

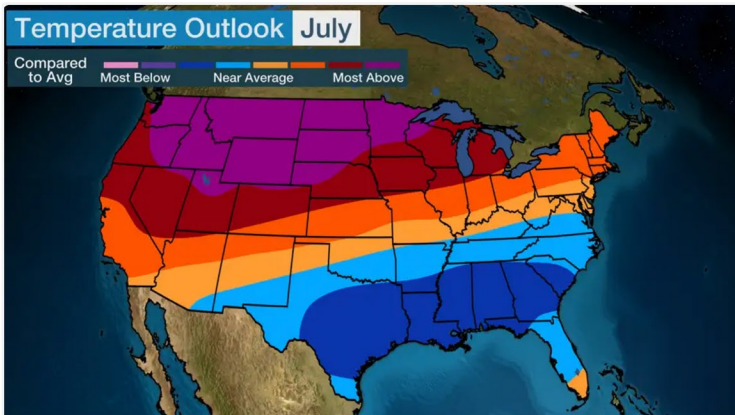
MARKET SUMMARY

BIGGEST FACTOR: WEATHER

With record heat and drought conditions, pricing has focused on near-term weather and expectations for both strong domestic demand and U.S. exports over the balance of summer.

WEATHER (BULLISH)

TAKEAWAY - Summer 2021 will feature record power generation demand as heat in the West continues unabated and wildfires/hurricanes add to the uncertainty.



Source: The Weather Company

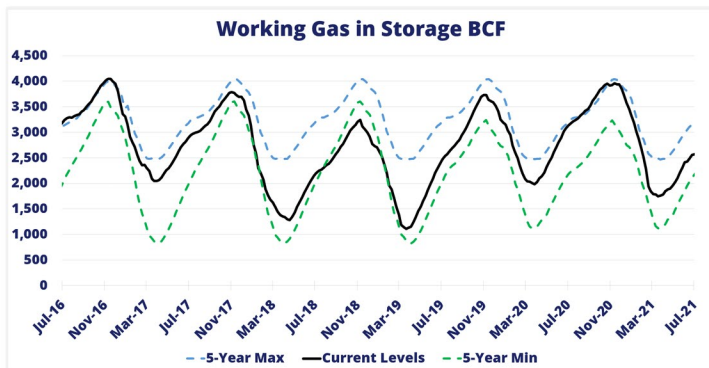
The EIA has raised its projected average Henry Hub natural gas spot price to \$3.21/MMBtu for 2021 - a jump of \$0.14 due to excessive heat.

Last month was the hottest on record in the United States, with eight states setting new June precedents.

More large wildfires have been sparked in the U.S. so far in 2021 than any other year to date since 2011.

STORAGE (BULLISH)

TAKEAWAY - June 2021 brought higher cooling demand and widened the natural gas storage deficit.



Source: EIA

PROCUREMENT TAKEAWAY

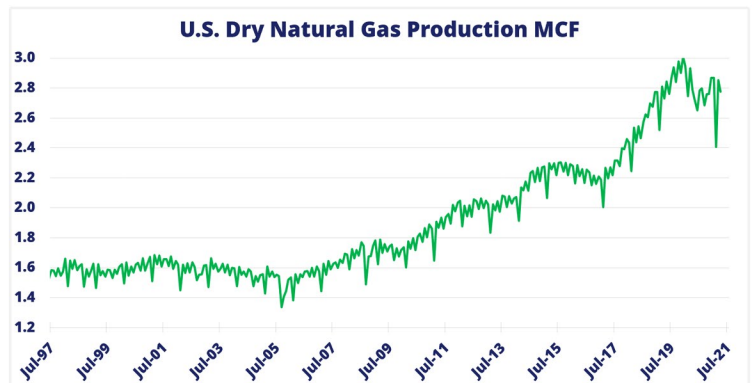
Short-term deals are favorable to avoid the most volatile points in summer while leaving the option to capitalize on a cooler market in the fall/winter.

STORAGE (CONTINUED)

Working gas in storage was 2,574 Bcf as of July 2. This represents a net increase of 16 Bcf from the previous week. Stocks were 551 Bcf less than last year at this time and 190 Bcf below the five-year average of 2,764 Bcf. At 2,574 Bcf, total working gas is within the five-year historical range.

PRODUCTION (BEARISH)

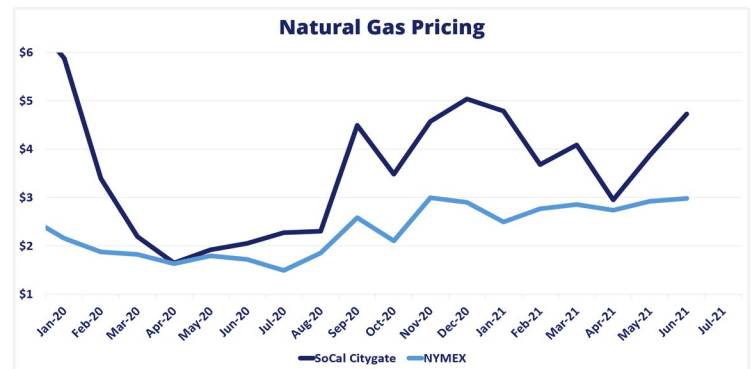
TAKEAWAY - U.S. natural gas production will increase in 2021 and demand will fall, according to the latest Short Term Energy Outlook (STEO) from the EIA.



Source: EIA

The Permian Basin and Haynesville Shale are expected to spur an overall increase in natural gas production among seven key U.S. producing regions in August.

PRICING



Source: EIA

IN THE NEWS

The New York Power Authority is gearing up to launch a green hydrogen demonstration project at its gas-fired power plant on Long Island. The project, slated to begin construction in the fall, will involve replacing up to 30% of the plant's gas-fired power with green hydrogen, which is created with renewable energy.

Southern California Edison (SCE) has kicked off plans to install 38,000 new electric car chargers throughout its service area over the next five years, the largest initiative of its kind by any investor-owned utility.

Oregon lawmakers have passed legislation that would require the state's largest utilities to eliminate greenhouse gas emissions from their electricity supply by 2040, making it one of the most aggressive state decarbonization timelines in the country.

Shell Energy has signed the world's first term contract to supply carbon-neutral liquefied natural gas (LNG).

Rampant demand in China is sucking in chilled cargoes of gas from the U.S., after a year in which American energy companies throttled back production. A drought in Brazil has added to the competition by curtailing power output from hydroelectric dams. Meanwhile, searing heat in Canada and the Pacific Northwest has also lifted gas demand. Some places are missing out, like Pakistan, where a shortage of gas and the delayed onset of the summer monsoon have prompted power outages.

Warren Buffett's company is abandoning its purchase of a natural gas pipeline from Dominion Energy because of uncertainty about whether the deal could get regulatory approval. Separate from the Questar pipeline deal, Berkshire did buy \$2.7 billion worth of Dominion's natural gas transmission and storage assets last year, which included more than 5,500 miles of natural gas transmission pipelines and about 775 billion cubic feet of gas storage facilities. Berkshire also took on \$5.3 billion of Dominion debt as part of that transaction.