

PRICES

Nymex prices fall. At the Nymex, the price of the April 2018 contract decreased 5¢, from \$2.777/MMBtu last Wednesday to \$2.731/MMBtu yesterday. The price of the 12-month strip averaging April 2018 through March 2019 futures contracts declined 2¢ to \$2.912/MMBtu.

Canadian imports drive supply increases. According to data from PointLogic Energy, the average total supply of natural gas rose by 1% compared with the previous report week. Dry natural gas production remained constant week over week. Average net imports from Canada increased by 13% from last week.

Consumption in end-use demand sectors increases. With colder temperatures in many parts of the Lower 48 states, total U.S. consumption of natural gas rose by 5% compared with the previous report week, according to data from PointLogic Energy. Natural gas consumed for power generation climbed by 4% week over week. Industrial sector consumption increased by 2% week over week. In the residential and commercial sectors where natural gas use for space heating is common, consumption increased by 9%. Natural gas exports to Mexico decreased 1%.

U.S. liquefied natural gas (LNG) exports decrease week over week. Four vessels (LNG-carrying capacity 14.8 Bcf) departed the Sabine Pass liquefaction facility from March 8 to March 14. Two vessels (combined LNG-carrying capacity 7.5 Bcf) were loading at the terminal on Wednesday.

**Near-month natural gas futures prices
(Nymex)**



STORAGE

Working gas levels are on pace to end the 2017— 18 heating season at the second-lowest level since 2010. Working gas stocks have rebounded since falling to 59 Bcf lower than the five-year minimum range and 486 Bcf lower than the five-year average for the Lower 48 states on January 19, 2018. If net withdrawals from working gas stocks match the five-year average for the remainder of the withdrawal season, working gas stocks will total 1,406 Bcf by March 31, 2018, which is 17% lower than the five-year average. Working gas stocks ended the 2013–14 heating season at 837 Bcf, which is the lowest reported level for that time since 2010.

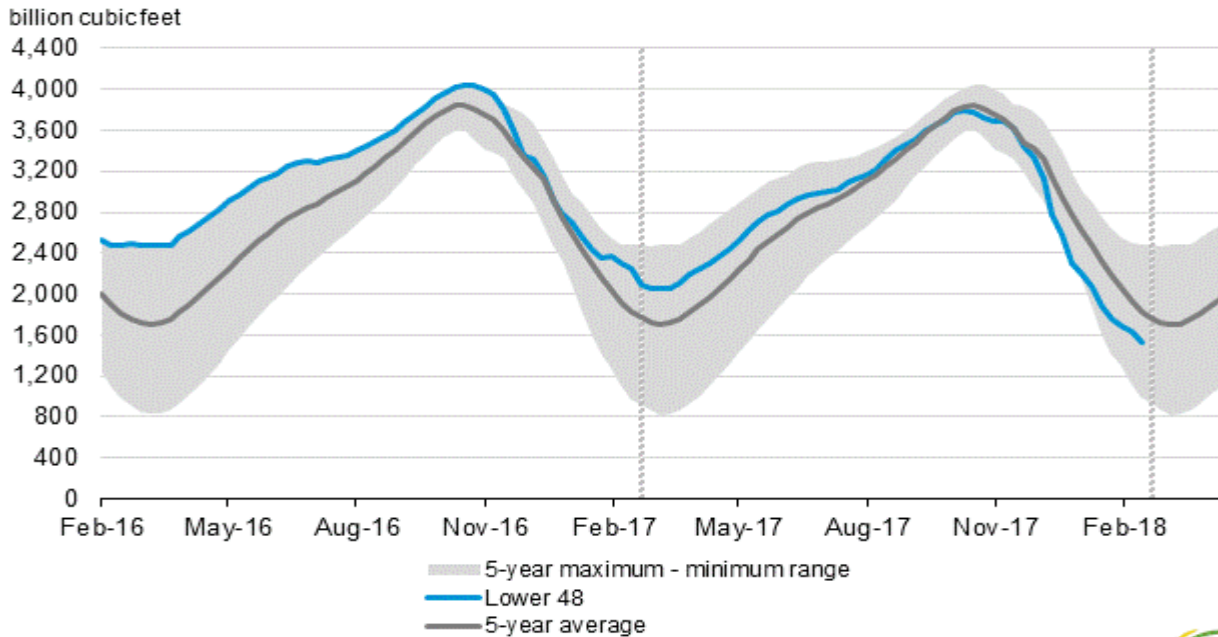
Temperatures were higher than normal during the storage week. Temperatures in the Lower 48 states averaged 43 degrees Fahrenheit (°F), 1°F higher than the normal and 1°F lower than last year at this time. The average temperature was 2°F lower than the prior storage week.

