



Enel X Insights

March 2020 New England Monthly Market Commentary



New England

Recent Market Developments

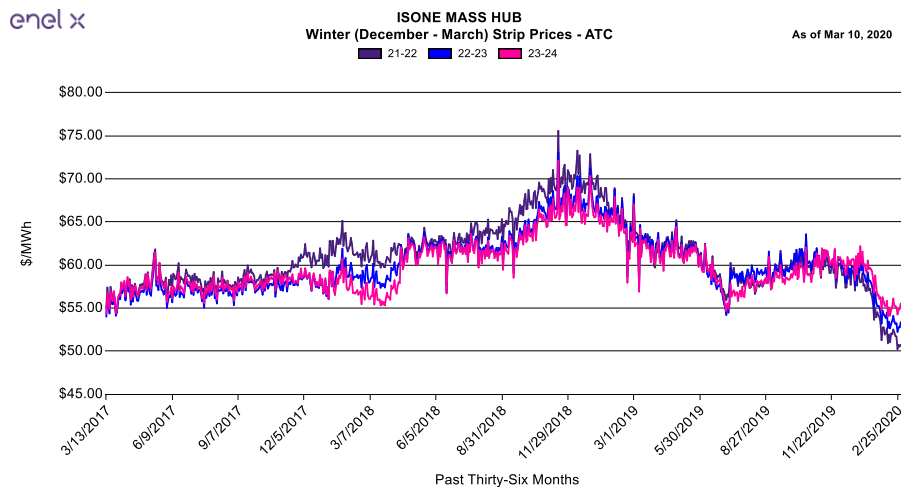
ISO-NE 2019 Peak Hour Finalized – July 30 @ 5 - 6PM

In late-February, the ISO New England grid operator published finalized load data for 2019, confirming that the grid’s peak hour occurred on July 30, 2019 from 5:00 – 6:00 PM. Total cumulative demand on the grid reached 23,929 MW, which represents the third lowest peak on record. The implications of the exact hour are significant for any New England electric customer with an upcoming supply contract renewal or presently on a capacity pass through contract, as a customer’s Installed Capacity Tag (ICAP) for the June 2020 – May 2021 period will be based on their demand during 5:00 – 6:00PM on July 30. It is important to note that utilities do not publish the actual 2020/21 ICAP Tags until mid-May – only weeks before their effective date.

Capacity charges typically make up about 20 – 30% of a customer’s total electric supply bill, however customers can lower these charges by reducing their energy usage during the grid’s peak hour. Enel X’s System Peak Predictor program uses predictive modeling to identify when a peak is likely to occur and notifies you when to reduce usage. In 2019, Enel X correctly predicted the peak hour, alerting customers only three times. e

ISO-NE Power for Winter Delivery Reaches 10+ Year Lows

Forward wholesale energy prices for the next three winters have reached levels not seen in more than a decade, notably falling below the \$55/MWh support level. The decline in New England power prices has been led by a confluence of factors, most notably one of the warmest winters on record and a steep drop in global LNG and oil prices due to the recent coronavirus outbreak and ample global supply. The price of LNG and oil is particularly relevant to Northeast winter electricity prices as most regional natural gas power plants are dual-fuel capable, and can switch to a backup fuel when regional pipeline gas supplies become constrained or too expensive. **With persisting risks to New England natural gas supply availability and prices during the winter, customers with open energy positions may want to consider winter hedging given the drop to decade lows.**

