



2020/2021 Winter Energy Market Assessment

October 2020



10/15/2020

Key Findings

- COVID-19 is expected to continue to impact the natural gas, electric and crude oil markets this winter.
- All NERC Planning Regions expect available generation to exceed planned reserve margins this winter.
- Northeast electric and natural gas supplies are expected to be constrained while California is expected to see electric market over-supply conditions and a potentially constrained natural gas market this winter.
- NOAA forecasts above-normal temperatures for most of the country and below normal temperatures for parts of the Northwest and Upper Midwest.
- Natural gas futures prices for the winter are higher across the U.S. from last winter.
- Natural gas production and demand is expected to decline by 3% from last winter.
- Beginning of winter storage inventories are forecasted to reach near 4 Tcf.

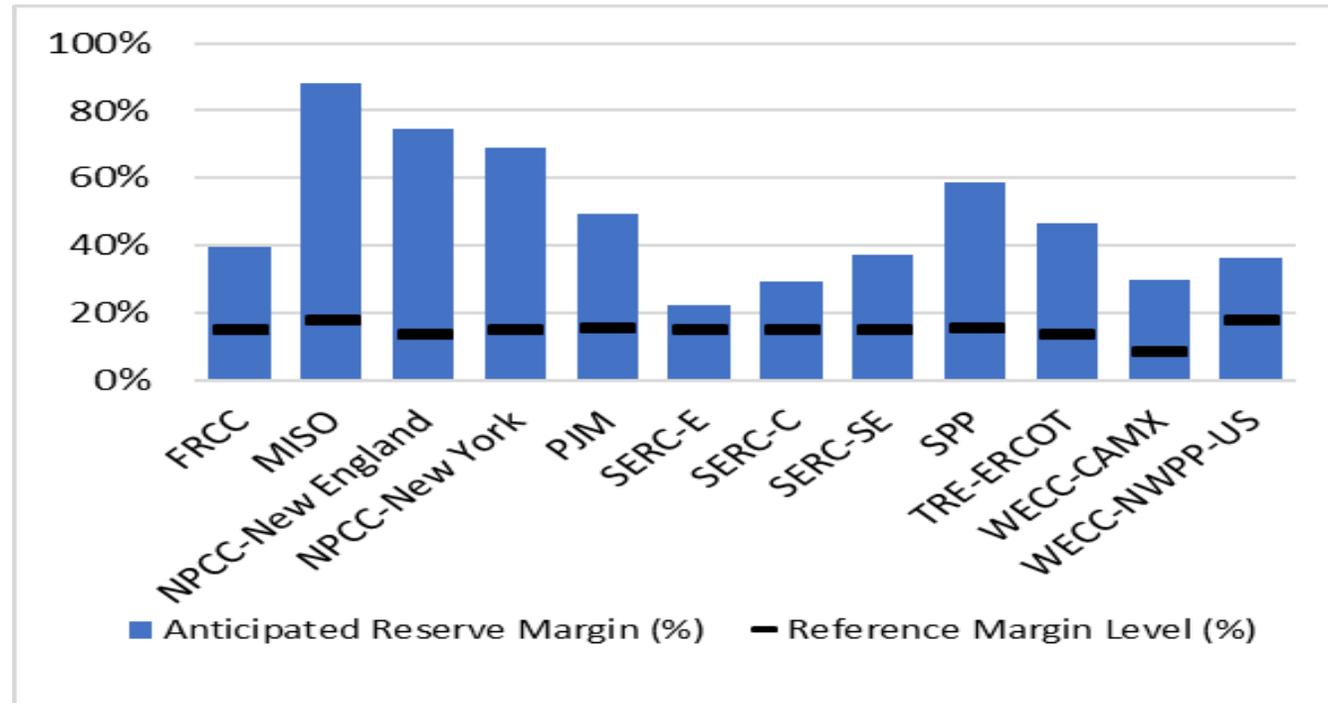


Seasonal Preparation and Winterization

- The COVID-19 pandemic impacted the supply and demand for natural gas, crude oil and electricity this past spring and summer. While all three markets are beginning to recover, COVID-19 is expected to continue to impact those three markets this upcoming winter.
- Many maintenance tasks delayed by COVID-19 during spring have now been completed during a compressed fall schedule.
- New procedures following Center for Disease Control guidance including use of Personal Protective Equipment and social distancing have been implemented for event response and utility maintenance activities.
- The 2019 FERC and NERC Staff Report, *The South Central United States Cold Weather Bulk Electric System Event of January 17, 2018*, provides recommendations for utilities on adequate winterization and seasonal preparations of BPS facilities.
- The NERC Reliability Guidelines on *Fuel Assurance and Fuel-Related Risk Analysis for the Bulk Power System and Generating Unit Winter Weather Readiness* recommendations also can be applied.



