

COMPETITIVE ENERGY SERVICES MARKET SUMMARY

VIII - Issue 27

WEEK ENDING 7/2/10

Oil Market

Crude Oil

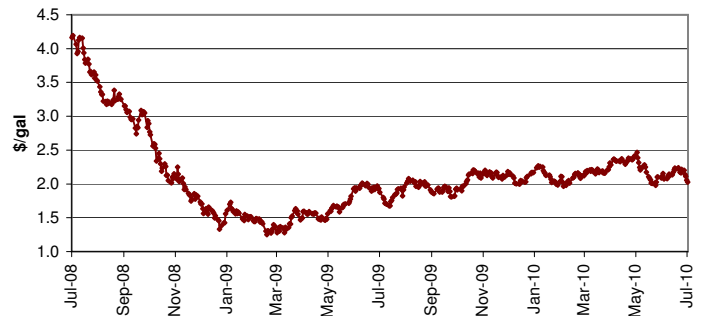
NYMEX Crude Futures - 12 Month Forward Strip



NYMEX PRICING	last close	previous week	24-month high	24-month low
12 month strip, \$/bbl	\$74.50	\$81.20	\$146.44	\$43.06
date	7/2/10	6/25/10	7/14/08	2/18/09
change from last close		-8.3%	-49%	73%

STORAGE (in million bbls)	crude oil
domestic stocks as of 6/25/2010	363.1
gain / loss from previous week	-2.0
comparison to historic range	above

NYMEX #2 Heating Oil Futures - 12 Month Forward Strip

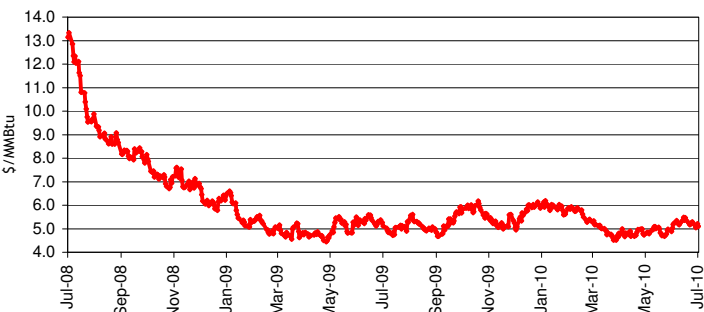


NYMEX PRICING	last close	previous week	24-month high	24-month low
12 month strip, \$/gal	\$2.03	\$2.21	\$4.19	\$1.25
date	7/2/10	6/25/10	7/3/08	2/18/09
change from last close		-8.4%	-52%	62%

STORAGE (in million bbls)	distillate	propane	gasoline
domestic stocks as of 6/25/2010	159.4	47.8	218.1
gain / loss from previous week	2.5	1.6	0.5
comparison to historic range	above	within	above

Natural Gas Market

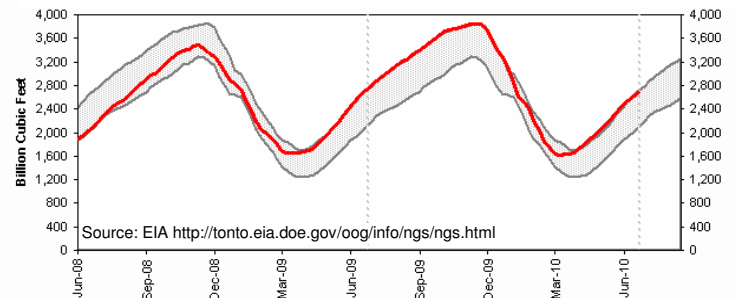
NYMEX Henry Hub Futures: 12 Month Forward Strip



NYMEX PRICING	last close	previous week	24-month high	24-month low
12 mo. strip, \$/MMBtu	\$5.11	\$5.29	\$13.33	\$4.45
date	7/2/10	6/25/10	7/3/08	4/27/09
change from last close		-3.5%	-62%	15%

Forward Strips	18 month	24 month	36 month	48 month
\$/MMBtu	\$5.26	\$5.33	\$5.47	\$5.59

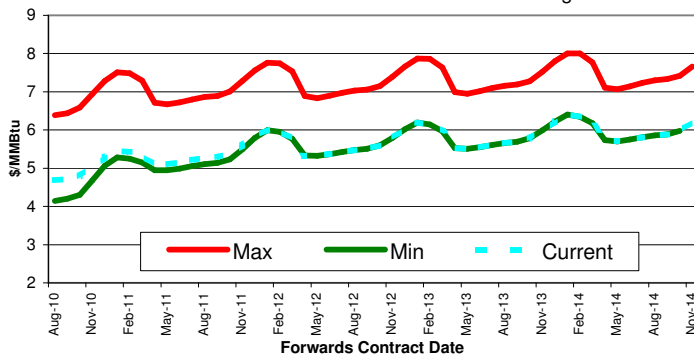
Working Gas in Storage Compared to 5-Year Range



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 2,684 Bcf as of Friday, June 25th. This implies a net weekly injection of 60 Bcf, compared to a net injection of 82 Bcf for the 5-year average and 73 Bcf for the same report week last year. Gas in storage was 1% below last year's level but 12% above the 5-year average.

