

August 2 - 6, 2021

MARKET SUMMARY



SPOTLIGHT | California Nuclear Closure Gets Pushback

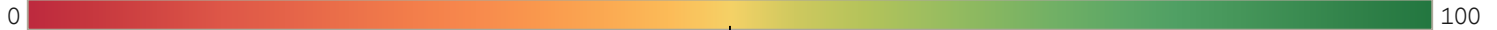
The zero-emission Diablo Canyon Nuclear Plant and its closure have recently become the focus of intense debate as California approaches its ambitious climate goals.



In 2016, PG&E announced the intention to close Diablo Canyon Nuclear Plant, the only operational nuclear plant in California and the state's largest power generator. Diablo Canyon produces approximately 8.6% of the state's electricity. The zero-emission plant and its closure have recently become the focus of intense debate as California approaches its ambitious climate goals – 40% emissions reduction by 2030 and carbon neutrality by 2045 – while also struggling with worsening drought and heatwave conditions. At the end of July, California Governor Gavin Newsom declared a State of Emergency and issued an Emergency Proclamation Regarding California Electricity, indicating a ~5,000MW capacity shortfall for summer 2022. This situation highlights the struggle that California faces as it works to transition its grid away from fossil fuel-based power generation and meeting increasing demand with zero-emission renewable resources.

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: 6 |
| 18 MONTH: 4 |
| 24 MONTH: 8 |
| 36 MONTH: 12 |

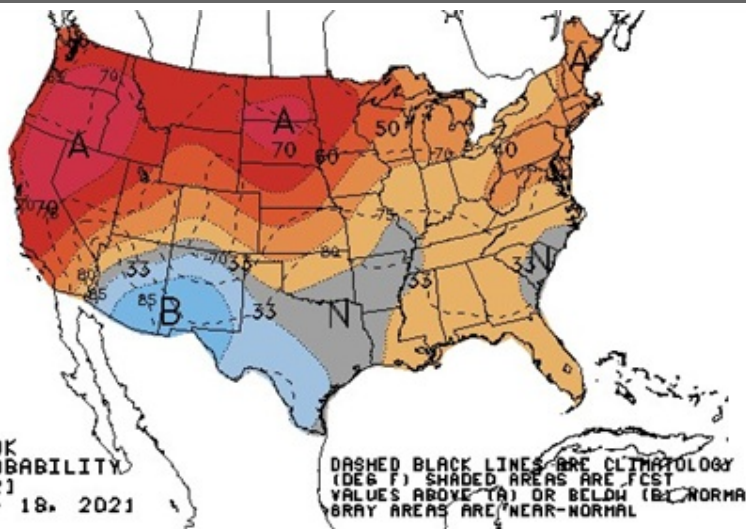
NEW ENGLAND ELECTRICITY TERMS

| |
|--------------|
| 12 MONTH: 46 |
| 18 MONTH: 43 |
| 24 MONTH: 52 |
| 36 MONTH: 56 |

CRUDE OIL TERMS

| |
|--------------|
| 12 MONTH: 15 |
| 18 MONTH: 14 |
| 24 MONTH: 13 |
| 36 MONTH: 12 |

WEATHER | 6-10 Day Forecast



Above average temperatures cover the Pacific Northwest!

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, grey 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.



6-10 DAY OUTLOOK
TEMPERATURE PROBABILITY
MADE 8 AUG 2021
VALID AUG 14 - 18, 2021

DASHED BLACK LINES ARE CLIMATEOLOGY (10 DEG F) SHADED AREAS ARE FCST VALUES ABOVE (A) OR BELOW (B) NORMAL GRAY AREAS ARE NEAR-NORMAL

