



Enel X Insights

April 2020 Texas Monthly Market Commentary

TEXAS

How the PUCT is responding to the coronavirus pandemic

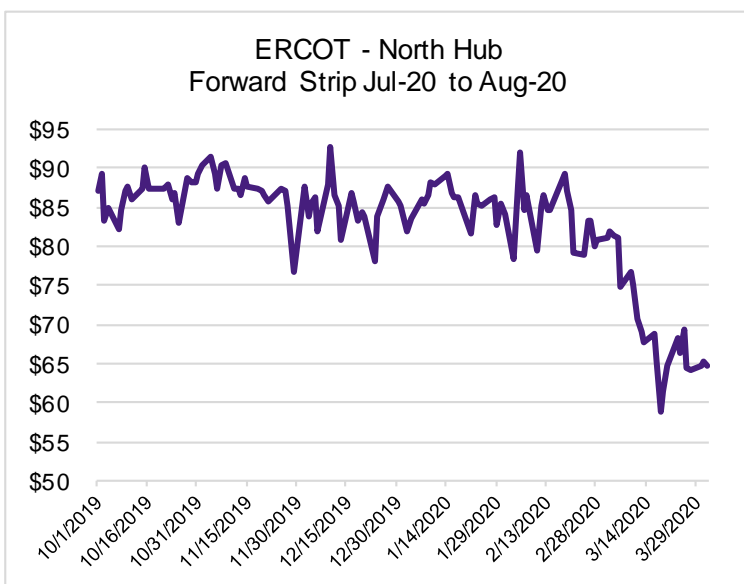
Amidst growing concerns around coronavirus, the Public Utility Commission of Texas (PUCT) discussed a proposal to ensure continued electricity service for power utilities, retail electricity providers and consumers. As non-essential services are shutting down and the majority of people are staying home, the residential load is expected to increase in the coming weeks. On March 26th, the PUCT ordered PUCT-regulated water and sewer utilities across the state to immediately suspend disconnections for any non-payment.

Under a new program called the COVID-19 Electricity Relief Plan, the PUC has ordered retail electric providers to:

- Immediately offer a deferred payment plan to any residential customer who requests one
- Suspend disconnections for residential customers who have been added to the state’s unemployment and low income list due to the effects of COVID-19.

The order also states that the organizations will be able to recover the costs of these suspensions after the crisis passes through rate increases on their entire customer base.

July 2020 & August 2020 energy forwards down by 25%



Since ERCOT is a natural gas and renewables heavy market, sensitivity to natural gas prices tends to be higher than in other regions. Lower natural gas prices are causing the energy forwards for July and August, months with a history of higher energy prices, to average at \$65/MWh. Up until Feb 2020, the forwards were averaging \$90/MWh, 25% higher than their current levels.

This presents a great opportunity for customers with open positions starting May 2020. Get in touch with an advisor at Enel X to benefit from this opportunity.



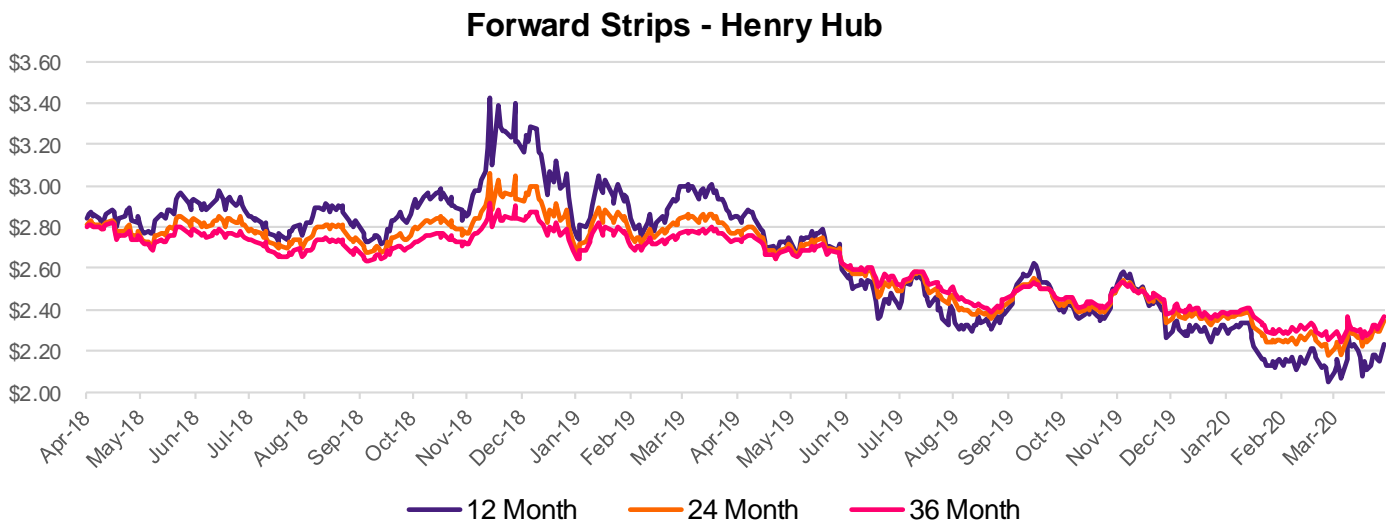
Texas Electricity Pricing Update

Power pricing in ERCOT was up 29% month-over-month in March as the cooling demand was higher than expected due to above average temperatures. March 2020 day-ahead prices averaged \$22.84/MWh or 16% below March 2019 prices.

