June 2023 Market Report

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Including market research provided by BUE's analyst team

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NYMEX Natural Gas Pricing

The July 2023 contract settled at $2.603/MMBtu.

The August 2023 contract was trading around $2.62/MMBtu *(as of publish date)*.

Natural Gas Storage Report

Current BCF in Storage (2023 vs 2022):

Week Ending	Total BCF	Week Ending	Total BCF
09-Jun-23	2,634	10-Jun-22	2,095
16-Jun-23	2,729	17-Jun-22	2,169
23-Jun-23	2,805	24-Jun-22	2,251
30-Jun-23	2,877	01-Jul-22	2,311

There is about 25% more in underground storage now than there was at this same time last year.

Weather *(as of publish date)*

6-10 Day: Above-average heat is expected to expand out of Texas into the western US, but cooler-than-average temperatures in much of the north-central and eastern US will limit period CDDs.
Cooler-than-average temperatures are expected in the East, Midwest, and Plains. Above-average heat is likely across much of the West into Texas.

11-15 Day: Fading teleconnection signals could lead to a moderating trend, allowing summer heat to shift and expand into the central and eastern US.
Warmer-than-average conditions are expected for most of the US.

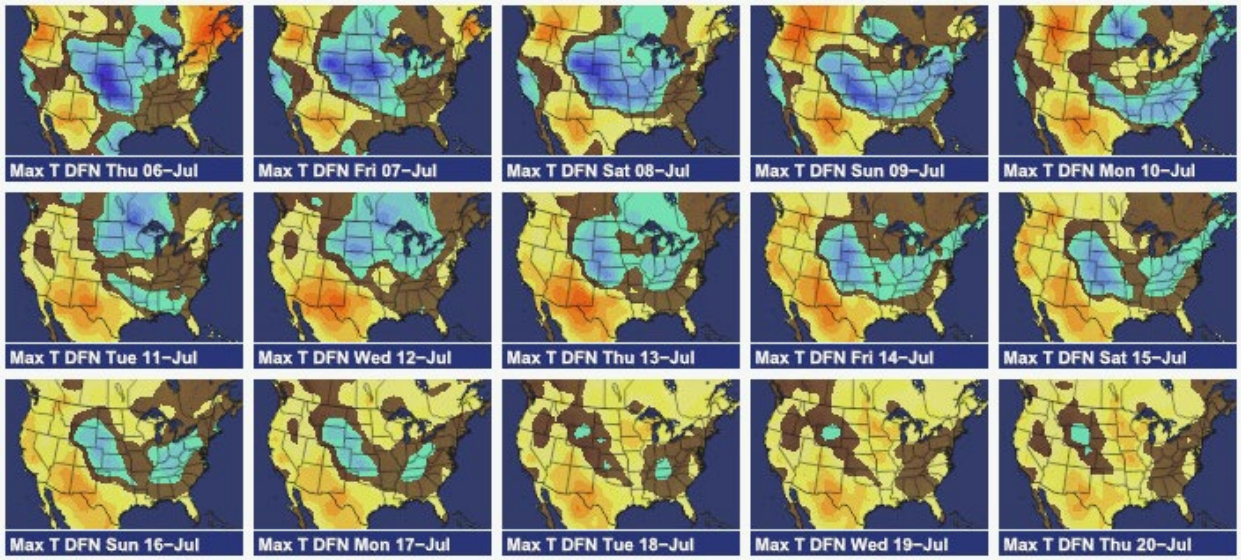


Photo and forecast courtesy of WSI Trader.

