

# Energy Market Update

Summer 2024

Edge Insights energy experts are constantly monitoring energy market conditions to help ensure the best possible pricing and contract terms for our clients. The following report is a snapshot of current conditions intended to help our clients stay informed of market dynamics.

## MARKET OVERVIEW:

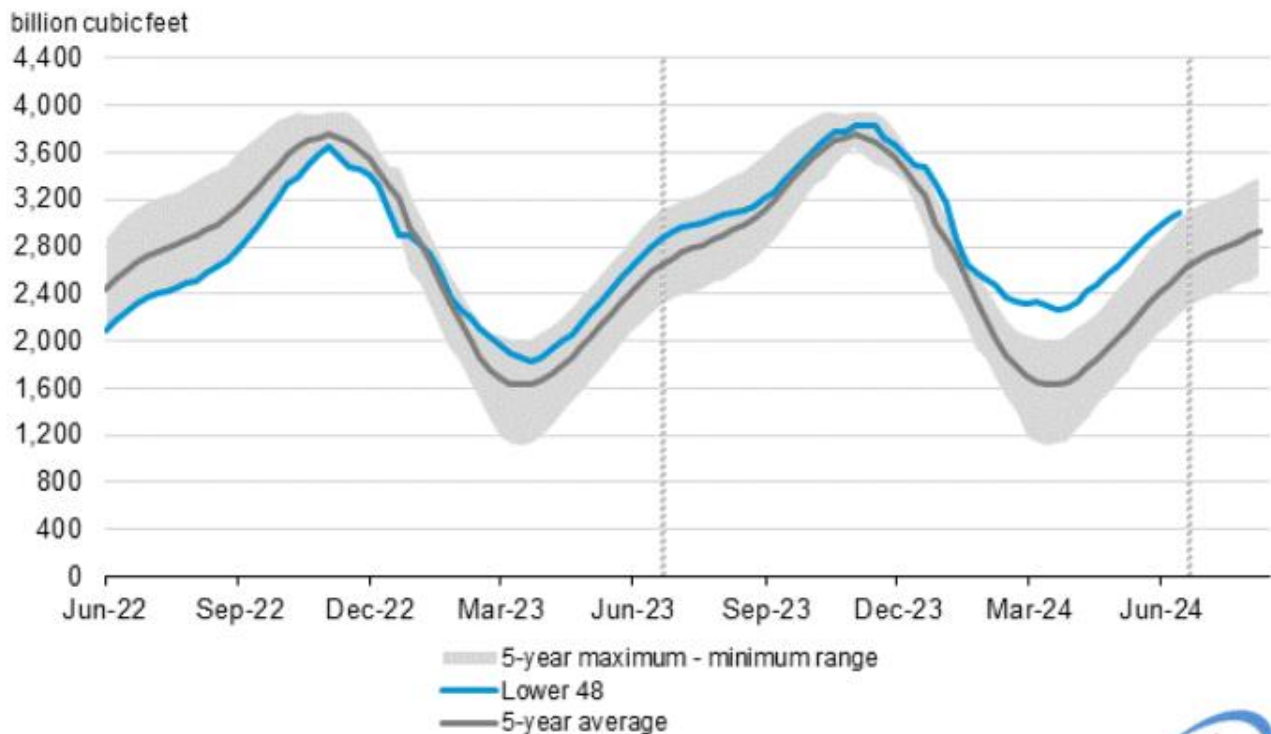
Expectations for a record warm summer have raised concerns of electricity price spikes. For days that reach into mid and upper 90's, the cost to generate electricity increases. If your electricity cost is based on an index rate, your monthly rate is the average cost using [Locational Marginal Pricing](#) or the 'Spot' price over the billing period.

Natural gas production is about 8% below last year and high gas storage levels are set to deplete with excess cooling demand. Average temperature forecasts across the U.S. are showing above average into mid-July and possibly further. The gas market near trading month is up 47% from April which has EQT & Chesapeake Energy increasing their output to gain back lost profits. If more producers follow, this may help to stabilize pricing for electricity and natural gas.