NYMEX Natural Gas Forwards vs. 1 Year Range



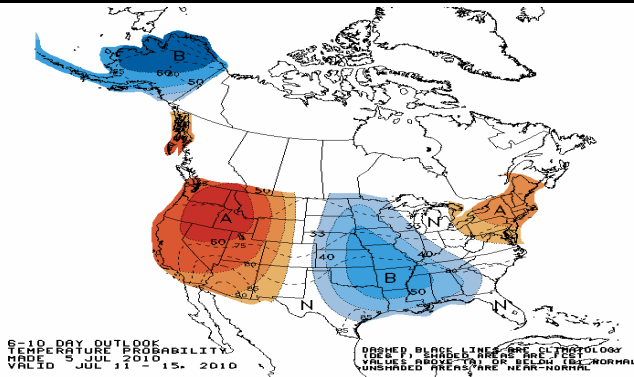
Natural gas futures are useful to monitor for both natural gas and electricity consumers because they drive electricity pricing in many U.S. markets including New England, Texas and, to a lesser extent, New York and the Mid-Atlantic. This chart compares the current natural gas price for each forward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

Forwards	Score
12 Month	87
24 Month	92
36 Month	95

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 July 11 - 15, 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.

At this time, the National Hurricane Center is reporting no tropical cyclones for the Atlantic Coast.

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

Market Assessment

Crude oil and heating oil prices fell every day last week. Oil began declining on Monday as Tropical Storm Alex, which later reached hurricane status, was projected to travel west of the primary refinery and drilling operations in the Gulf of Mexico. On Tuesday, both the S&P 500 and Dow Jones Industrial Average dropped while the dollar strengthened against the euro, both having a bearish effect on crude. Prices continued to fall midweek after the EIA reported an unexpected gain in gasoline inventories, and distillate inventories increased by almost 2.5 million barrels compared to a projected increase of less than 1 million barrels. This trend continued on Thursday due to several signs that the economic recovery was stalling. Both the S&P 500 and DJIA fell, and the Labor Department reported 13,000 new applications for unemployment benefits over the past week despite a projected decline of 2,000 applications. Furthermore, manufacturing in the U.S. and in China grew at a slower pace in June than in May. On Friday, the Labor Department released its monthly report for June, which showed the first monthly decline in employment in 2010. Payrolls fell by 125,000 in June, with 225,000 temporary census positions coming to an end. As of Monday morning, crude oil prices were paring some of these losses due to the US dollar weakening against the euro.

The July crude oil contract expired on June 22nd at \$77.21 per barrel, and August 2010 is the current prompt month. Crude oil contracts for delivery in the next twelve months starting August fell 8.3% on average last week. The August 2010 contract ended the week at \$72.14 per barrel, the lowest priced crude oil contract with delivery in next 12 months. The most expensive contract in the next 12 months was July 2011 at \$76.48 per barrel. For NYMEX heating oil futures, the July contract expired on June 30 at \$1.98 per gallon, and August is the prompt month. Heating oil contracts for delivery in the next 12 months fell 9% on average last week. The August 2010 contract ended the week at \$1.92 per gallon, and the most expensive contract in the next 12 months was July 2011, which ended the week at \$2.08 per gallon.

Natural gas prices fluctuated last week but ended the week with an overall decline. Prices fell on Monday and Tuesday as it became more certain that Tropical Storm Alex would bypass drilling operations in the Gulf and mild weather was forecasted to remain the for the rest of the week in the Northeast and Midwest. On Wednesday, however, gas prices moved up as a heat wave was projected for the Midwest and East in early July, increasing the demand for gas-fueled electricity. The EIA's weekly storage report, released every Thursday, showed a smaller-than-projected injection for the past week, bringing the current surplus to 1% lower than last year's surplus. This pushed prices up, with the prompt month contract gaining over 5% in one day. Gas prices finished the week with a decline as the Commerce Department reported that US factory orders decreased 1.4% in May. Adding to the bearish sentiment, analysts projected that even with the upcoming heat wave, supplies would remain ample throughout the fall and into the withdrawal season. The Baker Hughes rig count for gas rose by 2 last week to 960 rigs.

The July 2010 natural gas contract expired on June 28th at \$4.72 per MMBtu on the NYMEX. Natural gas contracts for the next 12 months starting August fell 4.3% on average last week. August 2010, the lowest priced contract with delivery in the next 12 months, ended the week at \$4.69 per MMBtu. The highest priced contract in the next twelve months was January 2011 at \$5.45 per MMBtu.

The National Weather Service forecasts above-normal temperatures for the Northeast and the West, while the central US is expected to be cooler than normal. The CES market score (see first page) increased from the previous week, and 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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