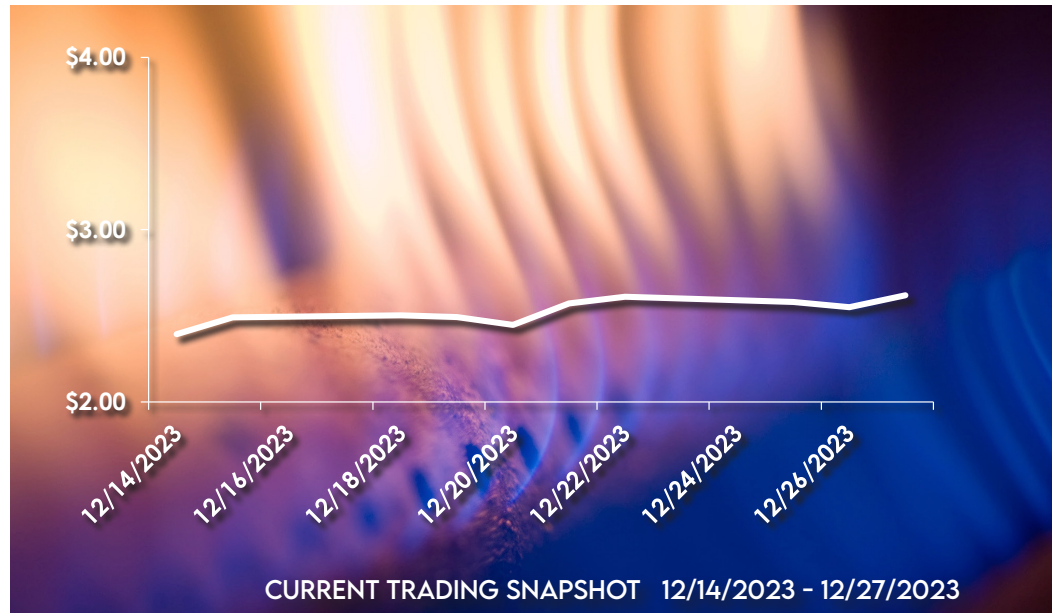


THE PALMER REPORT

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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 January 2024 final NYMEX settlement occurred Wednesday, December 27th at \$2.62 per MMBtu. Jan-24 fell a net \$0.22 (-8%) since its commencement trading as the new front month contract back on 11/28/23. The Jan-24 NYMEX final settlement represents a \$0.09 decrease (-3%) from the Dec-23 NYMEX expiration and a \$2.09 decrease (-44%) from the January-23 final NYMEX settlement a year ago. The Jan-24 NYMEX contract's highest trade as the front month contract was at \$2.81 on 12/1/23. Jan-24 trading trended slightly more bullish with 11 daily increases and 9 daily decreases; the largest daily trade was a decrease of \$0.15 on 12/11/2023.

\$2.53 just prior to the report's release in relation to Wednesday's settlement of \$2.44. Following the bullish storage figure (vs. expectations), Feb-24 traded up slightly to \$2.56 as of 10:40am Thursday. The front 12-month NYMEX average strip (February 2024 – January 2025) increased about \$0.20 over the past week and currently trades at ~\$2.79.

NATURAL GAS STORAGE

Natural gas in underground storage is now 11.1% higher than it was one year ago and 10.0% higher when compared to the five-year average. The five-year average is widely used as a benchmark throughout the industry.