Available Generation Should Exceed Reserve Margins This Winter



Source: North American Electric Reliability Corp.



Regional Market Spotlights

- **Northeast**

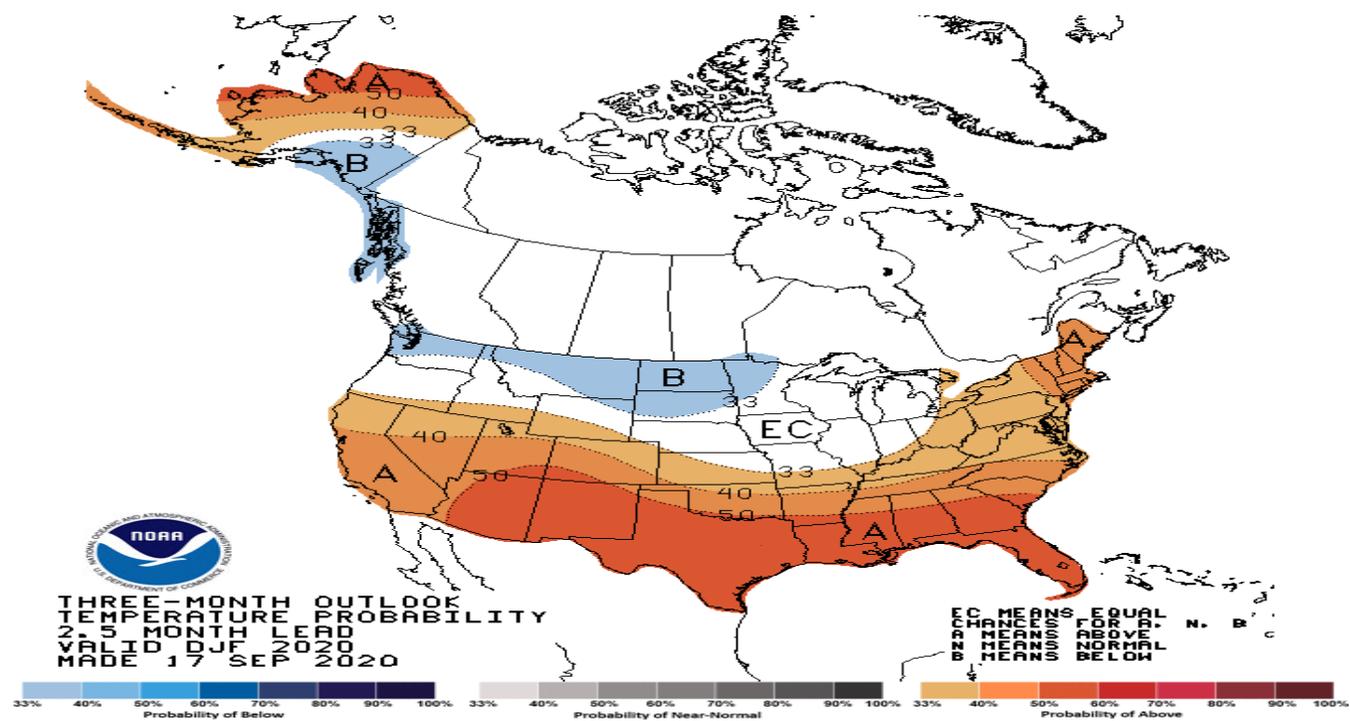
- Northeast markets are expected to be constrained again this winter.
- New England remains the area of greatest risk of fuel shortages and market related stress.

- **California**

- Electric markets are expected to experience over-supply conditions this winter.
- Recent natural gas pipeline outages have been resolved, increasing regional pipeline capacity.
- However, ongoing maintenance, reduced storage capacity, falling supply from nearby production areas are may lead to pipeline congestion this winter.



