

November 23, 2015

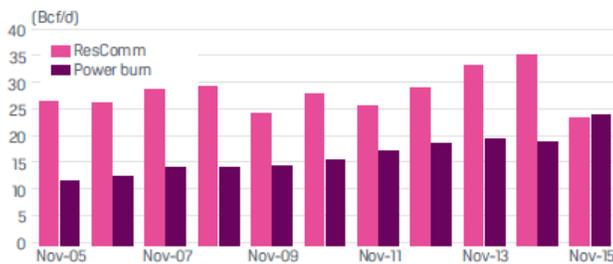
# Natural Gas Trends

## Highlights

### Power demand soars to new heights this month

Gas demand nationwide for electricity is outpacing demand from the residential and commercial sector for the first November in at least a decade, according to an analysis by Bentek, a unit of Platts. In fact, power burn demand has increased by more than 4 Bcf/d so far this month from the same time period last year. Meanwhile, residential and commercial demand has plummeted more than 10 Bcf/d from the same period last year.

#### US RESIDENTIAL/COMMERCIAL DEMAND VS. POWER BURN



Source: Platts Bentek

Even more dramatic, residential and commercial demand was 16.3 Bcf/d higher than power burn demand last November. So far this month, it trails power burn by 0.51 Bcf/d. Since 2005, which is as far back as Bentek data stretches, heating demand has outpaced power generation demand by an average of 13 Bcf/d during November. Above normal temperatures combined with gas being such a cheap fuel for power utilities are primary factors behind the drastic demand switch between the two sectors.

“Most of the increase in power burn demand has come from the southeast, where November-to-date demand is 2.4 Bcf/d higher than last year,” said Bob Yu, a senior analyst with Bentek, a unit of Platts. “Most of this demand response has been a factor of temperatures, which have averages more than 11 degrees above last November’s levels.” The extraordinarily high temperatures boosted electricity demand in the region. Meanwhile, milder temperatures in the Northeast and Midwest have tempered heating demand in those regions. Residential and commercial demand in both regions have plummeted by 3.6 Bcf/d this month compared to the same time last year. Nationwide, November temperatures are 5.6 degrees Fahrenheit above normal.

What is more, Henry Hub cash prices briefly fell below \$2/MMBtu for the first time this month since 2012.

“While economic fuel switching was already in full gear for most of 2015, the additional weakness in prices likely contributed to even more incremental coal-to-gas switching,” Yu added. “Particularly nominations to power plants in Florida and North Carolina have seen the most substantial year-to-year increases.”

Source: Platts Gas Daily

## Data

- December 2015 Natural Gas Futures Contract (as of November 20), NYMEX at Henry Hub closed at \$2.145 per million British thermal units (MMBtu)
- December 2015 Light, Sweet Crude Oil Futures Contract WTI (as of November 20), closed at \$40.39 per U.S. oil barrel (Bbl.) or approximately \$6.96 per MMBtu

### Last week: Texas warmer than normal last week

For the week beginning 11/15/15 and ending 11/21/15, heating degree days (HDDs) were lower than normal (warmer) on average for the week and for the year to date for most Texas cities shown.

Source: [www.cpc.ncep.noaa.gov](http://www.cpc.ncep.noaa.gov)

HEATING DEGREE DAYS (HDD)				
City or Region	Total HDD for week ending 11/21/15	*Week HDD +/- from normal	Year-to-date total HDD	* YTD % +/- from normal
Amarillo	125	-22	439	-35%
Austin	43	-9	65	-58%
DFW	37	-42	92	-62%
El Paso	80	-18	207	-39%
Houston	19	-28	35	-77%
SAT	20	-30	32	-79%
Texas**	34	-30	109	-51%
U.S.**	102	-29	541	-26%

\* A minus (-) value is warmer than normal; a plus (+) value is cooler than normal. NOAA uses 65° Fahrenheit as the ‘normal’ basis from which HDDs are calculated. \*\* State and U.S. degree days are population-weighted by NOAA.

-999 = Normal Less Than 100 or Ratio Incalculable

### Last week: U.S. natural gas storage at 3,978 Bcf

For the week ending 11/06/2015 working gas in storage increased from 3,929 Bcf to 3,978 Bcf. This represents an increase of 49 Bcf from the previous week. Stocks were 373 Bcf higher than last year at this time and 173 Bcf above the 5 year average of 3,805 Bcf.

