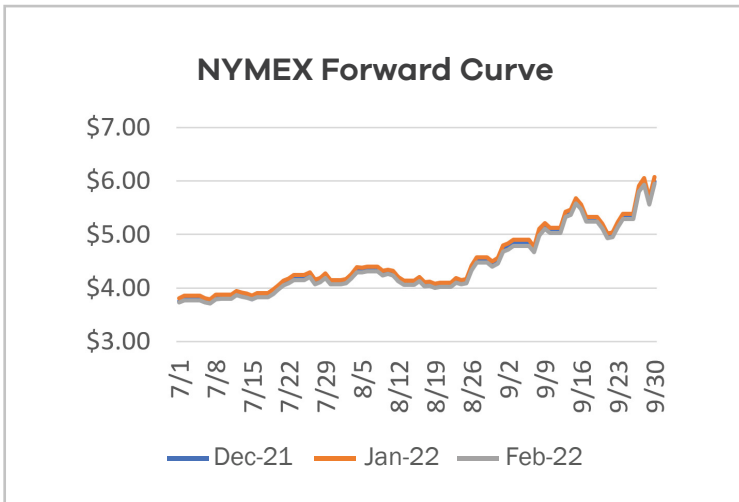


News From Gas South

Gas South completed the [acquisition of Infinite Energy](#) in January of 2021. This growth expanded our service territory to 14 states from Texas to Virginia, making us the largest retail gas marketer in the Southeast.



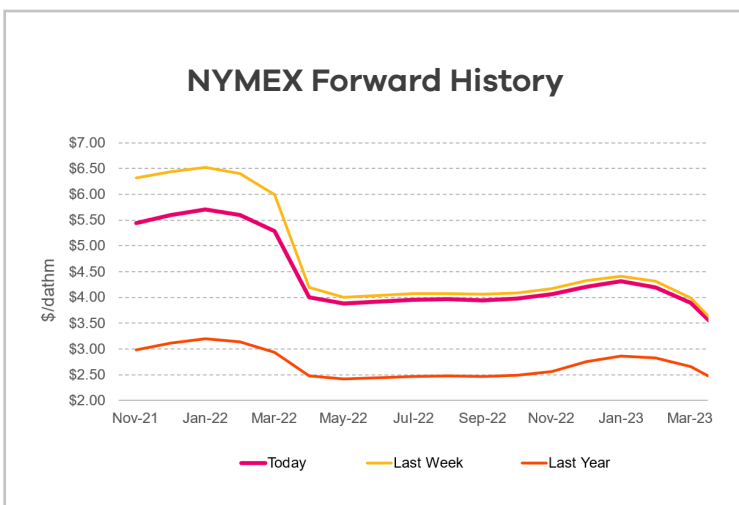
As we move through October, the steady upward march in NYMEX natural gas prices is forecast to last through the heating season.

\$5.81/MMBtu

NYMEX prices are at their highest levels since early 2014

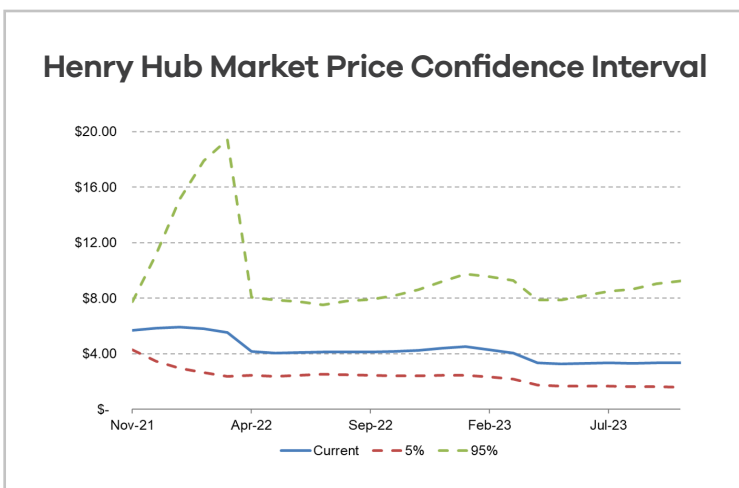
\$5.20-\$6.30/MMBtu

November contracts have varied wildly due to heightened market volatility



Though the forward curve has retreated somewhat from the highs at the end of September, the NYMEX strip is trading significantly higher year-over-year.

