

February 2021 Market Update

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Including market research provided by NRG's analyst team

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NYMEX Natural Gas Pricing

The March 2021 contract has settled at \$2.854/MMBtu.

The April 2021 contract is trading around \$2.747/MMBtu (as of 3/4/2021 @ 4 PM EST).

Natural Gas Storage Report

Current BCF in Storage (2021 vs 2020):

Week Ending	BCF	Week Ending	BCF
05-Feb-21	2,518	07-Feb-20	2,494
12-Feb-21	2,281	14-Feb-20	2,343
19-Feb-21	1,943	21-Feb-20	2,200
26-Feb-21	1,845	28-Feb-20	2,091

There is about 12% less in underground storage now than there was at this time last year.

Weather (as of 3/4/2021 @ 4 PM EST)

6-10 Day: Above average early spring warmth is expected to spread across the eastern two-thirds of the US. Colder than average temperatures are expected around the western US later in the period.

11-15 Day: Cooler than average temperatures are expected across a good portion of the US, except for FL and the north-central region.

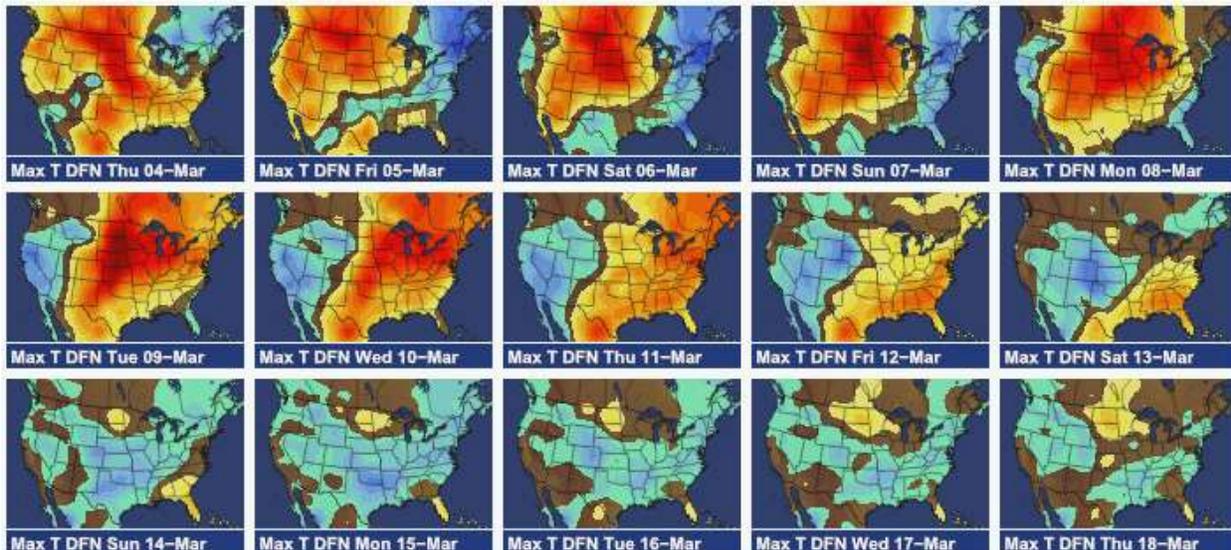


Photo and forecast courtesy of WSI Trader

MARKET UPDATES

Capacity Auction Clearing Prices Higher For 2024-25 Term Across ISO-NE; Double In Southeast New England Zone

<http://www.energychoicematters.com/stories/20210212d.html>

The New England grid operator has released the preliminary clearing prices for its Forward Capacity Market (FCA 15) for the 2024-25 capacity term. The auction cleared three separate prices because of local capacity requirements. SENE (Southeast New England) cleared at \$3.98 kW-month, NNE (Northern New England) and Maine cleared at \$2.48 kW-month and the Rest-of-Pool cleared at \$2.61 kW-month. For comparison, the capacity term prior (2023-24) cleared at \$2 kW-month for the whole pool.

Competitive suppliers' attempt to reopen Virginia's renewable energy market faces tough utility opposition

<https://www.virginiamercury.com/2021/02/08/competitive-electricity-suppliers-want-to-reopen-virginias-renewable-energy-market-but-face-tough-utility-opposition/>

A bill that would provide the ability for electric customers in Virginia to purchase renewable energy from third-party suppliers, again, cleared the House of Delegates last week but now faces the same Senate committee that struck the proposal down last year. When the VA market was open for choice, 12,000 business switched from their local utility to another supplier between September 2019 and July 2020. However, noting the loss of their customers, the utilities quickly started the process of setting up their own renewable energy services essentially shutting down the market once again. Utility companies argue that customers in VA already pay rates more than 10% below the national average adding that it's also very reliable service and clean energy.

DOE lab aims to answer the 'big questions' about storage and help dramatically increase deployment

https://www.utilitydive.com/news/doe-lab-aims-to-answer-the-big-questions-about-storage-and-help-dramatica/594777/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202021-02-09%20Utility%20Dive%20Storage%20%5Bissue:32351%5D&utm_term=Utility%20Dive:%20Storage

With the heavy push to renewable energy, we must discuss clean energy storage: batteries. The future of battery storage is an unpredictable one. In this report, authors divided battery deployment into a four-phase breakdown. Units that last about an hour would fall under phase 1. Units that last about 2-6 hours would fall under phase 2. Units that would last 4-12 hours with the ability to shift based on capacity and energy-time would fall under phase 3 and lastly, over 12 hours of run time would be in phase 4. Each phase could happen chronologically, overlap, some could even not happen at all. It depends on cost, duration time, region, policy, etc.

White House restores key climate measure calculating carbon's harm

<https://www.reuters.com/article/us-usa-climatechange-carbon/white-house-restores-key-climate-measure-calculating-carbons-harm-idUSKBN2AQ335>

The White House announced a major change in how the federal government will calculate and weigh the cost of climate change in its permitting, investment and regulatory decisions. The Council of Economic Advisers said the price estimates made before 2017 of about \$50 per ton of greenhouse gases emitted will be restored. During the previous administration, it was only \$10. This interim price of \$50, will ensure federal agencies will appropriately account for climate impacts in their decision-making.

SOUTHERN WINTER STORM UPDATES

Power experts cite gas constraints as main cause of ERCOT outages, but system planning questions remain

<https://www.utilitydive.com/news/power-experts-cite-gas-constraints-as-main-cause-of-ercot-outages-but-syst/595255/>

Many people are blaming wind generation, the largest renewable fuel source in TX, for causing the supply constraints that shut down the grid during the winter storm. However, data from the state's grid operator has made it clear that many of the outages were caused by natural gas supply constraints. Although no fuel source performed at 100%, there is no reason that renewables alone should be blamed. Ultimately, the grid was responding to a higher peak demand than originally anticipated and that was where the disaster stemmed from. The next step is figuring out how to plan for unprecedented weather in the future, but extreme temperatures are difficult to plan.

Natural Gas Skyrockets Again to \$500 as Blackouts Spread in U.S.

<https://finance.yahoo.com/news/natural-gas-skyrockets-again-500-220325461.html>

Gas at two hubs in the U.S. Midcontinent were trading at \$500/MMBtu and went for \$240 at a third hub on during the week of the treacherous winter storm, according to Bloomberg traders. Natural gas normally trades in the same region for less than \$3/MMBtu. This came from the extreme demand for heating and power plant fuel during the deep freeze in the Midwest and South.