Market Updates

The largest coal-fired power plant in Pennsylvania will close by July 2023

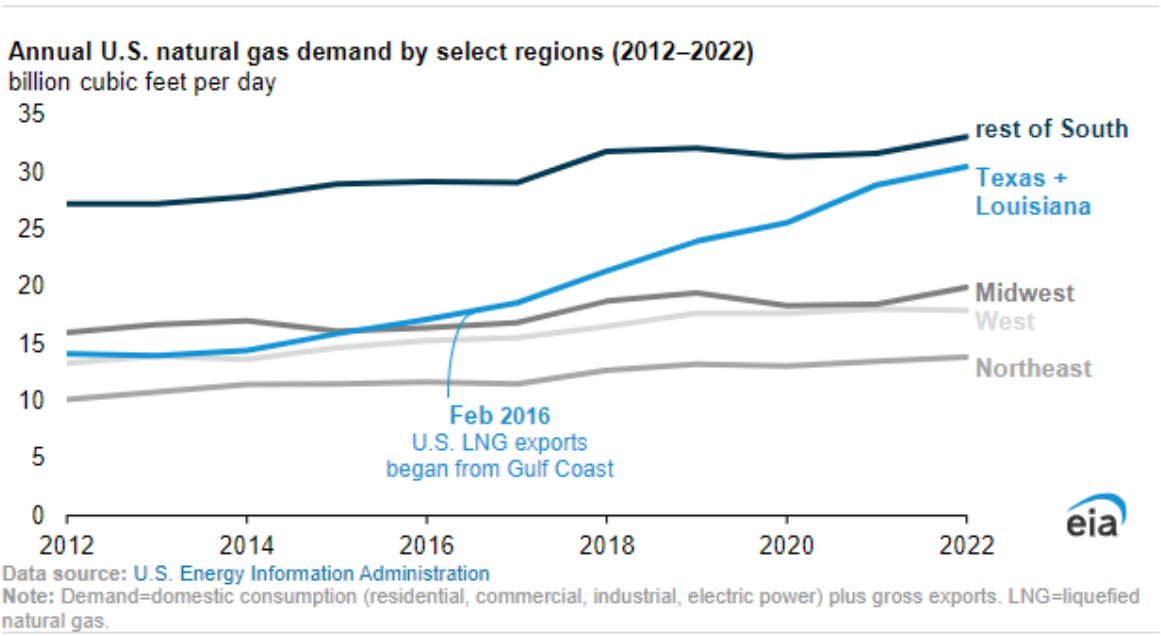
https://www.eia.gov/todayinenergy/detail.php?id=56700

The Homer City Generating Station in Pennsylvania will close by July 2023 after 54 years of providing power to Pennsylvania and New York. The plant is currently seeking approval from PJM to retire. The 1,888 MW coal plant began generating electricity in 1969. This is one of many coal plants across the country that are retiring. U.S. coal-fired capacity has declined from 313 GW in 2005 to around 196 GW today.

LNG-exporting Gulf Coast states drove U.S. natural gas demand growth

https://www.eia.gov/todayinenergy/detail.php?id=56940

Total U.S. natural gas demand increased 43% from 2012 to 2022. Demand in Louisiana and Texas grew by 116% because of increasing demand for feedgas for LNG exports. Electric power generation was the second-most significant factor in natural gas demand growth because of coal-to-gas switching and rising demand for air conditioning. Total natural gas demand in the Midwest grew by 35% between 2012 and 2022 because natural gas consumption in the electric power sector more than doubled during this period. In the Northeast, natural gas demand grew by 36% between 2012 and 2022, also driven by increased consumption in the electric power sector.



FERC Order Delays Capacity Auction To Allow for Consideration of Resource Adequacy Reform

https://insidelines.pjm.com/ferc-order-delays-capacity-auction-to-allow-for-consideration-of-resource-adequacy-reform/

PJM has been given the green light to revise their auction schedule for delivery years 2025/26-2028/29. The auction that was supposed to occur mid-June will now occur one year later in 2024. Subsequent auctions will be held every six months after that through May 2026. PJM and stakeholders are currently working through market reforms to ensure reliability; anticipated enhancements are expected to be filed by October 2023.

June 2023 update on regional transmission investment now available; 24 projects under construction in New England

https://isonewswire.com/2023/06/27/june-2023-update-on-regional-transmission-investment-now-available-24-projects-under-construction-in-new-england/

There are 35 active transmission reliability projects in New England, 24 of which are currently under construction. Most of the active projects are in Massachusetts and Maine, 16 and 8 respectively. There are six active projects in Connecticut, four in New Hampshire and one in Rhode Island. Since 2002, the ISO has facilitated roughly $12 billion in transmission investments. With these current and future projects, the ISO expects to invest an additional $1.5 billion though 2027.

NOAA declares the arrival of El Niño

https://www.weather.gov/news/230706-ElNino

As expected, El Niño has finally emerged. Scientists had issued the first watch in mid-April. The conditions are expected to strengthen gradually into the winter.

> *El Niño is a natural climate phenomenon that occurs when sea surface temperatures in the central and eastern Pacific Ocean near the equator are warmer-than-average. This can happen every 2-7 years on average. Typically, during the fall and winter, this event results in wetter-than-average conditions in the southern US and drier- and warmer-than-average conditions in the North.*

IN ADDITION: Two interesting articles from PJM & ISO-NE describing the impacts to solar and demand from the Canadian wildfires.

Canadian wildfires impacting solar production, electricity demand in New England

https://isonewswire.com/2023/06/08/canadian-wildfires-impacting-solar-production-electricity-demand-in-new-england/

Quebec Wildfire Smoke Reduced Solar Output, Electricity Demand in PJM Region

https://insidelines.pjm.com/quebec-wildfire-smoke-reduced-solar-output-electricity-demand-in-pjm-region/