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News : US POWER TRACKER: ISO New England power prices jump about 150% on year in July

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- Higher demand, **gas** prices drive up power
- Winter **gas** prices could breach $30/MMBtu

ISO New England wholesale power prices in July jumped nearly 150% year on year on higher power demand and natural **gas** prices that surged about 134% from year-ago levels.

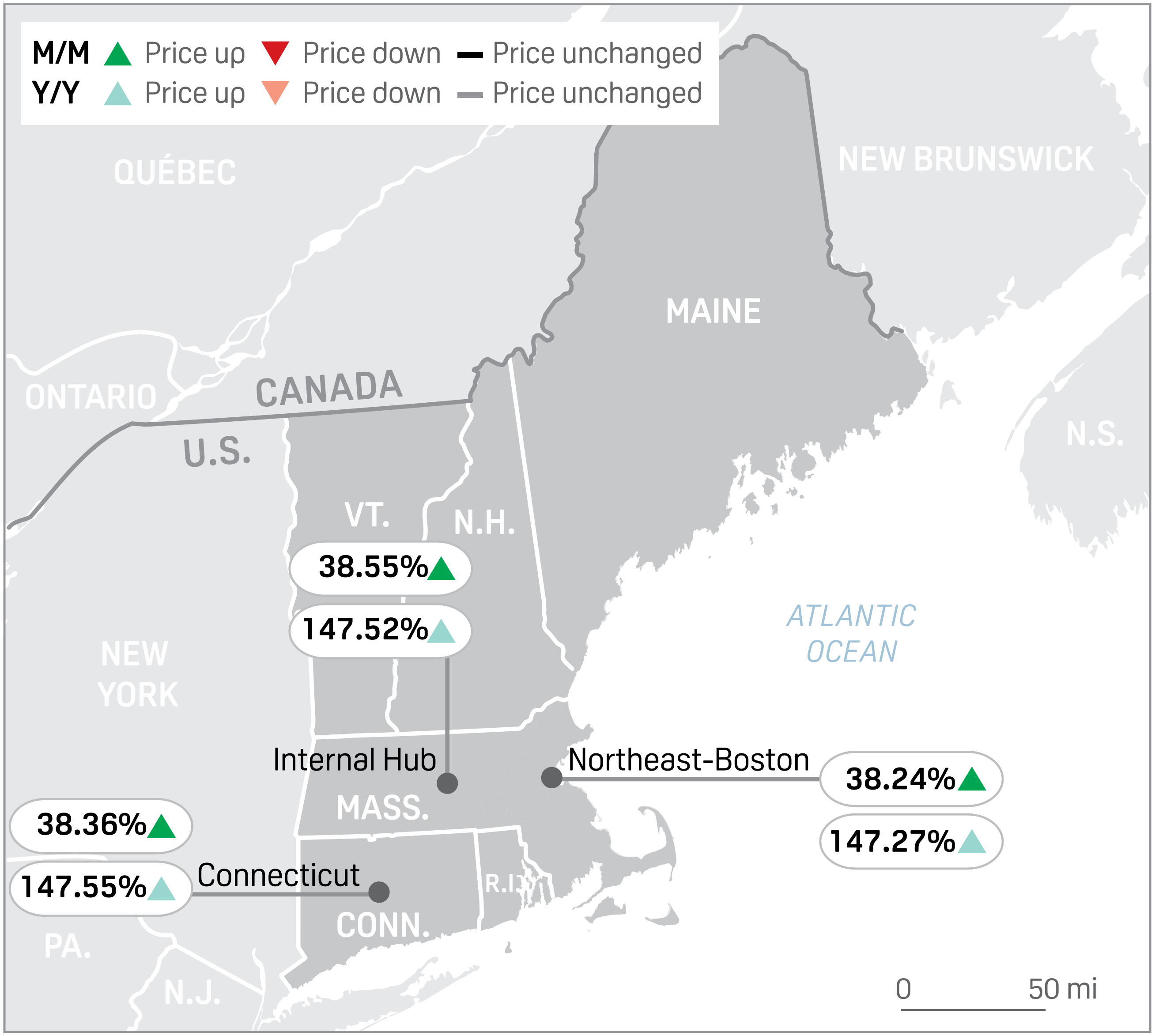
"With fuel prices expected to remain elevated through winter 2022/23, wholesale power prices will continue to have strong upside support," S&P Global Commodity Insights' power market analysts said in a recent research note.

ISO-NE Internal hub on-peak day-ahead power prices averaged $100.54/MWh in July, about 148% higher on year and 39% above June, according to ISO data S&P Global compiled. On-peak real-time power prices at the hub averaged $96.89/MWh in July, which was about 152% higher on year and 37% above June.