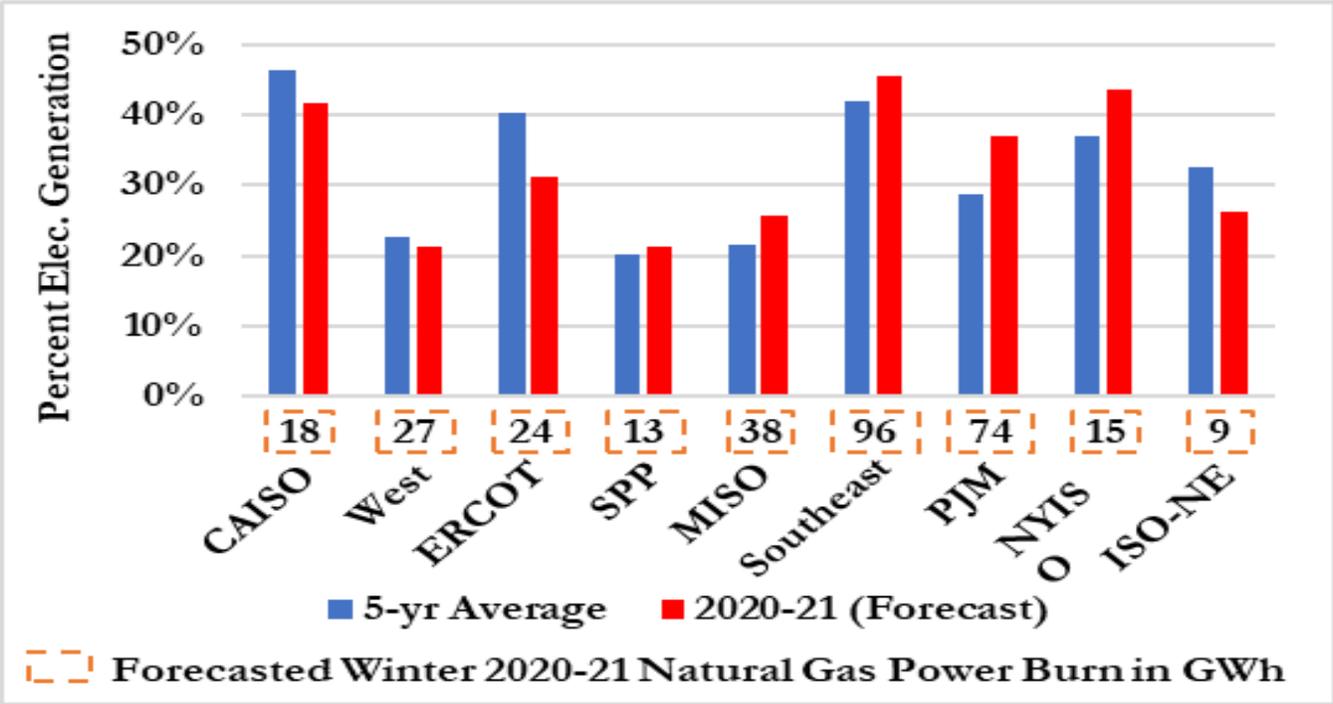
Above Normal Temperatures Are Forecasted for Most of the U.S. This Winter



Source: National Oceanic and Atmospheric Administration



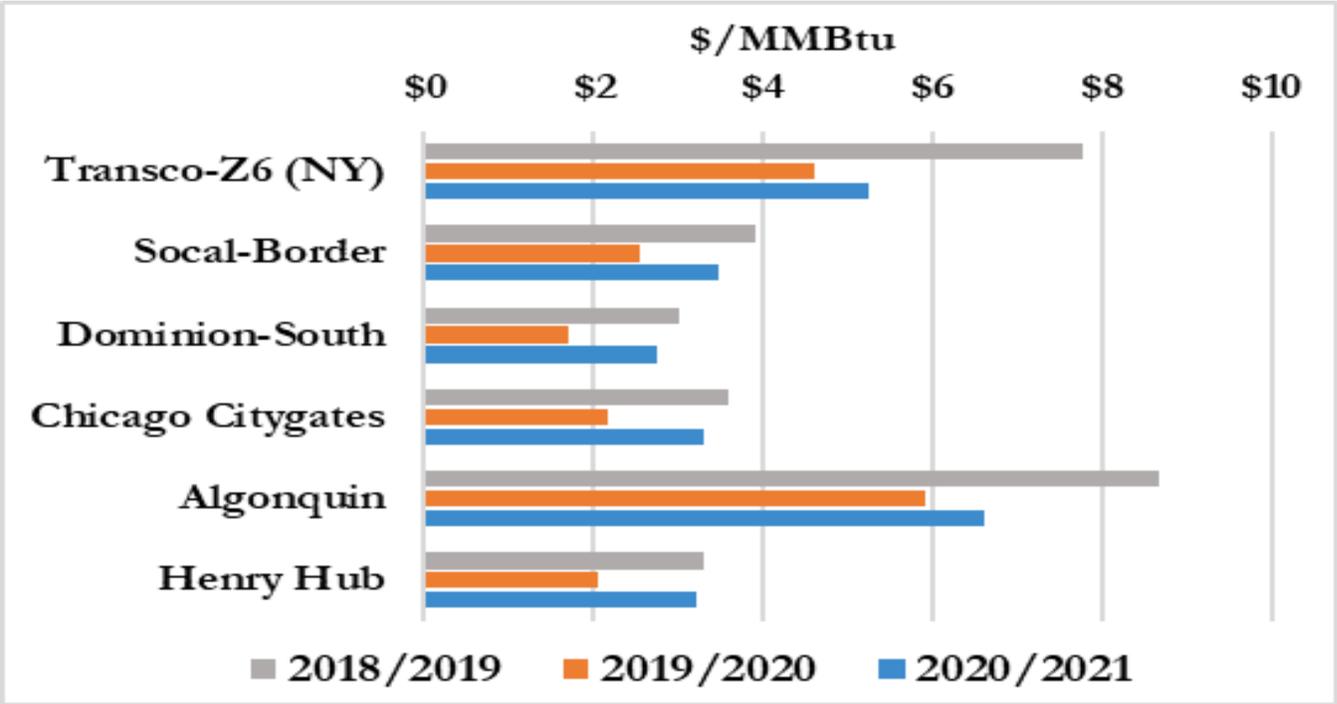
Natural Gas Expected To Provide 34% Of Total U.S. Net Generation This Winter



