



UTILITY REVENUE SERVICES

Weekly Energy Report

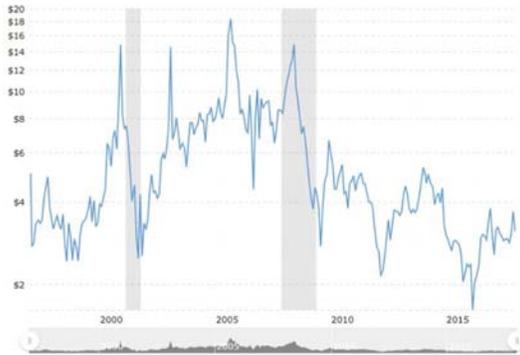


Natural Gas in Underground Storage

The weekly EIA Natural Gas Storage Report advised that there was an injection of 106Bcf (billion cubic feet) into Underground Storage for the week ending May 11th, 2018.

This is 1Bcf above the median forecast of a 105Bcf injection, the average prediction of sector analysts and traders in the Dow Jones Newswires weekly survey. The injection one year ago was 68Bcf and the 5-year average injection is 87Bcf. Storage is **821Bcf below last year** for the same week and **501Bcf below the 5-year average**. Working gas in storage stands at 1,538Bcf.

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Natural Gas Pricing

As of 9:35AM CST, June 2018, (the prompt month) Natural Gas was trading at \$2.80, +\$0.05 from one week ago and the 1-Year Spread average was \$2.84, +\$0.05 from one week ago.

Crude Oil Pricing

As of 8:49AM CST, June, 2018, (the prompt month) Light, Sweet Crude on the NYMEX was at **\$71.82**, +\$0.98 from one week ago.

Crude Oil & Natural Gas

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT	TIME (EDT)	2 DAY
CL1COM WTI Crude Oil (Nymex)	USD/bbl	71.82	+0.33	+0.46%	Jun 2018	9:49 AM	
CO1COM Brent Crude (ICE)	USD/bbl	79.64	+0.36	+0.45%	Jul 2018	9:49 AM	
CP1COM Crude Oil (Tokyo)	JPY/KI	51,380.00	+340.00	+0.67%	Oct 2018	9:53 AM	
NG1COM Natural Gas (Nymex)	USD/MMBtu	2.80	-0.02	-0.67%	Jun 2018	9:49 AM	

U.S. Petroleum Balance Sheet, Week Ending 5/11/2018

Petroleum Stocks (Million Barrels)	Current Week	
	5/11/18	5/4/18
Crude Oil	1,094.4	1,097.3
Commercial (Excluding SPR) ¹	432.4	433.8
Strategic Petroleum Reserve (SPR) ²	662.0	663.6
Total Motor Gasoline ³	232.0	235.8
Reformulated	0.0	0.0
Conventional	21.9	21.8
Blending Components	210.1	214.0
Fuel Ethanol	21.5	22.0
Kerosene-Type Jet Fuel	41.3	40.8
Distillate Fuel Oil ³	114.9	115.0
15 ppm sulfur and Under ³	102.1	101.9
> 15 ppm to 500 ppm sulfur	3.9	3.8
> 500 ppm sulfur	9.0	9.3
Residual Fuel Oil	32.8	32.9
Propane/Propylene	40.4	38.7
Other Oils ⁴	270.3	267.3
Unfinished Oils	95.3	93.5
Total Stocks (Including SPR) ^{2,3}	1,847.6	1,849.7
Total Stocks (Excluding SPR) ³	1,185.5	1,186.2

Crude Oil Inventory

US crude inventories decreased by 1.4 million barrels to 432.4 million barrels for the week ended May 11th, according to data released yesterday morning by the US Department of Energy. Traders in the Reuters poll projected a decrease of 2.3 million barrels.

U.S. Rotary Rigs

U.S. Rotary Rigs drilling for natural gas were +3 at 199 for the week of May 11th. The number of rigs currently drilling for Natural Gas was 27 higher than last year's level of 172. US Rigs drilling for oil were +10 at 844. There are 132 more rigs targeting oil than last year. Canadian rigs were -7 at 79 for the week. Rigs targeting oil remain at 81% of all US drilling activity.

