

Futures Prices in New England Soar

	Location	2014 [^]	2013 [*]
P o w e r	Massachussets Hub	\$100.00	\$65.65
	PJM Western Hub	\$44.35	\$48.00
	Northwest (Mid-C)	\$37.37	\$34.58
	Southern California (SP-15)	\$43.12	\$42.63
	New England (Algonquin)	\$11.75	\$6.59
G a s	Mid-Atlantic (Dominion South)	\$3.66	\$3.78
	Southern California Border	\$3.95	\$3.88
	Henry Hub	\$3.87	\$3.77

Source: Derived from ICE data.

[^]January and February 2014
^{*}January and February 2013

^{*}Power Note: Prices in \$/MWh; 2013 shows Peak Fin-swap prices and 2014 shows peak future prices. SP15 peak futures for Jan and Feb 2014 have not traded yet and the price is the average of the last bid and offer.

^{*}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.

This table shows futures prices for power and natural gas at key regional markets as of October 1, 2013. Futures prices are a tool for consumers and producers to lock in winter prices to hedge against price volatility rather than a predictor of actual winter prices. A marketer could lock in a natural gas price at the Henry Hub for January and February for \$3.87/MMBtu, 2.5% above the futures strip this time last year.

For the coming winter, futures prices for natural gas and power are generally comparable to last year's low prices. The exception is New England, where natural gas futures prices are more than \$5.00/MMBtu higher than last winter, pushing futures prices at Algonquin Citygates to nearly \$12/MMBtu. Reflecting the close relationship between natural gas and electricity prices, winter electricity peak futures prices in New England increased by 52% from last winter, to \$100/MWh.

Consumers in the Mid-Atlantic can lock in lower natural gas prices than last year, a result of rapidly growing Marcellus Shale gas production. Following natural gas price declines, electricity futures declined moderately at the PJM Western Hub. Elsewhere, SP – 15 and Mid-C electricity futures ticked upward for the coming winter reflecting the small increase in western natural gas futures prices over last winter.

