

November 21 - 25, 2022

# MARKET SUMMARY



## SPOTLIGHT | New England Winter Reliability Woes Continue with New Report

**On November 17, the North American Electric Reliability Corporation (NERC) released its 2022-23 winter reliability assessment and warned that much of the North American Power System is at risk of insufficient fuel supplies during severe winter weather. Concern for the New England grid....**

On November 17, the North American Electric Reliability Corporation (NERC) released its 2022-23 winter reliability assessment and warned that much of the North American Power System is at risk of insufficient fuel supplies during severe winter weather. Concern for the New England grid has been expressed in previous winter assessments due to its generation fleet's reliance on liquified natural gas (LNG) during winter cold snaps, but this year could be more dire because of the unprecedented geopolitical landscape, and the increased LNG demand from European markets to replace Russian gas. Analysts are interested to see how new renewable energy resources impact grid reliability this year. Performance this winter could aide New England in assessing the way in which new intermittent resources are integrated into our power generation fleet as New England increases the penetration of renewables in the market.

## 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: 49
18 MONTH: 45
24 MONTH: 46
36 MONTH: 42

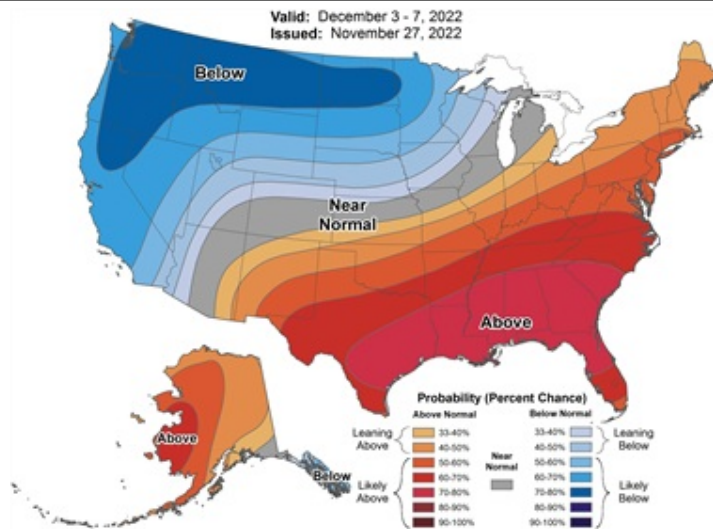
### NEW ENGLAND ELECTRICITY TERMS

12 MONTH: 33
18 MONTH: 24
24 MONTH: 27
36 MONTH: 27

### CRUDE OIL TERMS

12 MONTH: 65
18 MONTH: 62
24 MONTH: 60
36 MONTH: 55

## WEATHER | 6-10 Day Forecast



**Below average temperatures for the Northwest, with above average temperatures for the Southeast and 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.

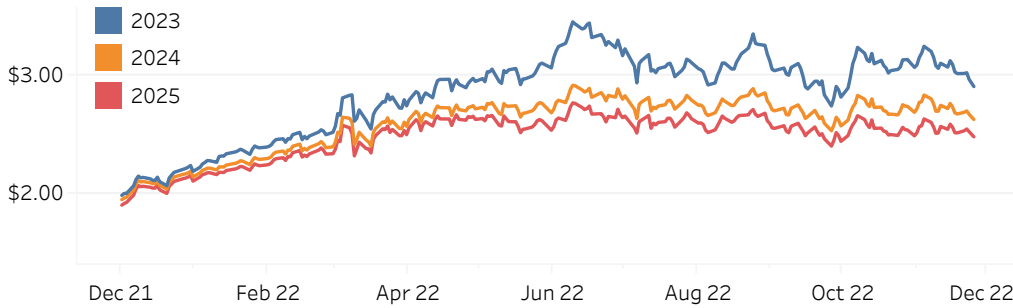
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## OIL & DISTILLATES OVERVIEW

