# the DESK

Wednesday, September 13, 2017 Volume 19

## GAS STORAGE FORECAST

**TheDesk Consensus Avg: +86 Bcf**
**TheDesk Median: + 85 Bcf**
**TheDesk Survey Range: 72 to 95 Bcf**
**Top 6 Survey's Index Avg: + 83.7 Bcf**
**Standard Deviation: 5.3**
**Number of Forecasts: 30**
**Editor's Forecast: + 87 Bcf**
***Q3 Boxscores #1: Paul Belflower: NA***
***YTD Boxscores #1: Reza Haidari: 92 Bcf***

## LY REPORT & 5YR AVG

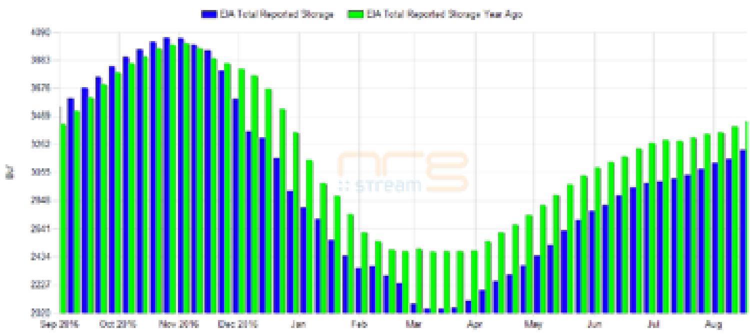
**'16 Build/Same Week: 58 Bcf** (adj)
**5 Yr Avg Draw/Same Week: 63 Bcf**

## LAST FRIDAY/ EARLY VIEW

**Early View Avg (9/8) 75.1** *Bcf*
**Early View Median: 79.5 Bcf**
**Range: 60 to 83 Bcf**
**Standard Deviation: 6.6**
**Number of Forecasts: 12**

## LY & 5YR STORAGE LEVELS

**Current Storage Level: 3,220 Bcf**
**Storage 2016/Same Week: 3,432 Bcf/Delta -212 Bcf (-6.2%)**
**5Yr Avg/Same Week: 3,205 Bcf/Delta +15 Bcf (0.5%)**




## weekly gas storage tealeaves

This is the week. The brunt of Hurricane Harvey will be in this week's EIA Natural Gas Storage Report. The Labor Day holiday effects will also be in this report. The pre- and post-storm impacts and weather moderations, closures and shut-ins, all in there. Last Friday, our Early View report average came in at 75.1 Bcf and the median was 79.5 Bcf, on a range of 51 to 93 Bcf – it was the biggest range for a September report since we've been publishing our Early View. And the standard deviation of 12.8 also broke a record for the month. On Tuesday, Bentek, the Big B, released a forecast of 94 Bcf for its Flow Model and significantly less – 82 Bcf – for its S/D Model. Nearly 20 Bcf higher than the Early View from five days ago? This should be interesting. We pinged Genscape's Eric Fell for his range of views and, as it happens, what seemed to be an especially highball report out of Bentek maybe isn't so high after all. Fell, inciden-

*(Continued on page 3)*

## AROUND THE DESK

**Lots of news around the desk this week…** And though Harvey and Irma are technically behind us, they're hardly behind us. Yesterday the CEO of Florida Power and Light, Eric Silagy, stated that "more than half of the population of Florida is out of power, would be my guess." As for the Harvey-battered parts of Texas, much more was lost than power, but generally, generators in the state – with help from just about everywhere – are back up or close to it. Many other energy assets are now back on line and many more ramp up daily. Platts has done an excellent job in the past two weeks sending out multiple updates each day on refinery or pipeline status, storage or LNG, exports and production. The recovery has been nothing short of miraculous, but there is much left to do, of course. Demand and production figures for everything from natural gas to propane to gasoline continue to be suspect, but prices for the lot of them have more or less stabilized – another miracle. This week's EIA petroleum inventory report was a doozy though few were surprised at the lofty build numbers – for that matter, few will be surprised by the next few reports, analysts suggest. So too with gas storage. We may see close to the three-digit build this week, and monster builds for the next few weeks, though these near-term reports have little relation to true supply and demand fundamentals. Next month should bring a more accurate picture. That said, end-of-season storage tallies will certainly be in a range nobody anticipated even a month ago. So much for Winter price support… Goldman Sachs' head of commodities research, Jeff Currie, tossed out a number of solid tidbits in a recent podcast (*http://www.goldmansachs.com/our-thinking/pages/the-new-oil-order/index.html#overview*). The gist: lower prices longer. OPEC's lack of spare capacity and US shale's ability to ratchet up or ratchet down production depending on the flow of capital makes it very difficult to operate a cartel, Currie says. OPEC will go to production capacity, he says, because they have no other option. Going forward, he says, all OPEC should be focused on is market share, nothing else. He noted that geopolitical risk has never been higher and supply risk has never been lower. Will ironies