## NATURAL GAS STORAGE UPDATE:

The storage report for the week ending 6/21/24 shows an injection to storage of 52 billion Cubic Feet (Bcf). This puts levels above the 5-year average by 20.6%, and 11.3% or 314 Bcf above the same week last year. The current percentage of total capacity is 72% at 3,097 Bcf.

Working gas in underground storage compared with the 5-year maximum and minimum



Data source: U.S. Energy Information Administration

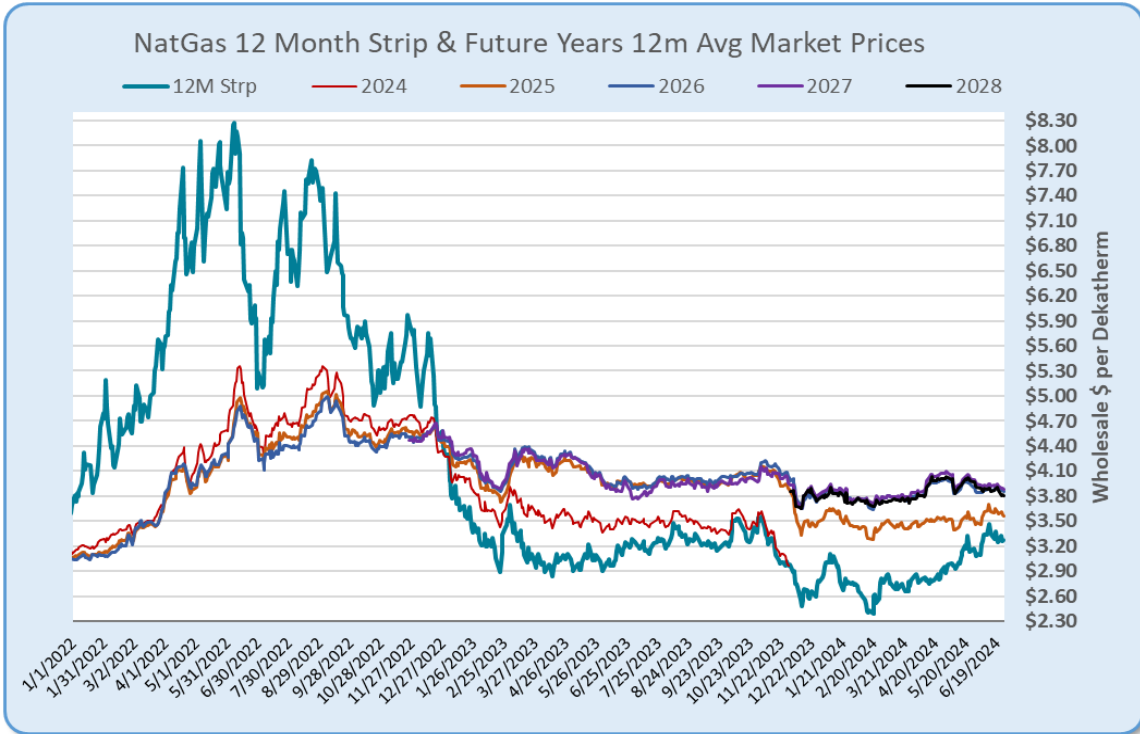


The July natural gas Monthly Settlement Price (MSP) was determined on Jun 26th at **\$2.756/Dth**, up **26.3¢** from the prior month.

