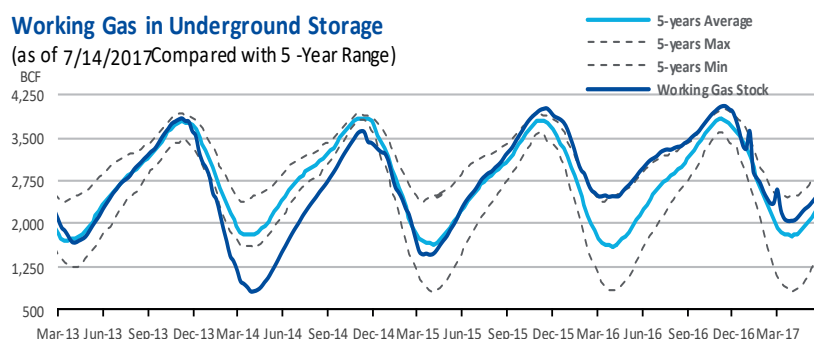


WEEKLY UPDATE

Trade Date 07/21/2017	Balance Yr'17	Calendar Yr '18	Calendar Yr '19
NYMEX NG Current Fixed Price	\$3.048	\$3.005	\$2.826
Min (Occurred 2/25/2016)	\$2.455	\$2.549	\$2.598
Max (Occurred 6/30/2008)	\$11.733	\$8.264	\$8.358

Working Gas in Underground Storage
(as of 7/14/2017 Compared with 5-Year Range)



Trade Date 07/14/2017 - 07/21/2017	Close	Changes
Balance 17	\$3.048	(\$0.009)
Calendar 18	\$3.005	(\$0.002)
Calendar 19	\$2.826	(\$0.010)
Winter '18	\$3.310	(\$0.012)
Winter '19	\$3.145	(\$0.004)
Winter '20	\$3.032	(\$0.015)

MARKET INTELLIGENCE

- The structure proposed by Warren Buffett’s Berkshire Hathaway Energy to purchase Oncor seems to be advancing where previous bids have failed. Under Buffett’s offer, Berkshire Hathaway Energy would indirectly own Energy Future Intermediate Holding Company’s (EFIH) 80% interest in Oncor. This move would leave the current corporate structure of Oncor in place. Previous offers from Hunt Consolidated and NextEra added complex financial structures to the deal by either wanting to convert the utility into a Real Estate Investment Trust (REIT) or reworking Oncor’s ring-fencing provisions to give the new owners access to dividends from the utility. Earlier constructs were rejected by the Texas PUC. The deal has yet to close, and there are rumors that another, higher offer may be forthcoming from Elliott Management, whose firm and advisor funds own approximately three-quarters of EFIH’s unsecured bonds.
- Natural gas production continues to climb, averaging nearly 73 Bcf/d last week. Natural gas demand for power generation reached its highest level year-to-date last week averaging 42.5 Bcf/d.
- President Trump announced two new nominations this week - Mark Menezes as undersecretary at DOE and Paul Dabbar as undersecretary of science. If confirmed by the Senate, the two would tilt the Department of Energy toward utility and investment interests. Menezes a former energy lobbyist in Washington is currently the VP of federal regulations for Berkshire Hathaway Energy. Dabbar is a J.P. Morgan managing director for mergers and acquisitions.
- Efficient natural gas electric generation and a significant increase in wind power lead the Texas Municipal Power Agency (TMPA) to notify the Electric Reliability Council of Texas (ERCOT) of plans to scale back operation of its 470MW Gibbons Creek coal-fired power plant. TMPA stated it is simply not economic to run the plant except in the hottest months of the year from June to September. If the agency does not sell the plant, its Board will decide in September 2018 whether to close it permanently. ERCOT expects the price trends in natural gas and wind generation to push up to 10GW coal-fired generation offline over the next ten years.

CONTACT US



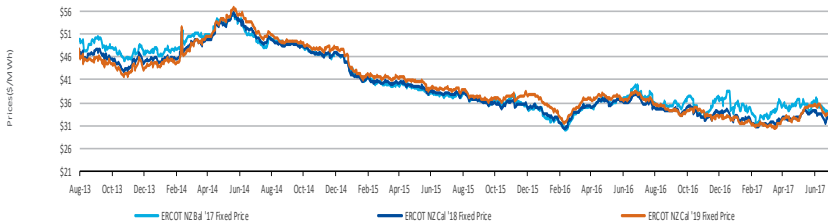
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ERCOT – ISO MARKET TRENDS

