

March 2021 Market Update

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Including market research provided by NRG's analyst team

Publish Date: 4/1/2021

NYMEX Natural Gas Pricing

The April 2021 contract has settled at \$2.586/MMBtu.

The May 2021 contract is trading around \$2.646/MMBtu (as of 4/1/2021 @ 3 PM EST).

Natural Gas Storage Report

Current BCF in Storage (2021 vs 2020):

Week Ending	Total BCF	Week Ending	Total BCF
05-Mar-21	1,793	06-Mar-20	2,043
12-Mar-21	1,782	13-Mar-20	2,034
19-Mar-21	1,750	20-Mar-20	2,005
26-Mar-21	1,764	27-Mar-20	1,986

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

Weather (as of 4/1/2021)

6-10 Day: Expect above average temperatures across a large portion of the CONUS.

11-15 Day: Temperatures may end up on the warmer side across the Central US and Canada for the first part of the period, but parts of the lower half of the CONUS could run near, if not a bit cooler than normal.

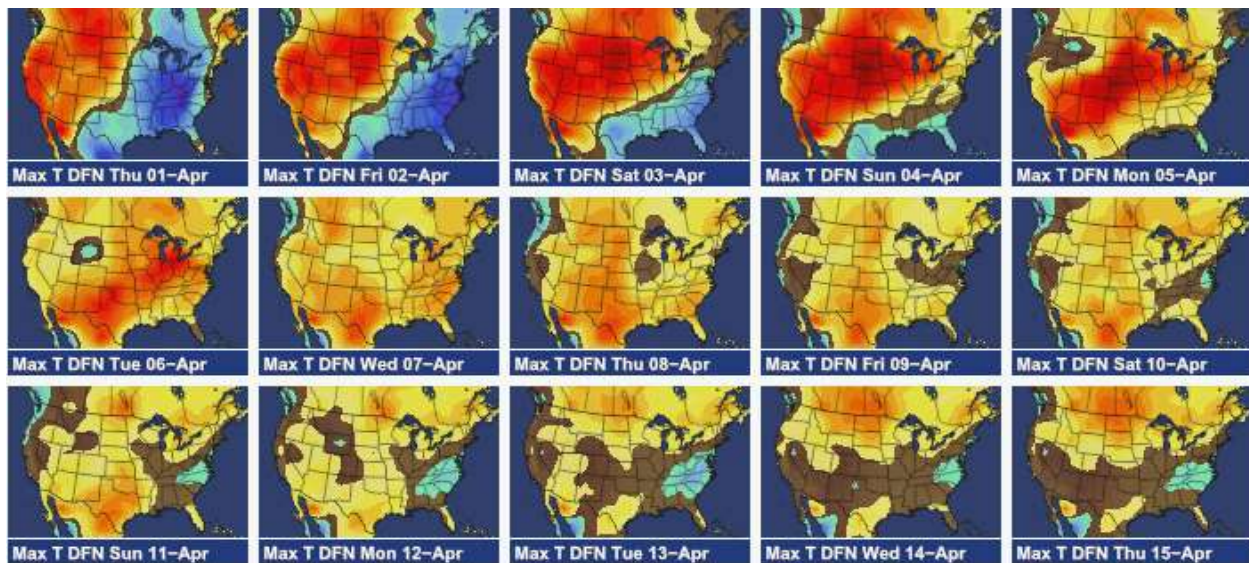


Photo and forecast courtesy of WSI Trader

MARKET UPDATES

Recent completions of natural gas pipeline projects increase transportation capacity

<https://www.eia.gov/todayinenergy/detail.php?id=47156&src=email>

According to the EIA's Natural Gas Pipeline Project Tracker, this past winter the US introduced about 4.4 BCF per day of new natural gas pipeline capacity. The four projects that entered service were: Saginaw Trail Pipeline in MI, Buckeye Xpress Project in OH and WV, Permian Highway Pipeline in TX and the Agua Blanca Expansion Project in TX. Each expansion provided an additional 0.2, 0.3, 2.1 and 1.8 BCF per day, respectively.

