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Natural Gas

Current pricing trends:

- Henry Hub spot price dropped to \$2.20/MMBtu in October and fell below \$2.00/MMBtu in early November
- Prices expected to rise to \$2.80/MMBtu in Q1 2025, following typical winter seasonal patterns
- 2025 forecast: Average of \$2.90/MMBtu driven by increased global demand for U.S. LNG exports
- Recent low prices attributed to warm temperatures, potentially delaying storage withdrawals until late November

The current price trend shown in the chart (blue line representing 10/2023 to 10/2024) suggests it is indeed a favorable time to buy natural gas for several strategic reasons:

Historical Context

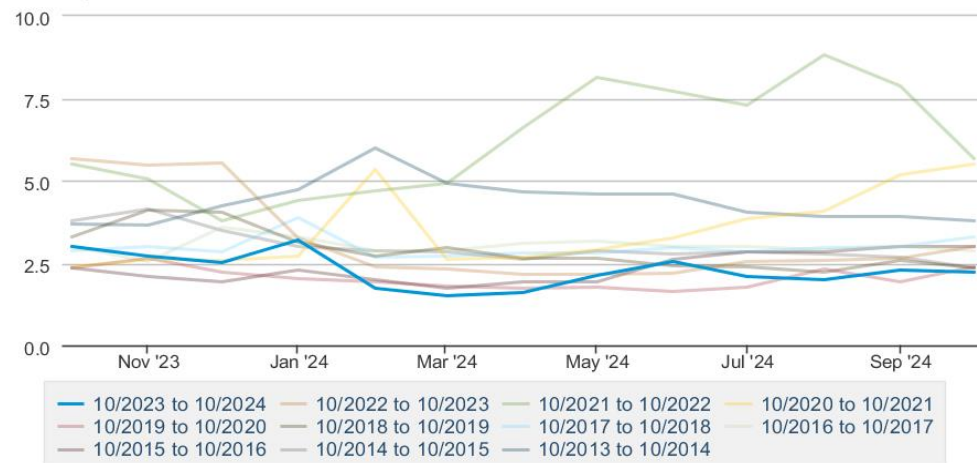
- Current prices are on the low end of the 10-year range shown in the chart
- Particularly notable when compared to the 2021-2022 period (green line) when prices reached above \$7.50

Seasonal Timing

- Currently at a seasonal low point
- Historically, prices tend to rise during winter months (Nov.-Mar.)
- Many previous years show price increases during this upcoming period

Henry Hub Natural Gas Spot Price

Dollars per Million Btu



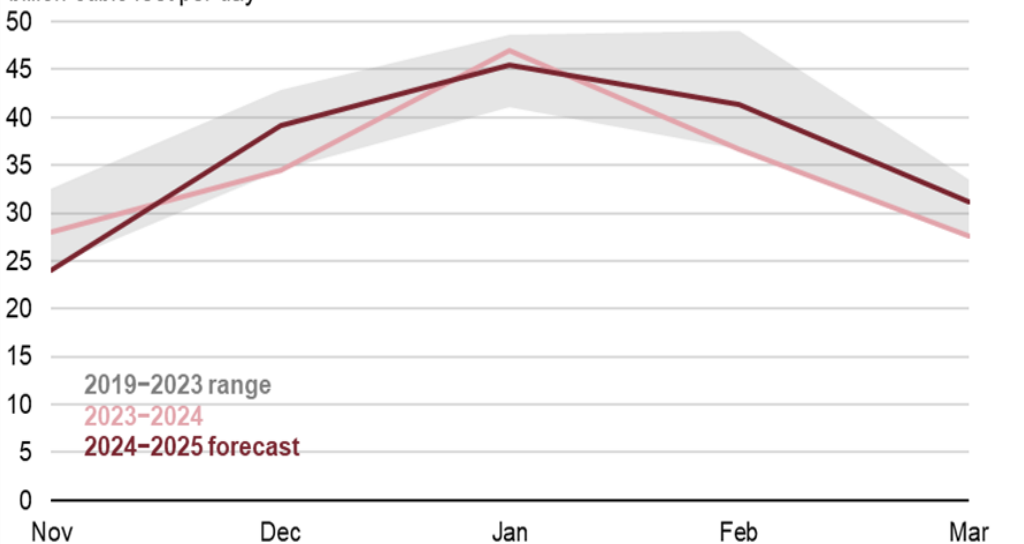
Risk/Reward Profile

- Current low prices provide a natural floor, limiting downside risk
- Historical patterns suggest more upside potential
- Prices are well below the average of the past decade

Natural Gas Continued...

