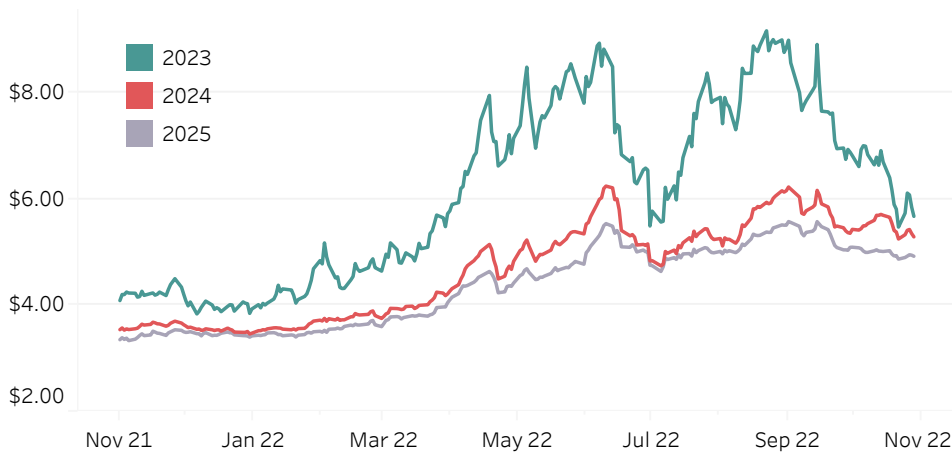
### PROPANE

MONT BELVIEU CALENDAR YEAR STRIPS \$/GAL



### NATURAL GAS OVERVIEW

WINTER NATURAL GAS NYMEX STRIPS - \$/MMBTU



Prompt Month Price For Nov 22

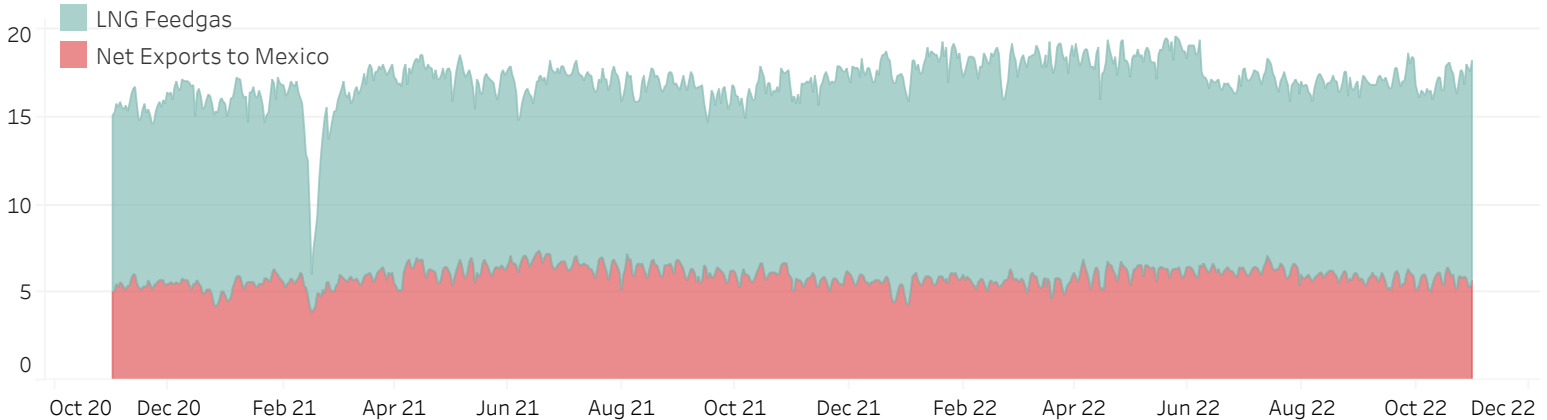
|             |              |
|-------------|--------------|
| This Week:  | \$5.19/MMBTU |
| Prior Week: | \$5.36/MMBTU |
| CHANGE:     | \$0.17/MMBTU |

Natural gas front-month futures rebounded from their sharp decline the previous week, as November futures rose 5% to the final settlement of \$5.19 on Thursday, and December shifts into the prompt-month view. With a smaller gain in storage than previous weeks, as well as recent forecasts for a much chillier November, natural gas prices were on the uptick at the tail end of the week. Upcoming injections are projected to close the gap between current stocks and historical averages, provided mild weather conditions hold. With LNG demand expected at an all-time high this winter, these late fall storage injections will be critical.

