OE ENERGY MARKET SNAPSHOT

East Version – September 2014 Data

Office of Enforcement
Federal Energy Regulatory Commission
November 2014

2014/2015 Winter Assessment

http://www.ferc.gov/market-oversight/reports-analyses/mkt-views/2014/10-16-14-A-3.pdf

Winter 2014-15 Energy Market Assessment

Item No. A-3

October 16, 2014

Markets Cautious as Winter Approaches

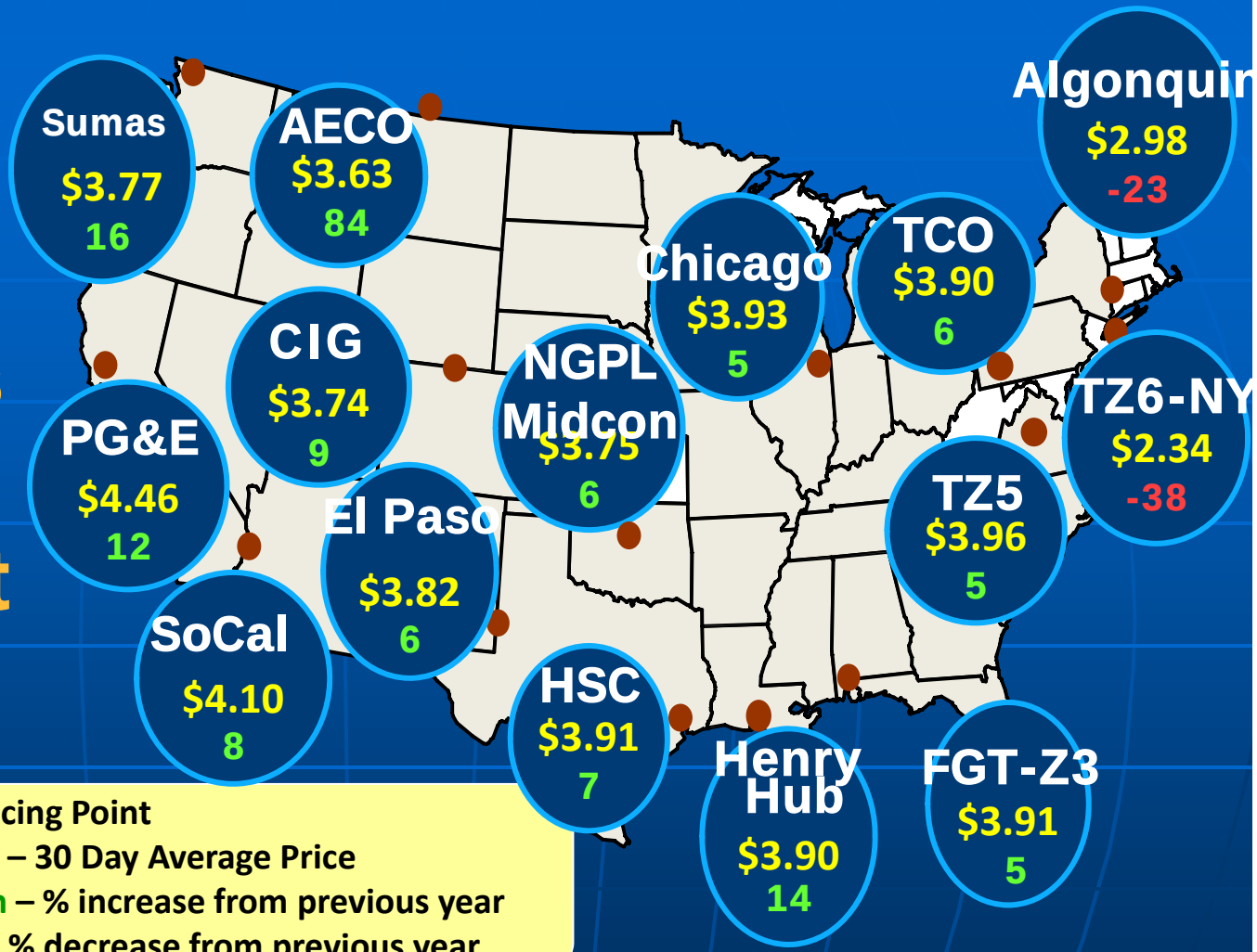
Developments

- Record natural gas production
- Increased natural gas-electric coordination
- Enhanced reliability measures

Challenges

- Winter futures prices up substantially in some regions
- Below average natural gas storage
- Lower coal stockpiles
- Regional pipeline restrictions
- Increased reliance on natural gas for electricity

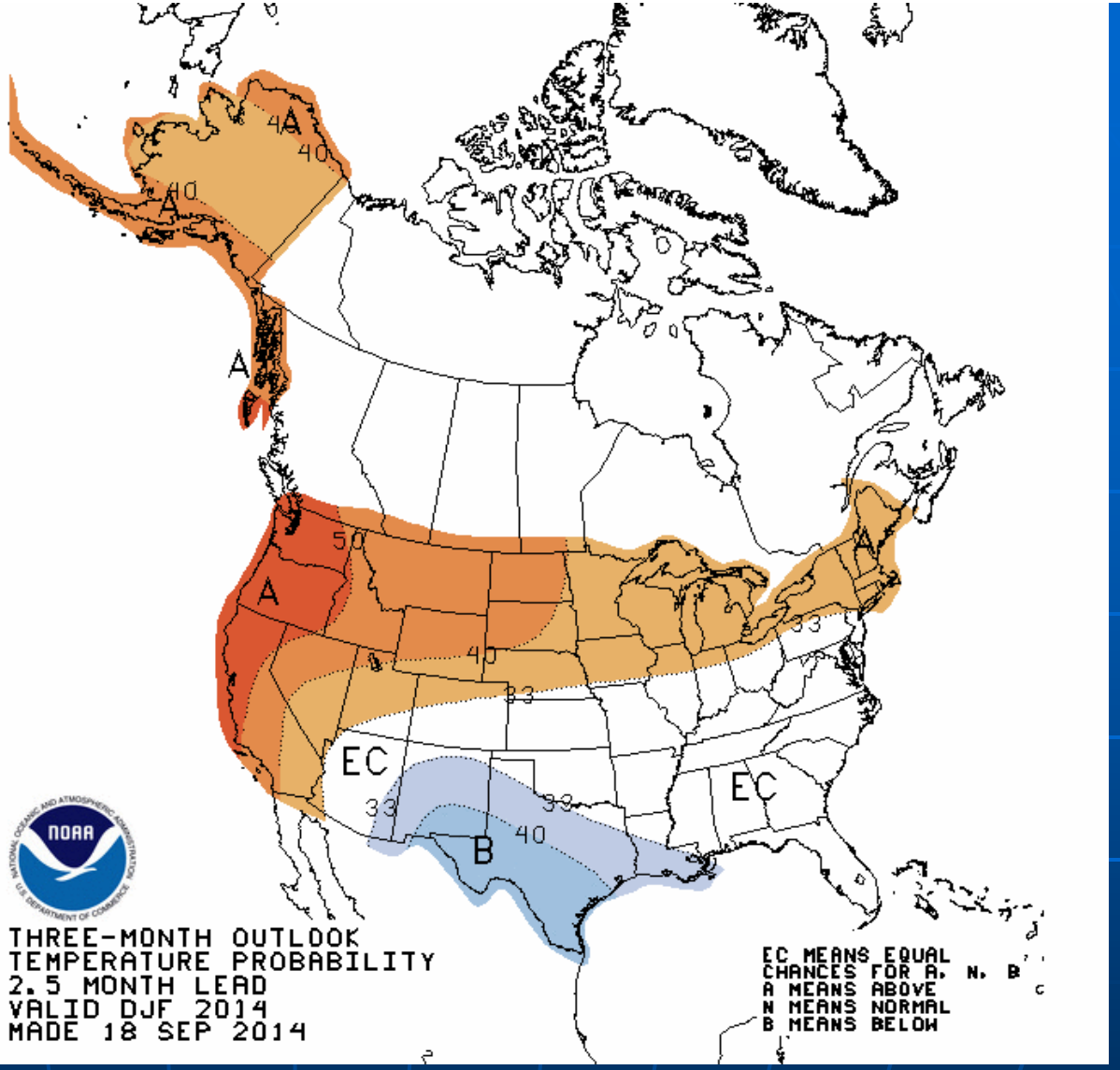
Higher Natural Gas Prices Across Most of the Country



● Pricing Point
BOLD – 30 Day Average Price
Green – % increase from previous year
Red – % decrease from previous year

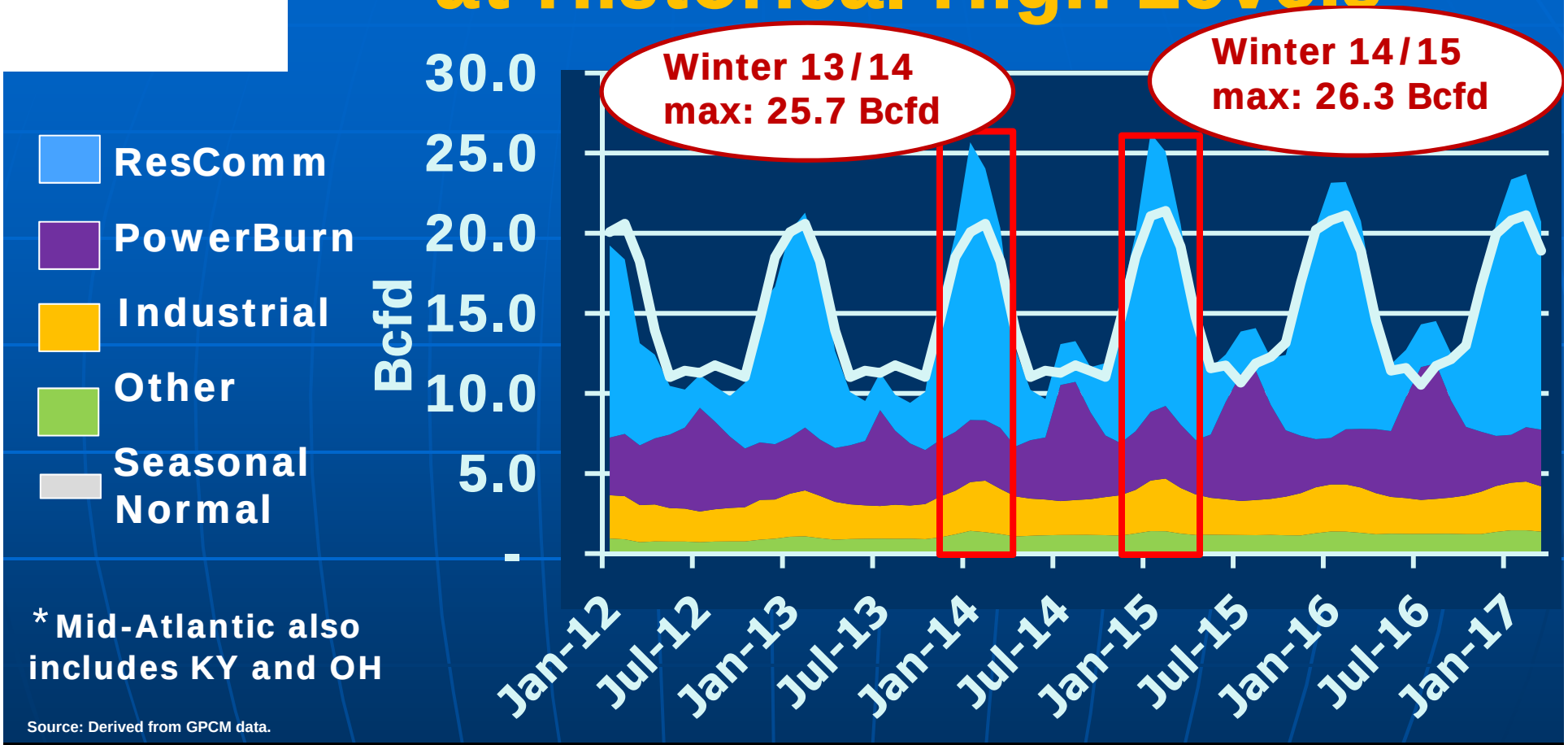
Source: Derived from ICE data.
Note: Prices through September 30, 2014.

Uncertain Winter Forecast



Source: NOAA National Weather Service

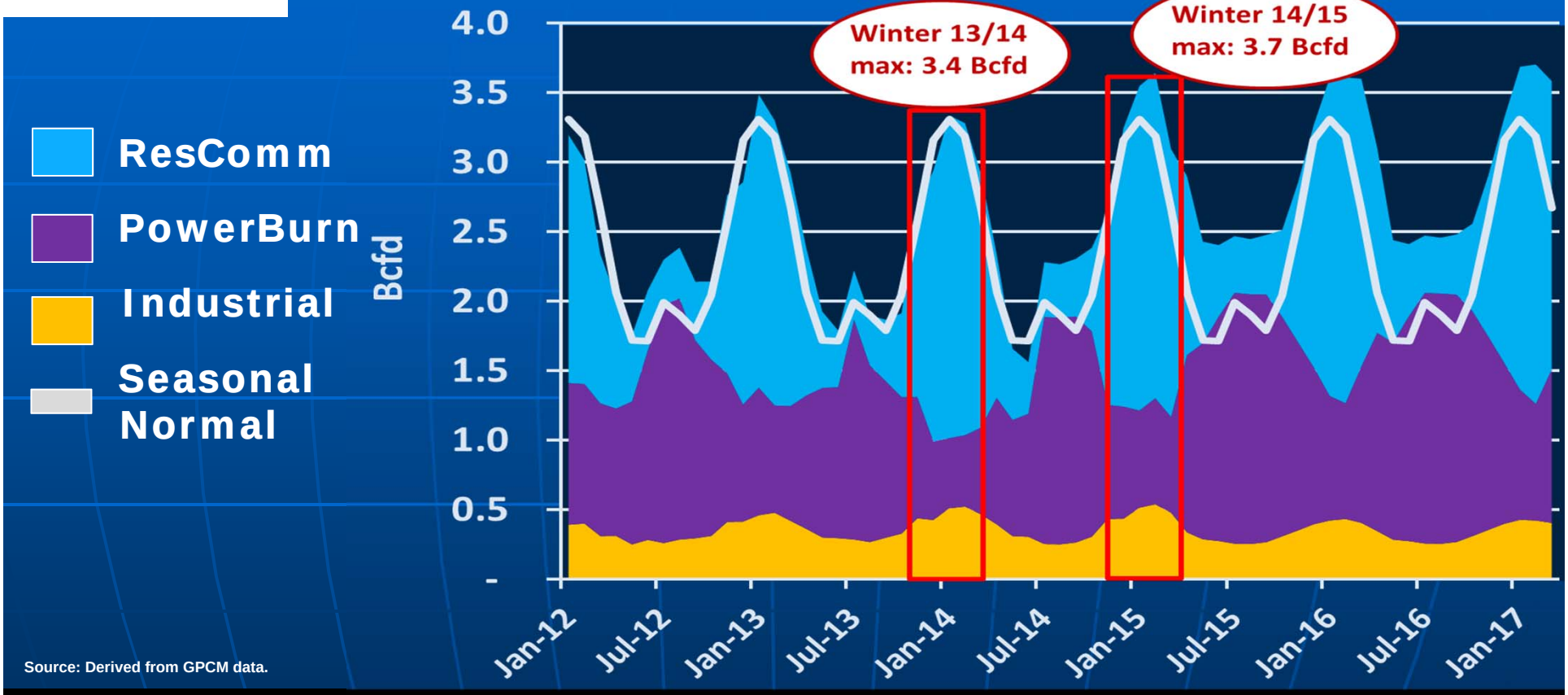
Mid-Atlantic* Gas Demand at Historical High Levels



*Mid-Atlantic also includes KY and OH

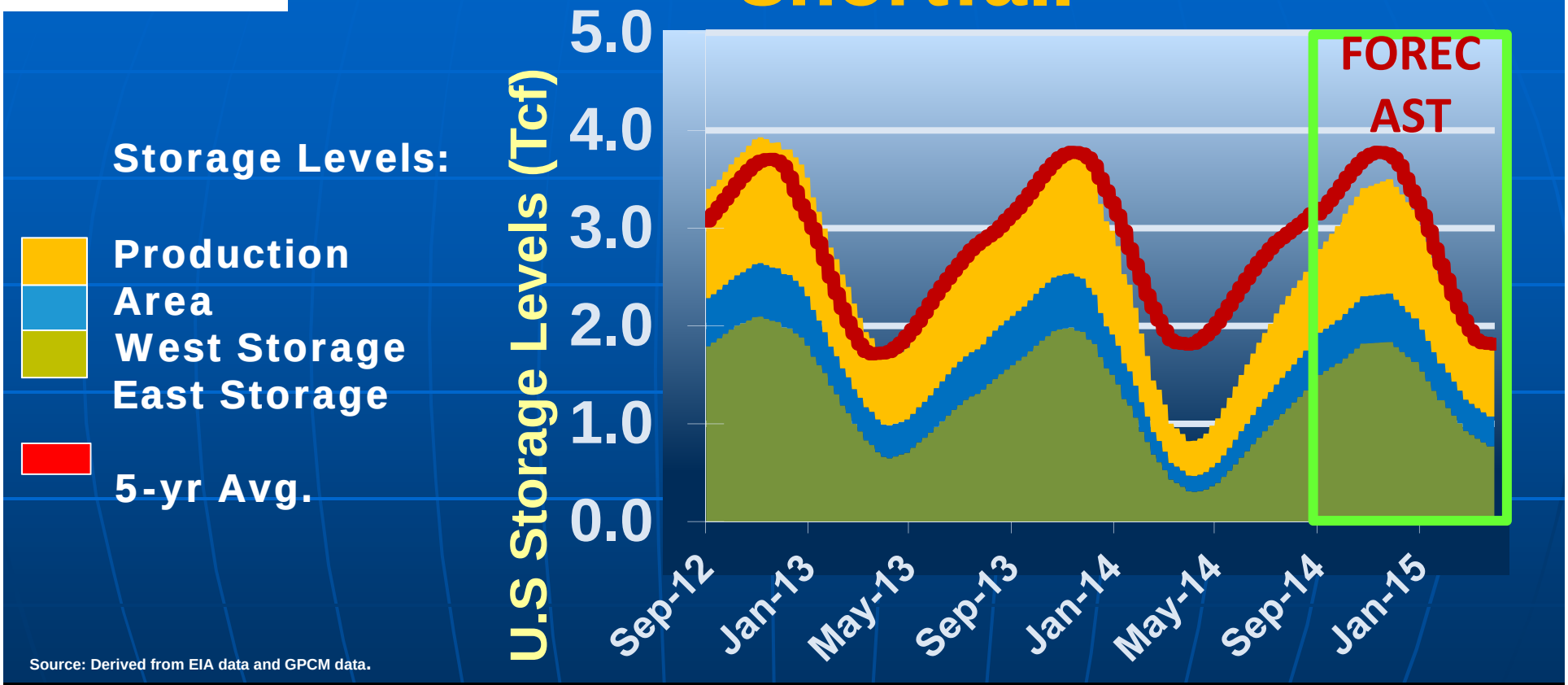
Source: Derived from GPCM data.

Fuel Diversity Helps New England Gas Demand



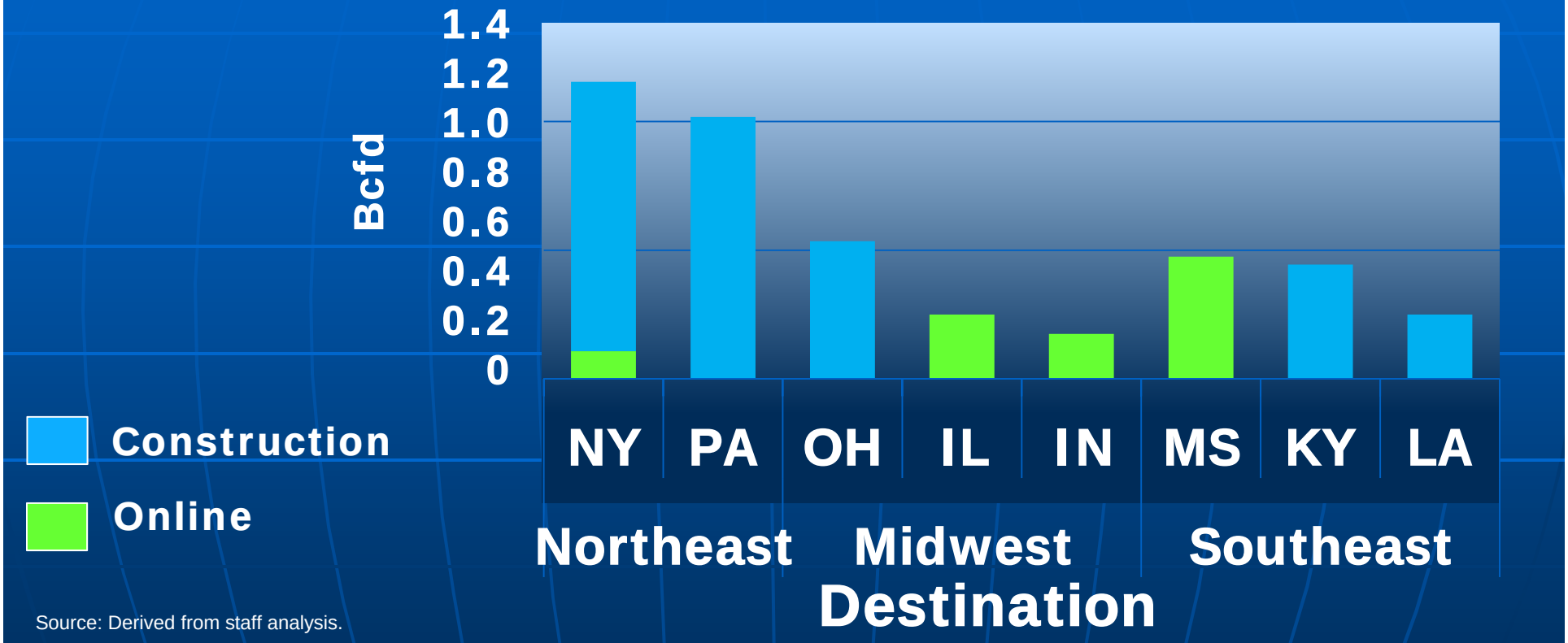
Source: Derived from GPCM data.

Record Storage Injections Help Close the Storage Shortfall



Source: Derived from EIA data and GPCM data.

2014 Pipeline Expansions Target Northeast Production

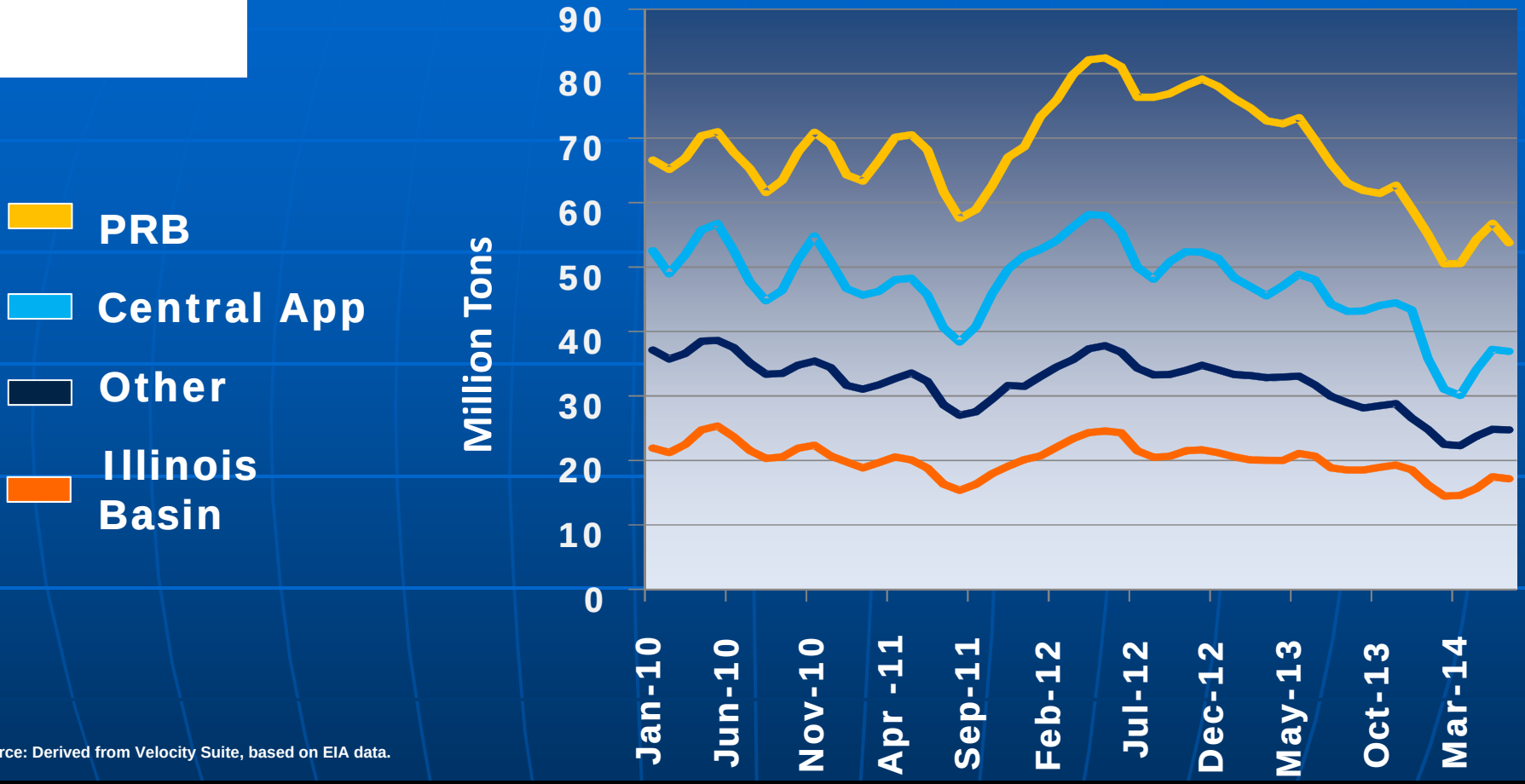


Source: Derived from staff analysis.

Winter Electric Market Challenges

- Volatility in electricity prices in the Northeast from increased dependence on natural gas
- California may face electricity supply issues, such as increased ramp requirements

Coal Stockpiles Decline



Source: Derived from Velocity Suite, based on EIA data.

Futures Prices Elevated

	Location	2015^	2014*
Gas	Algonquin (New England)	$21.45	$11.76
Gas	Transco Zone 6 non-NY (Mid-Atlantic)	$9.09	$4.78
Gas	Dominion South (Marcellus)	$2.85	$3.66
Gas	Southern California Border	$4.30	$3.95
Gas	Henry Hub	$4.08	$3.87
Power	Massachussets Hub	$183.88	$99.88
Power	PJM Western Hub	$72.60	$44.90
Power	Northwest (Mid-C)	$37.73	$35.75
Power	Southern California (SP-15)	$46.13	$42.25

Source: Derived from ICE and Nymex data.