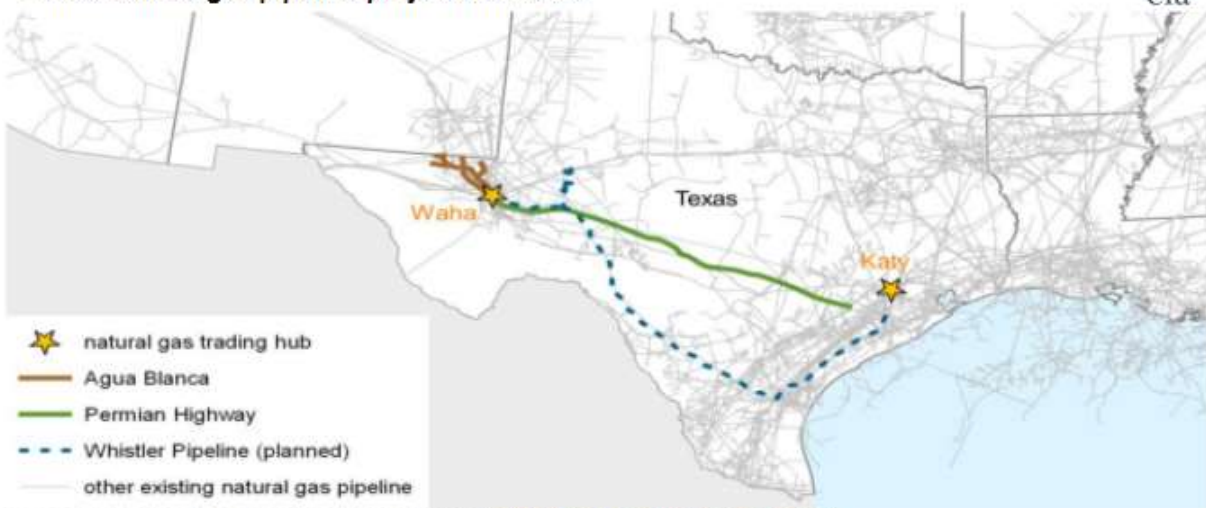
Recently completed natural gas pipeline projects in the Midwest



Source: U.S. Energy Information Administration, [Natural Gas Pipeline Project Tracker](#)

Note: Map is as of March 11, 2021.

Select natural gas pipeline projects in Texas



Source: U.S. Energy Information Administration, [Natural Gas Pipeline Project Tracker](#)

Note: Map is as of March 11, 2021.

In pair of multi-billion dollar deals, National Grid and PPL rearrange their utility businesses

https://www.utilitydive.com/news/in-pair-of-multi-billion-dollar-deals-national-grid-and-ppl-rearrange-thei/596935/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202021-03-18%20Utility%20Dive%20Newsletter%20%5Bissue:33085%5D&utm_term=Utility%20Dive

PPL and National Grid announced two major transactions: PPL will sell its UK utility business to National Grid and National Grid will sell its Rhode Island utility business to PPL. These transactions are to help align each company better with their respective assets and clean energy strategies. The sale of PPL's UK utility will cost \$11 billion while the sale of National Grid's RI utility will cost \$3.8 billion.

Biden administration sets target for 30 GW of offshore wind by 2030, plans offshore leasing off NY, NJ coast

https://www.utilitydive.com/news/biden-administration-sets-target-for-30-gw-offshore-wind-by-2030-plans/597523/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202021-03-30%20Utility%20Dive%20Newsletter%20%5Bissue:33317%5D&utm_term=Utility%20Dive

The Biden administration, alongside the Interior Dept., the EPA, the DOE, the DOC and the DOT, are set in motion to deploy 30 GW of offshore wind by 2030 and 110 GW by 2050. The Interior's Bureau of Ocean Energy Management plans to auction acreage from Long Island, NY to the NJ coast for this offshore development.

Biden to unveil multi-trillion dollar plan targeting power grids, other infrastructure next week

https://www.utilitydive.com/news/bidens-build-back-better-plan-reportedly-includes-1t-for-roads-bridges-infrastructure/597267/?utm_source=Sailthru&utm_medium=email&utm_campaign=Newsletter%20Weekly%20Roundup:%20Utility%20Dive:%20Daily%20Dive%2003-27-2021&utm_term=Utility%20Dive%20Weekender

The President promises physical improvements to roads, bridges, rail lines, ports, and the electric grid. The cost, \$1 trillion, would be about a third to a quarter of the total budget for the Build Back Better infrastructure program. The program also aims to create about 5 million jobs to combat unemployment rates related to the COVID-19 crisis. This is considered the first phase of the program and it will consist of clean energy upgrades, electric-vehicle charging stations, development of a 5G telecom network, rural broadband deployment, affordable and energy-efficient housing, and advanced training for workers. The second phase incorporates "human infrastructure" such as education and healthcare. To assist in funding the program, Pres. Biden has proposed raising the corporate tax rate from 21% to 28%, increasing the taxes for those who make over \$400,000 per year and raising the top marginal income tax bracket from 37% to 39.6%.