*(Continued on page 2)*



The industry journal of energy trading, Natural Gas Storage Analysis and market intelligence

*(AROUND THE DESK from page 1)*

never cease… Of course, OPEC on Tuesday reported that August production figures were slightly smaller than expected, which lifted Brent slightly, though we're not quite sure why. The added threat of possible production curb extensions? Golly, that's some real hardball. We read that Permian added another couple rigs this week too… OK, so admit it: The general lack of wild volatility in the energy sector, nat gas and crude in particular, surprised a lot of us in the wake of Harvey and Irma. And yet, somebody lights a road flare in Libya or makes aggressive hand motions in Kuwait and it seems the markets go haywire. Scott Shelton, who heads the crude desk at ICAP, reminds us just how much has changed in the US energy sector in the Gulf since Hurricane Katrina. "The truth is, we have built a massive amount of assets, many redundant assets, since the last major hurricane. There are now a lot of different places you can go with crude and products, a lot of different tankage, a lot of pipelines going to a lot of different places. Therefore, there wasn't such a dislocation due to Harvey," Shelton says. "Plus, a couple years ago, we could only import crude. Now, we have the option to export. The asset infrastructure has changed everything. It's made the market more efficient, and a lot more bulletproof." True enough. However, for this coming week, he says to expect a "few more shoes to drop on the refinery side," that is, "we'll actually learn what's really broken and what's not and what delays we might see. All is not rosy in Port Arthur, Texas." Further, focus on the top-line inventory numbers for the next couple weeks. "So long as the crude stocks are not mammoth builds next to the products' increases, then we're probably in a situation where we can still rally." ... Last Thursday, the Senate Committee on Energy and Natural Resources held nomination hearings on FERC's final two commissioners, Richard Glick and he who would be king of the agency, Kevin McIntyre. It was a cakewalk. So, too, for two new Interior Department assistant secretaries. Hopefully they will be formally voted on and confirmed this month… PURPA repeal? Reform? Last time we heard that line we think Nirvana was topping the charts. Last week the House Energy and Commerce Committee's energy subcommittee held a spirited hearing on whether or not it was time for lawmakers to reopen the 1978 Public Utility Regulatory Policies Act, a key law that, among other things, requires public utilities to buy power from small wind and solar generators. The law was created as a result of the Arab oil embargo, to sort of help fossil generators to diversify their generation fleets. It was also somewhat of a license to print money for small wind and solar firms. It was amended in 2005. So, what's the argument? Utilities believe today that PURPA's mandatory purchase obligations are actually increasing power costs – in an era of decreasing demand – and also forcing utilities to make less economic decisions when it comes to developing a case for non-QF renewable energy. We would have to agree. Those strongly behind PURPA basically point to the success of renewables growth in the US in general. While true, to an extent anyway, we also see that PURPA's run may have run out of purpose. A lot has changed since 1978; markets took over the renewables debate long ago. They won. In the name of growth and cutting back unnecessary regulations, this is one of those regulatory topics that we could see the current administration getting behind – the new FERC as well. Rep. Joe Barton, R-Texas, wasn't a member of Congress in 1978, but he did have a lot to do with the PURPA rewrite in 2005. At this week's hearing, the senior member said, "I really don't know where the will of this subcommittee is on this issue, but ... I would be open to (repealing PURPA)." One to watch… *And so, there it is…*

*(TEALEAVES from page 1)*

weekly gas storage **tealeaves**

tally, is at 89 Bcf for this week, or 14 Bcf higher than our Early View from last week. "I had one model that came in at 95 Bcf and another scrape model that had a range of 89 to 101 Bcf. Supply and demand models varied too. Other analysts here do things quite differently and came in even lower," he says. "My blended model came in at 89 Bcf." Still no word from EIA on the percent of non-reporting entities for the report week. We reckon the figure was high, which should only compound the problems with forecasting this week's report.

