

# COMPETITIVE ENERGY SERVICES MARKET SUMMARY

VIII - Issue 30

WEEK ENDING 7/23/10

## 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	\$81.19	\$78.40	\$127.70	\$43.06
date	7/23/10	7/16/10	7/30/08	2/18/09
change from last close		3.6%	-36%	89%

STORAGE (in million bbls)	crude oil
domestic stocks as of 7/16/2010	353.5
gain / loss from previous week	0.4
comparison to historic range	above

### NYMEX #2 Heating Oil Futures - 12 Month Forward Strip

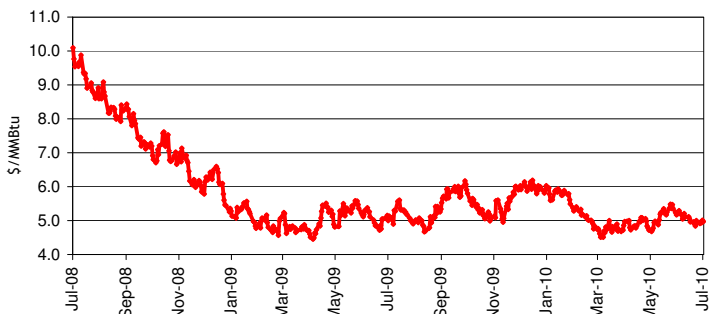


NYMEX PRICING	last close	previous week	24-month high	24-month low
12 month strip, \$/gal	\$2.17	\$2.12	\$3.66	\$1.25
date	7/23/10	7/16/10	7/24/08	2/18/09
change from last close		2.3%	-41%	73%

STORAGE (in million bbls)	distillate	propane	gasoline
domestic stocks as of 7/16/2010	166.6	52.5	222.2
gain / loss from previous week	4.0	0.9	1.2
comparison to historic range	above	within	above

## Natural Gas Market

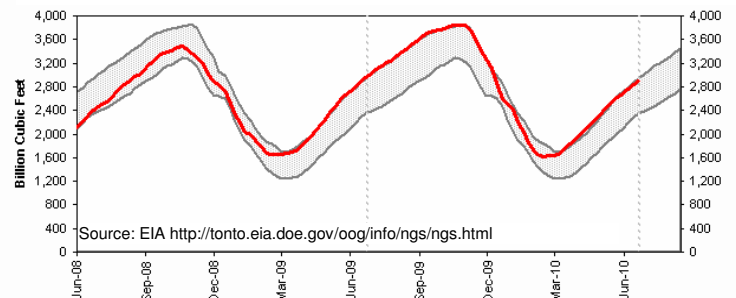
NYMEX Henry Hub Futures: 12 Month Forward Strip



NYMEX PRICING	last close	previous week	24-month high	24-month low
12 mo. strip, \$/MMBTu	\$4.97	\$4.94	\$10.10	\$4.45
date	7/23/10	7/16/10	7/23/08	4/27/09
change from last close		0.6%	-51%	12%

Forward Strips	18 month	24 month	36 month	48 month
\$/MMBTu	\$5.12	\$5.21	\$5.36	\$5.50

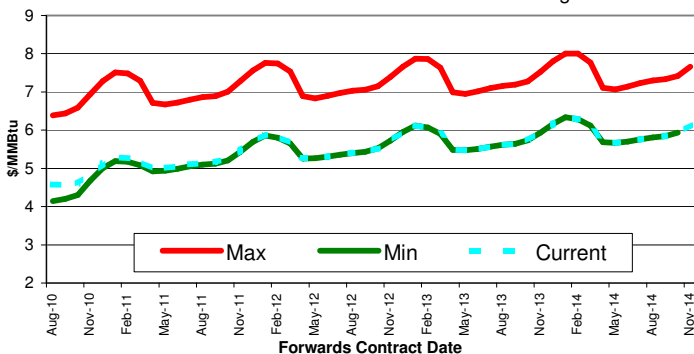
Working Gas in Storage Compared to 5-Year Range



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 2,891 Bcf as of Friday, July 16th. This implies a net weekly injection of 51 Bcf, compared to a net injection of 64 Bcf for the 5-year average and 70 Bcf for the same report week last year. Gas in storage was 2% below last year's level but 10% above the 5-year average.