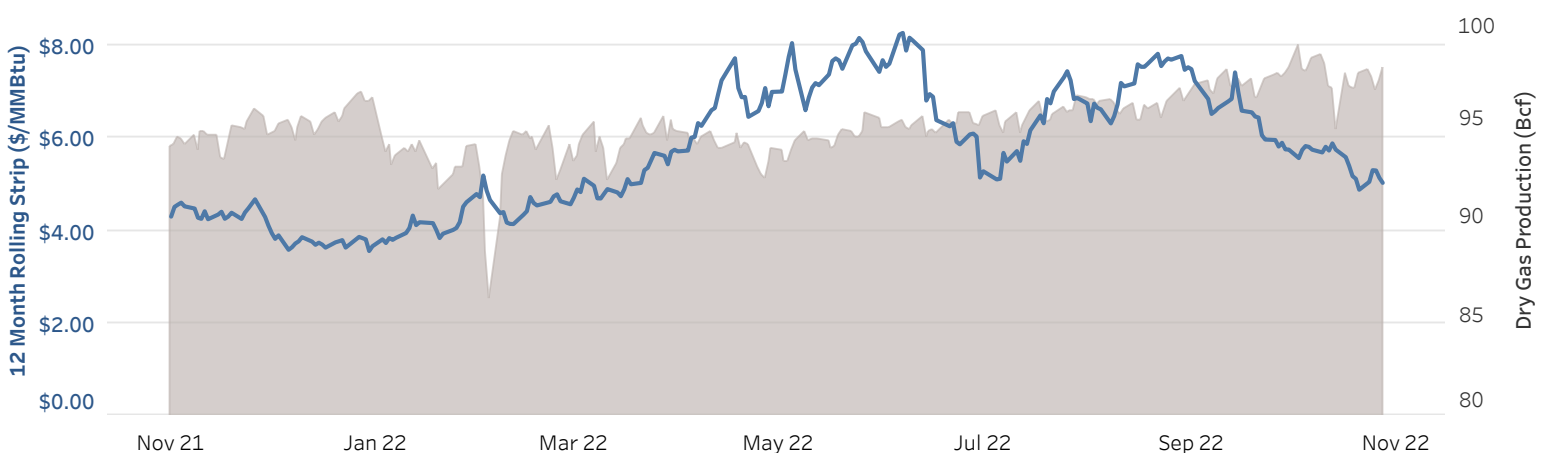
Winter natural gas NYMEX strips are an average of commodity prices for the months of December - March of each winter. Prices are presented in this format to highlight what consumers will pay during the typical heating season in the U.S.

### NATURAL GAS FUNDAMENTALS

U.S. NATURAL GAS TOTAL EXPORTS - BCF



U.S. NATURAL GAS PRICE VS. PRODUCTION



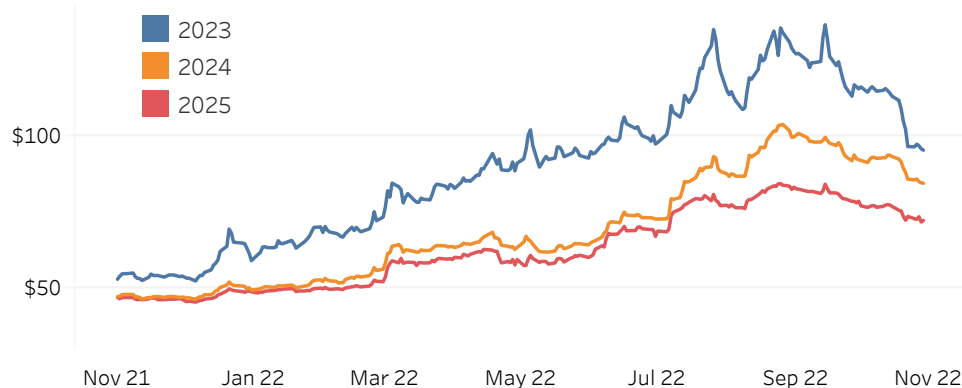
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## NEW ENGLAND ELECTRICITY OVERVIEW

