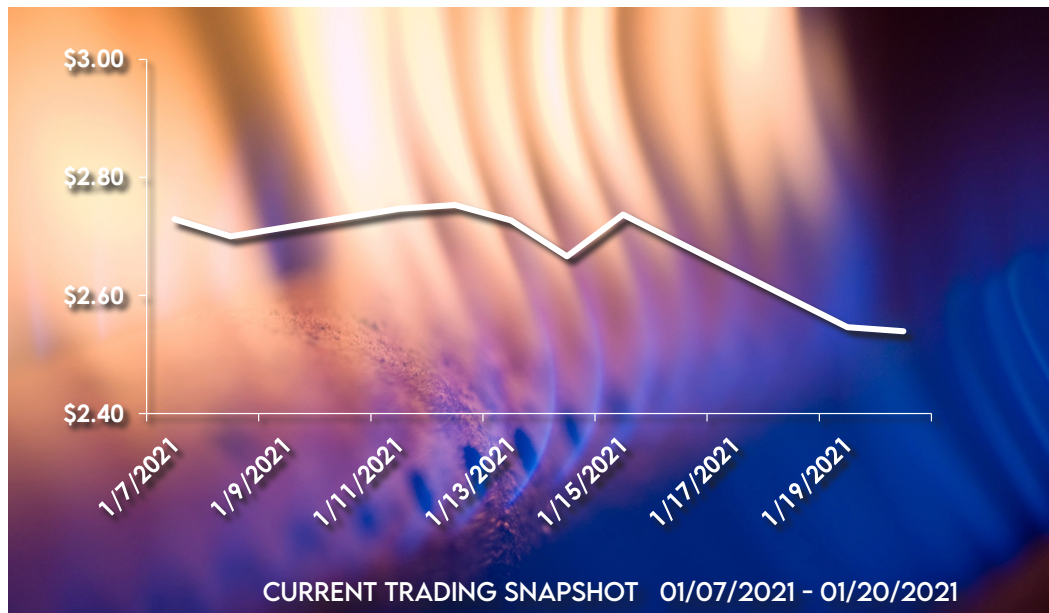


THE PALMER REPORT

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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

From a U.S. population-weighted perspective, climate trends throughout December 2020 proved to be noticeably warmer than normal but still largely colder than December 2019. Major OH cities saw a 5-15% downtick in heating degree days (HDDs) relative to corresponding 30-year averages. OH was generally 15-25% warmer than normal in December 2019. New York, NY Kansas City, MO, and Montgomery, AL similarly saw roughly 5-15% fewer HDDs in 2020 vs. historic averages. Los Angeles, CA "consumed" 35% fewer HDDs vs. a typical December, although the West Coast obviously doesn't see such high heating levels as the rest of the U.S. Recall a HDD measures how far the average temperature in a given day or timespan strays below 65° F.

This week's storage report will be released on Friday due to Wednesday's Presidential Inauguration. The consensus prediction heading into the EIA storage report calls for a withdrawal around 177 BCF.

In early-Thursday trading, the front month Feb-21 NYMEX initially traded \$0.08 lower than Wednesday's settlement of \$2.54 before trading back to \$2.50

around 10:20 am. The front 12-month NYMEX average strip (February 2021 – January 2022) decreased roughly \$0.14 over the past week and currently trades at ~\$2.71.

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

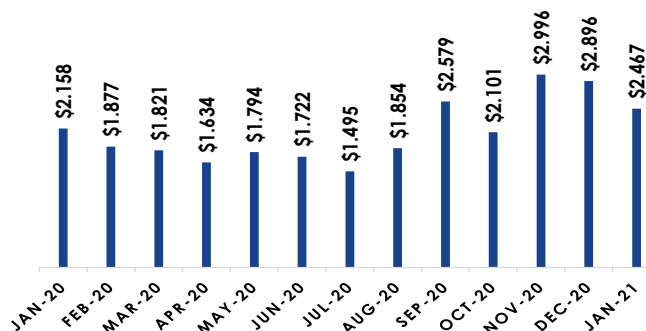
+126 BCF
year-on-year

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

In the United States, refrigerators consume about the same amount of energy as 25 large power plants produce each 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 13th – Jan 20th), natural gas prompt month pricing fell about 7%. The Jan 20th strip settlement for 2021 on-peak wholesale power was about 1% higher than the same date a year ago and about 6% lower than the three-year average. 2021 on-peak strip pricing over the past month has declined about 3%.

ON-PEAK POWER MOVEMENTS

01/13/2021 - 01/20/2021

2021 -4.0%

2022 -1.3%

2023 -1.1%

2024 -1.4%

UPCOMING FORECAST

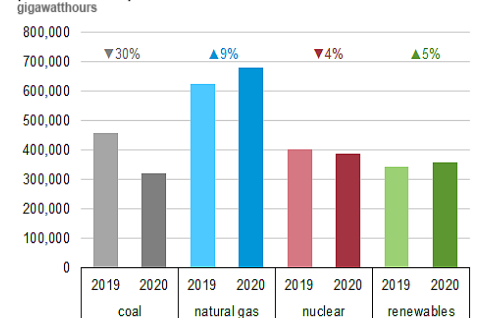
Forecasts through the end of the month have trended slightly warmer relative to those from a week ago, prompting the recent market downturn. The West Coast and the Northeast are the only areas looking to see colder-than-normal temperatures.

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.

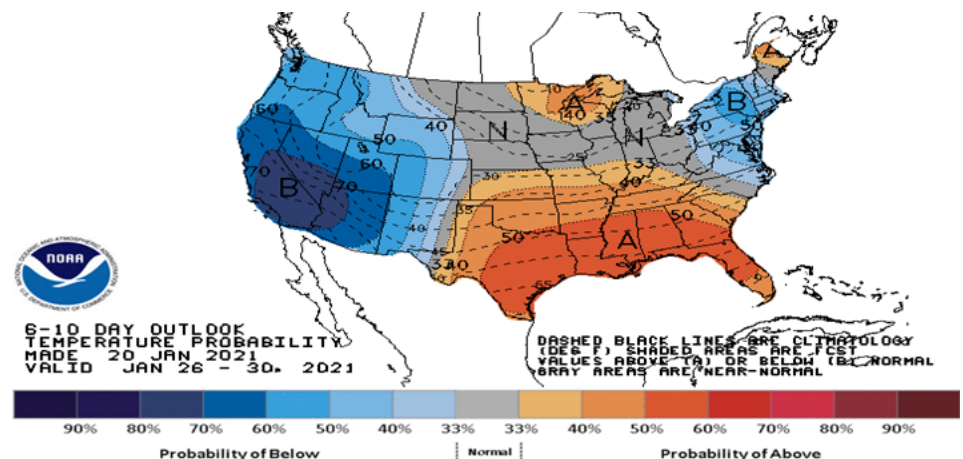
NET ELECTRIC GENERATION

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

