September 2021 Market Report

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Including market research provided by BUE's analyst department

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NYMEX Natural Gas Pricing

The October 2021 contract settled at $5.841/MMBtu.

This is even higher than Feb 2014's settlement of $5.557/MMBtu.

The November 2021 contract is trading around $5.886/MMBtu (as of EOD publish date).

Natural Gas Storage Report

Current BCF in Storage (2021 vs 2020):

Week Ending	BCF	Week Ending	BCF
03-Sep-21	2,923	04-Sep-20	3,525
10-Sep-21	3,006	11-Sep-20	3,614
17-Sep-21	3,082	18-Sep-20	3,680
24-Sep-21	3,170	25-Sep-20	3,756

There is about 16% less in underground storage now than there was at this same time last year.

Weather (as of publish date)

6-10 Day: Expanding above average temperatures, focused in the northern US, will significantly reduce early season HDDs. Above average temperatures are expected across a large portion of the northern US and Canada. Parts of the southern tier and West Coast may end up near or slightly cooler than average.

11-15 Day: Persistent and expanding warm weather over the eastern two-thirds of the US will significantly reduce demand. Above average warmth is expected across a large portion eastern two-thirds of the US and Canada. The West is expected to be cooler than normal.

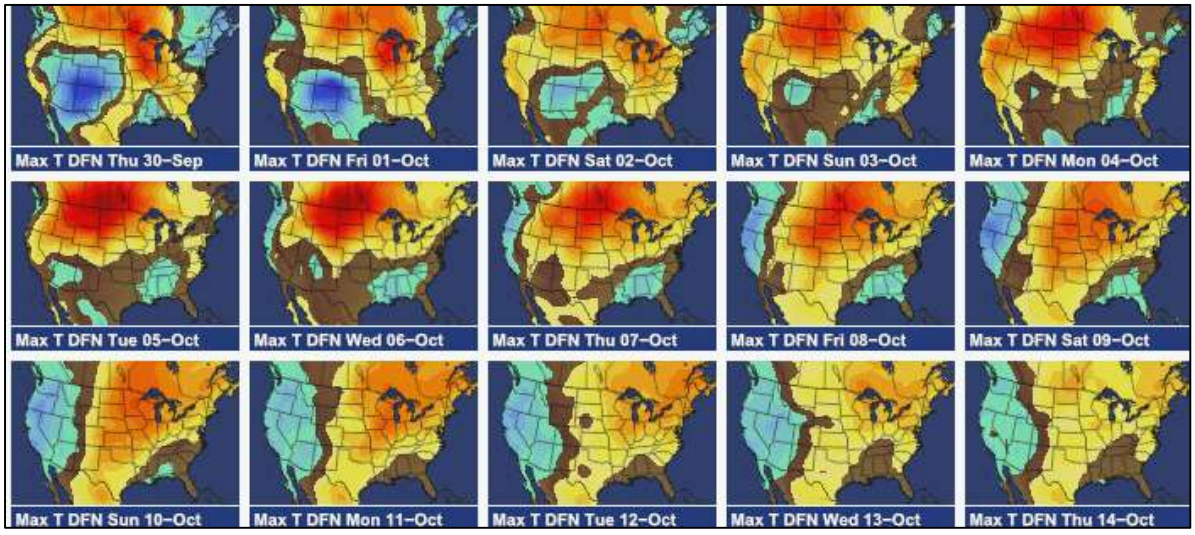


Photo and forecast courtesy of WSI Trader.

Market Updates

Time running out for Exelon's Byron and Dresden nuclear plants as Illinois Senate passes major energy bill

https://www.utilitydive.com/news/time-running-out-for-exelons-byron-and-dresden-nuclear-plants-as-illinois/605981/

Illinois voted to approve an energy bill that would decarbonize their grid by 2050. In the meantime, Exelon has plans to close one of its plants unless the bill passes to provide subsidies. However, the same bill says that a large coal-fired plant needs to shut down by 2045 AND reduce emissions as it closes. The bill cannot be passed until everyone agrees, and negotiations have been finalized. But Exelon needs to know before their plant runs out of fuel!

Natural Gas Prices Can Still Double From Here

https://oilprice.com/Energy/Natural-Gas/Natural-Gas-Prices-Can-Still-Double-From-Here.html

The rally isn't over yet. Experts and analysts alike are estimating that prices at the Henry Hub would have to jump to $10/MMBtu or more for it to be beneficial to produce additional natural gas just for domestic demand. While the international demand increases, non-US LNG export facilities are down but the US LNG sector keeps growing. Therefore, countries that didn't rely on us for natural gas before, do now. If a severe winter comes to fruition, the US will need to compete with Asian and European buyers.