Source: <http://ir.eia.gov/ngs/ngs.html>

U.S. WORKING GAS IN STORAGE				
Region	Week ending 11/13/15	Prior week	One-week change	Current Δ from 5-YR Average (%)
East	934	929	5	0.9%
Midwest	1,124	1,117	7	3.0%
Mountain	214	217	-3	0.5%
Pacific	381	382	-1	6.4%
South Central	1,347	1,340	7	11.8%
Lower 48 Total	4,000	3,985	15	5.5%

Lower 48 states, underground storage, units in billion cubic feet (Bcf)

**Last week: U.S. gas rig count steady for the week**

The gas rig count for the U.S. stayed the same this week and was down 162 when compared to twelve months ago. The total rig count for the U.S. was down ten compared to last week and down 1172 when compared to twelve months ago. The total rig count includes both oil and natural gas rotary rigs.

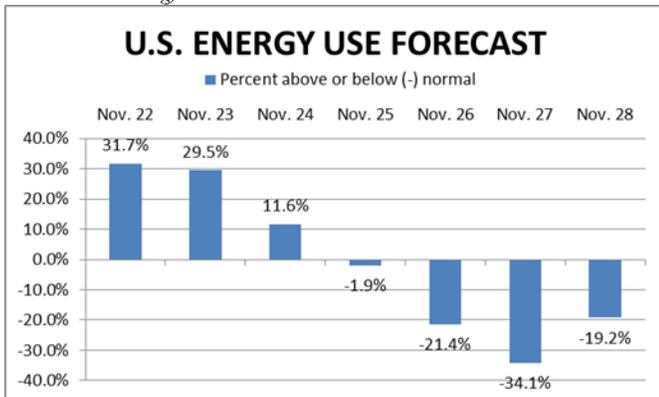
Source: Baker Hughes

BAKER HUGHES ROTARY RIG COUNT				
	As of 11/20/2015	+/- prior week	Year ago	+/- year ago
Texas	342	4	906	-564
U.S. gas	193	0	355	-162
U.S. oil	564	-10	1574	-1010
U.S. total	757	-10	1929	-1172
Canada	166	-10	434	-268

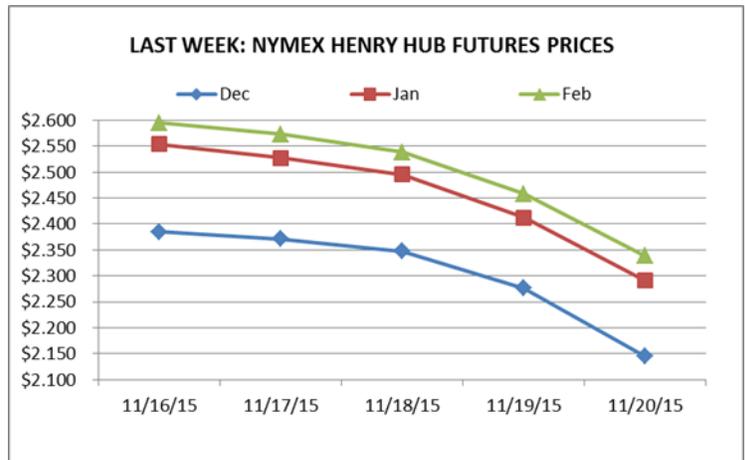
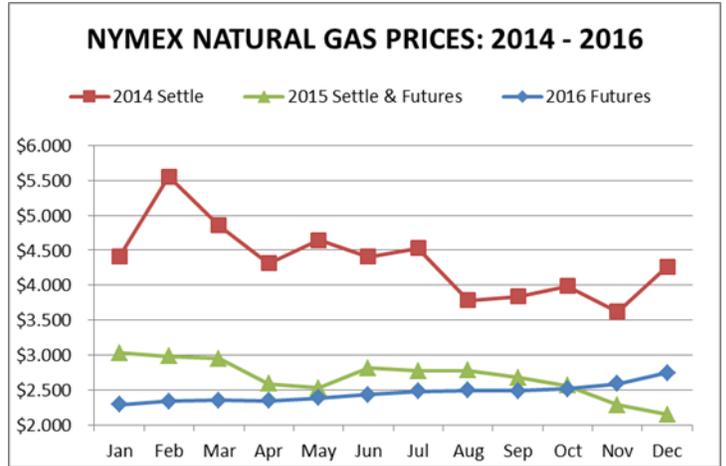
**This week: U.S. energy varies this week**

U.S. energy use is predicted to vary this week, according to the Dominion Energy Index, as shown below. Dominion forecasts total U.S. residential energy usage, a component of which is natural gas.

Source: Dominion Energy Index



2015 prices. Natural gas prices for 2015, shown below in green, are the NYMEX settlement prices for Jan.-Oct. and futures prices for the remainder of the year.



**NATURAL GAS PRICE SUMMARY AS OF 11/20/2015**

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
US December futures				
NYMEX	\$2.145	-\$0.216	-\$2.137	\$2.677