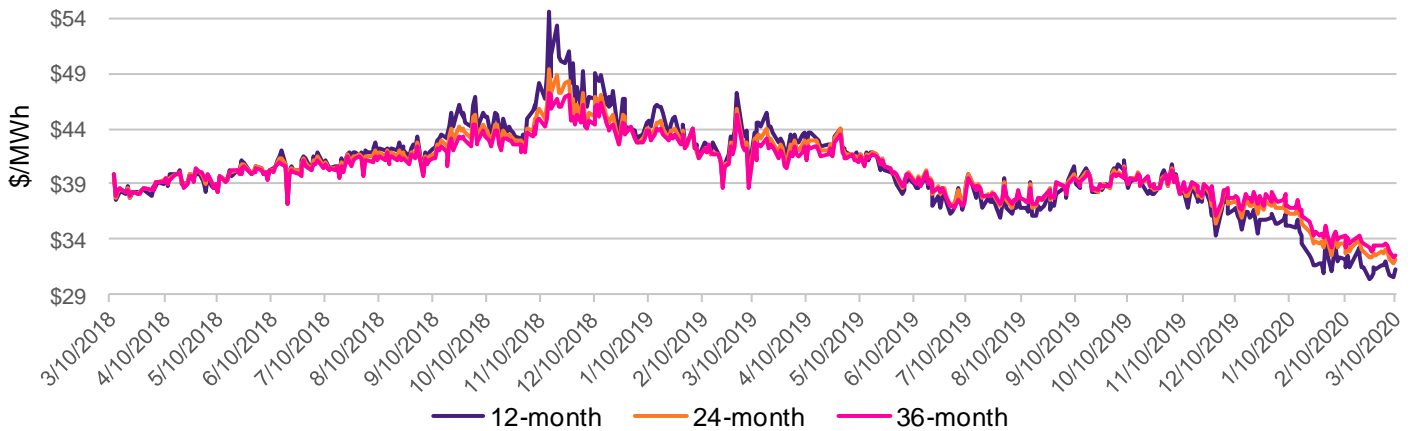




Regional Electricity Pricing Update

Massachusetts Hub forward prices continue to fall to historic lows in February: The Massachusetts Hub ATC 12-month rolling strip fell through February. Down 12% so far in 2020, forward prices fell to a 12-year low on February 24 at \$30.32/MWh, driven by historically low natural gas prices. After bottoming out, prices have rebounded slightly to finish the month of February in line with where they started. Prices have yet to break through \$30/MWh but continue to test support with bearish fundamentals. As of March 10, the Mass Hub ATC 12-month rolling strip price was last seen trading at \$31.34/MWh, ranking in the 1st percentile of trades since 2008.

MassHub ATC Forward Strip



Massachusetts average monthly spot prices close out winter at record low: Massachusetts Hub day-ahead spot prices averaged \$23.06/MWh in February, a 13% decline month-over-month. This was the lowest winter (Dec-Feb) monthly average in at least 10 years at \$30.16/MWh. The largest contributing factor was the historically low prices in natural gas due to uncommonly warm temperatures and ample natural gas production. Above average temperature forecasted into late-March will likely stave off heating demand and continue to put downward pressure on spot prices.

