

NGI's Mexico Gas Price Index[®]

Tracking Mexico Energy Reforms

THURSDAY, FEBRUARY 8, 2018

NatGas Market Snapshot

- Front-month futures slide 5.7 cents to \$2.702
- Storage draw expected smaller than both last year's -142 Bcf and 5-yr. -151 Bcf
- Tighter supplies than historical average, but "nobody terribly worried"
- Northeast cash buoyed by cold snap
- U.S./Mexico border points down a few cents

Read more on pg. 5

Gas Natural Fenosa to Add One Million Customers in Mexico Over Next Five Years

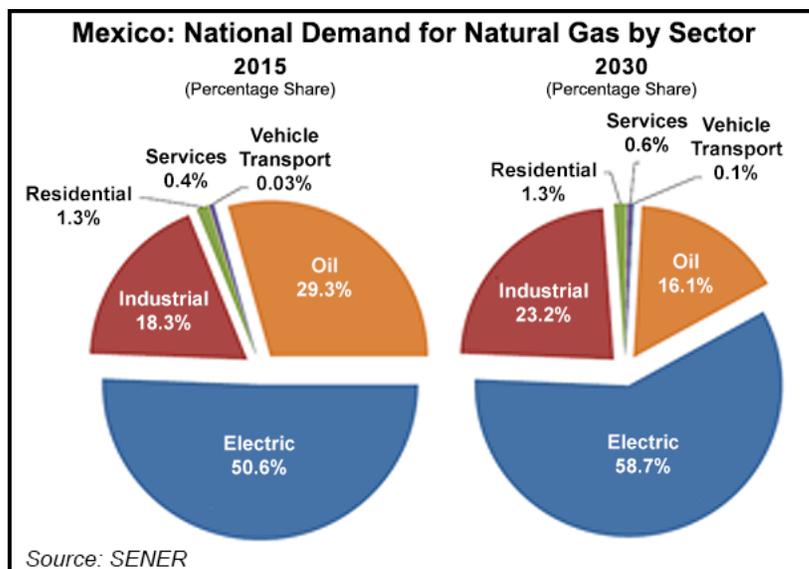
Gas Natural Fenosa (GNF) aims to connect one million new customers to its natural gas distribution networks in Mexico over the next five years.

Country manager Narcis de Carreras said that GNF's growth goals in Mexico would be outlined in more detail in the Spanish parent company's strategic plan for 2018-2020, which is scheduled for release at a later date.

"We also want to work on another angle that perhaps hasn't received as much attention in this country..., which is new uses for natural gas in other areas," such as vehicles, rail transport and marine fuels, he told local press. "We believe Mexico has enormous potential in these areas."

GNF added 115,000 distribution clients in 2017, reaching 1.77 million customers in Mexico by the end of the year, the company reported Wednesday.

"Gas sales increased by 12.5%, mainly in the TPA [third-party



U.S. DAY-AHEAD SPOT MARKET PRICES (\$US/MMBtu)

		Trade Date: 7-Feb-2018		Flow Date(s): 8-Feb-2018	
	RANGE	AVG	CHG	VOL	DEALS
CALIFORNIA					
Ehrenberg	2.24-2.25	2.25	0.08	125	18
EAST TEXAS / SOUTH LOUISIANA					
Henry Hub	2.70-2.75	2.73	-0.02	238	45
Houston Ship Channel	2.74-2.75	2.75	0.01	22	4
SOUTH TEXAS					
NGPL S. Tx	--	--	--	0	0
Tennessee S. Tx	2.60-2.63	2.62	-0.01	281	56
TETCO S. Tx	2.67-2.74	2.71	0.03	264	38
South Texas Avg ¹	2.60-2.74	2.67	0.01	545	94
WEST TEXAS					
El Paso Permian	1.95-2.13	2.02	-0.04	533	85
Waha	2.03-2.21	2.15	-0.02	363	50

All prices are in \$U.S./MMBtu. Data are excerpted directly from NGI's Daily Gas Price Index except for the (1) South Texas Avg, which is a simple average of NGPL S. Tx, Tennessee S. Tx, and TETCO S. Tx, and Ehrenberg, which is taken from NGI's MidDay Alert. For more information on how we calculate our next-day and next-month price indexes, please refer to our Price Index Methodology, which is located [here](#).

