

MARKET SUMMARY

BIGGEST FACTORS: WEATHER & REGIONAL STORAGE

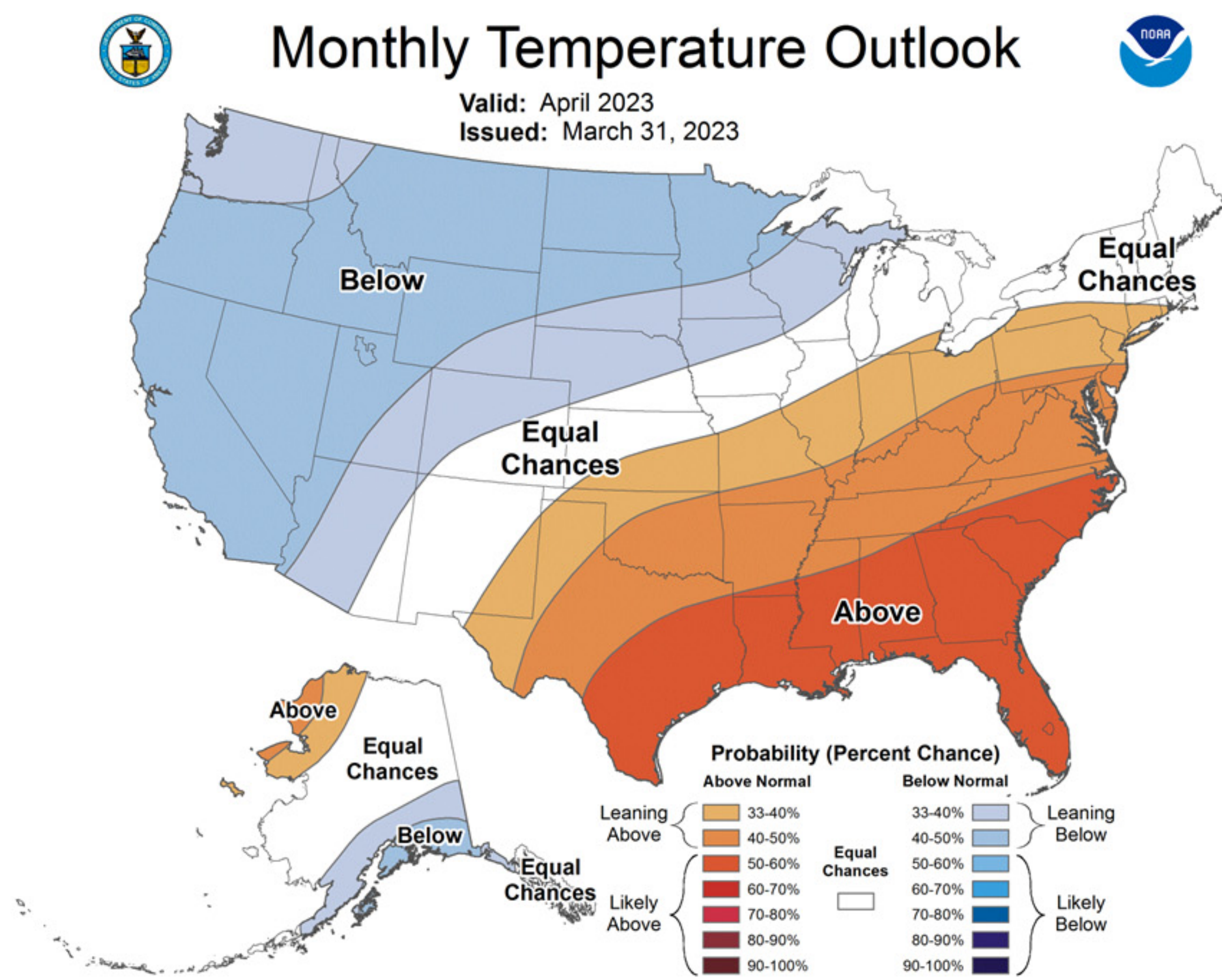
Regional volatility continues in the West while national markets see some respite with strong storage and milder weather.

PROCUREMENT TAKEAWAY

It's important to develop and implement a strategy that can withstand market fluctuations and continued volatility in a "new" market, post pandemic, Russia/Ukraine war, and adoption of new generation sources.

WEATHER (BULLISH/NEUTRAL)

TAKEAWAY - National weather has produced relative stability while the west continues experiencing volatility with storms and cold spells



Source: NOAA

The first two months of 2023 are close to the warmest on record for the period.

