

January 2022 Market Report

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Including market research provided by BUE's analyst team

Publish Date: 2/3/2022

NYMEX Natural Gas Pricing

The February 2022 contract settled at \$6.265/MMBtu.

This is the highest settlement since Feb '05 (\$6.288/MMBtu).

The March 2022 contract was trading around \$4.90/MMBtu (as of publish date).

Natural Gas Storage Report

Current BCF in Storage (2021 vs 2020):

Week Ending	Total BCF	Week Ending	Total BCF
07-Jan-22	3,016	08-Jan-21	3,196
14-Jan-22	2,810	15-Jan-21	3,009
21-Jan-22	2,591	22-Jan-21	2,881
28-Jan-22	2,323	29-Jan-21	2,689

There is about 14% less in underground storage now than there was at this same time last year.

Weather (as of publish date)

6-10 Day: A nationwide moderating trend is expected, but models still vary with the details.

Above-average temperatures across the northern half of the US, the West Coast, and much of southern Canada are possible. Slightly colder than average temps are expected to in the southern US, as well as parts of the interior West.

11-15 Day: There are increasing signals for a couple of rounds of cold weather across the Lower 48.

Colder than average conditions are possible across the eastern US. Temperatures could shift between warmer and colder than average across the western US.

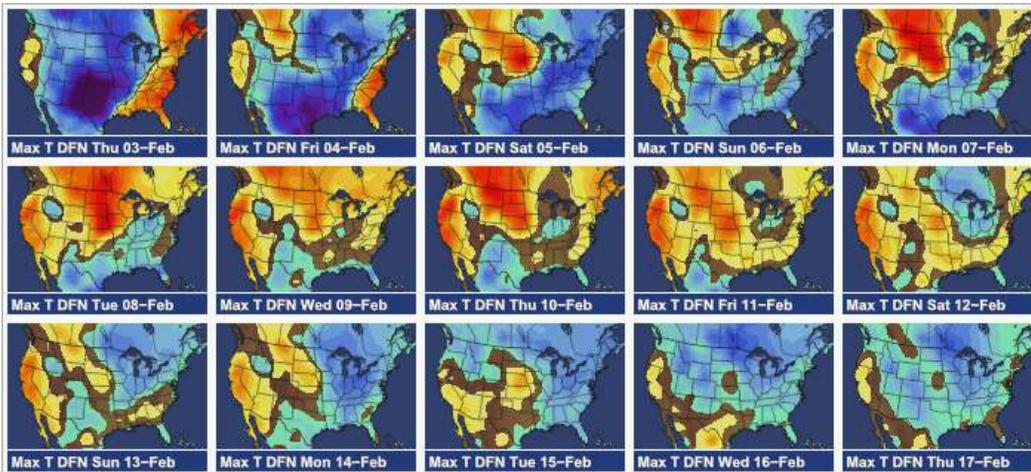


Photo and forecast courtesy of WSI Trader.

Market Updates

FERC accepts capacity requirements for 2025-2026; Forward Capacity Auction 16 set for February 7

<https://isonewswire.com/2022/01/26/ferc-accepts-capacity-requirements-for-2025-2026-forward-capacity-auction-16-set-for-february-7/>

The ISO's auction for Feb. 7th includes new capacity zones and new methodologies. The new zones are: Northern NE (NH, VT, ME – ME nested zone is separate within the Northern NE); Southeast New England (Northeastern/Southeastern MA, RI); Rest-of-Pool (Western/Central MA, CT). Components now included in the methodology: battery storage and active demand capacity resources.

PJM Compliance Filing Proposes New Capacity Auction Timelines

<https://insidelines.pjm.com/pjm-compliance-filing-proposes-new-capacity-auction-timelines/>

Delivery Year	Base Residual Auction Timeline		Incremental Auctions Canceled
	Current	Proposed	
2023/24	Jan. 2022	June 2022	
2024/25	Aug. 2022	Dec. 2022	1 st and 2 nd
2025/26	Feb. 2023	June 2023	
2026/27	Aug. 2023	Nov. 2023	1 st
2027/28*	May 2024	May 2024	

**Back on schedule*

New York ISO proposal to protect system reliability and minimize electric costs in New York State

<https://www.news10.com/reviews/br/education-br/money-investing-br/new-york-iso-proposal-to-protect-system-reliability-and-minimize-electric-costs-in-new-york-state/>

Recently, the ISO submitted a market rule change that, if accepted, will encourage the investments needed to meet the state's decarbonization and renewable energy goals. The new rule will continue to stabilize the grid while saving electricity consumers more money – an estimated \$500 million annually.

EIA forecasts natural gas prices to remain near \$4/MMBtu in 2022, slightly lower in 2023

<https://www.eia.gov/todayinenergy/detail.php?id=50898>

The EIA expects natural gas at the Henry Hub will trade at an average of \$3.79/MMBtu for 2022. Last year (2021) that average was about \$3.91. In 2023, the EIA expects the average will be around \$3.63. Deviations from winter weather expectations, pending extreme weather events, and a rise in demand for natural gas imports in Europe and Asia all have contributed to the recent volatility in natural gas prices.

➤ **Related Article: Explainer: Why U.S. natural gas prices spiked by a record 70% on Thursday**

<https://www.eia.gov/todayinenergy/detail.php?id=50898>