NOTE: NGI's Mexico Gas Price Index plans to calculate our own Mexico spot prices in the same manner as we do for locations in the United States & Canada as soon as possible. For more information, or if you wish to participate in NGI's Mexico natural gas price survey, please contact Dexter Steis at +1-703-318-8848, or e-mail us at prices@naturalgasintel.com.

MEXICO IPGN PRICES (MXN/GJ & US/MMBtu)

Month	MXN/GJ	US/MMBtu	COMPANIES	VOL	DEALS
Jul-17	69.4485	4.1048	14	2942	98
Aug-17	72.8156	4.3141	17	7218	114
Sep-17	69.0214	4.0913	17	4591	97
Oct-17	70.4169	3.9677	22	5011	142
Nov-17	75.3159	4.1873	20	4746	138
Dec-17	73.2271	4.0529	21	4804	147

IPGN prices are published by Companies represents the number of marketers who submitted trade data to CRE. Vol is total reported commercialized volumes converted to MMcf/d. Deals represents the net number of transactions CRE used to calculate the IPGN (gross transactions reported less atypical deals CRE excluded from the data). For more information, and access to raw aggregate data behind these figures, including exchange rate information, please visit the CRE website, which you can access [here](#).

access] market, while the industrial market expanded by 1.5% and the residential-commercial market by 1.6%," according to the company

GNF distributed 197 Bcf of natural gas in Mexico during 2017, or an average of 540 MMcf/d. Gas sales in Latin America, which also include distribution businesses in Argentina, Brazil and Chile, were up 12.1% to 784 Bcf, accounting for 54% of global distribution sales volumes.

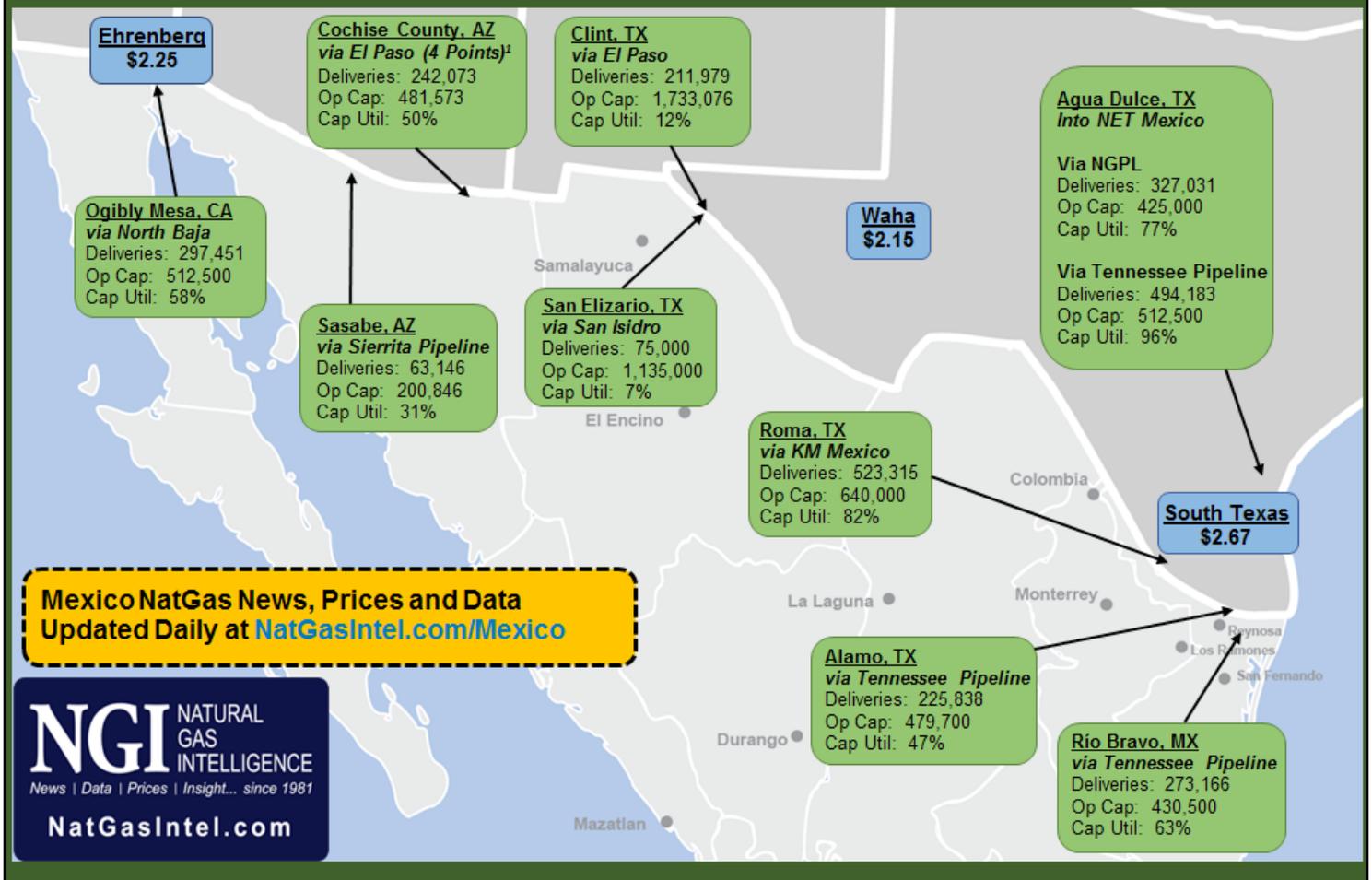
The company is also active in the Mexican power generation business, where it operates 2,343 MW of mostly combined-cycle gas turbines. The plants produced around 17,000 GWh during 2017, up 3.4% from the prior year.

