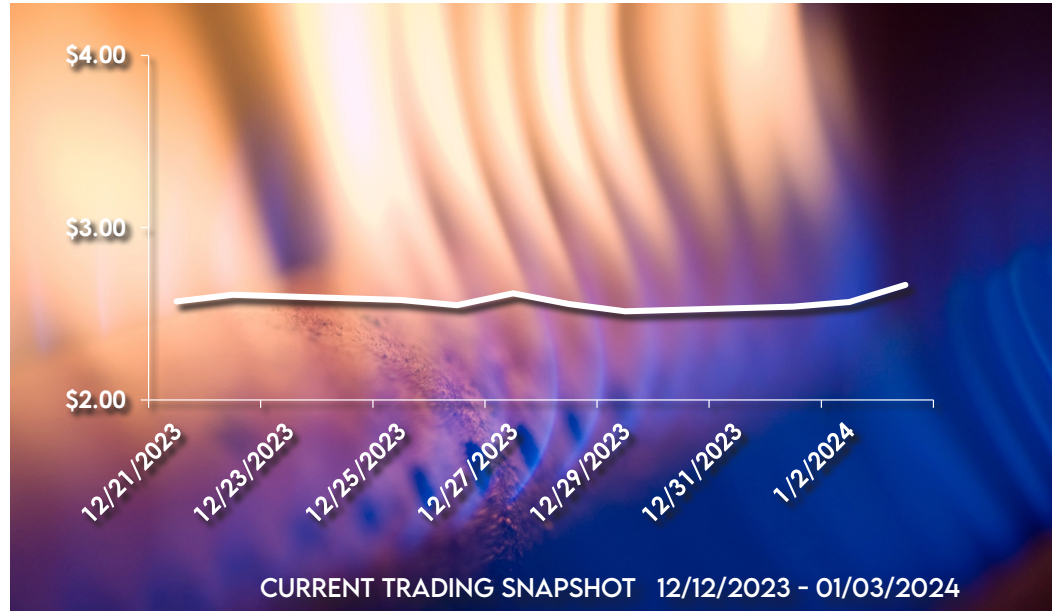


THE PALMER REPORT

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Palmer Energy Company strives to provide exemplary customer service to our clients. The weekly report reviews current energy market conditions and details pricing, storage, weather and outlying factors that affect your energy costs. The data presented reflects published energy rates and industry statistics along with Palmer's outlook on the natural gas and power markets. Your consultant is available to discuss the details of this report and address all questions you may have regarding your energy needs.



NATURAL GAS MARKET NEWS

Natural gas prices averaged \$2.57 per million British thermal units (MMBtu) in 2023 at Henry Hub, the U.S. natural gas pricing benchmark. This is a 62% drop from the annual average price in calendar year 2022. During 2023, the monthly average Henry Hub price was below \$3.00/MMBtu for every month other than January. The lowest monthly average price was in May of 2023, at \$2.19/MMBtu. There are many drivers that contributed to this price decrease, the largest of which was the combination of record-high natural gas production, and reduced consumption during winter of 2022-2023, leading to an 11% surplus in natural gas storage levels as compared to the end of 2022.

release in relation to Wednesday's settlement of \$2.67. Following the bearish storage figure (vs. expectations), Feb-24 traded up sharply to \$2.80, before falling to \$2.76 as of 10:40am Thursday. The front 12-month NYMEX average strip (February 2024 – January 2025) increased about \$0.17 over the past week and currently trades at ~\$2.96.

NATURAL GAS STORAGE

Natural gas in underground storage is now 18.9% higher than it was one year ago and 13.0% higher when compared to the five-year average. The five-year average is widely used as a benchmark throughout the industry.

