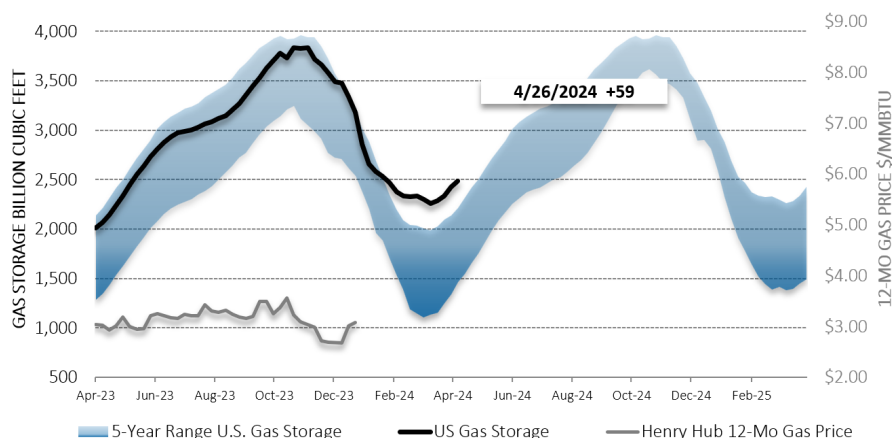


# WEEKLY MARKET UPDATE



Week Ending April 26, 2024

Natural Gas Storage vs Natural Gas Price



## NATURAL GAS

- The EIA reported Thursday morning that, for the week ending April 26, U.S. inventories added 59 Bcf, missing the projected growth of 68 Bcf. Total stockpiles now stand at 2,484 Bcf, up by 21.3% from a year ago and 34.9% above the five-year average for the same week.
- The new NYMEX Henry Hub prompt month of June has risen this week and was around \$2.02/MMBtu at the time of this writing. Expectations of rising temperatures and proliferation of LNG nominations during the lull in production may lift prices in the near term. Throughout April, moderate weather and an abundance of renewable output in the West put a lid on demand. Consequently, the final averages for spot prices in April were less than the averages for April 2023 by \$3.30/MMBtu at PG&E Citygate and by \$5.59/MMBtu at SoCal Citygate.

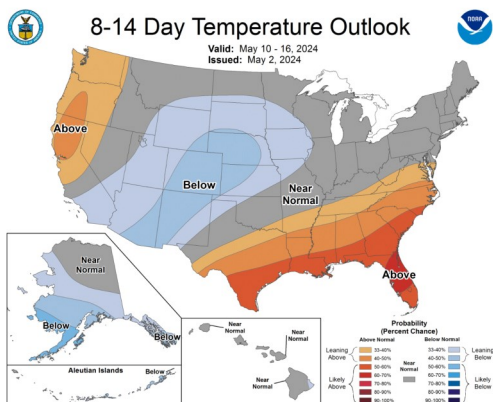
## POWER MARKETS

**West** Despite notable jumps on Monday and Tuesday, Day Ahead prices still closed April with averages of only \$31.09/MWh at Mid-C, \$25.91/MWh at NP15, and \$10.05/MWh at SP15, mere fractions of last April's respective averages of \$94.87/MWh, \$55.58/MWh, and \$50.56/MWh. Earlier in the week, overnight plunges in temperatures in the Pacific Northwest increased demand at Mid-C and necessitated imports from NP15.

**ERCOT** The average of real-time prices for this week is around \$35/MWh, more than \$15/MWh higher than last week's because of a few hours on Sunday when prices averaged over \$1,000/MWh. Although peak loads were not that impressive, minimal wind output, nonexistent solar output, and the absence of more than 20,000 MW of conventional generation for maintenance together kept reserve margins low enough to create that pop in prices during HE20 and HE21 on Sunday. As reported in the Weather summary, the first summery temperatures of the year are forecasted for the middle of next week and expected to trigger peak loads over 70 GW, but more than 15 GW should still be out of commission. Accordingly, on-peak prices for next week are currently around \$110/MWh. In the term market, forward strips remain firm; CY25, CY26, and CY27 are \$1-\$2/MWh higher since last week on enduring strength in heat rates.

**East** Warmer weather, especially in the Mid-Atlantic, has increased cooling loads and raised prices in most regions this week. The mean Day Ahead prices for the week are \$32.39/MWh in PJM, \$25.08/MWh in NYISO, and \$25.49/MWh in ISO-NE's WCMASS; Real Time prices are averaging \$27.25/MWh, \$36.46/MWh, and \$24.40/MWh, respectively. The aberrant increase of \$11/MWh between the Day Ahead and Real Time averages in NYISO is attributable to significant price spikes during Tuesday's evening peak. More warming is expected to intensify cooling demand and pose an upside risk to LMPs next week.