GNF is one of Mexico's largest distribution companies, controlling 21,940 kilometers (13,633 miles) of pipeline networks spanning 13 states.

Its service areas include the city of Monterrey, the country's largest local distribution market and a business hub for the industrialized northeast region. GNF served 770,252 customers in Monterrey during 2016, distributing an average 255 MMcf/d, according to data from the Mexican Energy Ministry (Sener).

...cont' pg. 5

NGI's Mexico Border NatGas Flow Tracker 8-Feb-2018



Estimated U.S. to Mexico Natural Gas Cost Plus Transport Prices

Flow Date(s): 8-Feb-2018

US/MX Exchange Rate: 18.65

To the U.S./Mexico Border

State(s)	U.S. Index + Transport From:	Calculated Price	
		\$US/MMBtu	MX/GJ
Arizona/West Texas			
Clint, TX	Waha + El Paso Natural Gas	\$2.22	39.32
Sasabe, AZ	Waha + EPNG & Sierrita Pipeline	\$2.24	39.67
California			
Ogibly, CA	Ehrenberg + North Baja	\$2.27	40.15
South Texas			
Alamo, TX & Rio Bravo, MX	HSC + Tennessee Gas Pipeline	\$2.77	48.94
Rio Grande, TX	HSC + NET Mexico	\$3.11	55.01
Roma, TX	HSC + Kinder Morgan Texas	\$2.90	51.22

Deliveries Within Mexico

Region	Border Point + Transport From:	Calculated Price	
		\$US/MMBtu	MX/GJ
North/Norte			
El Encino	Clint, TX + SISTRANGAS	\$2.60	46.04
Gulfi/Gulfo			
Los Ramones	Alamo/Rio Bravo + SISTRANGAS	\$3.13	55.27
Monterrey ¹	Roma, TX + Kinder Morgan Mexico	\$2.95	52.17
Center/Centro			
Tula	Alamo/Rio Bravo + SISTRANGAS	\$3.35	59.27
West/Occidente			
Bajio	Alamo/Rio Bravo + SISTRANGAS	\$3.55	62.74
South/Sur			
Cactus ²	Alamo/Rio Bravo + SISTRANGAS	\$3.23	57.07

¹Calculated Monterrey price would be the same as Los Ramones, if we had used the SISTRANGAS tariff, since SISTRANGAS is a zone based system.

²Gas not likely to be delivered to Cactus, but this does represent a theoretical delivered price in the South Zone.

