



Enel X Insights

May 2020 Mid-Atlantic Monthly Market Commentary

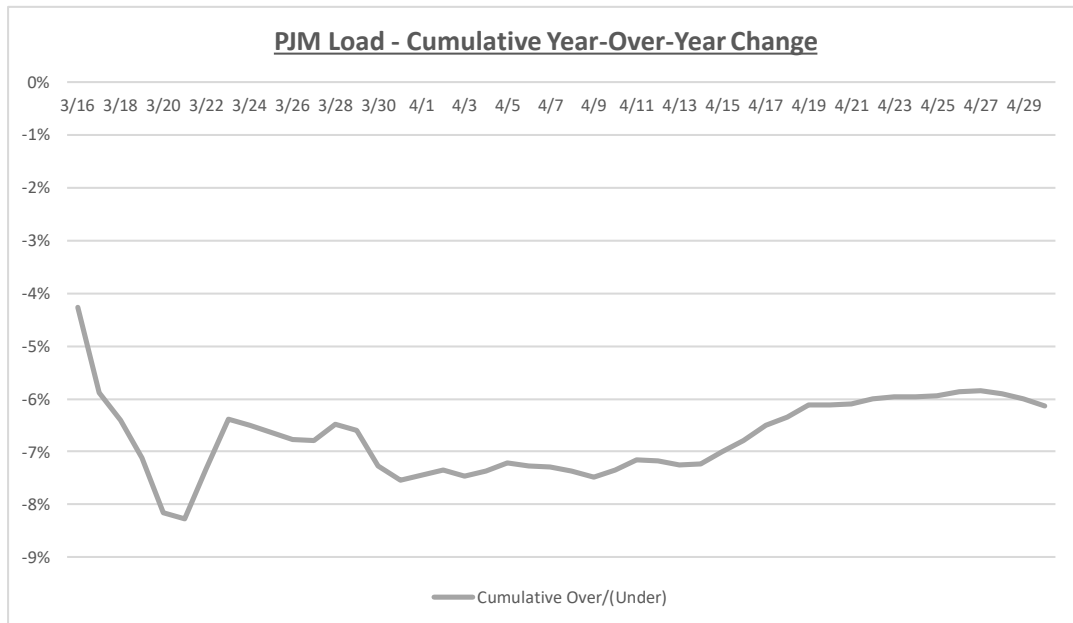


Mid-Atlantic

PJM Load Falls ~6% Year-Over-Year

The coronavirus has caused huge disruptions throughout the nation, and the PJM energy markets is no exception. The effects the virus are not fully known, but one major force in energy revolves around reduced power usage (demands) throughout the RTO. After reviewing RTO loads and market conditions, the reduction in overall PJM demand may not be as pronounced as once thought, mainly due to the increase in residential loads partially offsetting the larger reduction from Industrial and Commercial customer loads.

The graphic below shows a year-over-year comparison of PJM daily loads, with a 2019 start date of Monday, March 18, and a 2020 start date of Monday, March 16, when many Enel customers, schools and businesses began the transition away from normal working conditions. Two central PJM States, Maryland and Pennsylvania, began official stay-home orders on March 30 and April 1, respectively.



