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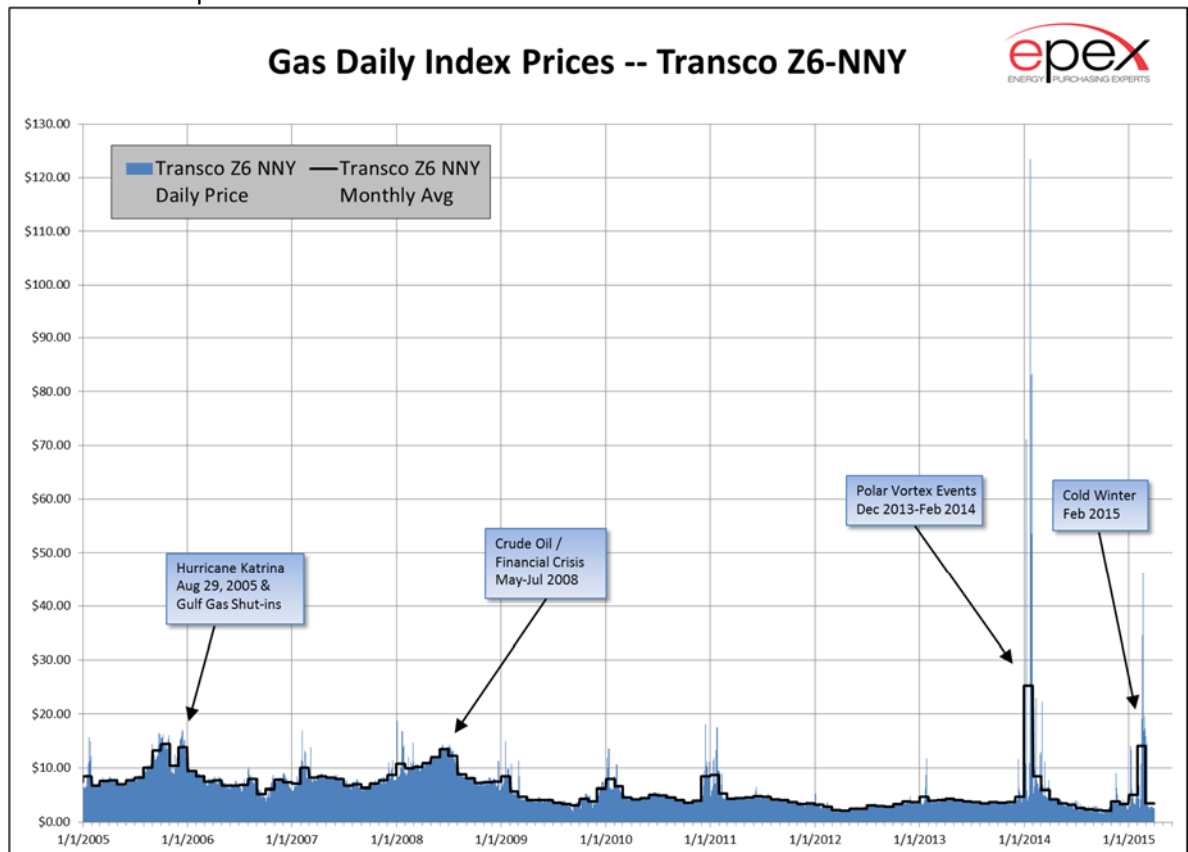
JUNE, 2015

CCNJ ENERGY PURCHASING PROGRAM & ANNUAL MARKET UPDATE

1. Polar Vortex Redux: Winter Electricity and Natural Gas Prices Spike Again

By early February 2015, memories of the unprecedented spike in electricity and natural gas prices during the winter of 2014 had faded for many customers. Spot market energy prices had returned to normal levels and many experts were predicting that the 2014 winter prices were “a one-time anomaly.” Within a few weeks, that theory was disproven as frigid temperatures invaded much of the U.S. during February and March 2015. The 2014 market price “anomaly” had become a two-year event with the 2015 energy markets experiencing another large jump in prices. **Today’s conventional wisdom is that winter price premiums are here to stay.**

The Gas Daily Index Price chart below shows the impact of cold weather this winter on the daily natural gas market in 2015 compared to historical prices.

