

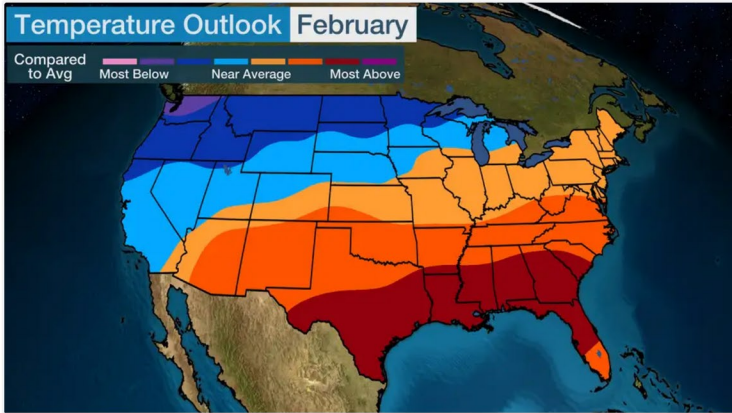
### MARKET SUMMARY

#### BIGGEST FACTORS: WEATHER

If bearish weather holds and production rebounds as expected, pricing may decline as weather fades, supply gains, and a robust storage exit allows the market to look beyond the end of winter.

#### WEATHER (BEARISH)

**TAKEAWAY** - Cold weather and strong LNG demand have been bullish near-term fundamental drivers, but forecasts show a change in tune.



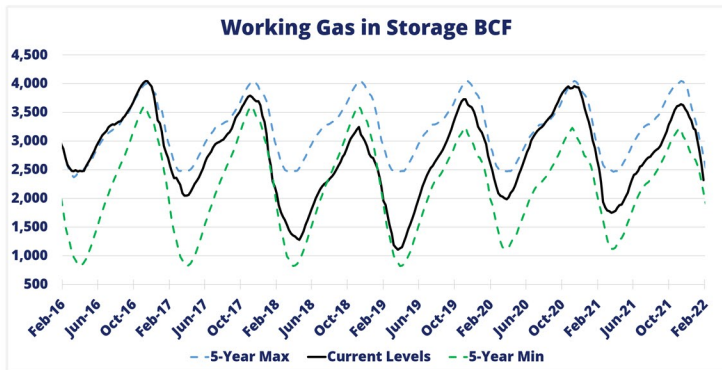
Source: The Weather Company

Texas energy supplies managed the recent Arctic Blast better than February 2021. Power plants did not report any major outages. Renewable energy also did well, with wind energy in particular producing 50% more than expected.

February 2022 is likely to be warmer than average across the southern and eastern U.S. with cooler and wetter conditions favored across the north. Out West, a drier-than-average month is forecast.

#### STORAGE (BULLISH)

**TAKEAWAY** - Colder than normal temperatures in early January, along with increased LNG exports and power demand, have erased the storage gains from a warm December.



Source: EIA

Hefty withdrawals and potential new record highs for LNG exports could lend pricing support.

#### PROCUREMENT TAKEAWAY

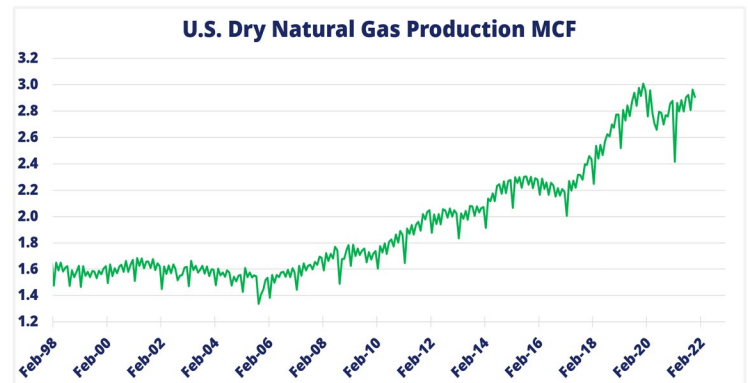
March 2022 may present the first opportune hedging opportunity in months. Be prepared to act quickly and appreciate reduced market pricing. Do not expect record savings if due for a procurement soon.

#### STORAGE (CONTINUED)

Natural gas stocks are 393 Bcf less than last year at this time and 143 Bcf below the five-year average of 2,466 Bcf. At 2,323 Bcf, total working gas is within the five-year historical range.

#### PRODUCTION (BEARISH)

**TAKEAWAY** - Natural gas production is expected to increase as strong gas and oil prices support further drilling.

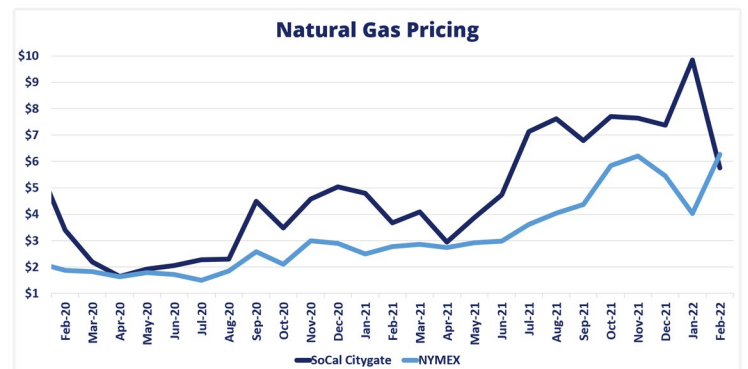


Source: EIA

The Russia-Ukraine standoff has significant implications for global natural gas and LNG markets given Europe's reliance on Russian supply. The Administration says it is working with European allies to find additional supplies from the U.S. in the event Russian flows get disrupted.

After a dip in 2020, the EIA expects U.S. fossil fuel production to continue rising in 2022 and 2023 to reach a new record next year.

#### PRICING



Source: EIA

### IN THE NEWS

The federal government - the largest U.S. energy consumer - will aim to get carbon-free electricity on a net annual basis by 2030, with half of it being emissions-free around the clock, under an executive order signed by President Joe Biden.

The White House expects the federal government's planned clean energy purchases to spur the development of at least 10,000 MW of clean energy by the end of the decade.

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Rising tensions in Ukraine could add further upward pressure on the already-tight market in the coming months. The U.S. is looking to capitalize on the geopolitical turbulence, sending more and more LNG to Europe.

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Russian state-owned Gazprom PJSC's latest 30-year supply deal with China National Petroleum Corp. (CNPC) for 10 billion cubic meters (Bcm) per year via a new pipeline, the Far Eastern route, could eventually increase Russia's capacity to China by 48 Bcm/year and impact China's future demand for LNG.

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The spot natural gas price at the Algonquin Citygate, a trading hub and the benchmark for the natural gas price in New England, averaged \$20.55 per million British thermal units (MMBtu) during January 2022 - the highest monthly average price since February 2014 - and exceeded \$28/MMBtu on several days as part of a pattern of price spikes this winter.

Several factors account for high spot natural gas prices and electricity prices this winter: (1) weather-driven load increases; (2) constraints on the region's interstate natural gas pipelines, and; (3) limited incremental LNG supplies.