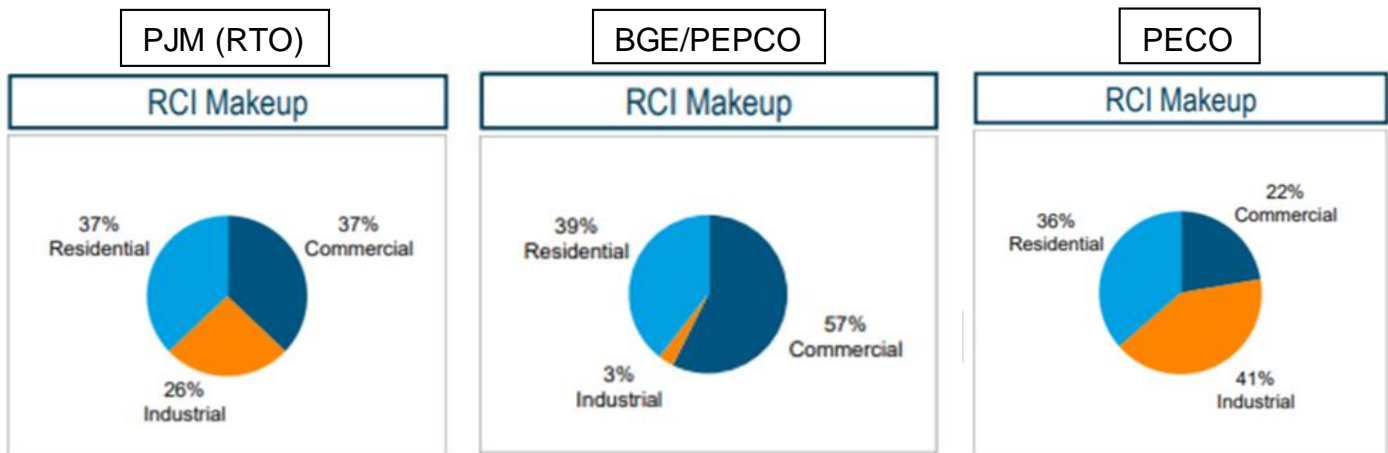
Note that weather statistics taken from BWI airport, a central PJM location, show similar conditions over the two periods. There will be some variances day by day based on customer operations during highs and lows, but the overall effect from weather should not skew the comparison.

	<u>Avg CDD</u>	<u>Avg HDD</u>	<u>Avg High (F)</u>	<u>Avg Low (F)</u>
2019	2.7	13.8	65.1	44.5
2020	1.9	13.2	61.6	43.9

Nobody knows what the short-term future holds, but expectations are that under current state restrictions, overall loads could drop slightly more based on the makeup of the PJM residential, commercial, industrial (RCI) estimates. The increase in residential loads have offset some of the drop in commercial loads throughout this pandemic. Normally, residential loads are more heat and cold sensitive than commercial and industrial.

Pushing into the shoulder month of May, we could expect to see less of an overall offset by residential loads and a greater overall drop compared to normal conditions as many commercial buildings currently have no occupancy. RCI makeup below for PJM RTO, BGE/PEPCO and PECO show a different story for each delivery area as BGE/PEPCO could see a higher reduction in load based on 39% residential and 57% Commercial, as compared to PECO showing 39% residential and only 22% commercial.

See below PJMs 2020 load forecast report and RCI Makeup for the RTO, BGE/PEPCO and PECO.