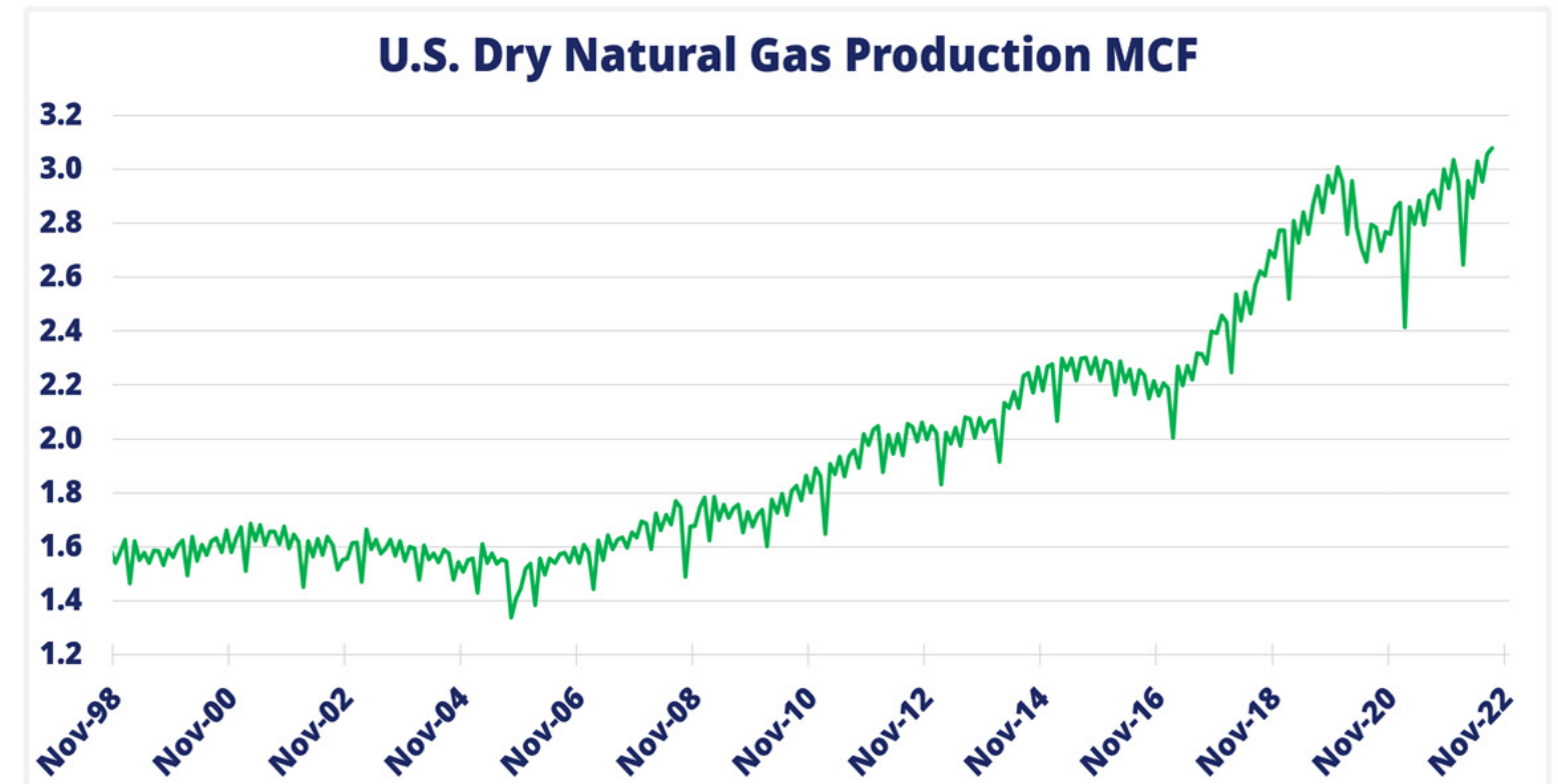
A mild winter led to prices plunging from 2022 highs not seen in more than a decade. Conversely, the west saw atmospheric rivers and storms that brought cold and floods creating supply and shortage issues that continue to drive markets.

STORAGE (CONTINUED)

Warmer weather has led to strong storage levels leading to suppressed price forecasts into 2024, nationally. Demand forecasts have also dropped in 2023 due to lower demand in the industrial sector.

PRODUCTION (BEARISH)

TAKEAWAY - Depressed NYMEX prices may lead to declines in domestic production short term but the prevalence of LNG may call for increased production long term.



