

July 2021 Market Report

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Including market research provided by NRG's analyst team

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NYMEX Natural Gas Pricing

The August 2021 contract settled at \$4.044/MMBtu.

This is the highest settlement since Dec 2018's settlement of \$4.715/MMBtu.

The September 2021 contract is trading around \$4.16/MMBtu (as of 8/5/2021).

Natural Gas Storage Report

Current BCF in Storage (2021 vs 2020):

Week Ending	Total BCF	Week Ending	Total BCF
09-Jul-21	2,629	10-Jul-20	3,178
16-Jul-21	2,678	17-Jul-20	3,215
23-Jul-21	2,714	24-Jul-20	3,241
30-Jul-21	2,727	31-Jul-20	3,274

There is about 17% less in underground storage now than there was at this time last year.

Weather (as of 8/5/2021)

6-10 Day: Pulses of heat will overspread the central and eastern US next week, then build over the Northwest. Above average heat is expected across the eastern half of the US, as well as the Northwest and West Coast. Likely average across the Rockies and southern tier.

11-15 Day: Above average anomalies will prevail across the northern states even as the NW heatwave fades. Above average temps are expected across the western and northern US. The southern half of the US could end up near or slightly cooler than normal.

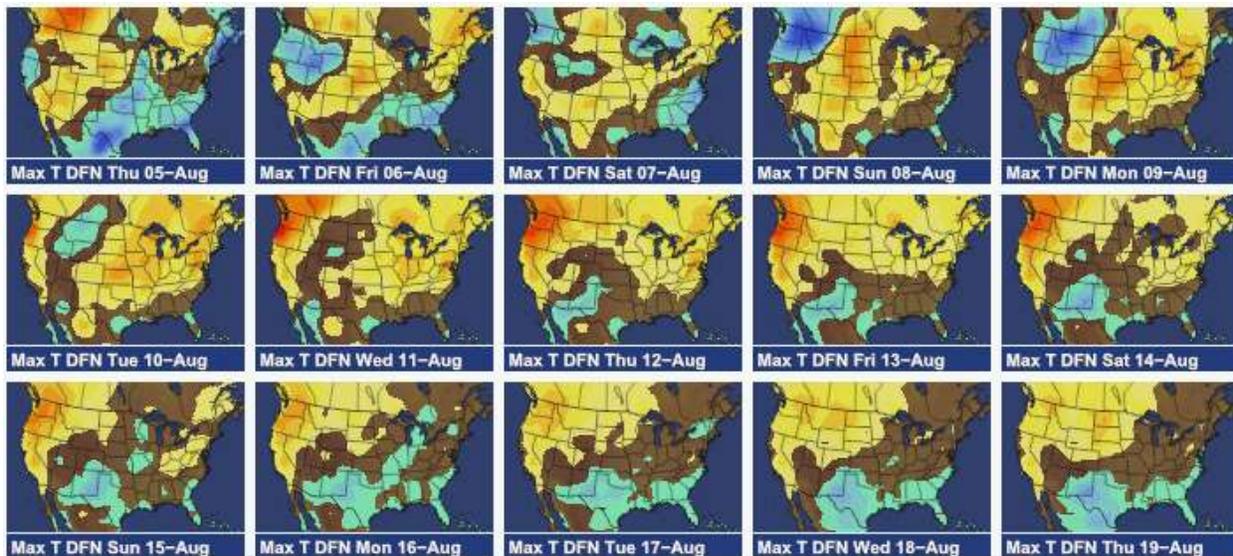


Photo and forecast courtesy of WSI Trade

MARKET UPDATES

PJM Board approves new MOPR plan in effort to placate states, FERC

https://www.utilitydive.com/news/pjm-board-approves-new-mopr-plan-in-effort-to-placate-states-ferc/603053/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202021-07-09%20Utility%20Dive%20Newsletter%20%5Bissue:35358%5D&utm_term=Utility%20Dive

Following the several-year MOPR controversy, PJM proposed an update to mitigate the MOPR in three ways: to narrow the scope of the MOPR back where it was originally intended, aimed at mitigating buyer-side market power; to avoid harming state policies and power providers with self-supply business models; and to make sure the market design is robust and could work well into the future. PJM's plan removes the pre-existing and expanded MOPR, and instead will apply the aforementioned rules in an effort to prevent power providers from bidding into the capacity market at an artificially low price, or in specific instances where a state law is providing subsidy support conditioned on clearing in the capacity market.