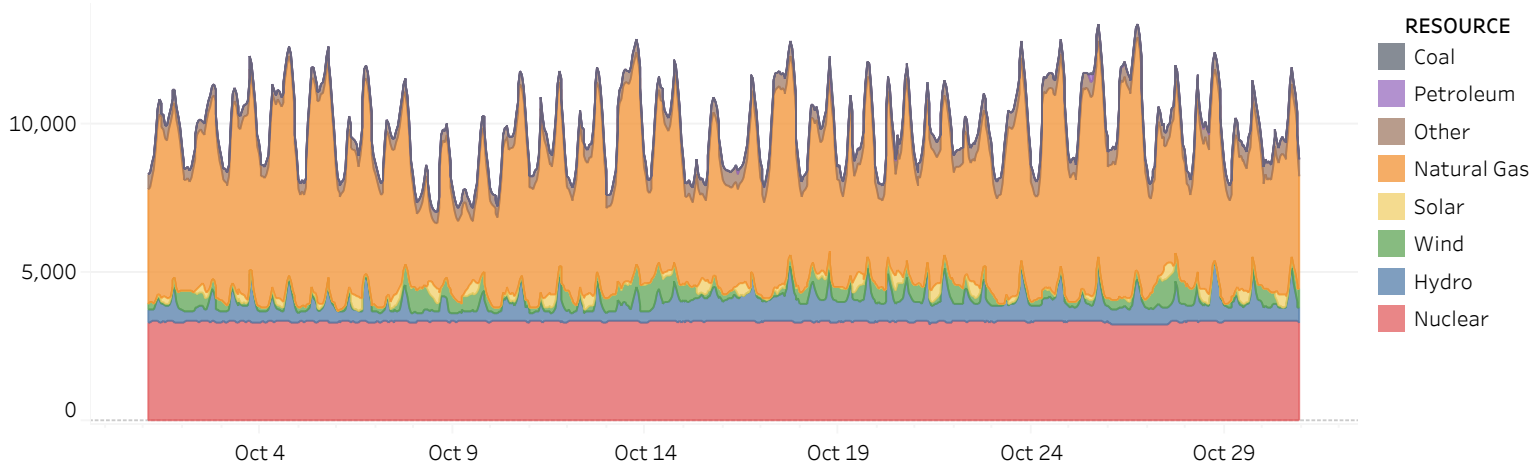
NEPOOL FUTURES MARKET CALENDAR STRIP PRICING -\$/MWH



The NEPOOL 12-month strip fell slightly for the fifth consecutive week, falling just 0.93% to settle at \$93.65/MWh on Friday. Calendar strips this week trended similarly, with the 2023 strip down 0.7% to settle at \$95.98/MWh, the 2024 strip down by 1.3% to settle at \$84.85/MWh, and the 2025 strip down by 2.5%, settling at \$73.82/MWh. Unseasonably warm weather is expected in the near term, which could mean electricity prices continue their decline. But with colder weather on the horizon for much of the lower 48 and natural gas prices experiencing some volatility, we may see an end to this trend soon.

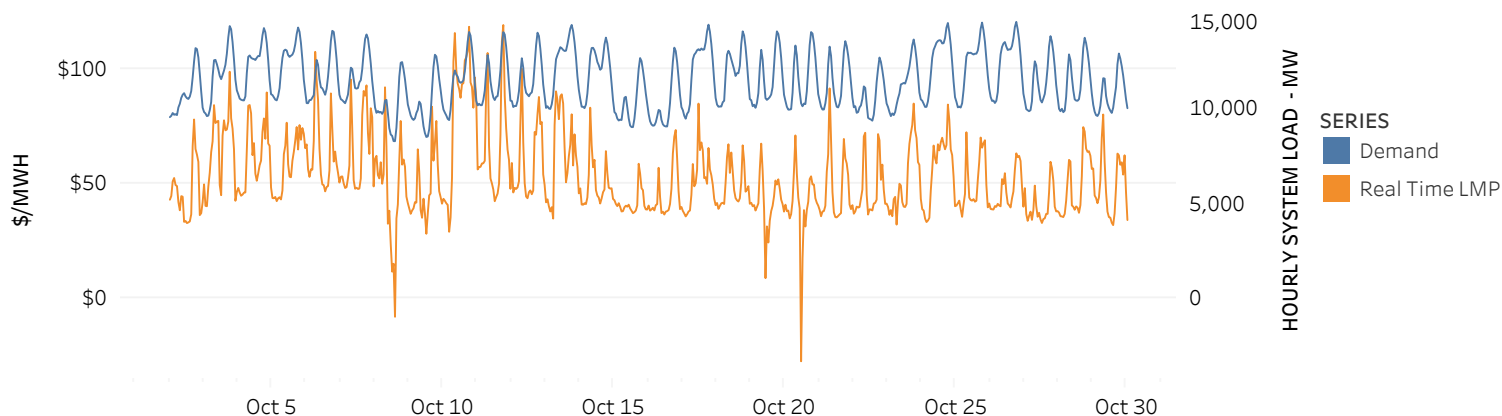
## NEW ENGLAND REGIONAL ELECTRICITY GRID GENERATION MIX

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



### LAUREN GREY

*Energy Services Advisor*

(207) 712-9703

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

ISO-NE; Maine

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