

COMPETITIVE ENERGY SERVICES MARKET SUMMARY

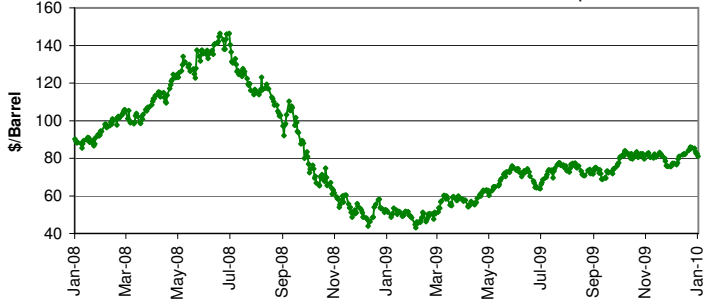
VIII - Issue 3

WEEK ENDING 1/15/10

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	\$81.00	\$85.61	\$146.44	\$43.06
date	1/15/10	1/8/10	7/14/08	2/18/09
change from last close		-5%	-45%	88%

STORAGE (in million bbls)	crude oil
domestic stocks as of 1/8/2010	331
gain / loss from previous week	3.7
comparison to historic range	above

NYMEX #2 Heating Oil Futures - 12 Month Forward Strip

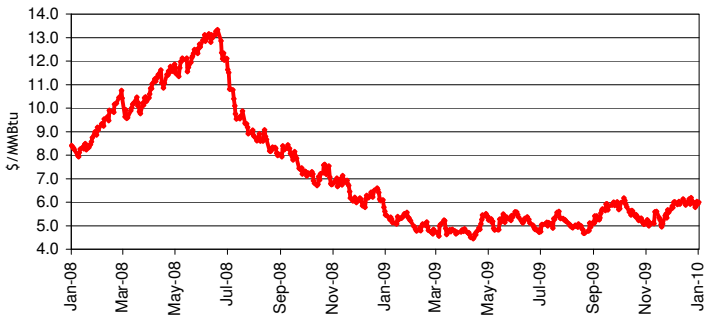


NYMEX PRICING	last close	previous week	24-month high	24-month low
12 month strip, \$/gal	\$2.13	\$2.26	\$4.19	\$1.25
date	1/15/10	1/8/10	7/3/08	2/18/09
change from last close		-6%	-49%	70%

STORAGE (in million bbls)	distillate	propane	gasoline
domestic stocks as of 1/8/2010	160.4	45.9	223.5
gain / loss from previous week	1.4	-3.5	3.8
comparison to historic range	above	below	above

Natural Gas Market

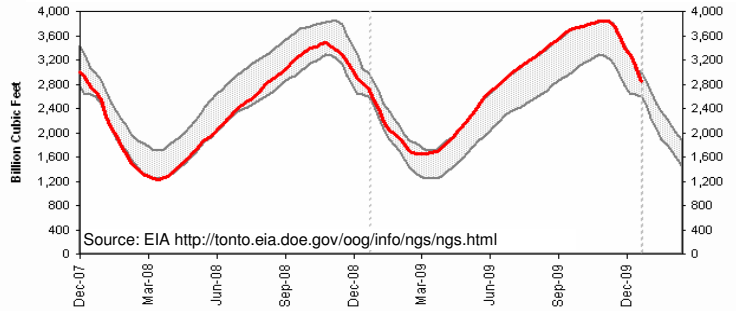
NYMEX Henry Hub Futures: 12 Month Forward Strip



NYMEX PRICING	last close	previous week	24-month high	24-month low
12 mo. strip, \$/MMBtu	\$6.00	\$6.02	\$13.33	\$4.45
date	1/15/10	1/8/10	7/3/08	4/27/09
change from last close		-0.3%	-55%	35%

Forward Strips	18 month	24 month	36 month	48 month
\$/MMBtu	\$6.11	\$6.23	\$6.34	\$6.43