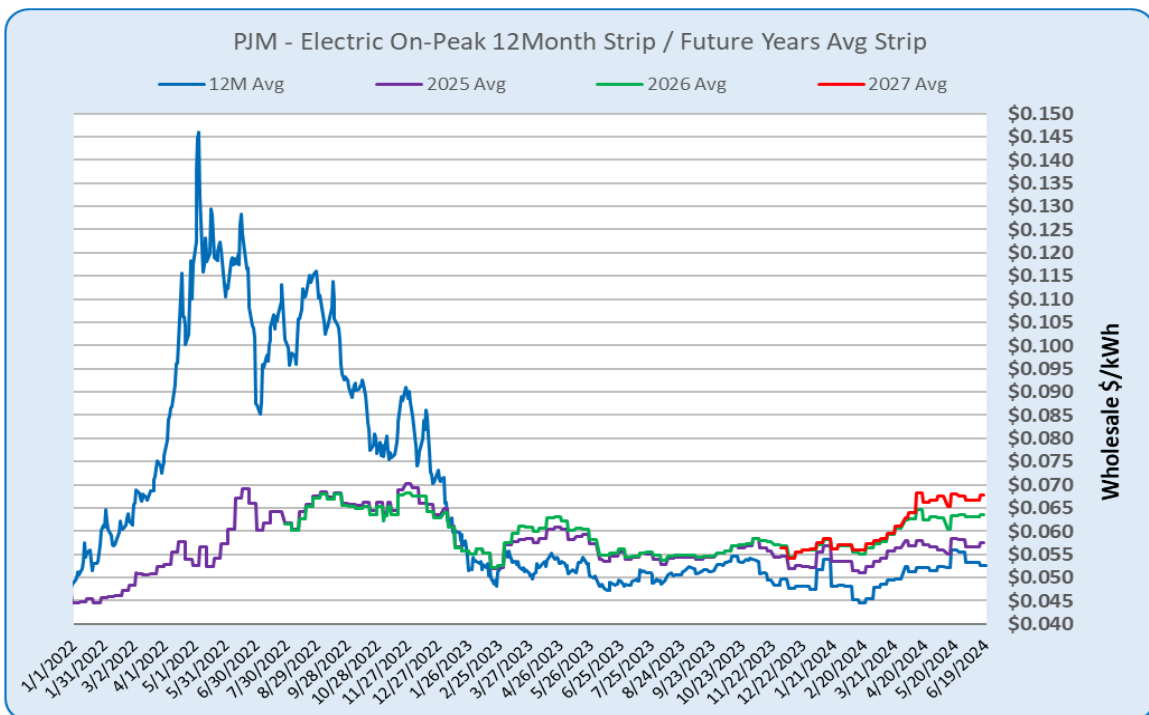
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The chart below shows the natural gas NYMEX Futures historic to current market average strip prices.



Electric Market 12-month average prices for current and future years shown in the chart below.



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## ENERGY NEWS: EL NIÑO TO LA NIÑA WEATHER PATTERN CHANGE – WHAT CAN WE EXPECT?

We have been in an El Niño weather pattern all last year into this spring. El Niño creates a west to east flow that blocks hurricanes from entering the Gulf of Mexico and hitting the continental U. S. The transition to La Niña or a cooler Pacific Ocean temperature at the equator reduces wind shear and cannot block hurricanes developing in the Atlantic as easily. [NOAA](#) is predicting 17 to 25 named storms with 8 to 13 hurricanes with 4 to 7 being major hurricanes.

Hurricanes cause widespread power outages and flooding. The reduction in demand during outages is obvious but the damage to infrastructure from severe storms increases our cost dramatically.

**Google AI (Cost of Hurricanes)** As of August 2023, hurricanes have caused over \$1.3 trillion in damage to the United States since 1980, with an average cost of \$22.8 billion per event. Hurricanes have also been responsible for the most deaths of any weather disaster during that time, with 6,890 fatalities.



## MARKET OPPORTUNITY:

The buying opportunity for energy has been and continues to be good. Short term pricing is slightly lower but consider longer terms to add extended protection against rising energy prices through 2025 and beyond.

*The market opportunity is a ranking of how we perceive the timing of contract purchases for natural gas or electricity.  
Information provided by the Energy Division of Edge Insights, Inc.*