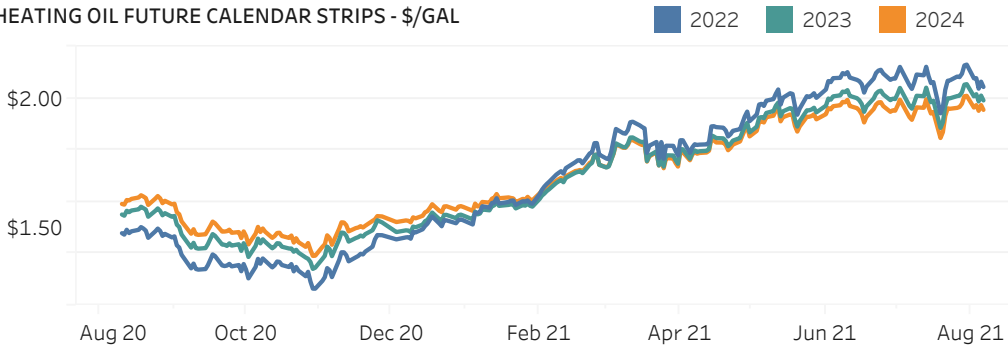
WEEKLY MARKET SUMMARY

August 2 - 6, 2021



OIL & DISTILLATES OVERVIEW

HEATING OIL FUTURE CALENDAR STRIPS - \$/GAL

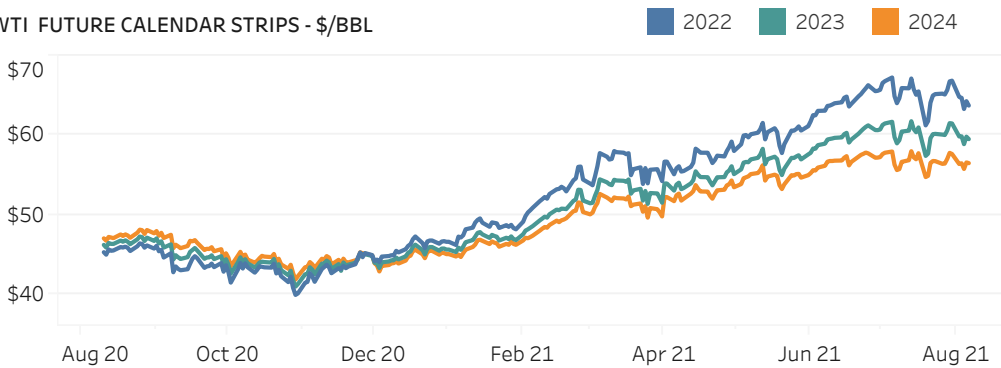


PROMPT MONTH PRICE FOR SEP 21

| | |
|----------------|------------------|
| This Week: | \$67.98/Barrel |
| Prior Week: | \$73.95/Barrel |
| CHANGE: | (\$5.97)▼ |

WTI crude prices closed at \$67.98/barrel on Friday, down 8.1% from the week prior. Prices dropped to a three-week low, the most severe drop since October. Spread of the coronavirus variants and increased lockdown measures across Asian nations is threatening short-term fuel demand. On the supply side, the EIA reported the lowest stock levels at the Cushing, Oklahoma storage hub since January 2020 and Midwest crude inventories are at their lowest since October 2018. However, crude inventories overall in the U.S. increased by 3.63 million barrels week-over-week. OPEC+ also continues to increase daily oil output.