HEATING OIL FUTURE CALENDAR STRIPS - \$/GAL

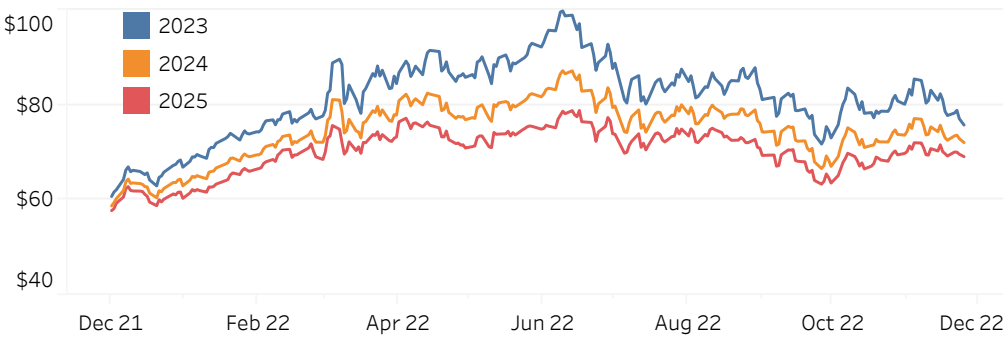


Prompt Month Price For Dec 22

This Week:	\$76.28/Bbl
Prior Week:	\$81.64/Bbl
<b>CHANGE:</b>	<b>\$(5.36)/Bbl</b>

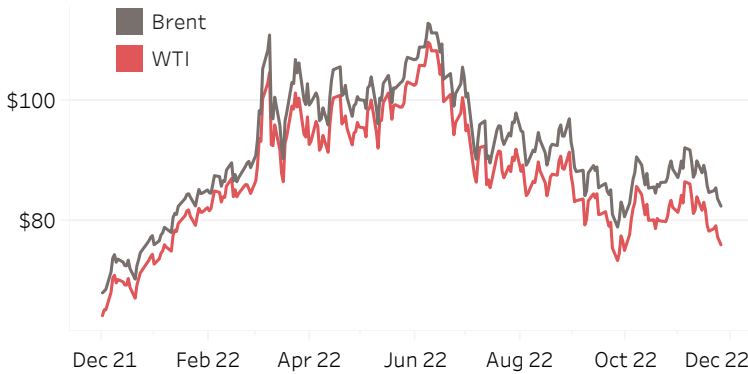
WTI closed at \$76.28 on Friday, down 7.02% from the week prior. Crude prices fell for the third consecutive week as protests over COVID-19 restrictions in China prompted concerns about weakened fuel demand. These restrictions are in response to rising COVID cases in China, which have reached nearly 30,000 cases per day this past month. Additionally, the anticipated cap on Russian crude may be higher than expected, which in turn has driven crude markets down. While U.S. crude inventories fell by 3.7 million barrels last week, gasoline and distillate inventories grew.

