



UTILITY REVENUE SERVICES

Weekly Energy Report

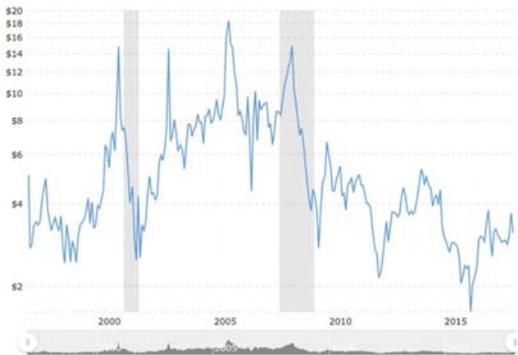


Natural Gas in Underground Storage

The weekly EIA Natural Gas Storage Report advised that there was an injection of 46Bcf (billion cubic feet) into Underground Storage for the week ending August 3d, 2018.

This is 3Bcf below the median forecast of a 49Bcf injection, the average prediction of sector analysts and traders in the Dow Jones Newswires weekly survey. The injection one year ago was 30Bcf and the 5-year average injection is 53Bcf. Storage is **671Bcf below last year** for the same week and **572Bcf below the 5-year average**. Working gas in storage stands at 2,354Bcf.

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Natural Gas Pricing

As of 9:13AM CST, September 2018, (the prompt month) Natural Gas was trading at \$2.95, +\$0.18 from one week ago and the 1-Year Spread average was also \$2.89, +\$0.13 from one week ago.

Crude Oil Pricing

As of 8:02AM CST, September, 2018, (the prompt month) Light, Sweet Crude on the NYMEX was at **\$66.97, -\$0.41** from one week ago.

Crude Oil & Natural Gas

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT	TIME (EDT)	2 DAY
CL1.COM WTI Crude Oil (Nymex)	USD/bbl	67.06	+0.12	+0.18%	Sep 2018	9:06 AM	
CO1.COM Brent Crude (ICE)	USD/bbl	72.60	+0.32	+0.44%	Oct 2018	9:07 AM	
CPL.COM Crude Oil (Tokyo)	JPY/kl	48,650.00	+40.00	+0.08%	Jan 2019	9:08 AM	
NG1.COM Natural Gas (Nymex)	USD/MMBtu	2.95	0.00	-0.03%	Sep 2018	9:07 AM	

Petroleum Stocks (Million Barrels)	Current Week	
	8/3/18	7/27/18
Crude Oil	1,067.4	1,068.8
Commercial (Excluding SPR) ¹	407.4	408.7
Strategic Petroleum Reserve (SPR) ²	660.0	660.0
Total Motor Gasoline ³	233.9	231.0
Reformulated	0.1	0.1
Conventional	24.2	23.3
Blending Components	209.6	207.6
Fuel Ethanol	22.9	22.0
Kerosene-Type Jet Fuel	39.7	41.1
Distillate Fuel Oil ³	125.4	124.2
> 15 ppm sulfur and Under ³	112.6	112.1
> 15 ppm to 500 ppm sulfur	4.7	4.2
> 500 ppm sulfur	8.1	7.9
Residual Fuel Oil	28.3	28.7
Propane/Propylene	66.4	66.3
Other Oils ⁴	285.8	284.6
Unfinished Oils	89.5	90.1
Total Stocks (Including SPR) ^{2,3}	1,869.9	1,866.6
Total Stocks (Excluding SPR) ³	1,209.9	1,206.6

Crude Oil Inventory

US crude inventories **decreased by 1.4 million barrels** to 407.3 million barrels for the week ended August 3d, according to data released yesterday morning by the US Department of Energy. Traders in the Reuters poll projected a drop of 2.8 million bbl.

U.S. Rotary Rigs

U.S. Rotary Rigs drilling for natural gas were -3 at 183 for the week of August 3d. The number of rigs currently drilling for Natural Gas was 6 lower than last year's level of 189. US Rigs drilling for oil were - 2 at 859. There are 94 more rigs targeting oil than last year. Canadian rigs were unchanged at 223 for the week. Rigs targeting oil remain 82% of all US drilling activity.

