

## September 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 October 2022 contract settled at \$6.868/MMBtu.

The November 2022 contract was trading around \$6.94/MMBtu (as of publish date).

### Natural Gas Storage Report

Current BCF in Storage (2022 vs 2021):

| Week Ending | BCF   | Week Ending | BCF   |
|-------------|-------|-------------|-------|
| 09-Sep-22   | 2,771 | 03-Sep-21   | 2,923 |
| 16-Sep-22   | 2,874 | 10-Sep-21   | 3,006 |
| 23-Sep-22   | 2,977 | 17-Sep-21   | 3,082 |
| 30-Sep-22   | 3,106 | 24-Sep-21   | 3,170 |

There is about 2% less in underground storage now than there was at this same time last year.

### Weather (as of publish date)

**6-10 Day: Changeable conditions are expected as a surge of warmth gives way to the start of a cool-down.**

Cooler temperatures are expected in the East and portions of the Four Corners. Warmer temperatures are expected across the remainder of the West and Mid-Con.

**11-15 Day: A +PNA signal will drive rounds of cool weather in the eastern half of the US while warmth undulates over the West.**

Cooler than normal temperatures are expected in the East. Above-average temperatures are expected across the West, the north-central US, and parts of western Canada.

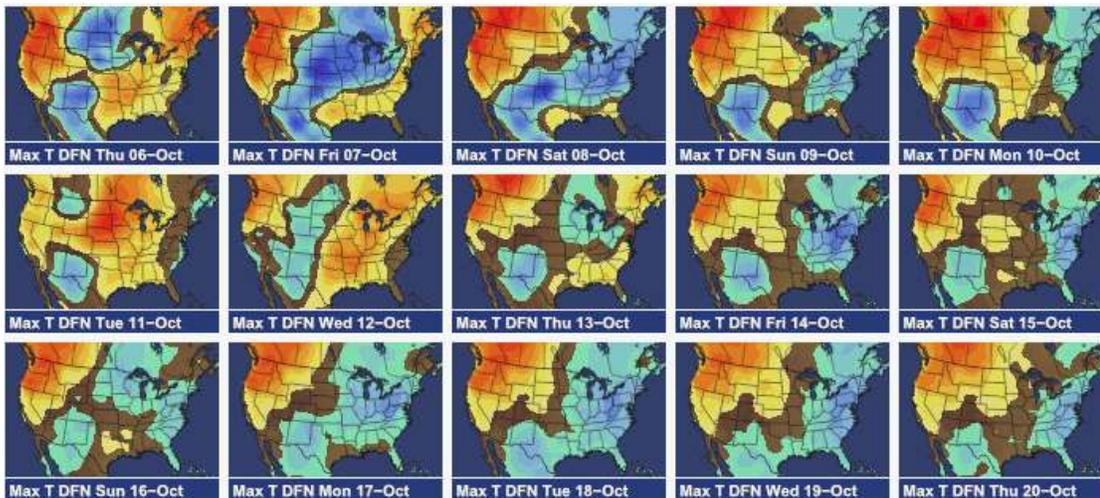


Photo and forecast courtesy of WSI Trader.

## Market Updates

### **EIA forecasts record U.S. natural gas consumption in 2022**

<https://www.eia.gov/todayinenergy/detail.php?id=53839>

The EIA expects natural gas consumption to increase by 3.6 Bcf per day in the United States during 2022 to average 86.6 Bcf per day for the year. This would be the most annual consumption on record. The electric power sector uses the most natural gas of any other U.S. end-use sector. When natural gas prices increase, electricity generation providers would switch to cheaper fuels (coal) but recently, with historically low on-site inventories of coal, constraints in fuel delivery to coal plants, and continued coal capacity retirements, we are still relying heavily on natural gas.

### **More natural gas rigs are now operating in the United States than before the pandemic**

<https://www.eia.gov/todayinenergy/detail.php?id=53859>

Before the pandemic, the number of US natural gas operating rigs had generally been declining. At the start of the pandemic, it was reported that 112 natural gas rigs were operating in the United States. By mid-summer that number fell to 68 (the fewest since 1987). Since then, the rig count has generally been increasing, and finally returned to pre-pandemic levels in January 2022. Recently, it was reported that 166 natural gas rigs were operating in the United States, 54 more than at the outset of the pandemic.

### **In the first half of 2022, 24% of U.S. electricity generation came from renewable sources**

<https://www.eia.gov/todayinenergy/detail.php?id=53779>

Renewables are the fastest-growing electricity generation source in the United States. Between June 2021 to June 2022, 17.6 GW of new utility-scale solar capacity came online, bringing U.S. utility-scale solar capacity to 65.8 GW. We are expected to see another 7 GW of wind and 13 GW of solar to come online by the end of the year. About a decade ago (2010), renewables accounted for only 11% of electricity generation and remained steady at 14% for the next 5 years.

### **FERC rejects complaint from generators seeking strict MOPR in New York**

<https://www.utilitydive.com/news/ferc-nyiso-mopr-complaint-new-york-cricket/632538/>

NYISO, ISO-NE and PJM have recently adopted rules that limited how low subsidized resources (i.e., wind, solar and energy storage), could bid in capacity auctions. This is better known as minimum offer price rules (or "MOPR"). Supporters of MOPR argue state-subsidized resources can artificially suppress capacity prices, seeing that they can bid at rates much lower than unsubsidized resources (gas, coal). Opponents of MOPR believe these rules interfere with state clean energy policies and can drive up costs. This issue is especially critical in NY; the state requires 70% of its power supply come from renewables by 2030 and be emissions-free by 2040! Recently, FERC rejected supporters' complaints, effectively releasing clean energy resources from strict minimum price rules.

### **The Waha Hub natural gas price continues to fall below the Henry Hub price**

<https://www.eia.gov/todayinenergy/detail.php?id=53919>

The price of natural gas traded at the Waha Hub (West Texas) averaged \$1.43 per MMBtu less than the Henry Hub (Southern Louisiana) during the first half of September. Recent pipeline maintenance in the Permian Basin (near the Waha Hub) has contributed to a wider price difference between the two hubs. Most natural gas production in the Permian Basin is a by-product of crude oil production and since oil production in that region has increased over the past five years, natural gas production noticeably doubled during the same period.