

The Advisor

DATA-DRIVEN, HOLISTIC ENERGY CONSULTING

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

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CLIENT CORNER

Client spotlights, feedback, milestones, and more!

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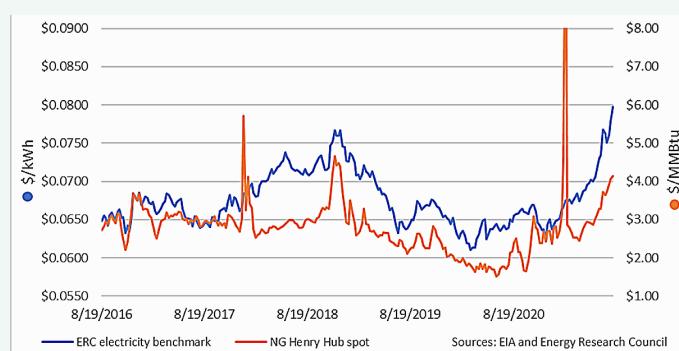


MARKET MOMENT

Concerns over natural gas storage levels as we head into this winter have put a premium on electricity and gas prices for the remainder of this year and well into 2022. Longer terms still offer lower prices in most markets but prices for terms that include delivery in 2023 have begun trending higher. The strong correlation between natural gas and electricity prices continues as Henry Hub spot prices moved higher by 5.3% while benchmark power prices are up 5.5% in the last month (see *figure 1*).

Retail Electricity & Natural Gas Comparison (2016-2021)

Figure 1



DRIVING PRICES HIGHER

Natural Gas Storage - Natural gas storage injection season is projected to end in October at 4% below the 5-year average and 16% lower than year-ago levels (see *figure 2*).

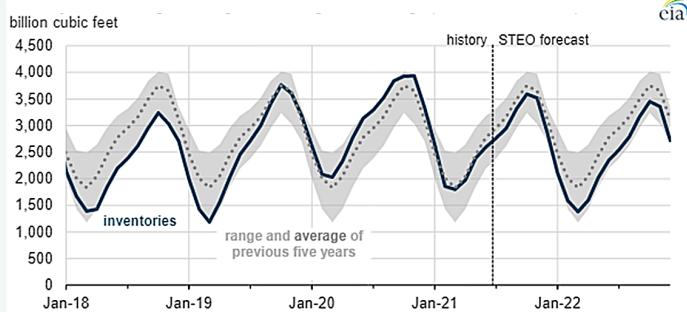
MARKET MOMENT

Investor Pressure - Despite relatively high natural gas prices, U.S. shale drillers are not immediately responding with additional production due to pressure from investors and capital moving away from fossil fuels.

Renewable Goals - Regulatory hurdles for new pipelines and transmission projects needed to achieve carbon reduction and renewable goals are also having a bullish impact on the markets.

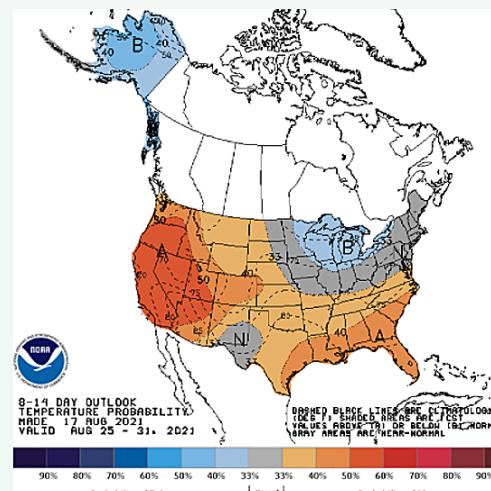
Monthly U.S Working Natural Gas in Underground Storage (Jan 2018-Dec 2022)

Figure 2



8-14 Day Weather Outlook
Valid Aug 25-31, 2021

Figure 3



DRIVING PRICES LOWER

Mild Weather - Milder near-term weather forecast should lower air conditioning demand for much of the country (see figure 3).

Hurricane Season - Unlike in the past when tropical storms caused price spikes due to natural gas production in the Gulf of Mexico, an active hurricane season can now actually bring lower prices due to reduced demand and the onshore shale revolution.

DID YOU KNOW?

European natural gas rates surged more than **1,000%** from a record low in May 2020, while Asian LNG rates have jumped about **six-fold** in the last year.

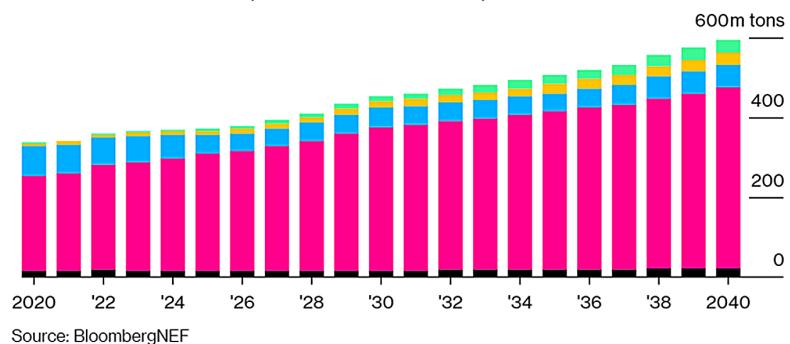
Storage Consumption

Figure 4

Strong Consumption

Asia seen underpinning global LNG demand growth through 2040

■ Americas ■ Asia ■ Europe ■ Rest of World ■ Unspecified



DID YOU KNOW?

The International Energy Agency expects demand for liquefied natural gas (LNG) to increase **7%** from pre-Covid-19 levels by **2024**.

Further out, LNG consumption is expected to grow by **3.4%** a year through **2035**, according to an analysis by McKinsey & Co. (*see figure 4*).

SOLUTIONS CENTER



View our sustainability checklist to determine if you are spending too much on energy costs and what solutions are available to you.

[View Checklist Here >>](#)

WHAT'S NEW?

Take a look at some of the frequently asked questions we receive from clients.

[View FAQ's Here >>](#)



ASSOCIATION APPRECIATION



We are thrilled Monument Builders of North America (MBNA) decided to endorse APPI Energy as a collaborative partner to provide its members with data-driven consulting solutions, designed to help save time, money, and minimize budgetary risk on the energy procurement process.

MBNA is the voice of memorialists in North America and works to increase the public's appreciation of permanent memorialization of loved ones. The association also strives to improve the art of memorialization by providing educational and training programs to all segments of the industry.

*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.