CRUDE OIL WTI FUTURE CALENDAR STRIPS - \$/BARREL

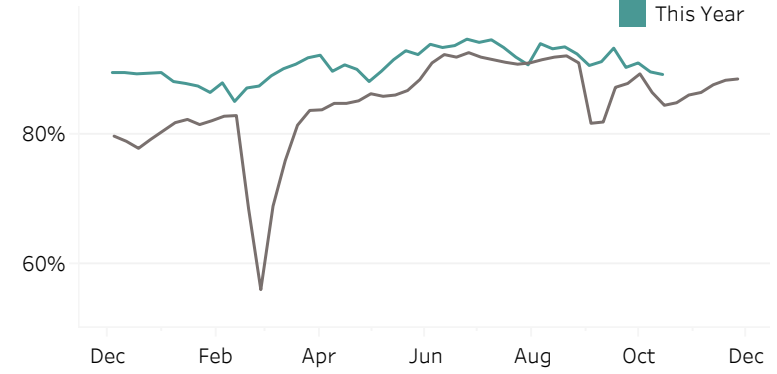


## FUNDAMENTALS

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

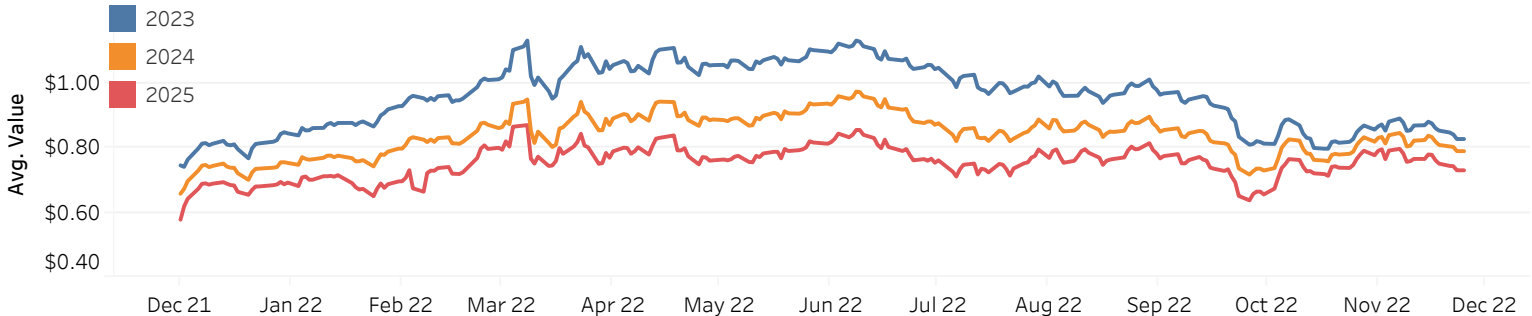


U.S. REFINERY RATES



## PROPANE

MONT BELVIEU CALENDAR YEAR STRIPS \$/GAL



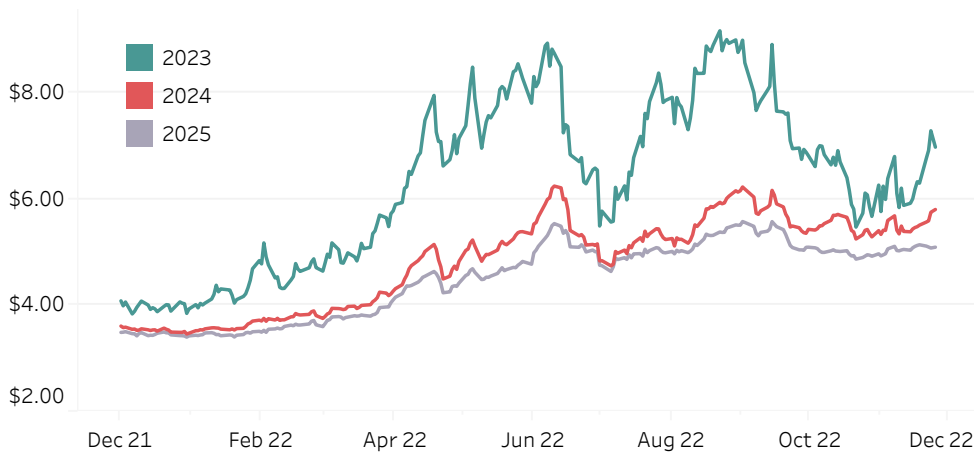
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## NATURAL GAS OVERVIEW