Boston hub on-peak day-ahead power prices averaged $101.48/MWh in July, about 147% higher than the July 2021 average of $41.04/MWh, and about 38% higher than June.

Connecticut hub on-peak day-ahead power prices averaged $99.23/MWh in July, which was nearly 148% higher on year and 38% higher than June. July real-time on-peak prices at the hub averaged $96.05/MWh, which was about 36% higher on month.

ISO NEW ENGLAND DAY-AHEAD ON-PEAK POWER PRICE CHANGES



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

Location	Jul-22	Jun-22	Jul-21	M/M	Y/Y
Connecticut	99.23	71.72	40.08	27.51	59.15
ISO-NE Internal Hub	100.54	72.57	40.62	27.97	59.92
Northeast Mass-Boston	101.48	73.41	41.04	28.07	60.44

Source: S&P Global Commodity Insights

Spot natural **gas** prices at the Algonquin **Gas** Transmission city-gate averaged $7.53/MMBtu in July, roughly 134% above the July 2021 average of $3.22/MMBtu, and 3.7% higher than June.

"Natural **gas** prices at [the **Algonquin city-gate**] are projected to trend in the $6/MMBtu to $7/MMBtu range through the summer and into the fall before climbing into double digits over the winter," S&P Global analysts said.

ISO-NE peakload averaged 19,607 MW in July, 26% above the June average of 15,562 MW and 12% higher on year, according to ISO data.

Power demand was pulled up by warmer weather and increased cooling demand. The average July high temperature in **ISO-NE** territory was 83.8 degrees Fahrenheit compared with an average high of 74.7 F in June, according to CustomWeather data.

Accordingly, the average cooling degree days rose to 10.6 in July from just 3.1 in June.

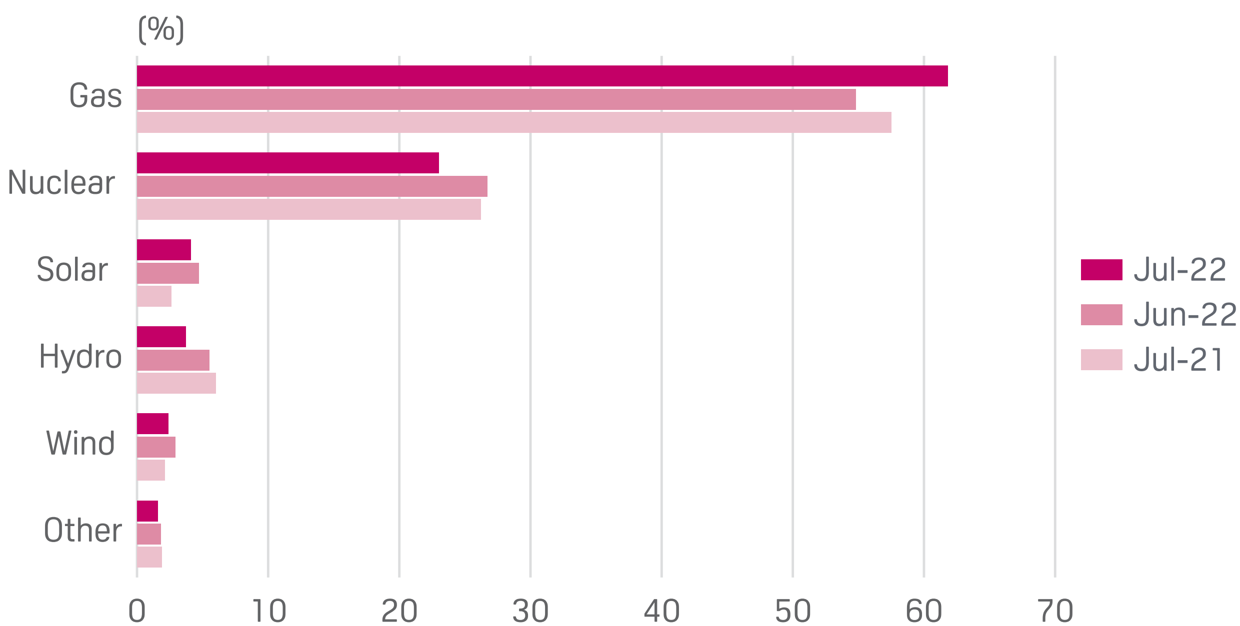
Power generation fuel mix

"**Gas** -fired generation, generally the marginal resource in **New England** , surged in July to meet the incremental power demand," S&P Global said, adding that "**we** estimate that **gas** -fired generation increased more than 20%, year on year, in July."

Gas -fired power accounted for 61.8% of the ISO's July fuel mix, up from 54.8% in June and 57.5% a year ago, according to **ISO-NE** data.