GAS STORAGE LEVELS

3,490 BCF
as of 12/22/2023

3,142 BCF
inventory for corresponding week of 2022

+348 BCF
year-on-year

STORAGE COMPARISON

3,644 BCF
beginning winter 2022-2023
week ending 11/11/2022

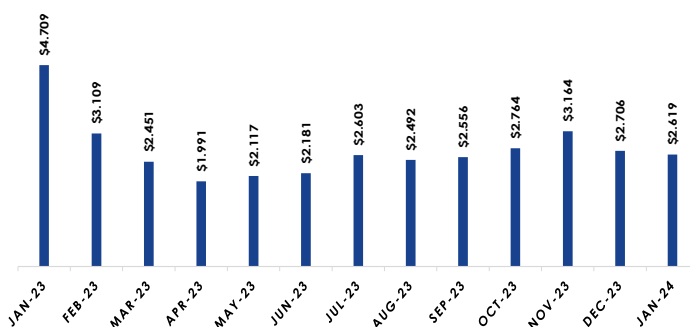
3,490 BCF
as of 12/22/2023

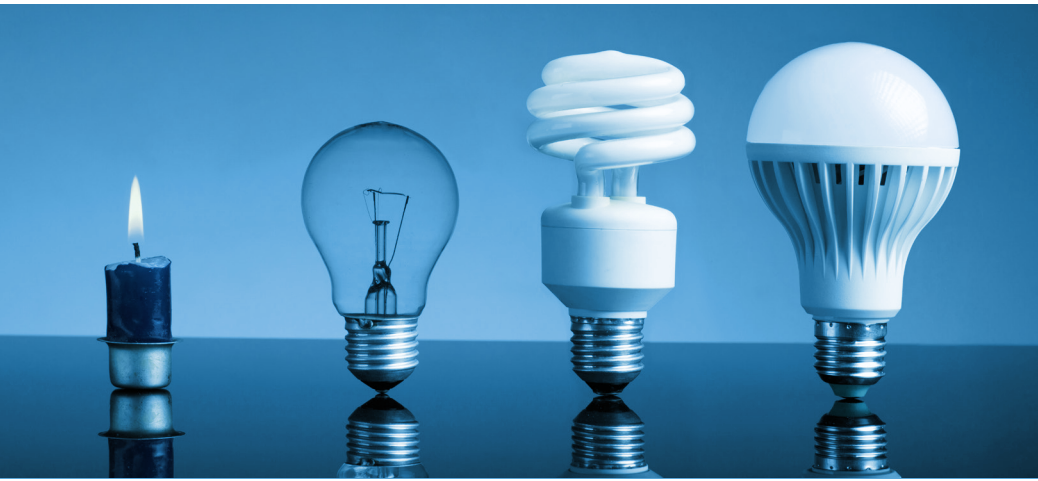
NATURAL GAS MARKET OUTLOOK

The consensus prediction heading into Thursday's EIA storage report called for a net withdrawal around 77-79 BCF. The actual December 22nd withdrawal was reported to be 87 BCF, which compares to a 195 BCF withdrawal one-year ago and a five-year average withdrawal of 123 BCF.

Prior to Thursday's 10:30 am EIA storage report, the front month Feb-24 NYMEX initially traded up to \$2.54 before trading back to \$2.51, and then back up to

13-MONTH NYMEX SETTLEMENT HISTORY





POWER HOUR ENERGY TRIVIA

Electric fish are one of man's first encounters with electricity.

Ancient civilizations (the Greeks, Romans, and Egyptians) used electric fish for medical procedures as well as to heal ailments. This included childbirth and headaches.

ELECTRIC MARKET OUTLOOK

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

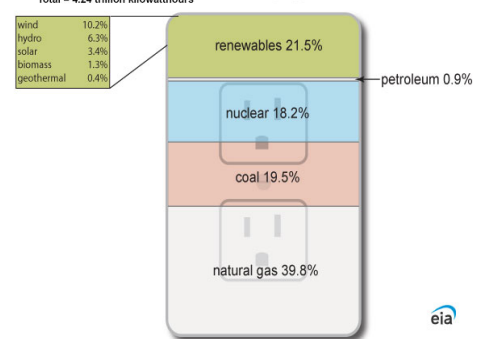
Over this same timespan (Dec 15th – Dec 22nd), natural gas prompt month pricing increased roughly 5%. The December 22nd strip settlement for Jan 2024 - Dec 2024 on-peak wholesale power was about 27% lower than the same date a year ago. 2024 on-peak strip pricing over the past month has decreased roughly 4%.

ELECTRIC WATT'S UP

Most electric utilities have the term "avoided costs" frequently embedded in their respective regulated tariffs. These are costs a utility circumvents by purchasing power from an independent producer rather than generating the power themselves, purchasing the power from another source, or constructing new power plants. The Public Utilities Commission of Ohio (PUCO) calculates the avoided costs for each utility; these expenditures are the basis upon which independent power producers are paid for the electricity they yield.

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

12/15/2023 - 12/22/2023

2024 +0%

UPCOMING FORECAST

Cooler temperatures prevail this week, with the majority of the country expecting average to below average temperatures. Portions of the Northern and Midwestern U.S. are expecting slightly above average temperatures, while the Southern U.S. and Gulf Coast regions are expecting the cooler than average temperatures.

6-10 DAY TEMPERATURE MAP