	North American Rig Count			Change		Percent Change	
	05/11/2018	05/04/2018	05/12/2017	Weekly	Annual	Weekly	Annual
Total U.S.	1,045	1,032	885	13	160	1.3%	18.1%
Offshore	21	19	21	2	0	10.5%	0.0%
Land	1,024	1,013	864	11	160	1.1%	18.5%
Inland Waters	3	2	4	1	(1)	50.0%	-25.0%
Oil	844	834	712	10	132	1.2%	18.5%
Percent	80.8%	80.8%	80.5%	-0.0%	0.3%		
Gas	199	196	172	3	27	1.5%	15.7%
Percent	19.0%	19.0%	19.4%	0.1%	-0.4%		
Directional	72	64	66	8	6	12.5%	9.1%
Horizontal	918	913	742	5	176	0.5%	23.7%
Vertical	55	55	77	0	-22	0.0%	-28.6%
Gulf of Mexico	20	19	20	1	0	5.3%	0.0%
Gulf Oil	19	18	17	1	2	5.6%	11.8%
Percent	95.0%	94.7%	85.0%	0.3%	10.0%		
Gulf Gas	1	1	3	0	-2	0.0%	-66.7%
Percent	5.0%	5.3%	15.0%	-0.3%	-10.0%		
Canada	79	86	80	(7)	(1)	-8.1%	-1.3%
Oil	32	37	29	(5)	3	-13.5%	10.3%
Percent	40.5%	43.0%	36.3%	-2.5%	4.3%		
Gas	47	49	51	(2)	(4)	-4.1%	-7.8%
Percent	59.5%	57.0%	63.8%	2.5%	-4.3%		
North America	1,124	1,118	965	6	159	0.5%	16.5%
Prices							
Oil \$/bbl.	\$70.56	\$68.38	\$47.04	\$2.18	\$23.52	3.2%	50.0%
Oil \$/mmbtu	\$12.17	\$11.79	\$8.11	\$0.38	\$4.06	3.2%	50.0%
Gas \$/mmbtu	\$2.72	\$2.71	\$3.12	\$0.01	(\$0.40)	0.4%	-12.9%



Geopolitical

U.S. Energy Company Halts 1.5 GW of Solar Projects Due to Trump Tariffs: Cypress Creek Renewables, one of the United States' largest developers of utility-scale solar, has stopped investments in 1.5 gigawatts of renewable energy projects, worth \$1.5 billion, due to Trump administration tariffs on imported solar technology, which the company said made the costs of the projects too high, according to Bloomberg and Greentech Media.



Weather

The AccuWeather 1-5 day Outlook forecasts above-normal temps for all of the US with the exception of small areas in the Northeast, California, Florida and the North-Central US, which are expected to be at normal temps. The 6-10 Day Outlook forecasts an almost identical picture. The 11-15 Day Outlook forecasts normal temps on the coasts, with above-normal temps for the interior of the country.

The solar farms were slated for sites across the country, from California to the Carolinas. In total, they represent 20% of Cypress Creek Renewables' projects in development.

“Because utility-scale solar is extremely price-sensitive, the tariff forced us to re-evaluate some of our projects,” Jeff McKay, communications director at Cypress Creek, told Greentech Media. “We can confidently say that we will not be able to move forward with \$1.5 billion of projects as things stand”...

The 30-day Outlook projects above-normal temps for the Southwest and part of the East Coast of the US while the balance of the country will be at normal temps. The 90-day Outlook shows the West at above-normal temps with the balance of the country at normal temperatures.

This week, we expect to see massive amounts of rain that will threaten the Southeast and Mid-Atlantic states with flooding. A line of severe thunderstorms has already moved across the Northeast, creating power outages.



Sustainability and Renewables

Hydrogen May Rival Batteries for UK's Renewable Energy: Hydrogen stored in Britain's gas grid could be more effective for making use of excess renewable power than batteries.



This Week's Key Takeaway

Perhaps this should be in **the Geopolitical space but this is alarming news:** A new analysis of long-term atmospheric measurements by NOAA scientists shows emissions of the chemical CFC-11 are rising again, most likely

That’s the conclusion of the Institution of Mechanical Engineers, which said power can be stored in the form of hydrogen for longer than it can in a battery. Surplus electricity that’s generated when it’s windy or sunny can be used in an electrolysis process to create hydrogen, which can be stored in the natural gas grid until needed by generators.

“Gas networks can act as a lung for low-carbon electricity networks, absorbing surplus renewables when required and delivering gas for power generation when required to cover periods of low renewables availability,” according to the report published Wednesday in London...

from new, unreported production from an unidentified source in East Asia.

“We’re raising a flag to the global community to say, ‘This is what’s going on, and it is taking us away from timely recovery of the ozone layer,’” said NOAA scientist Stephen Montzka, the study’s lead author. “Further work is needed to figure out exactly why emissions of CFC-11 are increasing, and if something can be done about it soon. Chlorofluorocarbons, or CFCs, were once considered a triumph of modern chemistry. Stable and versatile, these chemicals were used in hundreds of products, from military systems to the ubiquitous can of hairspray...

Next Day On-Peak Power (traded for 5/17/2018)		
ISO-NE Mass Hub \$26.45	MISO Indiana Hub \$39.05	NYISO Zone G \$33.95
PJM West Hub \$35.69	ERCOT North \$59.44	CAISO SP15 \$19.94



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