"So, last week's report would have included the normal holiday reporting issues, both in terms of supply and demand but also in terms of who's reporting or who is not reporting to EIA," Fell says. So, Bob goes on vacation a day early and Joe is left holding the bag. Maybe he files, maybe he does it incorrectly, maybe he doesn't file at all. Standard holiday issues. So, in theory, this week's report may also see any corrections to the typical, post-holiday report mistakes. That is, were last week normal. But last week in the gas storage game was anything but normal. "When the holiday fell plus Harvey means demand would have been impacted in both cases for this week's report," he says. Big shifts in weather, big disruptions in energy demand, supply was still struggling to come back up, refineries and ethylene were a mixed bag, and LNG was down. "The note I sent to customers this week was simply that our confidence is low in this week's stat, about as low as it can possibly be given the disruptions of Harvey." And that says a lot, considering that Genscape tracks refineries and ethylene plants and pipelines through their infrared sensors. "We know what's offline, exactly. Unfortunately, on the demand side, the vast majority of industrial demand is behind the intra-states," he says. Like, all but 5 percent or so. In terms of demand for power generation, you can only ever really see about 20 percent of that gas demand in Texas, he says. "Our sensors give us a better picture than most people can see, but in this case, post-Harvey, it's basically an on/off switch we're looking at." Even with a solid on/off demand signal, he says "guesstimating" demand this week is as good as it gets. He says that his stats show that last week's refinery outages were higher than during the week of the hurricane. And next week? "Not as low confidence as tomorrow's report." So, for tomorrow's report, how high can it go? Fell says a three-digit report is possible. Since 2006, we've actually only had three three-digit Labor Day builds (given the shifting dates for Labor Day). The 10-year average for this particular week is 68 Bcf. "Recall also that last week was also a very low degree-day week."

Factor in wind generation numbers for the SC and Midwest (MISO and ERCOT) regions as well last week. Huge.

In a market note this week, Bentek reported that "last week's supply/demand balancing item was in line with prior weeks, despite Hurricane Harvey complicating modeling efforts and leading to likely overestimation of both supply and demand in Texas. This week, however, may show the balance blow-out that might have been expected for the previous week. It is possible that the overestimation of demand and supply during the previous week could have offset one another almost perfectly, but this week, the two became out of balance. An injection of 94 Bcf would imply a supply/demand balancing item of 15 Bcf, much larger in magnitude than recent values. The South-Central region is expected to account for nearly all of the net-change in storage activity compared to the previous week, at a forecast injection

*(Continued on page 7)*

# THIS WEEK'S SURVEY TALLY

**The Game: Weekly Gas Storage Boxscores**
*Each week we poll up to 36 professional natural gas forecasters, surveys and models for our weekly Natural Gas Storage Boxscores (see page 7). This is North America's most comprehensive natural gas storage survey. Forecasts are arranged into 3* categories:
1. Major Surveys (up to 6) + avg (Survey Index).
2. Bank/Financial Firm Analysts (up to 8) + avg.
3. Ind. Analysts/Models/Commercial Firms (up to 25)

This week, the preliminary tallies **(30 estimates)** are:
Survey's Polled This Week: 6
**Survey's Forecast Avg: +83.7 Bcf (med. 83.5 Bcf)**
Bank Analysts Polled: 4
**Bank Forecast Avg: + 83.8 Bcf (med. 86 Bcf)**
Independents Polled: 20
**Ind Analyst Forecast Avg: 87.1 Bcf (med. 87 Bcf)**

**This week's HighBallers:**
1 Robry825: 95 Bcf
2. Bentek Flow: 94 Bcf
3. Gabe Harris, WoodMac: 93 Bcf
4. Reza Haidari, ThomsonReuters Analytics: 92 Bcf
5. The Desk All Stars: 91.2 Bcf
6. Charlie Fenner, Macquarie: 91 Bcf

**This week's LowBallers:**
1. Tim Evans, CITI: 72 Bcf
2. Kilduff Report: 77 Bcf
3. DJ Survey: 80 Bcf
4. Bloomberg Energy (Flow): 81 Bcf
5. Bloomberg Survey: 81 Bcf

