

Weekly Market Intelligence Report

June 6, 2025

Innovation Energy Group, Inc.

Article of the week

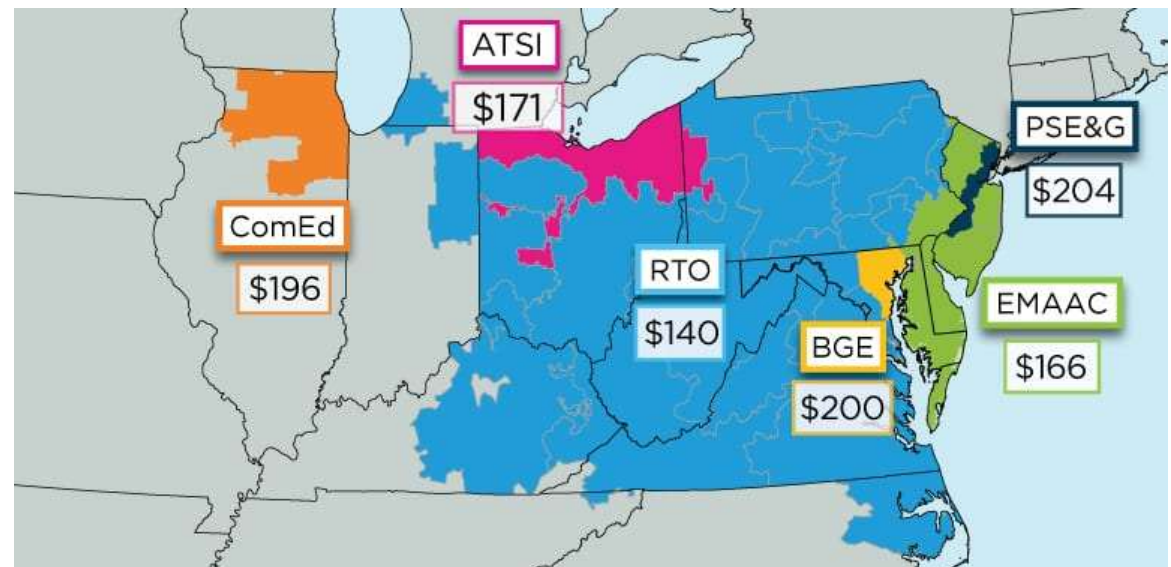
https://cdnstorage.innovationenergygroup.net/ENELX/Understanding_Capacity_Costs060625.pdf

As a reminder, capacity costs will increase 10-fold in the PJM Interconnect starting June 1, 2025

PJM, the regional transmission organization serving 13 states and the District of Columbia, **holds capacity auctions to secure enough electricity supply in advance to meet future demand.** Like the recently concluded 2025/26 auction, these auctions aim to ensure grid reliability and prevent blackouts during peak periods. The clearing price from these auctions reflects the cost of securing this capacity, which can then be passed on to consumers through their electricity bills.