U.S. residential and commercial sector heating season natural gas consumption

billion cubic feet per day



Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook*, November 2024



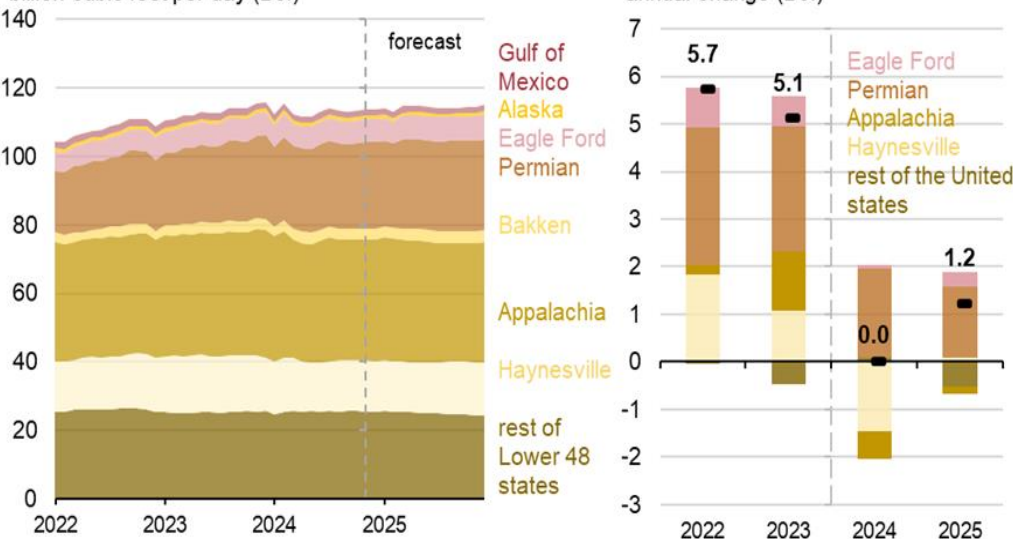
Weather, seasonality, pricing, regional dynamics, and export demand are the key factors influencing natural gas consumption and production.

Consumption Overview:

- Winter 2024-25 forecast:
 - 3% more heating degree days than last winter
 - 4% fewer than the 10-year average
- Consumption projections:
 - Q4 2024: 91.6 Bcf/d (lowered by 1.2 Bcf/d)
 - Q1 2025: 105.7 Bcf/d (increased by 1.5 Bcf/d)
 - Full-year 2024: 90 Bcf/d
 - Full-year 2025: 89.6 Bcf/d

Monthly U.S. marketed natural gas production by region

billion cubic feet per day (Bcf)