Working Gas in Underground Storage Stocks

Region	billion cubic feet (bcf)		
	03/09/17	03/02/18	change
East	314	359	-45
Midwest	350	380	-30
Mountain	93	97	-4
Pacific	169	177	-8
South Central	606	612	-3
Total	1,532	1,625	-93

Source: U.S. Energy Information Administration

Working gas in underground storage compared with the 5-year maximum and minimum



Source: U.S. Energy Information Administration



IN THE NEWS

Natural gas-fired generation gains market share in Texas

In February 2018, natural gas-fired generation gained market share in Texas, according to the most recent demand and energy report from Electric Reliability Council of Texas (ERCOT). The share of generation from natural gas-fired power plants increased by 3.2 percentage points to almost 42% from January to February. The generation share from nuclear power plants increased by 1.1 percentage points while wind power plants increased by about 1.5 percentage points.

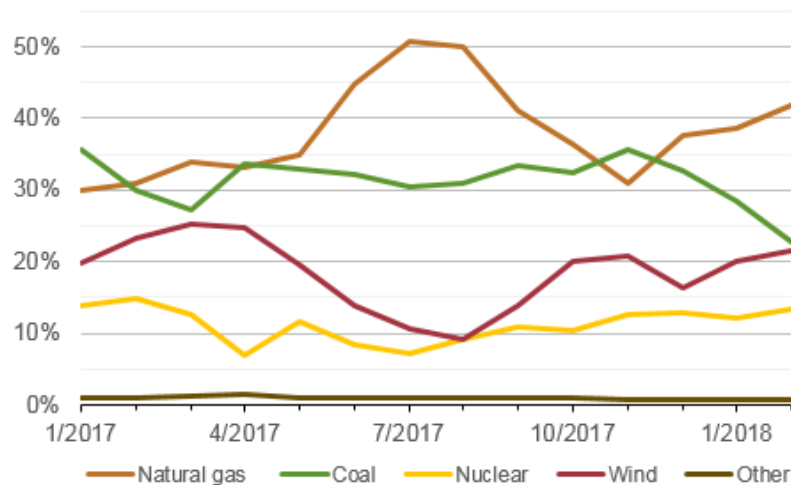
Coal-fired power plants saw their share of total generation decrease from 28% in January to a little less than 23% in February. This decrease is largely the result of coal generation dropping significantly from the previous month (the largest difference between months in more than 15 years), and corresponds to a 34% drop in coal generation compared to an 18% drop in total generation from January to February. This decrease in coal generation likely reflects the retirement of capacity (net summer capacity shown) at three coal power plants in Texas: Sandow Power Plant's Unit 4 and Unit 5, totaling 1,200 megawatts (MW); all three units at the 1,865-MW Monticello Steam Electric Station in January; and both units at the 1,208-MW Big Brown Power Plant in February. Offsetting this decrease in capacity is capacity that was added last year, which included 6 units at 2 natural gas combined-cycle plants, totaling 2,157 MW, and 10 wind power generators, totaling 1,669 MW. No coal capacity has been added in Texas since 2013.

Currently, 12 coal-fired power plants operate in ERCOT, with a net summer capacity of a little less than 15 gigawatts (GW). By comparison, 120 natural gas-fired plants currently operate in ERCOT with a capacity at about 56 GW. Coal's share is likely to decrease further as Units 1 and 2 at the 840-MW JT Deely coal-fired plant are planned for retirement by the end of this year, according to EIA's most recent monthly electric generator inventory report.

Additional generation capacity projects planned to come in service in ERCOT between 2018 and 2022 are nearly two-thirds natural gas-fired, according to EIA's generator inventory report. Over the next four years, 19 units at 7 natural gas combined-cycle plants, with nameplate capacity totaling 5,176 MW, are planned to begin operations; however, construction has not started on any of them (as of this inventory report's release). In addition, 38 units at 16 natural gas-fired combustion turbine plants, nameplate capacity totaling 6,090 MW, are planned, with two projects near completion (nameplate capacity 549 MW) and seven projects under construction (nameplate capacity 1,575 MW). No natural gas-fired power plants are slated for retirement this year in ERCOT.

Electricity generation by fuel type

percent of total generation



Source: Electric Reliability Council of Texas, Demand and Energy Report

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