The backwardation in the near-term curve will likely cause hedging of futures contracts to dilute the effects of impending higher prices.



\$20/MMBtu

Potential price at Henry Hub due to market extremes

[Click to learn more about the NYMEX and Henry Hub.](#)

Why are Prices Increasing?

Lagging Production

7% Decrease in production compared to pre-COVID-19 levels

Natural gas production has not fully recovered to its pre-COVID-19 output levels. Weather is partly to blame—when Hurricane Ida slammed the Gulf Coast, it caused a 50% production shutdown.

Insufficient Storage

15% Decreased inventory from 2020
3.29 Tcf Current nationwide stock

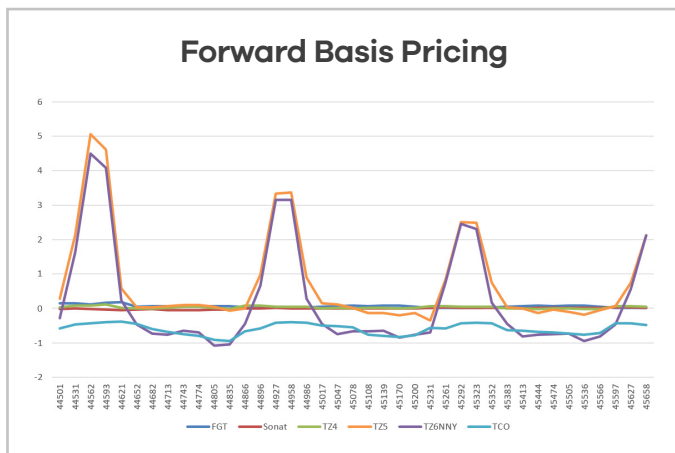
Competing sources of demand (cooling and LNG exports) are altering storage injection norms, with little economic incentive to inject for the upcoming season.

Lingering Heat & Seasonal Transitions

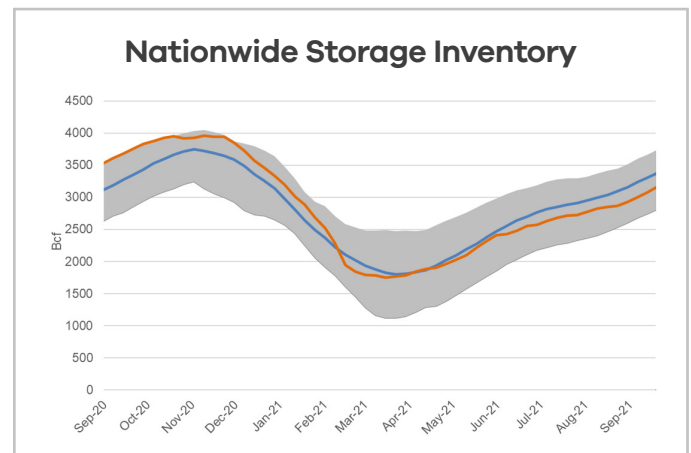
One of the warmest summers on record increased demand for gas-fired generation. And now, calls for early heating are creating price support.

Strong LNG Demand

A surge in global LNG demand (particularly in Europe and Asia) has caused an increase in the market price for LNG imports. This gives US LNG terminals incentive to run at high capacity.



Winter season premiums are expected to be steep in Transco Zones 5 and 6. Prices have increased amidst capacity project delays and recent market price pressure.



Storage inventory continues to lag the five-year average, but recent injections have helped narrow the gap.

September Temperature Variance

City	Week 1	Week 2	Week 3	Week 4
Atlanta	-2.9	-1.5	-2.8	-2.8
Birmingham	-2	-0.3	-2.9	-3.9
Charlotte	-3.2	-0.4	0.9	-3
Miami	-2.3	0	-1.2	-1.1
Richmond	-3.5	1	-3.6	-2.7
Tampa	0.3	-0.4	0.5	1.4

September temperatures remained near average across the Southeast, although the month ranked the fifth warmest on record in the contiguous U.S.