

Energy Market Update

May 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:

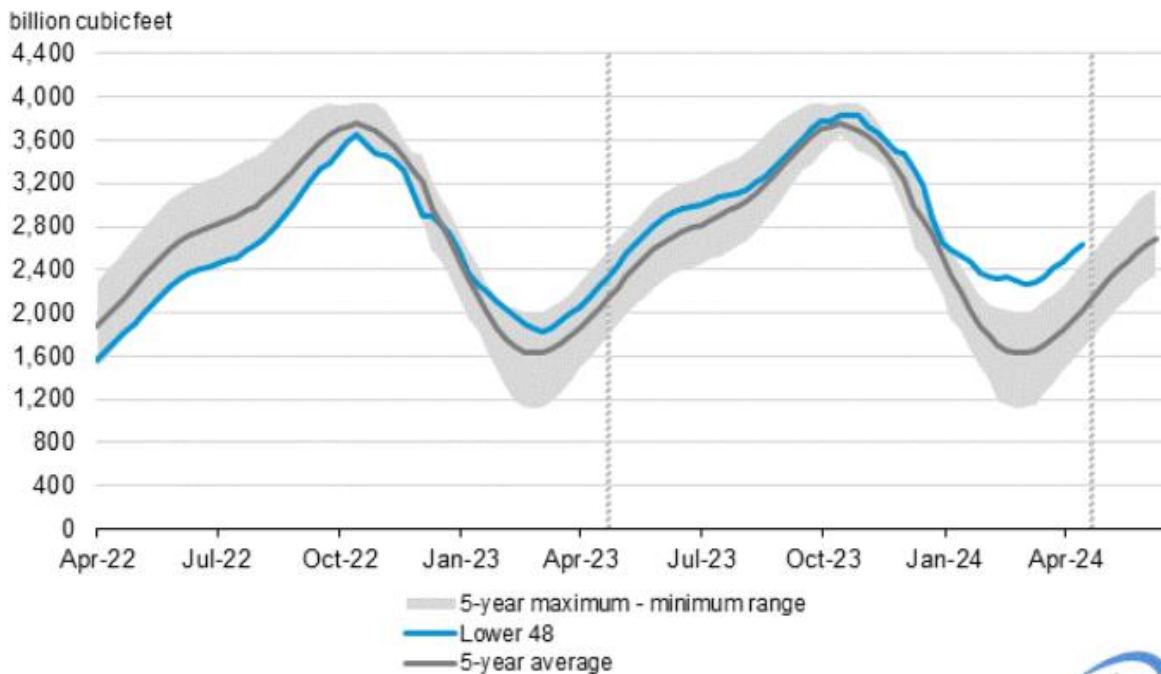
Natural Gas and Electricity prices are moving up as we approach summer temperatures. The number of wells producing natural gas have declined after a warmer than average winter and high projected storage levels for next winter. Market prices have been low for weeks, but this may change as the largest LNG exporter in Freeport, TX ramps up to full capacity and above average summer temperatures are forecasted. The Energy Information Administration reports that the average commodity price for natural gas will increase by about \$0.90/Dth in 2025.

Crude oil prices determine gasoline prices at the pump and although OPEC (Organization of the Petroleum Exporting Countries) is continuing cutbacks from last year of nearly 1 million barrels per day, countries outside of OPEC, including the U.S., have increased production. This kept a barrel of oil to price below \$90 so far in 2024, and gasoline prices are expected to be about the same as now for 2025.

NATURAL GAS STORAGE UPDATE:

The storage report for the week ending 5/10/24 shows an injection to storage of 70 billion Cubic Feet (Bcf). This puts levels above the 5-year average by 30.8%, and 19% or 421 Bcf above the same week last year. The current percentage of total capacity is 61% at 2,633 Bcf.