WTI FUTURE CALENDAR STRIPS - \$/BBL

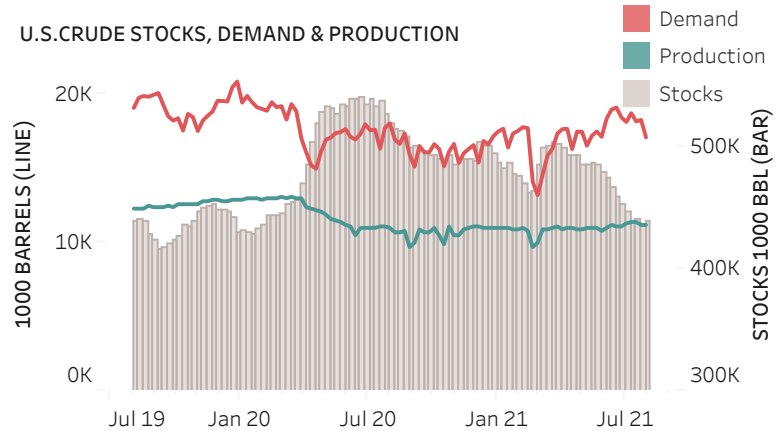


FUNDAMENTALS

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

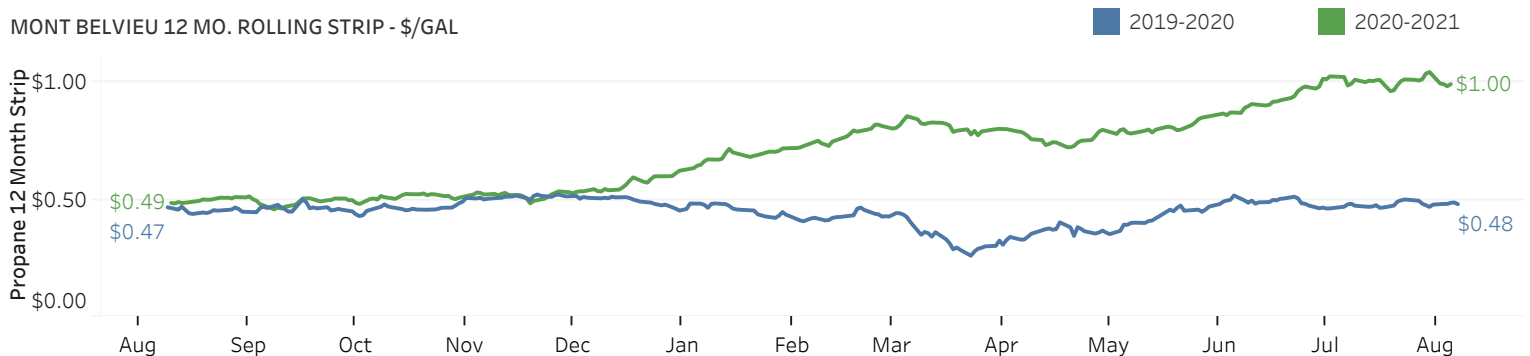


U.S. CRUDE STOCKS, DEMAND & PRODUCTION



PROPANE

MONT BELVIEU 12 MO. ROLLING STRIP - \$/GAL



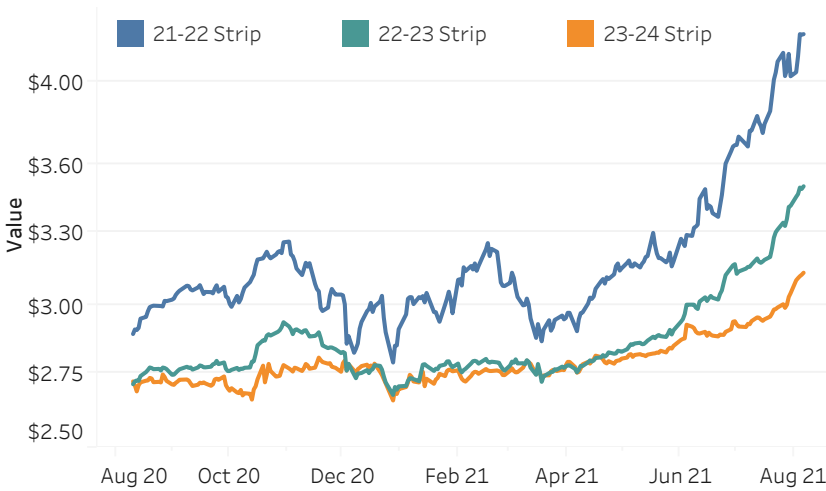
WEEKLY MARKET SUMMARY

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NATURAL GAS OVERVIEW

WINTER NATURAL GAS NYMEX STRIPS - \$/MMBTU



PROMPT MONTH PRICE FOR SEP 21

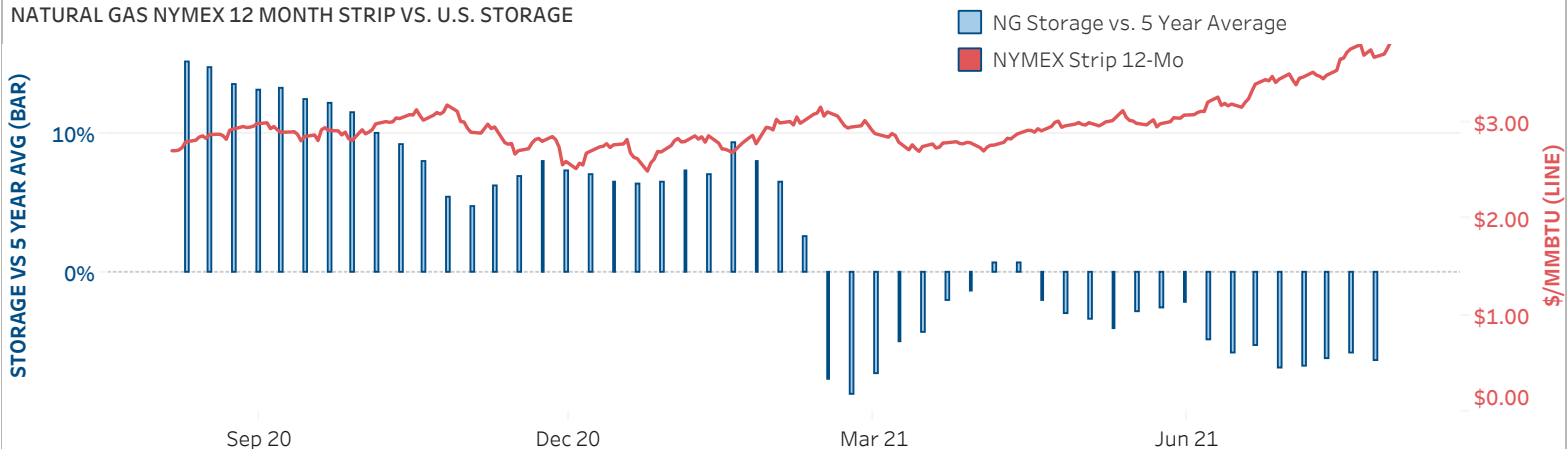
| | |
|--------------------|--------------|
| This Week: | \$4.14/MMBTU |
| Prior Week: | \$3.91/MMBTU |
| CHANGE: | \$0.22 ▲ |

September front-month natural gas futures increased 5.6% from the previous week, settling at \$4.14/MMBTU on Friday. Prices rose on Wednesday with forecasts for above-average temperatures in the middle of August expected to elevate U.S. natural gas demand to the highest levels seen this summer. With storage levels already below the five-year average, the high cooling demand anticipated for the remainder of August has increased concerns over whether storage inventory levels will be adequate for the coming winter. On Thursday, the EIA revealed an injection into storage inventories of just 13 bcf. This injection fell significantly below the five-year average and the analyst projections for national inventory gains this week.

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.

