# Data Driven Analysis : PJM Tracker: Feb prices double on year, driven by cold weather, surging gas

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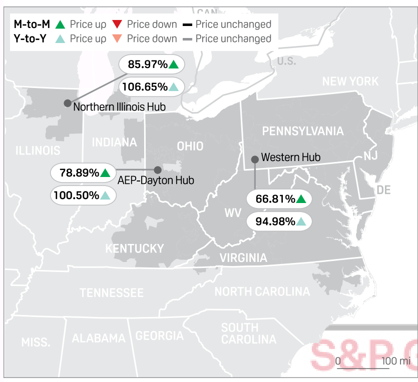
- April forwards follow **gas** higher
- **Coal** 's share nears **gas** , **nuclear**

Colder weather, heavier loads and surging natural **gas** prices about doubled **PJM** day-ahead on-peak locational marginal prices this February, compared with February 2020, and this February's prices were also much higher than this January. April on-peak power forwards also strengthened alongside **gas** forwards.

Power prices at three geographically dispersed **PJM** hubs ranged in the mid-$40s/MWh this February, up from the low to mid-$20s/MWh in February 2020 and up from the mid-$20s/MWh this January, according to S&P Global Platts data.

PJM DAY-AHEAD ON-PEAK POWER PRICE CHANGES






DAY-AHEAD ON-PEAK AVERAGE PRICE COMPARISON ($/MWh)

| Location | Feb-21 | Jan-21 | Feb-20 | MtoM | YtoY |
|---|---|---|---|---|---|
| PJM AEP-Dayton Hub | 46.86 | 26.19 | 23.37 | 20.66 | 23.49 |
| PJM Northern Illinois Hub | 45.95 | 24.71 | 22.23 | 21.24 | 23.71 |
| PJM Western Hub | 45.34 | 27.18 | 23.26 | 18.16 | 22.09 |

Source: S&P Global Platts

Although population-weighted heating-degree days were about 6.3% fewer this February than this January, this February's HDDs exceeded February 2020's HDDs by more than 28%, according to CustomWeather Data.

The population-weighted average daily low temperature this February, at 24.6 degrees Fahrenheit, was 1.1 degrees milder than this January's 23.5 degrees F, but 21.1.6% cooler than February 2020's 31.4 degrees F.

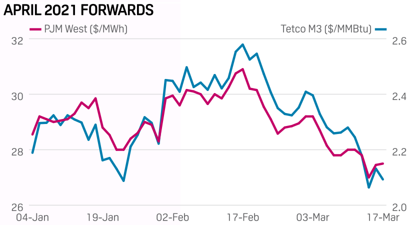
Loads were substantially higher both on the month and on the year. This February's daily peakload averaged 107.6 GW, up from this January's 104.6 GW and February 2020's 99.6 GW.

At the **Texas** Eastern M3 pipeline, spot natural **gas** averaged $4.88/MMBtu this February, up 71.1% from this January's $2.852/MMBtu and about 2.7 times February 2020's $1.764/MMBtu.

## Forward markets

**PJM** 's April on-peak forward prices showed similar strength this February, following **gas** forwards higher, even as the National Weather Service's Feb. 18 forecast for March, April and May indicated increased chances – 33% to 50 % -- for milder-than-normal temperatures throughout the **PJM** footprint.

PJM REGION ON-PEAK POWER AND NATURAL GAS APRIL 2021 FORWARDS



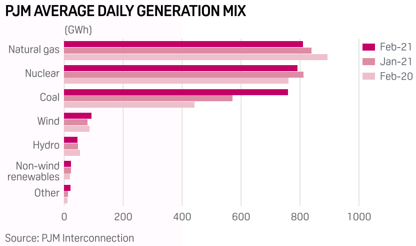

Source: S&P Global Platts

**PJM West Hub** April 2021 on-peak packages averaged around $29.80/MWh this February, up 3.2% from this January's $28.90/MWh and up 14% from the $26.15/MWh that April 2020 on-peak power averaged in February 2020.

Tetco M3 April 2021 **gas** averaged $2.449/MMBtu this February, up 8.9% from this January's $2.248/MMBtu and up 47.9% from the $1.656/MMBtu that April 2020 **gas** averaged in February 2020.

## Generation mix

Such strong spot **gas** prices allowed **coal** -fired generation to increase its share at the expense of **gas** -fired and **nuclear** generation this February, compared with this January and February 2020.




However, **coal** ’s share, at 29.8%, remained in the No. 3 slot, following **gas** ’ 31.9% and **nuclear power** ’s 31.1%.

**Coal** ’s share was 23.9% this January and 19.5% in February 2020.

**Gas** ’ share was 35.2% this January and 39.4% in February 2020.

**Nuclear** ’s share was 34% this January and 33.6% in February 2020.

**Wind power** ’s share was 3.6% this February, up from this January’s 3.3%, but down from February 2020’s 3.8%.