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The SAVINGS Spark

Cost Control
Associates, Inc.

Cost Control Associates helps your organization reduce and better manage your energy, waste removal and telecom expenses. This monthly newsletter shares industry-related news, tips and updates.

Summer 2020



The Impact of COVID on Energy Pricing

Now is the Time to Buy

Energy is vital to your organization's success, and energy pricing has a direct impact on your bottom line. Summertime usually means higher electricity prices. Natural gas prices often rise during the winter. But during the pandemic, none of the traditional rules apply. [Act now to learn how you can lock in lower energy pricing.](#)

[Take a Closer Look](#)

Energy Procurement Report

August 2020

Electricity Pricing

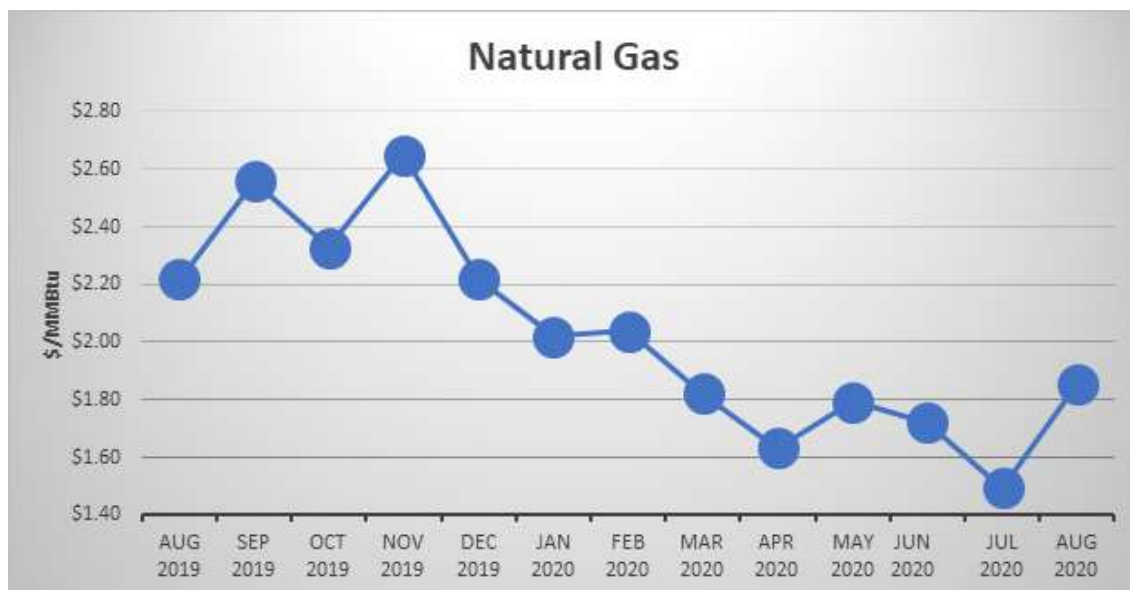
The [Energy Information Administration \(EIA\)](#) forecasts 3.6% less electricity consumption overall in the U.S. in 2020, compared to last year. So far in August 2020, net electricity generation fell in the U.S. by 7.6% and consumption fell by 7.4% in the commercial sector, the largest decline per sector on a percentage basis. This is mostly due to the effects of COVID-19. If demand for electricity remains low, especially in the commercial sector, prices will remain lower than normal. If the economy starts to rebound and the commercial sector sees increased demand, there will be a significant impact on overall price.

The EIA reports that, in the first half of 2020, natural gas-fired electricity generation increased by 9% as compared to the first half of 2019. This is due to lower natural gas costs induced by the pandemic.

Natural Gas Pricing

Through July 2020, the Henry Hub natural gas spot price averaged \$1.77 per MMBtu. The EIA expects prices will rise through the end of 2021 with the sharpest increases during fall and winter. EIA estimates there will be an increase from an average of \$2.11 per MMBtu in September to \$3.14 per MMBtu by February 2021. U.S. production levels are expected to remain low through 2021, but demand is beginning to rise in the commercial and industrial sectors. Therefore natural gas prices will likely stabilize as the economy continues to recover. EIA forecasts that Henry Hub natural gas spot prices will average \$2.03/MMBtu in 2020 but rise to an average of \$3.14/MMBtu in 2021.

The following graph shows pricing over the past year.



Summer Gasoline Prices

The EIA predicts gasoline prices will gradually decrease through the summer to an average of \$2.04 per gallon in September, and then fall to an average of \$1.99 per gallon for the fourth quarter. The same forecast shows gasoline retail prices will average \$2.23 per gallon in 2021, compared to an average of \$2.12 per gallon for 2020.

Natural Gas Storage Levels

The EIA data released August 6, 2020, shows that U.S. underground natural gas storage inventories increased by 33 Bcf with total storage now at 3.274 Tcf. The injection of natural gas into storage was more than expected, and storage levels now stand at 22.5% above last year's number. That's 15% higher than the five-year average.

Despite higher than expected storage levels, the NYMEX Henry Hub September futures contract increased to \$2.22 following the report. This was the result of forecasts that storage will not hit the 4

Tcf mark by the end of 2020 because of increased demand and decreased production.

Improve Your Bottom Line

Cost Control Associates offers utility cost management solutions that will improve your bottom line without burning up your precious time or manpower.

FREE SERVICES:

- **Quick Analysis** of your utility bills to look for errors and savings opportunities
- **Expert Energy Contract Review** of your existing energy supply contracts
- **20-minute Consultation** to talk about your organization's specific situation



Contact Regional Manager [Jason Checkla](#) at 518-798-4437.

[Learn more about our services.](#)



Get the Industry Expertise You Need

Cost Control Associates is an independent consultant that helps businesses and organizations pay less and understand more about their utility expenses including energy, water/sewer, waste removal and telcom. We've been doing it almost 30 years, and our experience shows. Client satisfaction is our top priority!

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