

# 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 TCO RATE INCREASE

Columbia Gas Transmission (aka. "TCO") is the pipeline operator servicing the Columbia Gas of Ohio ("COH"), Vectren Energy Delivery of Ohio ("VEDO"), and Dominion Energy – West Ohio Gas ("WOG") footprints along with utilities in other states. In July 2020, TCO filed a major rate increase with the Federal Energy Regulatory Commission ("FERC") for the first time in 20 years. A federal ruling to adjudicate on the rate case was scheduled for sometime in late-2021 – However, TCO has opted to bypass this timeline and officially publish their tariff increases effective 2/1/2021.

Despite heavy opposition to the rate increase, all Ohio Choice gas customers in the COH, VEDO, and WOG utility zones will see corresponding price increases as a result of the TCO rate filing. This includes all Choice gas customers, including those Choice customers engaged in a third-party supply agreement along with those supplied by the local utility via the Standard Choice Offer ("SCO") pricing mechanism beginning in April 2021.

Palmer Energy is working with your certified natural gas supplier to evaluate the validity of this as a regulatory pass-

through event along with the accuracy of these price increases. **Third-party suppliers have confirmed increases will be included starting with your February 2021 invoices.** Please note that we are also working on a refund process should the FERC rule that TCO has to lower their currently published tariffs. This FERC ruling is anticipated to come in early-2022.

Palmer's paramount concern, as always, is to insulate our customers as much as possible from such adverse occurrences. Please contact your Palmer representative if you have any questions or concerns, or if you would like additional information.

## MARKET OUTLOOK

The consensus prediction heading into this Thursday's EIA storage report called for a withdrawal around 194-195 BCF. The actual January 29th withdrawal was reported to be 192 BCF, which compares to a 155 BCF withdrawal one-year ago and a five-year average withdrawal of 146 BCF.

Prior to the 10:30 am EIA storage report on Thursday, the front month Mar-21 NYMEX initially traded \$0.04 higher than Wednesday's settlement of \$2.79 before trading back to \$2.79 prior to the

report's release. Mar-21 moved slightly higher to \$2.81 following the neutral storage figure (vs. expectations) as of 10:35 am Thursday. The front 12-month NYMEX average strip (March 2021 – February 2022) increased roughly \$0.08 over the past week and currently trades at ~\$2.94.

## STORAGE

Natural gas in underground storage is now 1.5% higher than it was one-year ago and 7.9% higher when compared to the five-year average. The five-year average is widely used as a benchmark throughout the industry.

### GAS STORAGE LEVELS

**2,689 BCF**  
as of 01/29/2021

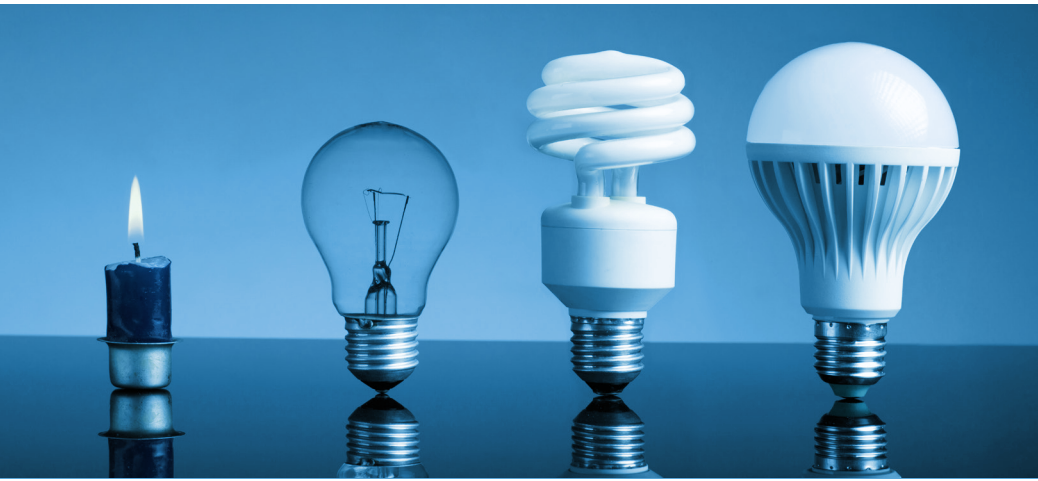
**2,648 BCF**  
inventory for corresponding week of 2020