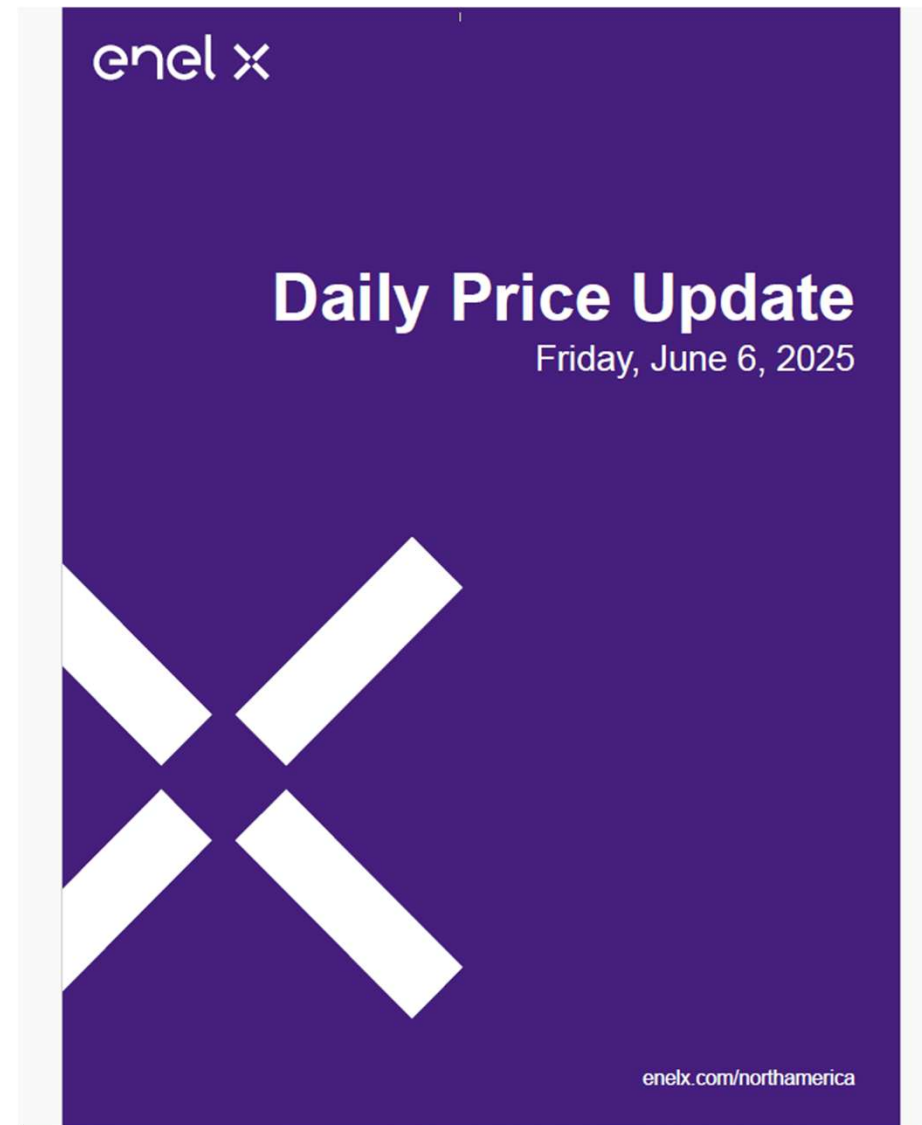
- **Recent Auction Results:**
- **High Prices:** The 2025/26 auction resulted in record-high-capacity prices, significantly increasing consumer costs.
- **Factors Influencing Prices:** Several factors, including power plant retirements, increased load, and new market rules, contributed to the high prices.
- **Concerns and Responses:** The high prices have raised concerns about the reliability and affordability of electricity, leading to calls for changes in PJM's capacity market rules.
- **Price Cap and Floor:** PJM has agreed to implement a price cap and floor for future capacity auctions, aiming to stabilize prices and reduce the potential for future price spikes.

PJM New Capacity Pricing Effective 6-1-25



<https://cdnstorage.innovationenergygroup.net/ENELX/ENELX DailyPrice Update 06.06.2025.pdf>

CTL Click





Weekly Natural Gas Market Update

June 06, 2025

www.encoreenergy.com

Phone: 402-905-4000 or 855-4NATGAS

Physical Spot Prices – June 05, 2025

	<u>Price</u>	<u>Change</u>	<u>Natural Gas Equivalent</u>
Natural Gas – H. Hub	\$3.620/MMBtu	+\$0.098	\$3.620
Propane – Mont Belvieu	\$0.7366/gal	-\$0.0135	\$8.05
Crude Oil – WTI Cush	\$62.85/bl	+\$0.570	\$10.84
No.2 Heating Oil – NYH	\$72.245/bl	-\$2.375	\$12.40
No.6 Resid. – G. Coast	\$59.45/bl	-\$1.150	\$9.46
Cent App Coal (prev. day)	\$79.00/ton	\$0.000	\$3.16

Change is from previous week

U.S. Rotary Rig Count for:

Week ending 05-30-25

	<u>Gas</u>	<u>Oil</u>
Current	99	461
Last Week	98	465
Last Year	100	496

Market Update is a weekly publication of Encore Energy Services, Inc. and is designed to provide industrial and commercial customers with the latest "Market News" in the natural gas industry. The information contained herein is intended as general business information. This publication contains forward-looking material and is not intended for a specific business situation. If you would like copies of previous reports, please visit our website or contact your Sales Manager.