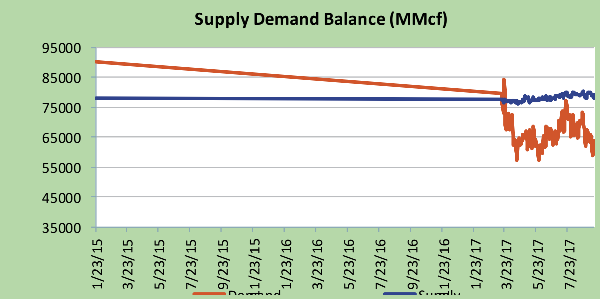
**Metro Desk All Stars: + 91.2 Bcf**
**(avg of our top 5 analysts)**

**Tealeaves' Preliminary Forecast Range For 9/21:**
75 to 95 Bcf
Last Year, Next Week: 54 Bcf (unadjusted)
5 Year Average/Next Week: + 73 Bcf (unadjusted)

**ICE (EIA) Cleared Storage Futures**

| Weekly Storage Sep. 14 | Weekly Storage Sep. 21 | End Of Fill Season (11/17) | | | |
|---|---|---|---|---|---|
| 6@88 | 1@88 | 2@3786 | 33@3795 | 104@3803 | 1@3814 |
| 3@89 | 1@89 | 5@3787 | 2@3796 | 1@3804 | 33@3715 |
| | 3@90 | 10@3788 | 12@3797 | 30@3805 | 10@3816 |
| | 2@91 | 3@3790 | 9@3798 | 6@3809 | 15@3817 |
| | 7@92 | 1@3792 | 30@3799 | 21@3810 | 10@3818 |
| | | 5@3793 | 28@3800 | 5@3811 | 15@3820 |
| | | 8@3794 | 1@3802 | 10@3813 | 1@3821 |

**The Desk Average Forecast: +86 Bcf**
**The Desk Median: 85 Bcf**
Survey Index: +83.7 Bcf*
*(*avg. of the top 6 national surveys)*
The Desk Range: +72 to 95 Bcf
Editors Forecast This Week: **+87 Bcf**
GWDD Model Forecast: NA
**(see http://weather.deltixlab.com/)**
**Standard Deviation: 5.3**




Last Four Reports: **191 Bcf**
Last Four Reports/Weekly Avg: **47.75 Bcf**
Last Four Reports/5 Yr Average: **228 Bcf**
Last Four Reports/Weekly 5 Yr Avg: **57 Bcf**

**Winners of Last Week's Boxscores**: For last week's reported 65 Bcf Implied Flow, we had one winner: **The Platts Survey** was spot-on at 65 Bcf and thus is **The Best Natural Gas Storage Forecaster in the Land** for report week 9/7/17.

## The Desk Commentary from 2016

Net injections into storage totaled 62 Bcf, compared with the five-year (2011—15) average net injection of 69 Bcf and last year's net injections of 74 Bcf during the same week. Working gas stocks total 3,499 Bcf, 299 Bcf above the five-year average and 184 Bcf above last year at this time. When the refill season began on April 1, working gas stocks were 874 Bcf above the five-year average. Estimates of net injections into storage ranged from 45 Bcf to 72 Bcf, with a median of 65 Bcf. During the most recent storage week, the average natural gas spot price at the Henry Hub was $2.83/MMBtu, while the Nymex futures price of natural gas for delivery in January 2017 averaged $3.21/MMBtu, a difference of 38¢. A year ago, the premium was 32¢/MMBtu. Temperatures in the Lower 48 states averaged 74°F, 4°F higher than the normal and 2°F lower than last year at this time.

## ThomsonReuters Composite Weekly Storage Fundamental Data

*This chart comes courtesy of ThomsonReuters Analytics.*

**http://financial.thomsonreuters.com/en/products/tools-applications/trading-investment-tools/eikon-trading-software/energy-trading.html**

