

January 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 February 2021 contract has settled at \$2.76/MMBtu.

The March 2021 contract is trading around \$2.957/MMBtu (as of 2/4/2021 @ 4 PM EST).

Natural Gas Storage Report

Current BCF in Storage (2021 vs 2020):

Week Ending	Total BCF	Week Ending	Total BCF
03-Jan-20	3,148	01-Jan-21	3,330
10-Jan-20	3,039	08-Jan-21	3,196
17-Jan-20	2,947	15-Jan-21	3,009
24-Jan-20	2,746	22-Jan-21	2,881
31-Jan-20	2,609	29-Jan-21	2,689

There is about 3% more in underground storage now than there was at this time last year.

Weather (as of 2/4/2021 @ 4 PM EST)

6-10 Day: A major cold front will move in, causing much colder than average temperatures across the eastern two-thirds of the US, except for FL. Above average temperatures are expected across California and the southwestern US.

11-15 Day: Colder than average temperatures will continue across the eastern two-thirds of the US. Much of the western US should see near to warmer than average temperatures.

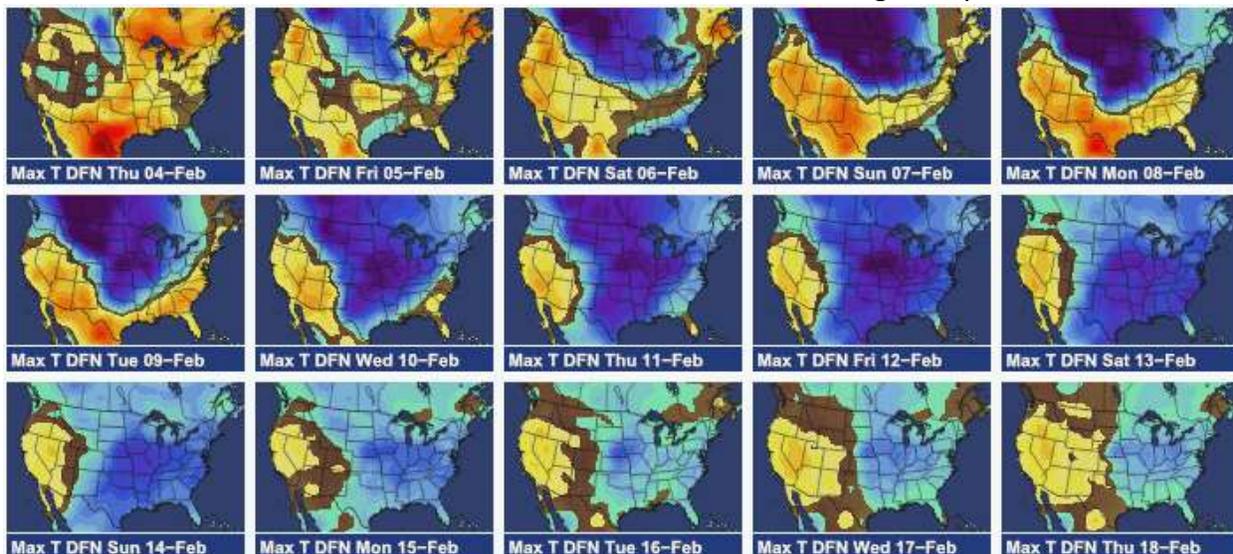


Photo and forecast courtesy of WSI Trader

MARKET UPDATES

FERC rejects NYISO MOPR expansion, gas infrastructure orders, in Danly's last meeting as chair

https://www.utilitydive.com/news/ferc-rejects-nyiso-mopr-expansion-gas-infrastructure-orders-in-danlys-la/593623/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202021-01-20%20Utility%20Dive%20Newsletter%20%5Bissue:31964%5D&utm_term=Utility%20Dive

In FERC's first open meeting of 2021, the commission rejected several gas infrastructure projects, dismissed a proposal that would have expanded the Minimum Offer Price Rule (MOPR) in the New York Independent System Operator's (NYISO) territory, and partially rejected a request for rehearing clarification on the MOPR expansion in the PJM Interconnection.