Futures Pricing

At the close of business Thursday, June 05, 2025 the future strip prices were as follows:

	<u>This Week</u>	<u>Last Week</u>		<u>Last Month</u>		<u>Last Year</u>	
	<u>06/05/25</u>	<u>05/29/25</u>	<u>Change</u>	<u>05/05/25</u>	<u>Change</u>	<u>06/05/24</u>	<u>Change</u>
NYMEX near month	\$3.620	\$3.522	+\$0.098	\$3.873	-\$0.253	\$3.496	+\$0.124
NYMEX 12-month strip	\$4.120	\$4.008	+\$0.112	\$4.275	-\$0.155	\$3.747	+\$0.373
NYMEX Winter strip	\$4.545	\$4.418	+\$0.127	\$4.696	-\$0.151	\$4.122	+\$0.423
NYMEX Summer strip	\$4.149	\$4.047	+\$0.102	\$4.159	-\$0.010	\$3.621	+\$0.528

Near month range for the week = \$3.440 - \$3.791

Current near month is July '25

12-month strip is July '25 – June '26

Summer strip is April '26 – Oct '26

Winter strip is Dec '25 – Mar '26

\$/MMbtu



Probability (Percent Chance)

Category	Probability (Percent Chance)
Likely Above	60-80%
	50-60%
	40-50%
	30-40%
Near Normal	20-40%
	10-20%
	0-10%
	0-10%
Likely Below	60-80%
	50-60%
	40-50%
	30-40%

Sources: NOAA, EIA, CME Group and Baker Hughes

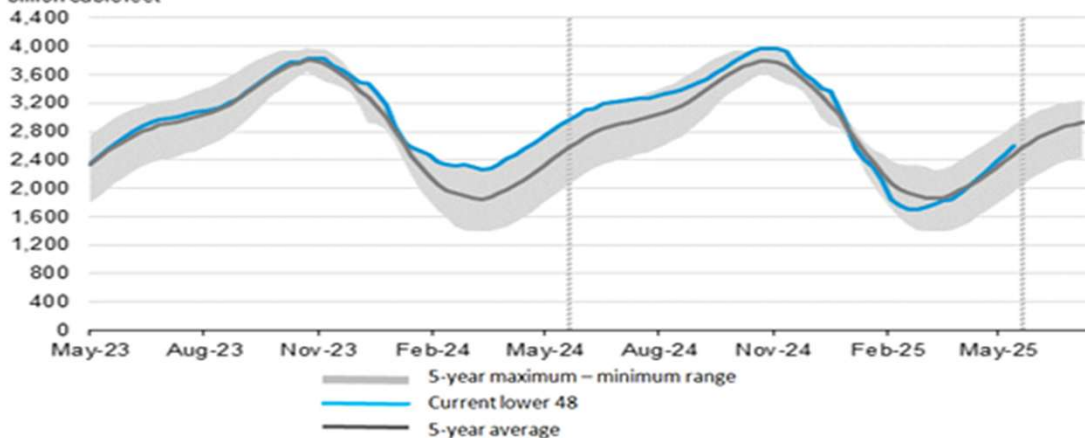
For the week ending May 30, 2025, natural gas storage reported by the Energy Information Administration (EIA) was (in Bcf):

<u>This Week</u>	<u>Last Week</u>	<u>Last Year</u>	<u>5 Yr. Ave.</u>
2.598	2.476	2.886	2.481

Change this week: +122 Bcf Change for the same week last year: +94 Bcf

Inventory vs. 1 Year ago: -10.0% Inventory vs. 5-Yr. Ave: +4.7%

billion cubic feet



Last 52 week Average = 36.8 Bcf/day

% of U.S. Demand = 41%

Last 30 day Average = 33.3 Bcf/day

% of U.S. Demand = 44%

NATURAL GAS

US natural gas futures rose to \$3.7/MMBtu, heading for an 8% weekly gain, driven mainly by lower production. Output in the Lower 48 states averaged 104.0 billion cubic feet per day (bcfd) so far in June, down from 105.2 bcfd in May and a record 106.3 bcfd in March. Forecasts for warmer-than-usual weather through mid-June also supported prices by raising demand expectations. However, prices fell over 1% on Thursday after the EIA reported a larger-than-expected storage build of 122 bcf for the week ending May 30, above the forecast of 111 bcf. This marked the seventh consecutive week of above-normal injections, lifting total inventories to 4.7% above the five-year average. Meanwhile, gas flows to the major US LNG export terminals declined to 13.8 bcfd in early June from 15.0 bcfd in May, largely due to regular seasonal maintenance, including at Cheniere Energy's facilities.