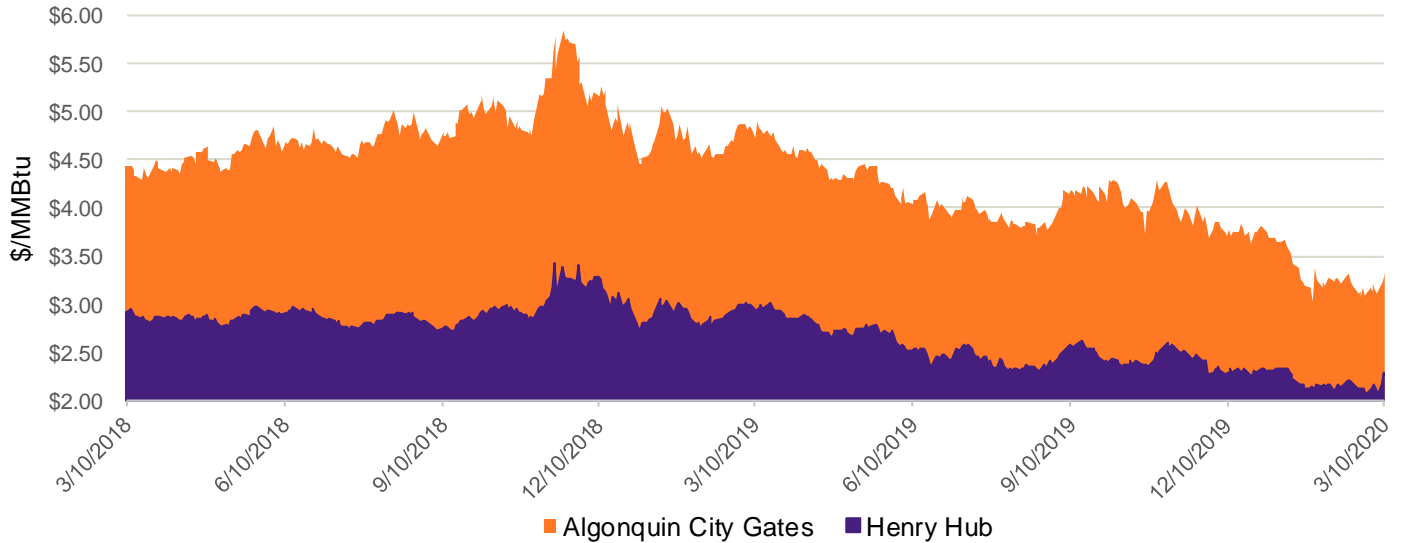
Average Monthly Day Ahead LMP - MaHub									
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Jan	\$40.59	\$86.53	\$168.81	\$71.14	\$38.60	\$40.30	\$108.75	\$56.76	\$26.45
Feb	\$30.92	\$122.31	\$156.02	\$122.77	\$29.90	\$30.02	\$39.58	\$35.62	\$23.06
Mar	\$26.16	\$53.09	\$111.16	\$64.25	\$20.63	\$35.75	\$35.38	\$38.07	
Apr	\$25.88	\$42.89	\$44.98	\$28.43	\$28.36	\$29.23	\$45.00	\$26.97	
May	\$25.88	\$40.31	\$36.95	\$24.92	\$21.24	\$27.31	\$24.04	\$24.21	
Jun	\$34.75	\$37.09	\$37.92	\$21.16	\$22.61	\$25.48	\$26.82	\$22.09	
Jul	\$41.88	\$52.07	\$37.50	\$26.44	\$31.12	\$27.60	\$32.89	\$29.78	
Aug	\$38.53	\$34.72	\$30.35	\$30.06	\$35.54	\$24.90	\$39.16	\$25.69	
Sep	\$31.53	\$40.43	\$34.10	\$30.82	\$28.62	\$23.57	\$33.89	\$21.14	
Oct	\$35.27	\$33.94	\$32.19	\$37.01	\$21.98	\$29.74	\$38.46	\$20.75	
Nov	\$54.96	\$45.21	\$47.71	\$29.42	\$24.98	\$33.98	\$57.43	\$32.29	
Dec	\$46.30	\$92.96	\$43.00	\$22.42	\$53.28	\$71.31	\$47.31	\$40.98	
Avg.	\$36.05	\$56.79	\$65.06	\$42.40	\$29.74	\$33.27	\$44.06	\$31.20	\$24.75



