

December 2022 Market Report

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Including market research provided by BUE's analyst team

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NYMEX Natural Gas Pricing

The January 2023 contract settled at \$4.709/MMBtu.

The February 2023 contract was trading around \$3.756/MMBtu (as of publish date).

Natural Gas Storage Report

Current BCF in Storage (2022 vs 2021):

Week Ending	Total BCF	Week Ending	Total BCF
09-Dec-22	3,412	10-Dec-21	3,417
16-Dec-22	3,325	17-Dec-21	3,362
23-Dec-22	3,112	24-Dec-21	3,226
30-Dec-22	2,891	31-Dec-21	3,195

There is about 10% less in underground storage now than there was at this same time last year.

Weather (as of publish date)

6-10 Day: A potential eastern US winter storm could erode mild weather while a stormy pattern continues in the West Coast.

Above-average temperatures are expected across most of the US and southern Canada. Parts of the Southwest and East Coast are expected to feel normal temps.

11-15 Day: After a brief cold shot in the East, a mild Pacific-driven pattern will resume.

Much warmer-than-average temperatures are expected across the eastern two-thirds of the US. The West Coast and Southwest are expected to be near or slightly cooler than normal.

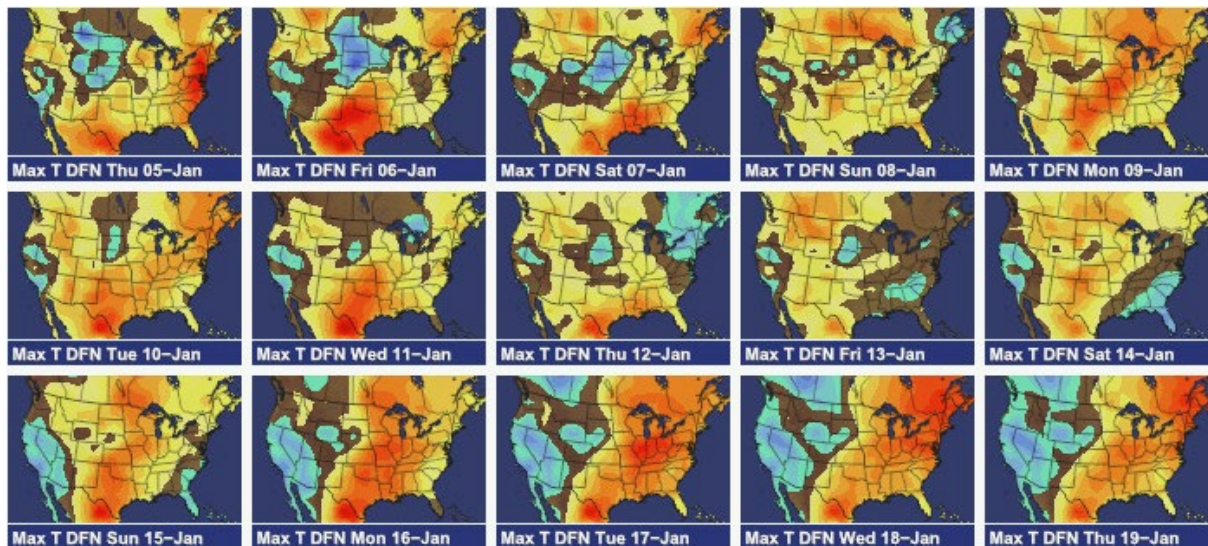


Photo and forecast courtesy of WSI Trader.

Market Updates

U.S. battery storage capacity will increase significantly by 2025

<https://www.eia.gov/todayinenergy/detail.php?id=54939>

Since 2020 utility-scale battery storage has more than quadrupled from 1.5 GW to 7.8 GW and it is expected that another 20.8 GW of battery storage capacity will be brought online from 2023-2025. Of the 20.8 GW of storage planned 75% is being built in Texas and California. States hope these projects will solve the intermittency problem of their solar and wind generation.

On-peak wholesale power prices this winter expected to be more than 60% higher in some regions, EIA warns

<https://www.utilitydive.com/news/on-peak-wholesale-power-prices-this-winter-expected-to-be-more-than-60-hig/638170/>

For the December-February period, the EIA anticipates on-peak wholesale electricity prices to increase from 33% in California to more than 60% higher in some areas of the mid-Atlantic and central regions. Next year, the EIA expects residential prices for electricity in the US to average 15.39 cents per kWh. That is about a 17% increase from 2020 when prices averaged 13.16 cents per kWh.

Earth saw its 9th-warmest November in 143 years

<https://www.noaa.gov/news/earth-saw-its-9th-warmest-november-in-143-years>

The average global land and ocean surface temperature for November 2022 was 1.37 degrees F above the 20th-century average. November 2022 also marked the 46th consecutive November and the 455th consecutive month with temperatures above the 20th-century average. The year to date (January through November) global land and ocean surface temperature was 1.55 degrees F above the 20th-century average, making it the sixth-warmest YTD on record.

PJM seeks mid-auction capacity market rule change to address anomaly that led to 'unjust' price

<https://www.utilitydive.com/news/pjm-capacity-auction-rule-change-delmarva-ferc/639405/>

PJM held their auction to buy capacity for 2024-2025 but they received fewer bids than expected for the Delmarva power south area. This lack of bids led to "unjustly high" capacity pricing. To quickly solve the issue, PJM intends to ask FERC to approve a rule that would allow them to reduce an area's reliability requirements during the auction process.

New York Governor Signs Law Requiring Registration Of Retail Energy Brokers; Up To \$100,000 Bond; Disclosure Of Compensation

<http://www.energychoicematters.com/stories/20221226a.html>

New York state will now require all energy brokers and consultants to register as such with the state before offering their services. This comes with a few other provisions like requiring bonds from the broker or consultant to ensure financial well-being and disclosure of how the broker or consultant will be compensated. The law is expected to go into effect June 2023.