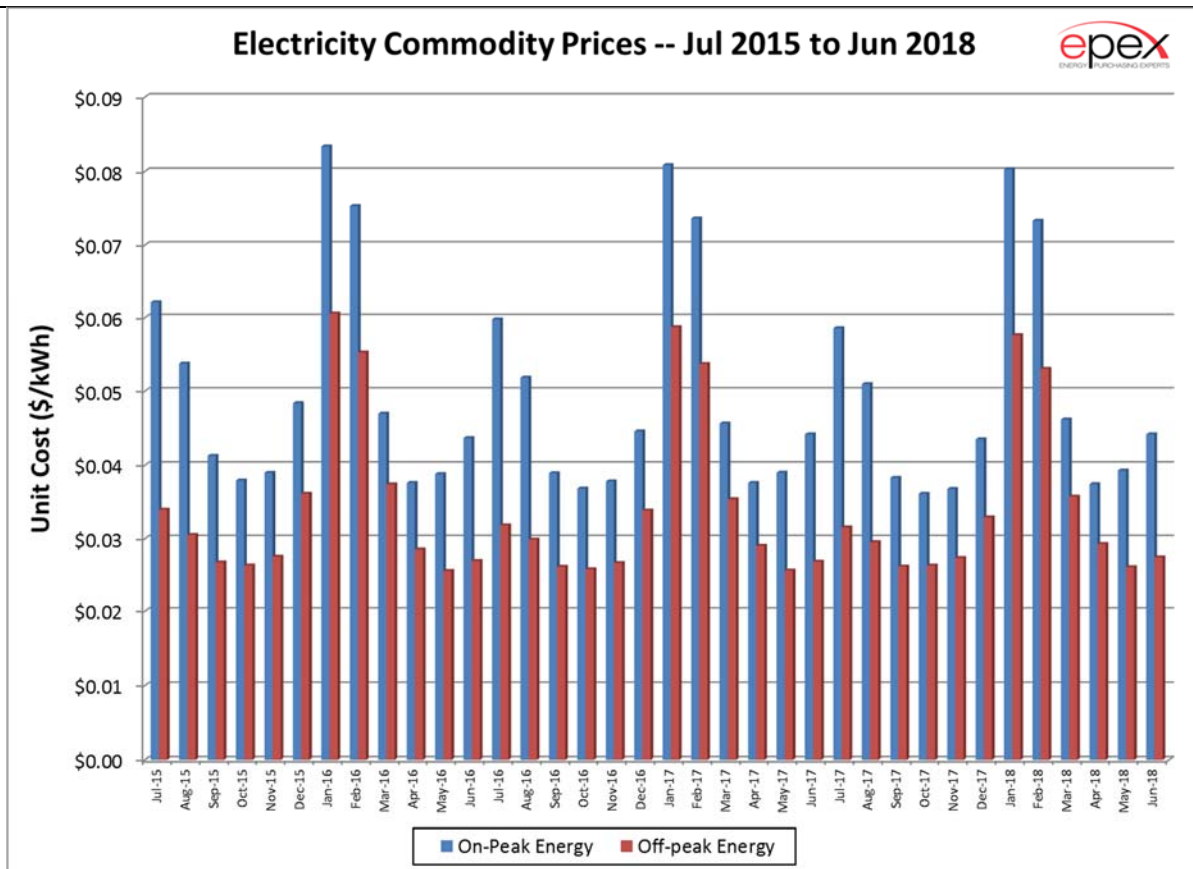


While the 2015 winter price spike was not as prolonged or as steep as the one experienced in 2014, it still caused an increase in winter futures market prices for 2016 and beyond.

Historically, retail customers could expect to pay the highest prices for electricity purchased in the summer months of July and August. The events of the past two winters have shifted the electricity price curve. A chart of monthly Energy Commodity Prices for the next three years is shown below.