Source: U.S. Energy Information Administration



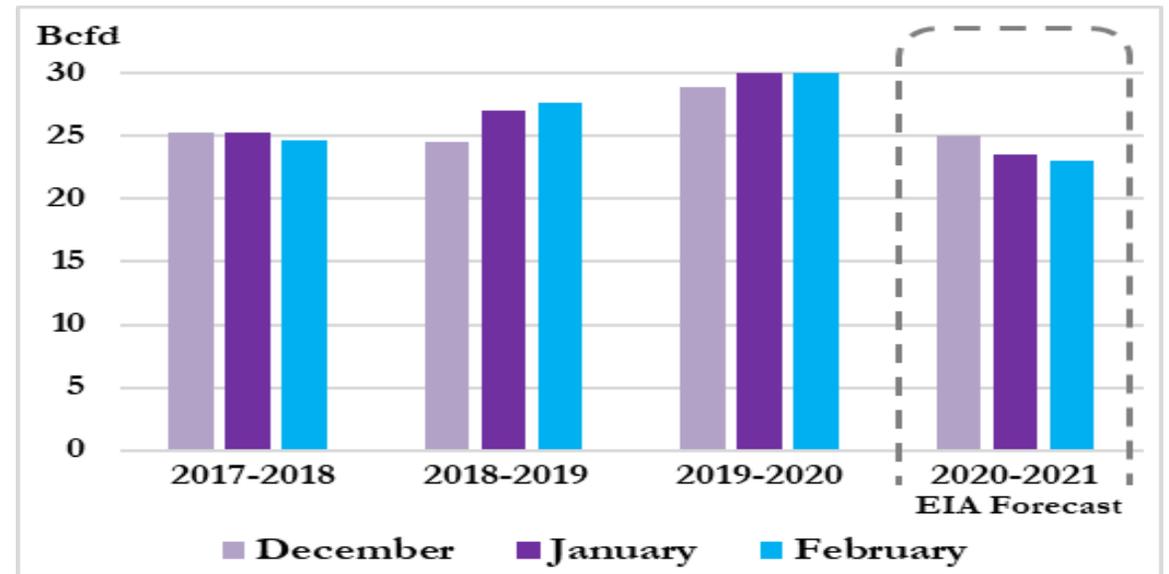
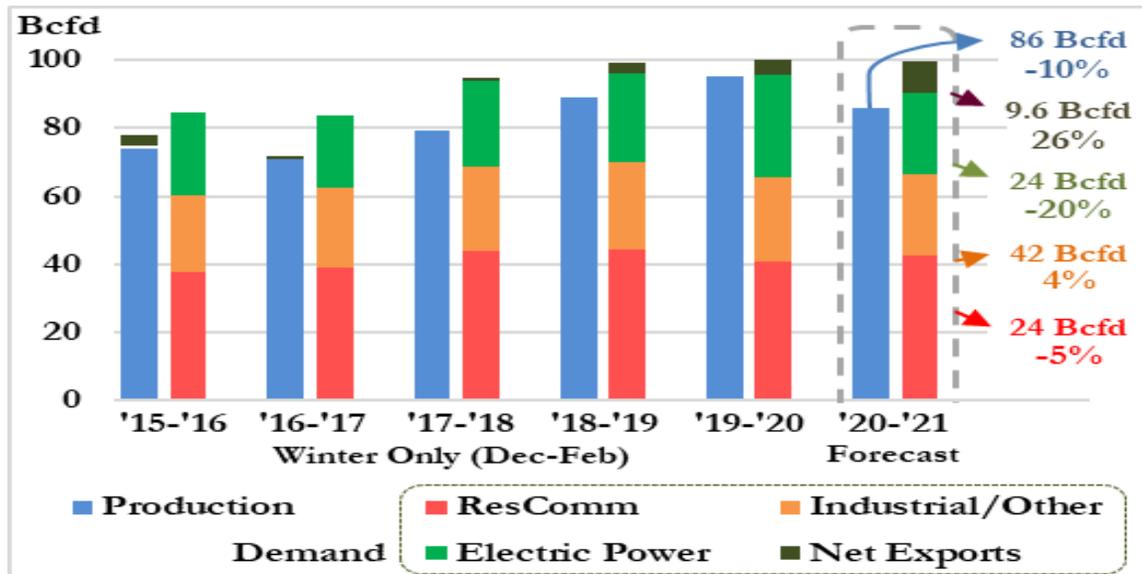
Natural Gas Futures Prices Are Higher Than Last Winter



