

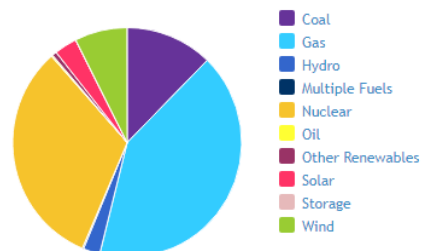
Energy Market Update

February 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:

You may have noticed that low natural gas prices have not reduced electricity rates all that much. The generators contracted their natural gas when the market was much higher. Over time as new contracts are drawn, and if natural gas remains low, eventually we should see lower electric rates available for the consumer. The pie chart on the right breaks down generation fuel mix by PJM and natural gas clearly remains the predominate fuel.

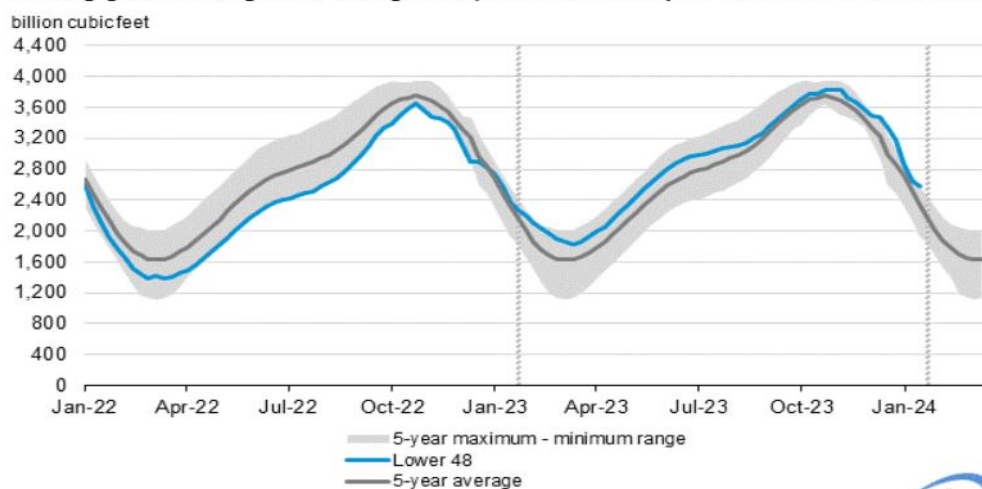


Natural gas storage is forecasted to be about 15% above average at the end of the heating season. This alone has the largest impact on gas market prices. The current administration has temporarily put a restriction on new LNG (Liquefied Natural Gas) export expansion projects, which should keep domestic storage strong going forward. However, if we experience a very warm summer and high electric demand, this will reduce the volume added to gas storage prior to next winter.

NATURAL GAS STORAGE UPDATE:

The storage report for the week ending 2/2/24 shows a withdrawal from storage of 75 billion Cubic Feet (Bcf). This puts levels above the 5-year average by 10.6%, and 7.8% or 187 Bcf above the same week last year. The current percentage of total capacity is 60% at 2,584 Bcf. Expected to drop to about 1,900 Bcf before injections start.

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



Data source: U.S. Energy Information Administration

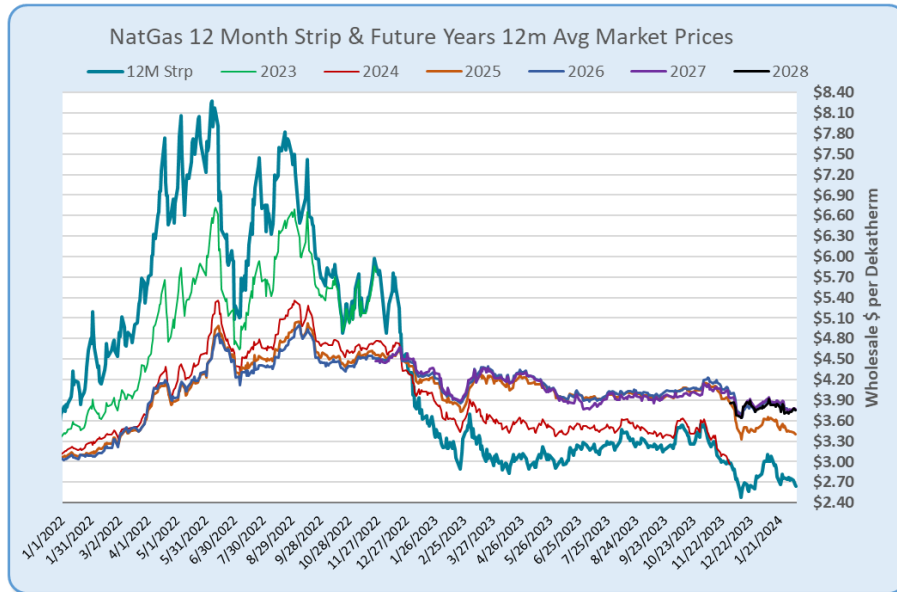


The February natural gas Monthly Settlement Price (MSP) was determined on Jan 29th, at **\$2.49/Dth**, down **12.9¢** from the prior month.