| | Aug 18 | Aug 25 | Sep 01 | Sep 08 |
|---|---|---|---|---|
| Supply | | | | |
| Dry Production (Avg MMcf/d) | 73317 | 73146 | 72061 | 73649 |
| LNG Sendouts (Avg MMcf/d) | 0 | 0 | 0 | 0 |
| Canadian Net Imports (Avg MMcf/d) | 5283 | 5611 | 5264 | 5156 |
| Demand | | | | |
| Lower-48 4-Sector Consumption (Avg MMcf/d) | 61006 | 62645 | 57675 | 57103 |
| Dev. from Normal (Avg MMcf/d) | 3734 | 5922 | 1866 | 3102 |
| Gas-to-Pwr Consumption (Avg MMcf/d) | 32851 | 34443 | 29365 | 28482 |
| Mexican Exports (Avg MMcf/d) | 4298 | 4397 | 3704 | 4082 |
| Weather | | | | |
| HDD Actuals + Fcst Weekly Total | 1 | 1 | 3 | 12 |
| Dev. from Normal Weekly Total | -0.6 | -0.4 | 0.3 | 6.9 |
| CDD Actuals + Fcst Weekly Total | 81 | 84 | 62 | 60 |
| Dev. from Normal Weekly Total | -2.9 | 4.2 | -11.9 | -6.1 |
| S/D Balance Method Storage Forecast | | | | |
| Adjusted Implied Storage (Bcf/week) | 44 | 34 | 65 | 92 |
| Pipeline Flow Method Storage Forecast | | | | |
| Flow Storage Forecast (Bcf/week) | 51 | 32 | 62 | 92 |
| Blended Method Storage Forecast | | | | |
| "Best of" Storage Forecast (Bcf/week) | 46 | 33 | 62 | 92 |
| EIA Storage Actuals | | | | |
| EIA Storage Actuals (Bcf/week) | 43 | 30 | 65 .. | |
| Weather Adjusted Weekly Imbalance | | | | |
| Weather Adjusted Implied Storage (Bcf/week) | 47 | 47 | 46 | 83 |
| Prices | | | | |
| Henry Hub Day-Ahead Weekly Avg ($/MMBtu) | 2.91 | 2.95 | 2.9 | 2.89 |
| Henry Hub Nymex Prompt Month Weekly Avg ($/MMBTU) | 2.91 | 2.93 | 2.99 | 3.01 |
| Henry Hub Nymex Last Year Prompt Month Weekly Avg ($/MMBTU) | 2.62 | 2.73 | 2.85 | 2.76 |
| Last updated: | 13.09.2017 16:45 UTC | | | |

# weather desk

**Exclusive Weather Forward Views from WSI, MDA EarthSat Weather and the Commodity Weather Group**

**Matt Rogers of the Commodity Weather Group says that the new pattern for the second half of September is holding fairly steady, with some warmer changes for the middle third of the US, including the Midwest and South through the 6- to 15-day range**. The West is cooler for the 6-10 day especially and for the Southwest is cooler early in the 11-15 day too. Meanwhile, the East Coast is slightly warmer for the short-term period, but then about flat to the 6- to 15-day range. "We are still watching the wily Hurricane Jose issue for next week, but the overnight guidance mostly shifted its track eastward (away from East Coast risks). We still have lots of time to watch this system for additional changes," Rogers says. Otherwise, he adds, "we are monitoring a slow transition in the pattern over the North Pacific with a gradual rebuilding of an Alaskan high-pressure ridge feature. This could eventually shift the gears once again back toward a cooler Eastern pattern – perhaps by the very end of the month. *For more information, go to http://www.commoditywx.com/free-trial*.

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**Brad Harvey, a meteorologist for MDA Information Systems, says that the 6-10 day period skews warmer than normal across the Mid-Continent and, to a lesser extent, the Northeast.** The highest anomalies are focused from Texas to the southern Plains and southwestern Midwest, where temperature peaks are much higher than normal levels. Meanwhile, a cool period is expected across the West with below normal temperatures seen at times under a trough. The 11-15 day period is generally warmer than normal across the eastern half, with aboves focused in particular from the Midwest to Texas. The GFS continues to point to additional warmer risks in this period likely tied to the model's handling of the MJO. The West remains seasonal to marginally cooler than normal. In the tropics, former Hurricane Irma has now dissipated over the Mid-South and Hurricane Jose remains in the western Atlantic where it will slowly meander for the next several days. The storm is eventually expected to lift northward next week and could approach the East Coast, but at this time favored guidance keeps the storm offshore. *For more information, go to http://www.mdaus.com/Weather-Services/Energy.aspx*.

