

The Advisor

DATA-DRIVEN, HOLISTIC ENERGY CONSULTING

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MARKET MOMENT

A brief look at the current state of the energy industry.

SOLUTIONS CENTER

Timely updates on new advances in sustainable energy and technologies.

WHAT'S NEW?

The latest (and greatest) updates at APPI Energy.

CLIENT CORNER

Client spotlights, feedback, milestones, and more!

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MARKET MOMENT

After several months of upward movement, both electricity and natural gas prices moved slightly lower since our last update. Volatile natural gas spot prices at the Henry Hub were down .8% while benchmark electricity prices settled 1.5% lower overall (*figure 1*). Washington D.C. bucked the trend with a 3.5% increase in electricity prices while Rhode Island pricing moved 5% lower, the largest decrease among the deregulated power markets.

Retail Electricity & Natural Gas Comparison (2016-2021)

Figure 1



DRIVING PRICES HIGHER

Extreme Volatility - U.S. Energy Information Administration reports October natural gas price volatility, the magnitude of daily changes in closing prices, was more than double the five-year average, with daily settlements ranging between \$4.83/MMBtu and \$6.47/MMBtu (*figure 2*).

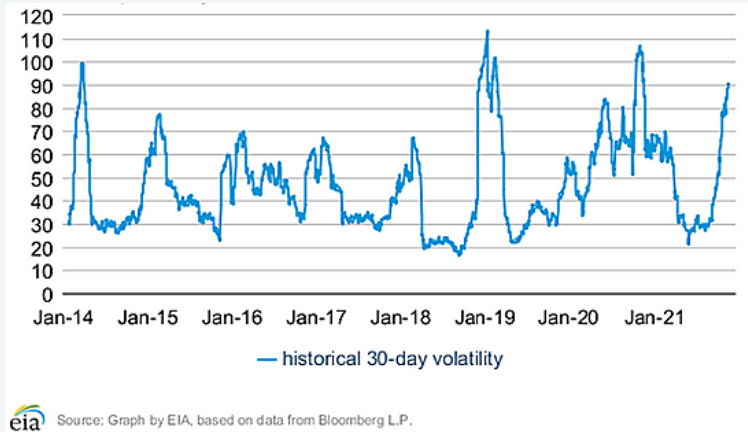
MARKET MOMENT

Overseas Demand for LNG – Prices for liquefied natural gas in Asia and Europe continue to trade at 5 to 7 times the price of natural gas in the United States (figure 3).

US Infrastructure Act - The \$1.2 trillion bipartisan bill includes \$65 billion for grid infrastructure, \$8 billion for four “clean” hydrogen hubs, \$7.5 billion to help set up a national electric vehicle charging network, and \$6 billion in subsidies for uneconomic nuclear plants.

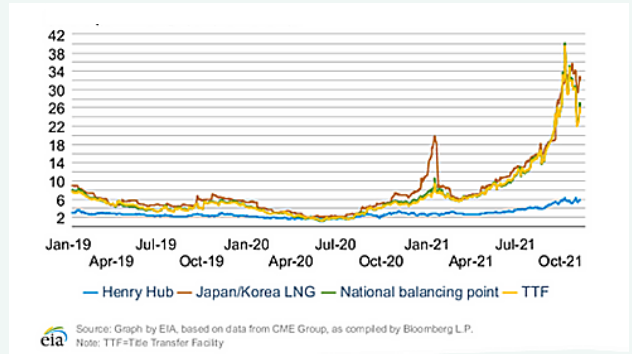
Natural Gas Historical Volatility
Annualized Percentage

Figure 2



International Gas Prices
dollar per million British thermal units

Figure 3



DRIVING PRICES LOWER

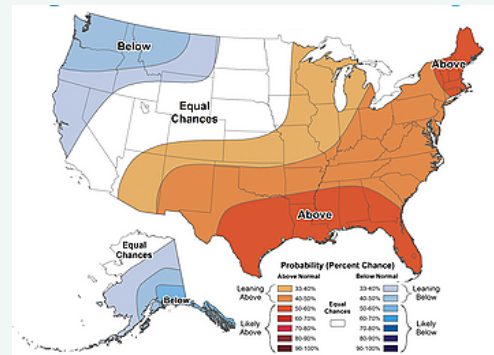
La Niña Winter – NOAA’s seasonal weather forecast calls for above-average temperatures for the Midwest, East and South, with below-average precipitation for most of the southern half of the country (figure 4).

Natural Gas Storage – Storage levels headed into winter are now close to the 5-year average.

Expected Natural Gas Production – Drilling for natural gas is expected to increase in 2022 in response to higher prices for crude oil and natural gas (figure 5).

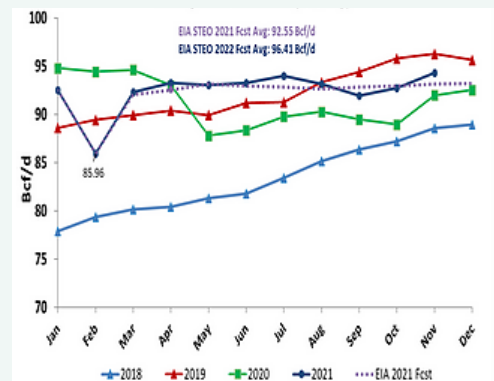
Seasonal Temperature Outlook
Valid Jan - March 2022

Figure 4



US Dry Gas Production (Bcf/day)

Figure 5



DID YOU KNOW?

For every 1 degree lower that you set your thermostat, you can save 1%-3% on your heating bill.



Renewable Energy Credits (RECs) can provide numerous benefits to organizations, from reducing greenhouse gas emissions, to meeting renewable energy goals, to strengthening stakeholder relationships and differentiating your organization's brand and messaging.

[For more information on the REC's process, check out our video >>](#)

WHAT'S NEW?

ARTICLE: Let's take a closer look at what's currently causing energy market volatility and explore viable solutions.

[View Article Here >>](#)



VIDEO: Dan Forgacs, Vice President, Market Intelligence and Analytics, gives an overview of the current state of the energy market and a forecast of what to expect as we head into 2022.

[View Video Here >>](#)



Dan Forgacs, VP Market Intelligence & Analytics
APPI ENERGY

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"We were referred to APPI Energy by another Texas Automobile Dealers Association "TADA" member. It was immediately apparent to me that APPI understood the auto dealer industry, and how to serve dealers. APPI quickly went to work enhancing our energy management to better align with our needs and goals. The APPI procurement process and market expertise benefitted our dealership saving us money and minimizing budget risk. As we've grown and changed, the APPI customer service team has worked diligently adding and removing electricity accounts on our behalf. We have also referred APPI to another local business because we understand the value APPI Energy provides and want to be sure other electricity customers benefit from APPI's expertise and its ability to identify cost reductions."

Bill Elliff, Owner

Elliff Motors, Harlingen, TX

**All market data above is at the national level, but regional and local energy market conditions can vary widely. For an in-depth review of current energy market conditions impacting your organization, please contact our team of dedicated, expert Energy Consultants: 800-520-6685 or info@appienergy.com.*