



UTILITY REVENUE SERVICES

# Weekly Energy Report



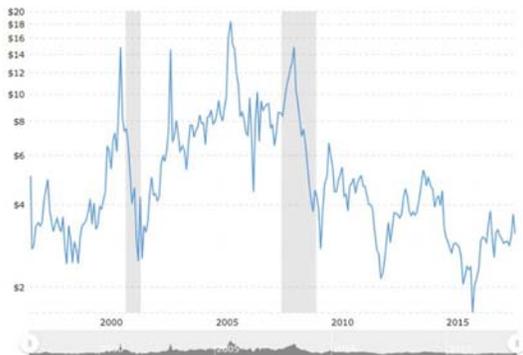
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## Natural Gas in Underground Storage

The weekly EIA Natural Gas Storage Report advised that there was an injection of 78Bcf (billion cubic feet) into Underground Storage for the week ending June 29th, 2018.

This is 3Bcf above the median forecast of a 75Bcf injection, the average prediction of sector analysts and traders in the Dow Jones Newswires weekly survey. The injection one year ago was 60Bcf and the 5-year average injection is 70Bcf. Storage is **717Bcf below last year** for the same week and **419Bcf below the 5-year average**. Working gas in storage stands at 2,152Bcf.

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## Natural Gas Pricing

As of 9:00AM CST, August 2018, (the prompt month) Natural Gas was trading at \$2.84,  $-\$0.13$  from one week ago and the 1-Year Spread average was \$2.83,  $-\$0.09$  from one week ago.

## Crude Oil Pricing

As of 9:37AM CST, August 2018, (the prompt month) Light, Sweet Crude on the NYMEX was at **\$73.51**, **+\$0.08** 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	73.51	+0.57	+0.78%	Aug 2018	10:37 AM	
CO1.COM Brent Crude (ICE)	USD/bbl	77.03	-0.36	-0.47%	Sep 2018	10:37 AM	
CP1.COM Crude Oil (Tokyo)	JPY/bbl	49,900.00	-170.00	-0.34%	Dec 2018	10:42 AM	
NG1.COM Natural Gas (Nymex)	USD/MMBtu	2.84	+0.01	+0.21%	Aug 2018	10:37 AM	

U.S. Petroleum Balance Sheet, Week Ending 6/29/2018

Petroleum Stocks (Million Barrels)	Current Week	6/22/18
	6/29/18	
Crude Oil	1,077.9	1,076.7
Commercial (Excluding SPR) <sup>1</sup>	417.9	416.6
Strategic Petroleum Reserve (SPR) <sup>2</sup>	660.0	660.0
Total Motor Gasoline <sup>3</sup>	239.7	241.2
Reformulated	0.1	0.0
Conventional	23.3	23.6
Blending Components	216.3	217.6
Fuel Ethanol	22.0	21.7
Kerosene-Type Jet Fuel	41.0	41.9
Distillate Fuel Oil <sup>3</sup>	117.6	117.4
15 ppm sulfur and Under <sup>3</sup>	104.8	104.9
> 15 ppm to 500 ppm sulfur	4.3	4.1
> 500 ppm sulfur	8.5	8.4
Residual Fuel Oil	29.6	31.2
Propane/Propylene	61.2	58.4
Other Oils <sup>4</sup>	278.0	75.2
Unfinished Oils	92.3	91.1
Total Stocks (Including SPR) <sup>2,3</sup>	1,866.9	33.6
Total Stocks (Excluding SPR) <sup>3</sup>	1,206.9	1,203.6

## Crude Oil Inventory

US crude inventories increased by 1.2 million barrels to 417.9 million barrels for the week ended June 29th, according to data released yesterday morning by the US Department of Energy. Traders in the Reuters poll projected a decrease of 5.2 million barrels.

# U.S. Rotary Rigs

U.S. Rotary Rigs drilling for natural gas were -1 at 187 for the week of June 29th. The number of rigs currently drilling for Natural Gas was 3 higher than last year's level of 184. US Rigs drilling for oil were -4 at 858. There are 102 more rigs targeting oil than last year. Canadian rigs were +12 at 172 for the week. Rigs targeting oil remain 82% of all US drilling activity.