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**Chris Radda, a senior meteorologist with The Weather Company/WSI, says a pattern change will be developing later this week as the last remnants Hurricane Irma push across the northeastern US**. "Once these remnants leave, a turn toward late Summer warmth and humidity will build across the eastern third of the country starting this weekend. This will be sponsored by an upper-level ridge replacing the trough that has been so persistent across this East," Radda says. High temperatures in the 70s and 80s can be expected on a widespread basis. "Downright hot weather can be expected over the south-central US, including high temperatures in the 90s throughout Texas starting late this week," he says. Temperatures may trend down somewhat toward the end of next week as a deep trough over the western US pushes a cold front toward the region. In the West, the pattern that featured record-breaking heat is changing and soon will be replaced by Autumn-like temperatures in much of the Intermountain West. *For more information, go to http://www.wsi.com/industries-energy.htm*.

## EEI Generation

**WEEKLY ELECTRIC OUTPUT IN PREVIOUS WEEKS--GWh**

| Week Ended | 2017 | Week Ended | 2016 | % Inc. (17/16) | 52 Weeks Ended | 2017 | % Inc. (17/16) |
|---|---|---|---|---|---|---|---|
| 19-Aug | 87,790 | 20-Aug | 90,103 | -2.6 | 19-Aug | 3,994,393 | 0.0 |
| 26-Aug | 85,068 | 27-Aug | 86,862 | -2.1 | 26-Aug | 3,992,599 | -0.1 |
| 2-Sep | 77,100 | 3-Sep | 84,357 | -8.6 | 2-Sep | 3,985,341 | -0.2 |
| 9-Sep | 75,405 | 10-Sep | 85,369 | -11.7 | 9-Sep | 3,975,377 | -0.5 |
| **9-Sep** | **2,792,578** | **10-Sep** | **2,843,593** | **-1.8** | **YEAR TO DATE, FIRST 36 WEEKS** | | |

## Generation Outages/Week-on-Week

IIR ENERGY

Outage data courtesy of IIR Energy, providers of real-time energy supply information. For more information please visit www.iirenergy.com or email us at iirteam@iirenergy.com

| Avg GW's Offline by Fuel Group | Current Wk 9/13/2017 | Last Wk 9/6/2017 | % Chg | Last Yr 9/12/2016 | 5 Yr Avg |
|---|---|---|---|---|---|
| Coal | 7.53 | 7.00 | -8% | 8.19 | 7.53 |
| Natural Gas | 6.53 | 5.21 | -25% | 6.32 | 6.53 |
| Nuclear | 5.90 | 5.23 | -13% | 5.71 | 5.90 |
| Fuel Oil | 0.13 | 0.11 | -14% | 0.11 | 0.13 |
| Renewables | 3.17 | 1.85 | -72% | 2.24 | 3.17 |
| **Total** | **23.25** | **19.39** | **-20%** | **22.58** | **23.25** |

# The Desk's Natural Gas Storage Weekly Forecast Boxscores Q3 & Current Week

## 3rd Quarter

| Storage Forecasts | |
|---|---|
| EIA - 2016 | 49 |
| EIA - 2015 | 98 |
| EIA - 2014 | 112 |
| EIA - 2013 | 87 |
| Storage Forecasts | 3Q Score |
| Paul Belflower/Mustang Fuel | 81.61 |
| PIRA | 79.90 |
| Genscape | 77.92 |
| EMD All Stars | 76.63 |
| Kyle Cooper/IAF Advisors | 76.32 |
| Gabe Harris/WoodMac | 74.21 |
| Team Tameron/Wells Fargo | 74.14 |
| Platts Survey | 73.15 |
| R. Haidari, Thomson-Reuters | 72.97 |
| Peter Marrin/SNL Editor | 72.83 |
| Bentek - Flow | 72.35 |
| Metro Desk Consensus Avg. | 71.55 |
| Wm. Featherston/UBS | 71.27 |
| Independants Index | 70.38 |
| Robry825 (05) | 70.30 |
| Bloomberg (Flow) | 69.56 |
| Bloomberg Survey Avg. | 68.69 |
| Tony Yuen/CITI Group | 68.26 |
| C. Fenner/Macquarie Energy | 67.15 |
| Surveys Index | 67.11 |
| Reuters Survey | 67.07 |
| Jared Hunter, Ind. Trader | 65.49 |
| Banks Index | 64.85 |
| A. Weissman/EBW Analytics | 64.17 |
| PointLogic Energy (PLE) | 61.98 |
| SNL Energy Survey | 59.10 |
| Bentek - S/D | 58.13 |
| TFS/Tradition Energy | 57.19 |
| Metro Desk Editor Forecast | 56.81 |
| Dow Jones Survey | 55.95 |
| Norse Gas Marketing | 54.71 |
| Schneider Electric | 54.41 |
| “APDM” | 51.91 |
| M. Adkins/Raymond James | 51.79 |
| John Kilduff, Kilduff Report | 51.22 |
| ARM Energy | 50.26 |
| Tim Evans/CITI Futures | 47.84 |
| Donnie Sharp/Huntsville Utils | 43.10 |