24 JULY 2017

ERCOT NZ 5x16 Fixed Prices

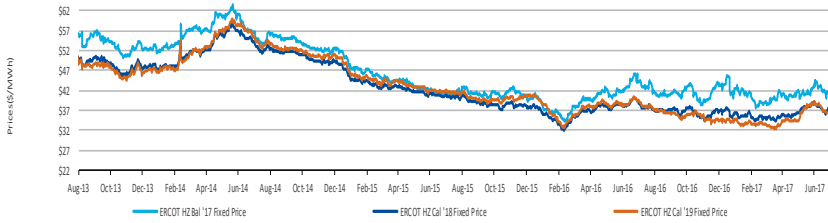
as of close business day 7/21/2017



Trade Date 03/10/2008 - 07/21/2017	Balance Yr '17	Calendar Yr '18	Calendar Yr '19
ERCOT NZ Current Fixed Price	\$34.24	\$34.34	\$34.34
Min (Occurred 2/25/2016)	\$29.95	Min (Occurred 2/23/2016) \$30.26	Min (Occurred 3/31/2017) \$30.53
Max (Occurred 6/24/2008)	\$100.60	Max (Occurred 10/16/2009) \$78.43	Max (Occurred 5/12/2010) \$81.41

ERCOT HZ 5x16 Fixed Prices

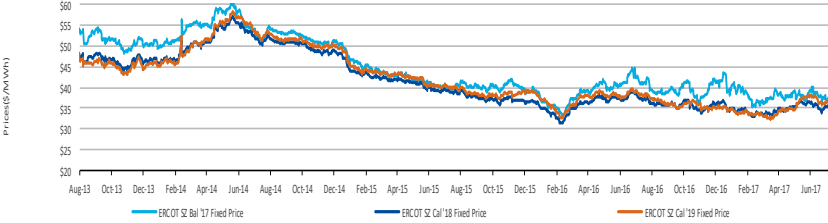
as of close business day 7/21/2017



Trade Date 03/10/2008 - 07/21/2017	Balance Yr '17	Calendar Yr '18	Calendar Yr '19
ERCOT HZ Current Fixed Price	\$41.69	\$37.14	\$36.92
Min (Occurred 2/25/2016)	\$ 34.358	Min (Occurred 2/23/2016) \$ 32.122	Min (Occurred 3/29/2017) \$ 32.297
Max (Occurred 6/26/2008)	\$ 116.202	Max (Occurred 10/16/2009) \$ 86.639	Max (Occurred 12/7/2009) \$ 85.744

ERCOT SZ 5x16 Fixed Prices

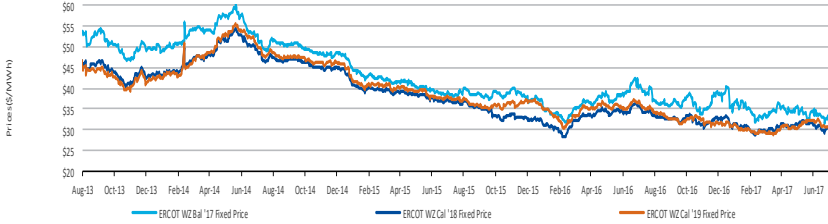
as of close business day 7/21/2017



Trade Date 03/10/2008 - 07/21/2017	Balance Yr '17	Calendar Yr '18	Calendar Yr '19
ERCOT SZ Current Fixed Price	\$37.63	\$35.37	\$36.69
Min (Occurred 2/25/2016)	\$ 33.497	Min (Occurred 2/23/2016) \$ 31.340	Min (Occurred 3/29/2017) \$ 32.293
Max (Occurred 6/16/2008)	\$ 79.608	Max (Occurred 10/16/2009) \$ 78.567	Max (Occurred 5/12/2010) \$ 77.152

ERCOT WZ 5x16 Fixed Prices

as of close business day 7/21/2017



Trade Date 03/31/2008 - 07/21/2017	Balance Yr '17	Calendar Yr '18	Calendar Yr '19
ERCOT WZ Current Fixed Price	\$32.83	\$30.65	\$31.06
Min (Occurred 7/14/2017)	\$ 31.514	Min (Occurred 2/23/2016) \$ 28.301	Min (Occurred 3/29/2017) \$ 28.820
Max (Occurred 7/3/2008)	\$ 102.241	Max (Occurred 6/9/2009) \$ 75.691	Max (Occurred 12/7/2009) \$ 76.466