GAS STORAGE LEVELS

3,476 BCF
as of 12/29/2023

2,923 BCF
inventory for corresponding week of 2022

+553 BCF
year-on-year

STORAGE COMPARISON

1,830 BCF
2023 storage minimum week ending 03/31/2023

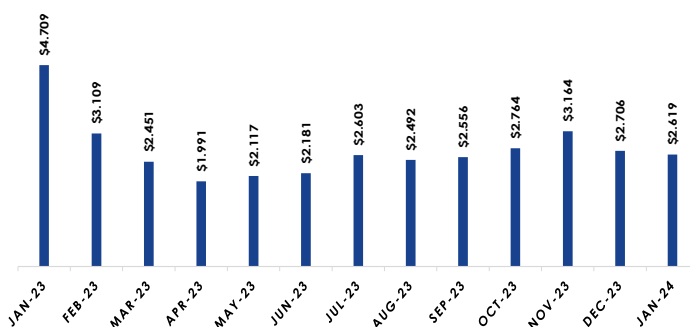
3,476 BCF
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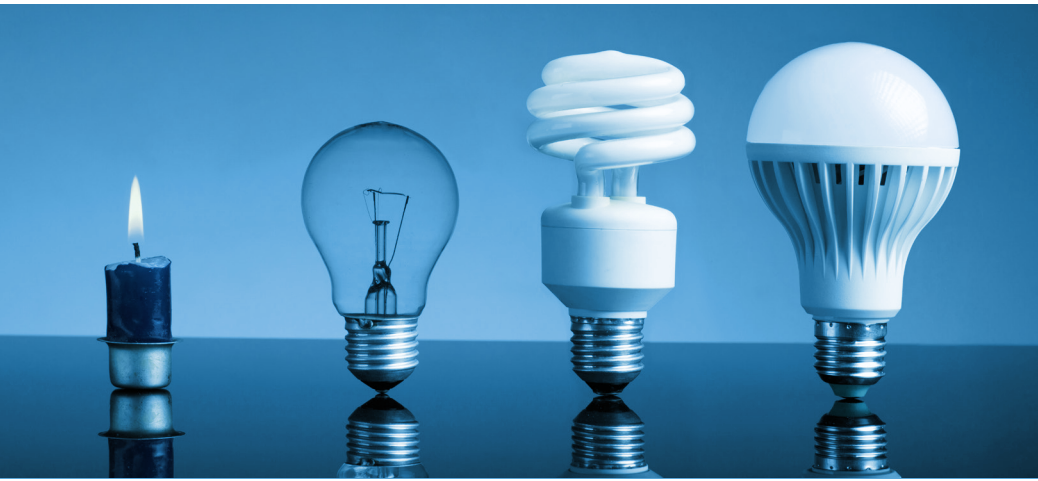
NATURAL GAS MARKET OUTLOOK

The consensus prediction heading into Thursday's EIA storage report called for a net withdrawal around 49-51 BCF. The actual December 29th withdrawal was reported to be 14 BCF, which compares to a 219 BCF withdrawal one-year ago and a five-year average withdrawal of 97 BCF.

Prior to Thursday's 10:30 am EIA storage report, the front month Feb-24 NYMEX initially traded up to \$2.86 before trading back to \$2.78 just prior to the report's

13-MONTH NYMEX SETTLEMENT HISTORY





POWER HOUR ENERGY TRIVIA

Geckos stick to walls with the help of static electricity. The ability comes from electrostatic forces on a gecko's toe pads. The difference in the charge between its feet and the surface helps it stick to a wall.

ELECTRIC MARKET OUTLOOK

The data below represents on-peak wholesale electricity price movements over the past week at the AEP-Dayton Hub.

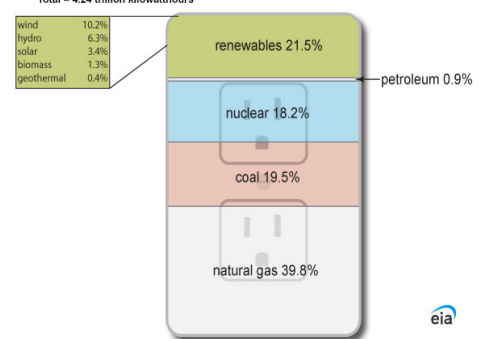
Over this same timespan (Dec 22nd – Dec 29th), natural gas prompt month pricing decreased roughly 4%. The December 29th strip settlement for Feb 2024 - Dec 2024 on-peak wholesale power was about 25% lower than the same date a year ago. 2024 on-peak strip pricing over the past month has decreased roughly 3%.

ELECTRIC WATT'S UP

An electric user's "base load" is the minimum amount of monthly power (kWh) used by a customer over the span of a year (namely a calendar year). "Peak load" refers to the highest monthly consumption over the span of a year. Certified suppliers, when bidding for a customer's business, look to break down base loads and peak loads even further into daily and hourly measurements.

ELECTRIC GENERATION SOURCES

Sources of U.S. electricity generation, 2022
Total = 4.24 trillion kilowatthours



Data source: U.S. Energy Information Administration, *Electric Power Monthly*, February 2023, preliminary data
Note: Includes generation from power plants with at least 1,000 kilowatts of electric generation capacity (utility-scale). Hydro is conventional hydroelectric. Petroleum includes petroleum liquids, petroleum coke, other gases, hydroelectric pumped storage, and other sources.

ON-PEAK POWER MOVEMENTS

12/22/2023 - 12/29/2023

2024 - 0.8%

UPCOMING FORECAST

Coming into the new year, most of the country is expecting lower than average temperatures. The West Coast and Great Plains regions, in addition to portions of the Midwest are expecting to see cooler temperatures this week, while the remainder of the Midwest, and Gulf Coast regions are expecting near normal temperatures. The East Coast is currently the only portion of the lower 48 expecting warmer than average temperatures this week.

6-10 DAY TEMPERATURE MAP