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In today's market, winter on-peak electricity (shown above in blue) is now almost 33% higher than on-peak electricity purchased during the peak of the summer. Even more surprisingly, off-peak electricity in January and February (shown above in red) is now comparably priced with on-peak electricity in July and August.

After two consecutive winters with significant price spikes, it is unlikely that the energy price curve will return to its historical shape anytime soon. **EPEX has been working with participants of the CCNJ Energy Aggregation Program to develop strategies to mitigate the financial impact of this market modification.** Feel free to contact EPEX to discuss how your company may benefit by using these strategies.

2. PJM Capacity Performance Changes: Expect to Pay More for Electricity

One of the required components of electricity supply in the PJM Interconnection is capacity. Capacity is the reservation charge paid to generators for having electricity available to supply customers in the future. Customers are charged for capacity based on their individual peak load contribution to the PJM system peak demand during the five highest usage hours of the year, and the PJM zonal capacity price which is set by auction. PJM holds an annual auction to set the zonal capacity price three years in advance. This capacity market design provides future price signals to generators to encourage the planning and development of generation resources to keep the power grid reliable.

In December 2014, PJM submitted a proposal to the Federal Energy Regulatory Commission (FERC) to establish a new capacity performance resource product to ensure that the market provides the proper incentives and penalties for the performance of capacity resources. The new capacity product will be implemented beginning in the 2016/17 PJM Planning Year (June 1st to May 31st) with the full phase-in completed by 2020/21. **This proposed change to a capacity performance**

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product could mean a significant increase in the zonal capacity price. Some estimates of the financial impact of the change predict a doubling of capacity prices in 2016/17/18.

PJM attempted to implement this change for the annual 2018/19 capacity auction in May 2015, but FERC did not approve the initial PJM filing. PJM requested and was granted a delay in this year's capacity auction until a FERC ruling on a revised PJM proposal is finalized. The FERC ruling is expected by June 2015. According to the revised PJM schedule, the delayed capacity auction will take place no later than August 10, 2015.

We expect that this change in the capacity market will have a significant financial impact on all retail electricity customers in New Jersey as soon as 2016. **A capacity cost increase of the magnitude predicted would result in an electricity cost increase of \$0.005/kWh to \$0.01/kWh for most New Jersey customers.**

If you would like to discuss the impact of capacity performance on your specific account, please feel free to contact EPEX.

3. Expanded CCNJ Energy Consulting Services: Natural Gas Procurement

In response to the recent volatility in the energy markets, EPEX, the CCNJ's Electricity Procurement Consultant, is now offering natural gas procurement services for member companies.

We have recently discovered that many member companies are either purchasing natural gas supplies from their regulated utility or have been renewing their existing competitive supply contract without a competitive bid process. We are happy to report that EPEX is now able to offer CCNJ members with natural gas procurement consulting services that will result in the most competitive natural gas supply prices. Interested companies should contact John Kaufman (EPEX) at 610.321.2711 or via email JKaufman@epex.cc with copies of their most recent natural gas invoices.

4. Market Volatility: What can you do to manage your company's electricity price risk?

The Chemistry Council of New Jersey's Energy Aggregation Program provides participating members with unique opportunity to manage their energy price risk through a variety of product choices, and independent expert advice. Members are able to choose from a full range of supply structures, from 100% Fixed-Price to Block-and-Index with Incremental Block purchases. EPEX, the consultant for the Program, continually monitors energy market conditions on behalf of the participants, and works directly with each individual CCNJ company to recommend when to make energy purchases in order to meet the company's goals.

More than 40 members of the Chemistry Council of New Jersey have participated in the energy aggregation program since its inception in 1999, and collectively have saved more than \$100 million on energy costs. This past winter those savings were increased by more than \$5 million. Had a participating company bought its electricity directly from their regulated utility on the spot market, it could have seen their electricity bill spike by almost \$200,000 in 2014. However, in 2014, participating companies on average saved more than \$235,000 on their electricity bills.

Consider joining one of the largest industrial energy aggregation programs in the nation and start saving on your electricity bill today.

For more information about the CCNJ Energy Aggregation Program, contact John Kaufman (EPEX) directly at 610.321.2711 or via email JKaufman@epex.cc.