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



Data source: U.S. Energy Information Administration

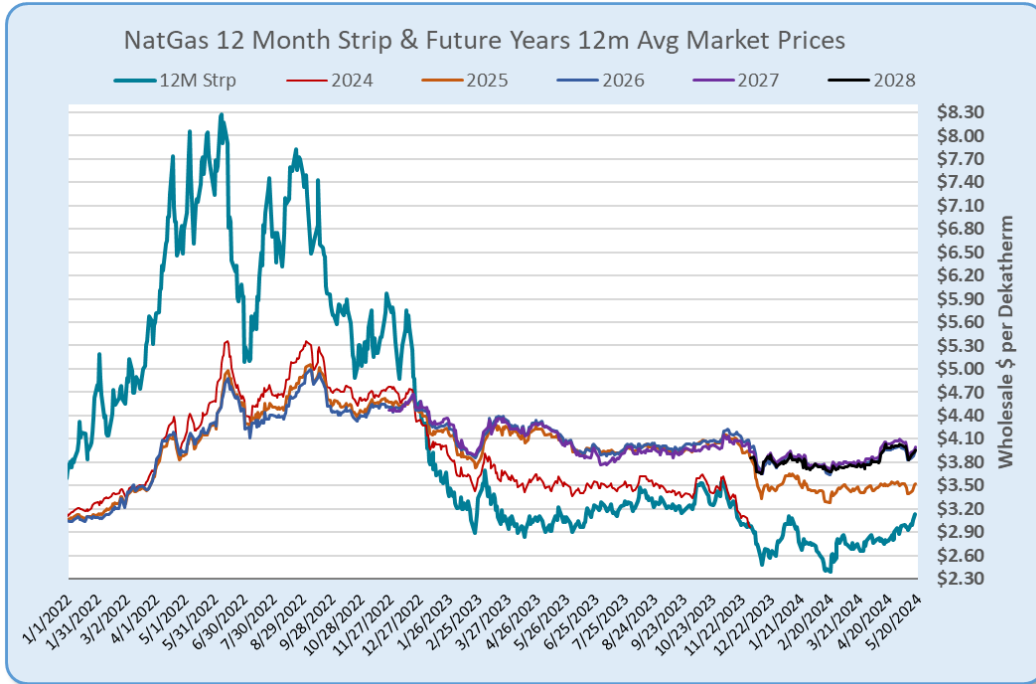


The April natural gas Monthly Settlement Price (MSP) was determined on April 26th at **\$1.614/Dth**, up **3.9¢** from the prior month.

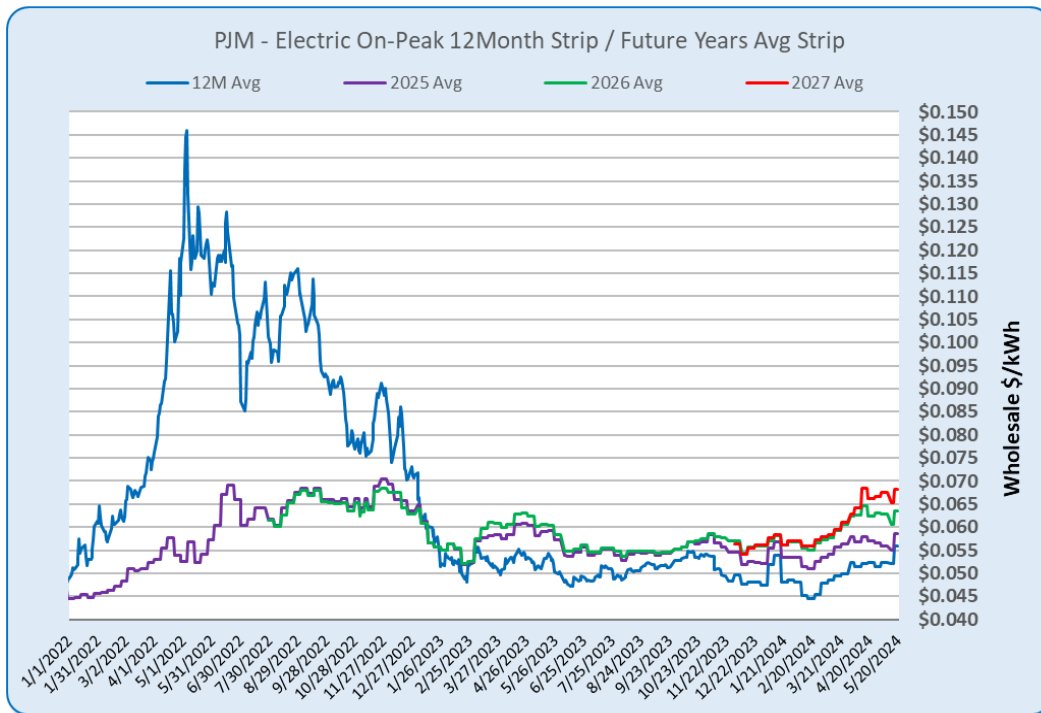
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The chart below shows the natural gas NYMEX Futures historic to current market average strip prices.



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



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ENERGY NEWS: AI COULD DRIVE NATURAL GAS BOOM

Natural gas producers are planning for a significant spike in demand over the next decade, as artificial intelligence drives a surge in electricity consumption that renewables may struggle to meet alone.

After a decade of flat power growth in the U.S., electricity demand is forecast to grow as much as 20% by 2030, according to a Wells Fargo analysis published in April. Power companies are moving to quickly secure energy as the rise of AI coincides with the expansion of domestic semiconductor and battery manufacturing as well as the electrification of the nation's vehicle fleet.

AI data centers alone are expected to add about 323 terawatt hours of electricity demand in the U.S. by 2030, according to Wells Fargo.

Read the full article at [CNBC.com](https://www.cnbc.com)



MARKET OPPORTUNITY:

The buying opportunity for energy has been and continue to be good. Short term pricing is lower cost, but consider the longer terms to protect 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.*