PRICE TRENDS

- Working gas in storage was 2,973 Bcf as of Friday, July 14, 2017, according to EIA estimates. This represents a net increase of 28 Bcf from the previous week. Stocks were 299 Bcf less than last year at this time and 141 Bcf above the five-year average of 2,832 Bcf. At 2,973 Bcf, total working gas is within the five-year historical range
- Henry Hub spot prices rose 12¢ from \$2.98 MMBtu Wednesday 12 July to \$3.10 MMBtu Wednesday 19 July.
- The NYMEX quote for August 2017 contract increased 8¢, from \$2.985 MMBtu Wednesday, July 12 to \$3.066 MMBtu Wednesday, July 19. The price of the 12-month strip averaging August 2017 through July 2018 futures contracts climbed 7¢ to \$3.11 MMBtu.
- According to data from PointLogic, the average total supply of natural gas remained the same as the previous report week, averaging 78.3 Bcf/d. Dry natural gas production grew by 1% compared with the previous report week. Average net imports from Canada decreased by 1% from last week.
- Total U.S. consumption of natural gas was unchanged, averaging 74.1 Bcf/d according to data from PointLogic. Power burn climbed by 2% week over week; industrial sector consumption stayed constant, averaging 19.7 Bcf/d; and residential and commercial sector consumption declined by 5%. Natural gas exports to Mexico increased 2%.
- Peak spot prices continue to clear in the low \$30s/MWh as continuing afternoon showers along the Gulf Coast have dampened peak demand. For the remainder of the week, ERCOT is predicting its highest loads this summer to date—including 69,700 MW peak for today—which may indicate how spot prices will play out as August approaches. Term prices are up slightly week over week on higher NG prices.

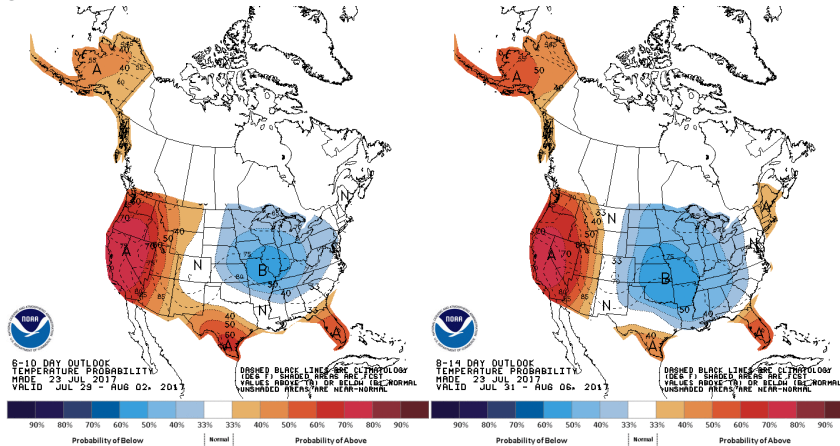
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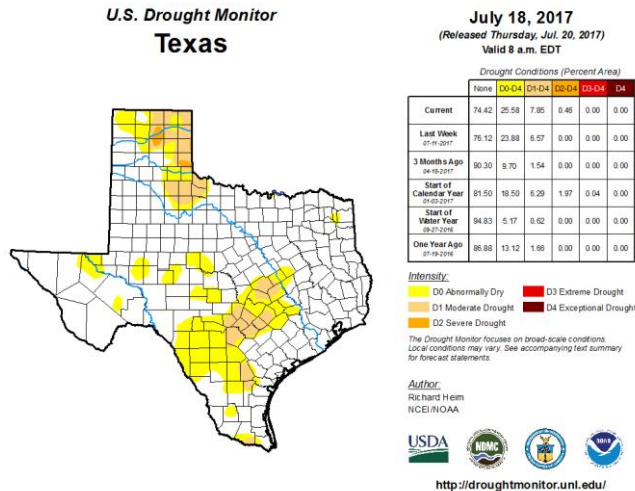
ERCOT WEATHER OUTLOOK

WARM TO HOT THIS WEEK AND THEN COOLING BACK TO NORMAL WITH LIGHT WINDS STATEWIDE



- A good pop in temps from the mid-week into the weekend with 100 for a statewide average
- Winds will peak Wednesday and Thursday before falling to fairly light levels thru next week
- Normal pattern develops after the weekend as a deep trough settles across the MS Valley

DROUGHT MONITOR



- Drought continues to advance in Central and Northern counties
- Hill country area the drought is visible with low ponds and browning fields increasing fire risks
- Temps for the last 5 days have reflected this with 100's across Austin and San Antonio
- Warmer risks Central Texas for later this week as a result.

The 6-10 and 8-14 day forecasts courtesy of the [National Weather Service/CPC](#)

The U.S. Drought Monitor is jointly produced by the National Drought Mitigation Center at the University of Nebraska-Lincoln, the United States Department of Agriculture, and the National Oceanic and Atmospheric Administration. Map courtesy of [NDMC-UNL](#).

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