	North American Rig Count			Change		Percent Change	
	06/29/2018	06/22/2018	06/30/2017	Weekly	Annual	Weekly	Annual
<b>Total U.S.</b>	1,047	1,052	940	(5)	107	-0.5%	11.4%
Offshore	19	18	21	1	(2)	5.6%	-9.5%
Land	1,028	1,034	919	(6)	109	-0.6%	11.9%
Inland Waters	4	2	4	2	0	100.0%	0.0%
Oil	858	862	756	(4)	102	-0.5%	13.5%
Percent	81.9%	81.9%	80.4%	0.0%	1.5%		
Gas	187	188	184	(1)	3	-0.5%	1.6%
Percent	17.9%	17.9%	19.6%	-0.0%	-1.7%		
Directional	65	62	71	3	-6	4.8%	-8.5%
Horizontal	926	930	792	-4	134	-0.4%	16.9%
Vertical	56	60	77	-4	-21	-6.7%	-27.3%
Gulf of Mexico	18	18	21	0	-3	0.0%	-14.3%
Gulf Oil	15	15	18	0	-3	0.0%	-16.7%
Percent	83.3%	83.3%	85.7%	0.0%	-2.4%		
Gulf Gas	3	3	3	0	0	0.0%	0.0%
Percent	16.7%	16.7%	14.3%	0.0%	2.4%		
<b>Canada</b>	172	160	189	12	(17)	7.5%	-9.0%
Oil	117	103	112	14	5	13.6%	4.5%
Percent	68.0%	64.4%	59.3%	3.6%	8.8%		
Gas	55	57	77	(2)	(22)	-3.5%	-28.6%
Percent	32.0%	35.6%	40.7%	-3.6%	-8.8%		
<b>North America</b>	1,219	1,212	1,129	7	90	0.6%	8.0%
<b>Prices</b>							
Oil \$/bbl.	\$71.18	\$66.18	\$44.65	\$5.00	\$26.53	7.6%	59.4%
Oil \$/mmbtu	\$12.27	\$11.41	\$7.70	\$0.86	\$4.57	7.6%	59.4%
Gas \$/mmbtu	\$2.96	\$2.95	\$2.98	\$0.01	(\$0.02)	0.2%	-0.8%



## Geopolitical

**Reallocating Biofuels to Oil Refineries Compounds Bad U.S. Energy Policy:** The EPA's decision to reallocate ethanol and biofuel blending obligations waived under its small refinery exemption program to other the other bigger refineries has now been delayed.

The EPA is expected to make the announcement as part of its proposed annual biofuel blending mandates under the U.S. Renewable Fuel Standard that requires the usage of a certain amount of



## Weather

**The AccuWeather 1-5 day Outlook** forecasts above-normal temperatures for New England and most of the western half of the country. Below-normal temps are forecast for the Southeast Texas and Arkansas. The 6-10 Day Outlook forecasts the majority of the US at above-normal temps with the Southeast at normal temps. The 11-15 Day Outlook forecasts above-normal temperatures for the East Coast and most of the Western half of the country, with the balance of the US at normal temps.

biofuels. The RFS makes refineries blend increasing amounts of biofuels like ethanol and biodiesel into oil-based fuels, such as gasoline and diesel, or buy compliance credits from those who do...

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## Sustainability and Renewables

**Solar Cell Breakthrough Could Make Panels Far More Efficient, Study Says:** The material transforms photons from the sun into a totally different quasiparticle, a plasmon: One hurdle for solar energy proponents and the engineers that build them is the fact that solar cells aren't terribly efficient. The maximum theoretical efficiency for the main kind of photovoltaic cell is about 29 percent. Sunlight's bouncing around, getting absorbed as waste heat, and just generally not being converted into electricity. So a team from MIT and Israel's Technion designed a coating that could help funnel more light into them.

"We can totally control the properties of the light, not just measure it," according to Yaniv Kurman, a electrical engineering PhD. student at Technion who worked on the project, speaking to MIT News...

The 30-day Outlook projects above-normal temps for the Western half of the US, with the Eastern half at normal temps.

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## This Week's Key Takeaway

At 80 billion cubic feet per day (Bcf/d), the U.S. just hit another record for dry natural gas production, a 46% increase since 2008 when the "shale gas revolution" started. The economic and energy security advantages are well known, but what has gotten less attention is how huge the environmental benefits of producing and using more natural gas have been.

In particular, mounting domestic supply has increasingly pushed us to more gas use in the electricity sector, which accounts for 35% of our total gas usage, especially noticeable the past week with air conditioners ramping up to fight the heat wave. U.S. gas needed for electricity has increased 40% over the past decade to ~26 Bcf/d, pushing gas to become our main source of power in beginning in 2016. NG has negligible local pollutants and 50% less CO2 emissions than coal and 30% less than oil.

Next Day On-Peak Power (traded for 7/6/2018)		
<b>ISO-NE Mass Hub</b> <b>\$35.17</b>	<b>MISO Indiana Hub</b> <b>\$40.60</b>	<b>NYISO Zone G</b> <b>\$37.75</b>
<b>PJM West Hub</b> <b>\$34.62</b>	<b>ERCOT North</b> <b>\$37.96</b>	<b>CAISO SP15</b> <b>\$76.78</b>



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