

### CBRE PERSPECTIVE – NORTHEAST

#### Electricity – Neutral

Summer has historically offered opportunities to fix prices at value levels (see Figure C).

- Current price quotes are below average and at the 45<sup>th</sup> percentile – meaning about 55% of the time one would expect prices to be higher.
- Non-commodity costs have spiked and represent a majority of the overall price, however, capacity costs are scheduled to fall
- Now is a **good opportunity** to purchase and/or review your 2018 contract status – call and we will put a strategy in place to take advantage of this opportunity

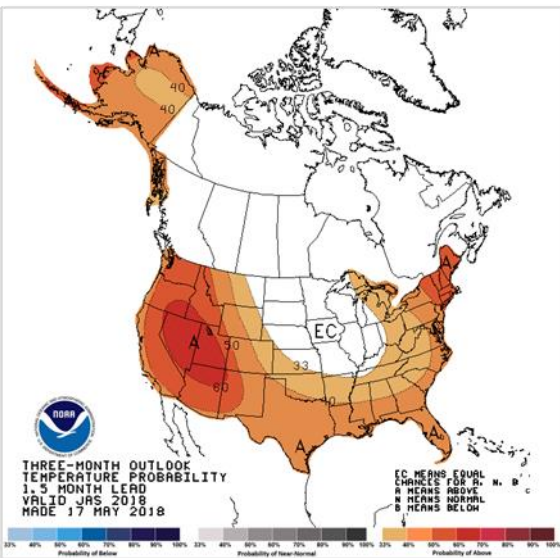


FIGURE B: Weather graph – deviation from normal

#### ELECTRIC PRICE

This Winter saw electricity price volatility return after 3 years of stability but quickly returned to the mean. Summer can still provide value.

- 3 out of the past 4 Summers had prices below the rolling average indicating a **value buy opportunity**
- Rolling 12 month average shows strong mean reversion – price spikes are short lived
- Current price quotes are in line with the rolling average and a **value** from a historic perspective

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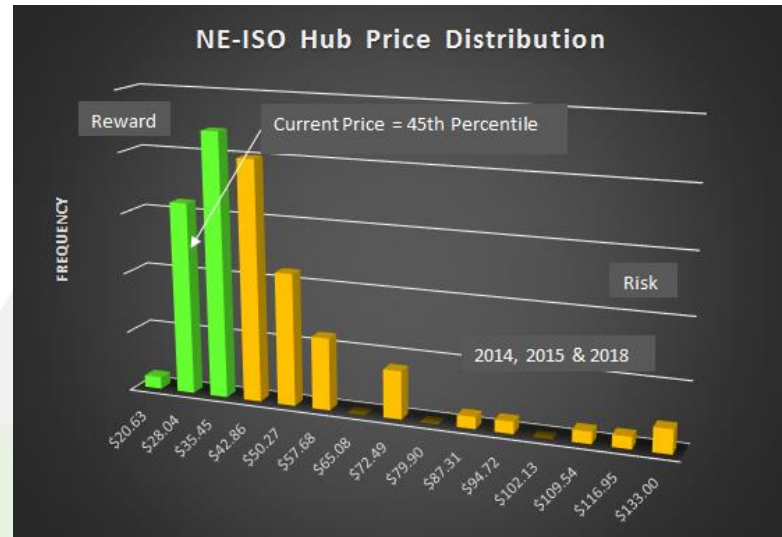


FIGURE A: Historic Price Distribution – Value Price in Green and Risk in Orange

#### WEATHER

Spring – cooler than normal temperatures continued from Winter into Spring.

- **Weather has started to break** – cold weather is diminishing and mild (and even warm) is setting in
- **Hot weather** may provide **price volatility** based on the price reaction to cold weather this past Winter
- NOAA forecast is projecting a higher probability for **warmer than normal Summer** – need to watch natural gas competition between injections and generation (Figure B)

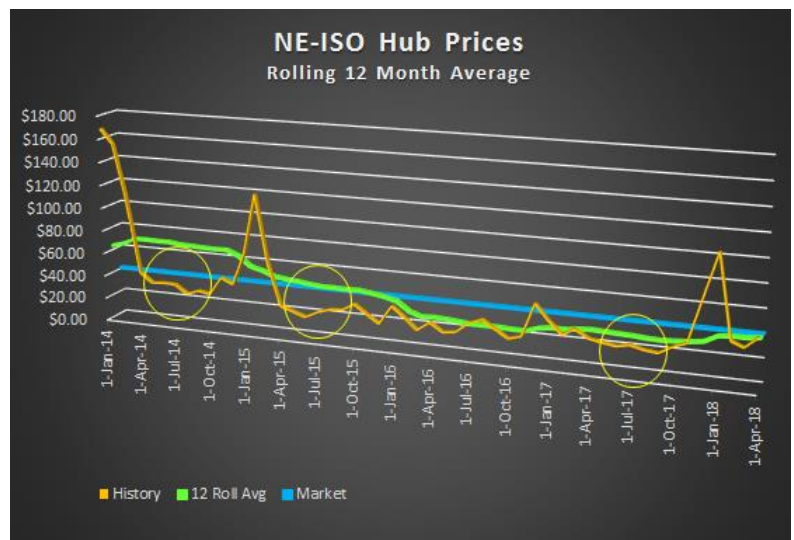


FIGURE C: Price History and Quote – comparison of monthly average, 12 month average and current quote