NOTE: All prices published in the is chart represent the delivered cost of gas at the listed locations based on adding tariff rates to U.S. spot market prices, as listed above. The formulas used to calculate transportation costs are based on effective tariffs that were in place as of 1/1/18, and are subject to change as pipeline tariffs are revised. We only include variable charges from U.S. interstates (El Paso Natural Gas, North Baja, Sierrita Pipeline, and Tennessee Gas Pipeline), while we include both variable and demand charges from U.S. intrastate lines (Kinder Morgan Texas, NET Mexico) and Mexico pipes (SISTRANGAS and KM Mexico). Mexico prices are "citygate" equivalents, and do not include distribution costs. \$US/MMBtu converted to MX/GJ using the exchange rate listed in the sub-title, plus a conversion rate of 1.055056 GJ/MMBtu. On days when the Houston Ship Channel does not post a price in NGI's Daily GPI, we will use the most recent published price for these calculations.

Questions? Comments? Suggestions? Please contact us at prices@naturalgasintel.com.

Forward Curves At U.S Locations Key To Mexico Exports

As of 8-Feb-2018 (\$US/MMbtu)

Fixed Prices

	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19
East Texas/South Louisiana												
Henry Hub	\$2.710	\$2.695	\$2.711	\$2.746	\$2.789	\$2.794	\$2.779	\$2.799	\$2.846	\$2.979	\$3.073	\$3.049
D/D Change	(\$0.057)	(\$0.031)	(\$0.027)	(\$0.026)	(\$0.024)	(\$0.023)	(\$0.022)	(\$0.023)	(\$0.021)	(\$0.022)	(\$0.024)	(\$0.019)
Houston Ship Channel	\$2.636	\$2.652	\$2.698	\$2.711	\$2.770	\$2.773	\$2.748	\$2.756	\$2.763	\$2.866	\$2.944	\$2.918
D/D Change	(\$0.053)	(\$0.027)	(\$0.022)	(\$0.021)	(\$0.025)	(\$0.019)	(\$0.017)	(\$0.016)	(\$0.022)	(\$0.023)	(\$0.025)	(\$0.019)
South Texas												
NGPL S Tx	\$2.614	\$2.593	\$2.637	\$2.644	\$2.715	\$2.720	\$2.690	\$2.702	\$2.739	\$2.835	\$2.925	\$2.899
D/D Change	(\$0.052)	(\$0.029)	(\$0.024)	(\$0.024)	(\$0.029)	(\$0.020)	(\$0.019)	(\$0.018)	(\$0.021)	(\$0.022)	(\$0.024)	(\$0.019)
Tenn Zn 0 South	\$2.569	\$2.533	\$2.569	\$2.569	\$2.635	\$2.635	\$2.612	\$2.625	\$2.709	\$2.815	\$2.885	\$2.869
D/D Change	(\$0.052)	(\$0.034)	(\$0.030)	(\$0.029)	(\$0.034)	(\$0.025)	(\$0.025)	(\$0.020)	(\$0.024)	(\$0.024)	(\$0.027)	(\$0.019)
TETCO S Tx	\$2.594	\$2.632	\$2.676	\$2.699	\$2.724	\$2.752	\$2.744	\$2.735	\$2.734	\$2.842	\$2.929	\$2.910
D/D Change	(\$0.053)	(\$0.025)	(\$0.023)	(\$0.023)	(\$0.025)	(\$0.019)	(\$0.018)	(\$0.017)	(\$0.021)	(\$0.022)	(\$0.024)	(\$0.019)
South Texas Average*	\$2.592	\$2.586	\$2.627	\$2.637	\$2.691	\$2.702	\$2.682	\$2.687	\$2.727	\$2.831	\$2.913	\$2.893
D/D Change	(\$0.052)	(\$0.029)	(\$0.026)	(\$0.025)	(\$0.029)	(\$0.021)	(\$0.021)	(\$0.018)	(\$0.022)	(\$0.023)	(\$0.025)	(\$0.019)
West Texas												
El Paso Permian	\$1.786	\$1.674	\$1.672	\$1.719	\$1.795	\$1.852	\$1.763	\$1.548	\$1.580	\$1.896	\$1.883	\$1.889
D/D Change	\$0.035	\$0.026	\$0.024	\$0.020	\$0.033	\$0.032	\$0.033	(\$0.018)	(\$0.016)	\$0.021	(\$0.030)	(\$0.025)
Waha	\$1.836	\$1.705	\$1.691	\$1.745	\$1.808	\$1.865	\$1.783	\$1.565	\$1.603	\$1.890	\$1.884	\$1.915
D/D Change	\$0.045	\$0.029	\$0.034	\$0.028	\$0.032	\$0.032	\$0.031	(\$0.015)	(\$0.016)	\$0.023	(\$0.024)	(\$0.019)
California												
SoCal Border	\$2.072	\$1.998	\$1.994	\$2.139	\$2.382	\$2.485	\$2.360	\$2.182	\$2.244	\$2.887	\$2.688	\$2.644
D/D Change	\$0.013	\$0.041	\$0.035	\$0.031	\$0.041	\$0.060	\$0.003	\$0.037	\$0.006	(\$0.017)	(\$0.019)	(\$0.014)