Nuclear power accounted for 23% of the July fuel mix, down from 26.7% in June and 26.2% in July 2021.

ISO-NE POWER GENERATION FUEL MIX COMPARISON



Source: ISO-NE

Hydropower also decreased, accounting for 3.7% of the July fuel mix, down from 5.5% in June and 6% a year ago.

Solar power accounted for 4.1% of the fuel mix in July, down from 4.7% in June but up from 2.6% a year ago. And **wind power** accounted for 2.4% of the generation mix in July, down from 2.9% in June and up from 2.1% a year ago.

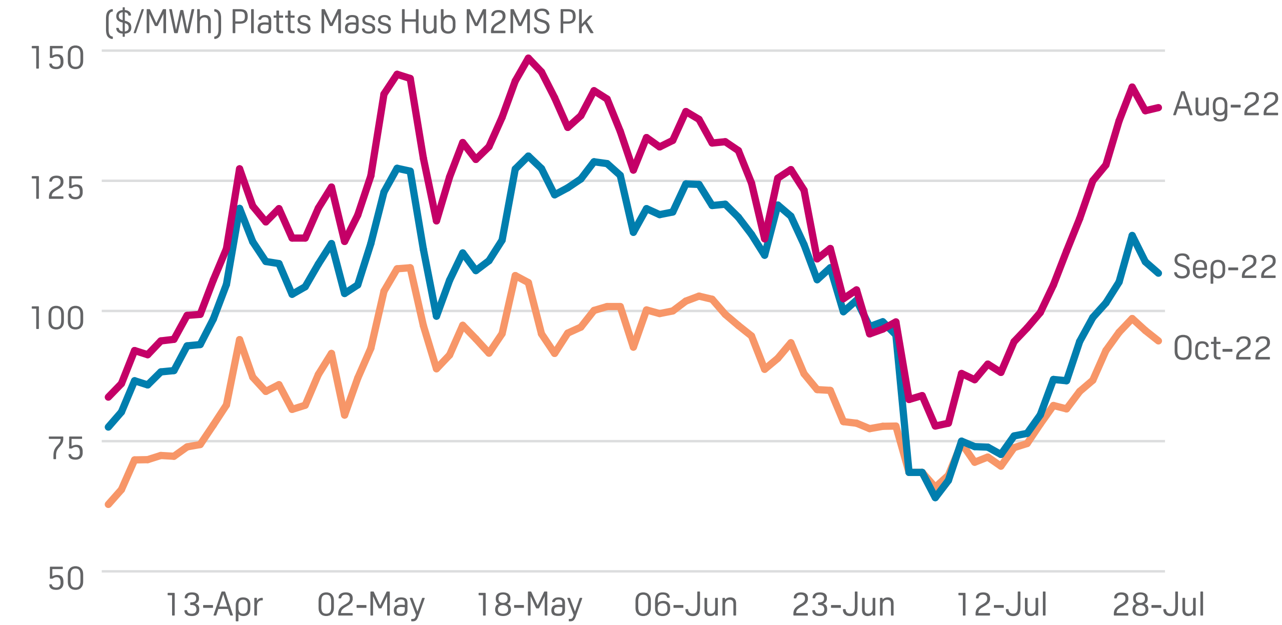
"Propelled by large offshore **wind** development, **wind** 's share of the regional generation mix is projected to rise from 4% in 2022 to 15% by 2027," S&P Global analysts said.

Forward power, gas prices

Forward power prices peaked in August during July trading, with the **Mass Hub** on-peak contract averaging $106.72/MWh, about 117% higher than the year-ago average of $49.14/MWh, according to Platts M2MS data.

Forward power for September averaged $87.08 in July trading, about 104% higher on year and 3.2% lower on month. And forward power for October at the hub averaged $81.14/MWh, about 94% higher on year and 5.4% lower on month.

ISO NEW ENGLAND FORWARD POWER PRICES



Source: Platts M2MS

"On-peak power prices in **New England** are projected to average in the mid-$80s/MWh in 2022 and around $80/MWh in 2023 before sliding back into the $50s/MWh in 2024 through 2027," according to the research note.

Forward **Algonquin city-gate gas** prices for August averaged $6.99/MMBtu in July, roughly up 105% from the year-ago average of $3.42/MMBtu. Forward **gas** at the hub for September averaged $6.55/MMBtu during July trading, nearly 112% higher on year, and forward **gas** for October averaged $6.67/MMBtu, about 112% higher on year.

"With limited natural **gas** import potential into the region in the winter, delivered natural **gas** prices are at risk for extreme pricing," the S&P Global analysts said, adding, "**we** project natural **gas** prices eclipsing $30/MMBtu in January and February before easing back into single digits by April 2023."