

February 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 March 2022 contract settled at \$4.568/MMBtu.

The April 2022 contract is trading around \$4.73/MMBtu (as of publish date).

Natural Gas Storage Report

Current BCF in Storage (2022 vs 2021):

| Week Ending | Total BCF | Week Ending | Total BCF |
|-------------|-----------|-------------|-----------|
| 04-Feb-22 | 2,101 | 05-Feb-21 | 2,518 |
| 11-Feb-22 | 1,911 | 12-Feb-21 | 2,281 |
| 18-Feb-22 | 1,782 | 19-Feb-21 | 1,943 |
| 25-Feb-22 | 1,643 | 26-Feb-21 | 1,845 |

There is about 11% less in underground storage now than there was at this same time last year.

Weather (as of publish date)

6-10 Day: A changeable pattern over the East to give way to much cooler temperatures, and downright cold for the north-central US

Gradual transition to much cooler weather across the eastern US, mid-winter-like cold over the north-central US. California and the SW are expected to trend warmer.

11-15 Day: A generally cool/cold pattern for most of the eastern US, although gradually moderating across the Deep South; warm for California and the Southwest

Generally cooler than normal temperatures for most of the country, except the SW and California. A cold front is expected to drive south from Canada.

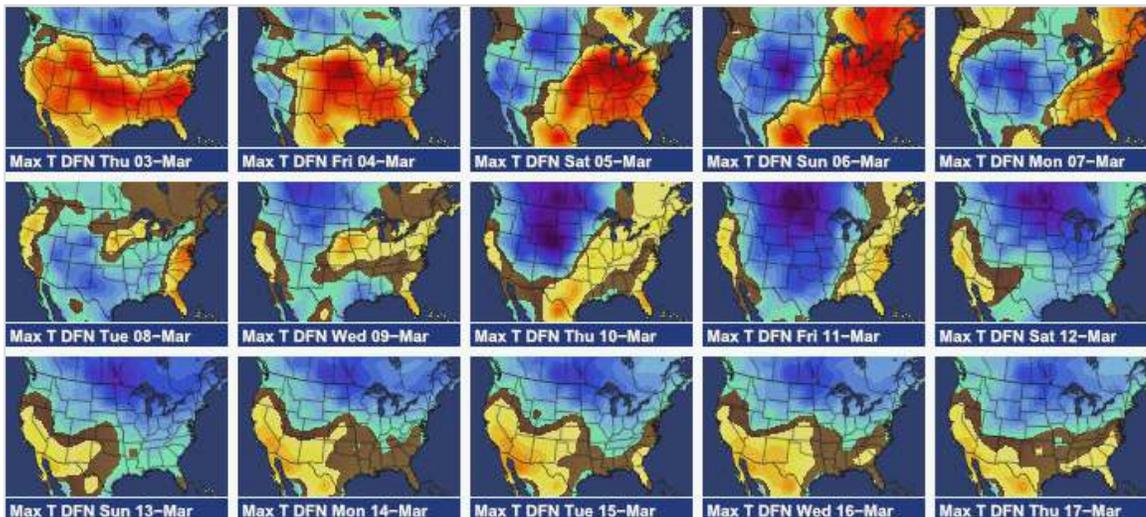


Photo and forecast courtesy of WSI Trader.

Market Updates

What does Ukraine invasion mean for energy bills?

<https://apnews.com/article/russia-ukraine-business-europe-environment-and-nature-germany-83aadd6f23b35a7963d5f64618fb8cd9>

Russia's attack on Ukraine has whipsawed energy markets, not least because Europe depends on Russian supplies of natural gas; it is also a major oil producer. Russia accounts for more than 30% of Europe's gas for home heating, industry and generating electricity. U.S. officials are not seeking to block Russia's energy shipments despite it being a mainstay of Russia's budget and thus a chief source of funding for the Russian military attacking Ukraine. Also, global energy supplies are tight, and prices are high. Cutting off Russian oil would send prices soaring and worsen the inflation plaguing the U.S. and Europe, while Europe would struggle to replace Russian gas.

- ❖ **Related Article: [Crude Oil vs. Natural Gas \(thebalance.com\)](#)** – This is an archived article that shows how crude oil and natural gas have been historically inter-commodity related. In an inter-commodity spread, when one item costs more, the other becomes cheaper. Some current materials have referenced this idea of inter-commodity spread and stating that increase in natural gas is artificial due to the fact of crude oil production increasing – leading to the production of more natural gas.