## Current Week Storage Estimates

| Storage Forecasts | For Sept. 14 |
|---|---|
| Bloomberg Survey Avg. | 81.00 |
| Reuters Survey | 85.00 |
| Dow Jones Survey | 80.00 |
| Platts Survey | 88.00 |
| SNL Energy Survey | 82.00 |
| The Desk Consensus Average | 86.00 |
| UBS | NA |
| Team Wells Fargo | 90.00 |
| Tim Evans/CITI Futures | 72.00 |
| M. Adkins/Raymond James | 82.00 |
| C. Fenner/Macquarie Energy | 91.00 |
| Tony Yuen/CITI Group | NA |
| A. Weissman/EBW Analytics | 83.00 |
| Gabe Harris/WoodMac | 93.00 |
| PIRA | 90.00 |
| Robry825 (05) | 95.00 |
| Norse Gas Marketing | 83.00 |
| Donnie Sharp/Huntsville Utils | NA |
| Bentek - Flow | 94.00 |
| Bentek - S/D | 82.00 |
| The Desk Editor Forecast | 87.00 |
| Schneider Electric | 84.00 |
| Kyle Cooper/IAF Advisors | 90.00 |
| Peter Marrin/SNL Editor | 87.00 |
| Paul Belflower/Mustang Fuel | NA |
| R. Haidari, Thomson-Reuters | 92.00 |
| PointLogic Energy (PLE) | 85.00 |
| ARM Energy | 89.00 |
| John Kilduff, Kilduff Report | 77.00 |
| Genscape | 89.00 |
| Drew Wozniak, ICAP | NA |
| TFS/Tradition Energy | 85.00 |
| Jared Hunter, Ind. Trader | 85.00 |
| Bloomberg (Flow) | 81.00 |
| Bloomberg (SD) | NA |
| GWDD Model | NA |
| EMD All Stars | 91.20 |
| "APDM" | 82.00 |

*(TEALEAVES from page 3)*
of 30 Bcf compared to an EIA-announced 6-Bcf injection the week prior – closer to an average October injection than a September one," Bentek says. "The Southcentral region will make or break the forecast this week."

Our consensus came in at 86 this week, the editor is higher at 87 Bcf and we won't be too terribly surprised when and if the number comes in higher. You shouldn't be surprised either. – *the editor*

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A bullish weather forecast shift that added more than 20 Bcf of demand sparked a rally yesterday, enabling the October gas contract to recover most of its losses from last Friday, according to analyst Andy Weissman.

"The direction of trading during the remainder of the week is unclear. The October contract has repeatedly shown considerable strength between \$2.89 and \$2.93/MMBtu, rebounding strongly when support was tested at \$2.89 again intra-day yesterday. Ordinarily this indicates a likely rally – as still may occur this week. However, power outages extended into Georgia yesterday, and restoring power in Florida could take several weeks. Further, the market is facing several successive large injections and a significant build in the storage surplus. This limits the near-term upside potential for natural gas and could lay the groundwork for further declines as the storage surplus continues to grow," Weissman says.

Callie Kolbe of PointLogic Energy (PLE) estimates a build of 85 Bcf for week. "Total demand decreased by 1.2 Bcf/d week-on-week amid declines in both LNG exports and power demand. The loss in the LNG export sector came from Sabine Pass where feed gas volumes declined as result of Hurricane Harvey. Within the power sector, declines were centered across the East coast as the impact of Hurricane Irma softened power demand. On the supply side, total production increased by nearly 1.7 Bcf/d adding high-side risk to next week's report," Kolbe says. Regionally, PLE is anticipating storage activity to come in as the following: 30 Bcf East, 29 Bcf Midwest, 3 Bcf Mountain, -2 Bcf Pacific, 25 Bcf South Central.

