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NEWSLETTER

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Favorable procurement opportunity available for end users in many regions. Moderate weather this spring is a contrast to the bullish weather we saw last year at this time, we are seeing sinking natural gas prices that are pulling down the cost of electricity. End users should consider locking-in balance of 2019 before the summer price accelerate upward.

Bearish spring weather is highlighting the extent of oversupply in the natural gas market and driving natural gas prices lower. Also contributing to the fall, is the rapidly falling storage deficit. We are seeing strong technical support just above \$2.50/MMBtu, paired with the widespread belief that further price decline will meet resistance with production and coal-to-gas switching.

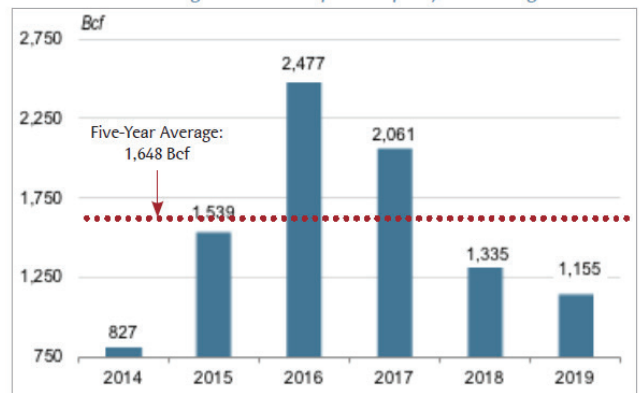
National News

NYMEX Front-Month Natural Gas Contract (\$/MMBtu), Since 2017
Prices drop as soft supply/demand balance is exposed

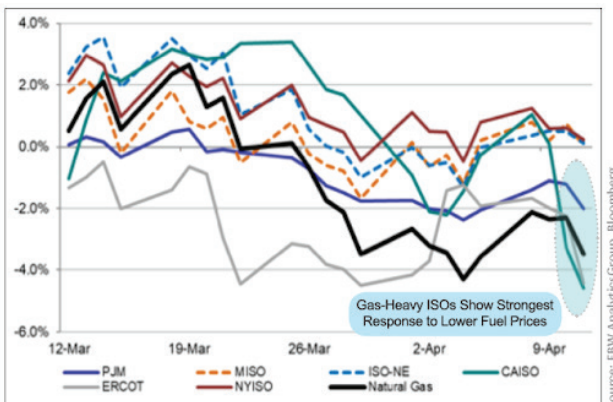


Source: Bloomberg

Gas in Storage in First Week of April, Last Six Years (Bcf)
2019 storage level 493 Bcf below five-year average



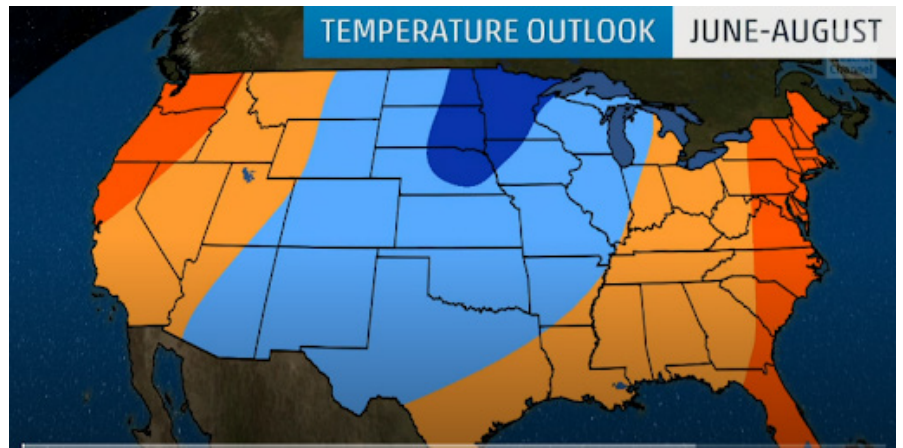
Source: EIA



Source: EBW Analytics Group, Bloomberg

Weather

Looking ahead for the summer, we are seeing trends that suggest that the 2019 cooling season will bring in above-normal cooling demand but it should fall short to last year's record breaking heat. Cooling degree days are forecasted at 172 CDDs which is above the thirty-year normal.

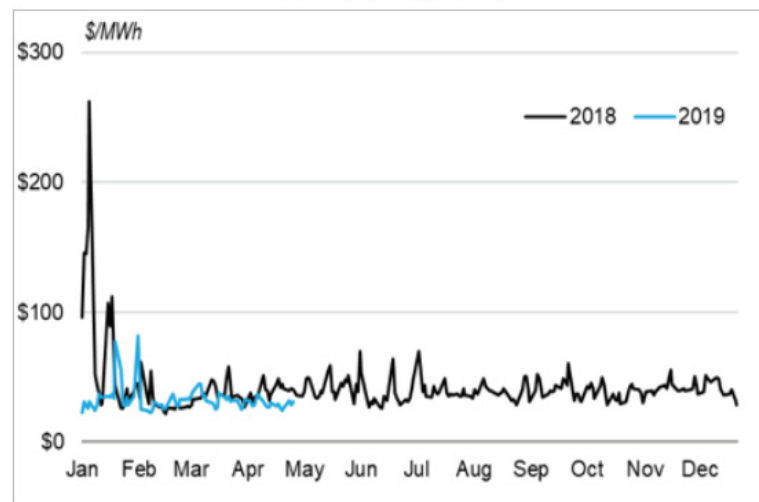


FERC's Order 841 - Battery Storage

With the passing of FERC's order 841 we will see a significant expansion in the coming years with battery storage. Order 841 allows battery storage companies to participate in wholesale energy, capacity and ancillary service markets. Recent reports have shown that falling battery costs may compete with inefficient natural gas peakers that operate only infrequently.

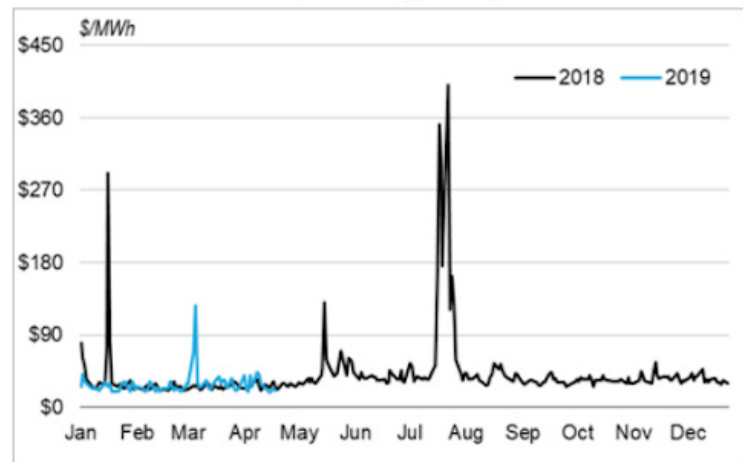
We see a significant opportunity for end users to cost effectively have on-site battery storage as "peaker units" to reduce their overall demand charges. Give us a call to discuss.

PJM Western Hub Day-Ahead Peak Electricity Prices, 2019 vs 2018 (\$/MWh)



Source: Bloomberg

ERCOT North Day-Ahead Peak Electricity Prices, 2019 vs 2018 (\$/MWh)



Source: EBW AnalyticsGroup, Bloomberg