^January and February 2015 as of October 1 2014

*January and February 2014 as of October 1 2013

*SP-15 2014 prices from October 31 2013

*Power Note: Prices in $/MWh . Peak financial swap prices.

*Gas Note: Prices in $/MMBtu. Regional futures natural gas prices are the sum of the Henry Hub futures contract price plus the regional basis futures.

Actions in Response to Last Winter

- Market Rule Changes
- Improve communication between natural gas pipelines and electric transmission operators
- Increased winterization and testing for generators

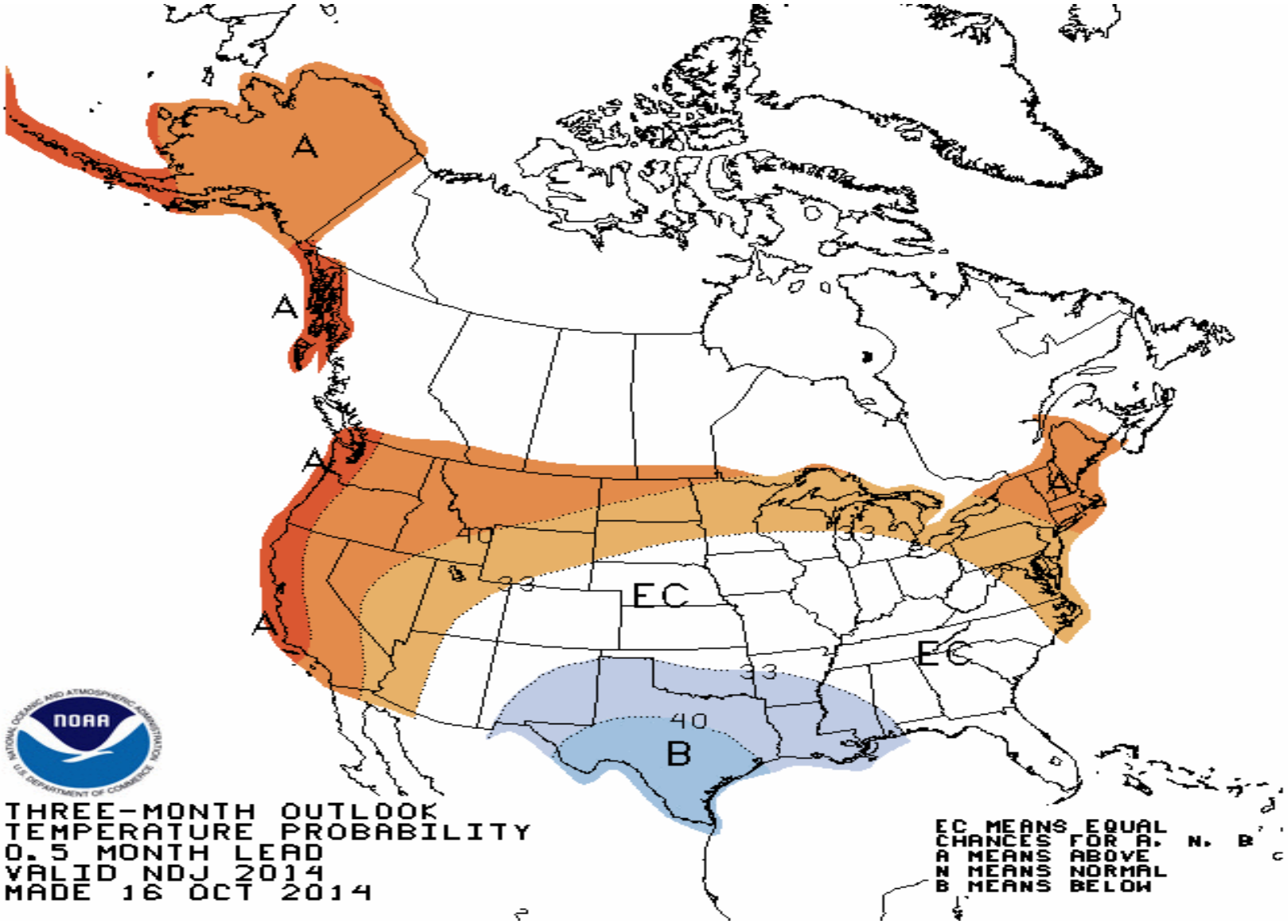
Infrastructure Report

Office of Energy Projects Energy Infrastructure Update
http://www.ferc.gov/legal/staff-reports.asp

(see “Energy Infrastructure” tab)

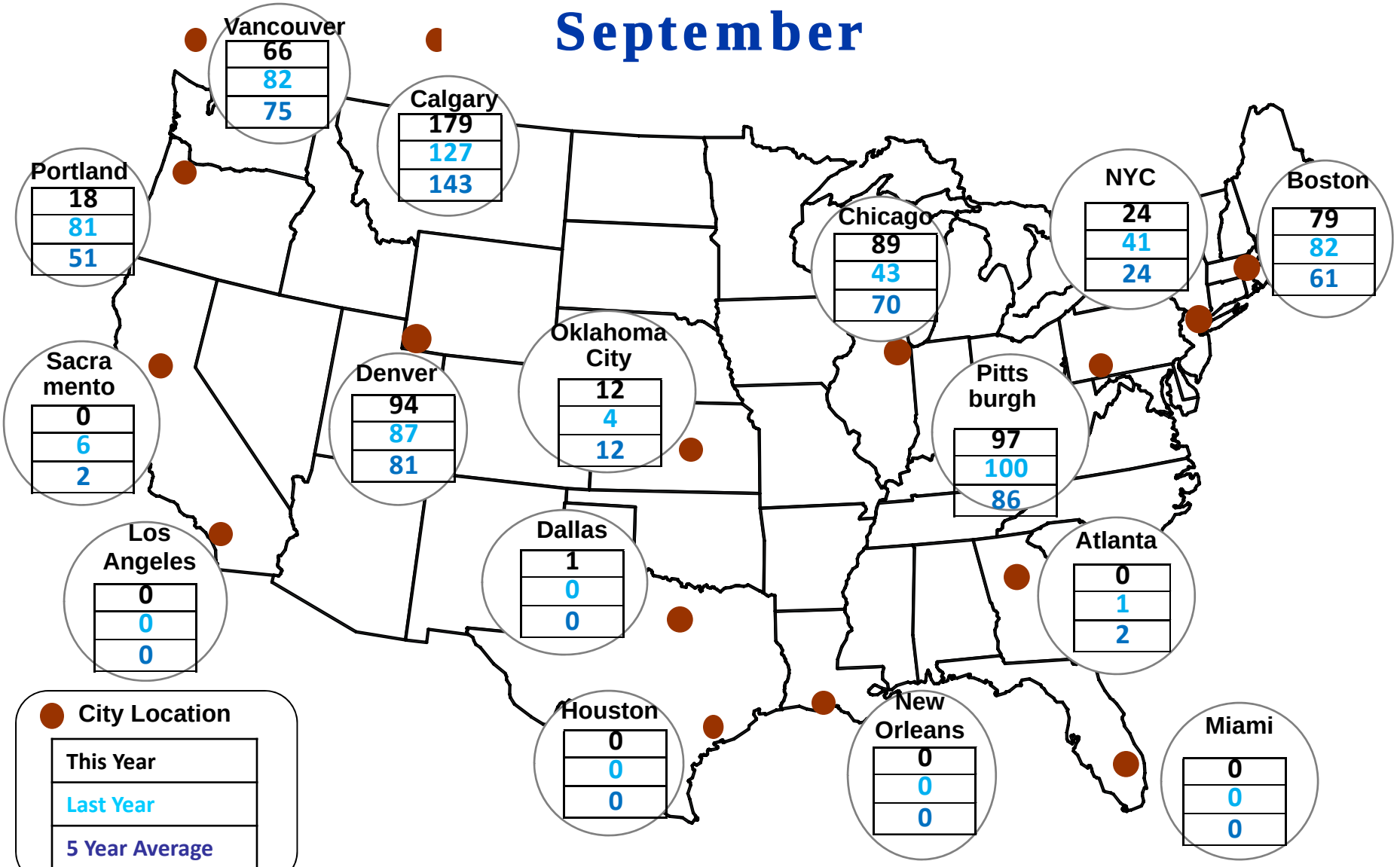
National Slides

NOAA Nov 2014 Through Jan 2015 Outlook



Cumulative HDDs by City

September



Source: Bloomberg Weather

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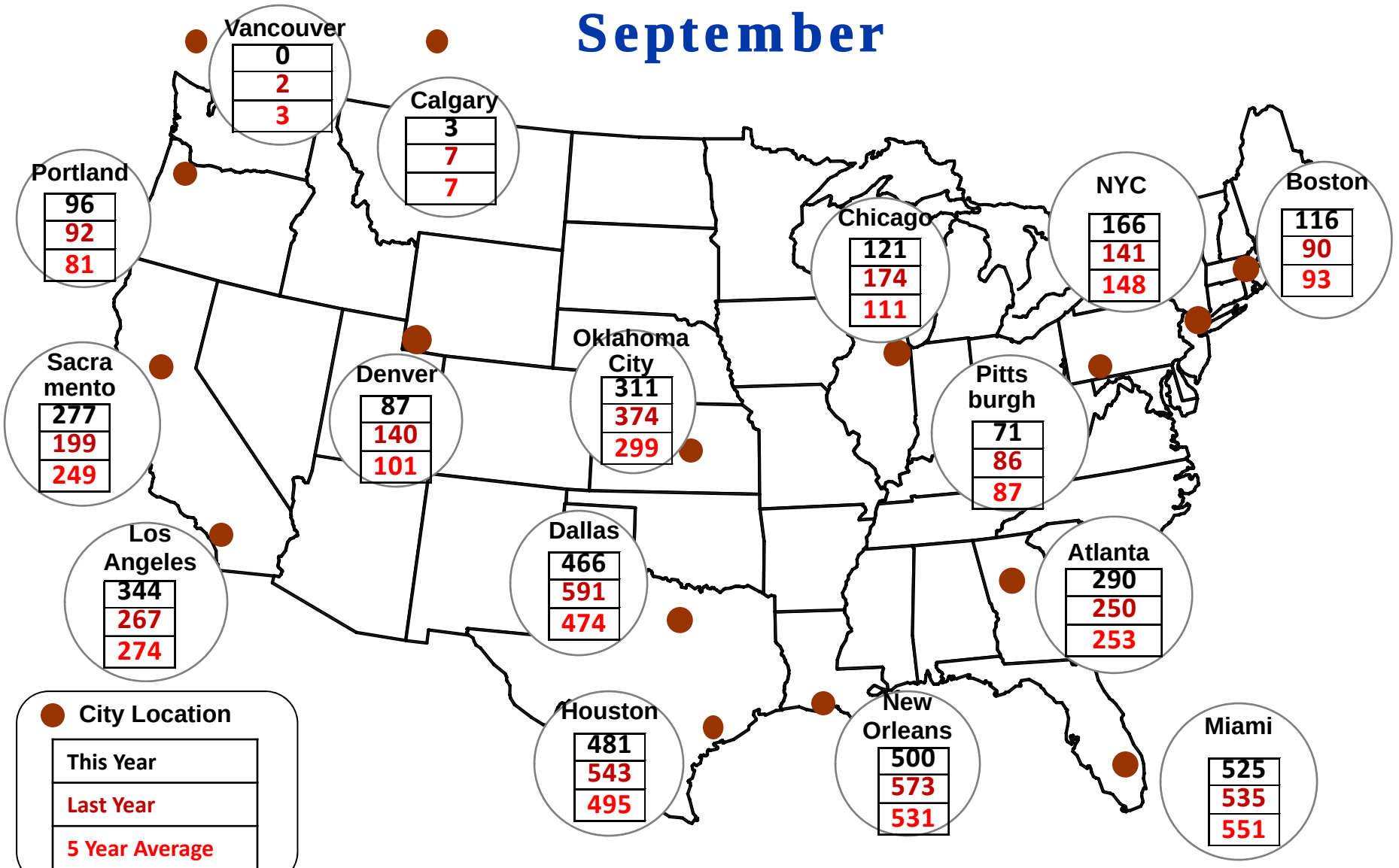
Cumulative CDDs by City
September



Source: Bloomberg Weather

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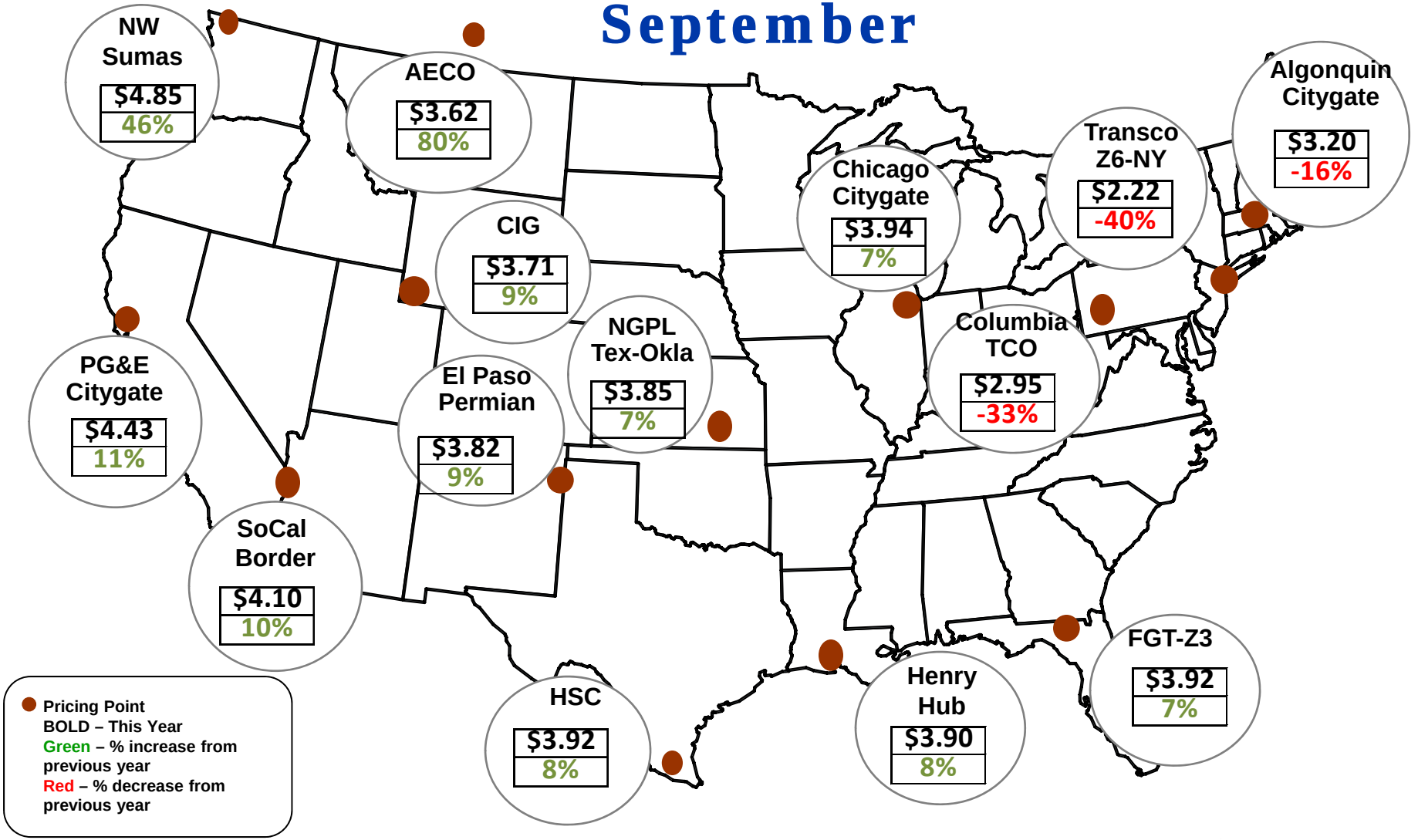
Spot Natural Gas Prices
Average ($/MMBtu)
September



Source: ICE

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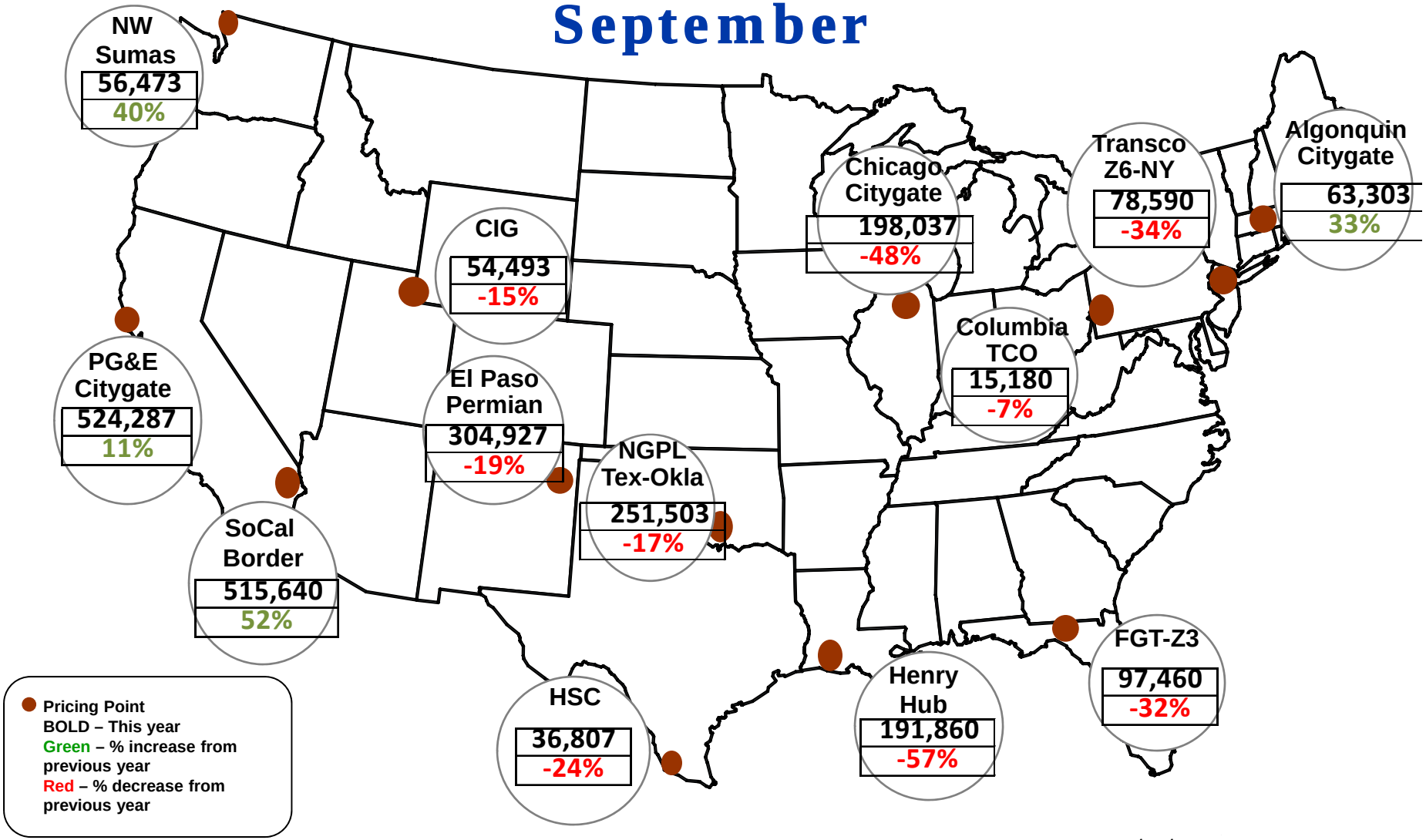
Spot Natural Gas Trading Volumes Average (MMBtus) September



Source: ICE

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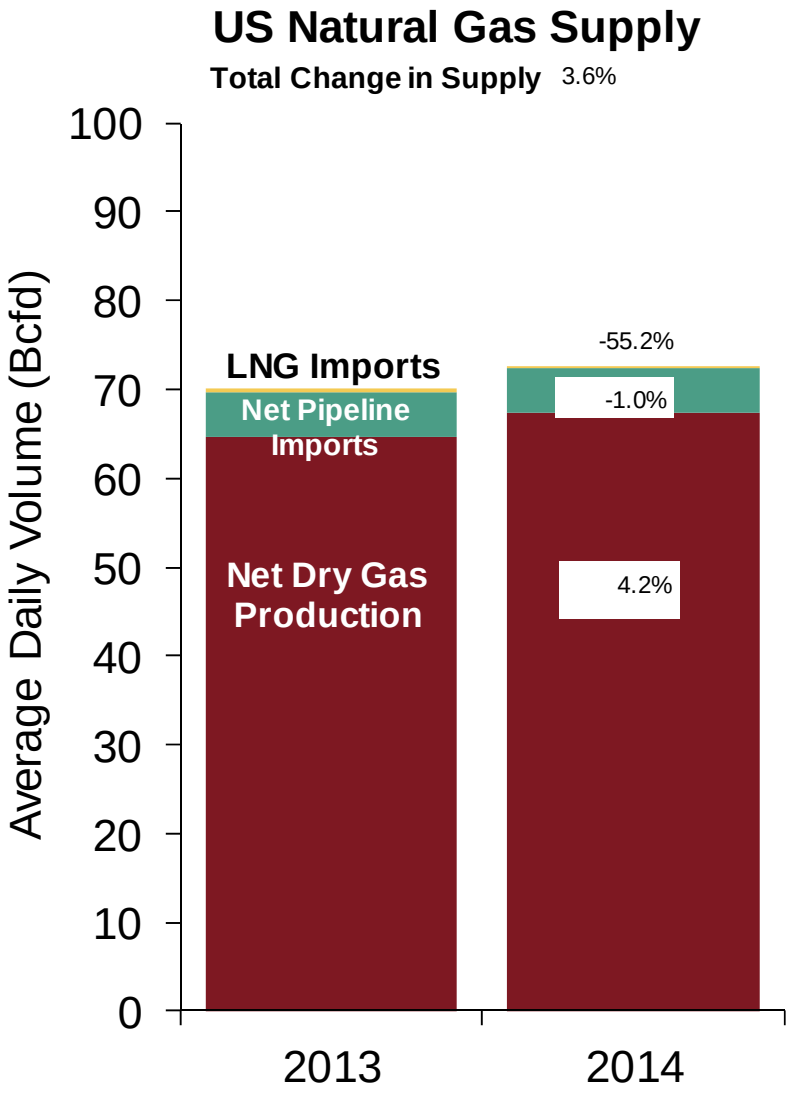
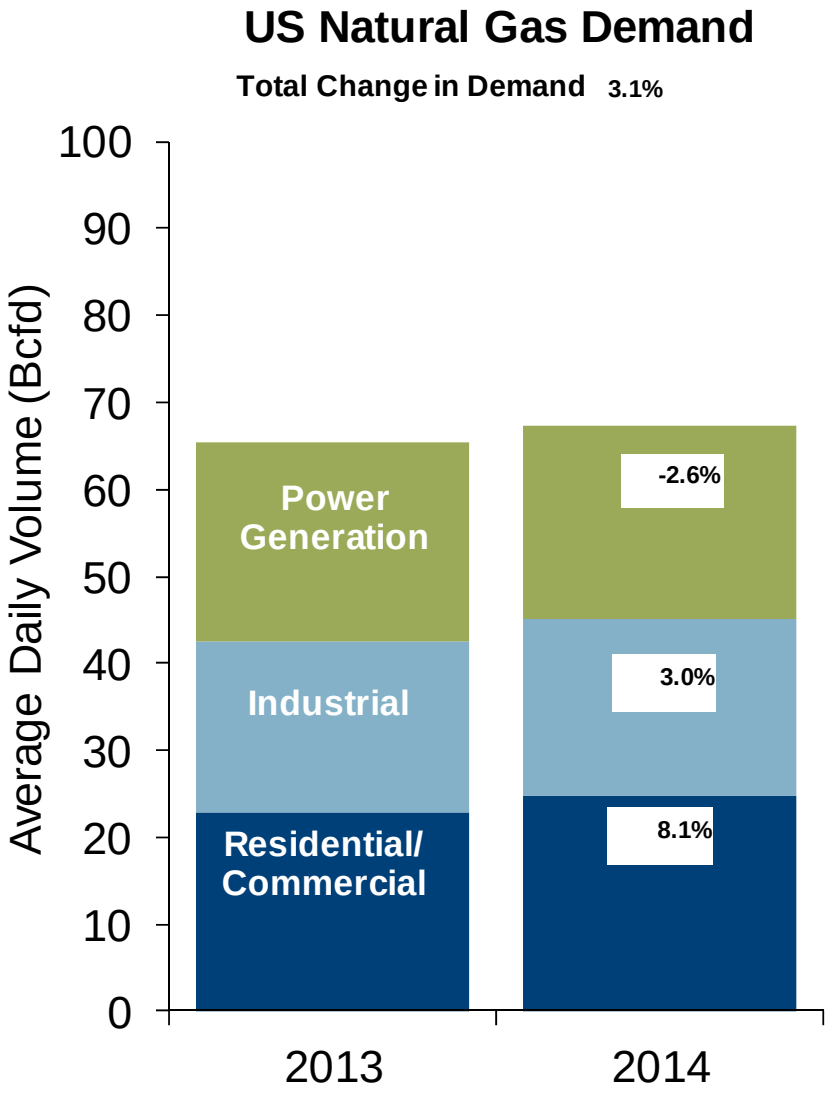
U.S. NG Supply and Demand Year to Date - Sep 2013 vs. Sep 2014