# environment desk

The head of the United Nations says he will try to convince President Trump that the US should remain a party to the Paris climate agreement. The two men will meet at an annual UN conference later this month. “We hope that all countries will understand that it’s not only the right thing to do, it’s also the smart thing to do because the green economy is the economy of the future,” Secretary-General Antonio Guterres told reporters this week.

Guterres described the current spate of extreme weather events around the world as a “dramatic aggravation” of climate change, noting that humans are facing four times as many natural disasters as they did 40 years ago. He said singular weather events should not be confused with larger climate change concerns, but that these extreme events are exactly what climate models project will be “the new normal of a warming world,” according to an Associated Press story.

Does it matter whether America signs on to the Paris accord? The fear has been that lack of US participation sends the wrong signals to others, especially the newly industrialized nations that are today’s major emitters. Moody’s Investors Service, for one, is dubious. In a report issued this week, the investment group says any ding in global emissions reduction if the US officially bows out would be “small and fall in line with the uncertainty typically inherent in long-term projections.”

“We do not believe that the global emissions pathway would be materially derailed over the coming decades even if the US were to formally abandon its Paris agreement commitments,” Moody’s says.

The Paris agreement has been ratified by 160 of the 197 countries that signed the accord, and US states, cities and private corporations have pledged to fill in the gap left by the federal government reneging on its commitment. Economic trends are doing the rest, as the cost of renewables continues to decline and cheap gas-fired generation gains additional market share. Low prices at the pump, coal plant retirements and tax credits for wind and solar “will maintain the pace of decarbonization for the next three to five years,” according to the report.

Moody’s notes that the private sector adoption of so-called sustainable, responsible and impact (SRI) investment strategies has more than doubled in five years due to increased pressure from investors and shareholders. Today it stands at $8.7 trillion in assets under management.

In a statement opposing Trump’s withdrawal from the Paris accord in June, the US SIF Foundation, the group that promotes SRI investment, said concern about climate change is increasing among the largest American institutional investors. In a survey last year, the organization found that climate change was “the most significant overall environmental factor in terms of assets.” Climate risk is now factored into investment analysis for nearly $4 trillion in assets under management, triple the amount just two years ago. Ninety-three separate shareholder resolutions on climate risk were filed last year, and shareholders successfully negotiated commitments from many companies to disclose and reduce emissions.

Those trends are casting longer shadows. Proxy voting records released last week show that Vanguard Group, the massive mutual fund manager, voted to require two oil majors, ExxonMobil and Occidental, to disclose their exposure to climate risk in greater detail. This is notable both because Vanguard management initially opposed the resolutions and because it indicates a sea change in attitudes. Vanguard CEO Bill McNabb made a public statement that the firm considers climate risk an “economic bottom line” issue for its investors, in particular because they have significant long-term holdings in “many companies in industries vulnerable to climate risk.”

This unequivocal signal to the oil and gas business – not an industry accustomed to being thought of as “vulnerable” – is likely to be repeated ad nauseum in the wake of Hurricane Harvey’s refinery shut-ins and gas price spikes, even as the energy industry gets back to work.

Not surprisingly, many a voice has already been raised on this topic in the wake of the hurricane. One of them, environmental policy analysis Nora Mardirossian, wrote this week that public companies are stuck in a bit of a feedback loop when it comes to climate risk. “Companies have been providing scant information on their climate risks, in part because they see the risks of disclosing as greater than the risks of failing to disclose,” she said. For instance, internal climate risk assessments are avoided so they don’t have to be disclosed and could generate litigation.

But she argues that more disclosure will enable firms to better understand and address their climate risks, allowing them to shore up long-term profitability by preparing for potential problems. She also pointed to the growth of securities fraud actions against companies that failed to appropriately disclose material climate risks.

Don’t wait for market or regulatory changes before measuring and disclosing climate risk, Mardirossian cautioned. “When the market starts pricing in climate considerations, it will happen quickly, and investors cannot afford to ignore the impacts of climate change any longer,” she said.

But she also wrote that institutional investors should get active on this issue if they are serious about taking a long-term approach to shareholder value. “Institutional investors should stop outsourcing voting decisions to proxy advisory firms that might not share their long-term perspectives,” she said.