	North American Rig Count			Change		Percent Change	
	08/03/2018	07/27/2018	08/04/2017	Weekly	Annual	Weekly	Annual
Total U.S.	1,044	1,048	954	(4)	90	-0.4%	9.4%
Offshore	17	16	17	1	0	6.3%	0.0%
Land	1,027	1,032	937	(5)	90	-0.5%	9.6%
Inland Waters	2	2	3	0	(1)	0.0%	-33.3%
Oil	859	861	765	(2)	94	-0.2%	12.3%
Percent	82.3%	82.2%	80.2%	0.1%	2.1%		
Gas	183	186	189	(3)	(6)	-1.6%	-3.2%
Percent	17.5%	17.7%	19.8%	-0.2%	-2.3%		
Directional	64	64	74	0	-10	0.0%	-13.5%
Horizontal	912	922	807	-10	105	-1.1%	13.0%
Vertical	68	62	73	6	-5	9.7%	-6.8%
Gulf of Mexico	16	15	16	1	0	6.7%	0.0%
Gulf Oil	14	13	14	1	0	7.7%	0.0%
Percent	87.5%	86.7%	87.5%	0.8%	0.0%		
Gulf Gas	2	2	2	0	0	0.0%	0.0%
Percent	12.5%	13.3%	12.5%	-0.8%	0.0%		
Canada	223	223	217	0	6	0.0%	2.8%
Oil	152	154	124	(2)	28	-1.3%	22.6%
Percent	68.2%	69.1%	57.1%	-0.9%	11.0%		
Gas	71	69	93	2	(22)	2.9%	-23.7%
Percent	31.8%	30.9%	42.9%	0.9%	-11.0%		
North America	1,267	1,271	1,171	(4)	96	-0.3%	8.2%
Prices							
Oil \$/bbl.	\$68.87	\$68.79	\$49.51	\$0.08	\$19.35	0.1%	39.1%
Oil \$/mmbtu	\$11.87	\$11.86	\$8.54	\$0.01	\$3.34	0.1%	39.1%
Gas \$/mmbtu	\$2.79	\$2.76	\$2.78	\$0.03	\$0.01	1.1%	0.4%



Geopolitical

Negative Electricity Pricing Abounds As Wind, Solar Flood the Grid: Bright and breezy days are becoming a deeper nightmare for utilities struggling to earn a return on traditional power plants.

With wind and solar farms sprouting up in more areas -- and their power getting priority to feed into the grid in many places -- the amount of electricity being generated is outstripping demand during certain hours of the day.



Weather

The AccuWeather 1-5 day Outlook forecasts above-normal temperatures for the Northern states, below-normal temps for the Central states and normal temps for the rest of the nation. The 6-10 Day and 11-15 Day Outlook forecast almost the identical picture for the US.

The 30-day Outlook projects normal temps for most of the US with the exception of the Northeast and Northwest, which are expected to be at above-normal temperatures.

The result: power prices are slipping to zero or even below more often in more jurisdictions. That's adding to headaches for generators from NRG Energy Inc. in California to RWE AG in Germany and Origin Energy Ltd. in Australia. Once confined to a curiosity for a few hours over windy Christmas holidays, sub-zero cost of electricity is becoming a reality for hundreds of hours in many markets, upending the economics of the business in the process...

The 90-Day Outlook shows the Western states and the Northeast at above-normal temps, with a swath of warmer-than-normal temps cutting north-south through the center of the nation. The rest of the nation is expected to be at normal temps. Tropical Storm Debby formed about 1,200 miles east of Boston on Tuesday but is not expected to approach North America nor to reach hurricane status.



Sustainability and Renewables

Australian Hydrogen fuel tech break-through: The case for **fuel-cell vehicles** has just taken a major step forward, following an announcement that CSIRO (Commonwealth Scientific and Industrial Research Organisation) has developed membrane technology to separate hydrogen from ammonia.

“This is a watershed moment for energy, and we look forward to applying CSIRO innovation to enable this exciting renewably-sourced fuel and energy storage medium a



This Week's Key Takeaway

Chinese tariffs on US gas exports may shift the global market: If implemented, China's proposed 25 percent tariff on U.S. LNG will cause shifts in the LNG market.

China is the number 2 importer of LNG globally while the U.S. is climbing up the ranks of major LNG exporters.

China's threats of new tariffs on \$60 billion worth of U.S. imports will create shifts in the energy market, as American liquefied natural gas makes the list of goods **Beijing** will target, analysts said.

smoother path to market,” said CSIRO Chief Executive Dr Larry Marshall.

“I’m delighted to see strong collaboration and the application of CSIRO know-how to what is a key part of the overall energy mix,” Dr Marshall was quoted saying in a press release...

The move to include LNG raised eyebrows as China had previously held back at including the fuel on the list of products subject to tariffs. That is as the country looks to natural gas as part of its efforts to clean up politically sensitive air pollution...

Next Day On-Peak Power (traded for 8/8/2018)		
ISO-NE Mass Hub \$59.65	MISO Indiana Hub \$38.23	NYISO Zone G \$55.00
PJM West Hub \$41.71	ERCOT North \$40.73	CAISO SP15 \$171.96



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