**+41 BCF**  
year-on-year

### STORAGE COMPARISON

**1,986 BCF**  
2020 storage minimum

**2,689 BCF**  
current storage  
as of 01/29/2021



## POWER HOUR ENERGY TRIVIA

The first four common domestic items to be powered by electricity were a toaster, kettle, the sewing machine, and fan.

As an example of growing efficiency in modern appliances, a refrigerator from the mid-80s, 30 years ago, used about four times as much electricity as a modern one (about 1,350 kWh a year compared to 350 kWh).

## ELECTRIC MARKET OUTLOOK

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

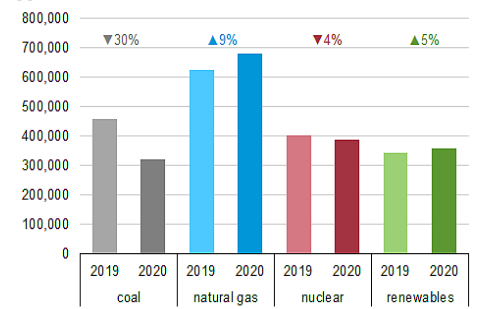
Over this same timespan (Jan 27th – Feb 3rd), natural gas prompt month pricing rose about 2%. The Feb 3rd strip settlement for 2021 on-peak wholesale power was about 9% higher than the same date a year ago and about 1% lower than the three-year average. 2021 on-peak strip pricing over the past month has increased about 2%.

## 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.

## NET ELECTRIC GENERATION

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



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

## ON-PEAK POWER MOVEMENTS

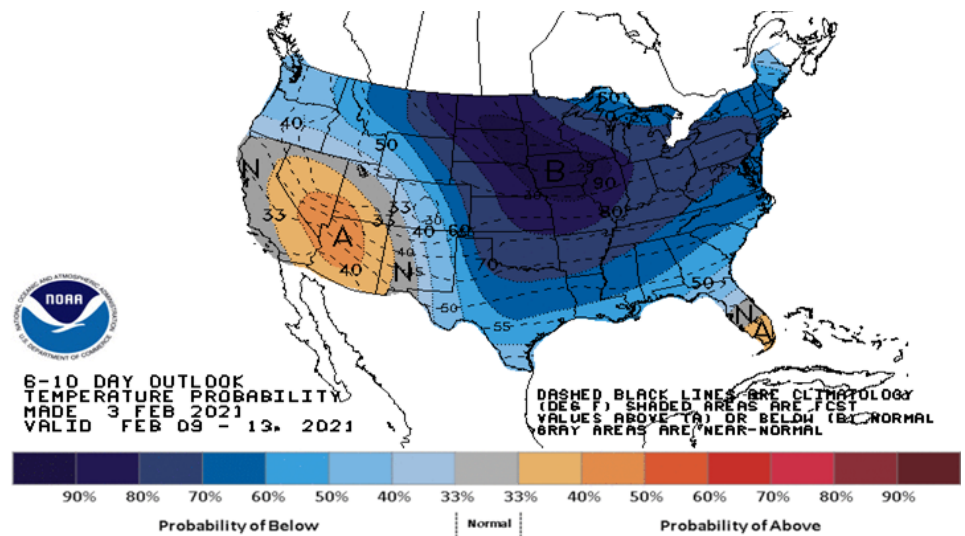
01/27/2021 - 02/03/2021

- 2021 +2.0%
- 2022 -1.0%
- 2023 -0.7%
- 2024 -2.1%

## UPCOMING FORECAST

Bundle up! Actual (extended) winter weather may come as a shock to the system, but that's exactly what the country is staring down the barrel of as forecasts depict frigid cold through the third week in February.

## 6-10 DAY TEMPERATURE MAP



County Commissioners' Association of Ohio