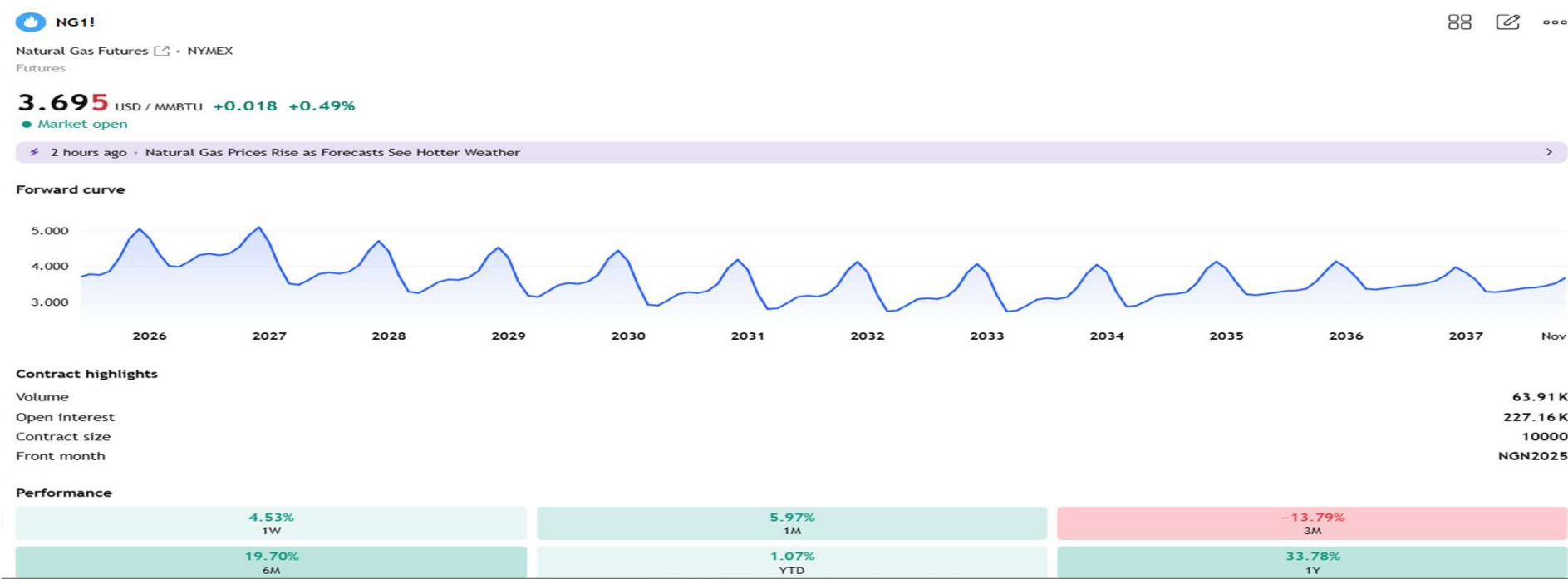


NATURAL GAS FORECAST

Natural gas increased 0.06 USD/MMBtu or 1.69% since the beginning of 2025, according to trading on a contract for difference (CFD) that tracks the benchmark market for this commodity. Natural gas is expected to trade at 3.52 USD/MMBtu by the end of this quarter, according to Trading Economics global macro models and analysts' expectations. Looking forward, we estimate it to trade at 3.74 in 12 months' time.



NATURAL GAS FUTURES CURVE NYMEX



HOME HEATING OIL

Heating oil futures in the US held near \$2.10 per gallon, rebounding from a three-week low of around \$2.00 on May 30th as broader energy markets strengthened. Over the weekend, OPEC+ announced a July output increase of 411,000 barrels per day, following similar hikes in May and June. In Canada, wildfires temporarily disrupted roughly 7 percent of national oil production, though recent rainfall allowed at least one operator to resume output at a previously shuttered site. Geopolitically, anticipation of talks this week between President Trump and President Xi Jinping kept focus on potential trade developments. On the supply front, EIA data showed US distillate fuel inventories rose by 4.2 million barrels for the week ending May 30, nearly double expectations, partially offsetting upward price pressure



HEATING OIL FORECAST

Heating Oil decreased 0.19 USD/GAL or 8.26% since the beginning of 2025, according to trading on a contract for difference (CFD) that tracks the benchmark market for this commodity. According to Trading Economics' global macro models and analysts' expectations, heating oil is expected to trade at 2.02 USD/GAL by the end of this quarter. Looking forward, we estimate it to trade at 2.06 in 12 months.