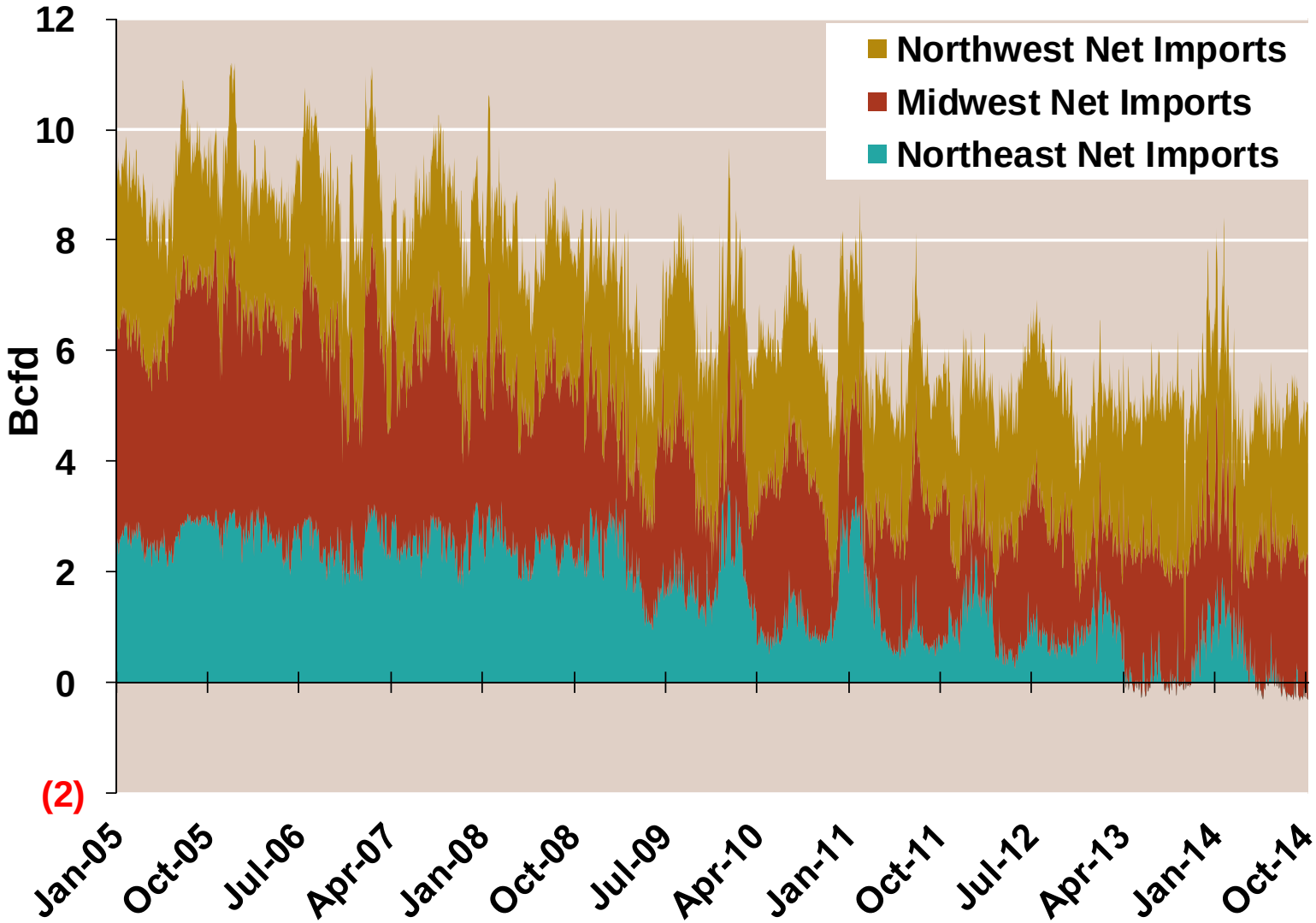




Note: Balance includes all amounts not attributable to other categories.
Source: Derived from *Bentek Energy* data

Updated: October 2014

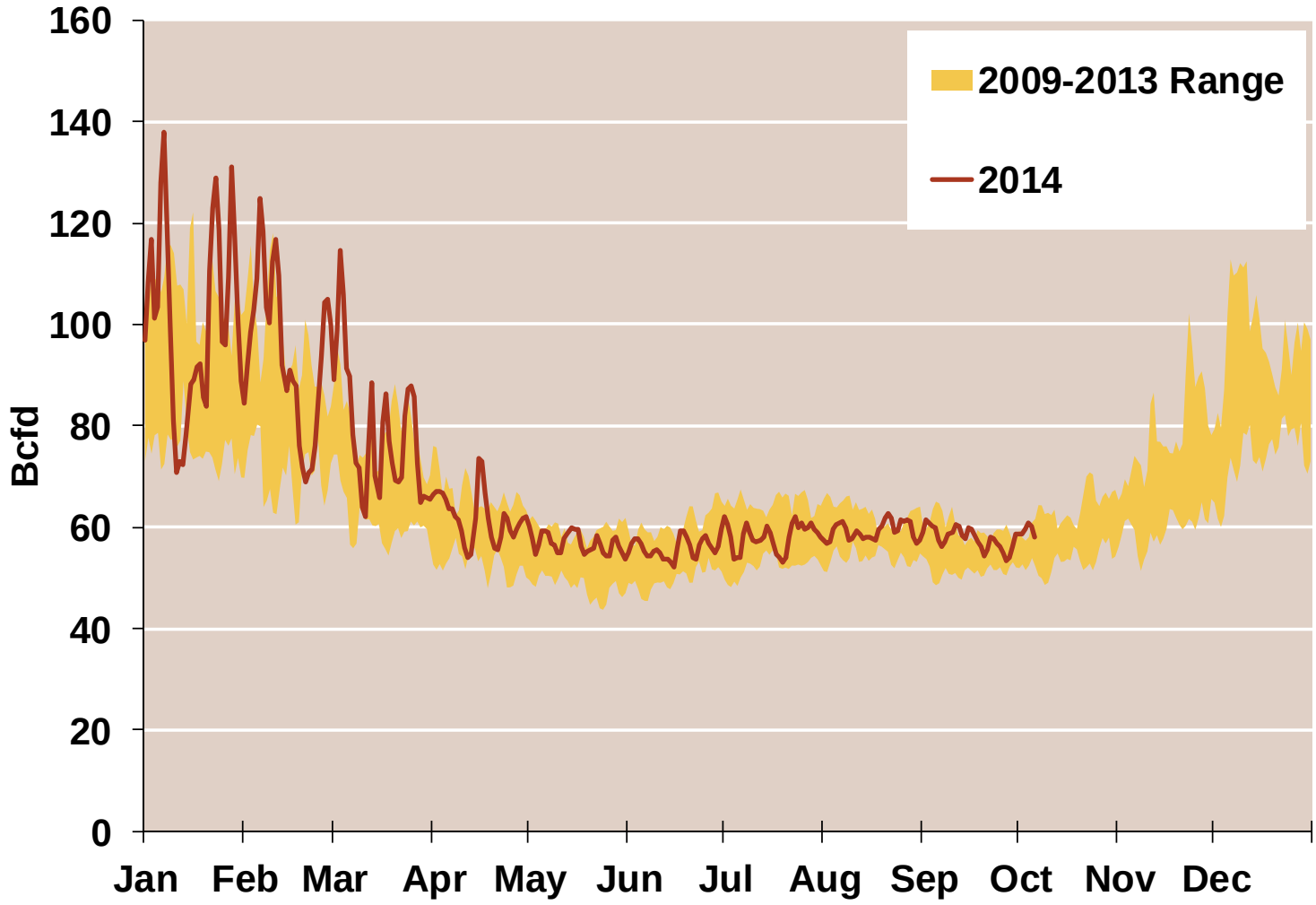
Regional Imports from Canada



Source: Derived from *Bentek Energy* data

Updated: October 2014

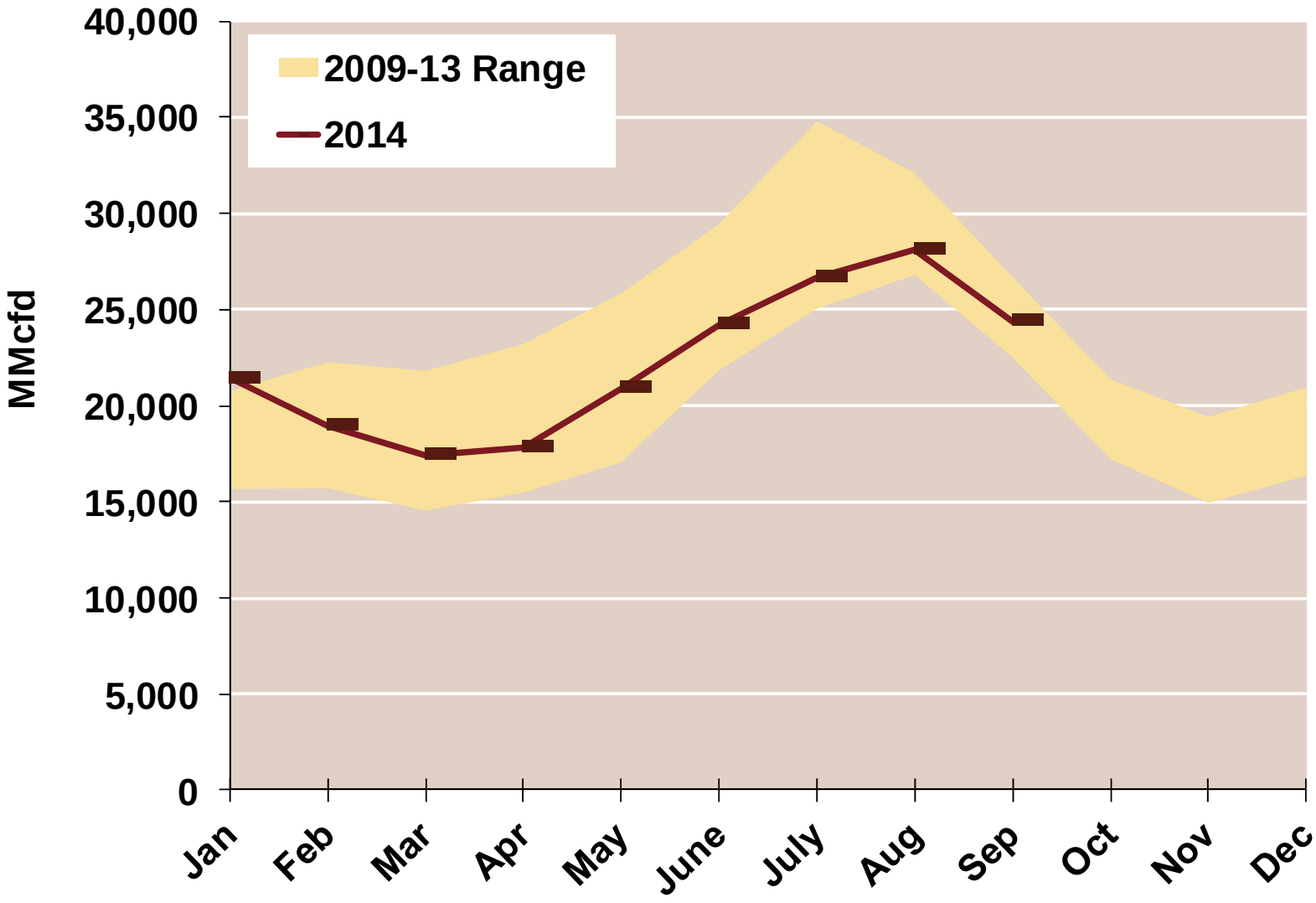
Total U.S. Natural Gas Demand All Sectors



Source: Derived from *Bentek Energy* data, derived from interstate pipeline flow and modeled data.

Updated: October 2014

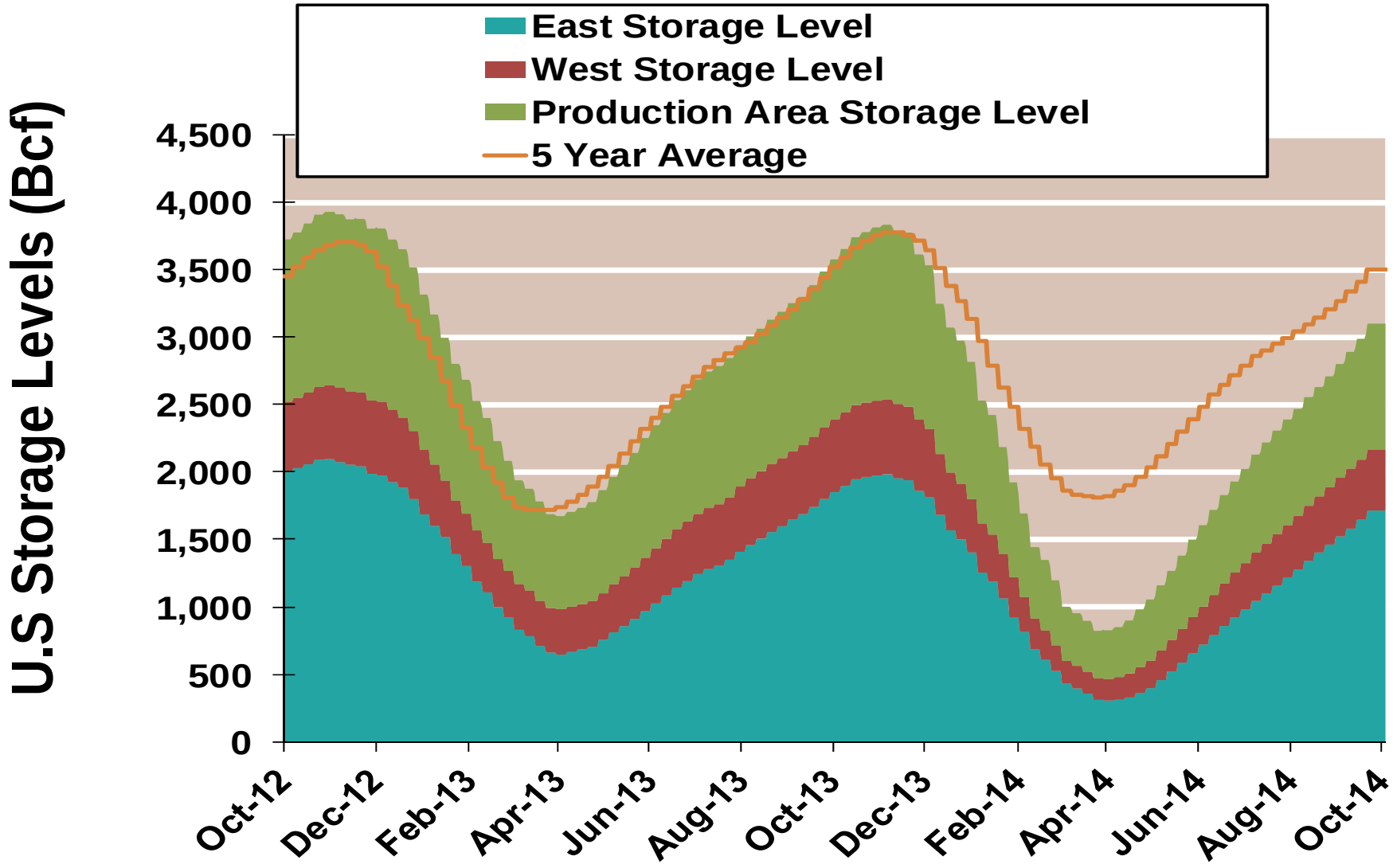
U.S. Natural Gas Consumption for Power Generation



Source: Derived from *Bentek Energy* data

Updated: October 2014

EIA National Storage Inventories by Region



Notes:

Source: Derived from Bloomberg Data

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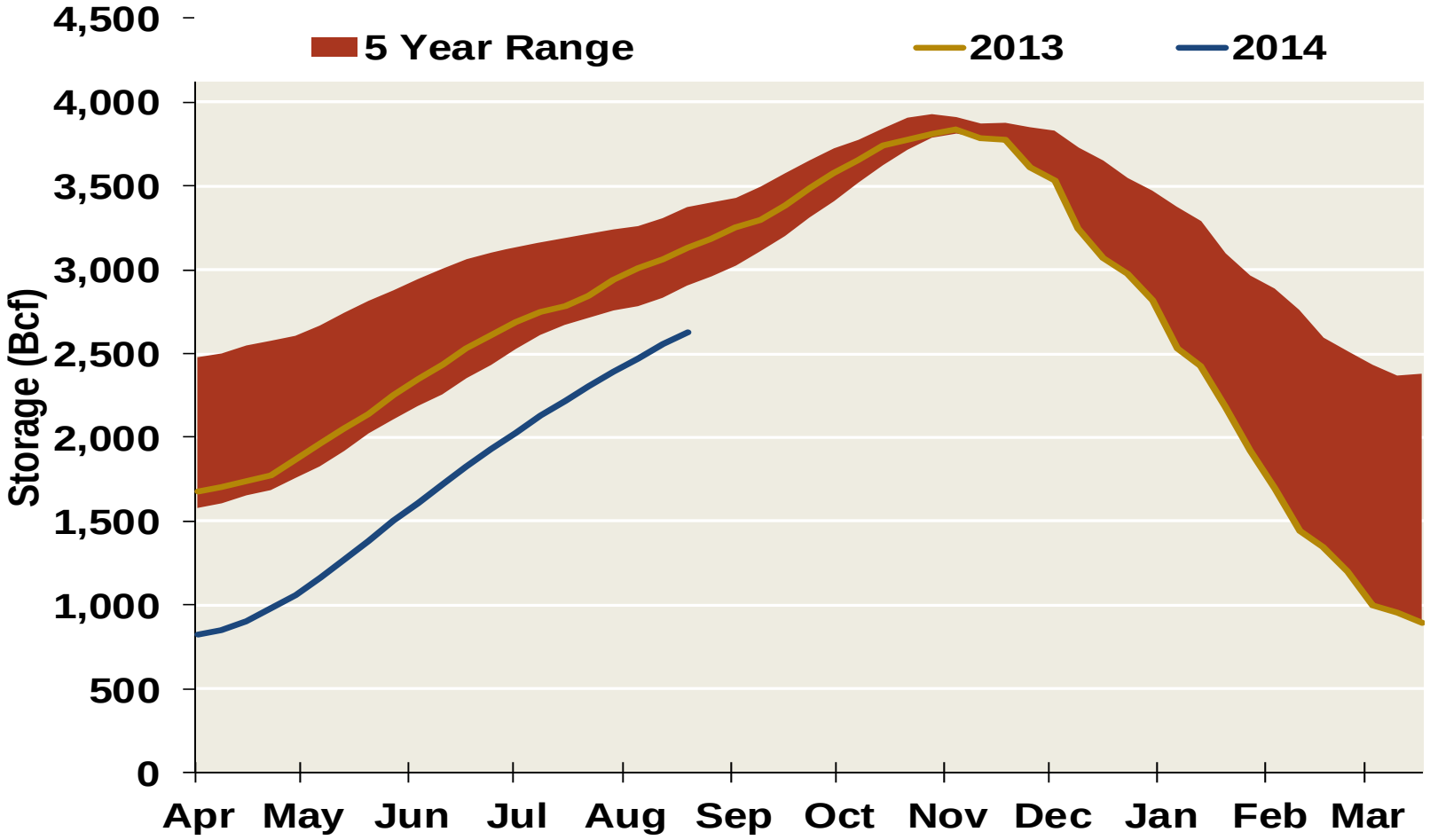
EIA National Storage Inventories

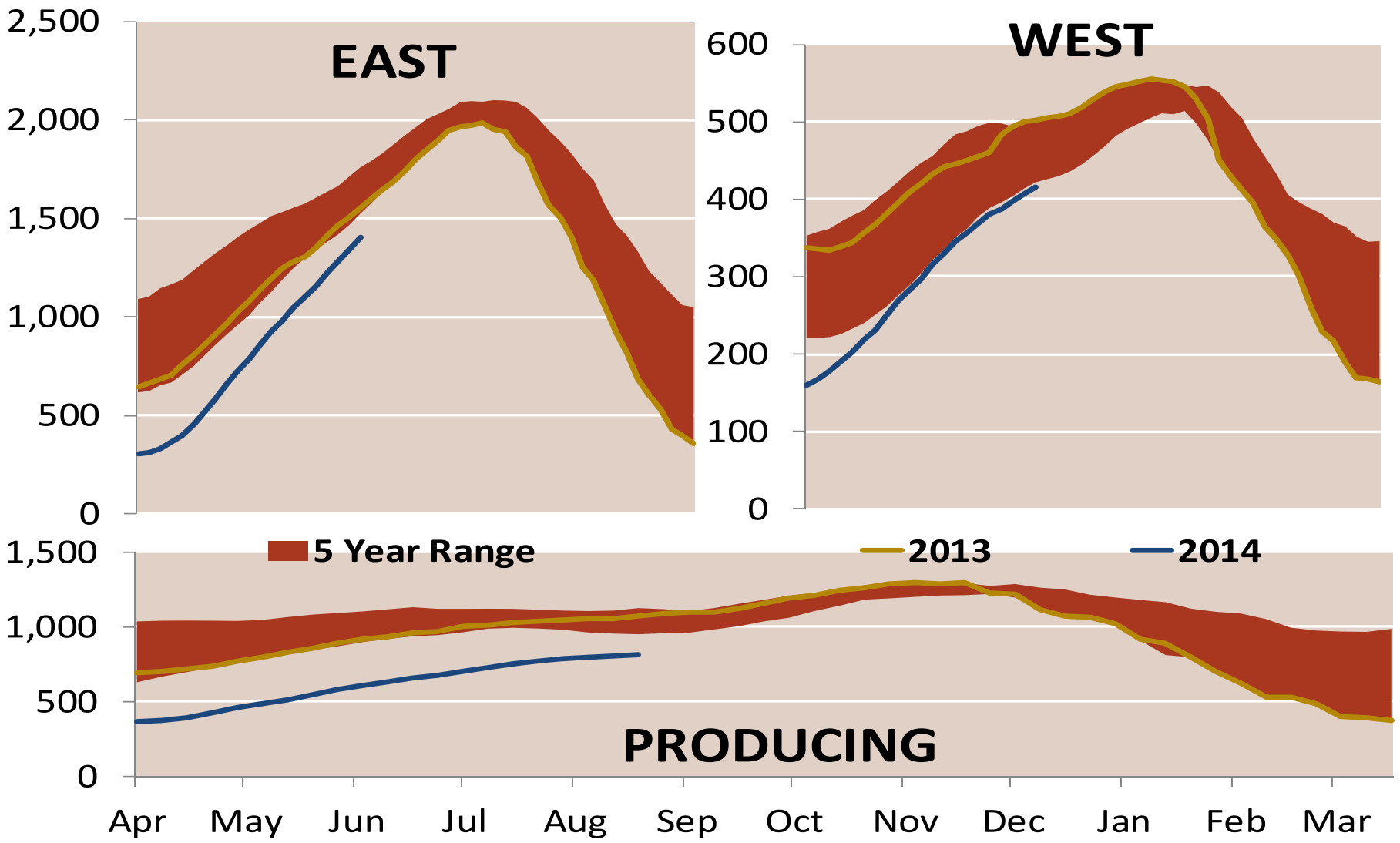


Notes:

Source: Derived from Bloomberg Data

Update 10/28/2014

EIA Regional Storage Inventories



Notes:

Source: Derived from Bloomberg Data

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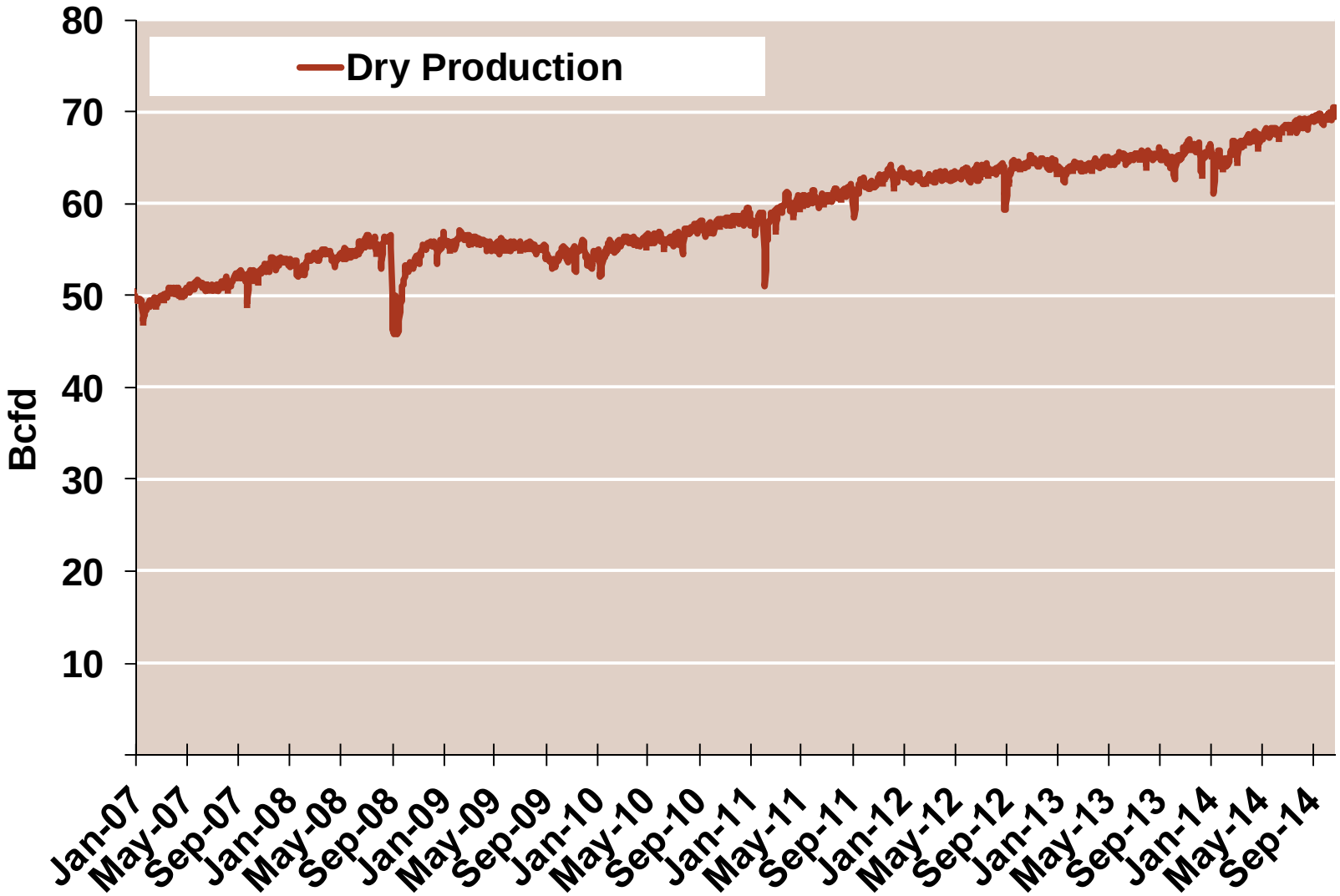
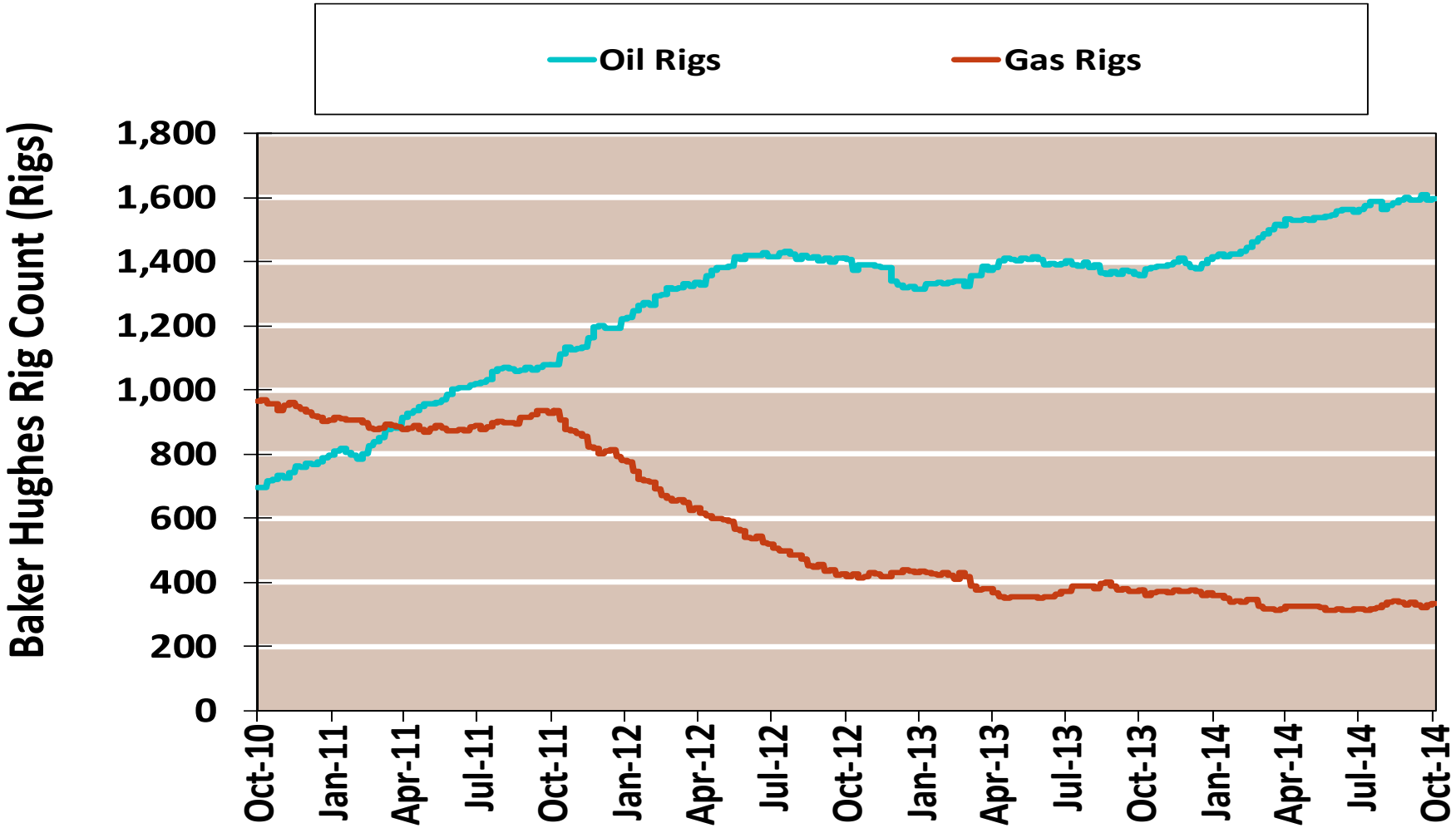
Monthly U.S. Dry Gas Production – Lower 48 States