WINTER NATURAL GAS NYMEX STRIPS - \$/MMBTU



Prompt Month Price For Dec 22

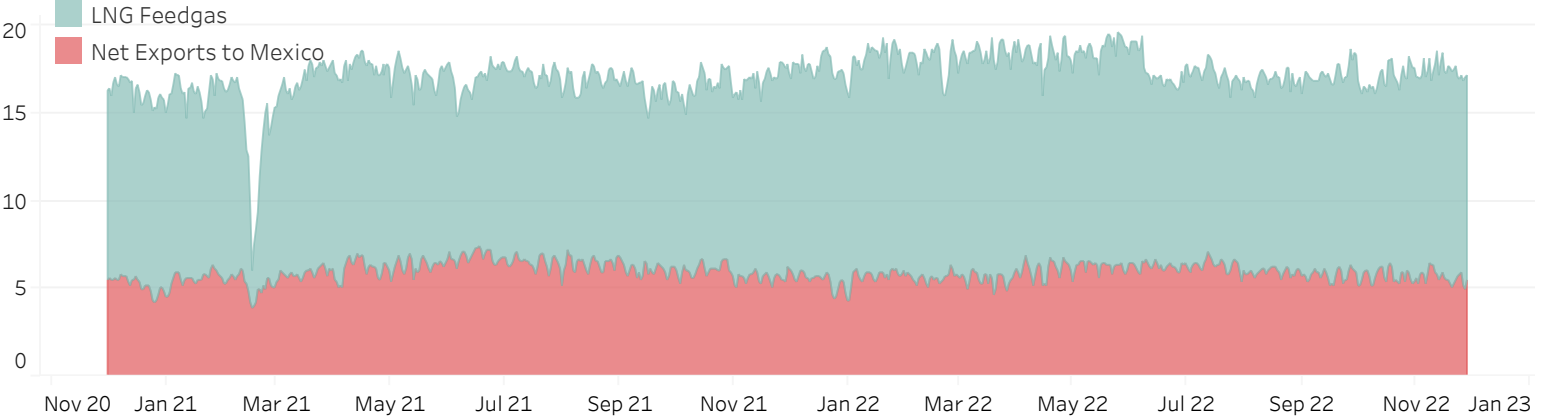
<b>This Week:</b>	\$7.02/MMBTU
<b>Prior Week:</b>	\$6.37/MMBTU
<b>CHANGE:</b>	\$0.66/MMBTU

Natural gas front-month futures increased 11% week over week, settling at \$7.02 on Friday. Prices fluctuated throughout the week on a colder December outlook due to a third straight La Niña year this winter. Heating demand also increased in parts of Europe and Asia, spiking demand for U.S. LNG exports. Russia is getting closer to fully cutting off all of Ukraine's natural gas flow, which would increase competition for LNG cargoes globally. Increased global demand is contrasted with increased COVID-19 lockdowns in China. The EIA reported the first storage withdrawal this fall, signaling an end to the injection season.

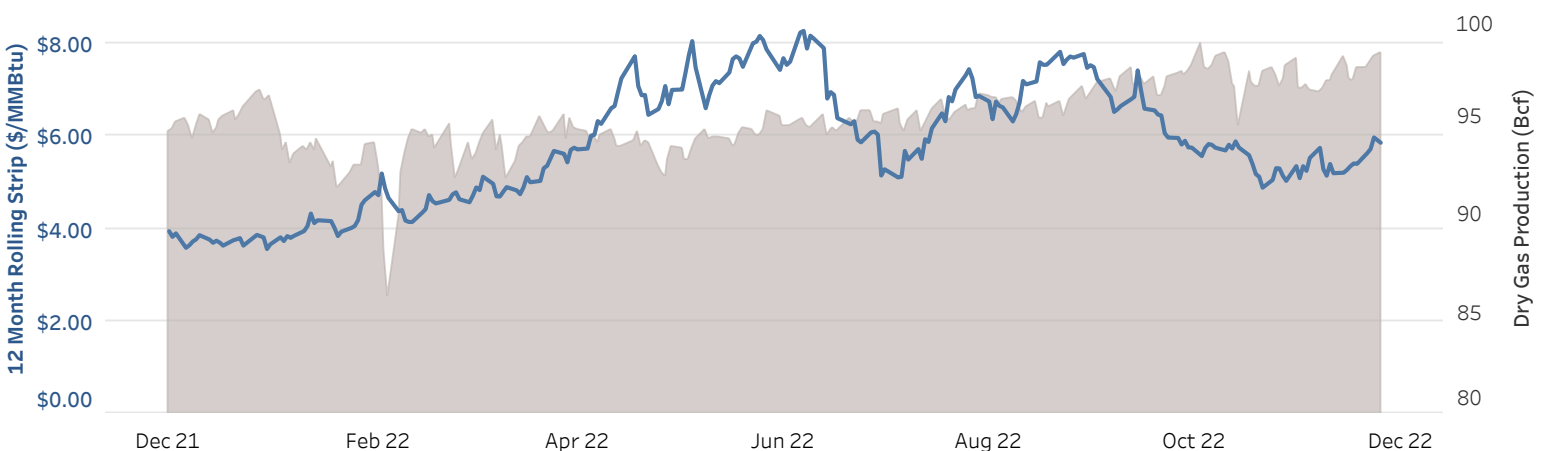
Winter natural gas NYMEX strips are an average of commodity prices for the months of December - March of each winter. Prices are presented in this format to highlight what consumers will pay during the typical heating season in the U.S.

