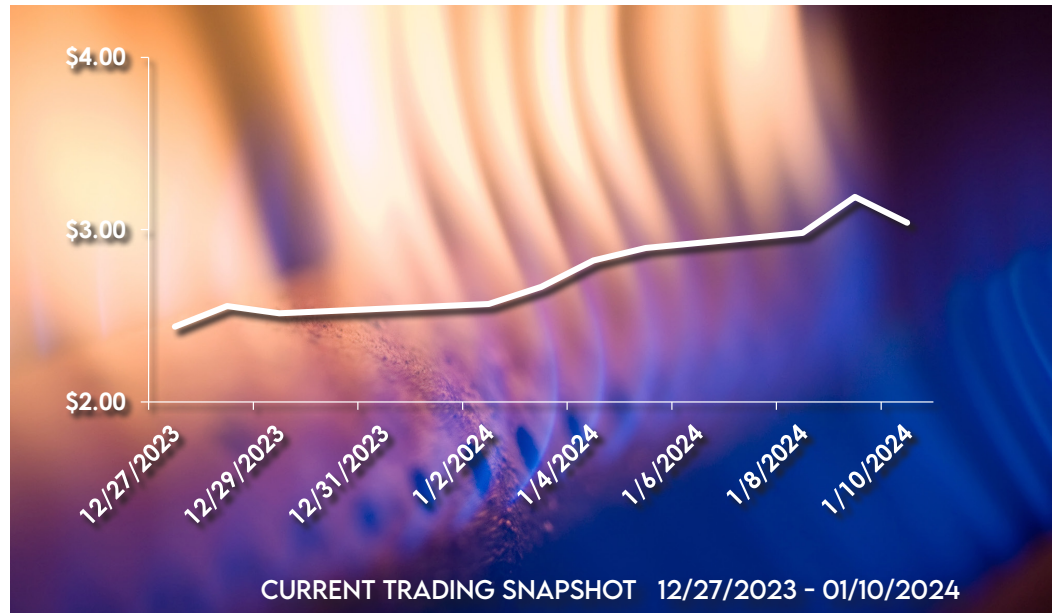


THE PALMER REPORT

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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

The 2023/2024 natural gas withdrawal season, when supplies are extracted from underground storage in order to meet winter heating requirements, hit the ~30% mark following this week's storage report from the Energy Information Administration (EIA). Through the first six weekly storage withdrawals, the 2023/2024 season is off to a bearish start and has resulted in a net withdrawal of 500 billion cubic feet (BCF) from storage - 244 BCF lower (-33%) than the same point in the 2022/2023 withdrawal season and 157 BCF (-24%) behind the five-year average withdrawal season. The typical withdrawal season runs from mid-November through late-March with ~20 weekly storage withdrawals.

release in relation to Wednesday's settlement of \$3.04. Following the bullish storage figure (vs. expectations), Feb-24 traded up sharply to \$3.12, before falling to \$3.06 as of 10:40am Thursday. The front 12-month NYMEX average strip (February 2024 - January 2025) increased about \$0.08 over the past week and currently trades at ~\$3.04.

NATURAL GAS STORAGE

Natural gas in underground storage is now 15.0% higher than it was one year ago and 11.6% higher when compared to the five-year average. The five-year average is widely used as a benchmark throughout the industry.

GAS STORAGE LEVELS

3,336 BCF
as of 01/05/2024

2,900 BCF
inventory for corresponding week of 2023

+436 BCF
year-on-year

STORAGE COMPARISON

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

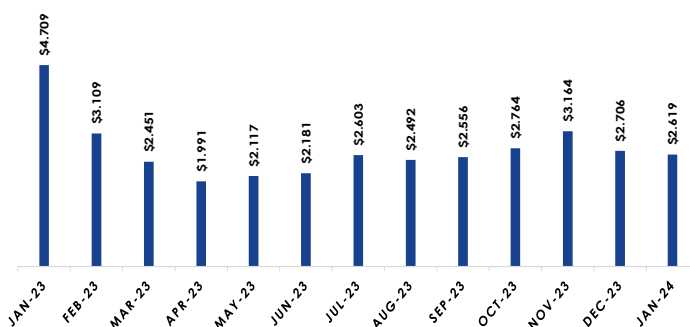
3,336 BCF
as of 01/05/2024

NATURAL GAS MARKET OUTLOOK

The consensus prediction heading into Thursday's EIA storage report called for a net withdrawal around 121-123 BCF. The actual January 5th withdrawal was reported to be 140 BCF, which compares to a 23 BCF withdrawal one-year ago and a five-year average withdrawal of 89 BCF.

Prior to Thursday's 10:30 am EIA storage report, the front month Feb-24 NYMEX initially traded down to \$2.95, and then back up to \$3.07 just prior to the report's

13-MONTH NYMEX SETTLEMENT HISTORY





POWER HOUR ENERGY TRIVIA

Food contains energy, which is measured in calories or joules. Foods like meat, cheese, and grains have the most energy because they are rich in protein, fats, as well as sugars and other carbohydrates.

If a food contains 400 calories, that is how much energy your body will get from eating it.

ELECTRIC MARKET OUTLOOK

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

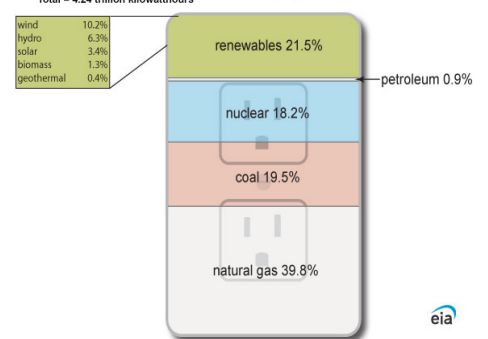
Over this same timespan (Dec 29th – Jan 5th), natural gas prompt month pricing increased roughly 15%. The January 5th strip settlement for Feb 2024 - Dec 2024 on-peak wholesale power was about 21% lower than the same date a year ago. 2024 on-peak strip pricing over the past month has increased roughly 4%.

ELECTRIC WATT'S UP

Each electric utility has different "classes" or "rates" used to divide customers into, primarily based on voltage requirements. FirstEnergy's customer classes, from lowest voltage requirements to highest, are General Secondary ("GS"), General Primary ("GP"), General Subtransmission ("GSU"), and General Transmission ("GT"). This aids the utility in determining tariff charges by separating general load patterns and conditions of service into subcategories.

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

12/29/2023 - 01/05/2024

2024 +7.0%

UPCOMING FORECAST

Frigid temperatures are expected to prevail this week, with the vast majority of the lower 48 expecting significant variance from seasonal norms. The Midwest and Gulf Coast regions are expecting the largest variance. The West Coast region is the exception, with warmer than average temperatures expected this week.

6-10 DAY TEMPERATURE MAP

