

October 2024

# NJ CAR Energy Program



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# Agenda

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Intro/History



Market Update



Pricing Factors



# Energy Market Update

- NJ - Electric Rates are UP
- Natural Gas Market Trends
- Infrastructure & Grid Upgrades – What's the Cost?
- Future Outlook



# PJM Electricity Market - New Jersey Cost to Compare



## Spring 2023

Utility Supply Rates had mostly run flat through the pandemic 2020 - 2023

JCP&L	\$0.0940	
AECO	\$0.0991	
PSE&G	\$0.10 - \$0.14	Monthly Variable Rate
R&O	\$0.1195	

## Spring 2024

Utility Supply Rates jumped on average by 20% June 1<sup>st</sup>

JCP&L	\$0.1116	
AECO	\$0.1360	
PSE&G	\$0.12 - \$0.15	Monthly Variable Rate
R&O	\$0.1435	



# NYMEX History – 3 Years

New York Mercantile Exchange – Natural Gas



This chart shows the major volatility seen in 2022 during the Ukraine War sending the NYMEX north of \$10. Not seen in 20 plus years.



# NYMEX History – 2024

## New York Mercantile Exchange – Natural Gas



This chart shows the cyclical movements with Nat Gas with Summer season kicking in May and then again end of September w/ Hurricane Season.



# What Factors Drive Current Energy Prices



**Weather**



**Geopolitical**



**Economy Forecast**



# Weather

- Hurricane Season

- 2024 season to date consisted of 13 named storms. 5 of which made landfall and impacted the south and portions of the east coast
- Current modelling suggests a low threat to the US through the next couple of weeks
- While very rare, tropical storms can and have formed in the month of November. With very warm waters still present across the Caribbean, an impactful storm cannot be ruled out during the final month of hurricane

- Weak La Nina Winter Forecast – Mild Winter?

- Weaker La Nina signal this winter means that we would have a milder dominant winter, and any cold spells will be brief





# Geopolitical

- On going Wars in Gaza and Ukraine
  - Ukraine War is a nonfactor at this point and has already been absorbed by the market
  - Fear of the loss of Iranian crude exports have woken oil prices up from a 2024 slumber. But the market breathed relief on Monday when news suggested Iran's oil fields were safe ... for now.
  - Iran only accounts for the around 2% of the current global oil demand
  - Iranian oil production has not been under threat – until now. A larger threat to global supply lies in the potential for shutting down the Straits of Hormuz.
    - Middle East is a major supplier to Asian markets, therefore any disruption to the Straits of Hormuz in the Persian Gulf could have global pricing implications



# Economy Forecast

- GDP Up 3% - has been positive since Covid
- Employment remains strong / Unemployment currently at 4.1%
- Inflation has been flat at 2.5%
  - Continued Fed Rate cuts point to an increasing healthier economy.
  - Another  $\frac{3}{4}$  of a point cut puts the yield curve back to normal
- Regardless of headlines, the Economy remains strong
- Rate Cuts will help a strong economy stay that way with minimal risk of recession



# Contact Information

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