ERCOT Spot Pricing							
ERCOT Hub	Mar-20	Feb-20	MoM		Mar-19	YoY	
			%	Inc/(Feb)		%	Inc/(March)
North	\$23.33	\$17.72	▲	32%	\$28.10	▼	-17%
Houston	\$24.30	\$17.70	▲	37%	\$27.83	▼	-13%
South	\$23.34	\$18.43	▲	27%	\$27.14	▼	-14%
West	\$20.39	\$17.14	▲	19%	\$25.66	▼	-21%
Hub Average	\$22.84	\$17.75	▲	29%	\$27.18	▼	-16%

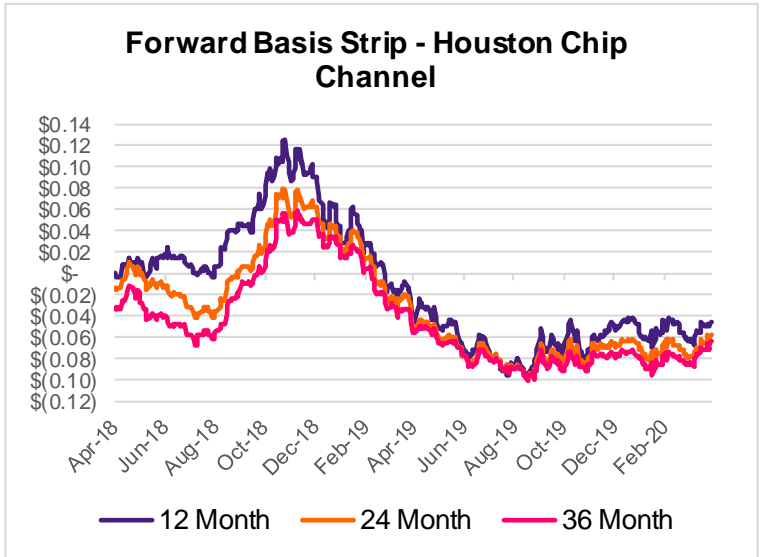
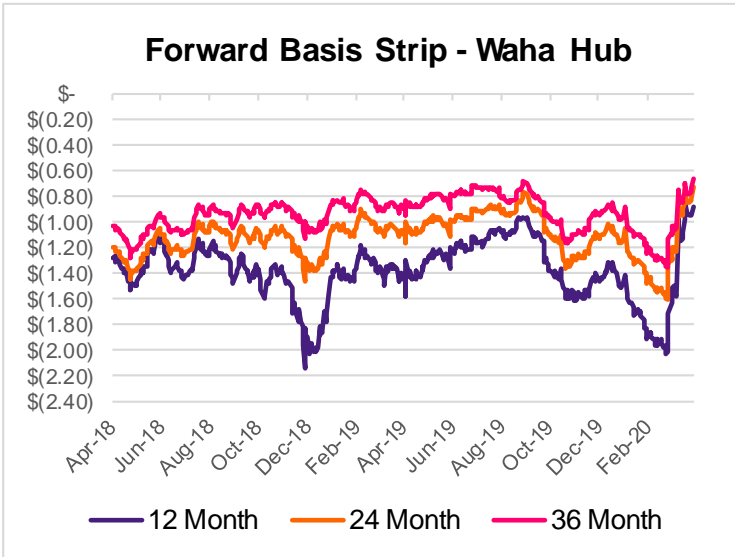
Texas Natural Gas Pricing Update

NYMEX Henry Hub futures remained flat for March 2020 as natural gas production averaged 92.2 bcf/d, 5% higher than March 2019. With natural gas production reaching all-time highs, NYMEX forwards continued to trade below \$2.4/MMBtu in March this year.





Houston Ship Channel's prompt month-forward basis prices traded below \$(0.04)/MMBtu as demand averaged lower than expected. Forward basis for the 24-month term and 36-month term were trading closer to April 2019 levels after peaking at \$0.08/MMBtu in December 2018. In the west, Waha forward basis showed an upward trend in March 2020. The 12 month contract settled at \$(0.8)/MMBtu while 24-month term and 36-month term traded close to \$(1.00)/MMBtu.



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