Basis Prices

	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19
East Texas/South Louisiana												
Henry Hub	\$0.008	\$0.003	\$0.003	\$0.003	\$0.003	\$0.003	\$0.003	\$0.003	\$0.003	\$0.003	\$0.004	\$0.004
D/D Change	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Houston Ship Channel	(\$0.066)	(\$0.040)	(\$0.010)	(\$0.032)	(\$0.016)	(\$0.018)	(\$0.028)	(\$0.040)	(\$0.080)	(\$0.110)	(\$0.125)	(\$0.127)
D/D Change	\$0.004	\$0.004	\$0.005	\$0.005	(\$0.001)	\$0.004	\$0.005	\$0.007	(\$0.001)	(\$0.001)	(\$0.001)	\$0.000
South Texas												
NGPL S Tx	(\$0.088)	(\$0.099)	(\$0.071)	(\$0.099)	(\$0.071)	(\$0.071)	(\$0.086)	(\$0.094)	(\$0.104)	(\$0.141)	(\$0.144)	(\$0.146)
D/D Change	\$0.005	\$0.002	\$0.003	\$0.002	(\$0.005)	\$0.003	\$0.003	\$0.005	\$0.000	\$0.000	\$0.000	\$0.000
Tenn Zn 0 South	(\$0.133)	(\$0.159)	(\$0.139)	(\$0.174)	(\$0.151)	(\$0.156)	(\$0.164)	(\$0.171)	(\$0.134)	(\$0.161)	(\$0.184)	(\$0.176)
D/D Change	\$0.005	(\$0.003)	(\$0.003)	(\$0.003)	(\$0.010)	(\$0.002)	(\$0.003)	\$0.003	(\$0.003)	(\$0.002)	(\$0.003)	\$0.000
TETCO S Tx	(\$0.108)	(\$0.060)	(\$0.032)	(\$0.044)	(\$0.062)	(\$0.039)	(\$0.032)	(\$0.061)	(\$0.109)	(\$0.134)	(\$0.140)	(\$0.135)
D/D Change	\$0.004	\$0.006	\$0.004	\$0.003	(\$0.001)	\$0.004	\$0.004	\$0.006	\$0.000	\$0.000	\$0.000	\$0.000
South Texas Average*	(\$0.110)	(\$0.106)	(\$0.081)	(\$0.106)	(\$0.095)	(\$0.089)	(\$0.094)	(\$0.109)	(\$0.116)	(\$0.145)	(\$0.156)	(\$0.152)
D/D Change	\$0.005	\$0.002	\$0.001	\$0.001	(\$0.005)	\$0.002	\$0.001	\$0.005	(\$0.001)	(\$0.001)	(\$0.001)	\$0.000
West Texas												
El Paso Permian	(\$0.916)	(\$1.018)	(\$1.036)	(\$1.024)	(\$0.991)	(\$0.939)	(\$1.013)	(\$1.248)	(\$1.263)	(\$1.080)	(\$1.186)	(\$1.156)
D/D Change	\$0.092	\$0.057	\$0.051	\$0.046	\$0.057	\$0.055	\$0.055	\$0.005	\$0.005	\$0.043	(\$0.006)	(\$0.006)
Waha	(\$0.866)	(\$0.987)	(\$1.017)	(\$0.998)	(\$0.978)	(\$0.926)	(\$0.993)	(\$1.231)	(\$1.240)	(\$1.086)	(\$1.185)	(\$1.130)
D/D Change	\$0.102	\$0.060	\$0.061	\$0.054	\$0.056	\$0.055	\$0.053	\$0.008	\$0.005	\$0.045	\$0.000	\$0.000
California												
SoCal Border	(\$0.630)	(\$0.694)	(\$0.714)	(\$0.604)	(\$0.404)	(\$0.306)	(\$0.416)	(\$0.614)	(\$0.599)	(\$0.089)	(\$0.381)	(\$0.401)
D/D Change	\$0.070	\$0.072	\$0.062	\$0.057	\$0.065	\$0.083	\$0.025	\$0.060	\$0.027	\$0.005	\$0.005	(\$0.015)
Waha-to-South Texas Avg. Spread												
	(\$0.756)	(\$0.881)	(\$0.936)	(\$0.892)	(\$0.883)	(\$0.837)	(\$0.899)	(\$1.122)	(\$1.124)	(\$0.941)	(\$1.029)	(\$0.978)

