

Weekly Headlines

- Capital Rationing
- LNG
- PJM Capacity Reform

POWER PRICING (\$/MWh)

Day-Ahead LMPs		Mon 3/13	Tue 3/14	Wed 3/15	Thu 3/16	Fri 3/17
PJM	On-Peak WESTERN HUB	\$35.87	\$38.35	\$32.62	\$29.45	\$30.41
	Off-Peak WESTERN HUB	\$26.79	\$30.86	\$35.71	\$29.92	\$21.67
	On-Peak N ILLINOIS HUB	\$28.61	\$29.07	\$15.70	\$21.07	\$25.60
	Off-Peak N ILLINOIS HUB	\$17.72	\$25.23	\$13.85	\$11.52	\$13.08
	On-Peak PPL	\$32.16	\$31.90	\$28.14	\$26.85	\$27.14
	Off-Peak PPL	\$23.03	\$25.33	\$26.92	\$27.40	\$20.03
	On-Peak PENELEC	\$34.34	\$34.47	\$30.39	\$28.42	\$29.31
	Off-Peak PENELEC	\$25.36	\$28.17	\$30.62	\$28.29	\$20.93
	On-Peak COMED	\$28.71	\$29.23	\$15.76	\$21.23	\$25.67
	Off-Peak COMED	\$17.83	\$25.32	\$13.76	\$11.72	\$13.11
MISO	On-Peak INDIANA HUB	\$37.66	\$35.14	\$32.37	\$30.55	\$26.94
	Off-Peak INDIANA HUB	\$28.54	\$29.91	\$31.35	\$26.60	\$22.05
	On-Peak MICHIGAN HUB	\$34.60	\$33.83	\$30.76	\$28.07	\$25.28
	Off-Peak MICHIGAN HUB	\$26.87	\$28.66	\$29.95	\$25.18	\$20.96
	On-Peak MINN HUB	\$33.04	\$24.49	\$22.33	\$23.83	\$22.32
	Off-Peak MINN HUB	\$21.95	\$28.83	\$19.96	\$14.27	\$14.38
ERCOT	On-Peak LOUISIANA HUB	\$35.16	\$33.53	\$30.56	\$32.19	\$33.14
	Off-Peak LOUISIANA HUB	\$25.43	\$27.43	\$27.51	\$21.84	\$20.40
	On-Peak NORTH	\$22.58	\$19.57	-\$16.85	-\$16.23	\$27.89
	Off-Peak NORTH	\$17.41	\$14.78	-\$17.37	-\$24.23	-\$2.01
	On-Peak SOUTH	\$25.28	\$25.34	\$17.72	\$19.12	\$26.87
	Off-Peak SOUTH	\$17.07	\$21.12	\$14.20	\$8.03	\$17.32

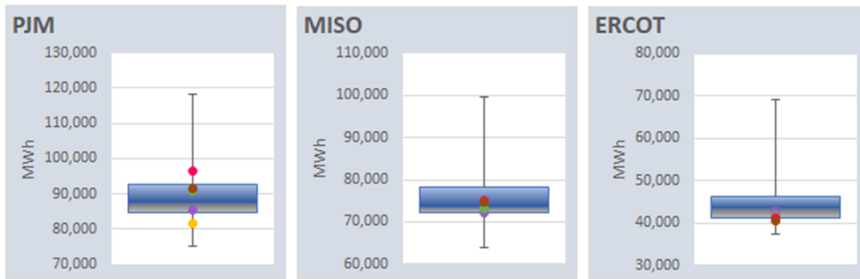
* Red signifies week over week price change down / Green signifies week over week price change up

Futures	Western Hub		Indiana Hub		North Hub	
	On-Peak	Off-Peak	On-Peak	Off-Peak	On-Peak	Off-Peak
	\$53.15	\$41.31	\$53.80	\$42.05	\$52.16	\$33.84

* Forward 12 month strip

DAILY RTO LOAD PROFILE (MWh)

● -3/13 ● -3/14 ● -3/15 ● -3/16 ● -3/17



* Current week daily load plotted with past 3 months daily load

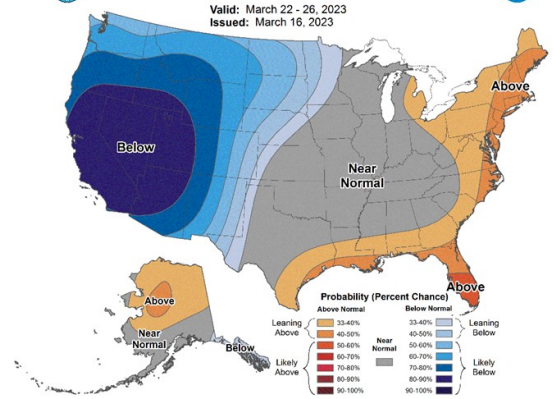
COMMENTARY

In recent years, even with capital being fairly abundant, small and midsize producers have had a harder time as banks and Wall St have asked for moderation from the sector. As we have noted, one of the reasons for the retreat in natural gas has been the production projections. Tighter capital conditions could be a precursor to tighter production conditions. We wouldn't expect this to show up immediately, but gas and electricity market participants need to keep an ear open for indications that "capital rationing" starts to become part of the conversation.

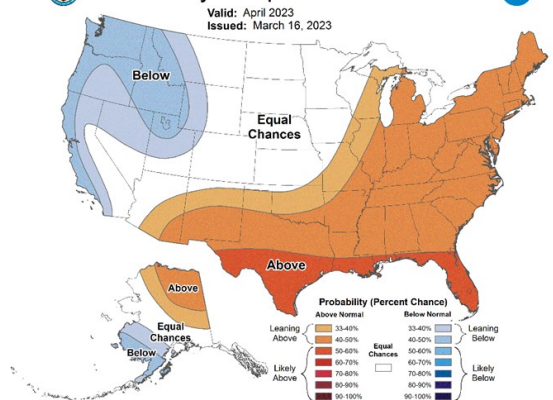
With all the drama in the banking system in the US, not much has been made of a strike in France protesting a rise in age to qualify for the government pension system. Of interest to the energy world is these strikes include the country's LNG terminals. Like the U.S., the warm winter in France has slowed the withdrawal of natural gas from storage leaving them with seasonally higher levels in storage. If the strike persists, and France isn't able to refill storage at a normal rate, we could be looking at a situation this summer where a lot of LNG will be flowing to Europe. While we wouldn't expect it to be as drastic, the Berlin Airlift type flow to replace Russian gas helped lift domestic natural gas near \$10. Some of the smaller countries in Europe count on France for gas export as they are even more isolated from the world market.

This week PJM released a report on capacity reform driven by the events of winter storm Elliot. PJM is suggesting going from a summer test to a seasonal physical test on capacity verification along with some fortified modeling for "what if" scenarios. Also, no winterization, no capacity for generators. Given the new modeling metrics, physical assessment on generation, and requirements for demand response, it seems like PJM is setting up for tougher requirements which may lead to higher capacity prices given the pool of participants may shrink. Finally, it does seem PJM is looking to reduce the penalty to be more aligned with capacity payments received. This is still an onerous penalty, but not as severe as the current net cone calculation.

6-10 Day Temperature Outlook



Monthly Temperature Outlook



COMMODITIES PRICING (\$/MMBtu)

Henry HUB Nat Gas	3/17/2023	\$2.38
WTI Crude Oil	3/17/2023	\$68.70

