

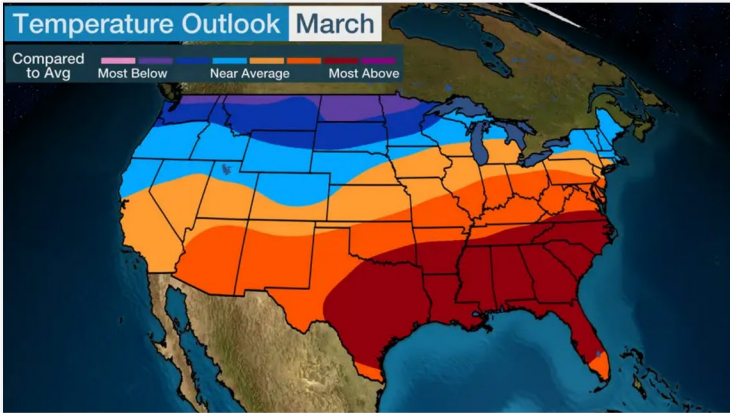
### MARKET SUMMARY

#### BIGGEST FACTORS: WEATHER & GEOPOLITICAL EVENTS

Strong LNG demand, cooler weather, and geopolitical headlines have been bullish near-term drivers. Natural gas prices remain volatile with energy prices climbing due to the Ukrainian crisis.

#### WEATHER (BEARISH)

**TAKEAWAY** - Winter 2021-22 was the 14th warmest since 1950, beginning with a mild December and finishing with variable cold.



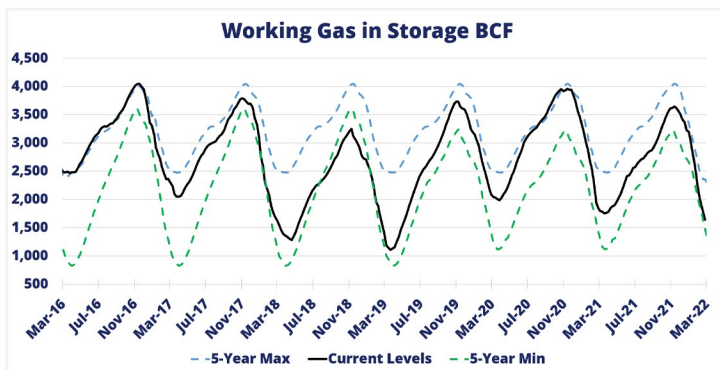
Source: The Weather Company

The La Niña pattern returns to warm up the eastern U.S. and cool down the West. Variability, which was a winter calling card, will continue in March.

Despite news headlines overseas, the short-term outlook is likely to be most influenced by waning domestic demand as U.S. markets approach the shoulder season. Spring is historically the best time for procurement in the West.

#### STORAGE (BULLISH)

**TAKEAWAY** - Storage remains bullish. Deficits to last year and the five-year average are now both at 10.5%.



Source: EIA

The E.U. intends to more than double the amount of gas in storage before next winter by providing subsidies to reduce its reliance on Russian supplies.

#### PROCUREMENT TAKEAWAY

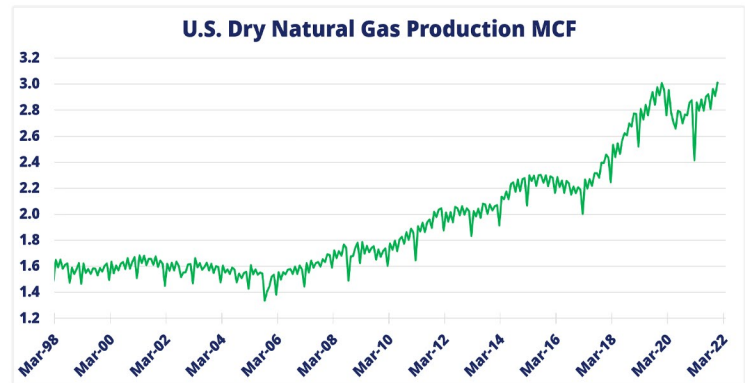
Numerous risks, from sanctions to potential energy supply disruptions, are causing volatility. Long-term deals are more cost effective than short-term ones. Risk can be mitigated with a diversified buying strategy.

#### STORAGE (CONTINUED)

Working gas in storage is 1,643 Bcf. Stocks were 216 Bcf less than last year at this time and 255 Bcf below the five-year average of 1,898 Bcf.

#### PRODUCTION (BEARISH)

**TAKEAWAY** - In the EIA's Annual Energy Outlook, petroleum and natural gas are forecast to remain the most consumed sources of energy in the U.S. through 2050.

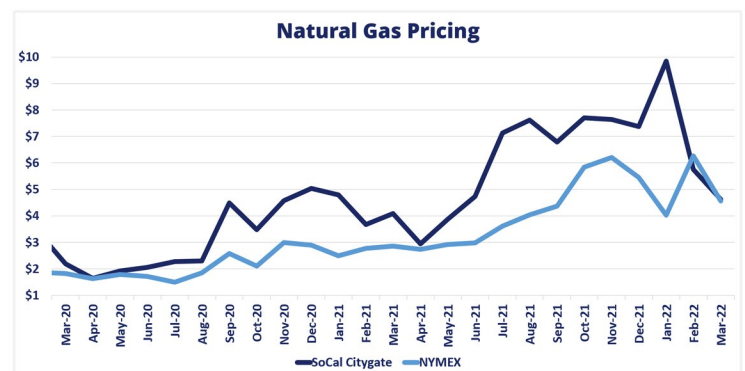


Source: EIA

U.S. gas futures remain shielded from record European prices because the U.S., the world's biggest gas producer, has the fuel it needs for domestic use.

U.S. LNG exports continue to max out at infrastructure capacities.

#### PRICING



Source: EIA

### IN THE NEWS

President Biden has announced the U.S. will ban Russian energy imports. The ban will impact imports of Russian oil, liquefied natural gas (LNG), and coal. The move follows discussions with European allies, but not all countries will join in the ban at this time.

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On March 1, the U.S. Department of Energy committed to releasing 30 million barrels of crude oil from the U.S. Strategic Petroleum Reserve (SPR) to ensure an adequate supply of petroleum in response to Russia's further invasion of Ukraine. This SPR release is part of a coordinated effort among the 31 members of the International Energy Agency (IEA). Other IEA member countries collectively agreed to release an additional 30 million barrels of petroleum from their emergency reserves, bringing the total release to 60 million barrels.

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Energy giant Shell said Tuesday that it will stop buying Russian oil and natural gas and shut down its service stations, aviation fuels and other operations in the country amid international pressure for companies to sever ties over the invasion of Ukraine.

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Talks of a natural gas pipeline from Israel to Europe could be rekindled to provide the continent with an alternative to Russian gas. The U.S. pulled support earlier this year from the eastern Mediterranean pipeline over economic and environmental concerns. Israel, Greece, Cyprus, and Turkey are still trying to come to terms on the pipeline.

Russia supplies about 40% of Europe's natural gas, with most transported by pipeline through eastern European countries, including Ukraine.

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According to the EIA, about 18% of U.S. generating capacity can fuel switch, and much of this capacity is in Florida, New York, and New England. An electric generator's ability to switch to other energy sources when one source becomes constrained or uneconomical can improve the reliability and resilience of the electric power supply. However, fuel switching also imposes additional expenses in the form of fuel inventory costs, ongoing maintenance costs, or potential capital investments to operationalize fuel switching capability. Markets that use less natural gas also have much less fuel switching capacity.