*Average of the three pipeline that appear in the South Texas section. This is different from the South Texas Regional Average that appears in the various versions of NGI's Gas Price Index newsletters.

Source: NGI's Forward Look, For more info on curves at 79 U.S. locations out 5+ years, see natgasintel.com/forwardlook_locations

Average Mexico Day-Ahead Power Prices at Selected Distributed Nodes 8-Feb-2018

US/MX Exchange Rate: 18.65

Location	Power Prices (MXP/MWH)				Power Prices (USD/MWH)			
	24 Hr. Low	24 Hr. High	24 Hr. Avg.	D/D Chg.	24 Hr. Low	24 Hr. High	24 Hr. Avg.	D/D Chg.
A Acapulco	633.64	1994.66	1520.64	-256.12	\$33.98	\$106.95	\$81.54	-\$13.48
B Aguascalientes	590.54	1847.80	1418.93	-243.21	\$31.66	\$99.08	\$76.08	-\$12.80
C Chihuahua	509.36	1587.16	1209.77	-223.26	\$27.31	\$85.10	\$64.87	-\$11.77
D Durango	585.88	1851.73	1405.79	-245.38	\$31.41	\$99.29	\$75.38	-\$12.92
E Guadalaraja	602.24	1889.40	1448.05	-244.52	\$32.29	\$101.31	\$77.64	-\$12.87
F Guaymas	532.72	1676.41	1164.79	337.88	\$28.56	\$89.89	\$62.46	\$18.24
G Huasteca	557.46	1730.70	1323.00	-221.88	\$29.89	\$92.80	\$70.94	-\$11.68
H Hermosillo	499.27	1561.19	1077.34	348.75	\$26.77	\$83.71	\$57.77	\$18.80
I Juarez	454.42	1478.43	1108.90	-211.78	\$24.37	\$79.27	\$59.46	-\$11.17
J La Paz	1746.73	2307.32	2047.05	24.38	\$93.66	\$123.72	\$109.76	\$1.60
K Laguna	567.36	1774.56	1351.42	-244.02	\$30.42	\$95.15	\$72.46	-\$12.86
L Los Mochis	578.65	1846.10	1389.41	-234.01	\$31.03	\$98.99	\$74.50	-\$12.31
M Manzanillo	587.46	1819.28	1403.04	-234.12	\$31.50	\$97.55	\$75.23	-\$12.32
N Matamoros	507.61	1550.79	1189.54	-204.16	\$27.22	\$83.15	\$63.78	-\$10.75
O Mazatlan	592.90	1888.44	1428.52	-239.05	\$31.79	\$101.26	\$76.60	-\$12.58
P Merida	653.54	2073.25	1585.84	-271.91	\$35.04	\$111.17	\$85.03	-\$14.31
Q Mexicali	105.48	601.18	390.86	-23.25	\$5.66	\$32.23	\$20.96	-\$1.19
R Monterrey	540.36	1658.61	1275.74	-226.20	\$28.97	\$88.93	\$68.40	-\$11.91
S Nogales	475.31	1472.53	1008.29	354.70	\$25.49	\$78.96	\$54.06	\$19.11
T Oaxaca	607.78	1907.62	1457.34	-266.04	\$32.59	\$102.29	\$78.14	-\$14.02
U Piedras Negras	534.97	1624.15	1248.59	-231.23	\$28.68	\$87.09	\$66.95	-\$12.19
V Poza Rica	565.80	1755.62	1347.42	-212.79	\$30.34	\$94.14	\$72.25	-\$11.19
W Puebla	591.65	1844.45	1416.83	-256.82	\$31.72	\$98.90	\$75.97	-\$13.53
X Queretaro	588.17	1838.36	1412.09	-240.55	\$31.54	\$98.57	\$75.72	-\$12.66
Y Reynosa	510.32	1558.99	1195.99	-203.76	\$27.36	\$83.59	\$64.13	-\$10.72
Z San Luis Potosi	577.02	1781.03	1377.17	-235.04	\$30.94	\$95.50	\$73.84	-\$12.37
AA Saltillo	549.61	1687.65	1298.07	-230.27	\$29.47	\$90.49	\$69.60	-\$12.13
BB Tampico	544.92	1681.14	1288.89	-211.65	\$29.22	\$90.14	\$69.11	-\$11.13
CC Tuxtla	610.34	1867.84	1436.90	-235.90	\$32.73	\$100.15	\$77.05	-\$12.41
DD Villahermosa	621.74	1910.84	1472.47	-218.23	\$33.34	\$102.46	\$78.95	-\$11.46
EE Zacatecas	603.48	1909.80	1458.42	-240.16	\$32.36	\$102.40	\$78.20	-\$12.63



