

February 2023 Market Report

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Including market research provided by BUE's analyst team

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NYMEX Natural Gas Pricing

The March 2023 contract settled at \$2.451/MMBtu.

The April 2023 contract was trading around \$2.79/MMBtu (as of publish date).

Natural Gas Storage Report

Current BCF in Storage (2023 vs 2022):

Week Ending	Total BCF	Week Ending	Total BCF
03-Feb-23	2,366	04-Feb-22	2,101
10-Feb-23	2,266	11-Feb-22	1,911
17-Feb-23	2,195	18-Feb-22	1,782
24-Feb-23	2,114	25-Feb-22	1,643

There is about 30% more in underground storage now than there was at this same time last year.

Weather (as of publish date)

6-10 Day: High latitude blocking will finally drive anomalous polar cold air into the Lower 48, boosting late-season HDDs.

Much colder than average temperatures are expected over a large portion of the US, limiting any above-average period anomalies to the Desert SW, southern FL, and New England.

11-15 Day: The cold pattern is expected to continue through mid-March, keeping HDDs much higher than average.

Colder-than-average conditions are expected across the eastern two-thirds of the nation. The West could end up on either side of the average.

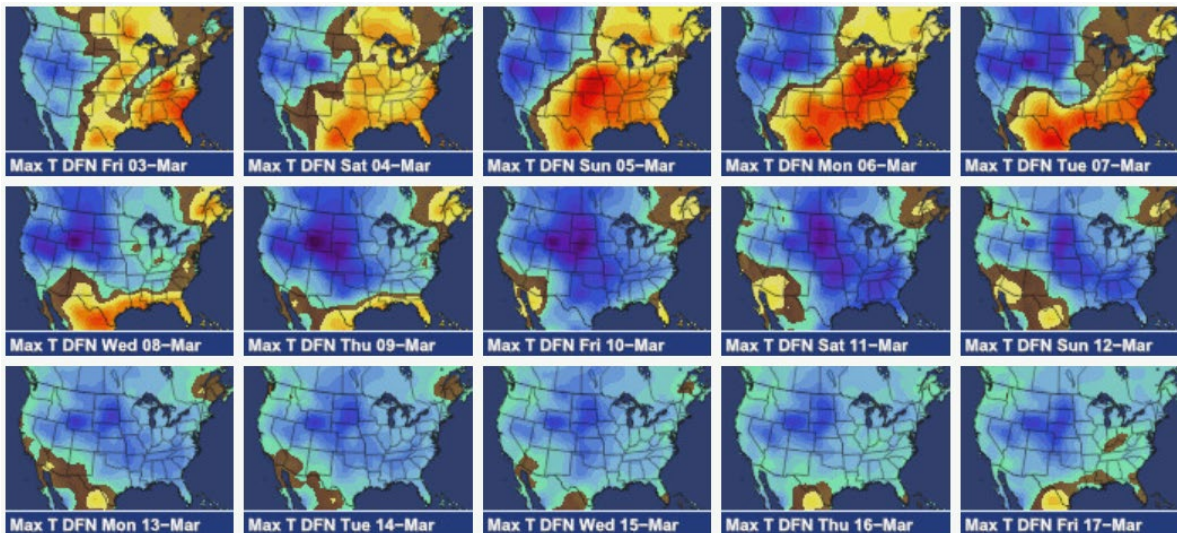


Photo and forecast courtesy of WSI Trader.

Market Updates

Fire-damaged Freeport LNG gets U.S. approval for partial restart

<https://www.reuters.com/business/energy/fire-damaged-freeport-lng-receives-approval-partial-restart-2023-02-21/>

Freeport LNG, the second largest U.S. liquefied natural gas exporter, was approved to partially restart commercial operations after an outage that lasted more than eight months. Due to a fire in June, the LNG facility was knocked offline and gas processing halted for investigations. U.S. natural gas prices settled 9% lower recently, continuing a decline from less heating demand and rising production and storage.

Coal and natural gas plants will account for 98% of U.S. capacity retirements in 2023

<https://www.eia.gov/todayinenergy/detail.php?id=55439>

In 2023, operators plan on retiring 15.6 GW of electric generating capacity in the United States, mostly from natural gas-fired (6.2 GW) and coal-fired (8.9 GW) power plants. Coal retirements have averaged 11 GW from 2015 to 202. The 8.9 GW retiring this year accounts for 4.5% of the total coal-fired capacity at the start of the year. The natural gas-fired plants that are retiring are in California. They were originally set to retire back in 2020 but received a 3-year extension to maintain grid reliability.

The Henry Hub natural gas spot price declined 41% in January

<https://www.eia.gov/todayinenergy/detail.php?id=55539>

The natural gas price at the Henry Hub declined by 41% in January 2023 compared to December 2022. Natural Gas prices typically increase in the winter due to decreased temperatures and increased demand for space heating. January 2023 was the warmest January since 2006. Due to this, natural gas consumption was 15% lower than the five-year average for this month resulting in lower prices.

PJM launches fast-track capacity market reform process in face of shrinking reserve margins

<https://www.utilitydive.com/news/pjm-capacity-market-reform-reserve-margin/643598/>

PJM is working to strengthen its capacity market after widespread power plant outages during Winter Storm Elliott. PJM's board has asked the Resource Adequacy Senior Task Force to consider ways to improve risk modelling, enhance accreditation and ensure capacity suppliers are fully paid for the risks they take. According to the report, 40 GW or 21% of PJM's installed capacity is at risk of retiring by 2030 while they expect the grids load to grow by 1.4% annually. PJM aims to file any proposed changes with the Federal Energy Regulatory Commission on Oct. 1. The board asked PJM management to consider delaying future capacity auctions so they could include any changes.

Capacity Prices Fall In Most Of PJM For 2024-25, DPL-South Still Sees Nearly 30% Spike

<http://www.energychoicematters.com/stories/20230227a.html>

PJM has posted results from its base residual auction for capacity (BRA) under the reliability pricing model (RPM) for the 2024-25 delivery year. These results are reflective of the tariff changes sought out by PJM, to address concerns about offer behavior seen in the DPL South LDA.