Europe's energy crisis goes from bad to worse as Dutch and U.K. natural gas prices see double-digit gains

https://www.marketwatch.com/story/europes-energy-crisis-goes-from-bad-to-worse-as-dutch-and-u-k-natural-gas-prices-see-double-digit-gains-11631714492

The European benchmark for gas was trading around 72.195 euros/MWh (USD $84.45/MWh), gaining 10% in just one day! UK Natural gas futures also jumped about 10% to 181.42 pence/therm (USD $24.85/MMBtu). To put it into perspective, the Dutch TTF (European Benchmark) has traded between 17-27 euros/MWh ($19.89-31.59/MWh) for the past two years and the UK natural gas rates have traded between 30-50 pence/therms ($4.108-6.847/MMBtu) over the same amount of time. That all changed this summer with increased need for LNG demand. Russia, being the largest exporter to Europe and Asia, has been using more of its own natural gas. Therefore, these countries in need are turning to the US, who already has their fair share of shortages.

We're obviously in the middle of a dramatic transformation,' FERC's Glick says amid market reform talks

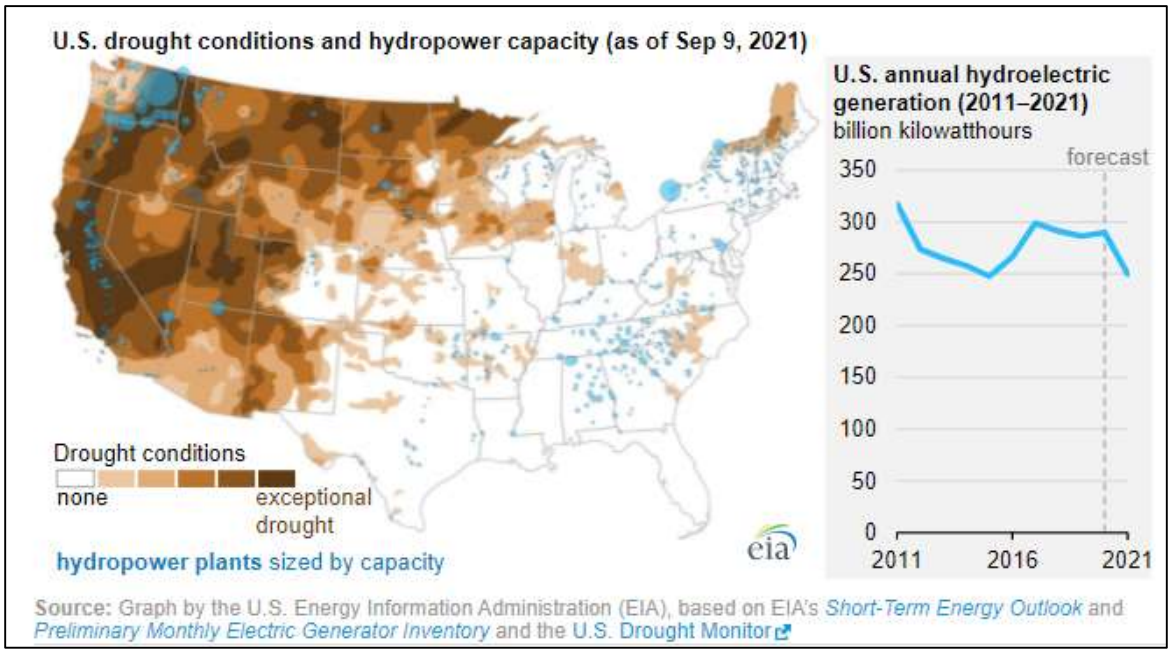
https://www.utilitydive.com/news/were-obviously-in-the-middle-of-a-dramatic-transformation-fercs-glick/606555/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202021-09-16%20Utility%20Dive%20Newsletter%20%5Bissue:36750%5D&utm_term=Utility%20Dive

Balancing environmental concerns with resilient grids will be the "talk of the town" for the next few months at FERC. Relying on weather dependent resources alone (wind, solar) will not be enough to stop unforeseen outages (storms, system restorations). For that, we need the ability to turn on another resource in seconds. Historically, that has been natural gas but currently that type of fuel goes against what many consider "decarbonized".

EIA expects U.S. hydropower generation to decline 14% in 2021 amid drought

https://www.eia.gov/todayinenergy/detail.php?id=49676

This is where the droughts are happening:



And this is where most Hydropower capacity is generated: