

COMPETITIVE ENERGY SERVICES MARKET SUMMARY

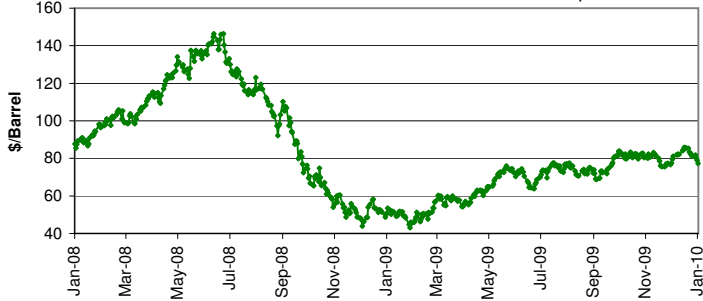
VIII - Issue 4

WEEK ENDING 1/22/10

Oil Market

Crude Oil

NYMEX Crude Futures - 12 Month Forward Strip



NYMEX PRICING	last close	previous week	24-month high	24-month low
12 month strip, \$/bbl	\$77.34	\$81.00	\$146.44	\$43.06
date	1/22/10	1/15/10	7/14/08	2/18/09
change from last close		-5%	-47%	80%

STORAGE (in million bbls)	crude oil
domestic stocks as of 1/15/2010	330.6
gain / loss from previous week	-0.4
comparison to historic range	above

NYMEX #2 Heating Oil Futures - 12 Month Forward Strip

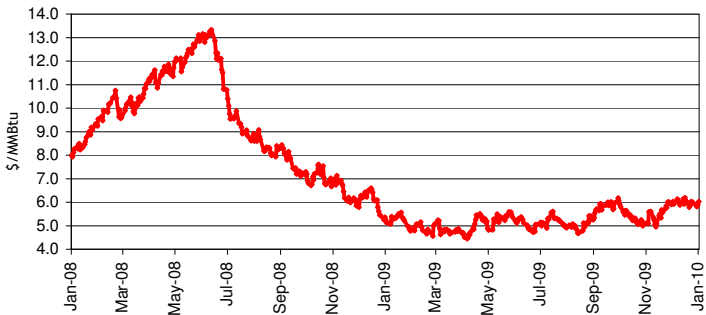


NYMEX PRICING	last close	previous week	24-month high	24-month low
12 month strip, \$/gal	\$2.02	\$2.13	\$4.19	\$1.25
date	1/22/10	1/15/10	7/3/08	2/18/09
change from last close		-5%	-52%	62%

STORAGE (in million bbls)	distillate	propane	gasoline
domestic stocks as of 1/15/2010	157.1	41.1	227.4
gain / loss from previous week	-3.3	-4.8	3.9
comparison to historic range	above	below	above

Natural Gas Market

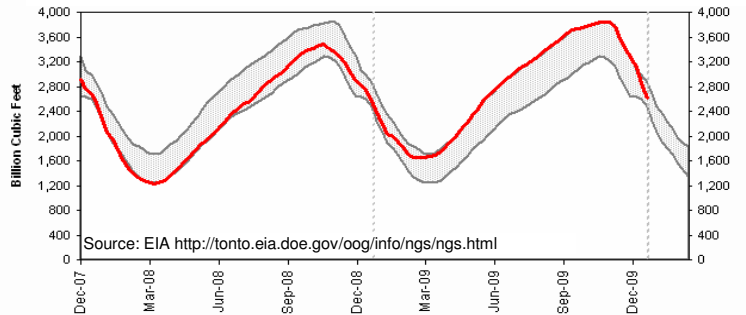
NYMEX Henry Hub Futures: 12 Month Forward Strip



NYMEX PRICING	last close	previous week	24-month high	24-month low
12 mo. strip, \$/MMBTu	\$6.03	\$6.00	\$13.33	\$4.45
date	1/22/10	1/15/10	7/3/08	4/27/09
change from last close		0.4%	-55%	35%

Forward Strips	18 month	24 month	36 month	48 month
\$/MMBTu	\$6.12	\$6.23	\$6.33	\$6.42

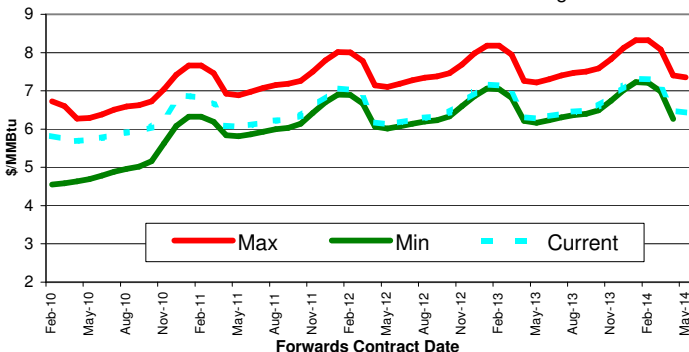
Working Gas in Storage Compared to 5-Year Range



This chart shows the amount of natural gas in storage at each point in time (red line) compared to the highest and lowest amounts in the past 5 calendar years. The record storage levels during 2009 now set the top of this range.

The EIA (Energy Information Administration) reported that natural gas in storage was 2,607 Bcf as of Friday, January 15th. This implies a net weekly withdrawal of 245 Bcf, compared to a 5-year average withdrawal of 118 Bcf and a withdrawal of 164 Bcf for the same report week last year. Gas in storage was about 1% above last year's level and slightly below the 5-year average.

NYMEX Natural Gas Forwards vs. 1 Year Range



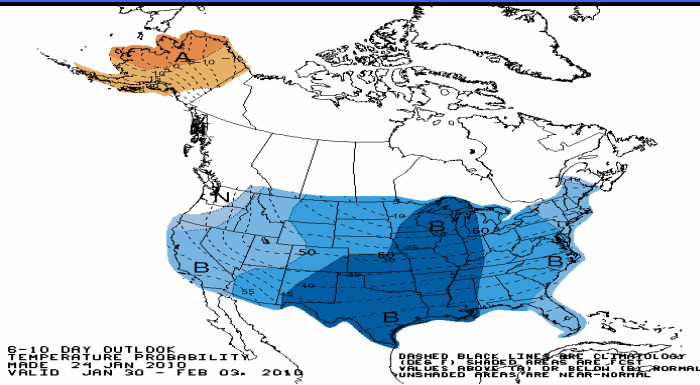
Natural gas futures are useful to monitor for both natural gas and electricity consumers because they drive electricity pricing in many U.S. markets including New England, Texas and, to a lesser extent, New York and the Mid-Atlantic. This chart compares the current natural gas price for each forward month on the NYMEX exchange to the highest and lowest prices for the same month over the past 12 months.

Forwards	Score
12 Month	44
24 Month	61
36 Month	71

The Score provides a measure of how current prices compare to the historic range. A score close to 0 indicates that current prices are close to their historic highs; a score close to 100 indicates that current prices are close to their historic lows.

Weather Forecast

For the period January 30 - February 3, 2010



This map depicts forecasted temperatures for next week compared to the long term average. The blue/purple areas are forecast to be colder than normal, white areas are normal, and yellow/orange/red areas are warmer than normal. Abnormally hot weather in the summer and cold weather in the winter can increase the price for natural gas, oil, and electricity.

Source: Chart from the National Weather Service Climate Prediction Center www.cpc.ncep.noaa.gov

Market Assessment

Last week was a four-day trading week due to Dr. Martin Luther King, Jr. Day. Crude oil and heating oil prices continued to decline. On Tuesday, the U.S. dollar dropped to a four-week low against the yen while the S&P 500 gained the most in two weeks, causing oil prices to rise. Tuesday was the only day that oil has posted a daily gain in the last 2 weeks. These gains were erased on Wednesday as investors anticipated that the EIA would report another weekly gain in crude oil stocks. Although the report showed a decline in crude stocks, gasoline stocks gained more than projected even while refinery production decreased in response to weak demand. Crude oil for the prompt month fell to a one-month low on Friday after President Obama announced he intended reduce risky trading by financial institutions and equities declined.

The February crude oil contract expired on January 20th at \$77.62 per barrel, and March 2010 is the current prompt month. Crude oil contracts for delivery in the forward 12 months fell an average of 5% last week on the NYMEX. The March 2010 contract ended the week at \$74.54 per barrel, the lowest priced crude oil futures contract with delivery in next 12 months. The most expensive contract in the next 12 months was February 2011 at \$79.95 per barrel. For NYMEX heating oil futures, the January 2010 contract expired on December 31st at \$2.12 per gallon, and February 2010 is the prompt month. Heating oil contracts for delivery in the next 12 months fell 5% on average last week. The February 2010 contract closed the week at \$1.94 per gallon and was the cheapest contract for delivery in the next twelve months. March 2010, the remaining winter heating month, closed the week at \$1.95 per gallon. The most expensive contract in the next 12 months was January 2011 at \$2.15 per gallon.

Natural gas prices were steady last week. Prices declined Tuesday and Wednesday on forecasts of mild weather for most of the U.S., and the oil and gas firm Baker Hughes reported that the number of exploration rigs rose by 3.8% the previous week. However, on Thursday the EIA weekly storage report showed that last week's withdrawal from inventory was over twice the five-year average and gas stocks were now in line with last year's levels and the five-year average. This meant that the glut that peaked two months ago has been used and gas prices rose in response, erasing the losses from the early half of the trading week. As of Monday morning, gas was falling as forecasts called for above-normal temperatures for early February (beginning after the forecast period in the above chart which ends February 3rd) in the Midwest.

The January 2010 natural gas contract expired on December 29th at \$5.81 per MMBtu on the NYMEX. Natural gas contracts for the next 12 months starting February 2010 rose less than 1% on average between Friday, January 22nd, and the previous Friday. The February 2010 contract ended the week at \$5.82 per MMBtu, and March 2010, the remaining heating season contract, closed at \$5.75 per MMBtu. The lowest priced contract with delivery in next 12 months was April 2010 at \$5.69 per MMBtu and the highest priced contract was January 2011 at \$6.87 per MMBtu.

The National Weather Service forecasts cooler than normal temperatures for almost all of the United States, especially in the Midwest and Texas (see chart above). The cold snap is expected to be short-lived, however. The CES market score (see first page) changed little from last week. Clients with electricity or natural gas contracts expiring in 2010 or 2011 should consult with a CES representative for customized guidance on executing a forward energy market hedge. As always, hedging decisions are very dependent on unique budgetary circumstances and goals.



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