NYMEX Natural Gas Forwards vs. 1 Year Range

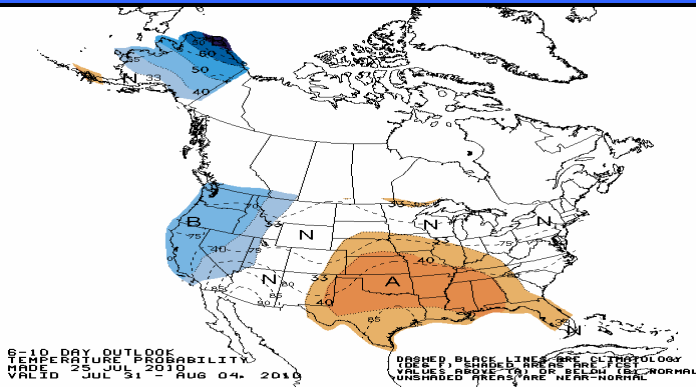


Natural gas futures are useful to monitor for both natural gas and electricity consumers because they drive electricity pricing in many U.S. markets including New England, Texas and, to a lesser extent, New York and the Mid-Atlantic. This chart compares the current natural gas price for each forward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

Forwards	Score
12 Month	93
24 Month	96
36 Month	97

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 31 - August 4, 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](http://www.cpc.ncep.noaa.gov)

## Market Assessment

Crude oil and heating oil prices climbed last week. Monday and Tuesday saw a steady increase as crude oil rose in tandem with the S&P 500 and Dow Jones Industrial Average. Also, the National Hurricane Center had issued a warning that a tropical formation over the Caribbean (later Tropical Storm Bonnie) had a 60% chance of becoming a cyclone. Crude prices erased some of these gains on Wednesday after the EIA's weekly storage report showed unexpected gains in crude oil and gasoline stocks while refinery operations increased 1% from the previous week to 91.5%. Prices jumped on Thursday as more S&P 500 companies reported second-quarter earnings above analysts' projections, but then retreated on Friday as it became evident that Tropical Storm Bonnie would not cause a major disruption of oil production in the Gulf of Mexico.

The July crude oil contract expired on July 20th at \$77.44 per barrel, and September 2010 is the current prompt month. Crude oil contracts for delivery in the next twelve months starting September rose 3% on average last week. The September 2010 contract ended the week at \$78.98 per barrel, the lowest-priced crude oil contract with delivery in next 12 months. The most expensive contract in the next 12 months was August 2011 at \$83.09 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 rose 2.3% on average last week. The August 2010 contract ended the week at \$2.05 per gallon, and the most expensive contract in the next 12 months was July 2011, which ended the week at \$2.23 per gallon.

Natural gas prices saw very little overall change last week. Prices were steady on Monday but rose on Tuesday after the National Weather Service projected that temperatures would be above-normal for the Northeast and Midwest during the last week in July. Prices retreated on Wednesday as analysts projected that the EIA weekly gas storage report would show that supplies are ample despite the forecasted heat wave. Although the EIA reported a net weekly injection that matched projections exactly, prices rose on Thursday as this year's surplus narrowed compared to last year's surplus and the tropical depression in the Gulf was projected to become Tropical Storm Bonnie. Gas prices fell on Friday as the threat of Tropical Storm Bonnie weakened and Baker Hughes Inc. reported that the number of gas rigs has risen for the 5th straight week and is now at 982 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 rose less than 1% on average last week. August 2010, the lowest priced contract with delivery in the next 12 months, ended the week at \$4.58 per MMBtu. The highest priced contract in the next twelve months was January 2011 at \$5.29 per MMBtu.

The National Weather Service forecasts above-normal temperatures for the Gulf states and parts of the Midwest, while the West Coast is projected to be cooler than normal (see chart above). The CES market score (see first page) remained about the same as 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.

As a new feature, CES has added real-time electricity and gas prices to our weekly Market Summary. These are available on the next page.