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### Watch Out, Daffy: It's Still Duck Season

Three years ago, CAISO President and CEO Elliot Mainzer declared, “The duck curve is alive and well in California.” He was referring, of course, to that notorious quirk in the graph of intraday electricity prices where the extreme midday mismatch between supply and demand, due to the glut of solar generation in sunny California, sends prices so low before they ultimately rise after sunset—when demand surges but, by then, can be met only by dirtier resources—that the curve of the graph creates the crude impression of a duck’s belly flanked on the left by high early-morning prices that form the duck’s tail feathers and on the right by the high prices of peak hours that form its neck and bill. This phenomenon encapsulates ongoing challenges facing the Golden State, where solar panels now furnish more than one-fourth of the electricity, and other western states that have embraced solar power, such as Nevada and Hawaii, according to a recent article by Shannon Osaka of The Washington Post.

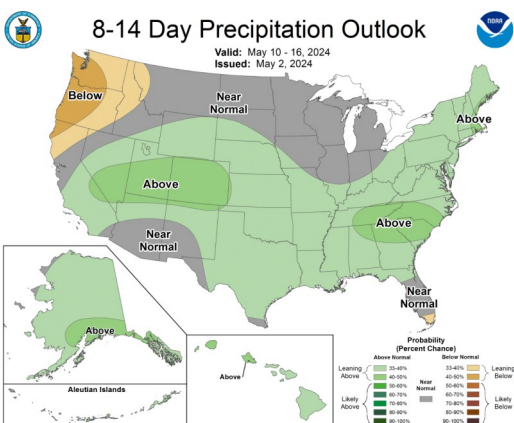
### WEATHER

- While Texas will likely get rain in each day of the 1-to-5-day forecast period, the Midwest will feel a burst of heat during its spell of thunderstorms.
- Whereas temperatures are expected to drop into the 30s in Denver and Salt Lake City during what should be a chilly 6-to-10-day forecast period in the western half of the U.S., they should be much higher in the eastern half during the same period, reaching the 90s in Texas.
- By the 11-to-15-day forecast period, temperatures should return closer to their seasonal averages across the country.

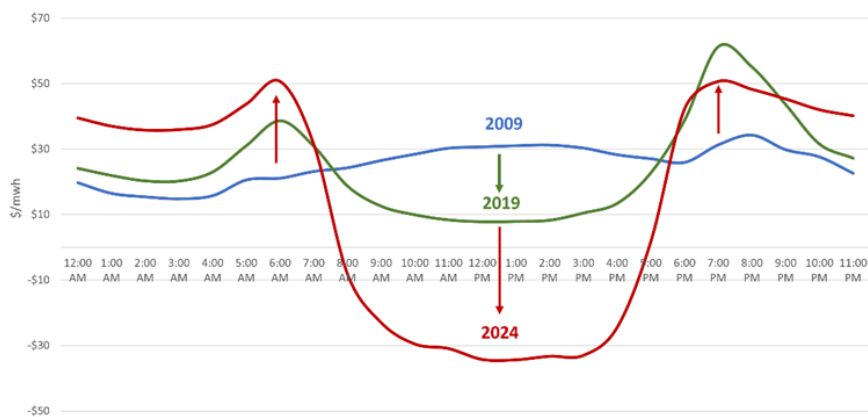
The duck curve depicts not only the inherent limitations of solar energy but also the economic complications that arise during its presence, and the chart below illustrates that, unfortunately, it has become only more ducklike over time. In the case of California, Osaka writes that the state has procured so much green energy from the sun that much of it has actually gone to waste. She reports, “In response, California has cut back incentives for rooftop solar and slowed the pace of installing panels. But the diminishing economic returns may slow the development of solar in a state that has tried to move to renewable energy.” That the preeminent state known for its bold environmental goals has experienced so much “success” with this green transition that it has had to reverse course is ironic at best and outrageous at worst.

By curtailing the financial rewards for generating clean energy, the champions of California’s commendable ecological agenda in Sacramento have betrayed the many homeowners and businesses that have made enormous upfront sacrifices to carry out that mission by installing solar panels, believing that those sacrifices would benefit them. In another ironic twist, that policy thwarts that very mission, for, tautologically but importantly, people will certainly not want to install solar panels if they have only reasons not to want to do it.

Osaka observes that options to make the solar surplus in California and similar states more economically palatable do exist. For example, exporting more of that excess renewable electricity to other states and installing more batteries and other energy-storage technologies to soak more of it up for nighttime deployment can help ensure a return on the investment made by consumers, but such measures will require states to make their own hefty investments to augment their infrastructure. If legislators and regulators redirect their taxpayers’ funds to these more universally justifiable priorities, perhaps duck (curve) season could finally come to an end.



Southern CA Day-Ahead Price Shape Evolution (April)



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