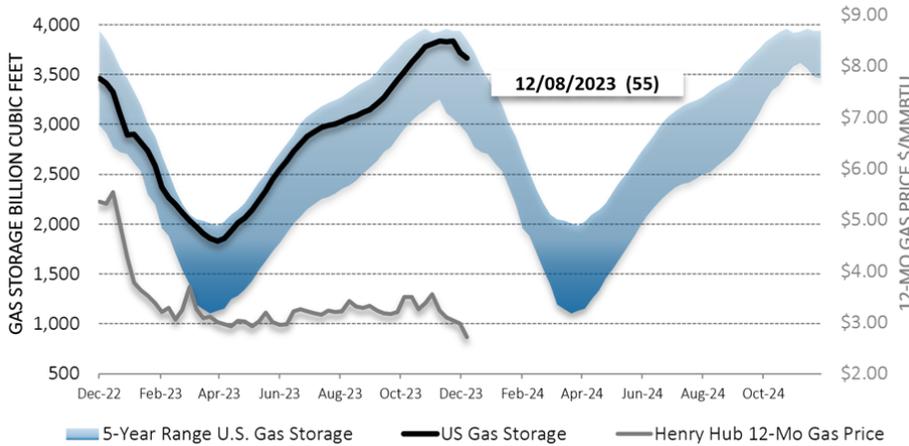


WEEKLY MARKET UPDATE



Week Ending December 8, 2023

Natural Gas Storage vs Natural Gas Price



POWER MARKETS

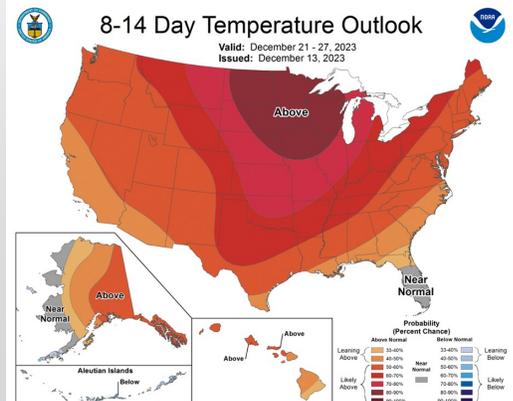
West Day Ahead prices have been a steal over the last seven days, averaging only \$63.84/MWh in Mid-C, \$56.34/MWh in NP15, and \$45.72/MWh in SP15. In the forward market, prices for CY2024 have also fallen significantly with a drop in forward natural gas prices as Mother Nature appears poised to deliver a modest start to winter.

ERCOT This week, real-time prices have cleared in the low \$20s/MWh, where the averages for the month to date now sit as well in all zones but the West Load Zone. There, prices have come down from their earlier monthly highs around \$100/MWh to their recent settlements near \$25/MWh as the congestion issues have been all but resolved. In fact, these real-time prices are nearly 50% lower than those from December of last year! To boot, the ORDC adder for the month is minimal, indicating very low scarcity. Meanwhile, term prices are mostly flat since last week as decreases in term natural gas prices out the curve have been met by increases in the market heat rate curve.

East Warm weather with sunny skies has dried up demand this week in NYISO and ISO-NE's WCMASS, where Day Ahead prices have averaged \$33.93/MWh and \$31.63/MWh, respectively, and the corresponding Real Time averages are even lower at \$26.85/MWh and \$23.98/MWh. In contrast, chillier weather in PJM has lifted its Day Ahead and Real Time averages for the week to \$44.92/MWh and \$47.15/MWh, respectively. Forecasts predict warm weather next week, making the predominant price outlook rather bearish.

NATURAL GAS

- The EIA reported Thursday morning that, for the week ending December 8, U.S. inventories decreased by 55 Bcf, essentially validating the forecasted consumption of 54 Bcf. Total stockpiles now stand at 3,664 Bcf, up by 7.2% from a year ago and 7.6% above the five-year average for the same week.
- The NYMEX futures prompt month of January added approximately a penny to Wednesday's final to reach \$2.345/MMBtu at the time of this writing as the reported drop in inventories matched expectations. Out west, spot prices have tilted lower throughout December and, over the last seven days, have averaged \$3.97/MMBtu at PG&E Citygate and \$3.68/MMBtu at SoCal Citygate.



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