Europe relies primarily on imports to meet its natural gas needs

<https://www.eia.gov/todayinenergy/detail.php?id=51258>

Pipeline and liquefied natural gas (LNG) imports provided more than 80% of the gas supply to the countries of the European Union (EU) and the United Kingdom (UK) in 2020. Natural gas pipeline imports accounted for 74% of *all* gas imports to Europe, and LNG accounted for the remaining 26%. 20% of that LNG supplied the EU and the UK alone. The gas that gets imported comes from Russia, Norway, North Africa, and Azerbaijan. Russia – the largest supplier in the region – increased imports from about 11 Bcf per day in 2010 to more than 13 Bcf per day in 2020.

Utility cybersecurity insurance premiums are on the rise, more than doubling for some independent power producers

<https://www.utilitydive.com/news/utility-cybersecurity-insurance-premiums-are-on-the-rise-more-than-doubling/618977/>

While cyber insurance rates are going up across the energy sector, electric utilities' premiums have not seen the increase, yet. Electric utilities procure insurance through "industry mutual insurers," who are backed by companies in the sector and can offer lower rates. But renewing cyber insurance deals have been about 25-30% higher than in previous years. The need to expand critical grid equipment in the United States could drive up the cost of security and resilience, but energy leaders are trying to find ways to mitigate the cost that will most certainly impact end-use customers.

Texas gas generators fared better than wind during last week's winter storm: ERCOT

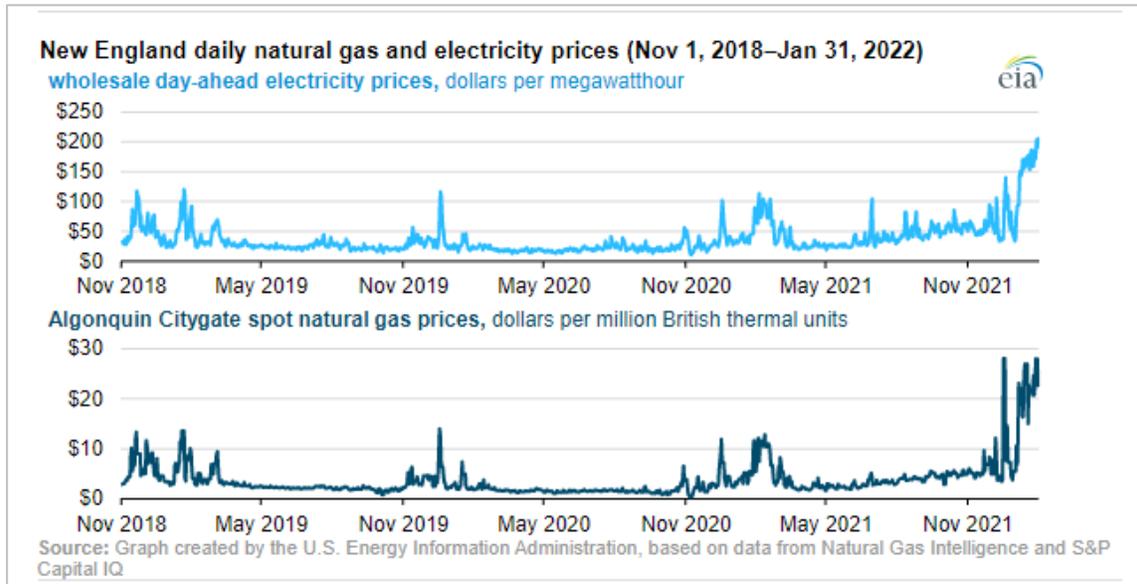
<https://www.utilitydive.com/news/texas-gas-generators-fared-better-than-wind-during-last-weeks-winter-storm/618678/>

After months of preparing, ERCOT says the grid handled this recent winter well. A few things that were different this year: notices went out about a week before impending storms to give ample time for generators to prepare; weatherization was required. There were still a few outages – particularly in the wind sector – but overall generators provided more energy than ERCOT expected.

New England natural gas and electricity prices increase on supply constraints, high demand

<https://www.eia.gov/todayinenergy/detail.php?id=51158>

Price spikes in New England will likely continue this winter in response to several factors. High natural gas and electricity prices can be linked to weather-driven load increases; constraints on interstate natural gas pipelines; and limited LNG supplies. The spot price at the Algonquin Citygate, the region's natural gas trading hub, averaged \$20.55 per MMBtu in January 2022. Alongside gas, the wholesale day-ahead electric daily average price was over \$100 per MWh most of the month (25 out of 31 days).



Pennsylvania sent more electricity to neighboring states than any other state in 2020

<https://www.eia.gov/todayinenergy/detail.php?id=51179>

In 2020, over 230 million MWh of electricity was generated in Pennsylvania, exceeding electricity generation in all states except for Texas and Florida. Of the 230 million, 78 million MWh of electricity generated was delivered to neighboring states. To see the **fuel types** that were used to generate this electricity, read the full story on the EIA website (URL above).