New York to test green hydrogen at Long Island power plant

https://www.utilitydive.com/news/new-york-to-test-green-hydrogen-at-long-island-power-plant/603130/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202021-07-12%20Utility%20Dive%20Newsletter%20%5Bissue:35389%5D&utm_term=Utility%20Dive

A power plant on Long Island will be retrofitted with new “green hydrogen” technology. About 30% of the plant's gas-fired power will be replaced with this renewable energy – hydro power from Canada. This project could potentially open the doors to replace other existing natural gas plants with this new technology around the country, as opposed to building new power plants.

Governor Newsom Signs Emergency Proclamation to Expedite Clean Energy Projects and Relieve Demand on the Electrical Grid During Extreme Weather Events This Summer as Climate Crisis Threatens Western States

<https://www.gov.ca.gov/2021/07/30/governor-newsom-signs-emergency-proclamation-to-expedite-clean-energy-projects-and-relieve-demand-on-the-electrical-grid-during-extreme-weather-events-this-summer-as-climate-crisis-threatens-western-s/>

The California Governor, Gavin Newsom, signed an emergency proclamation to free up energy supply to meet demand during the extreme heat events and wildfires in the state. This action will launch contingency programs – *one of which could benefit customers in load reduction programs with their utilities* – to alleviate high demands and increase supply, as well as expedite clean energy projects to meet the challenges of record-breaking temperatures and severe drought conditions all while working toward a 100% clean electricity system.

Global liquefied natural gas trade was flat in 2020 amid pandemic

<https://www.eia.gov/todayinenergy/detail.php?id=48656&src=email>

Despite the COVID-19 pandemic, global liquefied natural gas (LNG) trade in 2020 remained primarily unchanged from 2019, averaging 46.9 BCF per day compared to the reported 46.7 BCF per day in 2019, resulting in only a 0.4% annual increase.

Summer U.S. natural gas prices are the highest since 2014

<https://www.eia.gov/todayinenergy/detail.php?id=48816>

In June, the average spot price at the Henry Hub was \$3.26/MMBtu. This was the highest any summer month had been since 2014. In fact, almost every hub tracked by Natural Gas Intelligence (NGI) exceeded \$3 on July 14th. Why? Increased exports (extra demand), warmer weather (increases natural gas generation for electric power), and drought conditions (dependencies on natural gas generation than hydroelectric) all come together to create these tighter supply/demand balances.

Daily prices at Henry Hub and select U.S. supply hubs (Jan 1, 2014–Jul 14, 2021)
dollars per million British thermal units (\$/MMBtu)