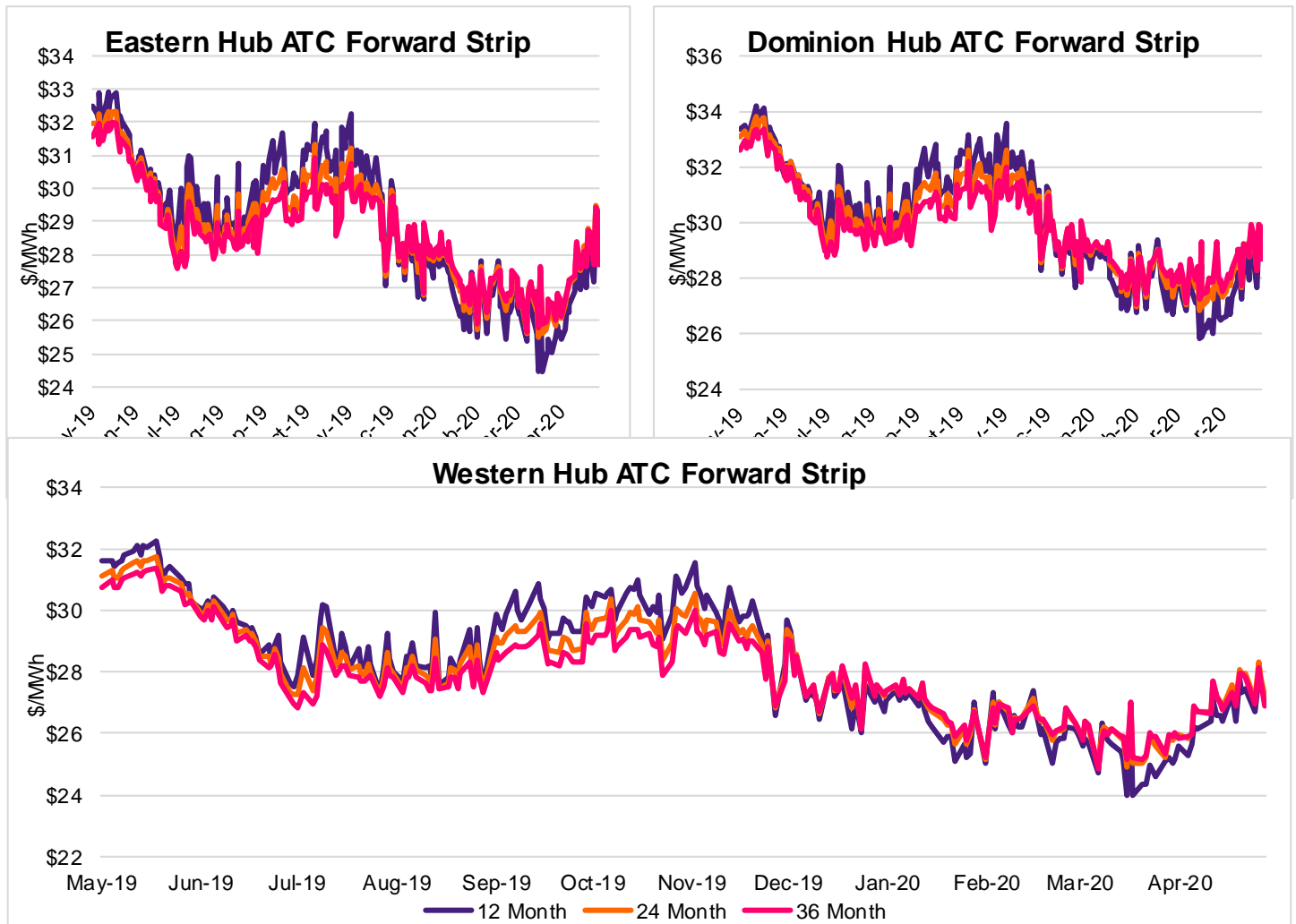
The expectation for our customers is that spot prices should stay suppressed until the stay-at-home orders are removed. Any customer with a block & index product should continue to benefit from low spot market prices for at least the short term.

Regional Electricity Pricing Update

Average day-ahead settlement prices dropped 7% and 5% respectively month-over-month for Western Hub and Dominion Hub when

PJM HUB	Apr-20	Mar-20	MoM % Chg	Apr-19	YoY % Chg
Dominion HUB	\$ 16.99	\$ 17.82	▼ (4.6%)	\$ 26.61	▼ (36.2%)
Eastern HUB	\$ 16.04	\$ 16.23	▼ (1.1%)	\$ 24.38	▼ (34.2%)
Western HUB	\$ 17.38	\$ 18.63	▼ (6.7%)	\$ 25.76	▼ (32.5%)

comparing April 2020 to March 2020. April brought near average temperatures for the month, which alone would reveal seasonably low demands and low power prices. Compounding the average temps throughout the month, April was the first full month of the coronavirus impacts that reduced industrial and commercial demands, further driving down prices from an already low point. Temperatures in the PJM footprint are expected to be slightly below average in the upcoming month based on the Climate Prediction Center.