Biden order aims to double offshore wind, boost transmission, end fossil fuel subsidies

https://www.utilitydive.com/news/biden-order-aims-to-double-offshore-wind-boost-transmission-end-fossil-fu/594101/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202021-01-28%20Utility%20Dive%20Newsletter%20%5Bissue:32138%5D&utm_term=Utility%20Dive

Biden's recent executive order promises to build out offshore wind under the direction of the Department of Interior and directs the Council on Environmental Quality and the Office of Management and Budget to ensure federal infrastructure investments are sustainable and reduce emissions. The order also directs the Office of Management and Budget to eliminate subsidies for oil, gas and coal generation from the 2022 budget and every year thereafter.

Nuclear and coal will account for majority of U.S. generating capacity retirements in 2021

<https://www.eia.gov/todayinenergy/detail.php?id=46436&src=email>

According to the EIA's latest inventory of electric generators, 9.1 GW of electric generating capacity is scheduled to retire in 2021. Nuclear generating capacity will account for 56% of total capacity retirements, followed by coal at 30%.

U.S. electric generating capacity retirements (2021)



Source: U.S. Energy Information Administration, *Preliminary Monthly Electric Generator Inventory*, October 2020
 Note: GW=gigawatts, MW=megawatts.

In 2020, U.S. natural gas prices were the lowest in decades

<https://www.eia.gov/todayinenergy/detail.php?id=46376&src=email>

In 2020, natural gas spot prices at the Henry Hub averaged \$2.05 per MMBtu, the lowest annual average price in decades. Prices started the year relatively low because of the mild winter; less demand. Prices remained low as the economic effects from the COVID-19 pandemic reduced both natural gas production and consumption.

Monthly Henry Hub natural gas spot price (Jan 1994–Dec 2020)

real dollars (Dec 2020\$) per million British thermal units (MMBtu)



Source: U.S. Energy Information Administration, based on nominal prices from Refinitiv (1997–2020) and Natural Gas Intelligence (1994–1996) and adjusted for inflation using monthly consumer price index values from the *Short-Term Energy Outlook Real Prices Viewer*

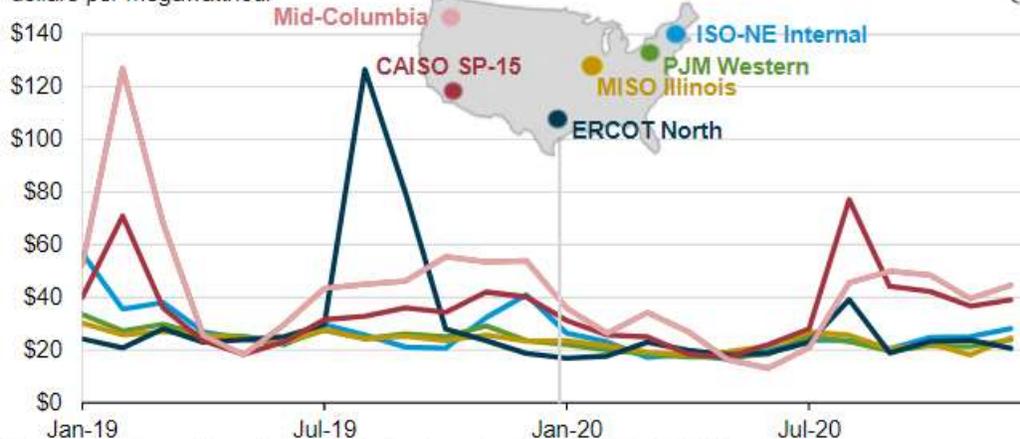
Wholesale U.S. electricity prices were generally lower and less volatile in 2020 than 2019

<https://www.eia.gov/todayinenergy/detail.php?id=46396&src=email>

Wholesale electricity prices in 2020 at major trading hubs were generally lower than in 2019. Compared to 2019 prices, 2020 ranged from 5% lower in California’s market to 45% lower in Texas’ market. Overall electricity demand in the East was low this year due to the COVID-19 restrictions which resulted in reduced demand, especially in the commercial and industrial sectors. Low natural gas fuel costs also contributed to the low and consistent electricity prices.

Monthly average wholesale electricity prices at select U.S. trading hubs (2019–2020)

dollars per megawatthour



Source: U.S. Energy Information Administration, based on S&P Global Market Intelligence data