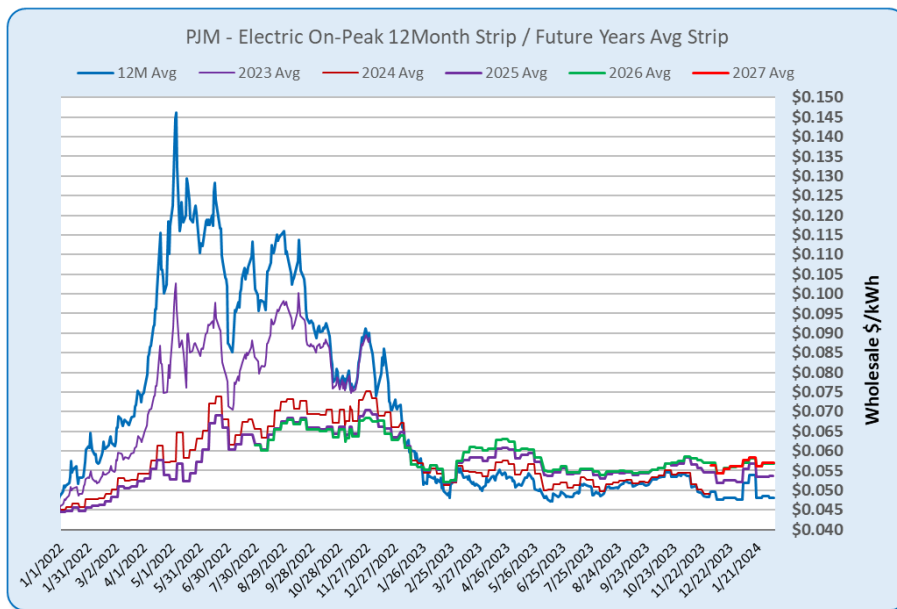
Energy Market Update

February 2024

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.

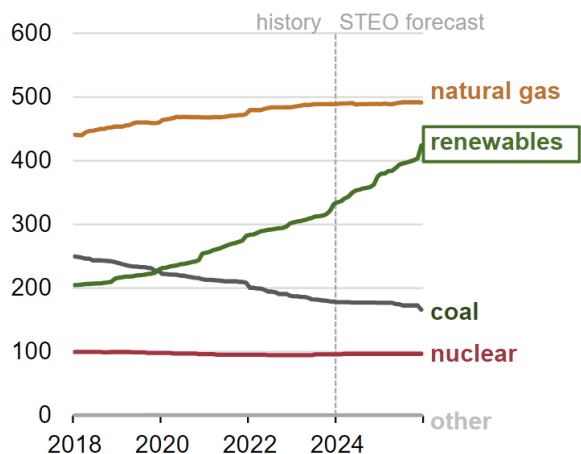


ENERGY NEWS: SOLAR & WIND LEAD GROWTH OF U.S. POWER GENERATION

Per the EIA.gov's Short Term Energy Outlook: We forecast that wind and solar energy will lead growth in U.S. power generation for the next two years. As a result of new solar projects coming online this year, we forecast that U.S. solar power generation will grow 75% from 163 billion kilowatt-hours (kWh)

Energy Market Update

February 2024



in 2023 to 286 billion kWh in 2025. We expect that wind power generation will grow 11% from 430 billion kWh in 2023 to 476 billion kWh in 2025.

In 2023, the U.S. electric power sector produced 4,017 billion kilowatt hours (kWh) of electric power. Renewable sources—wind, solar, hydro, biomass, and geothermal—accounted for 22% of generation, or 874 billion kWh, last year. Annual renewable power generation surpassed nuclear generation for the first time in 2021 and coal generation for the first time in 2022.

In contrast to growing generation from renewables, we forecast that coal power generation will decline 18% from 665 billion kWh in 2023 to 548 billion kWh in 2025. We forecast natural gas will continue to be the largest source of U.S. electricity generation, with about 1,700 billion kWh of annual generation in 2024 and 2025, similar to last year. We expect nuclear power generation will stay relatively flat, rising from 776 billion kWh in 2023 to 797 billion kWh in 2025.

Read full article at [EIA.Gov](https://www.eia.gov)



MARKET OPPORTUNITY:

The buying opportunity for energy is currently good. Generator supplied electric is down from past weeks, with shorter terms providing the lowest cost. If you're considering a longer term, you will gain extended cost protection during the geopolitical uncertainty. Evaluate your risk tolerance to determine the best terms for your energy purchases.

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.