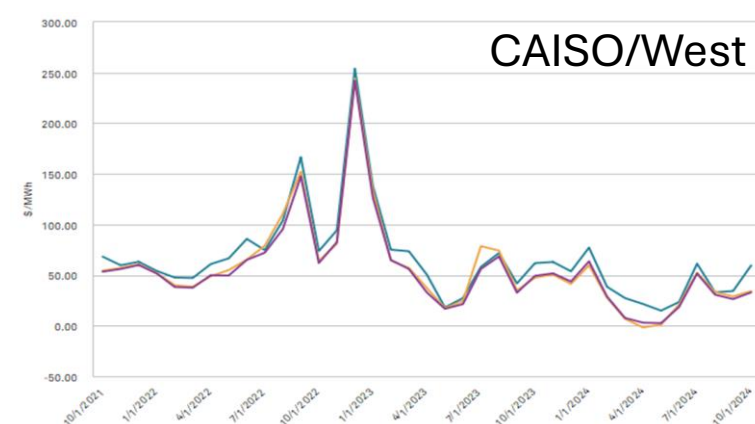
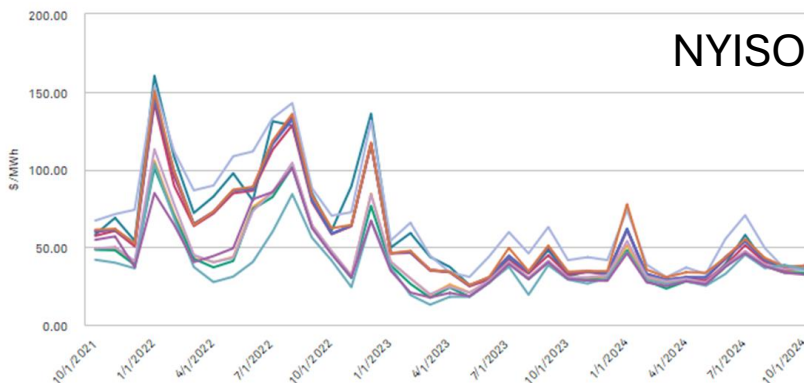
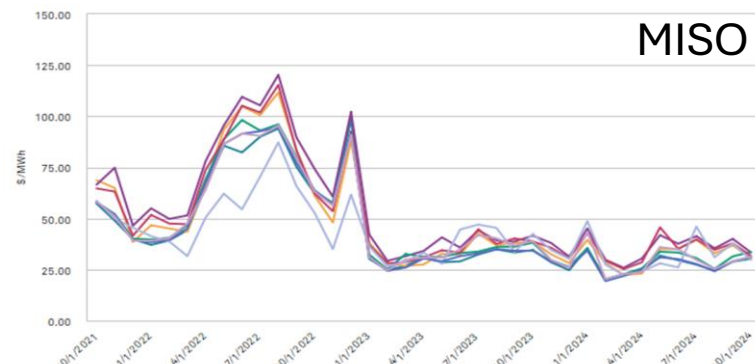
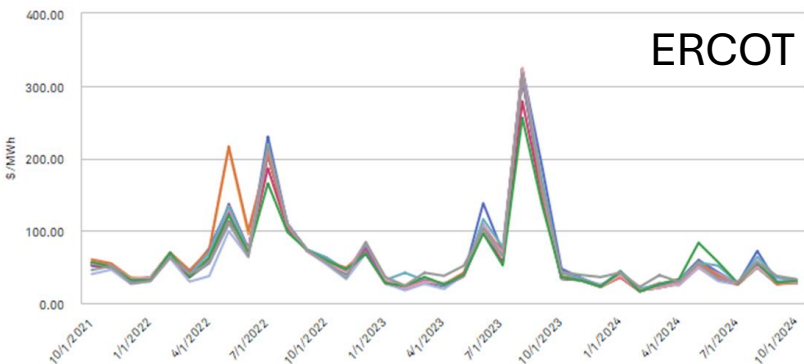
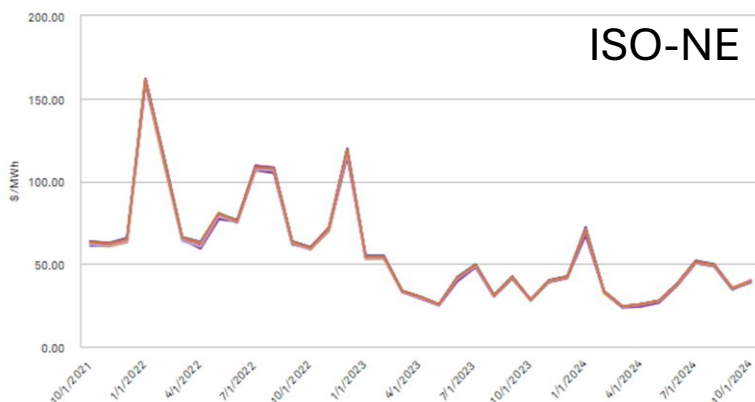
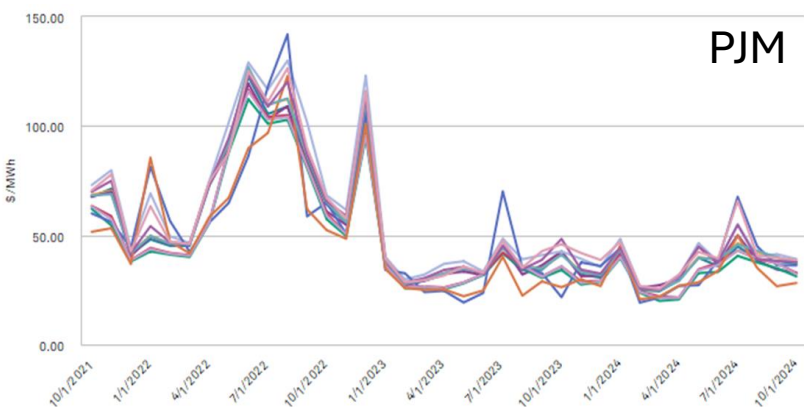
Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook*, November 2024



Production Overview:

- Low natural gas prices curtailed production in some regions
- Natural gas production expected to increase by 1% next year
- Production projections:
 - Q4 2024 production forecast: 113.6 Bcf/d
 - Q1 2025 production forecast: 113.9 Bcf/d
 - LNG exports expected to increase by nearly 2 Bcf/d in 2025

Power: ISO Real-Time Prices (On Peak)



The recent dip in natural gas prices has followed through to power markets with all the major power pools experiencing prices below \$50/MWh. On balance, we see the risk weighted toward higher prices in 2025 as overall demand for power increases. This will likely lead to a higher dispatch of natural gas plants on the margin. Customers should consider this in their overall hedging strategy.