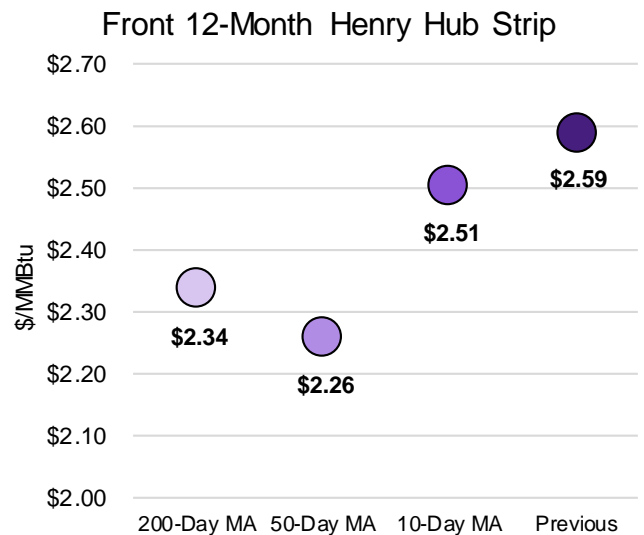
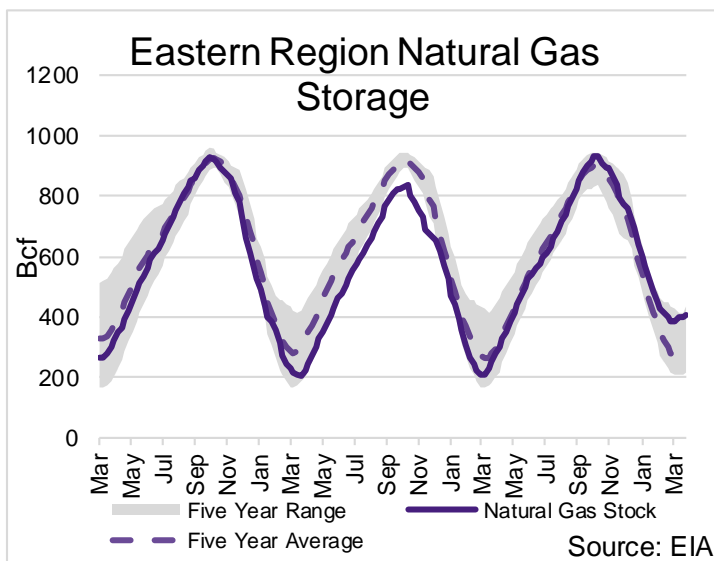


Natural Gas Basis Pricing Update

TETCO M3 and Transco Z6 xNY average settlements are up 3% and 2% respectively comparing April 2020 to March 2020 month over month. Basis costs were around $-\$0.20$ over the course of April due to low demands based on average weather, excess storage build from a mild Winter, and the first full month of the coronavirus slowing the US economy. Average settlements are down around 36% April 2020 compared to April 2019 for the same factors.

Pipeline	Apr-20	Mar-20	MoM % Chg	Apr-19	YoY % Chg
TETCO-M3	\$ 1.52	\$ 1.47	▲ 3.2%	\$ 2.37	▼ (36.0%)
Transco Z6 xNY	\$ 1.52	\$ 1.49	▲ 2.0%	\$ 2.41	▼ (36.8%)
Henry Hub	\$ 1.74	\$ 1.79	▼ (2.8%)	\$ 2.65	▼ (34.2%)

East Storage had the first monthly injection of the season with 23 Bcf over the course of April, 46 Bcf lower injection for the same time period last year. Natural Gas storage injections were strong during 2019 and withdrawals were far below expectations through 2020. Early forecasts for May call for slightly cooler than average temperatures and the high storage levels post Winter will test the storage capacity during injection season in the East.



For questions or further discussion about these topics, please contact your Enel X Energy Advisor or talk to an [Energy Sourcing Expert](#).