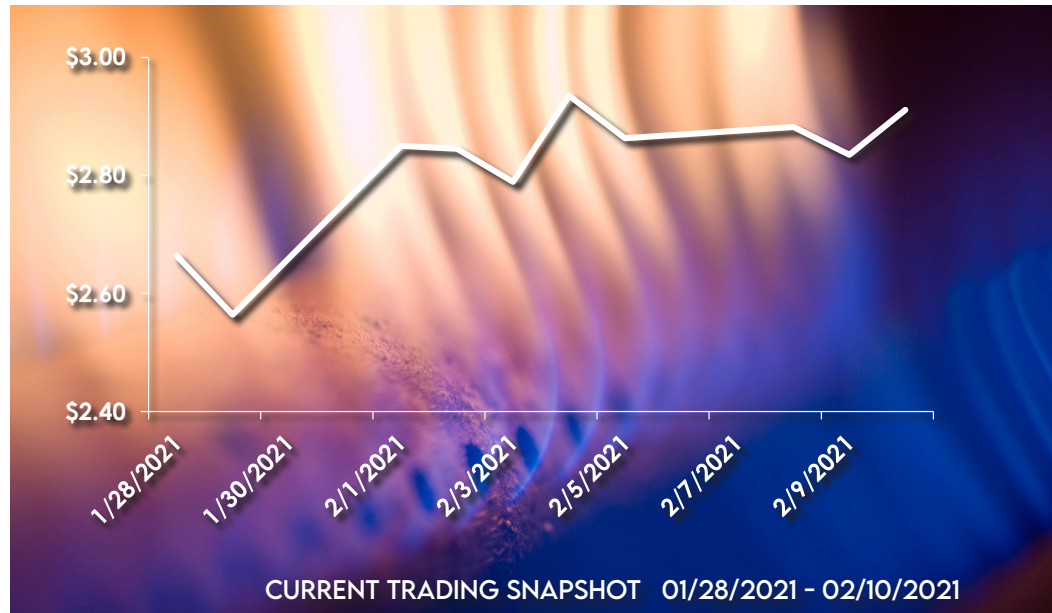


THE PALMER REPORT

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 2021 natural gas withdrawal season continues to lag slightly behind the five-year average total, but a shift in the guard is on the horizon given the elongated cold snap prevalent throughout the country. Through 11 weekly storage declines, the 2021 withdrawal season has resulted in a net pull of 1,269 billion cubic feet (BCF) from storage. This is 64 BCF (+5%) higher than the same point in the 2020 heating season but 130 BCF (-9%) behind the five-year average withdrawal season. Even so, a string of monster weekly withdrawals appears to be on tap for the coming three reports. Forecasters have been cautiously optimistic about the frigid cold breaking by the final few days of the month, but time will tell.

The consensus prediction heading into this Thursday's EIA storage report called for a withdrawal around 175 BCF. The actual February 5th withdrawal was reported to be 171 BCF, which compares to a 121 BCF withdrawal one-year ago and a five-year average withdrawal of 125 BCF.

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Prior to the 10:30 am EIA storage report on Thursday, the front month Mar-21 NYMEX initially traded \$0.13 higher than Wednesday's settlement of \$2.91

before trading all the way back to \$2.95 prior to the report's release. Mar-21 moved lower to \$2.87 following the bearish storage figure (vs. expectations) and currently trades around \$2.89 as of 11 am Thursday. The front 12-month NYMEX average strip (March 2021 – February 2022) increased roughly \$0.06 over the past week and currently trades at ~\$3.00.

NATURAL GAS STORAGE

Natural gas in underground storage is now 0.4% lower than it was one-year ago and 6.4% higher when compared to the five-year average. The five-year average is widely used as a benchmark throughout the industry.