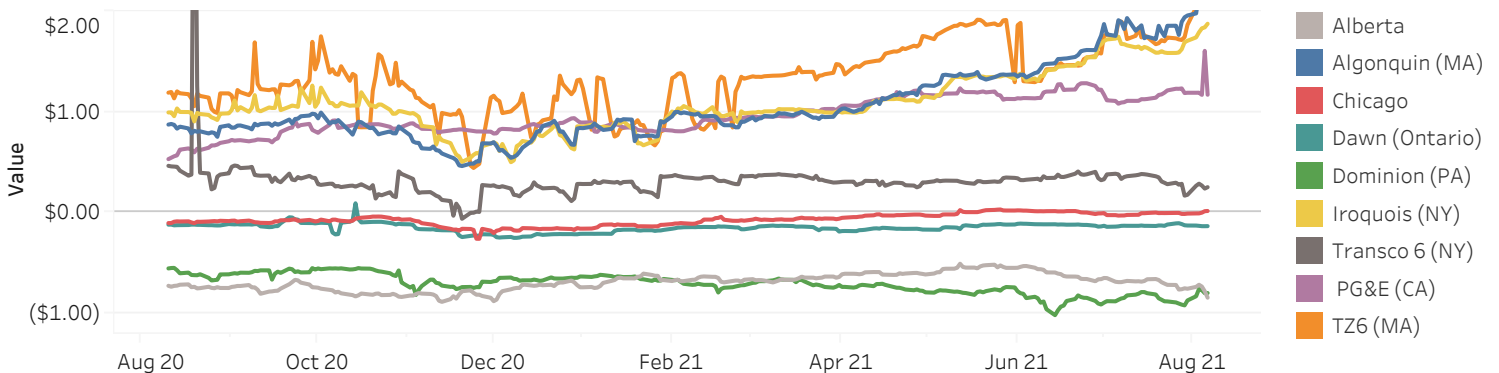
NATURAL GAS FUNDAMENTALS

NATURAL GAS NYMEX 12 MONTH STRIP VS. U.S. STORAGE



NATURAL GAS BASIS

NATURAL GAS BASIS - ROLLING 12 MO. FUTURES STRIP - \$/MMBTU



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NEW ENGLAND ELECTRICITY OVERVIEW

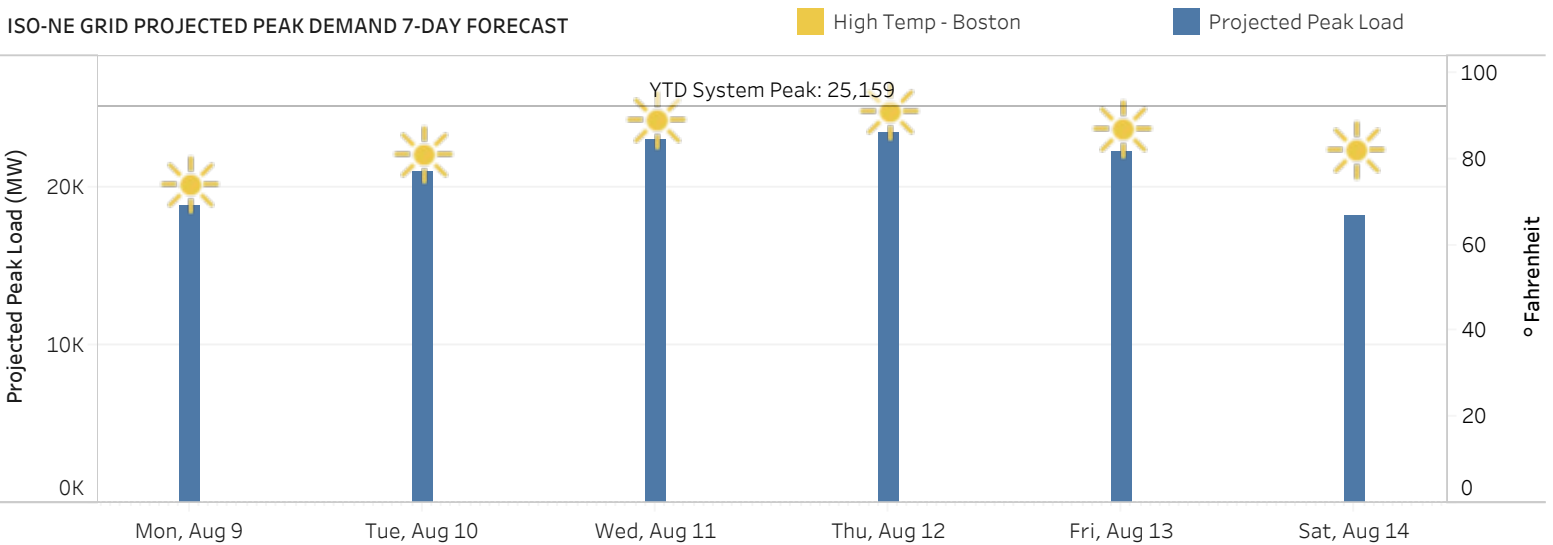
NEPOOL FUTURES MARKET CALENDAR STRIP PRICING -\$/MWH



