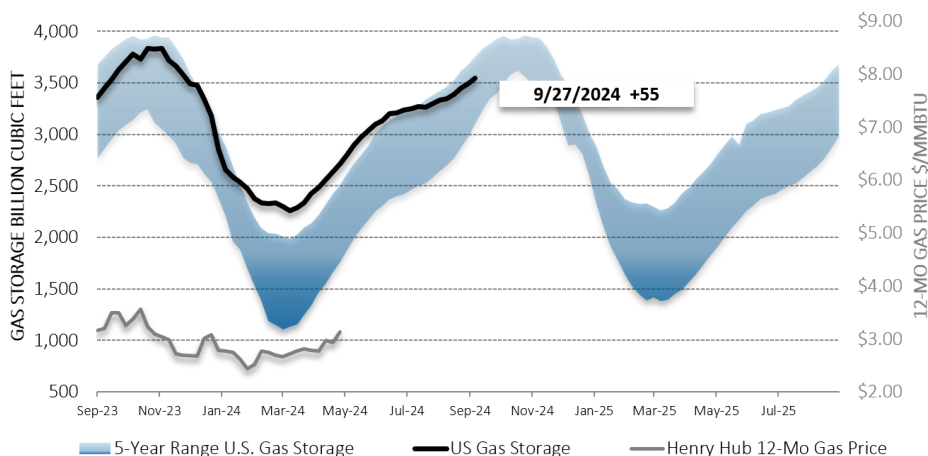


WEEKLY MARKET UPDATE



Week Ending September 27, 2024

Natural Gas Storage vs Natural Gas Price



NATURAL GAS

- The EIA reported Thursday morning that, for the week ending September 27, U.S. inventories expanded by 55 Bcf, less than the assumed growth of 59 Bcf. Total stockpiles now stand at 3,547 Bcf, up by 3.7% from a year ago and 5.7% above the five-year average for the same week.

- After approaching \$3.00/MMBtu on Wednesday, the NYMEX Henry Hub prompt month of November flinched at the time of this writing, trading around \$2.963/MMBtu, still approximately \$0.20/MMBtu higher since last week's update. In the past week, U.S. production has stalled, and weather remains fickle with storms in the forecast, bolstering the front of the curve. Meanwhile, spot prices in California have soared rather significantly to start the month amid a regional heatwave, averaging \$4.33/MMBtu at PG&E Citygate and \$3.66/MMBtu at SoCal Citygate.

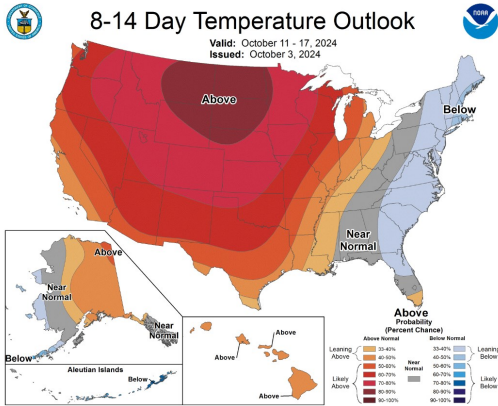
POWER MARKETS

West After a mild September in which Day Ahead prices averaged just \$47.46/MWh at Mid-C, \$37.28/MWh at NP15, and \$36.35/MWh at SP15, all of which were considerably less than the averages for September 2023, a short bout of heat has given Day Ahead prices a substantial bump to kick off October. In these first few days of the month, they are averaging \$50.51/MWh, \$62.86/MWh, and \$49.81/MWh, respectively.

ERCOT Having cleared September with an average in the mid-\$20s/MWh, real-time prices have moved into the low \$20s/MWh to open October. Basis in the West Load Zone remains volatile, itself averaging just over \$10/MWh for last month, well above the averages for both July and August. Because fall-like weather has yet to take hold and many thermal units are set to go down for maintenance, real-time prices may show some volatility for the next week or so. Meanwhile, term prices out the curve have risen by \$2-\$3/MWh as prices for natural gas have continued to recover.

East Despite seasonal outages, prices have remained quite stable in PJM but declined in New York and New England this week. Day Ahead prices are averaging \$38.18/MWh in PJM, \$32.29/MWh in NYISO, and \$31.86/MWh in ISO-NE's WCMASS. Somewhat similarly, Real Time prices are averaging \$39.06/MWh, \$30.33/MWh, and \$29.58/MWh, respectively. Although ongoing seasonal outages would usually maintain a bullish risk for prices, mild weather, steady demand, and stable natural gas prices are expected to mitigate their impact.

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WEATHER

- Parts of the West will endure tor-turous heat in the 1-to-5-day fore-cast period, when temperatures will near 100 degrees in the Los Angeles area.
- While the West should continue to contend with record-challenging temperatures during the 6-to-10-day forecast period, Texas should experience its own warm spell, albeit with low humidity.
- For the 11-to-15-day forecast peri-od, seasonable temperatures are expected along the East Coast.

A Capacity Market's Cry for Help

The price of electricity, like prices for many commodities, is continuously influenced by countless, often intertwining factors such as geopolitical events, weather patterns, and, most fundamentally and inevitably, supply and demand. Naturally, that means that, although prices can surge in times of high demand, they can just as easily plunge in the event of a glut. Whereas consumers are practically powerless against such dynamics when filling their gas tanks, for example, those in deregulated electricity markets may be able to blunt the worst fallout from market volatility by negotiating their own price with an independent electricity retailer, such as Calpine Energy Solutions.

However, even for such companies, relying solely on fixed-price strategies can still make their energy costs unexpectedly high if they lock in unfavorable rates without fully considering market conditions. Requests for Proposals (RFPs) are often used to se-cure energy pricing but can be misleading as well, for, although an RFP may yield a competitive rate, such a figure may coincide with peak pricing periods, making it one of the highest rates of the year. Therefore, the timing of procurement is as crucial as the price itself, and this consideration is where Solutions' expertise in crafting open orders can provide an indispensable strategic advantage.

Through its meticulous approach, Solutions' brilliant pricing team actively monitors the market and provides its customers daily updates and insights that inform their purchas-ing decisions. Those organizations are then empowered to set the terms to which they will commit in an expiring open order that takes advantage of only the most favorable market conditions, becoming binding at those times and prices that align with their particular budgetary goals. For instance, if Solutions' adept analysis indicates a poten-tial dip in electricity prices, an open order has the potential to ensure potentially sub-stantial savings before prices rise again.

The hypothetical chart below perfectly illustrates the power of open orders. On an RFP deadline, suppliers likely end up quoting fixed prices dictated by market status as of that RFP deadline, although such rates may apply to a future period when prices at such time are actually much lower. Alternatively, an open order provides consumers the flexibility to strike when the proverbial iron is hottest, should the market find itself in a price trough right when they actually need the power.

Because deregulation not only poses unique challenges but also can be rife with op-portunities, enlisting the most versatile provider to navigate that environment is crucial. Open orders offer an excellent way for firms to meet their energy needs efficiently while enhancing their financial performance amid market turmoil, and Calpine Energy Solutions has decades of experience in maximizing their benefits. Your Calpine Energy Solutions sales representative is always ready to explore the advantages of open or-ders for your business with you.



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