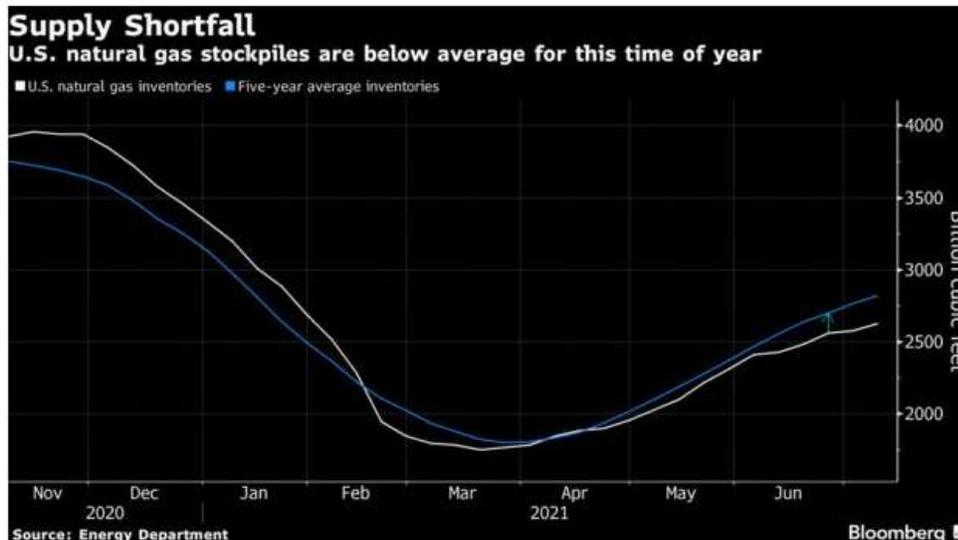


Source: Graph created by the U.S. Energy Information Administration (EIA), based on data from [Natural Gas Intelligence](#)
Note: Waha and Henry Hub prices for February 11–18, 2021, exceeded publication range. During this cold snap in Texas, Waha prices reached a high of \$206.19/MMBtu on Feb 16, and Henry Hub prices reached a high of \$23.86/MMBtu on Feb 17.

Natural Gas Hits 31-Month U.S. High as Heat Adds to Supply Worry

<https://www.bloomberg.com/news/articles/2021-07-22/natural-gas-jumps-to-4-in-u-s-as-heat-amplifies-supply-concern>

The contract for August 2021 settled above \$4, which hasn't happened since December 2018. The premium for March 2022 over April 2022 reached 62.9 cents, hovering near a record high. Gas in underground storage is 6.2% below normal for this time of year.

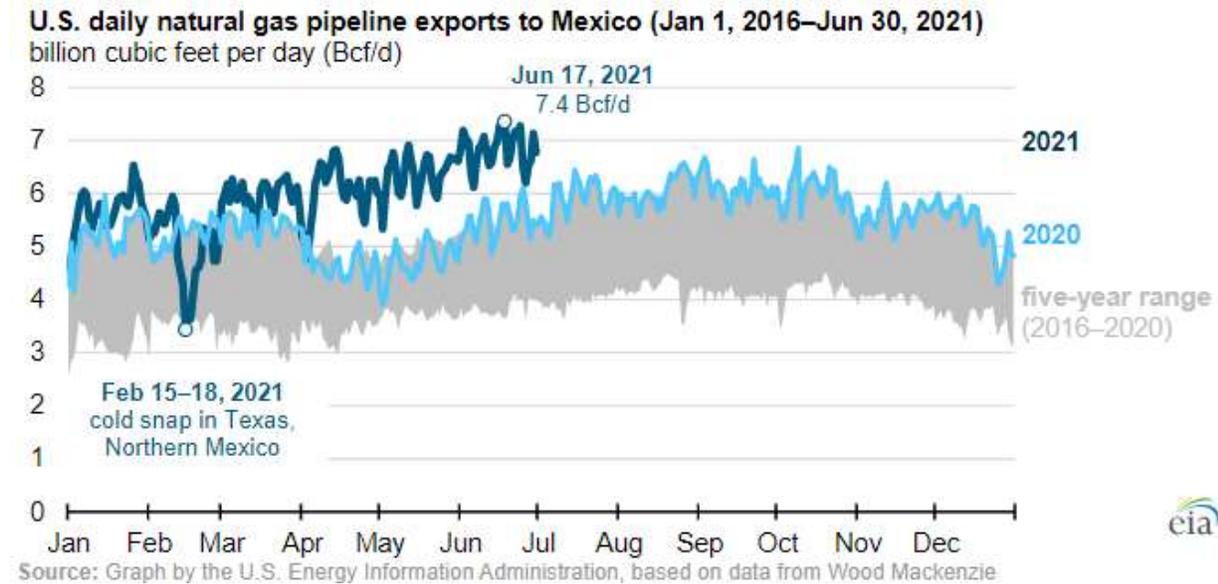


Source: Energy Department

Bloomberg

U.S. natural gas exports to Mexico established a new monthly record in June 2021

<https://www.eia.gov/todayinenergy/detail.php?id=48836>



By looking at the graph above, we can see that natural gas pipeline exports from the United States to Mexico surpassed 7 BCF per day for many days in June. Over the past few years, Mexico has expanded its pipeline infrastructure and become increasingly dependent on imported natural gas from U.S. pipelines. Imports from the US accounted for 76% of the total natural gas supply in June 2021, compared to 40% in June 2015. Record-high flows were expected to be driven by increased power demand, high temperatures, and greater industrial demand in June, and are still expected to continue throughout the summer.