Source: InterContinental Exchange, Inc.



Natural Gas Production And Demand Are Expected To Decline This Winter

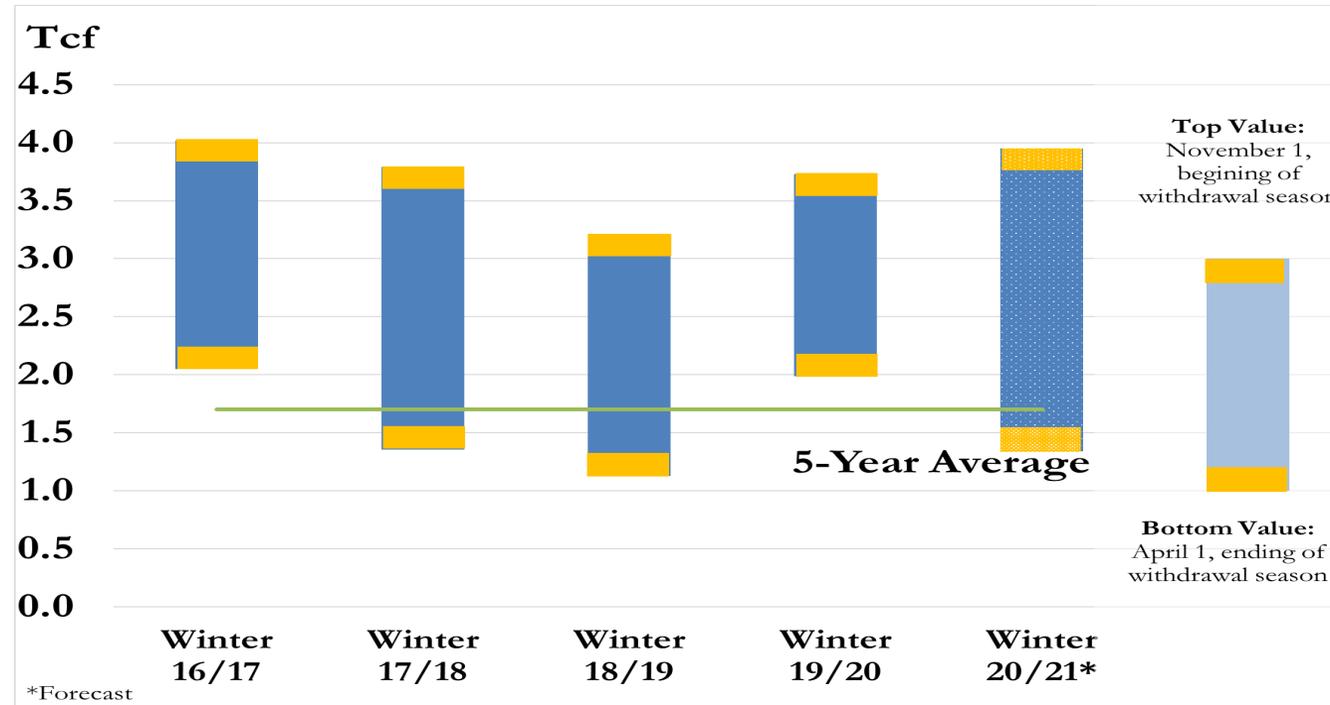


Source: U.S. Energy Information Administration

Source: U.S. Energy Information Administration



Natural Gas Storage Inventories Forecasted to Reach Near 4.0 Tcf



Source: U.S. Energy Information Administration



2020/2021 Winter Energy Market Assessment

October 2020

Market.Assessments@ferc.gov



10/15/2020