Note: Prior to July 2010, chart was derived from a combination of *EIA* and *Bentek Energy* data
Source: Derived from *Bentek Energy* data

Updated: October 2014

Rigs by Type



Notes:

Source: Derived from Bloomberg data

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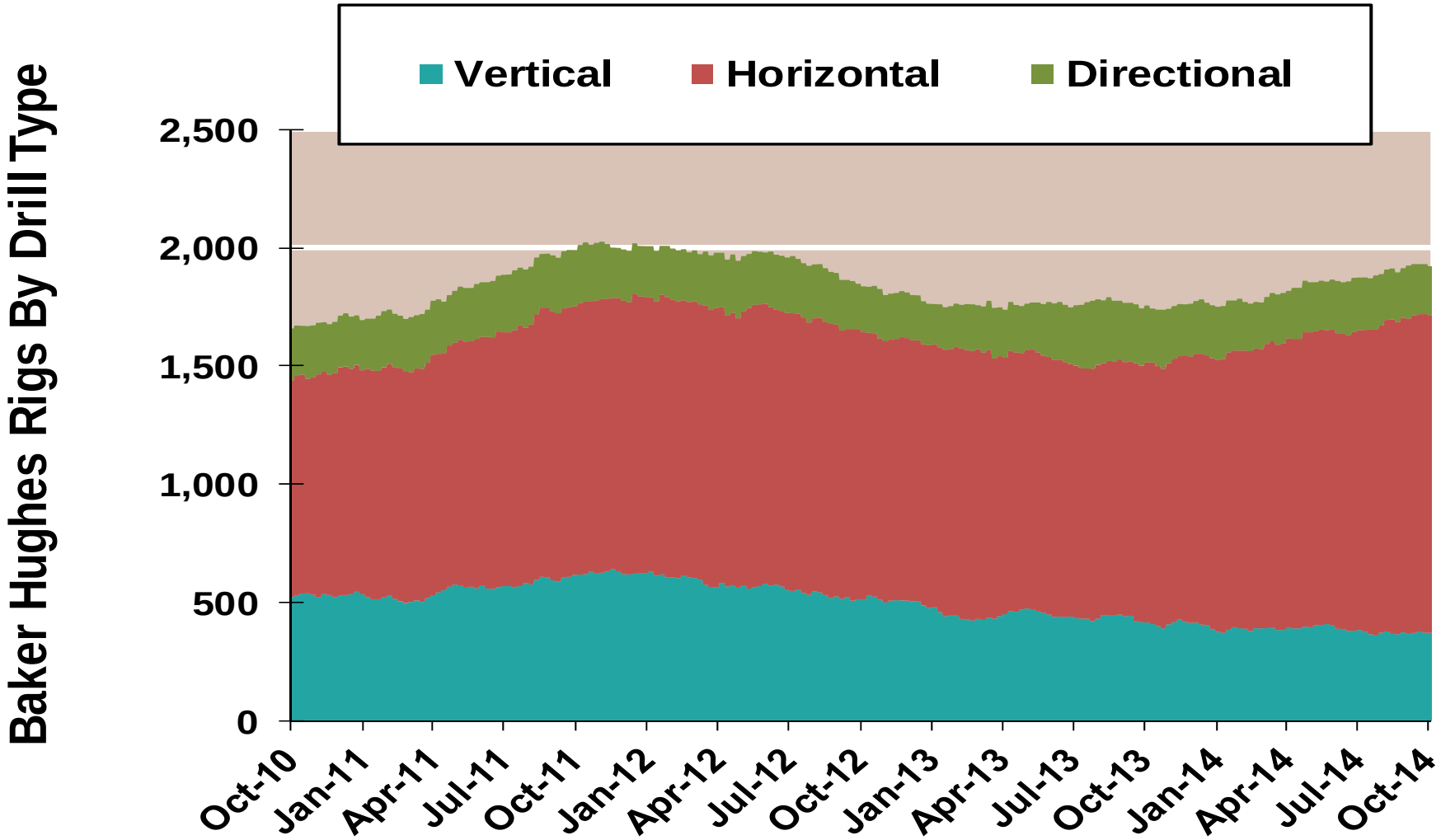
Total US Rig Count



Notes:

Source: Derived from Bloomberg data

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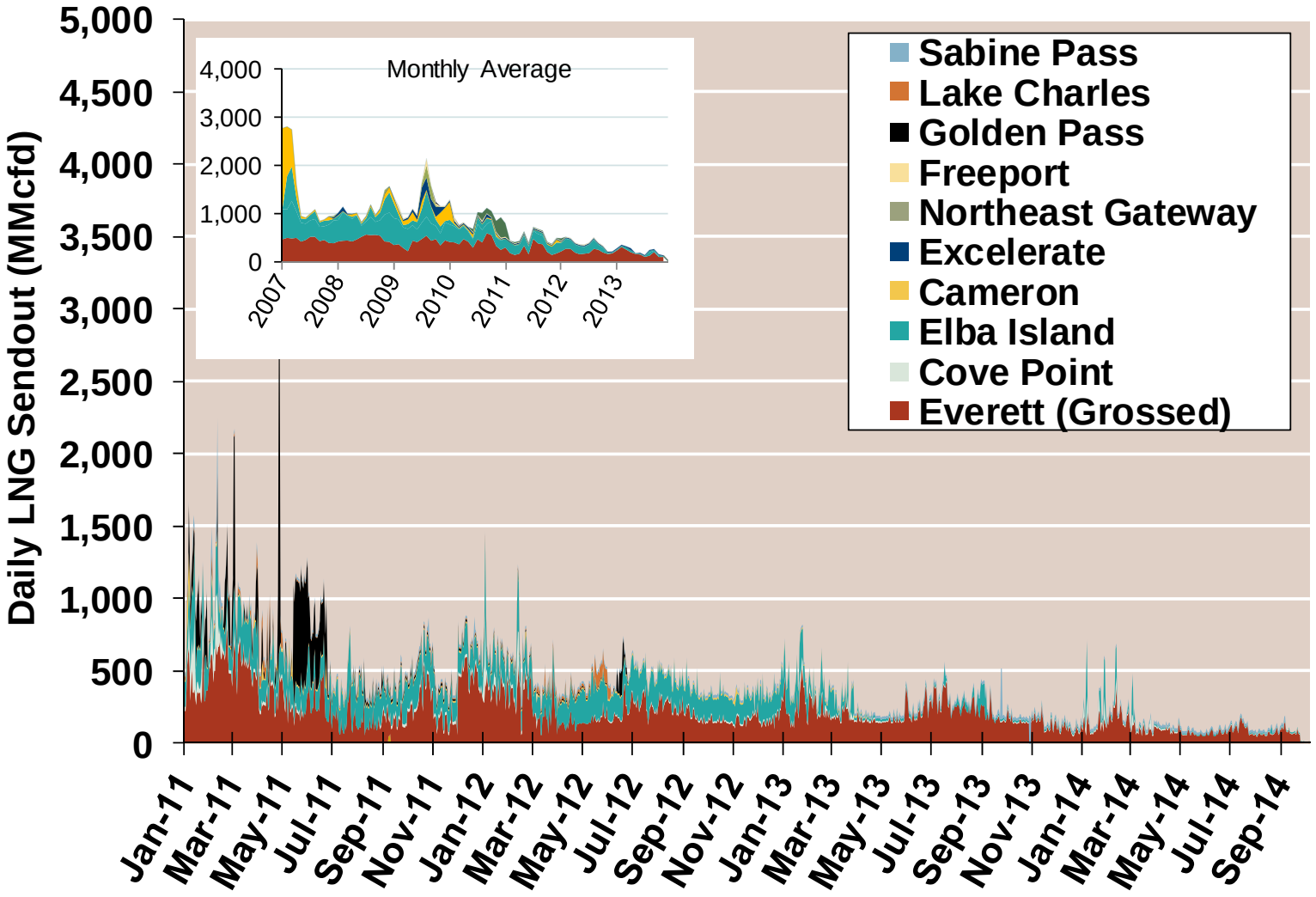
Daily Gas Sendout from Existing U.S. LNG Facilities

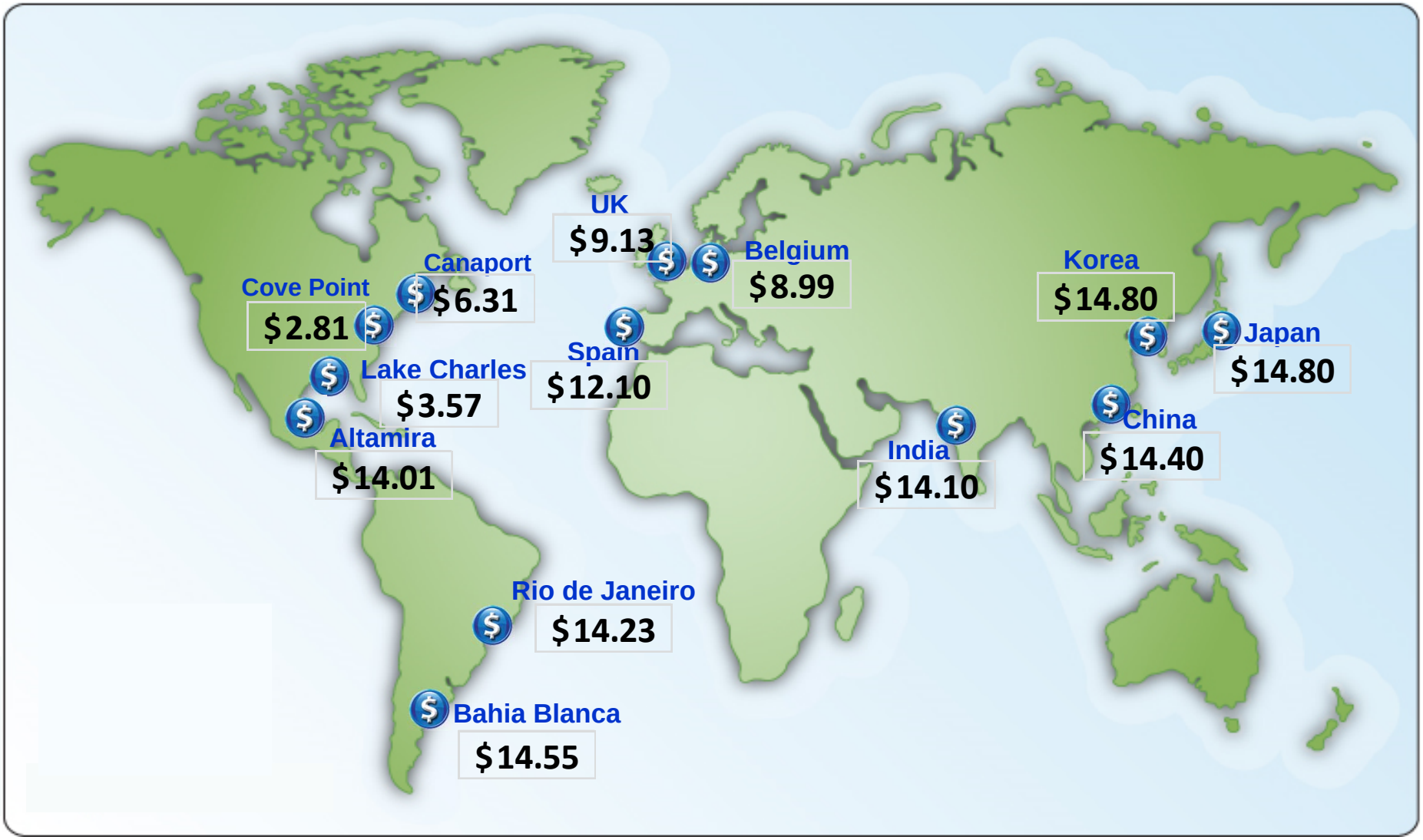


Notes: Everett data includes flows onto the AGT and TGP interstate lines, plus estimates of flows to the Mystic 7 power plant, Keyspan Boston Gas, and LNG trucked out of the terminal. Excludes flows to the Freeport LNG which flows via intrastate pipelines and flows to the Mystic 8 and 9 power plants.

Source: Derived from *Bentek Energy* data

Updated: September 2014

World LNG Estimated October 2014 Landed Prices

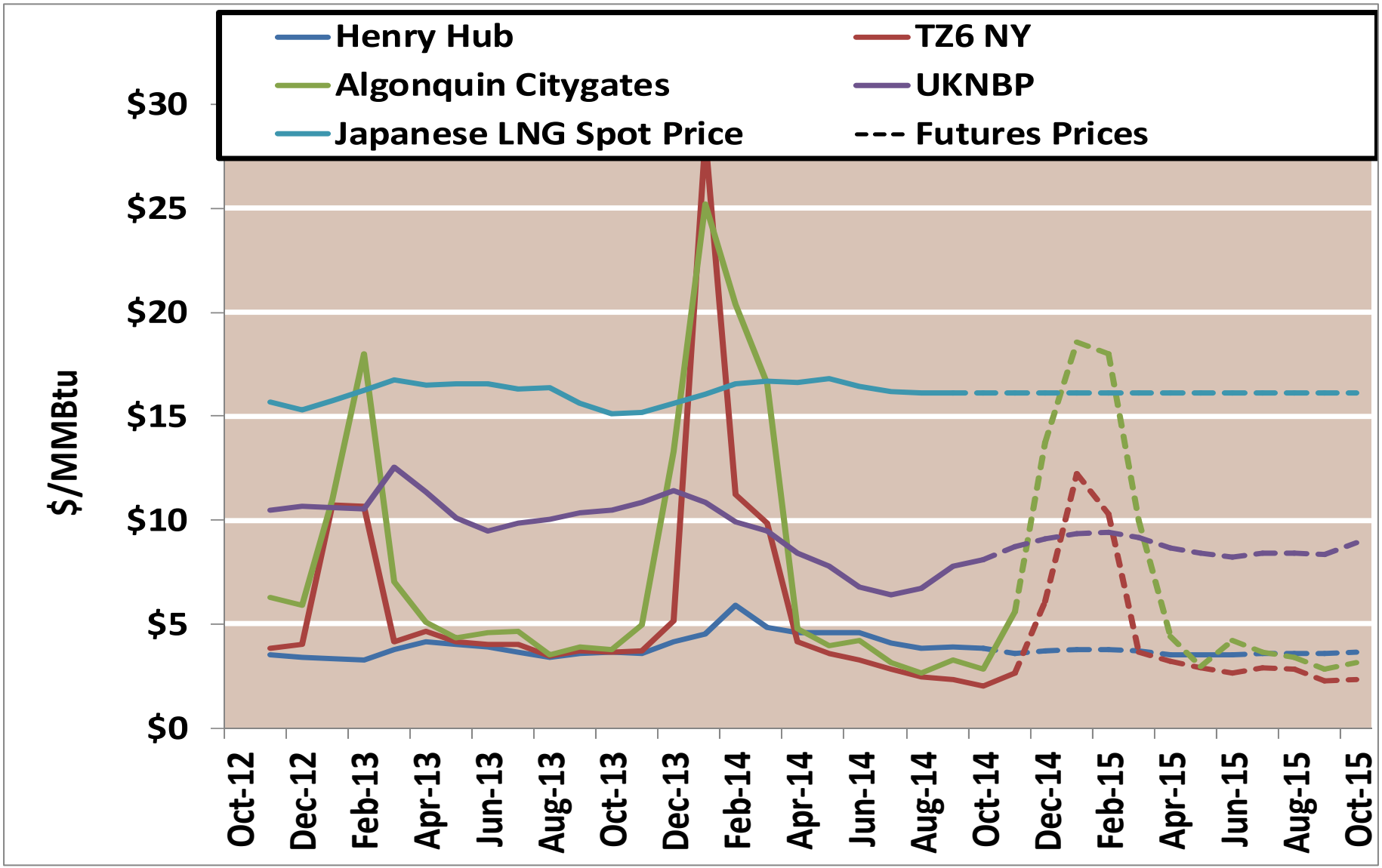


Source: *Waterborne Energy, Inc*. Data in $US/MMBtu

Note: Includes information and Data supplied by IHS Global Inc. and its affiliates ("IHS"); Copyright (publication year) all rights reserved.

Updated September 2014

Historical and Future World Gas Prices



Notes:

Source: Derived from Bloomberg data

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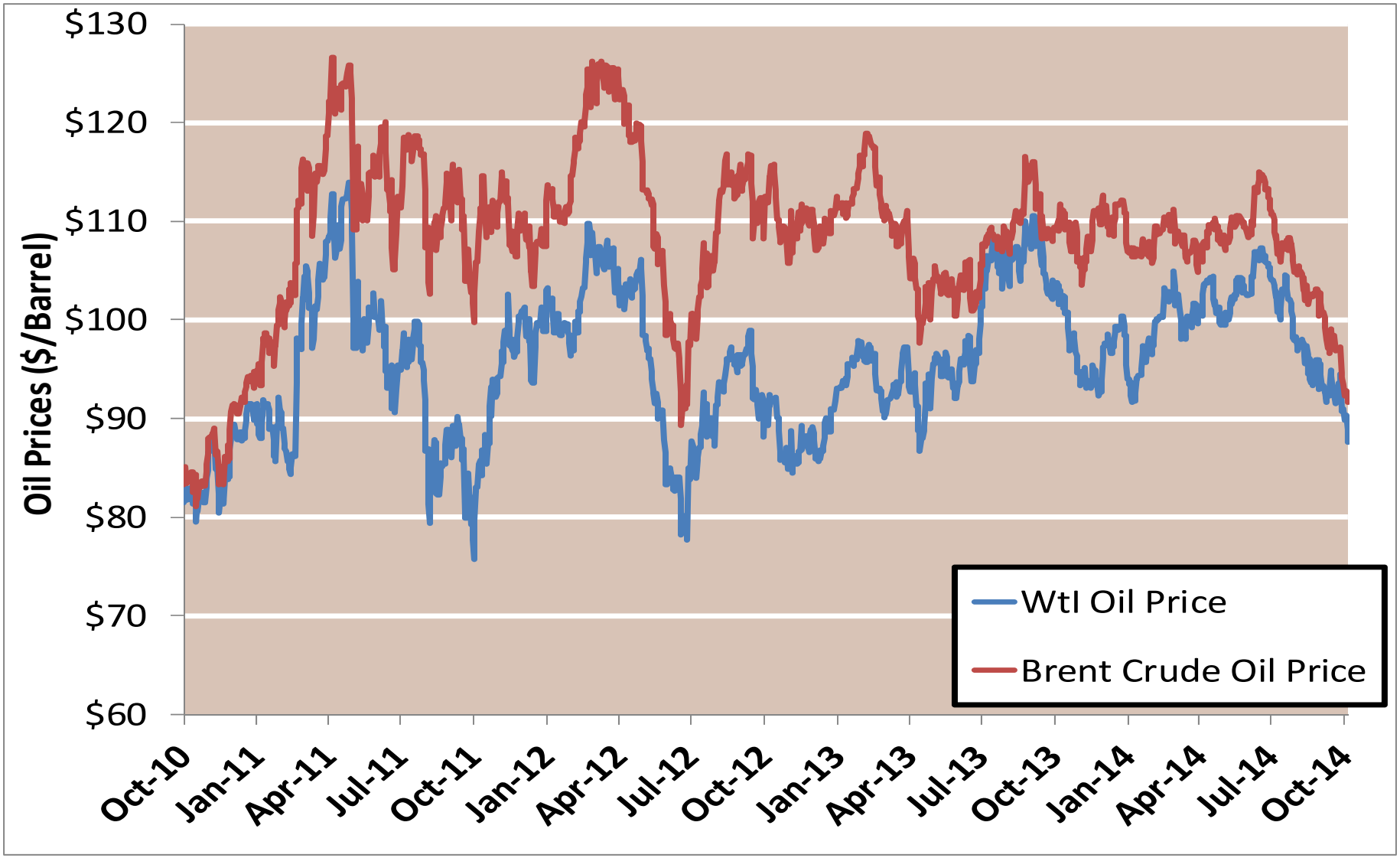
WTI vs Brent Crude Oil Price



Source: Derived from Bloomberg data

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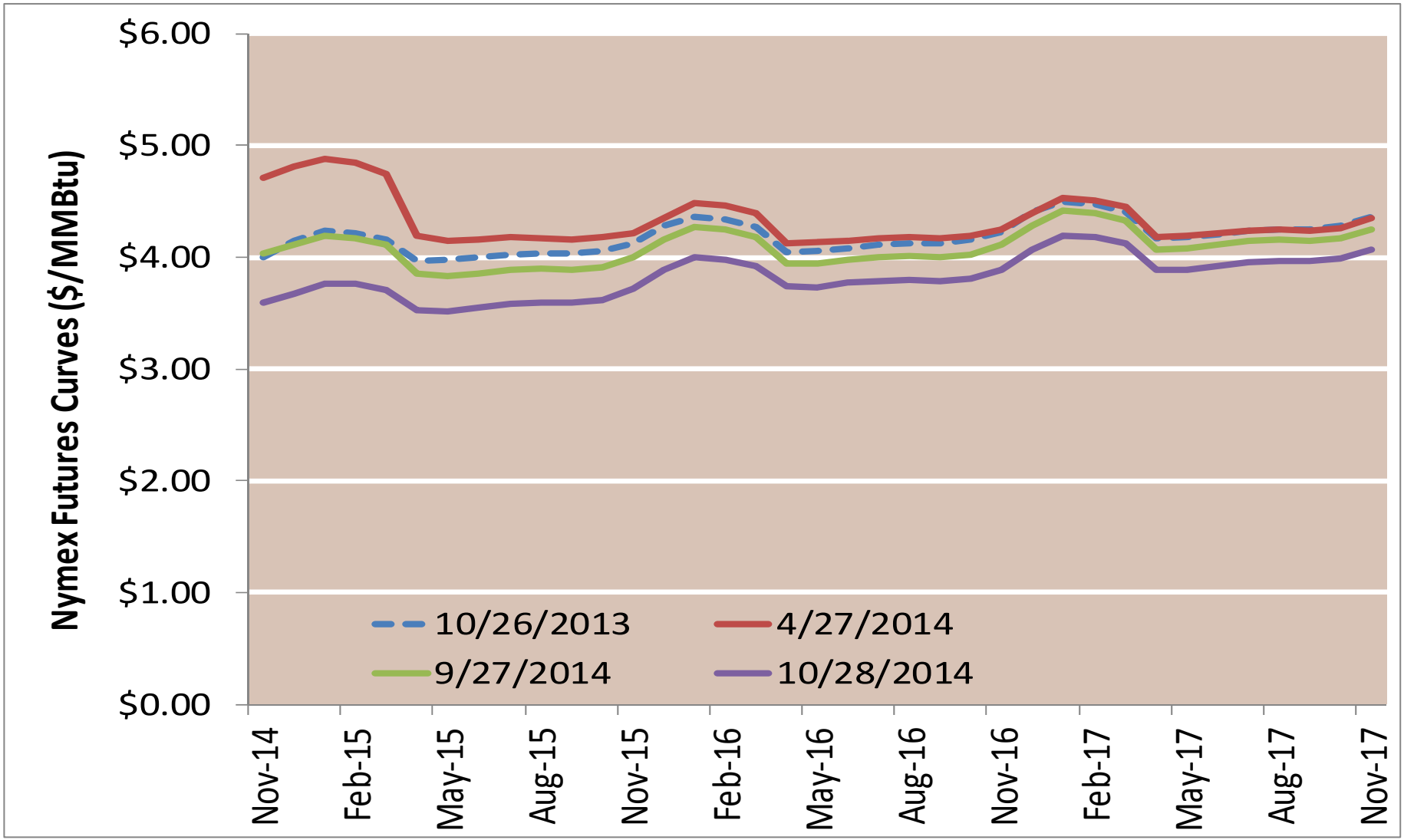
Nymex Futures Curves



