

THE PALMER REPORT

5577 AIRPORT HWY, STE 101, TOLEDO, OH 43615 419-539-9180 PALMERENERGY.COM

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 February 2021 NYMEX final settlement occurred this Wednesday at \$2.76 per MMBtu. Feb-21 increased a net \$0.32 (+13%) since its commencement trading as the new front month contract back on 12/29/20, trading in a range of \$2.39-\$2.90. The Feb-21 NYMEX final settlement represents a \$0.29 increase (+12%) from the Jan-21 NYMEX expiration & an \$0.88 increase (+47%) from the Feb-20 final NYMEX settlement a year ago. Of the 19 days trading as the front month NYMEX contract, Feb-21 saw four daily pricing increases of > \$0.10 compared to one daily pricing decline of > \$0.10.

Last week's EIA storage report (released on Friday due to the Presidential Inauguration) showed a 187 BCF withdrawal for the week ending January 15th. The consensus prediction heading into this Thursday's EIA storage report called for a withdrawal around 136 BCF. The actual January 22nd withdrawal was reported to be 128 BCF, which compares to a 170 BCF withdrawal one-year ago and a five-year average withdrawal of 174 BCF.

Prior to the 10:30 am EIA storage report on Thursday, the new front month Mar-21 NYMEX initially traded \$0.06 lower

than Wednesday's settlement of \$2.70 before trading back to \$2.66 prior to the report's release. Mar-21 moved slightly lower to \$2.64 following the bearish storage figure (vs. expectations) as of 10:35 am Thursday. The front 12-month NYMEX average strip (March 2021 – February 2022) increased roughly \$0.15 over the past week and currently trades at ~\$2.86.

NATURAL GAS STORAGE

Natural gas in underground storage is now 2.8% higher than it was one-year ago and 9.3% higher when compared to the five-year average. The five-year average is widely used as a benchmark throughout the industry.

GAS STORAGE LEVELS

2,881 BCF

as of 01/22/2021

2,803 BCF

inventory for corresponding week of 2020

+78 BCF

year-on-year

STORAGE COMPARISON

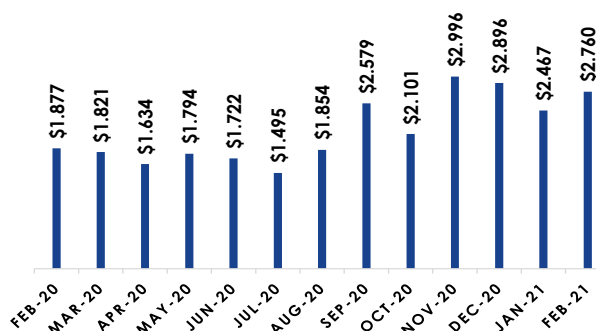
1,986 BCF

2020 storage minimum

2,881 BCF

current storage as of 01/22/2021

13-MONTH NYMEX SETTLEMENT HISTORY





POWER HOUR ENERGY TRIVIA

This may be out of this world, but electricity may be a force behind sightings of unidentified flying objects (UFOs).

Many UFO sightings and reports have actually been static electric charges on transmission lines that give off the appearance of a bright flying object.

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 20th – Jan 27th), natural gas prompt month pricing rose about 9%. The Jan 27th strip settlement for 2021 on-peak wholesale power was about 4.5% higher than the same date a year ago and about 5% lower than the three-year average. 2021 on-peak strip pricing over the past month has declined about 1%.

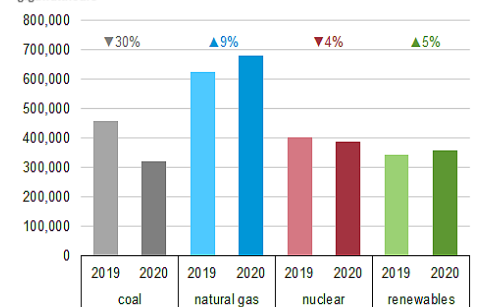
ELECTRIC WATT'S UP

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.

NET ELECTRIC GENERATION

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



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

ON-PEAK POWER MOVEMENTS

01/20/2021 - 01/27/2021

2021 +0.8%

2022 -0.1%

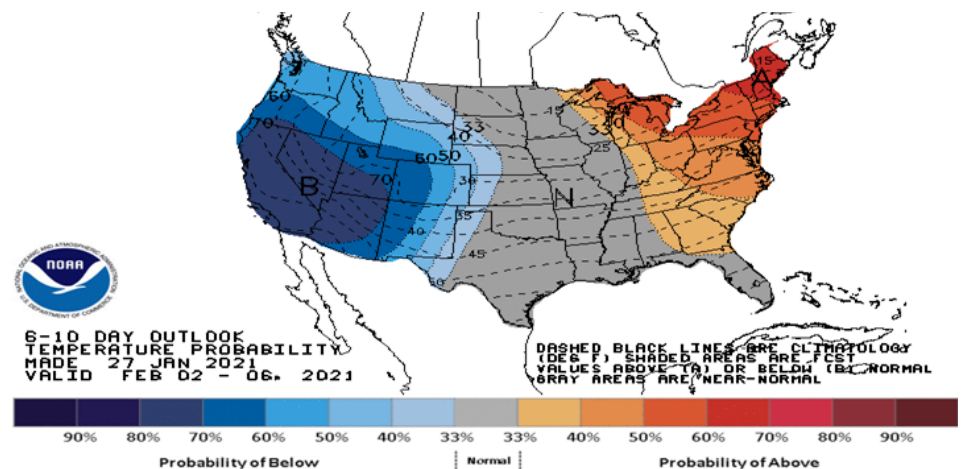
2023 -0.6%

2024 -0.4%

UPCOMING FORECAST

The Northeast appears set to be the only U.S. region to see above-normal temperatures heading into the first half of February.

6-10 DAY TEMPERATURE MAP



County
Commissioners'
Association
of Ohio