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## Spot Prices

### Spot Prices

		New England ISO Real Time Power Pricing By Zone (\$/MWh)										
		7/19/10	7/20/10	7/21/10	7/22/10	7/23/10	7/24/10	7/25/10	7/26/10	Avg		
Power	Maine RT On Pk	61	67	89	48	42	42	42	42	56		
	Maine RT Off Pk	35	37	37	36	35	49	49	49	40		
	NH RT On Pk	64	69	93	50	43	43	43	43	58		
	NH RT Off Pk	36	38	38	37	36	51	51	51	41		
	Vermont RT On Pk	65	70	96	52	44	44	44	44	59		
	Vermont RT Off Pk	37	39	39	38	37	53	53	53	42		
	Connecticut RT On Pk	65	72	97	53	45	45	45	45	60		
	Connecticut RT Off Pk	37	39	39	38	37	54	54	54	42		
	Rhode Island RT On Pk	63	69	93	50	43	43	43	43	58		
	Rhode Island RT Off Pk	36	38	37	37	36	51	51	51	41		
	NE Mass RT On Pk	64	69	93	51	43	43	43	43	58		
	NE Mass RT Off Pk	36	38	38	37	36	51	51	51	41		
	SE Mass RT On Pk	64	69	94	51	43	43	43	43	58		
	SE Mass RT Off Pk	36	38	38	37	36	51	52	52	41		
	WC Mass RT On Pk	65	70	95	52	44	44	44	44	59		
	WC Mass RT Off Pk	37	39	38	38	37	52	53	53	42		
			New York ISO Real Time Power Pricing By Zone (\$/MWh)									
	Power	Capital RT On Pk	70	70	67	54	56	56	56	56	61	
		Capital RT Off Pk	41	45	45	45	44	63	63	63	50	
		Central RT On Pk	56	66	59	52	54	54	54	54	56	
		Central RT Off Pk	39	43	43	43	42	60	60	60	47	
		Hudson RT On Pk	222	74	150	60	61	61	61	61	99	
		Hudson RT Off Pk	42	47	47	46	45	69	69	69	52	
		Mohawk RT On Pk	71	68	68	53	56	56	56	56	61	
		Mohawk RT Off Pk	41	45	45	44	44	62	62	62	49	
		Milwood RT On Pk	247	75	164	61	62	62	62	62	105	
		Milwood RT Off Pk	43	47	47	46	46	70	70	70	53	
		NYC RT On Pk	261	85	175	66	68	68	68	68	113	
		NYC RT Off Pk	46	50	50	50	48	77	77	77	57	
				PJM Real Time Power Pricing By Zone (\$/MWh)								
		Power	Eastern Hub On Pk	116	77	168	76	76	76	76	76	95
			Eastern Hub Off Pk	40	42	37	38	38	38	38	38	39
			Western Hub On Pk	76	64	111	63	63	63	63	63	72
	Western Hub Off Pk		37	35	34	35	35	35	35	35	35	
	PPL Zone On Pk		117	73	168	73	73	73	73	73	93	
	PPL Zone Off Pk		38	38	36	36	36	36	36	36	37	
	AEP RT On Pk		54	55	95	62	62	62	62	62	65	
	AEP RT Off Pk		26	30	32	33	33	33	33	33	32	
Chicago RT On Pk	56		53	96	61	61	61	61	61	64		
Chicago RT Off Pk	27		26	32	33	33	33	33	33	31		
New Jersey Hub On Pk	124		78	167	74	74	74	74	74	95		
New Jersey Hub Off Pk	40		41	37	38	38	38	38	38	38		
Natural Gas			7/16/10	7/20/10	7/21/10	7/22/10	7/23/10	7/24/2010	7/25/2010	7/26/2010	Avg	
	Henry Hub, LA		4.56	4.59	4.70	4.68	4.70	4.70	4.70	4.70	4.66	
	Dracut, MA	4.84	4.99	4.99	5.05	4.98	4.98	4.98	4.98	4.97		
	TZ6, MA	5.00	5.08	5.19	5.18	5.15	5.15	5.15	5.15	5.13		
	Algonquin, MA	5.02	5.10	5.23	5.20	5.18	5.18	5.18	5.18	5.16		
	Chicago Hub, IL	4.53	4.58	4.70	4.64	4.63	4.63	4.63	4.63	4.62		
	New York, NY	5.00	5.04	5.20	5.20	5.15	5.15	5.15	5.15	5.13		
	Dominion North, PN	4.87	4.87	4.87	5.12	5.12	5.12	5.12	5.12	5.01		
	Opal Hub, Wy	3.82	3.81	3.97	3.99	3.92	3.92	3.92	3.92	3.91		
	PG&E Citygate, CA	4.24	4.31	4.44	4.39	4.36	4.36	4.36	4.36	4.35		
	SoCal KRS, CA	4.24	4.31	4.44	4.39	4.36	4.36	4.36	4.36	4.35		