Source: Derived from Bloomberg data

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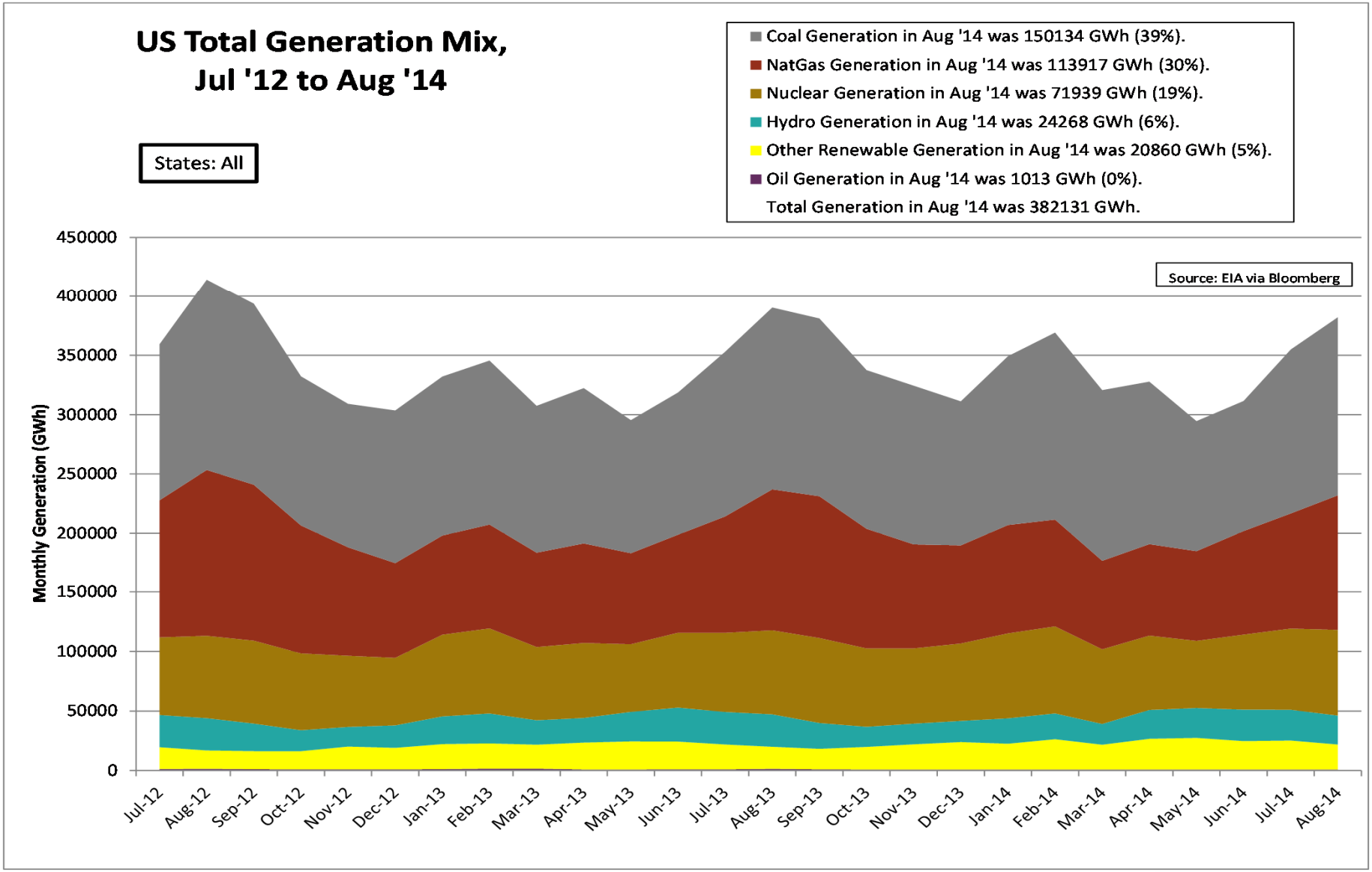
US Total Generation Mix



Updated: 10/29/2014

Natural Gas and Fuels Markets

East

Northeast Day-Ahead Prices
Averaged Annually/ Seasonally

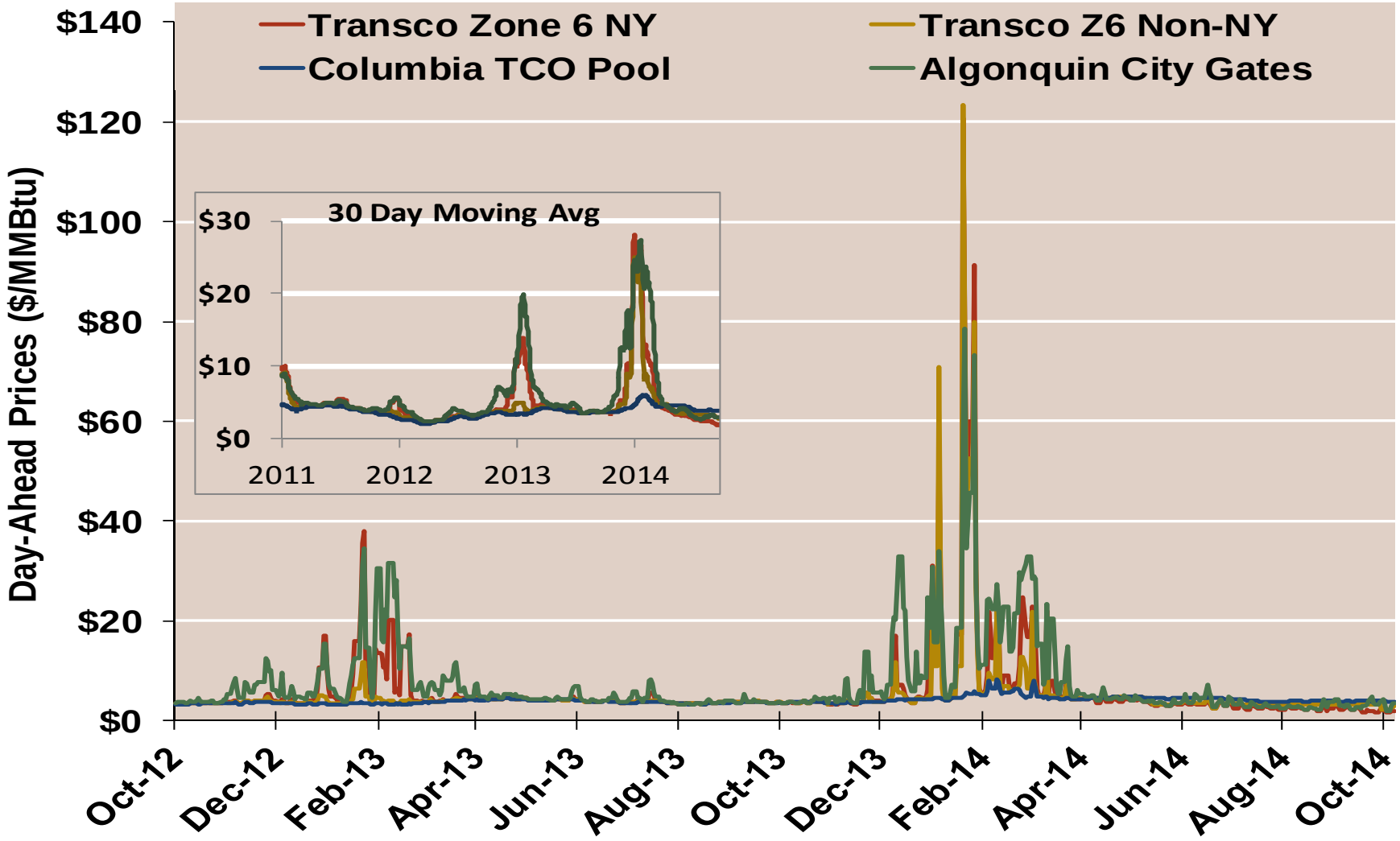
	Average Day Ahead Prices ($/MMBtu)	Algonquin Citygates	Transco Zone 6 NY	Transco Zone 6 Non-NY	Columbia Applachia	Henry Hub
2011	Annual	5.02	5.02	4.69	4.07	**3.98**
	Summer	4.56	4.55	4.41	4.22	**4.14**
	Winter 2011/2012	4.00	3.59	3.09	2.77	**2.74**
2012	Annual	3.95	3.27	2.98	2.78	**2.75**
	Summer	3.25	2.86	2.83	2.71	**2.69**
	Winter 2012/2013	9.49	6.69	4.10	3.51	**3.47**
2013	Annual	6.95	5.11	4.03	3.72	**3.72**
	Summer	4.24	3.92	3.84	3.77	**3.76**
	Winter 2013/2014	15.76	11.40	9.66	4.60	**4.61**
2014 YTD	Annual	8.36	6.79	6.44	4.44	**4.45**
	Summer	3.47	2.89	3.53	4.15	**4.19**
	Winter 2014/2015					

Notes:

Source: Derived from ICE data

Updated 10/28/2014

Northeast Day-Ahead Prices

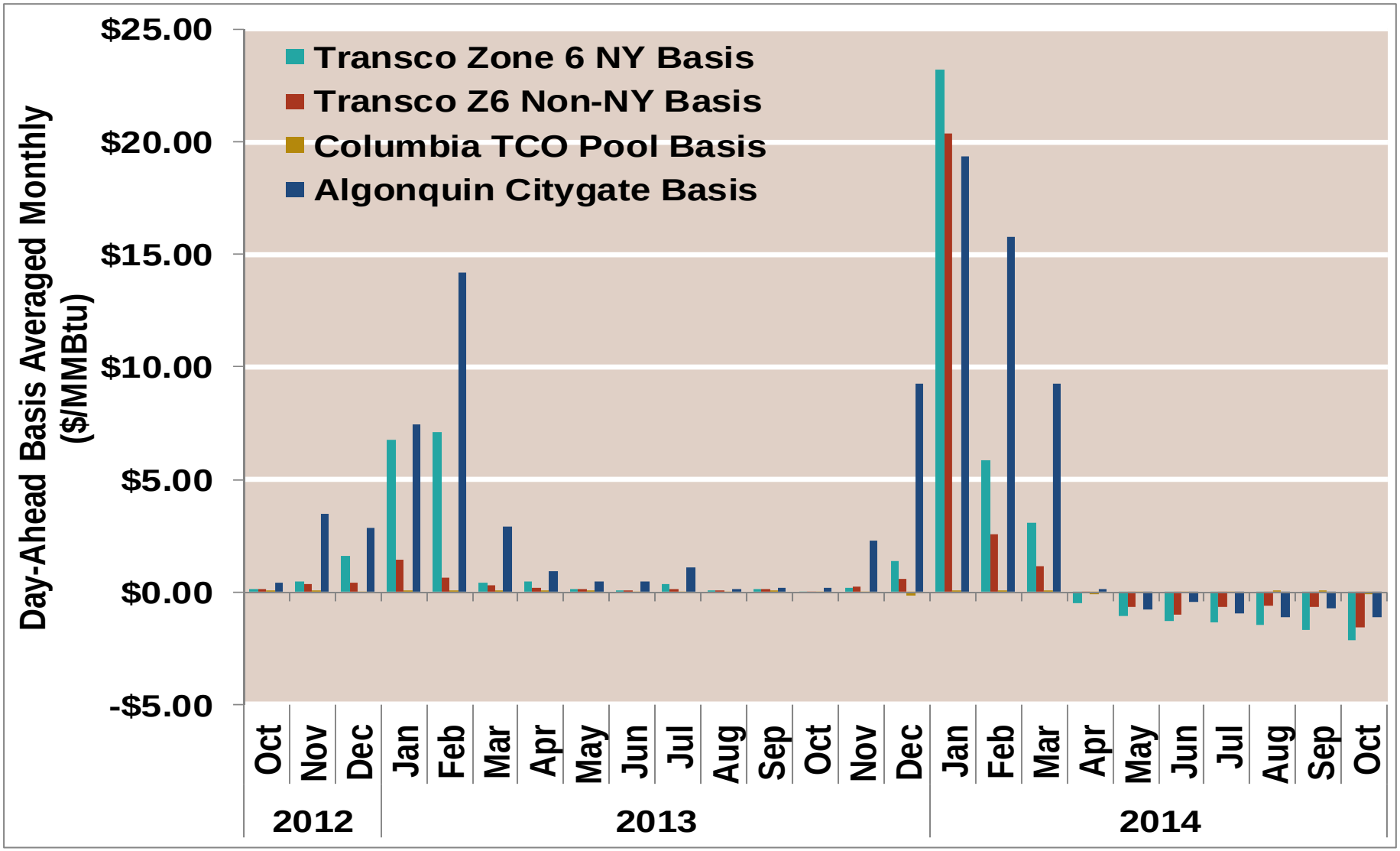


Notes:

Source: Derived from ICE data

Updated 10/28/2014

Northeast Monthly Average Basis Value To Henry Hub

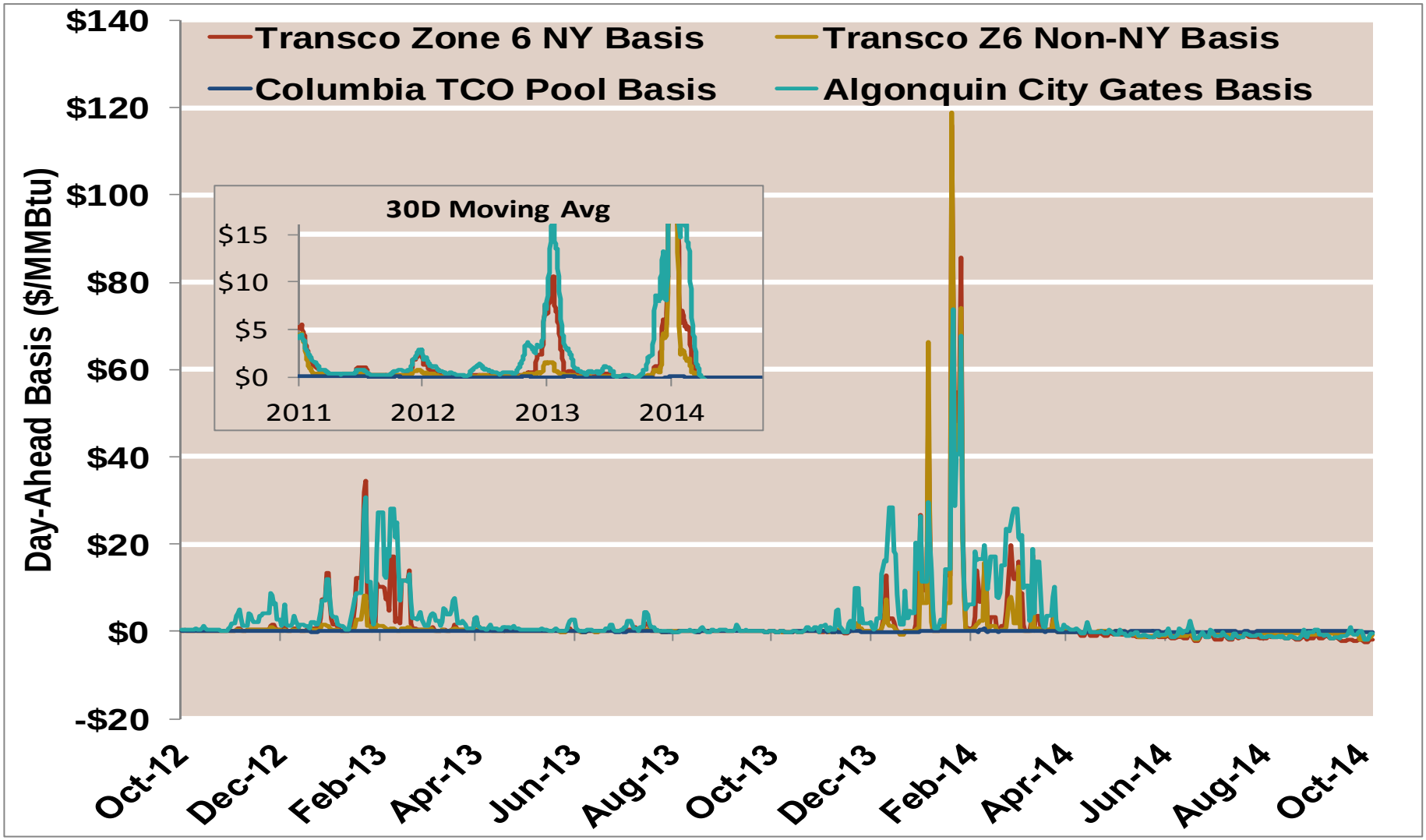


Notes:

Source: Derived from ICE data

Updated 10/28/2014

Northeast Day-Ahead Basis



Notes:

Source: Derived from ICE data

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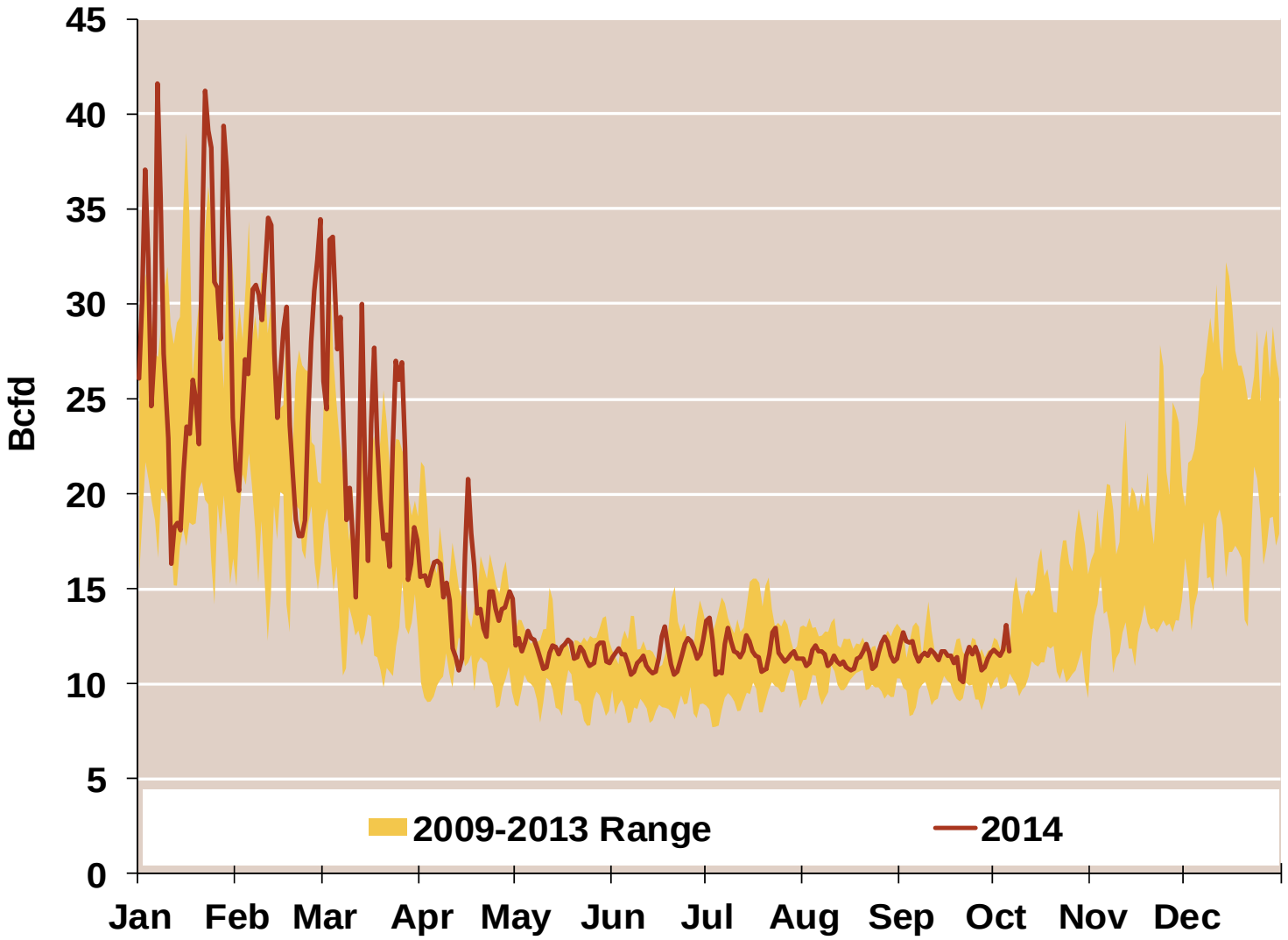
Daily Northeast Natural Gas Demand All Sectors

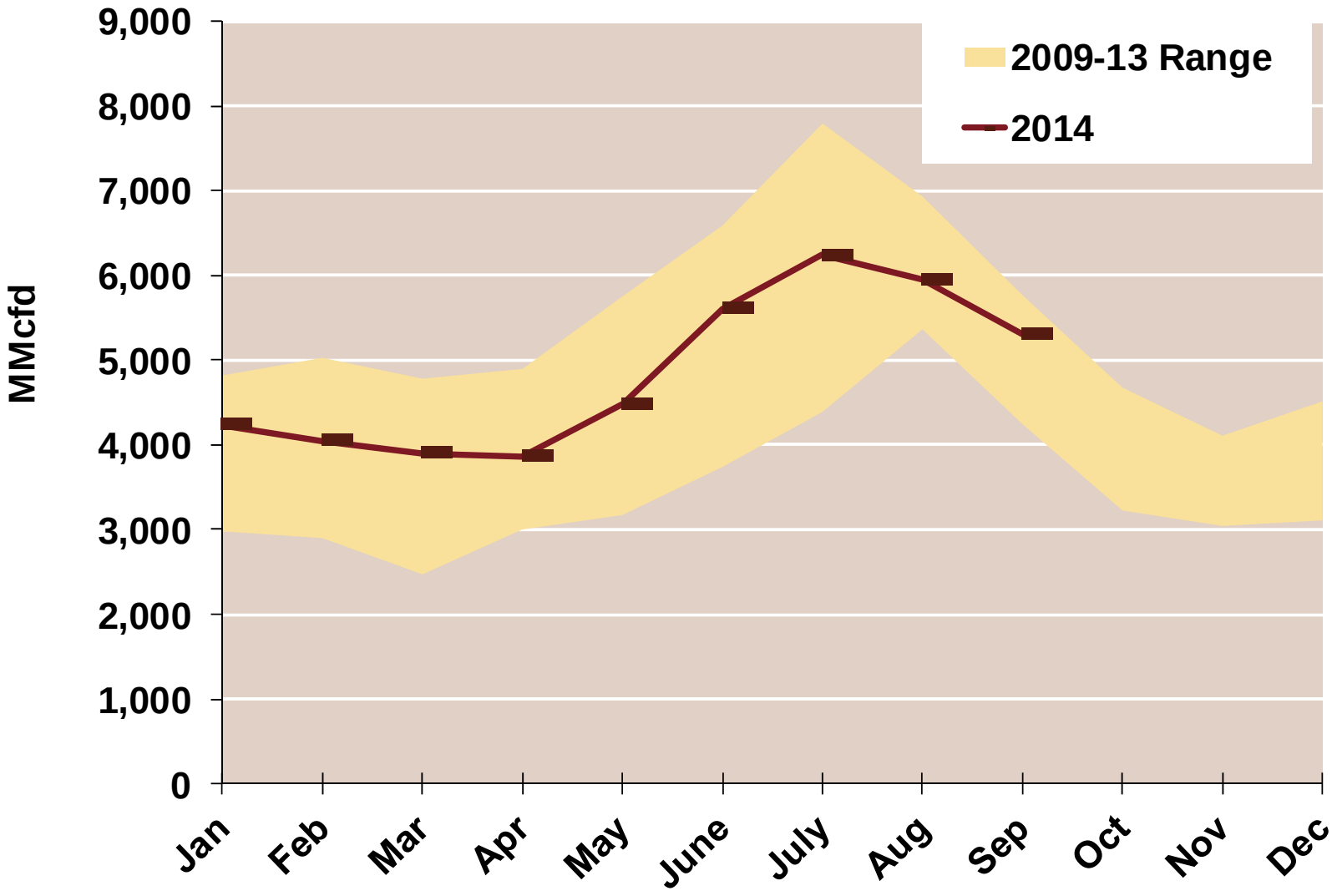


Source: Derived from *Bentek Energy* data

Note: Northeast is defined as Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, West Virginia, Ohio and Kentucky

Updated: October 2014

Northeast Natural Gas Consumption for Power Generation



Source: Derived from *Bentek Energy* data

Note: Northeast is defined as Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, West Virginia, Ohio and Kentucky

Updated: October 2014

Southeast Day-Ahead Prices Averaged Annually/Seasonally

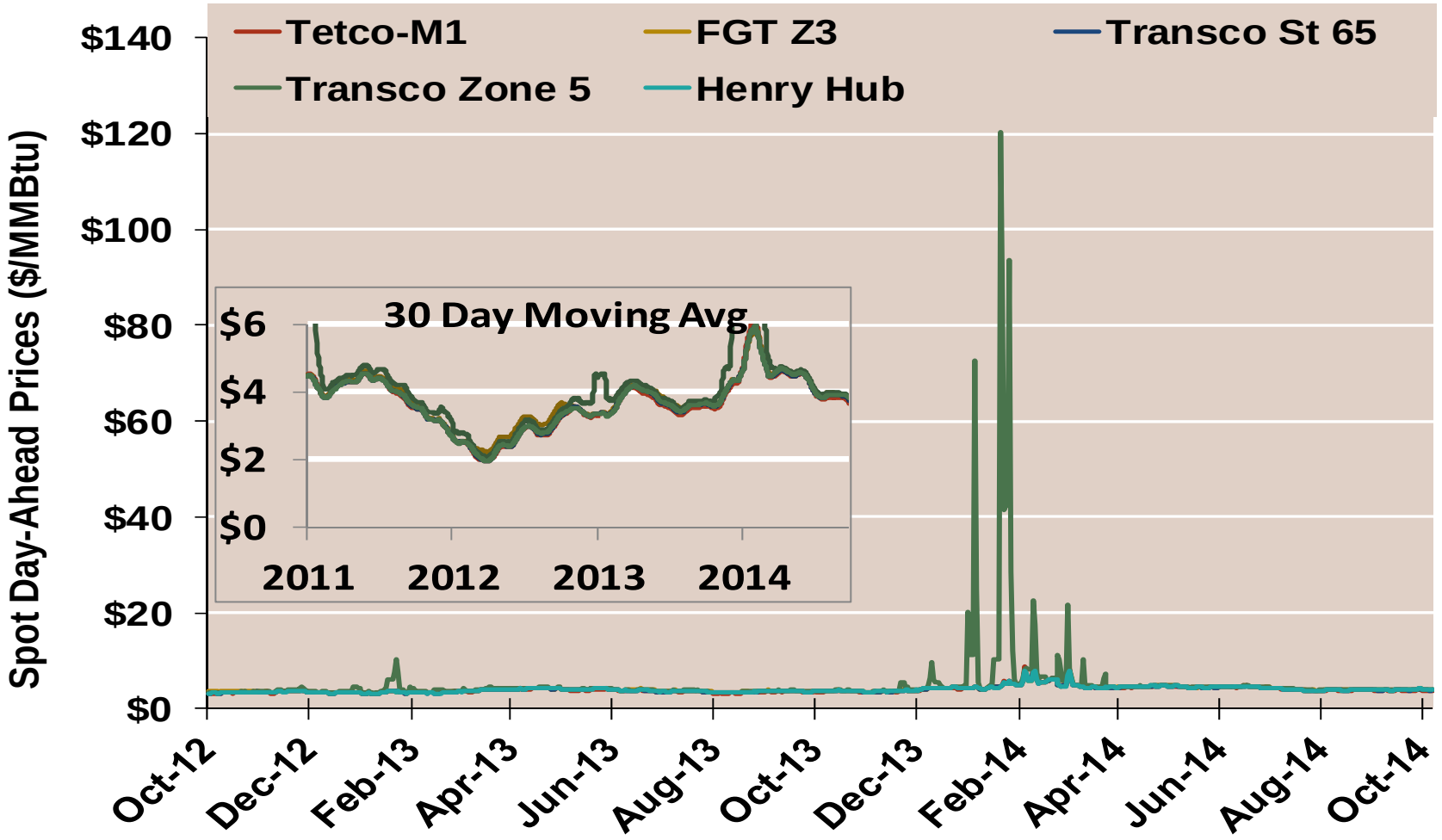
	Average Day Ahead Prices ($/MMBtu)	FGT Z3	Tetco-M1	Transco St 65	Transco Zone 5	Henry Hub
2011	Annual	4.04	3.98	3.98	4.53	**3.98**
	Summer	4.22	4.12	4.13	4.36	**4.14**
	Winter 2011/2012	2.79	2.74	2.74	2.99	**2.74**
2012	Annual	2.94	2.73	2.75	2.94	**2.75**
	Summer	2.97	2.65	2.67	2.81	**2.69**
	Winter 2012/2013	3.51	3.47	3.48	3.95	**3.47**
2013	Annual	3.77	3.66	3.71	4.01	**3.72**
	Summer	3.83	3.68	3.74	3.88	**3.76**
	Winter 2013/2014	4.62	4.61	4.60	9.44	**4.61**
2014 YTD	Annual	4.54	4.49	4.49	7.08	**4.51**
	Summer	4.28	4.19	4.22	4.31	**4.24**
	Winter 2014/2015					