Note: Power prices are the average of hourly day-ahead (MDA) prices for each listing, as published by CENACE, and include energy, congestion, and line loss components. \$US/MWH to MX/GJ exchange rate listed above.

Source: CENACE, Banco de México, NGI calculations

Expected Bearish Storage, Mild February Sink Natural Gas Futures

After a brief reprieve the day before, natural gas futures slid again Wednesday ahead of a government storage report that it is expected to show a lighter-than-normal pull from inventories.

The March contract fell 5.7 cents to settle at \$2.702 Wednesday. That's after the prompt-month broke a recent run of consecutive down days to add 1.2 cents in Tuesday's trading. The April contract dropped 3.1 cents to \$2.692.

According to Bespoke Weather Services, a bullish midday run in the Global Ensemble Forecast System briefly lifted prices before the market declined "into the settle with less impressive European guidance.

"For prices to truly rally we would need to begin to see consistent heating demand additions across both American and European guidance the likes of which we have not seen in a couple weeks now," Bespoke said.

A lack of significant heating demand in the medium- and long-range outlook has brought natural gas prices "back into this longer-term range" of around \$2.80-3.20 "that we've talked about seemingly ad nauseum," Powerhouse Vice President David Thompson told NGI Wednesday.

While the market did break below \$2.80 support, that "seems to be an overshoot on a price correction" following the weather-driven surge in prices late last month. "Once this resolves, when the next cold weather event arrives, if it will show up, we will have a chance to significantly rally the market," Thompson said.

Thompson said he would look for prices to trade from around \$2.75-2.80 up to \$3.10-3.20 "based on the small effects of weather" as the market heads into the shoulder season.

As for the current storage picture, "supplies are a little tighter than the historical average, but the general view of the market seems to be that given where we are on the calendar and our ability to produce, nobody is terribly worried," he said.

Predictions for Thursday's Energy Information Administration (EIA) storage report have been pointing to a withdrawal in the triple digits but looser versus year-ago and five-year average levels.

A Reuters survey of traders and analysts on average estimated a withdrawal of 116 Bcf for the week ending Feb. 2, versus a year-ago withdrawal of 142 Bcf and a five-year average pull of 151 Bcf. Survey responses ranged from -107 Bcf to -141 Bcf.

Kyle Cooper of ION Energy estimated a 118 Bcf withdrawal. PointLogic Energy in a note to clients Monday estimated a 116 Bcf withdrawal for the period, 17 Bcf larger than the prior week's pull based on colder weather in the East and Midwest.

Stephen Smith Energy Associates in a revised estimate Tuesday predicted a withdrawal of 121 Bcf. That would compare with a seasonally normal weekly withdrawal of 153 Bcf based on 2006-2010 norms, according to the firm.

Intercontinental Exchange storage futures settled Tuesday at -120 Bcf for the period.

In the spot market Wednesday, several Northeast and Mid-Atlantic points saw gains as forecasters reported a winter storm moving through the region.

