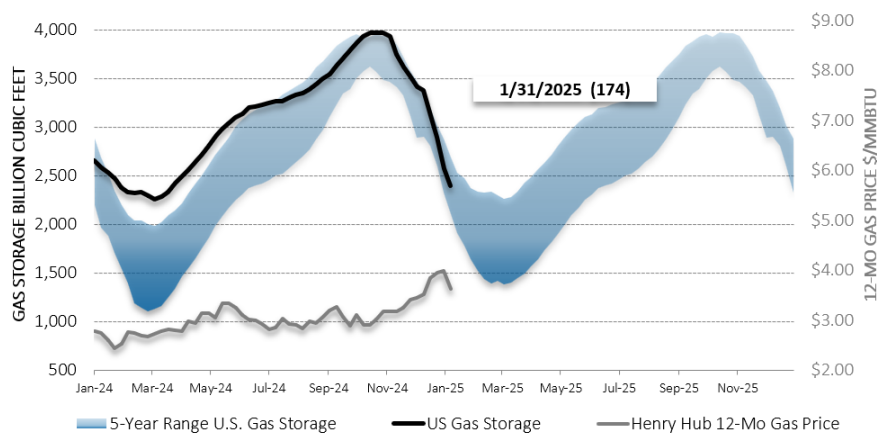


# WEEKLY MARKET UPDATE



Week Ending January 31, 2025

Natural Gas Storage vs Natural Gas Price



## NATURAL GAS

- The EIA reported Thursday morning that, for the week ending January 31, U.S. inventories shrank by 174 Bcf, more than the predicted consumption of 167 Bcf. Total stockpiles now stand at 2,397 Bcf, down by 8% from a year ago and 4.4% below the five-year average for the same week.
- The NYMEX Henry Hub prompt month of March sat at \$3.35/MMBtu, 7% above the price noted last week, at the time of this report. As the market has remained on alert for tariffs on imports from Canada and Mexico, prices increased at the beginning of this week but have since been largely driven by other factors. Spot prices have increased at Northwest Sumas as heating demand has intensified, but they have decreased throughout the week at SoCal Citygate as renewable generation has blunted demand. So far in February, Gas Daily prices are averaging \$3.03/MMBtu at Northwest Sumas, \$3.57/MMBtu at PG&E Citygate, and \$3.79/MMBtu at SoCal Citygate.

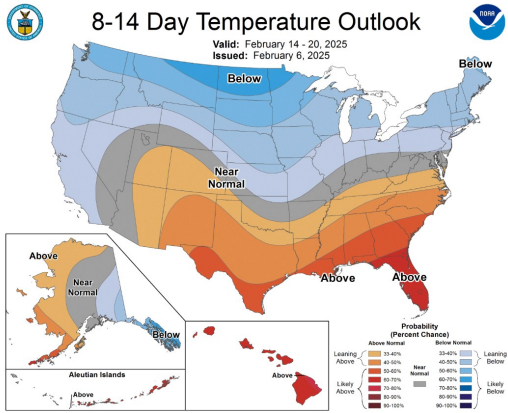
## POWER MARKETS

**WEST** Wide variation in weather has created great disparity in prices among regions this week. Whereas, in Mid-C, cold and snow drove a scramble for heat that lifted spot prices to \$228.47/MWh on Tuesday, prices have dropped in SP15 as strong solar generation has yielded negative midday numbers. Meanwhile, hydro generation in California has risen this week and should stay solid next week. Reflecting the theme, the Day Ahead averages over this first week of February are more than double last week's January average in Mid-C at \$107.39/MWh, only marginally higher in NP15 at \$51.23/MWh, and almost 25% lower in SP15 at \$31.60/MWh.

**ERCOT** Real-time prices have been pleasant over this first week of the month, averaging around \$20/MWh as temperatures have been positively springlike and wind generation has kept peak loads, net of renewables, around only 40 GW. However, the West Load Zone remains the black sheep, averaging \$41/MWh as reliance on intermittent resources to contend with the constant load growth continues to create formidable congestion and basis topping \$16/MWh. In the term market, all 7x24 strips for CY25-CY27 are now trading in the low \$50s/MWh, \$1.50-\$2/MWh higher since last week on higher natural gas prices and relatively firm heat rates.

**EAST** Although conditions have been frigid everywhere this week, market trends have diverged in response. In PJM, both Day Ahead and Real Time prices have climbed, averaging \$40.96/MWh and \$46.67/MWh, respectively. In NYISO, the Day Ahead and Real Time averages have plunged to \$92.39/MWh and \$105.38/MWh. In ISO-NE's WCMASS, they have shrunk to \$132.84/MWh and \$123.99/MWh. Next week, prices should surge across the board. PJM should endure colder conditions requiring more heat and light, and cooler and wetter conditions should raise LMPs in NYISO and ISO-NE.

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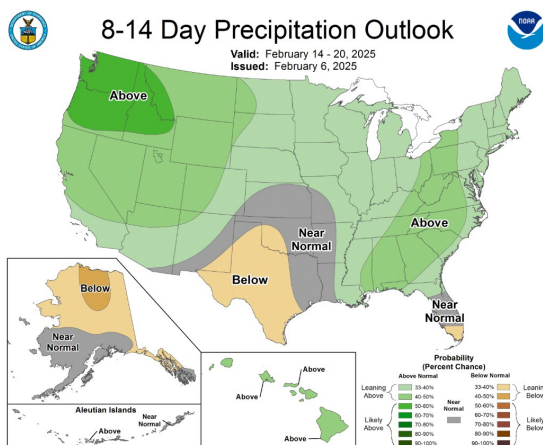
## Competition to Co-Existence

As the U.S. energy sector enters 2025, we have seen a few factors such as rising electricity demand and the Inflation Reduction Act having driven growth in the renewables industry. With the Trump administration now in office, many uncertainties lie ahead when it comes to the IRA and clean energy incentives, with the biggest fear at large being any kind of disruptions to current or future industry and project growth.

### WEATHER

- The South will be warmer than usual while the Pacific Northwest will be abnormally cold in the 1-to-5-day forecast period.
- During the 6-to-10-day forecast period, California should be delighted to welcome rainstorms, but the weather should be pretty brutal in the Pacific Northwest and Midwest, where temperatures should drop to the low 20s in Seattle and low 10s in Chicago, respectively.
- Most of the United States should remain freezing throughout the 11-to-15-day forecast period.

As the electricity demand surges with political parties' and their objectives differing, the energy debate must shift from a clash between renewables and fossil fuels to a focus on coexistence and reliability. The grid needs all forms of energy—from fossil fuels and nuclear fission to renewables to meet all surging demand. Instead of framing energy as a zero-sum competition, utilities and industry leaders must collaborate on sensible solutions to improve the economy. Julie Strupp, writing for Utility Dive, stated: “Historically Trump emphasized efficiency and results-oriented accountability in federal grants, and his administration has indicated that it intends to implement policies favorable to American industry”.



The upcoming, unpredictable years ahead will become critical in shaping the nation's future. Whether the clean energy transition accelerates or weakens will depend on how challenges and differing objectives are addressed not only by the Trump administration, but by industry leaders and corporations themselves. With a change in policy, must come a change in perspective, realizing that clean energy's momentum will continue to drive market forces.

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