Notes:

Source: Derived from ICE data

Updated 10/28/2014

Southeast Day-Ahead Prices

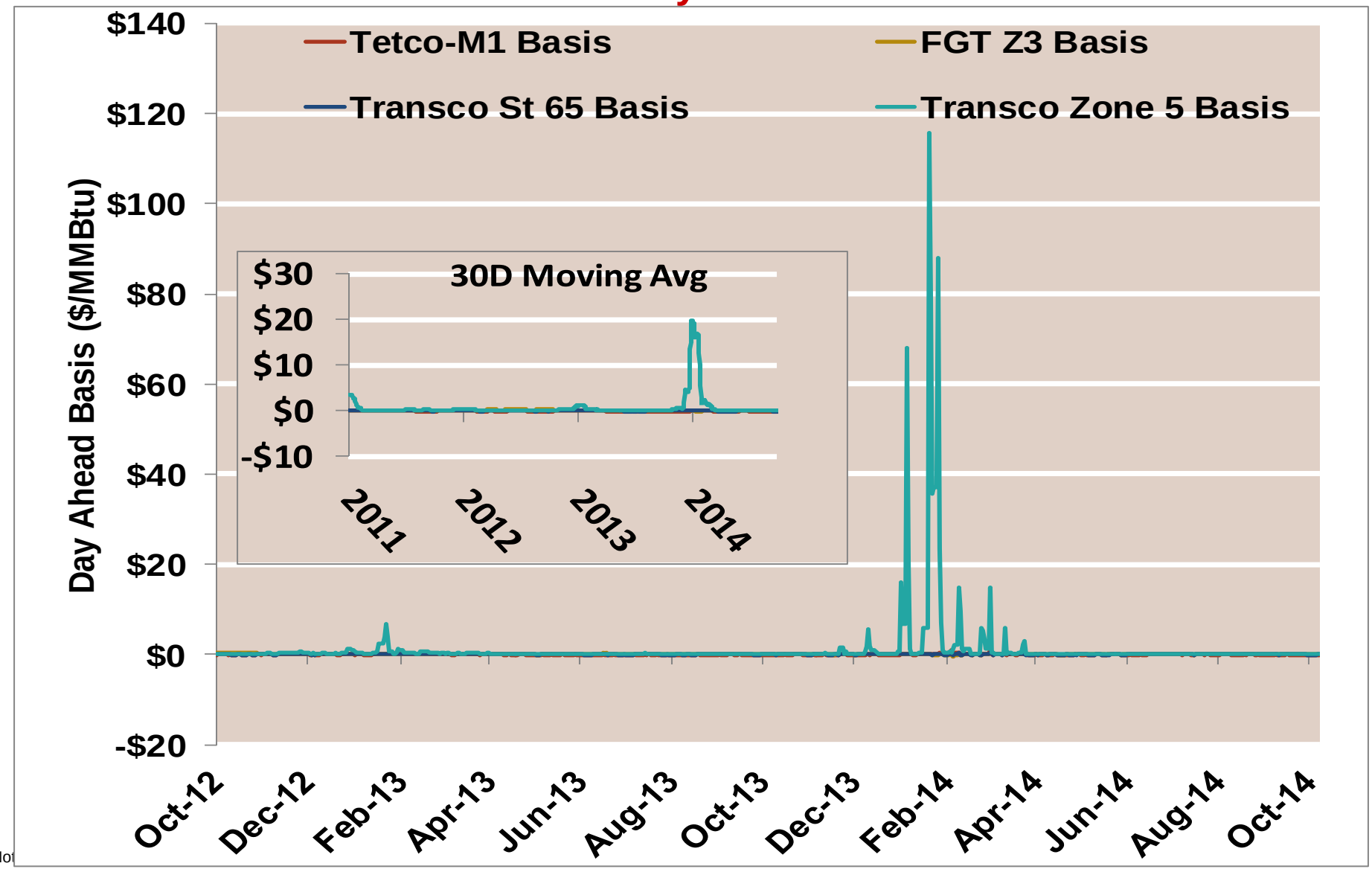


Notes:

Source: Derived from ICE data

Updated 10/28/2014

Southeast Day-Ahead Basis

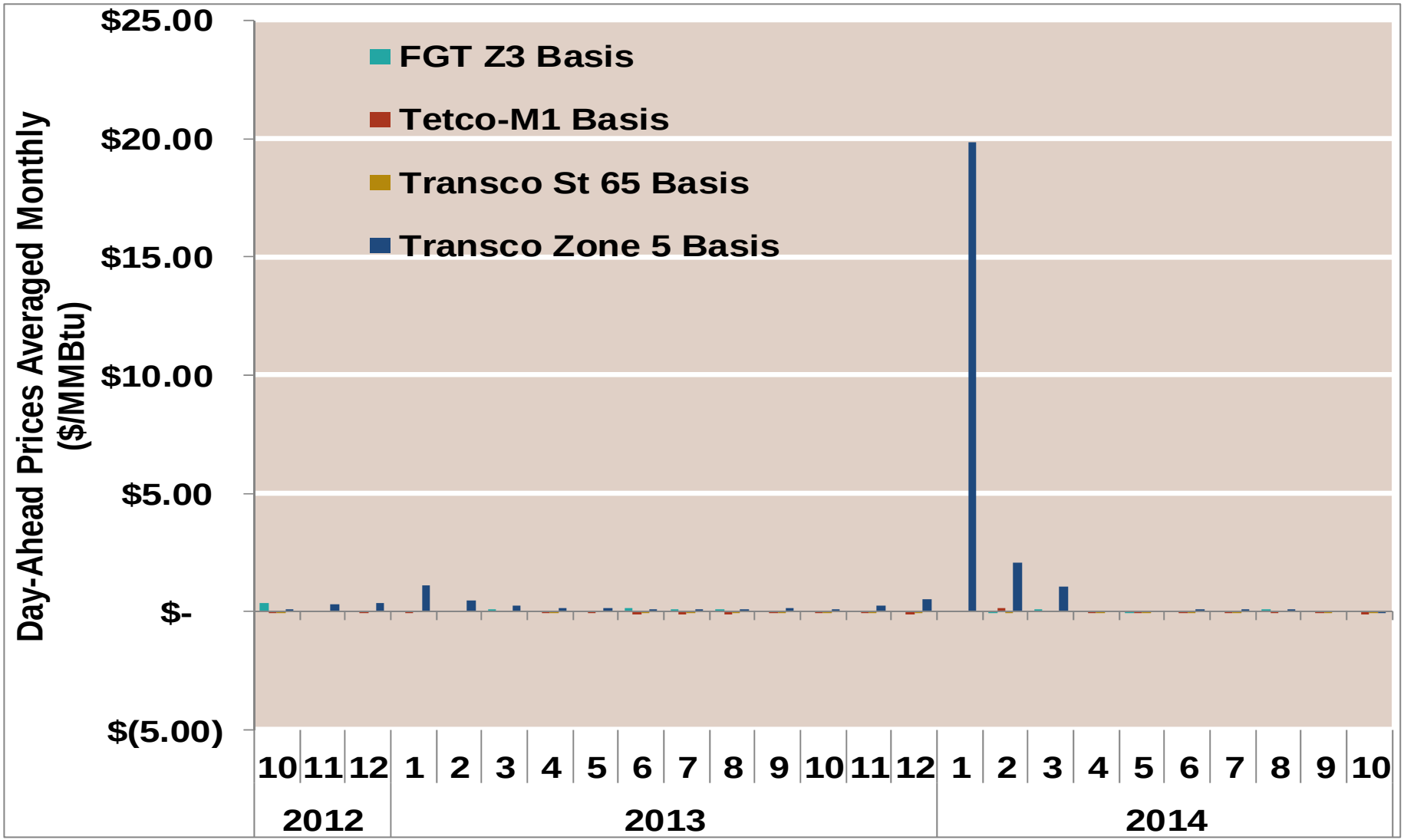


Not

Source: Derived from ICE data

Updated 10/28/2014

Southeast Monthly Average Basis Value To Henry Hub

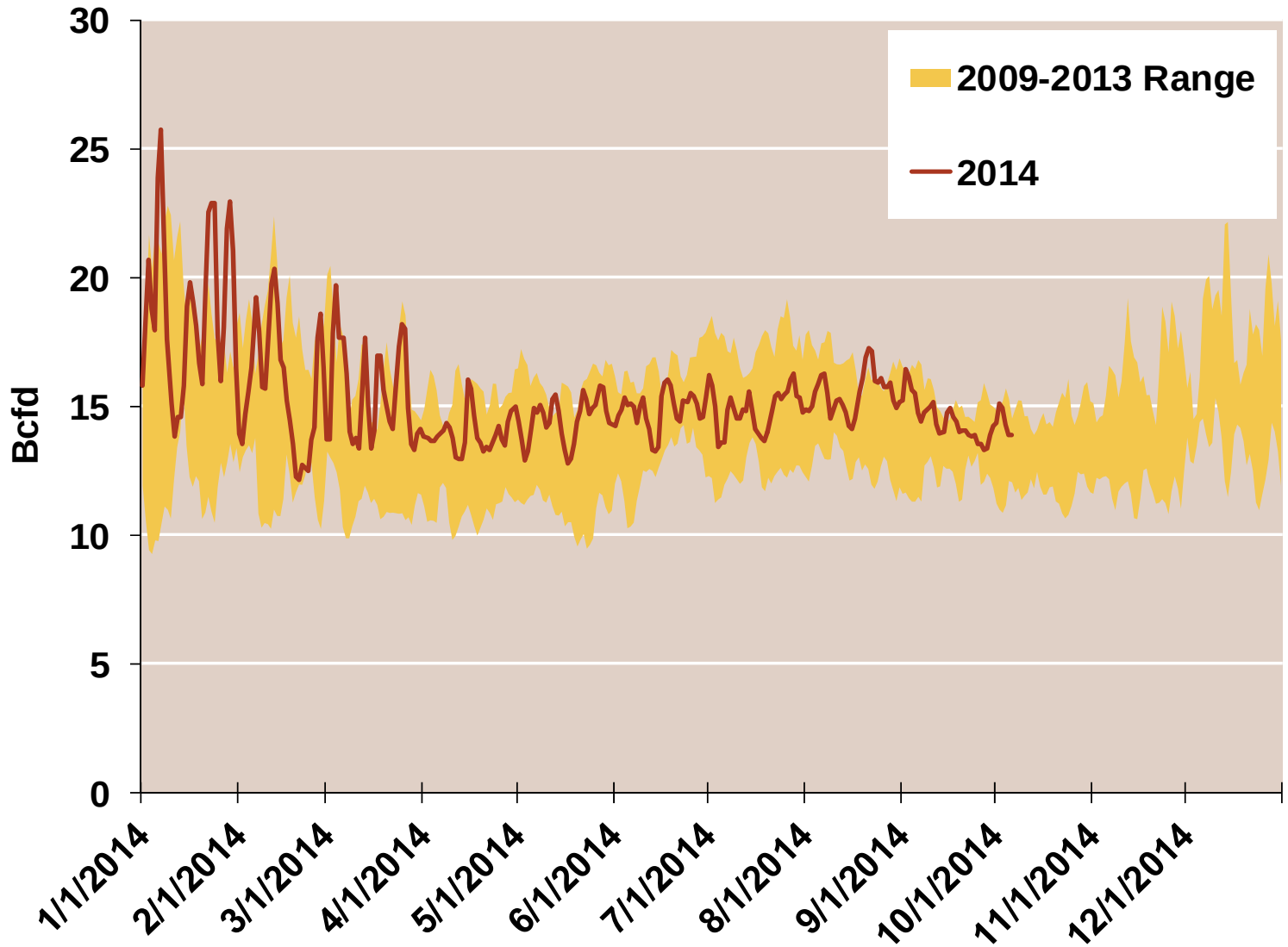


Notes:

Source: Derived from ICE data

Updated 10/28/2014

Daily Southeast Natural Gas Demand All Sectors

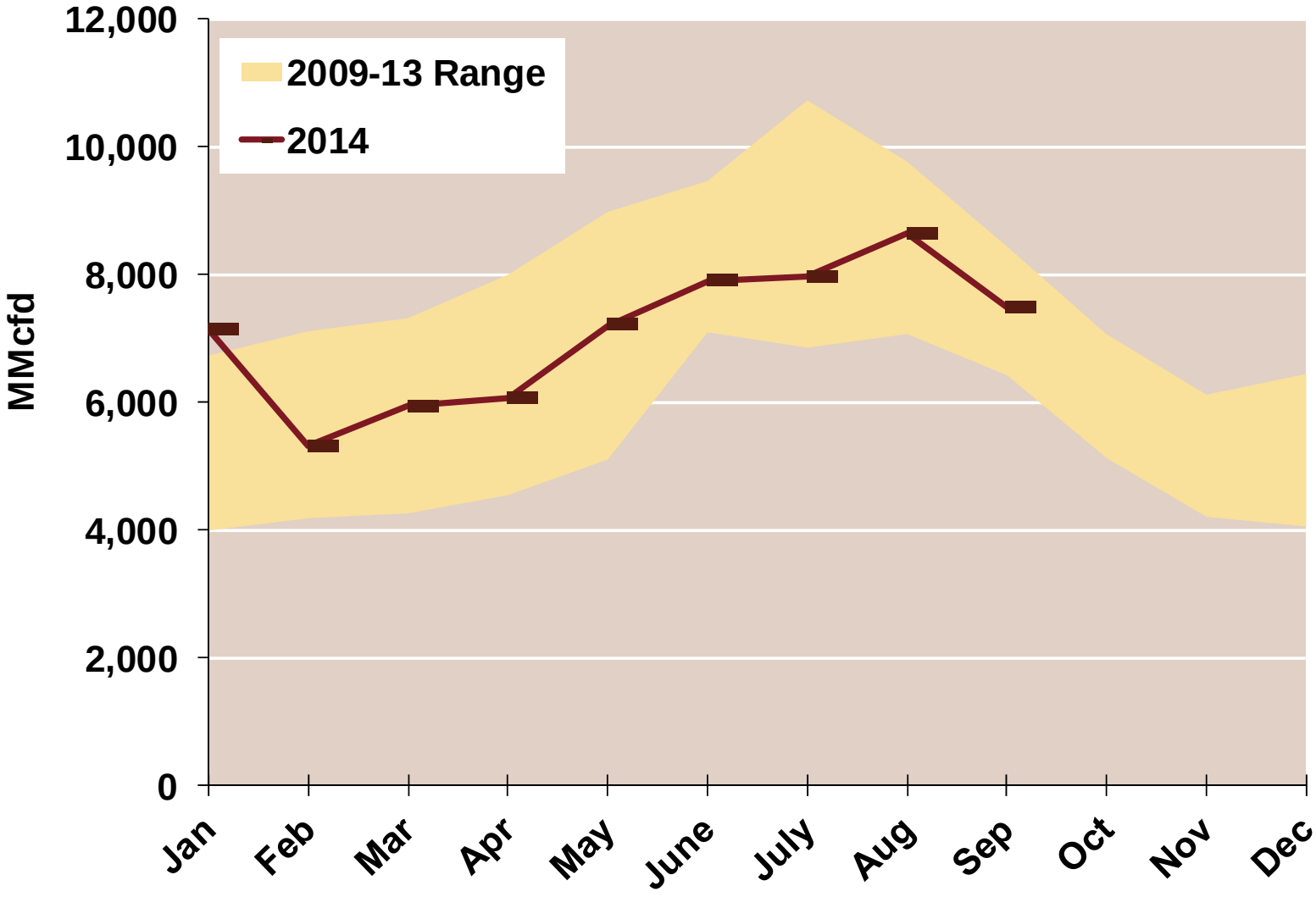


Source: Derived from *Bentek Energy* data

Note: Southeast is defined as North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Arkansas, and Tennessee.

Updated: October 2014

Southeast Natural Gas Consumption for Power Generation



Source: Derived from *Bentek Energy* data

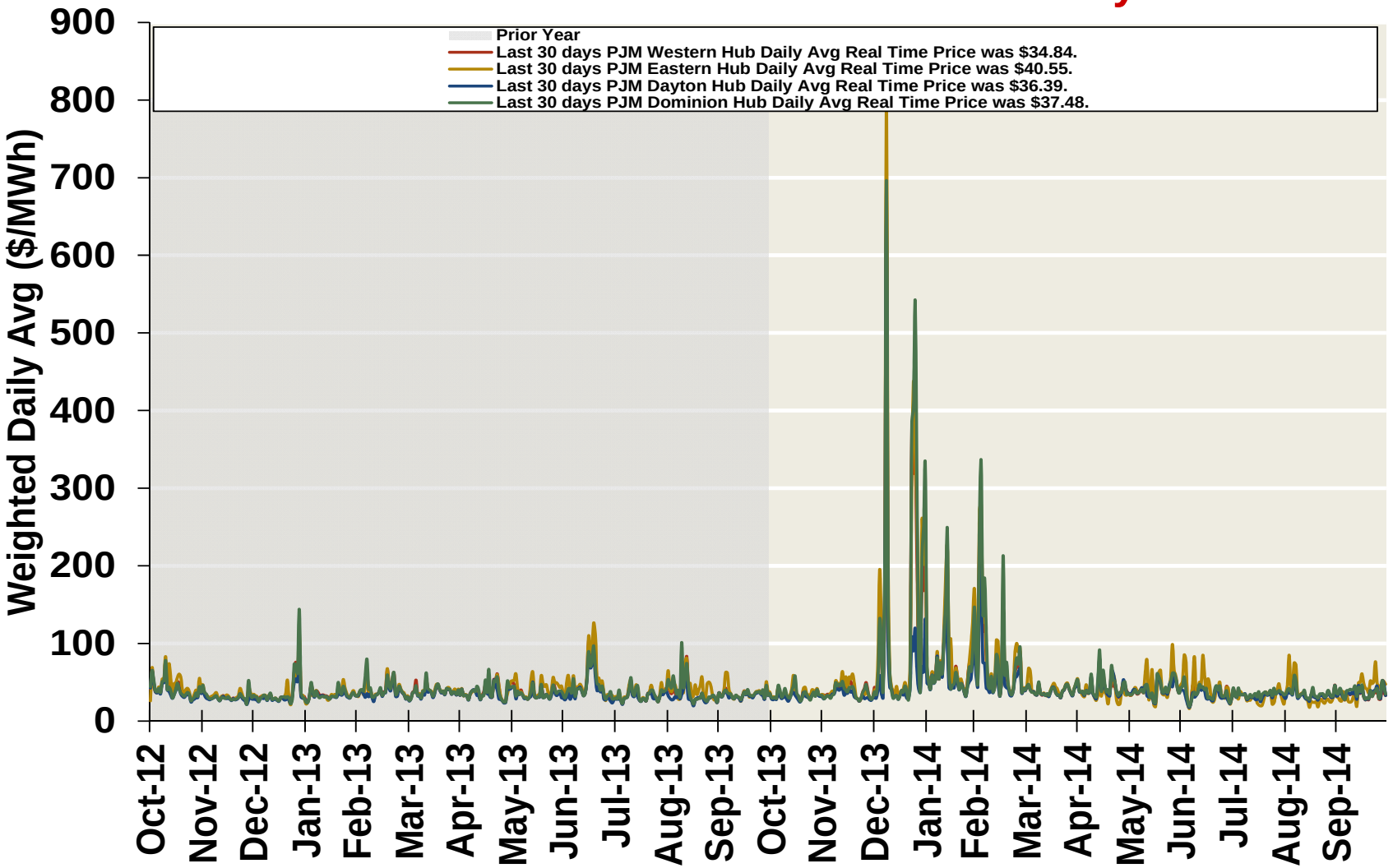
Note: Southeast is defined as North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Arkansas, and Tennessee.

