

# 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 OUTLOOK

The 2021 natural gas withdrawal season, when supplies are pulled from underground storage to fulfill heating requirements, is only slightly lagging behind the five-year average total despite what's been a warmer-than-normal heating season thus far. Through 8 weekly storage declines, the 2021 withdrawal season has resulted in a net pull of 762 billion cubic feet (BCF) from storage - 100 BCF (+15%) higher than the same point in the 2020 heating season but 24 BCF (-3%) behind the five-year average withdrawal season. Weather experts are currently predicting the back half of January and early-February to feature periods of frigid temperatures throughout the Midwest & East Coast, with the possibility of polar vortex formations in select regions of the country.

The consensus prediction heading into this Thursday's EIA storage report called for a withdrawal around 123-128 BCF. The actual January 8th withdrawal was reported to be 134 BCF, which compares to a 122 BCF withdrawal one-year ago and a five-year average withdrawal of 151 BCF.

Prior to the 10:30 am EIA storage report on Thursday, the front month Feb-21 NYMEX initially traded \$0.05 higher

than Wednesday's settlement of \$2.73 before trading back to \$2.76 prior to the report's release. Feb-21 immediately ticked up to \$2.79 following the bullish storage figure (vs. expectations) before turning down to \$2.74 as of 10:40 am Thursday. The front 12-month NYMEX average strip (February 2021 - January 2022) increased roughly \$0.02 over the past week and currently trades at ~\$2.85.

## NATURAL GAS STORAGE

Natural gas in underground storage is now 4.1% higher than it was one-year ago and 7.3% higher when compared to the five-year average. The five-year average is widely used as a benchmark throughout the industry.

### GAS STORAGE LEVELS

**3,196 BCF**  
as of 01/08/2021

**3,070 BCF**  
inventory for corresponding week of 2020

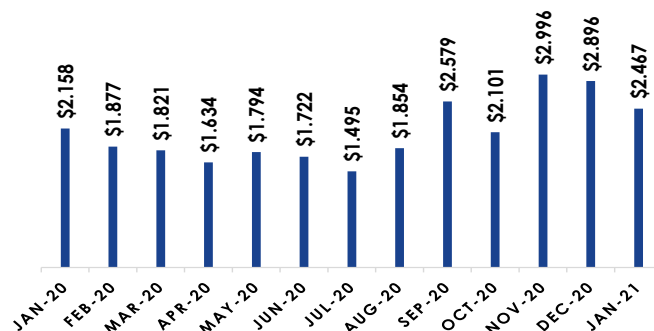
**+126 BCF**  
year-on-year

### STORAGE COMPARISON

**1,986 BCF**  
2020 storage minimum

**3,196 BCF**  
current storage as of 01/08/2021

### 13-MONTH NYMEX SETTLEMENT HISTORY





## POWER HOUR ENERGY TRIVIA

Daylight Savings Time can be good for the planet. When we turn our clocks forward each spring, an hour of daylight is shifted toward the end of the day.

The US Department of Energy studied the impacts of extending DST by four weeks. The extension saved 0.5% of electricity with each day. While it's a small percentage, it amounts to approximately 1.3 billion kWh saved. This is equivalent to the amount of electricity used by over ~100,000 households for a year.

## 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 (Jan 6th – Jan 13th), natural gas prompt month pricing rose about 0.5%. The Jan 13th strip settlement for 2021 on-peak wholesale power was about 3.5% higher than the same date a year ago and about 3% lower than the three-year average. 2021 on-peak strip pricing over the past month has increased about 3.5%.

### ON-PEAK POWER MOVEMENTS

01/06/2021 - 01/13/2021

**2021 + 1.5%**

**2022 - 0.2%**

**2023 + 0.1%**

**2024 + 1.1%**

### UPCOMING FORECAST

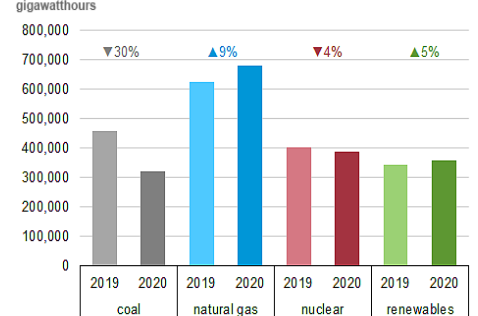
The current forecast through the third week in January appears semi-inviting aside from the western third of the U.S. Looking further into January may not be the same story – Frigid temperatures are expected in select portions of the country.

## ELECTRIC WATT'S UP

How is an electric aggregation program or pool pricing model valuable to smaller & medium-sized electric users? By combining the consumption patterns of large masses of electric meters, each customer benefits from the advantages of group buying to receive smaller supplier margins and better overall supply rates than are likely to be available if shopping on their own. Suppliers are incentivized to provide competitive pricing for the opportunity to gain a larger market share. Additionally, the large number of end-users tends to aid in balancing the group's overall monthly load, which is an attractive feature to prospective suppliers.

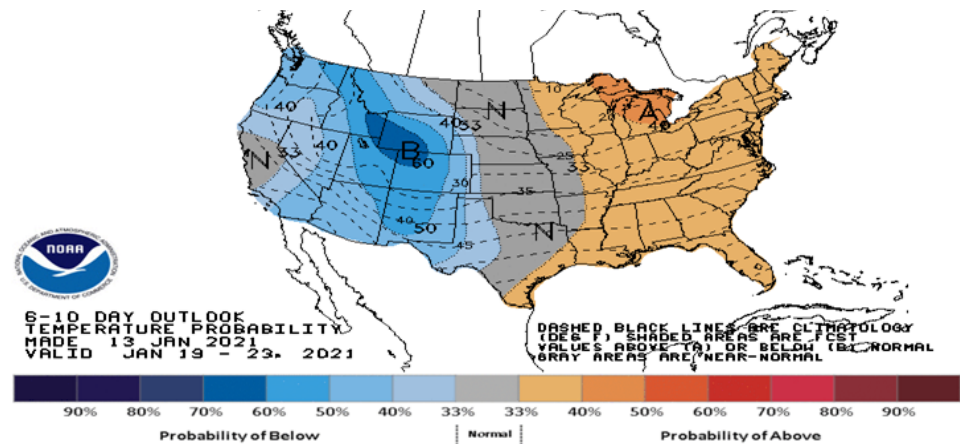
### NET ELECTRIC GENERATION

Lower 48 states power generation by source, January–June (2019 and 2020)



Source: U.S. Energy Information Administration, Hourly Electric Grid Monitor  
Note: Renewables includes solar, wind, and hydroelectric generation.

### 6-10 DAY TEMPERATURE MAP



County Commissioners' Association of Ohio