The NEPOOL 12-mo. strip rose 8.1% week-over-week to \$51.70/MWh on Friday. Longer term pricing increases were less substantial, rising between 0.8% and 1.9%. The nearer term increase aligns with increases in natural gas commodity prices, as prices for August continue to follow this year's upward trends. Above average temperatures are predicted in the Northeast for the next two weeks, bringing with it the potential for increased air conditioning load and higher electricity demand. This week system demand is projected to peak on Thursday at 23,500 MW as temperatures across the region climb with the oncoming heat wave.

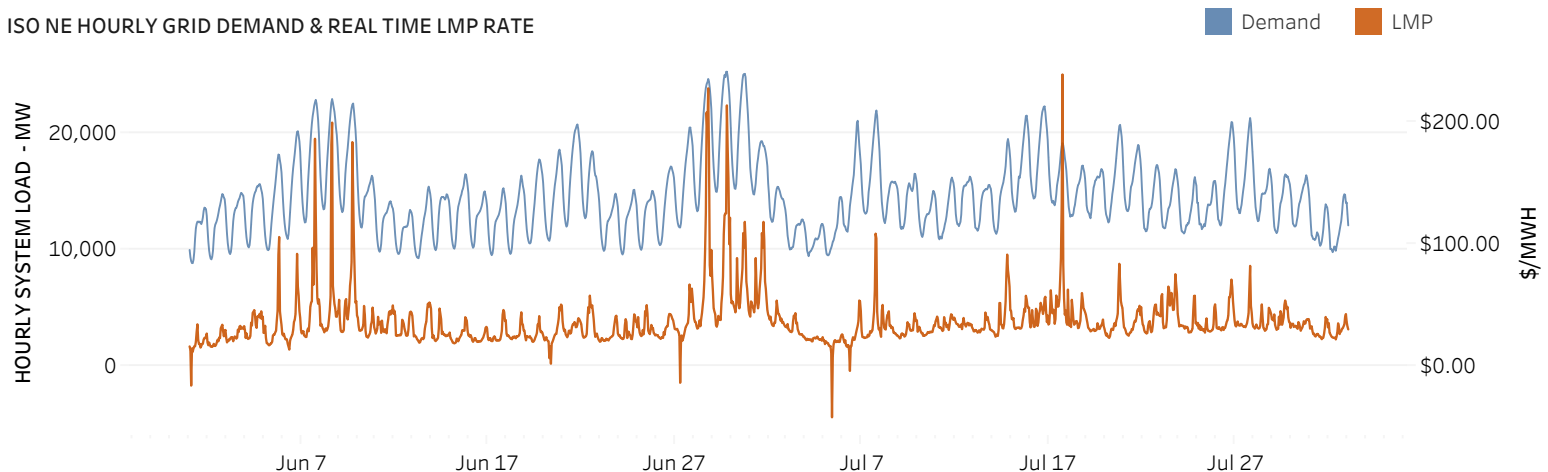
NEW ENGLAND 7-DAY DEMAND FORECAST

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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