Storage deployments shatter records — again — in Q4 2020

https://www.utilitydive.com/news/energy-storage-deployments-shatter-records-again-q4-2020-wood-mackenzie/596106/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202021-03-09%20Utility%20Dive%20Storage%20%5Bissue:32899%5D&utm_term=Utility%20Dive:%20Storage

More than 2,100 MWh of energy storage systems were installed in the fourth quarter of 2020. This is 182% more than the quarter before that which sets a record in the industry. 3,487 MWh of new storage was installed overall in 2020 which is about 179% more than 2019. The projection is that the storage market will deploy about five times more MW in 2025. The 3,487 MWh from last year surpassed the 3,115 MWh of storage installed from 2013-2019 together!

SOUTHERN WINTER STORM UPDATES

Texas Senate Approves Bill To Re-Price ERCOT Energy, Ancillary Services Prices

<http://www.energychoicematters.com/stories/20210315c.html>

The TX Senate approved SB 2142 that would order the PUC to re-price ERCOT wholesale power and ancillary services during Feb 17-19, 2021. The Senators emphasized that this new bill represents the correction of a billing error from ERCOT not following the PUC's direction of when pricing at \$9,000 per MWh should end. The bill specifically states that the ERCOT should reflect the prices of wholesale energy and ancillaries that would have been paid absent any action of ERCOT or the PUC to raise prices. The bill now moves to the House for their votes.

Texas Bill Would Cap Retail, Wholesale Electric Rates During Emergencies, Expand Disconnection Protections

<http://www.energychoicematters.com/stories/20210312za.html>

The TX Senate approved SB 1690 which would cap retail and wholesale electric rates during declared emergencies and expand disconnection protections to consumers. The actual cap on rates has not been agreed upon at this time.

7 key trends from renewable energy's 2020 prices and some initial takeaways from Texas 2021

https://www.utilitydive.com/news/7-key-trends-renewable-energy-2020-prices-and-reliability-takeaways-from-Texas/596186/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202021-03-08%20Utility%20Dive%20Newsletter%20%5Bissue:32857%5D&utm_term=Utility%20Dive

https://www.utilitydive.com/news/7-key-trends-renewable-energy-2020-prices-and-reliability-takeaways-from-Texas/596186/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202021-03-08%20Utility%20Dive%20Newsletter%20%5Bissue:32857%5D&utm_term=Utility%20Dive

- 1) Renewable energy project value continues to be highly variable: range of \$1/MWh to \$57/MWh for the value of project generation to be sold.
- 2) Congestion continues to be a revenue-maker or breaker: Congestion, driven in part by oil and gas drilling, drove the nodal price from a West TX wind project to as high as \$260/MWh; the average price is about \$10/MWh.
- 3) Resilient projects lead with a competitive edge: While some projects are forced to shut down production due to lack of planning, other projects that were protected from extreme weather could continue to run and benefit from elevated power prices (anyone recall Forrest Gump's luck in the gulf?)

- 4) Texas summer price spikes were tame in 2020, but what of 2021: The winter storm demonstrated that critical weather events do not only occur in one month or in one season.
- 5) Wind energy prices at SPP North Hub bottom out during low-demand periods: The average price of wind generation in the North Zone was worth about \$1/MWh in November 2020, driven by a combination of high wind speeds and low demand. In contrast, that one week in February 2021 saw average prices in the \$100s and even \$1,000s range.
- 6) Solar in CAISO stabilizes after five years of sharp decline: The heatwave in August led to increased value in generation from solar farms in CA.
- 7) Basis in SPP is a less sore subject: Basis, the difference between the cost at the project node and the relevant hub, can contribute significantly to a project's bottom line. In 2020, the average basis cost was about \$3/MWh whereas in years prior the cost was as high as \$20/MWh!