

ABAG Publicly Owned Energy Resources (ABAG POWER)

Executive Committee

February 19, 2020

Agenda Item 5.c.

Report on Natural Gas Program

Subject: Market Price Chart

Background: Western and northwestern regions have largely returned to the \$2.75-3.75/MMBtu range throughout the summer and the beginning of winter.

Several factors have contributed to the year-on-year decline in pricing:

- National storage inventories currently sit at about a 25% surplus compared to the prior year. Storage inventory provides an opportunity to hedge against price fluctuations.
- Most of the country has seen a relatively warm winter to-date, resulting in decreased demand for heating fuels.
- Domestic production of natural gas continues to increase, creating an “oversupplied” market.
- Thus far, there have been no significant incidents requiring unplanned pipeline maintenance.

The U.S. national natural gas price benchmark is the New York Mercantile Exchange (NYMEX) “Henry Hub” in Louisiana. As of January 31, 2020, the February 2020 “futures” contract was about \$1.90/MMBtu – one of the lowest levels in the last four years.

Issues: None.

Recommended Action: None.

Attachment: Market Price Chart

Reviewed:

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