

October 2021 Market Report

By: Eva Kernan

Including market research provided by BUE's analyst team

Publish Date: 11/4/2021

NYMEX Natural Gas Pricing

The November 2021 contract settled at \$6.202/MMBtu.

This is the highest settlement in 13 years. The last highest was November 2008 @ \$6.469

The December 2021 contract is trading around \$5.657/MMBtu (as of publish date).

Natural Gas Storage Report

Current BCF in Storage (2021 vs 2020):

Week Ending	BCF	Week Ending	BCF
01-Oct-21	3,288	02-Oct-20	3,831
08-Oct-21	3,369	09-Oct-20	3,877
15-Oct-21	3,461	16-Oct-20	3,926
22-Oct-21	3,548	23-Oct-20	3,955
29-Oct-21	3,611	30-Oct-20	3,919

There is about 8% less in underground storage now than there was at this same time last year.

Weather (as of publish date)

6-10 Day: A fluid pattern and a large storm system will lead to changeable conditions next week.

Changeable conditions are expected, but most of the CONUS could end up on the warmer side of normal.

11-15 Day: A departing storm system and amplified flow will usher cold air into the central-eastern US while the West warms up.

The eastern half of the US is expected to be near to colder than average, except for parts of New England. Above average temperatures are expected across the western half of the US.