"The second strong weather system/cold blast of the week will sweep across the North and East Wednesday and Thursday,"

NatGasWeather said in its one- to seven-day outlook Wednesday. "This will result in another round of strong demand as lows reach the 20s to -10s over the northern U.S., and 20s and 30s into the Southeast.

"The western and south-central U.S./Texas will be mostly mild through Friday, with highs of 50s to lower 70s. A mild ridge will expand over the South and East this weekend, while fresh cooling arrives into the Rockies and Plains."

[Transco Zone 5](#) added \$1.11 to average \$4.00, while [Transco Zone 6 New York](#) jumped \$1.81 to \$4.81.

In West Texas, starting Thursday, planned maintenance on El Paso Natural Gas Co.'s Line 2000 in the Permian Basin is expected to constrain close to 150 MMcf/d of westbound flows, according to Genscape.

"El Paso will perform an inspection at its Black River station, requiring a reduction at the Line 2000 meter from 577 to 437 MMcf/d," the firm told clients Wednesday. "This location has flowed exactly at capacity for every day within the last month, so the cuts to operational capacity and scheduled capacity will be identical at 140 MMcf/d.

"Past flow cuts at this meter have sometimes, but not always, corresponded with sharp but transient drops in Waha basis as gas is constrained from moving west. Waha has already been regularly posting multi-year basis lows over the last several weeks."

[Waha](#) dropped 2 cents Wednesday to \$2.15, while [El Paso Permian](#) gave up 4 cents to \$2.02. Other points across Texas and the Gulf Coast saw small changes Wednesday. [Agua Dulce](#) dropped 4 cents to \$2.70, while [Houston Ship Channel](#) added a penny to \$2.75. That's versus [Henry Hub](#) prices averaging \$2.73, down 2 cents.

Further west, utility Southern California Gas was forecasting system demand to total around 2,500,000 Dth/d this week, roughly in line with total daily receipts.

[SoCal Citygate](#) fell 5 cents to \$2.58, while [SoCal Border Average](#) added 6 cents to \$2.22. ■

... from [Fenosa to Add One Million Customers in MX Over Next Five Years](#), pg. 1

Last year, GNF received approvals to distribute gas in the southern states of Yucatan, Campeche and Tabasco. It is awaiting approval for a permit to operate in the nearby state of Quintana Roo. The company is also developing new distribution zones in the Valle de Mexico region, which is adjacent to Mexico City, and in the [northwestern state of Sinaloa](#).

The company said Wednesday that it would spend 247 million euros (\$304 million) by 2021 on the buildout of its Mexican distribution networks. It added 888 kilometers during 2017.

The distribution market comprises a relatively small part of the Mexican natural gas industry, given that liquefied petroleum gas remains the fuel of choice among most households.

A spokesperson for local industry group Asociacion Mexicana de Gas Natural (AMGN) told NGI that the expansion of Mexico's pipeline transportation network would drive growth in

...cont' pg. 6

NGI's Storage Snapshot (For Week Ended 2/2/2018)

Indicator	Bcf
Range of Expectations	-107 to -141
Last Year Withdrawal	-142
5-Year Average Withdrawal	-151

the distribution business. "Another important step was the designation of the national territory as a [unified geographic zone](#), whereby distribution companies can expand their networks throughout the country."

The unified distribution zone, which would phase out the current geographic concession system, is the first piece of a [planned regulatory overhaul](#) intended to boost competition in the sector and reduce the barriers to its growth.

Sener is also readying a [public policy document](#) to promote the gas distribution business in Mexico, a draft of which could be released during this quarter at the earliest. Measures potentially on the table include the use of development bank financing, coordination mechanisms for state and municipal permitting, and incentives for natural gas vehicles.

Industry sources also indicate the need for consumer education programs. "Distribution companies affiliated with AMGN have made efforts to disseminate information about the benefits of natural gas," the spokesperson said. ■

JUST RELEASED
NGI's 2018 Map of Mexico's Emerging Natural Gas Infrastructure

FULL-SIZE MAP 29" x 20"

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NGI
 Intelligence Press, Inc.

NGI's Mexico GPI
 Thursday,
 February 8, 2018

NGI's Mexico GPI is published daily, each business day by Intelligence Press, Inc. (800) 427-5747.

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