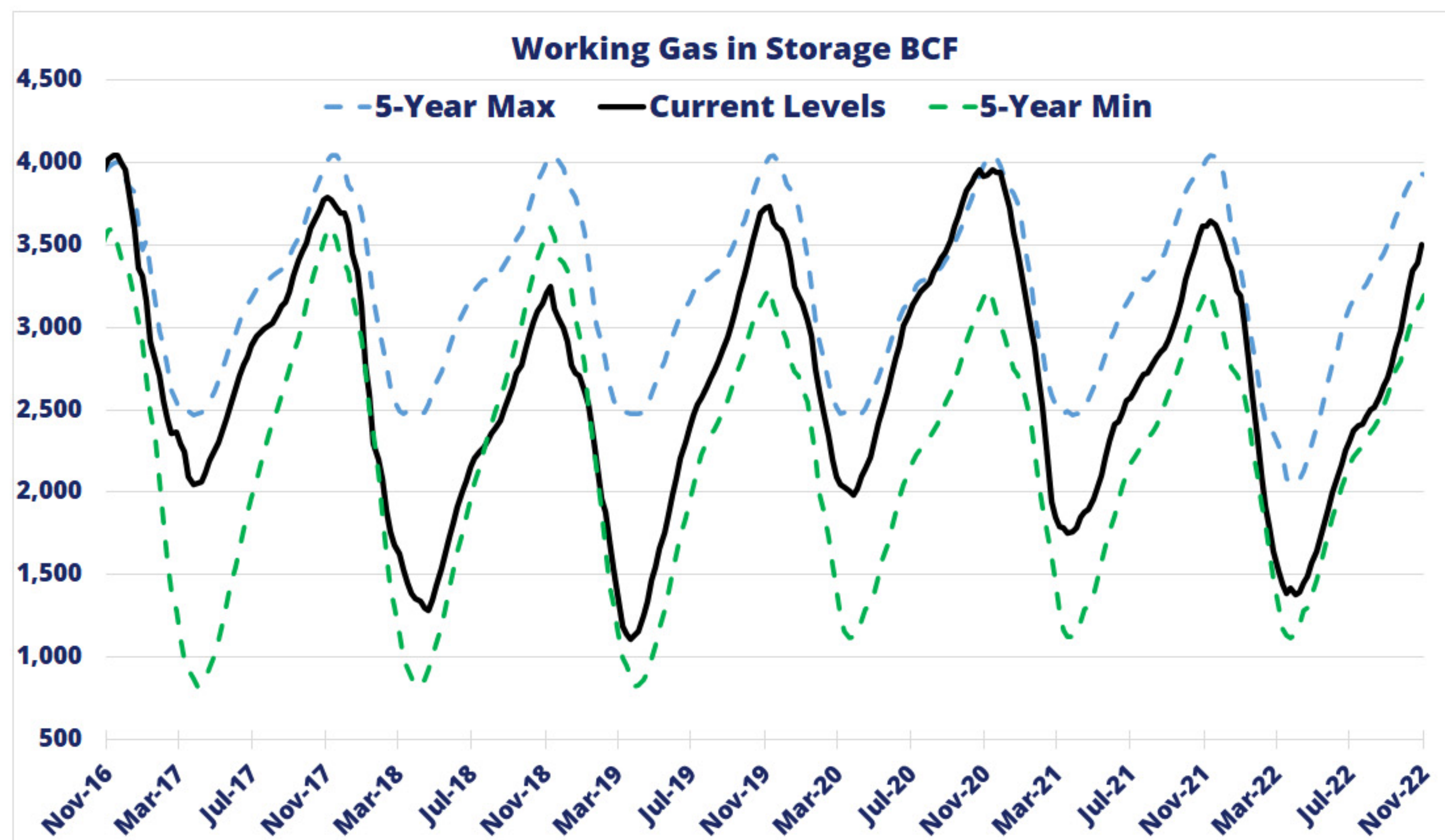
Source: EIA

With prices crashing to a quarter of last summer's prices, drillers are pulling back on drilling and completing wells. Late February hit a low not seen since September 2020, squeezing into driller's margins.

Production grew by 4% in 2022.

STORAGE (NATIONAL: BEARISH/ REGIONAL: BULLISH)

TAKEAWAY - National storage levels are well above average while western storage levels remain bear.