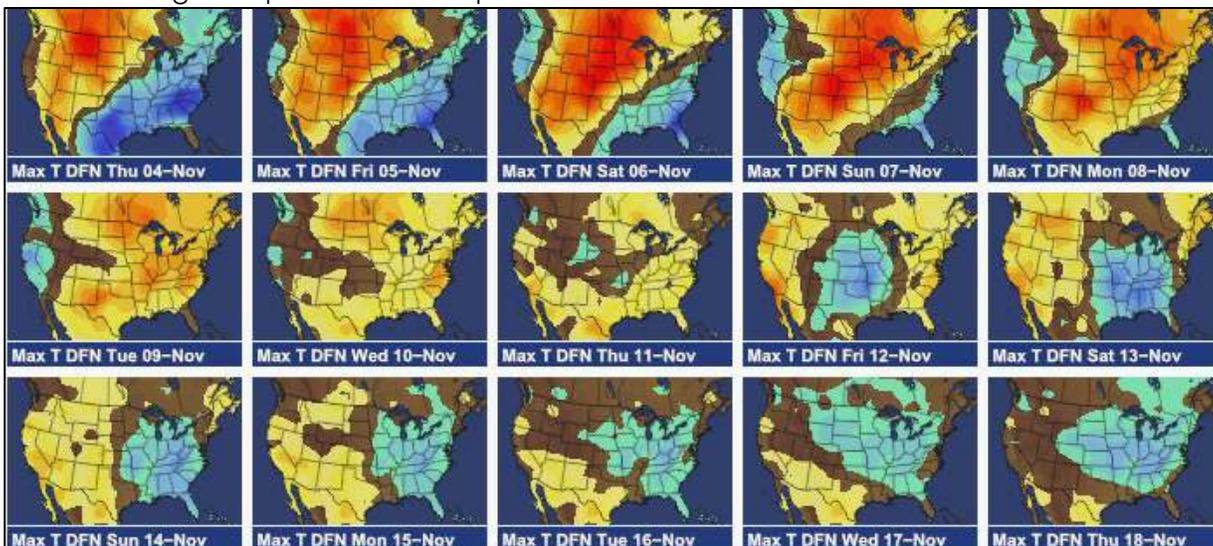


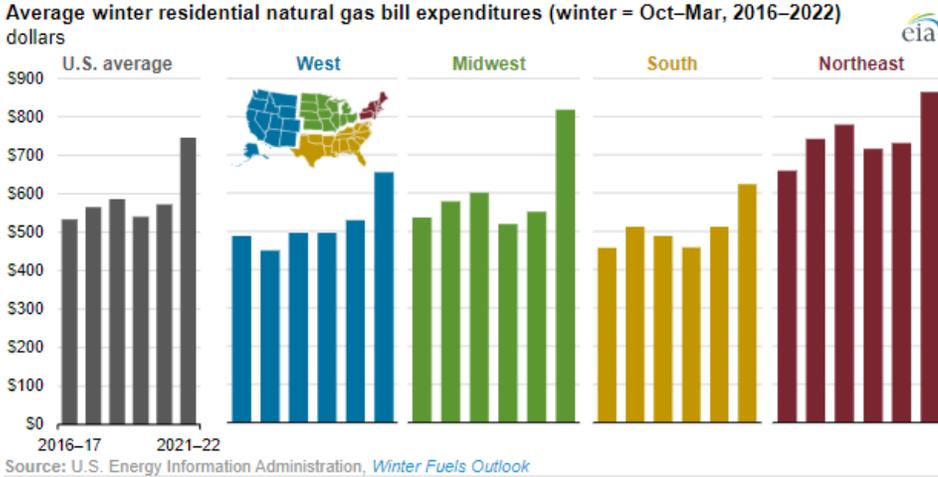
Photo and forecast courtesy of WSI Trader.

Market Updates

EIA forecasts U.S. winter natural gas bills will be 30% higher than last winter

<https://www.eia.gov/todayinenergy/detail.php?id=50076>

It has been forecasted that residential consumers who use natural gas for space heating will spend an average of \$746 on heating this winter (October–March).



Two nuclear power plants in northern Illinois reversed plans to retire early

<https://www.eia.gov/todayinenergy/detail.php?id=50136>

Illinois signed the energy bill to decarbonize the grid by 2050. The bill also supports carbon-free energy resources, which includes nuclear. Exelon's two largest plants, Byron and Dresden, will not retire as previously planned. These two plants combined accounted for 20% of the entire state's electricity generation last year.

FERC Approves New Capacity Auction Date, Pre-Auction Deadlines

<https://insidelines.pjm.com/ferc-approves-new-capacity-auction-date-pre-auction-deadlines/>

FERC approved PJM's request to move the annual capacity auction for the 2023/2024 Delivery Year to Jan. 25, 2022. They also accepted PJM's previously proposed pre-auction deadlines impacted by the revised Market Seller Offer Cap. Base Residual Auctions through the 2026/2027 Delivery Year and one Third Incremental Auction for the 2023/2024 Delivery Year are expected to be rescheduled to later dates. PJM should return to the normal three-year schedule in May of 2024 with the BRA for the 2027/2028 Delivery Year.

Global energy storage set to nearly triple in 2021: Wood Mackenzie forecast

<https://www.utilitydive.com/news/global-energy-storage-set-to-nearly-triple-in-2021-wood-mackenzie-forecast/607905/>

The U.S. and Canada are expected to have deployed 15 GWh of annual capacity in 2021, up from 4 GWh in 2020. Over the next five years, states will invest in more storage options, eventually building to a cumulative capacity of about 400 GWh by 2030. Earlier this week, a report predicted annual global energy storage installations of about 20 GW in 2024 and 30 GW by 2030. However, the limited supply of lithium-ion batteries and competition with electric vehicle manufacturers could squeeze the market.

New Michigan Bill Would Allow Some Industrial Customers To Take Retail Choice, Regardless Of 10% Cap

<http://www.energychoicematters.com/stories/20211022d.html>

This bill would allow eligible customers to receive supply from a third-party supplier, even if the contracted price is not saving against the utility default price. A few stipulations on the supplier side: for at least three years, the supplier must provide capacity for at least 80% of the customer's projected PLC (peak load contribution) from a generator within the same location as the customer; the supplier must provide 5 years notice before they return a customer to the utility. Eligible customers are new industrial buildings and facilities, existing industrial buildings and facilities that need new or updated equipment for an expected increase in load, or existing industrial buildings and facilities whose peak load is over 2 MW.