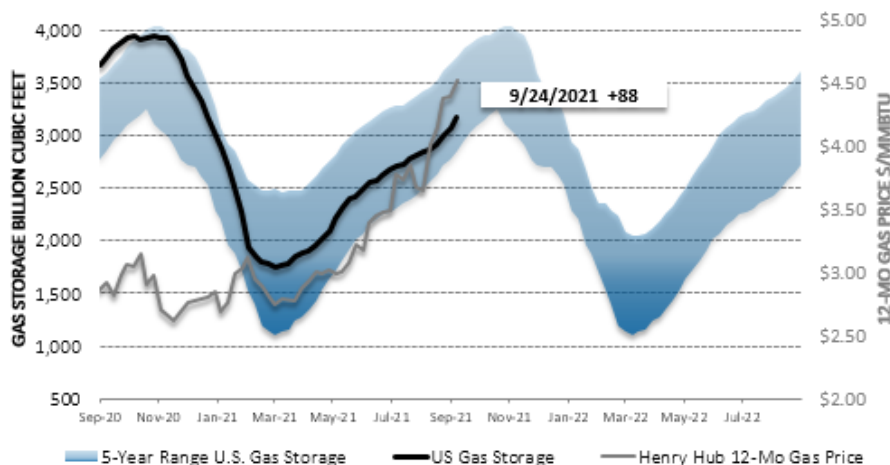


Natural Gas Storage vs Natural Gas Price



NATURAL GAS

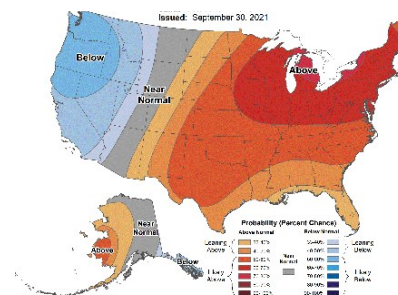
- The EIA reported Thursday morning that, for the week ending September 24, U.S. inventories increased by 88 Bcf, a proverbial hair less than the expected increase of 89 Bcf. Total stockpiles now stand at 3,170 Bcf, down by 15.4% from a year ago and 6.3% below the five-year average for the same week.
- Whereas the October NYMEX futures contract settled at \$4.976/MMBtu a week ago, it expired this Tuesday at \$5.841/MMBtu, reflecting a remarkable increase of \$0.865/MMBtu in just three trading days. That trend carried over to the new prompt month of November, which climbed by \$0.667/MMBtu—nearly 13%—from last Friday’s close to end today at \$5.867/MMBtu. Ongoing fears of an especially cold winter are definitely keeping prices hotter than ever. Meanwhile, production remains too sluggish to fill storage caverns, although domestically produced liquefied natural gas continues to make its way around the globe, fetching prices much higher than here in the U.S.

POWER MARKETS

West This September was certainly eventful for the regional markets. Day Ahead prices averaged around \$66/MWh in both SP15 and Mid-C, although the lack of transport gas—due to an explosion on the El Paso pipeline—amid extreme demand did push daily Day Ahead prices over \$100/MWh on September 8 and 9. In addition, the CY2022 forward curve moved substantially higher over the course of the month. The reduction in transport natural gas capacity in Southern California has also magnified fears of a natural gas shortage during the winter, when demand for residential and commercial heating will peak.

ERCOT Despite the onset of fall and relatively mild temperatures, peak loads still managed to exceed 60,000 MW for a few days this week. However, because only a small fraction of generators have begun fall maintenance (leaving ample reserves), real-time 7x24 prices are averaging only in the mid-to-upper \$30s/MWh for the week. As more units go on their fall outage over the next week or so amid elevated natural gas prices, real-time prices should rise in the coming weeks. Like natural gas, term prices have increased significantly from last week. The 7x24 BY21-CY22 strip is approximately \$4/MWh higher and averaging over \$45/MWh at the North Trading Hub. Strips for CY23 and beyond are also starting to strengthen on the heels of the big move in the front of the curve but, having risen only by roughly \$1/MWh since last week, are still a good value in comparison with prices for CY22.

East Prices are generally down from last week. On average, Day Ahead is \$5-\$10/MWh lower, whereas the dip in Real Time is a less dramatic \$3-\$7/MWh in most hubs. In PJM’s West Hub, Day Ahead is averaging \$43/MWh, about \$4/MWh less than Real Time. The Day Ahead average in MISO’s Indy Hub is nearly the same at \$44/MWh, but the Real Time average there is approximately \$2/MWh higher. In ISO-NE’s Mass Hub, Day Ahead is averaging \$50/MWh, but Real Time is actually \$3/MWh lower.



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