Updated: October 2014

Electricity Markets

East

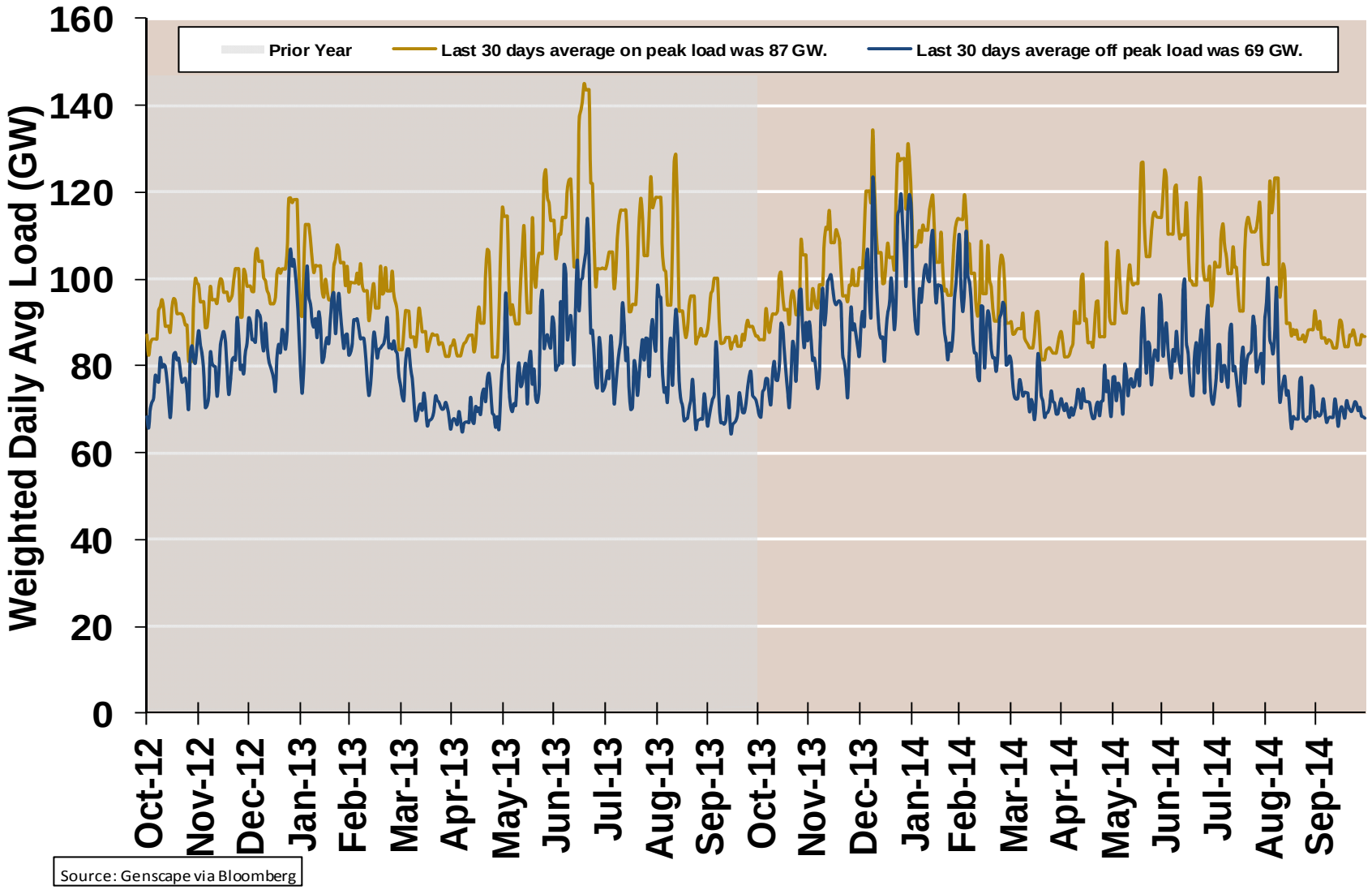
PJM Real Time Prices—Two Year History



Source: Genscape via Bloomberg

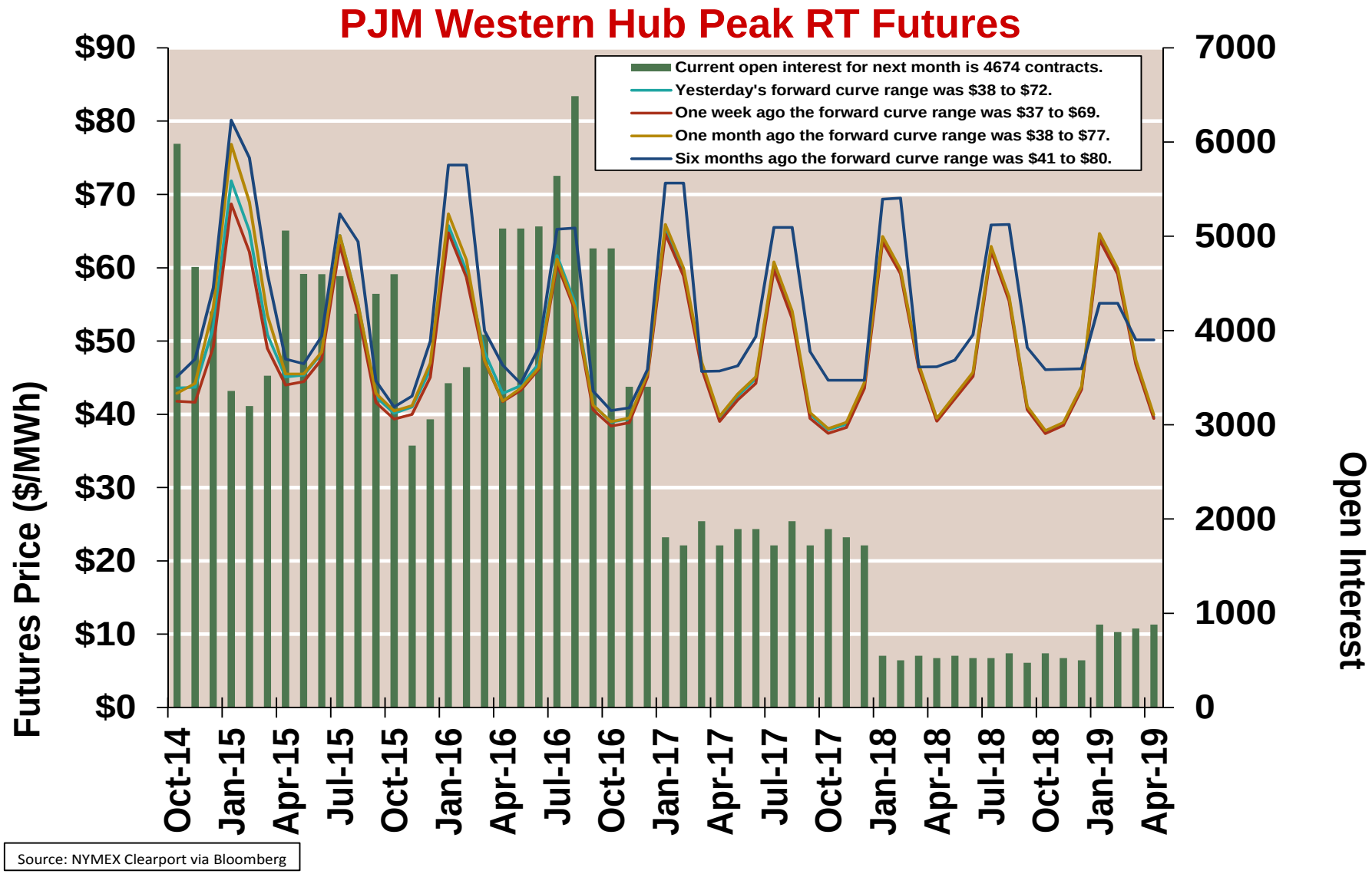
Updated: 10/29/2014

PJM System Daily Average Load —Two Year History



Source: Genscape via Bloomberg

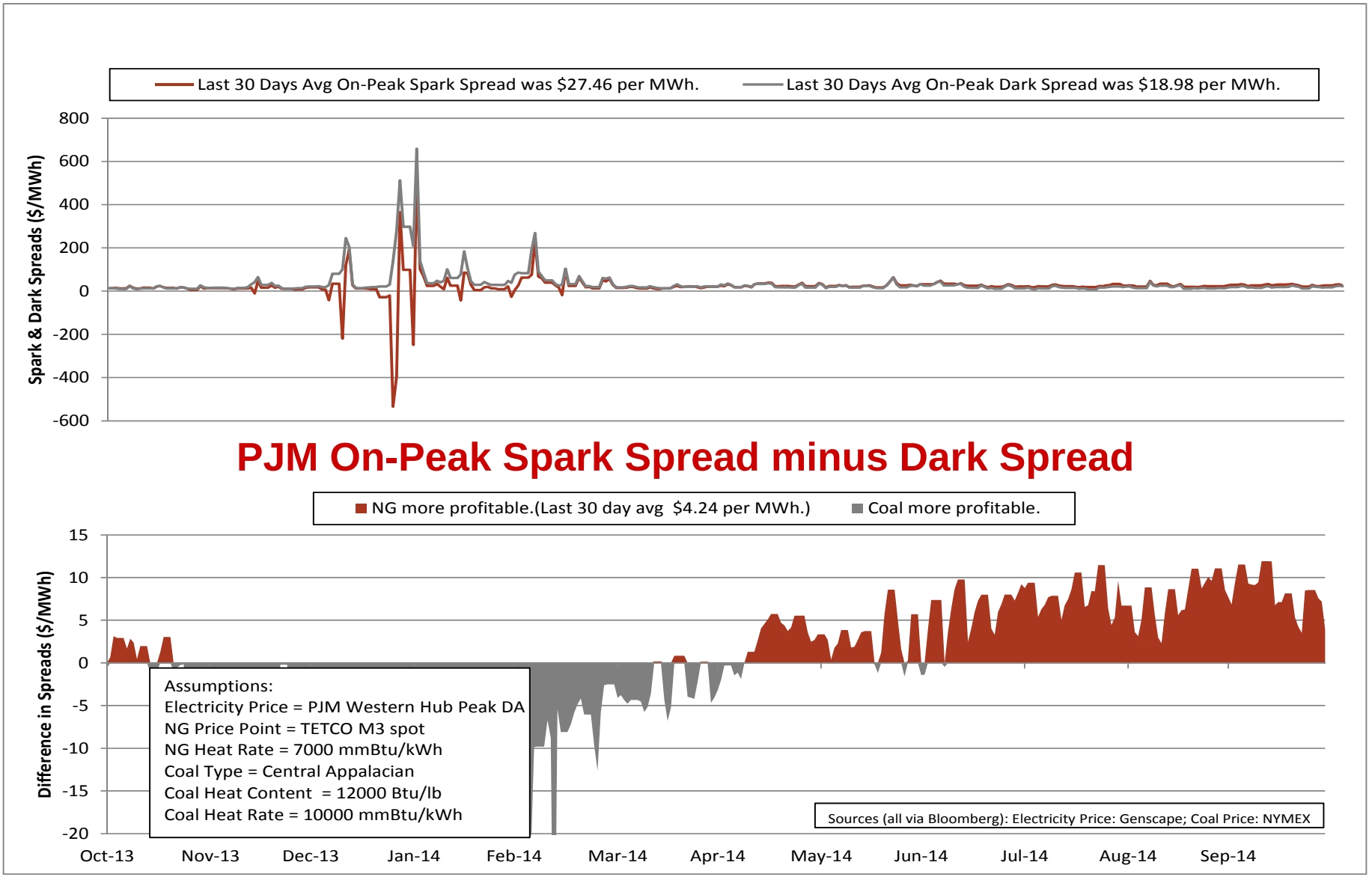
Updated: 10/29/2014



Source: NYMEX Clearport via Bloomberg

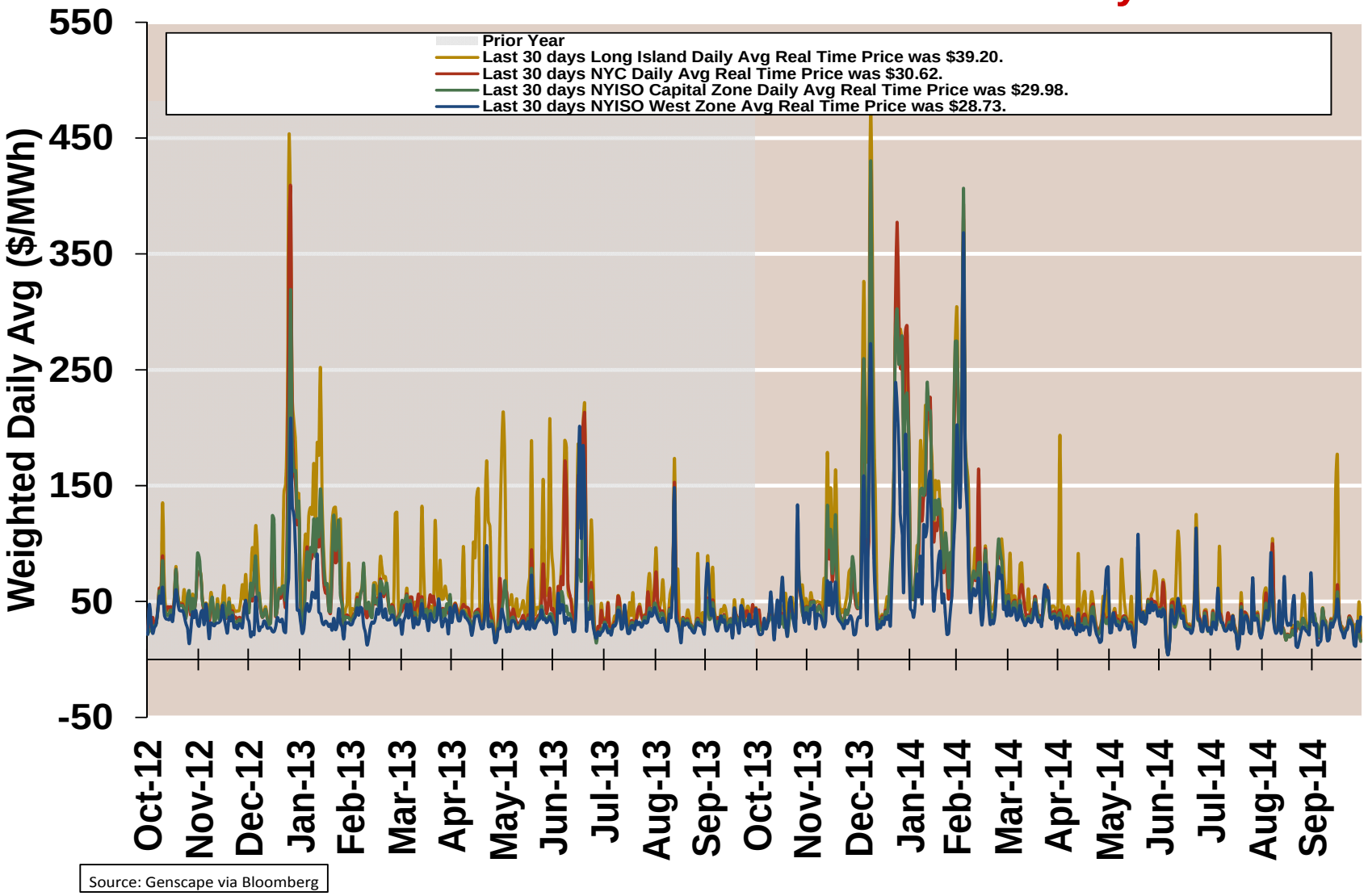
Updated: 10/29/2014

PJM On-Peak Spark & Dark Spreads – One Year History



Updated: 10/29/2014

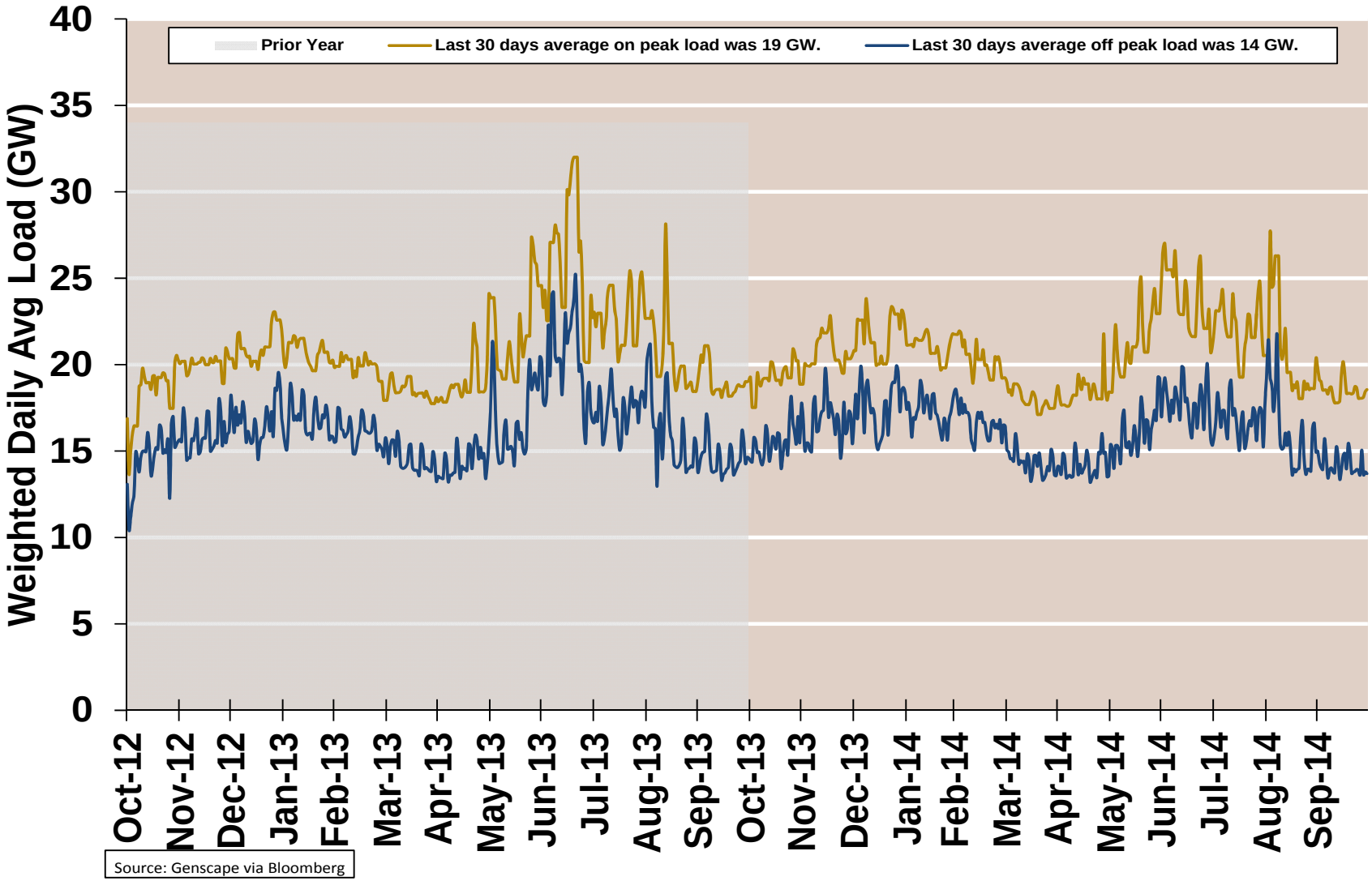
NYISO Real Time Prices—Two Year History



Source: Genscape via Bloomberg

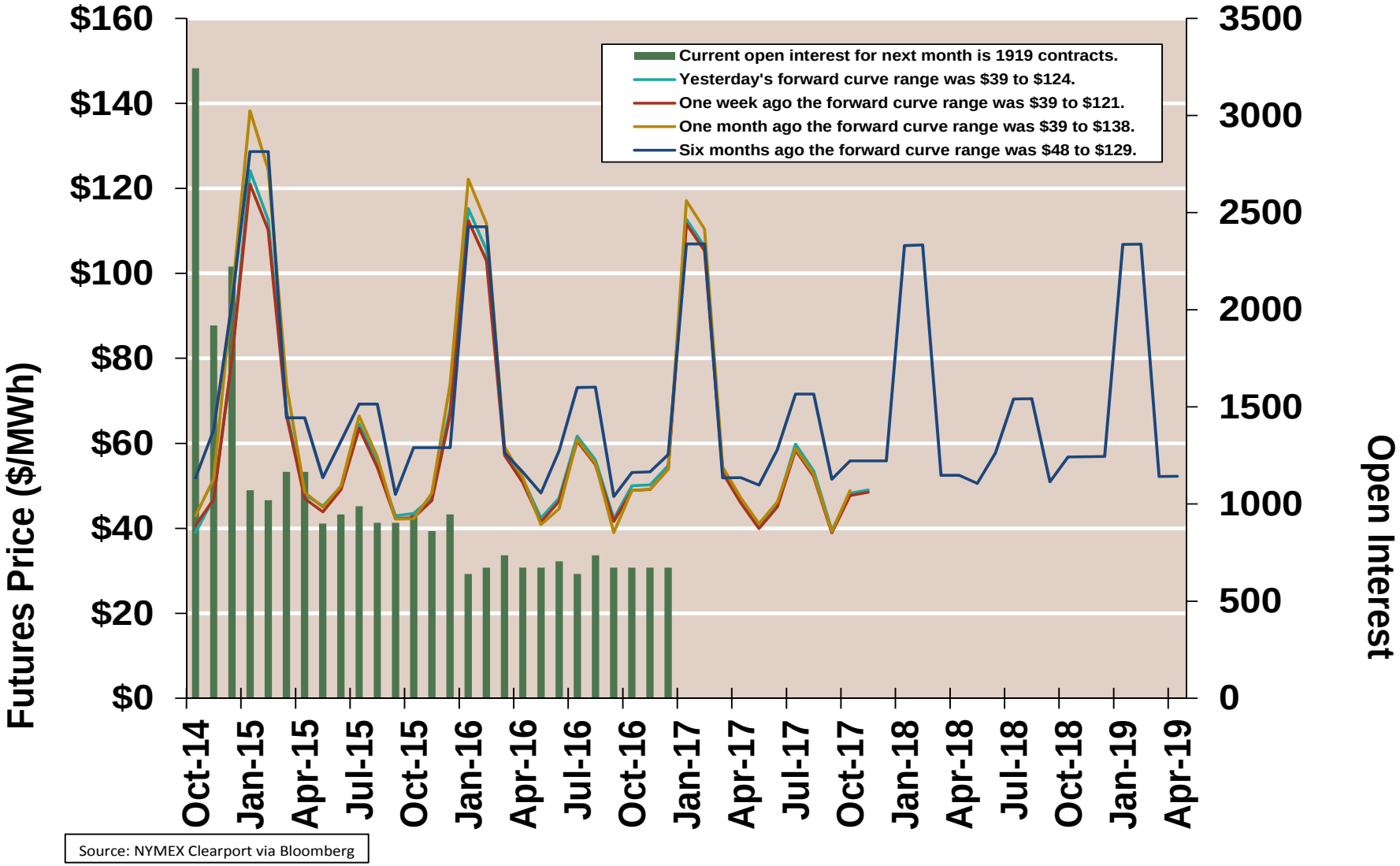
Updated: 10/29/2014

NYISO System Daily Average Load —Two Year History



Updated: 10/29/2014

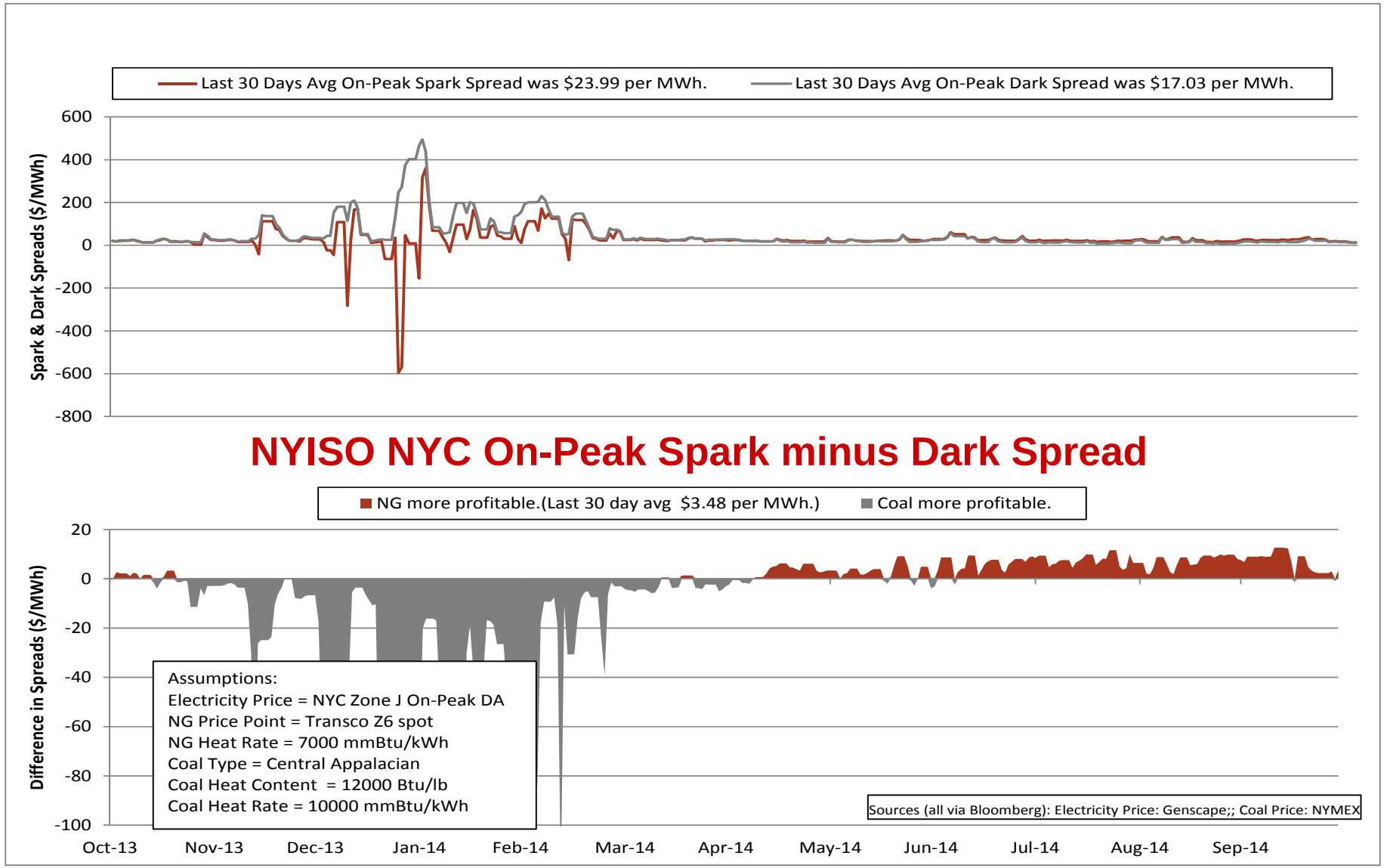
NYISO Hudson Valley Zone Peak DA Futures



Source: NYMEX Clearport via Bloomberg

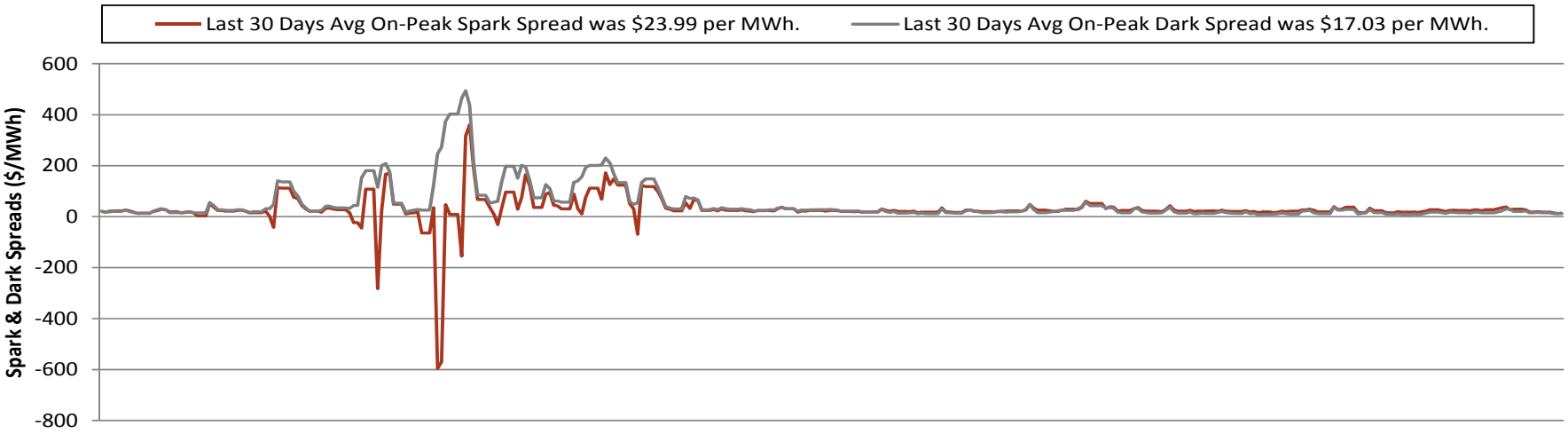
Updated: 10/29/2014

NYISO NYC On-Peak Spark & Dark Spreads – One Year History

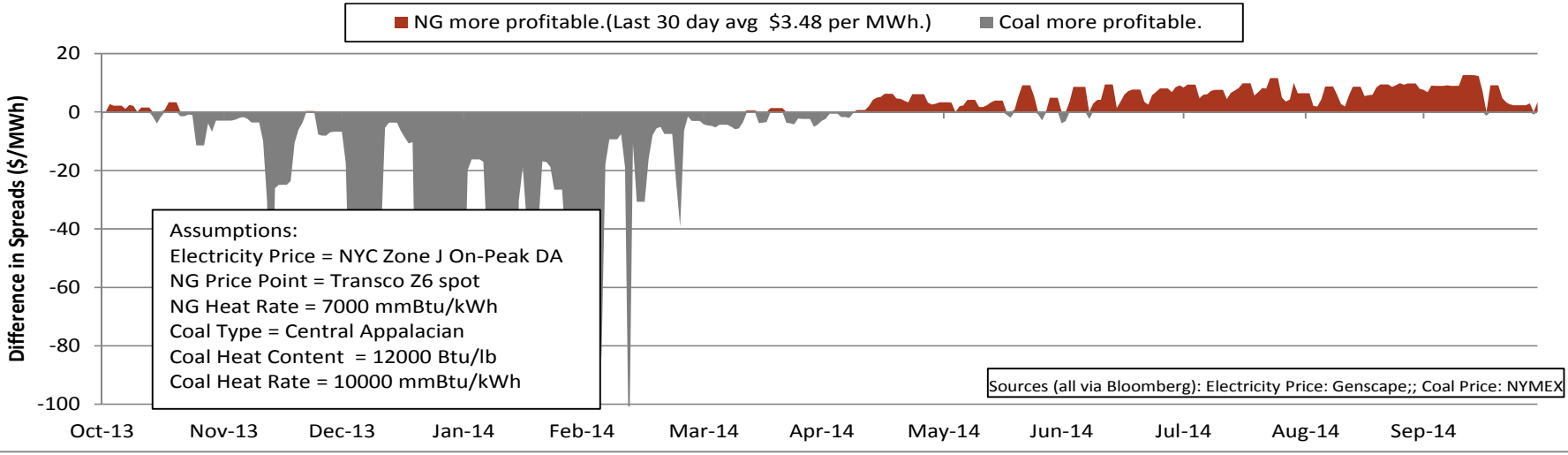


Updated: 10/29/2014

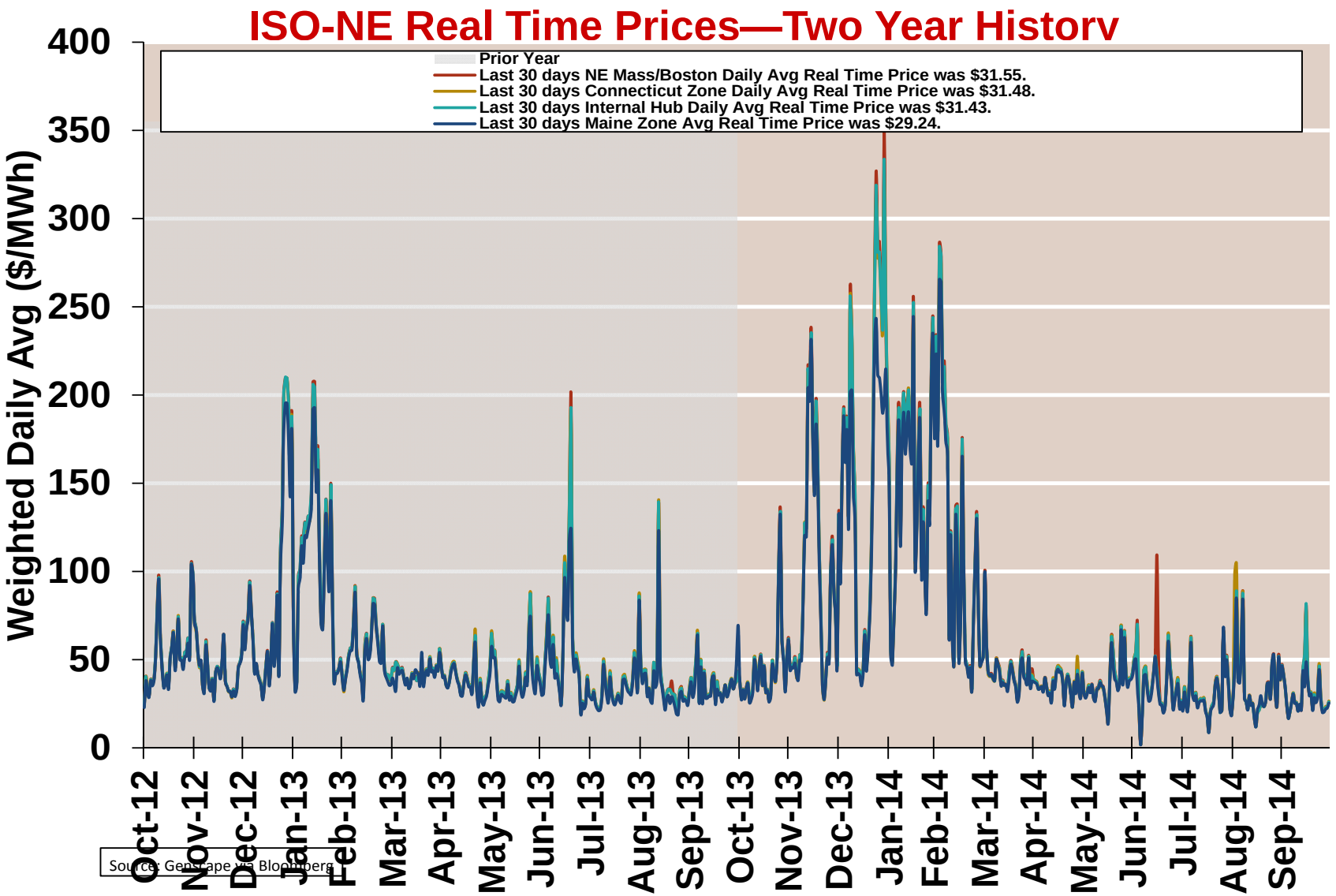
NYISO Capital Zone On-Peak Spark & Dark Spreads – One Year History