## NATURAL GAS FUNDAMENTALS

U.S. NATURAL GAS TOTAL EXPORTS - BCF



U.S. NATURAL GAS PRICE VS. PRODUCTION



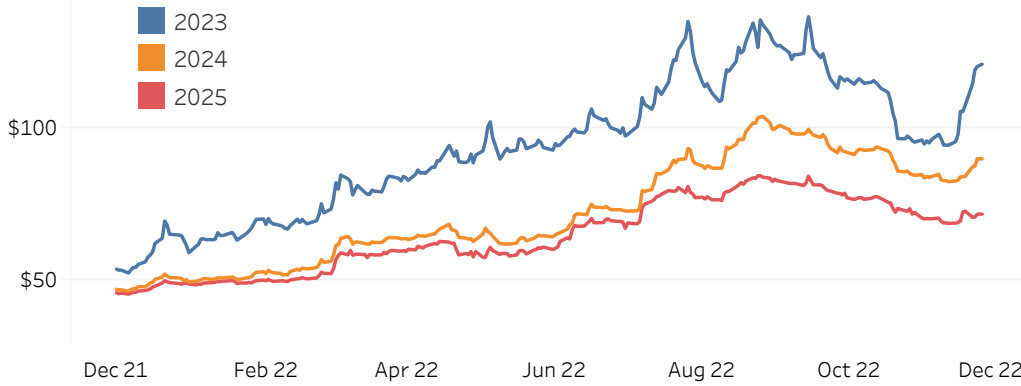
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## NEW ENGLAND ELECTRICITY OVERVIEW

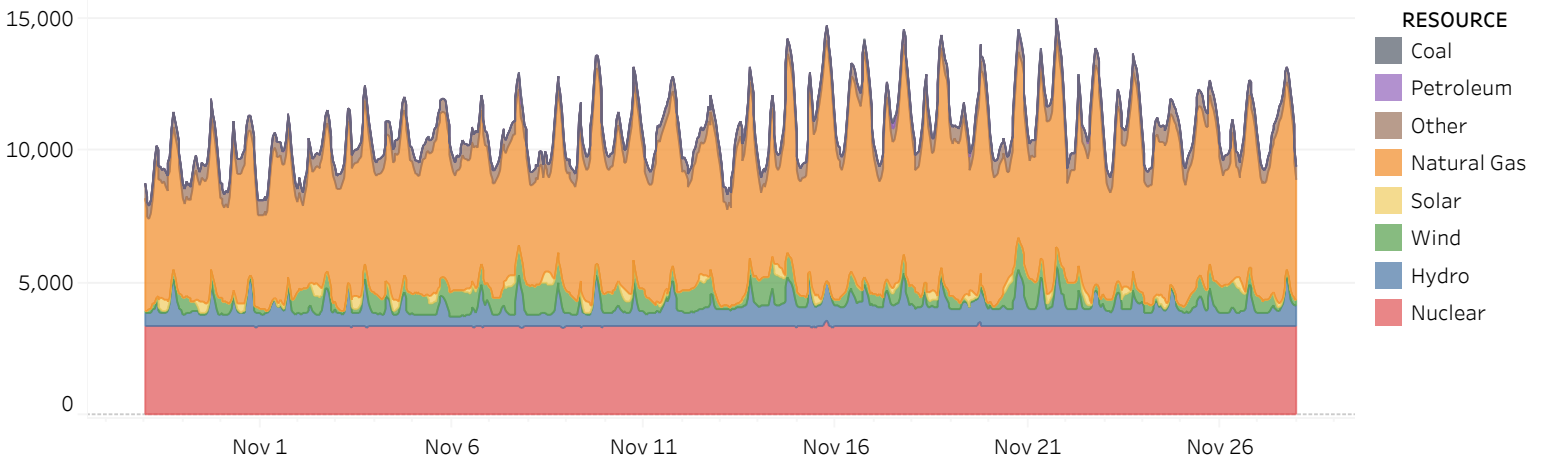
NEPOOL FUTURES MARKET CALENDAR STRIP PRICING -\$/MWH