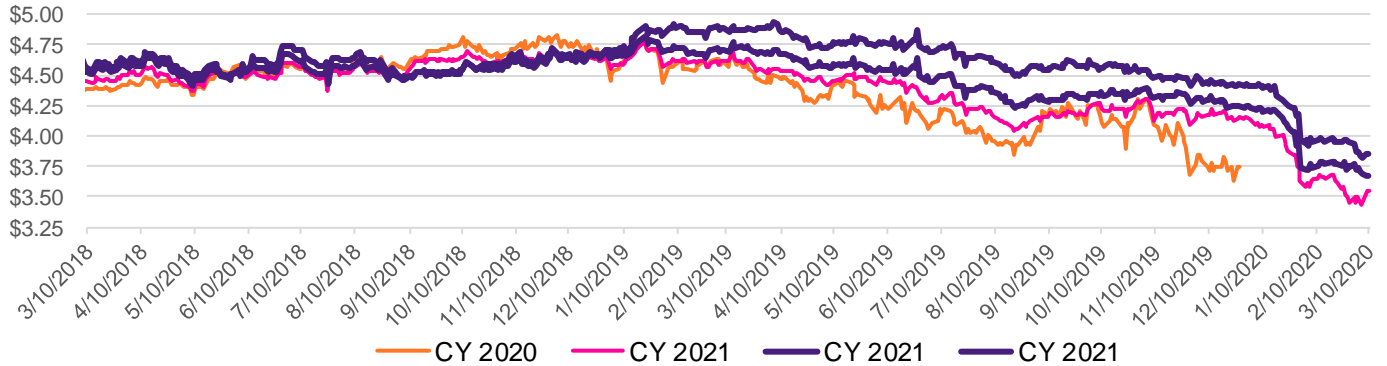
Regional Natural Gas Pricing Update

AGT forwards remain near historic lows in February: The Algonquin City Gate (AGT) 12-month rolling strip remained near 8 year lows in February. Continued increases in gas production and storage levels amid a historically mild end to winter have all contributed to near record-low gas prices both regionally and nationally. As of March 10, AGT 12-month rolling strips settled at \$3.31/MMBtu, 30% lower than this time last year.

Algonquin City-Gates 12-Month Rolling Forward Strip (\$/MMBtu)



Algonquin City-Gates Calendar Year Strips (\$/MMBtu)





February Average Algonquin City-Gates Spot Prices Well Below 5-Year Average: Midpoint daily gas spot prices at Algonquin City-Gates (AGT) averaged \$2.27/MMBtu in February, representing about a ~20% percent decrease month-over-month and a ~66% decrease compared to the 5-year average for the month of February. AGT spot gas basis averaged ~\$.041 above Henry Hub spot prices through the month, a sign of little regional volatility. As of March 10th, the Climate Prediction Center is forecasting continued above-average temperatures for the Northeast for March, which could likely exert further downward pressure on basis. However, should forecasts flip and cold or even seasonal temperatures materialize in New England, basis prices would likely increase substantially.

Average Monthly Spot Prices - Algonquin City-Gates									
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Jan	\$5.36	\$10.64	\$24.69	\$9.34	\$4.54	\$5.09	\$15.62	\$6.95	\$2.83
Feb	\$3.64	\$17.87	\$21.05	\$17.50	\$3.46	\$3.73	\$4.40	\$4.20	\$2.27
Mar	\$2.81	\$6.78	\$15.19	\$7.99	\$1.87	\$4.52	\$3.97	\$4.04	
Apr	\$2.39	\$5.07	\$4.80	\$3.16	\$2.93	\$3.11	\$4.98	\$2.56	
May	\$2.63	\$4.45	\$3.85	\$1.87	\$2.12	\$3.06	\$2.35	\$2.32	
Jun	\$3.41	\$4.38	\$4.05	\$1.69	\$2.28	\$2.45	\$2.62	\$2.12	
Jul	\$3.81	\$4.65	\$3.10	\$1.99	\$2.75	\$2.50	\$2.83	\$2.28	
Aug	\$3.41	\$3.49	\$2.71	\$2.34	\$3.11	\$2.36	\$3.17	\$2.02	
Sep	\$3.32	\$3.79	\$3.16	\$2.80	\$2.59	\$1.90	\$2.94	\$1.95	
Oct	\$3.71	\$3.84	\$2.83	\$3.69	\$2.26	\$2.78	\$3.23	\$1.66	
Nov	\$6.91	\$6.44	\$6.18	\$3.29	\$2.54	\$3.29	\$6.08	\$3.31	
Dec	\$5.90	\$13.09	\$6.01	\$2.19	\$6.74	\$9.35	\$5.77	\$4.61	
Avg	\$3.94	\$7.04	\$8.14	\$4.82	\$3.10	\$3.68	\$5.66	\$3.16	\$2.55

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