GAS STORAGE LEVELS

2,518 BCF
as of 02/05/2021

2,527 BCF
inventory for corresponding week of 2020

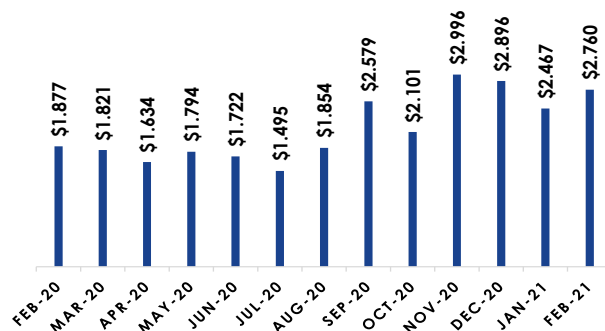
-9 BCF
year-on-year

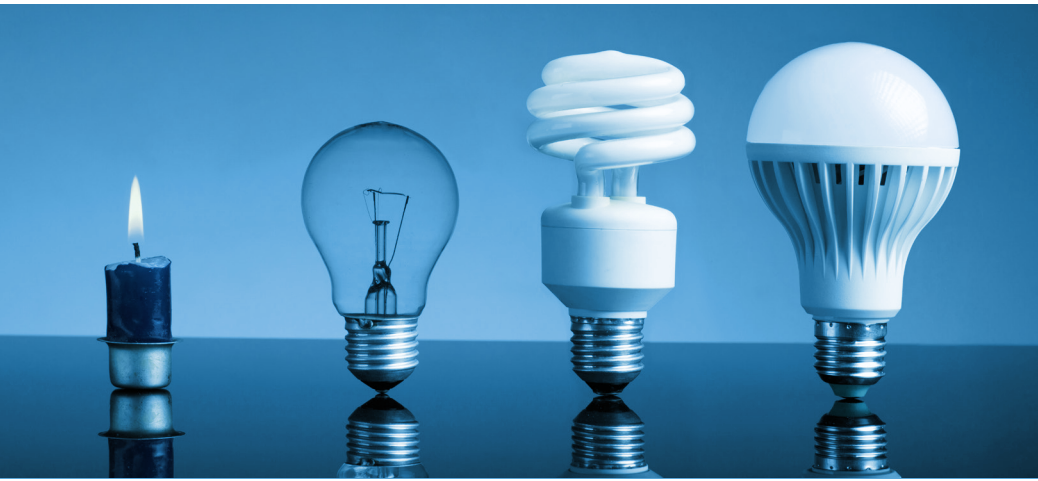
STORAGE COMPARISON

1,986 BCF
2020 storage minimum

2,518 BCF
current storage as of 02/05/2021

13-MONTH NYMEX SETTLEMENT HISTORY





POWER HOUR ENERGY TRIVIA

Lightning is a discharge of electricity in the atmosphere. Lightning bolts can travel at around 130,000 miles per hour and reach almost 54,000 °F in temperature.

Benjamin Franklin carried out thorough electricity research in the 18th century. Amongst his many discoveries, he invented the lightning rod. In the event of a lightning strike, a lightning rod conducts the strike through a grounded wire, protecting the building.

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 (Feb 3rd – Feb 10th), natural gas prompt month pricing rose about 4.5%. The Feb 10th strip settlement for 2021 on-peak wholesale power was about 10% higher than the same date a year ago and about 0.5% lower than the three-year average. 2021 on-peak strip pricing over the past month has increased about 2%.

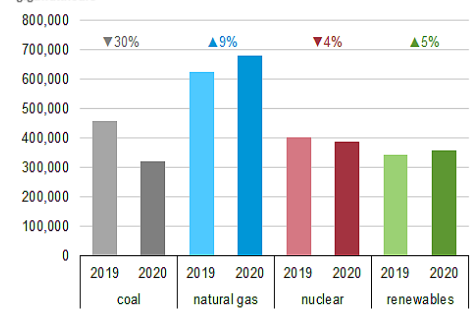
ELECTRIC WATT'S UP

Electric "demand" is defined as the rate at which electric energy is delivered to or by a system, part of a system, or a piece of equipment.

Demand is expressed in kilowatts (kW), kilovolt-amperes (kVA), or other suitable units at a given instant over any designated period of time. The primary source of "demand" is the power-consuming equipment of a customer.

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

02/03/2021 - 02/10/2021

2021 +1.7%

2022 +0.3%

2023 -0.2%

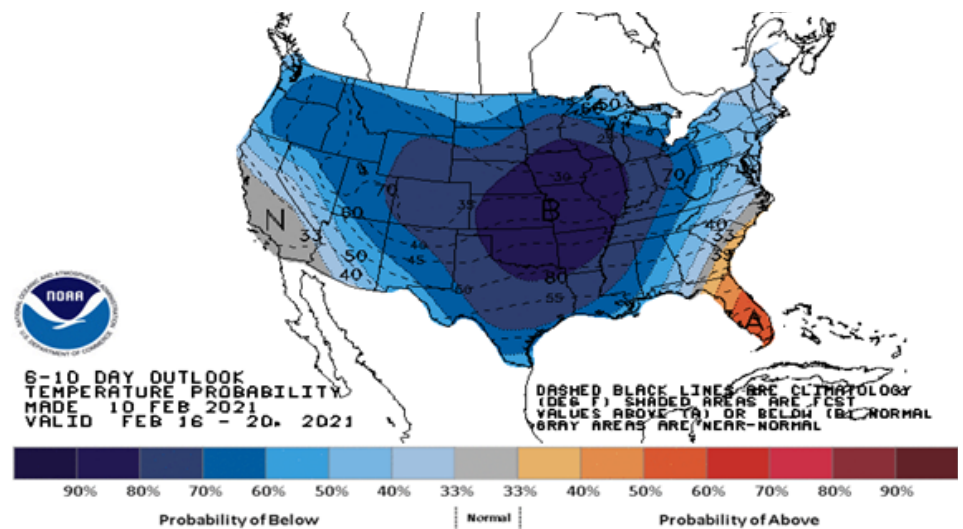
2024 -1.3%

UPCOMING FORECAST

New week, same story.

Unless you're vacationing or live in Florida, well below-normal temperatures will be hanging around through the third week in February (hopefully not further).

6-10 DAY TEMPERATURE MAP



County Commissioners' Association of Ohio