The NEPOOL 12-month strip rose 13.9% week-over-week, to land at the highest rolling strip price since September, at \$122.53/MWh. The 2023 strip settled at \$121.00/MWh, representing a week-over-week increase of 12.42%. The 2024 strip rose 6.8%, settling at \$90.03/MWh, and the 2025 strip fell 1.31% to \$71.96/MWh. The electricity market has become more volatile, along with the natural gas market, due to colder temperatures forecasted for December. Concerns that Russia will further restrict Ukraine's natural gas supply have also strained electricity markets.

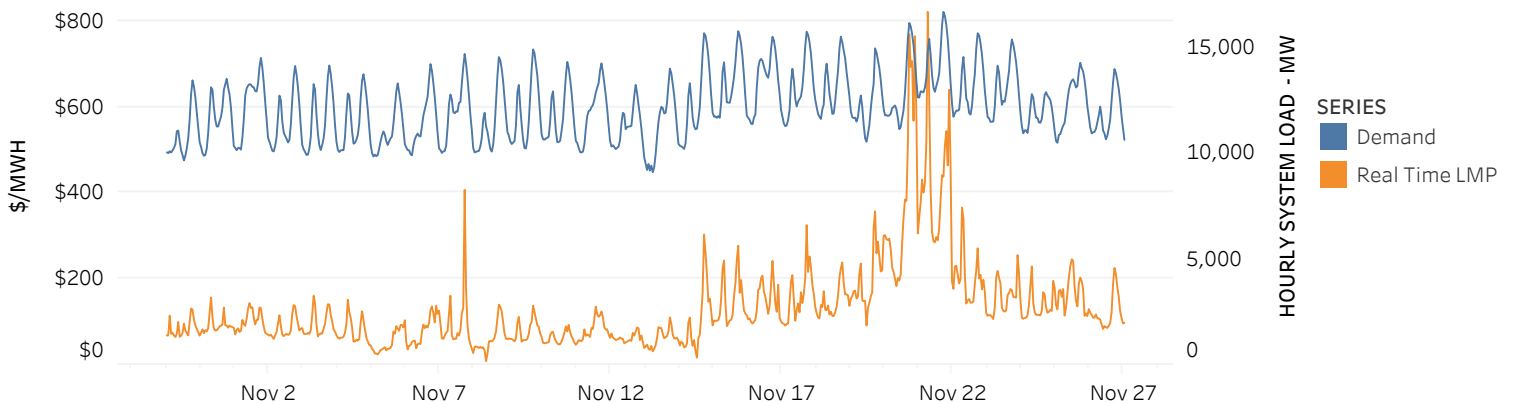
## NEW ENGLAND REGIONAL ELECTRICITY GRID GENERATION MIX

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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