HOME HEATING OIL FUTURES CURVE

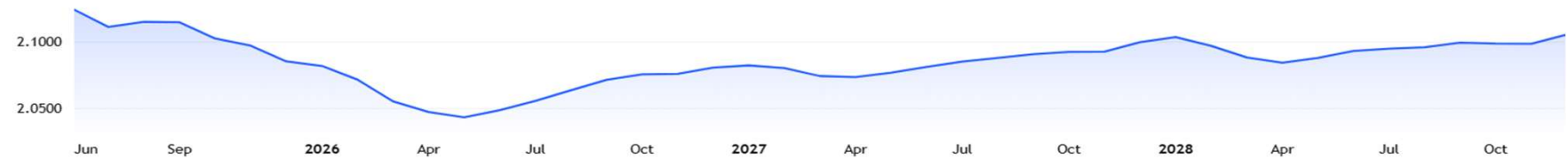
UHO1!

Heating Oil Futures ICEEUR
Futures

2.1247^D USD +0.0302 +1.44%
● Market open

2 days ago · Heating Oil Holds its Rebound

Forward curve



Contract highlights

Volume	18.05K
Open interest	8.03K
Contract size	100K
Front month	UHO12025

Performance

4.75% 1W	5.26% 1M	-3.88% 3M
-1.55% 6M	-8.49% YTD	-8.23% 1Y

RELATIVITY OF WTI TO HHO



One bbl of crude
is currently
trading at
72.42% of one
bbl of Heating Oil

WTI (WEST TEXAS INTERMEDIATE CRUDE OIL

WTI crude oil futures rose above \$64 per barrel on Friday, boosted by a stronger-than-expected US jobs report that eased economic concerns and supported demand outlooks. Tensions between President Trump and Elon Musk also appeared to ease, while a planned US-China trade meeting is expected within a week, adding optimism. Wildfires in Canada temporarily cut about 7% of the country's oil output, though recent rain helped control the fires. Meanwhile, Saudi Arabia signaled plans to push OPEC+ for a significant production increase, urging at least 411,000 barrels per day more in August and possibly September to meet summer demand. These factors helped oil prices recover, with WTI heading for a 6% weekly gain after two weeks of declines.



WTI CRUDE FORECAST

Crude Oil rose to 64.59 USD/Bbl on June 6, 2025, up 1.93% from the previous day. Over the past month, Crude Oil's price has risen 11.23%, but it is still 14.48% lower than a year ago, according to trading on a contract for difference (CFD) that tracks the benchmark market for this commodity. Crude Oil is expected to trade at 61.31 USD/BBL by the end of this quarter, according to Trading Economics global macro models and analysts' expectations. Looking forward, we estimate it to trade at 62.88 in 12 months' time.



PROPANE

Propane rose to 0.74 USD/Gal on June 5, 2025, up 3.30% from the previous day. Over the past month, Propane's price has risen 3.18% and is up 6.07% compared to last year, according to trading on a contract for difference (CFD) that tracks the benchmark market for this commodity.



PROPANE FORECAST

Propane is expected to trade at 0.76 USD/GAL by the end of this quarter, according to Trading Economics global macro models and analysts' expectations. Looking forward, we estimate it to trade at 0.78 in 12 months time.



PROPANE FUTURES CURVE

A8K1!

Conway Propane (OPIS) Futures  = NYMEX
Futures

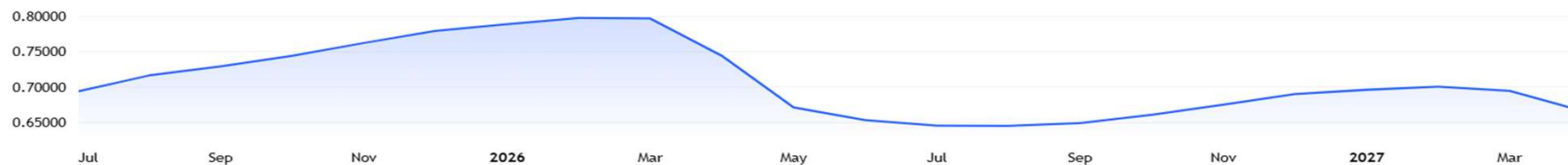


0.69312 USD **-0.01888 -2.65%**

● Market open

⚡ 6 days ago · CFTC Commitments: Nymex Harbor ULSD Futures/Options - May 30

Forward curve



Contract highlights

Volume	0.00
Open interest	3.06 K
Contract size	42000
Front month	A8KM2025

Performance

-2.55% 1W	1.86% 1M	-14.76% 3M
-6.49% 6M	-16.24% YTD	4.12% 1Y