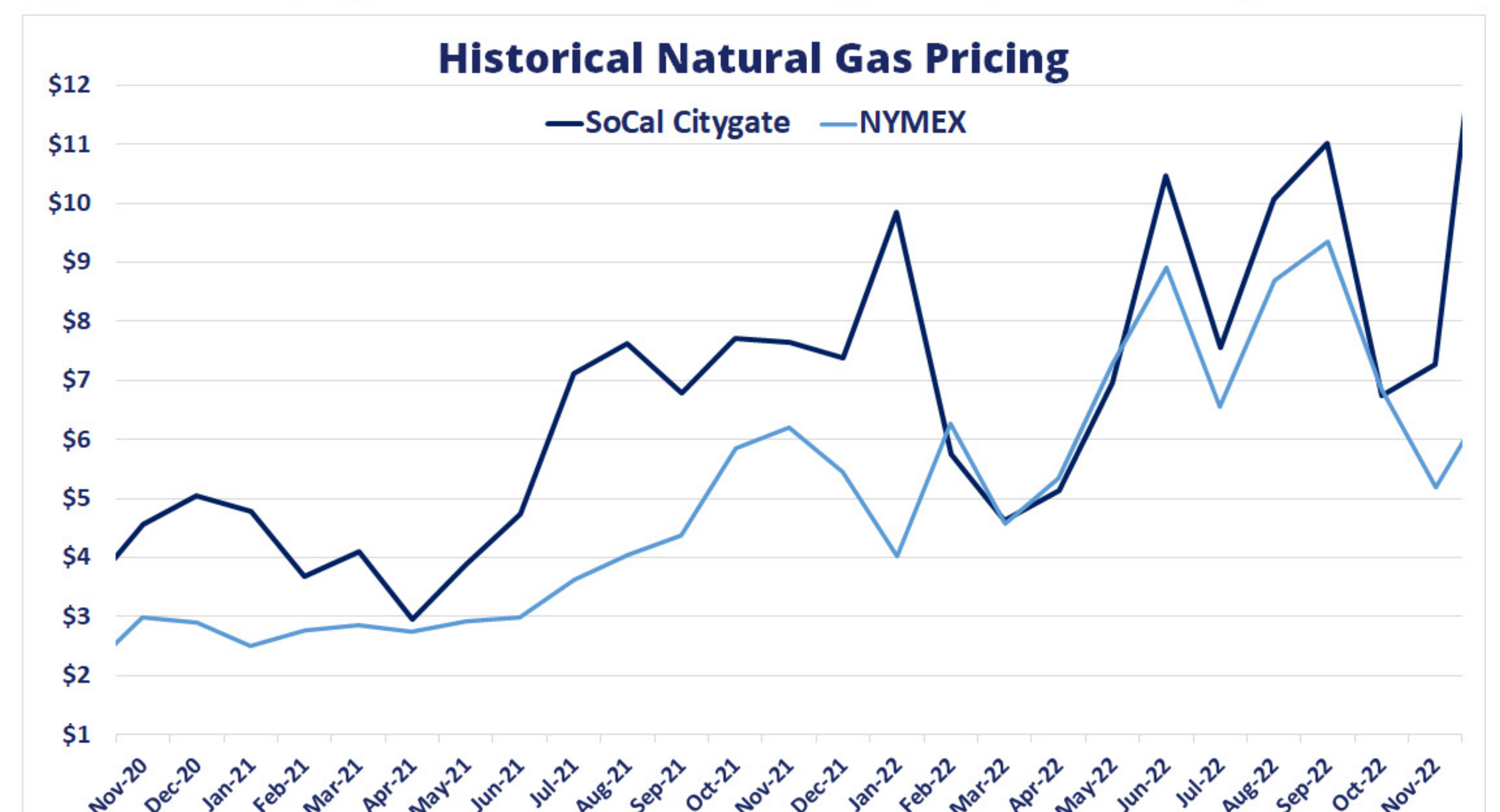


Source: EIA

Working natural gas stocks are 21% higher than the 5 year average and 31% more than this time last year.

PRICING

TAKEAWAY - NYMEX (national) prices have softened dramatically from 2022 highs. However; regional issues have led to large Basis prices volatility.



Source: Ecom-Energy

IN THE NEWS

The Joint Commission released pending requirements for increased sustainability benchmarking, reporting, and strategy planning for healthcare organizations. Whether or not adopted, the trend is clear and sustainability should be addressed.

The Biden Administration is working to set standard for Certified Natural Gas. Gas can be certified as low or no carbon if producers can prove they have reduced GHG emissions associated with getting to market, or through carbon offsets.

Nevada approved a natural gas fired generation plant as a result of the historic drought which has pressured the power grid. This is contrary to the state's commitment to carbon free power by 2050, and would mark the first new gas plant in over a decade. More than 2/3 of Nevada's electricity is produced by gas, with renewables supplying the rest.

A myriad of new LNG export projects worldwide would boost LNG supply by 67% by 2030, from 2021 levels. This could potentially saturate the gas market long term with over a trillion dollars of natural gas infrastructure being built globally.