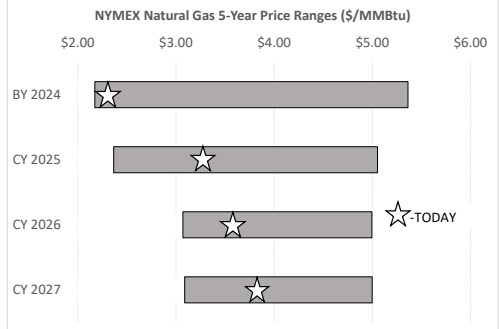




Thursday, September 5, 2024

Natural Gas Commentary

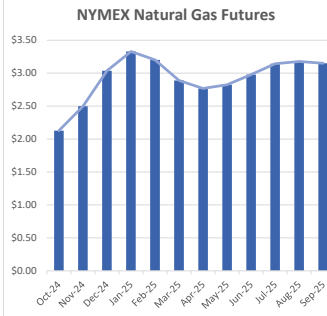
- Much like the August contract (expired at \$1.907 per MMBtu), the September 2024 natural gas contract declined ahead of expiration to settle below the \$2 mark at \$1.930 per MMBtu.
- The supply/demand balance in the natural gas market is tightening as production companies have begun to pull back on output amid the low price environment.
- Plaquemines LNG in Louisiana could begin exports as early as this month and is expected to become the 2nd largest LNG export facility in the U.S. (behind only Sabine Pass).
- U.S. natural gas inventories are expected to top out at the end of injection season between 3.8 and 3.9 Tcf. This would put pre-winter storage above both 2023 and the 5-year average.
- The Baker Hughes rig count showed another decline, leaving 95 natural gas-directed drilling rigs currently active. The Marcellus region is down to an 8-year low of 23 active rigs. Reduced drilling assets along with new LNG exports are expected to place upward pressure on NYMEX natural gas prices by late 2025.
- In its latest Global Outlook, ExxonMobile forecasts natural gas and oil to remain more than 50% of the world's energy mix by 2050, projecting a 2% decrease from current levels. Bioenergy is expected to be the largest gainer (1% to 10%) while coal's share would drop from 25% to 13% by midcentury.



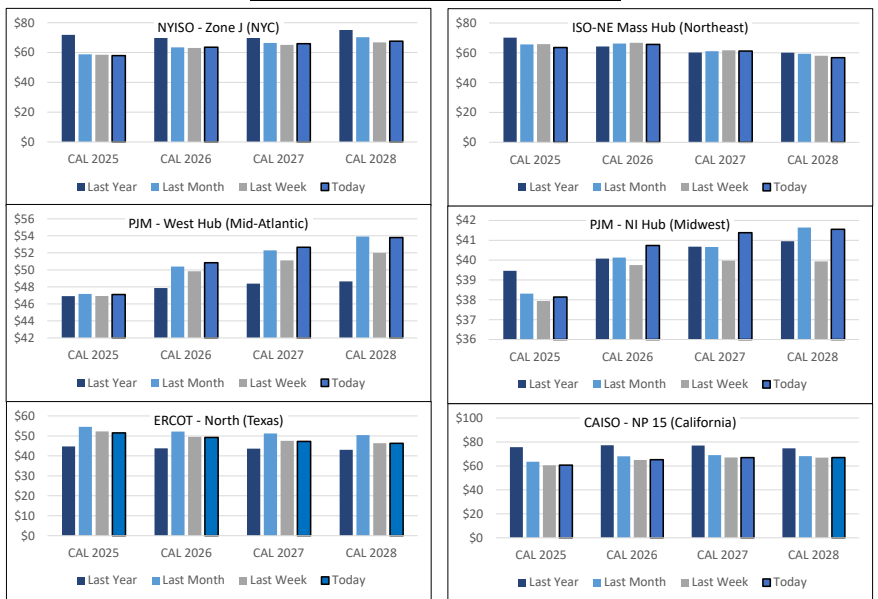
NYMEX Natural Gas Futures

Month	\$/MMBtu	% Δ
Oct-24	\$ 2.127	0.0%
Nov-24	\$ 2.498	11.3%
Dec-24	\$ 3.037	12.6%
Jan-25	\$ 3.329	3.1%
Feb-25	\$ 3.202	-9.1%
Mar-25	\$ 2.889	-14.1%
Apr-25	\$ 2.768	-7.6%
May-25	\$ 2.824	0.2%
Jun-25	\$ 2.979	4.2%
Jul-25	\$ 3.143	4.3%
Aug-25	\$ 3.178	-0.3%
Sep-25	\$ 3.150	-2.3%

Note - Δ is change in price over past 30 days.



Electricity Market Update (Prices in \$ / MWh)



Bullish Factors Creating Market Support

- U.S. natural gas production has dipped below 100 Bcf per day to start September.
- LNG exports have ticked higher, once again sending out more than 13 Bcf per day.
- No active named storms in the Atlantic in more than two weeks.

Bearish Factors Creating Market Resistance

- Forecasts for the first half of September are calling for below-normal temperatures across the majority of the U.S.
- Natural gas inventories in the U.S., Canada, and Europe remain strongly above the respective five-year averages.

Electricity Market Commentary

- CBRE's North America Data Center Trends report indicated that data center vacancy has fallen to a record low of 2.8%, with a 7% increase in average monthly asking rate.
- Ørsted announced a delay in construction at its Revolution Wind offshore project being built off the coast of Connecticut and Rhode Island. The 704 MW wind farm with 65 turbines was expected to begin generating usable electricity by 2025 however, that date has been pushed back to some time in 2026.
- Sunpower, one of America's oldest and largest residential solar installers, filed Chapter 11 bankruptcy. Maxeon has agreed to step in to provide warranty support for all SunPower modules.
- NYISO presented tariff revisions to propose a new line item for power consumers. This charge is called Uncertainty Reserve, which would be an additional charge to account for the uncertainty of wind and solar forecasts. The filing date with FERC has not been determined however, these new charges could be implemented as early as Q1 of 2026.
- PJM continues to make tweaks to its capacity auction methodology. Having eliminated energy efficiency from future auctions, the grid operator is looking to include RMR resources in future resource procurement events.

Oil Prices		
	\$/Bbl.	% Δ
WTI Crude	\$ 75.89	-7.0%
Brent Crude	\$ 77.89	-9.4%

\$/Gal		
	\$/Gal	% Δ
RB0B (Gasoline)	\$ 2.42	-4.2%
No. 2 Heating Oil	\$ 2.29	-0.1%