NYISO Capital Zone On-Peak Spark minus Dark Spread

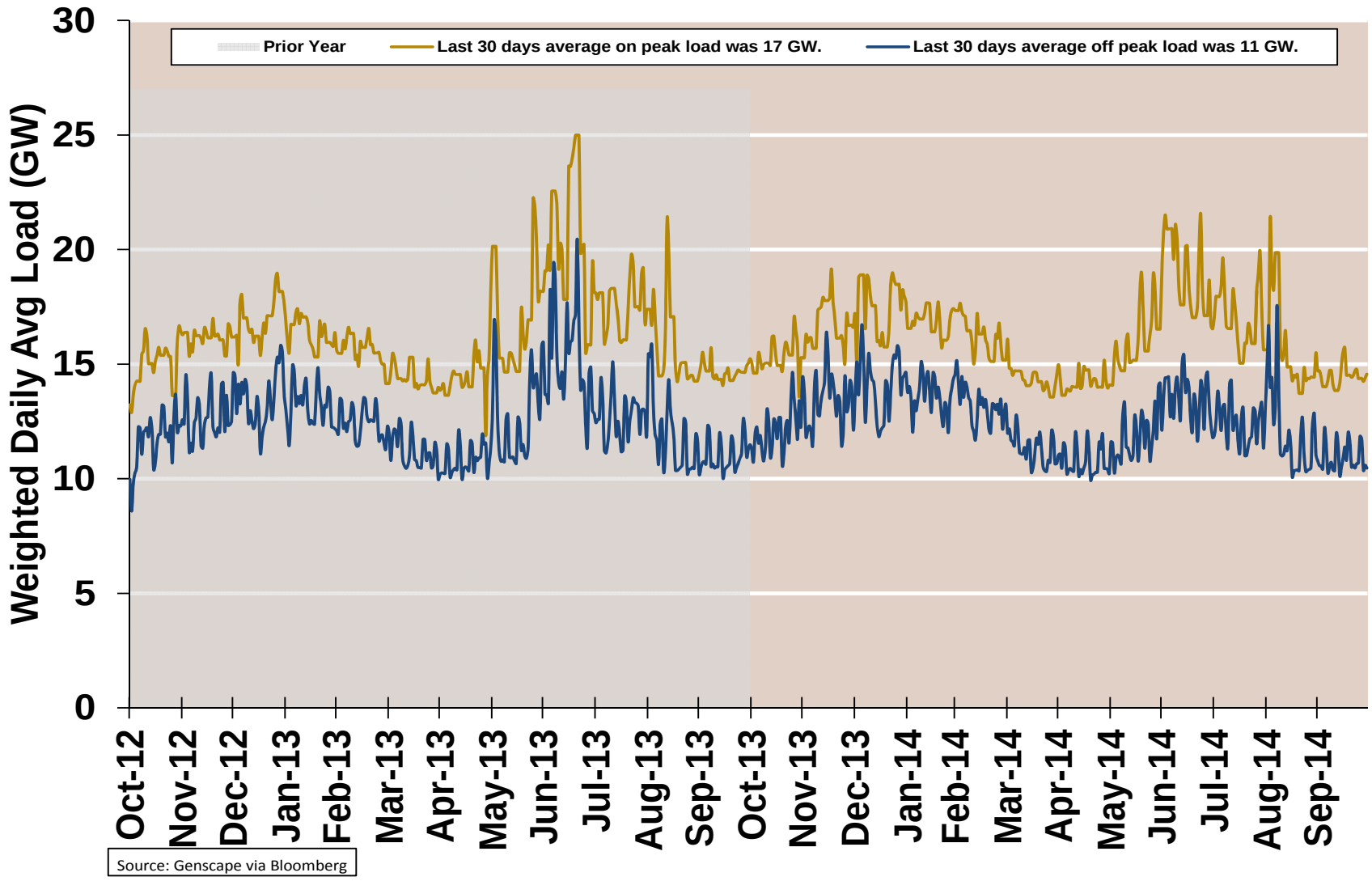


Updated: 10/29/2014

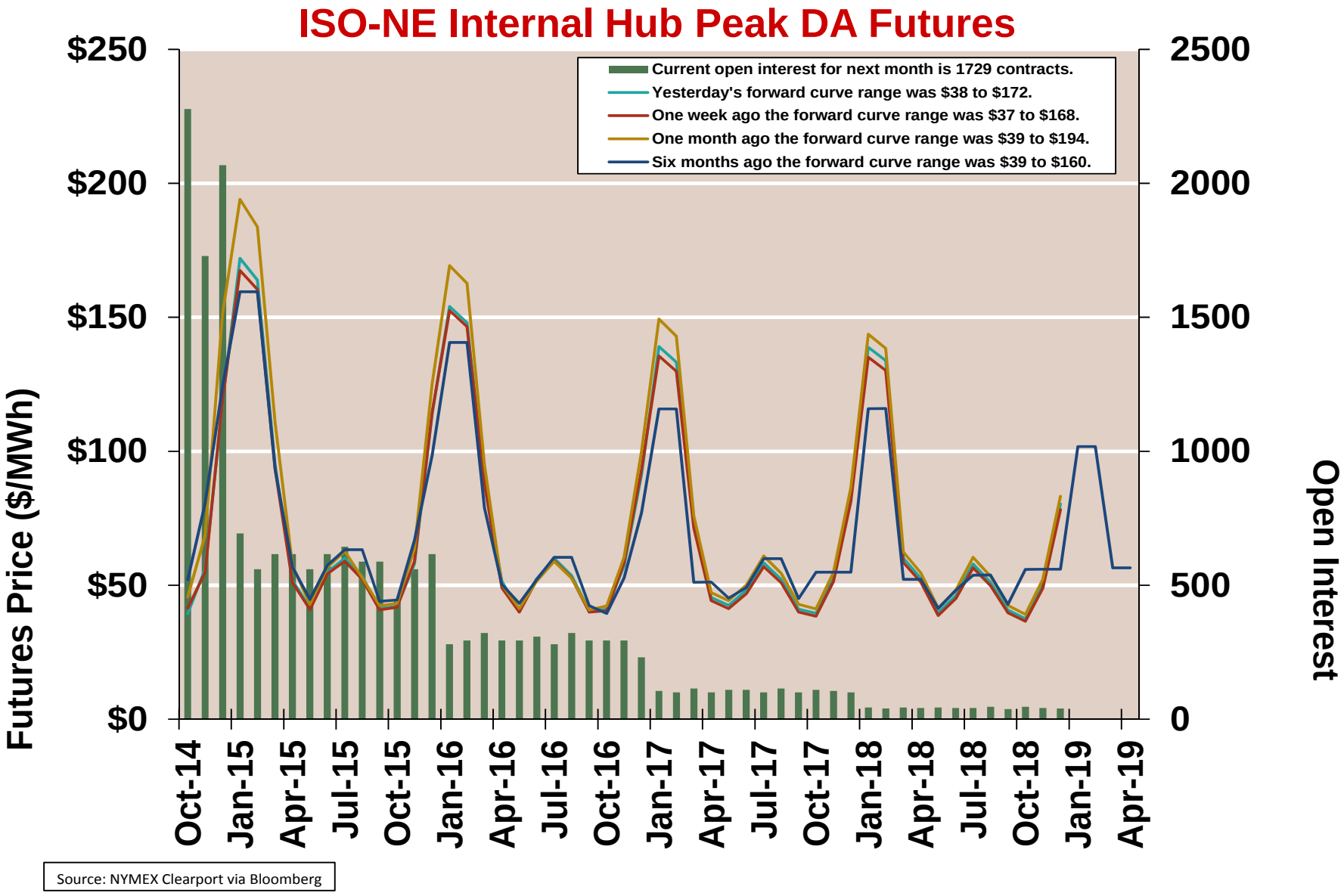


Updated: 10/29/2014

ISO-NE System Daily Average Load —Two Year History



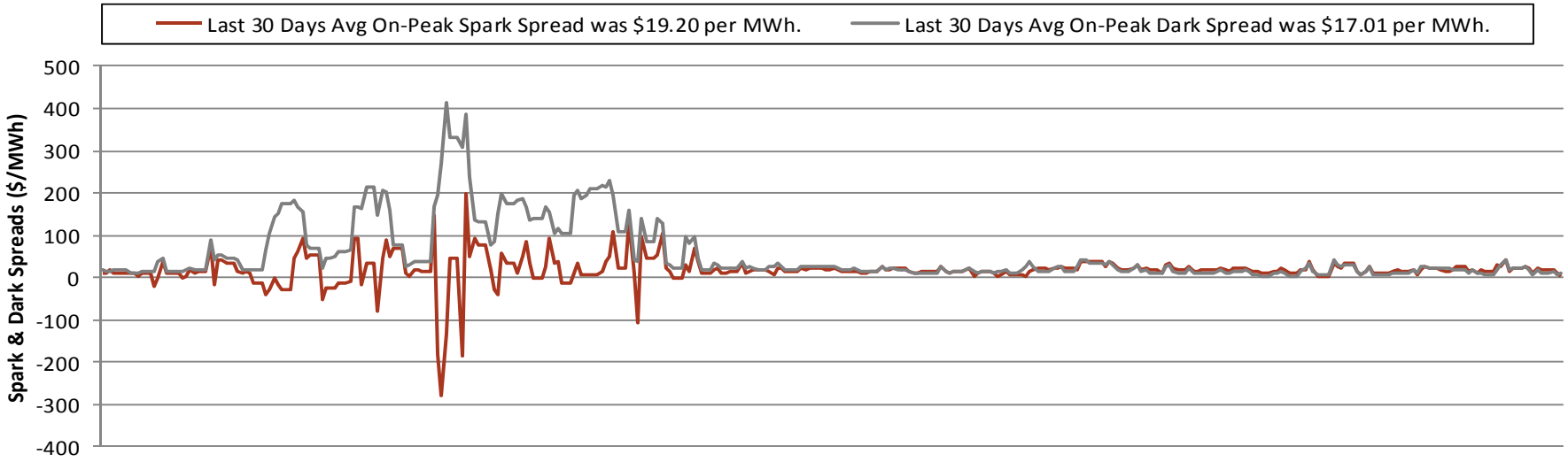
Updated: 10/29/2014



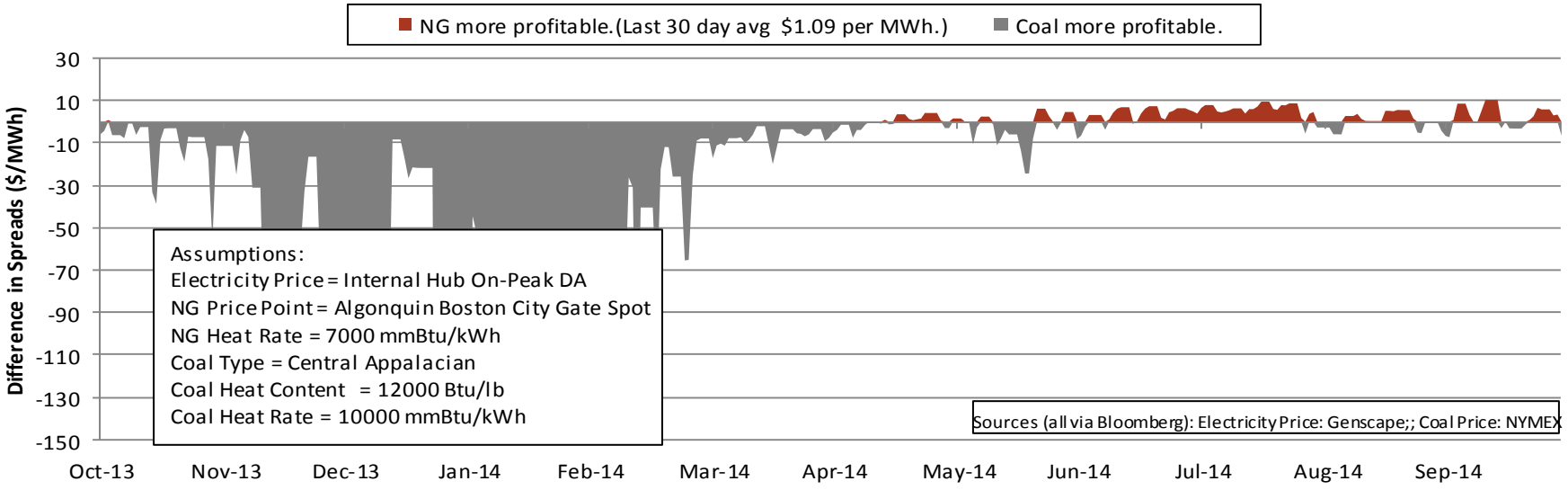
Source: NYMEX Clearport via Bloomberg

Updated: 10/29/2014

ISO-NE On-Peak Spark & Dark Spreads – One Year History

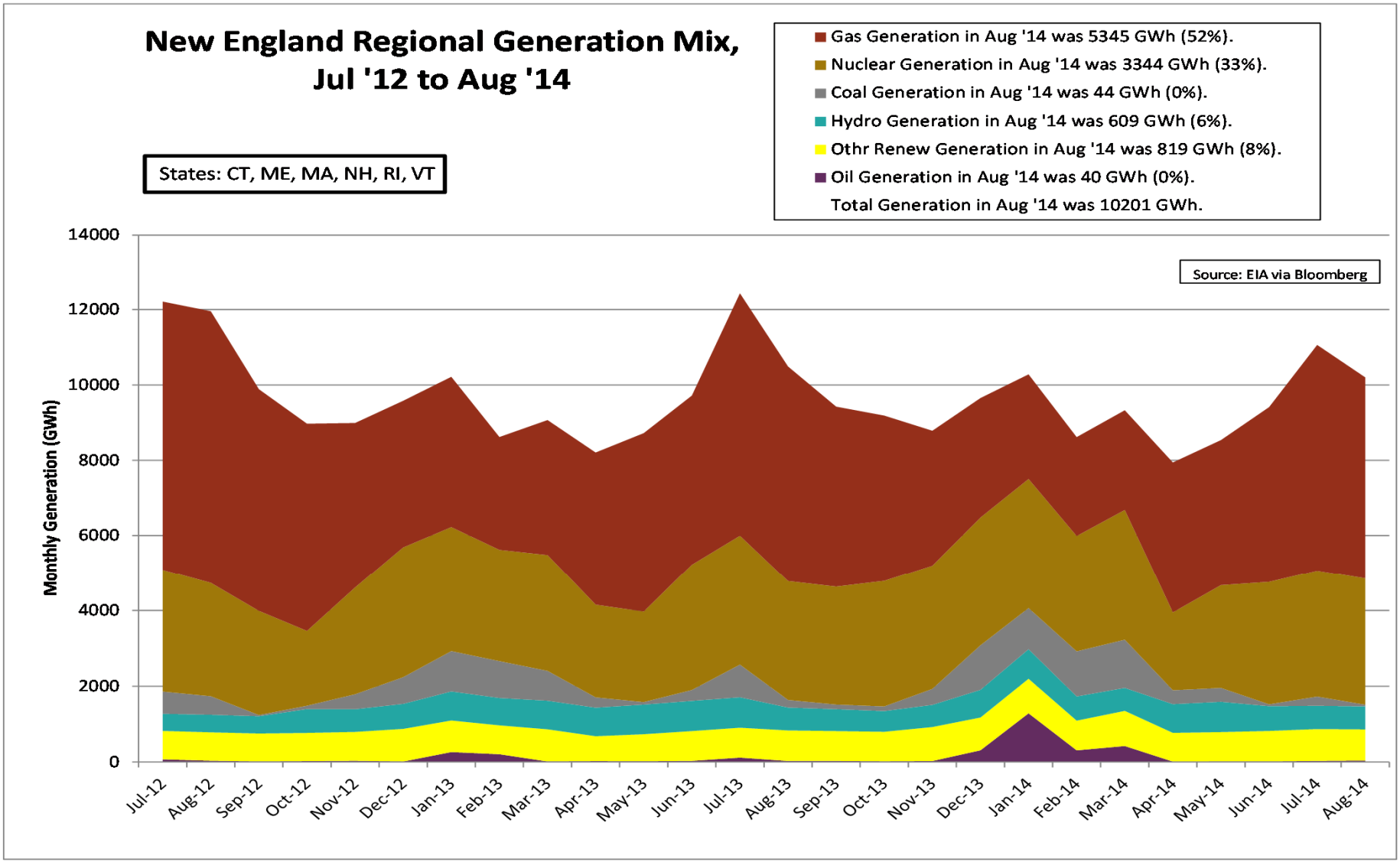


ISO-NE On-Peak Spark minus Dark Spread



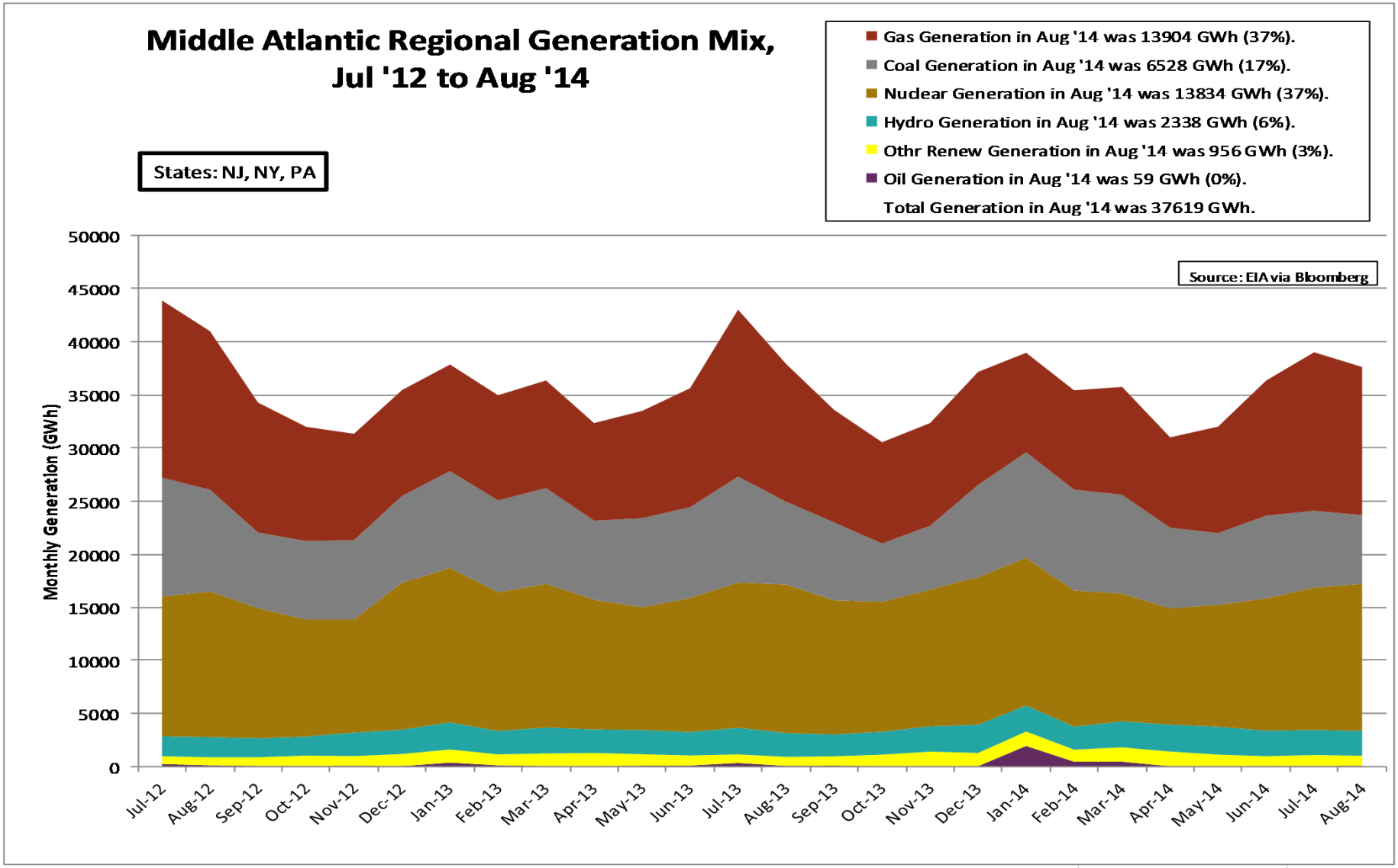
Updated: 10/29/2014

New England Generation Mix



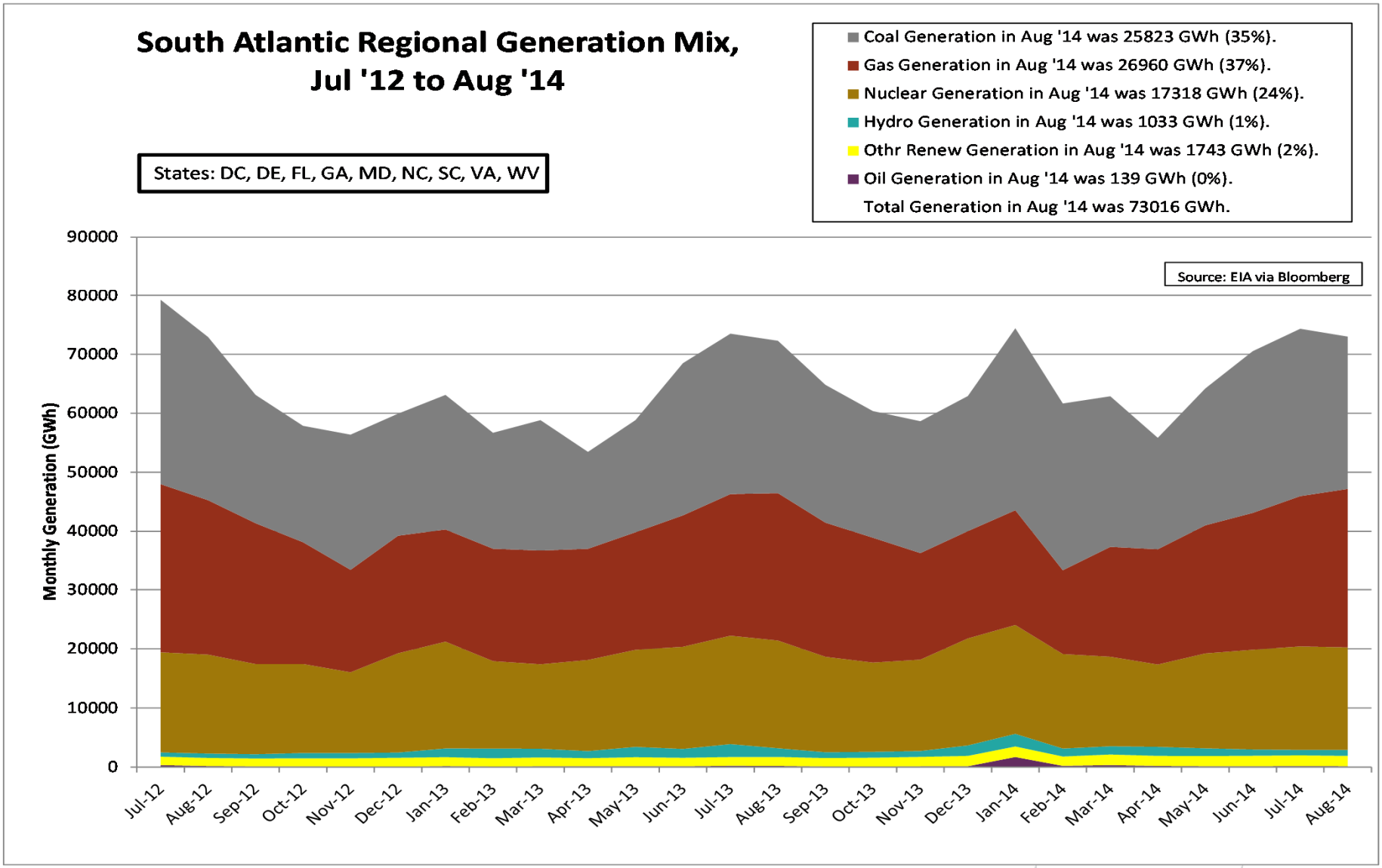
Updated: 10/29/2014

Mid Atlantic Generation Mix



Updated: 10/29/2014

South Atlantic Generation Mix



Updated: 10/29/2014