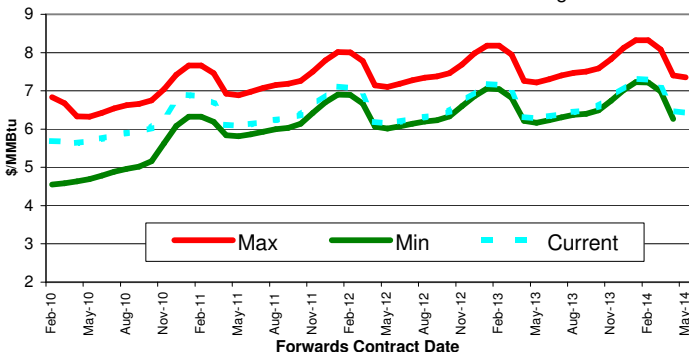
Working Gas in Storage Compared to 5-Year Range



This chart shows the amount of natural gas in storage at each point in time (red line) compared to the highest and lowest amounts from 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 2,852 Bcf as of Friday, January 8th. This implies a net weekly withdrawal of 266 Bcf, compared to a 5-year average withdrawal of 76 Bcf and a withdrawal of 88 Bcf for the same report week last year. Gas in storage was about 4% above last year's level and the 5-year average.

NYMEX Natural Gas Forwards vs. 1 Year Range



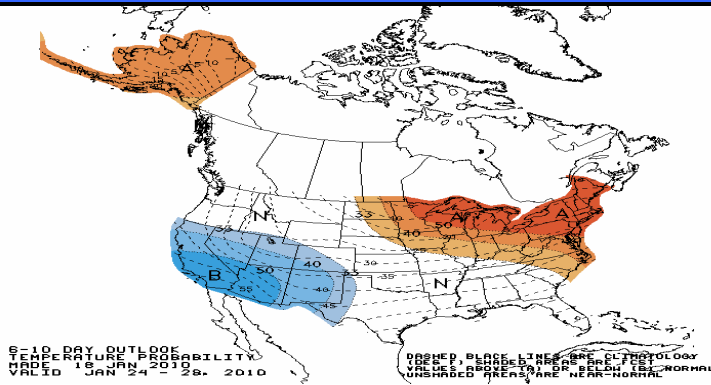
Natural gas futures are useful to monitor for both natural gas and electricity consumers because they drive electricity pricing in many U.S. markets including New England, Texas and, to a lesser extent, New York and the Mid-Atlantic. This chart compares the current natural gas price for each forward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

Forwards	Score
12 Month	47
24 Month	61
36 Month	70

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 24 - 28, 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

Markets were closed on Monday for Dr. Martin Luther King Jr. Day. Crude oil and heating oil prices fell every day last week, breaking a four-week streak of weekly gains. Early last week China moved to curb lending by raising bank reserve requirements, potentially reducing demand from the second-highest consumer of oil after the United States. Also, the cold front from two weeks ago eased and above-normal temperatures were forecast for the end of January in the Northeast. On Wednesday, the EIA released its weekly storage report, which showed gains in crude oil that were twice the forecasted amounts, adding to the bearish sentiment. On Thursday the Commerce Department reported that retail sales fell 0.3% in December, and the Labor Department reported that new claims for unemployment benefits rose 2.5% last week. This news signaled to investors that the nation's economic recovery may be faltering, thus decreasing oil demand. As of Tuesday morning, crude oil was continuing the downward trend as the dollar rose against the euro.

The January crude oil contract expired on December 21st at \$72.47 per barrel, and February 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 February 2010 contract ended the week at \$78.00 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 January 2011 at \$83.83 per barrel. For NYMEX heating oil futures, the January 2010 contract expired on December 31st at \$2.12 per gallon, making February 2010 the prompt month. Heating oil contracts for delivery in the next 12 months fell 6% on average last week. The February 2010 contract closed the week at \$2.05 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 \$2.06 per gallon. The most expensive contract in the next 12 months was January 2011 at \$2.25 per gallon.

Natural gas prices moved lower last week. Prices declined on Monday but rose on Tuesday and Wednesday as investors bought up contracts in anticipation that a large withdrawal from U.S. inventories would raise prices. The EIA confirmed an unusually large net weekly withdrawal, over 3 times the 5-year average withdrawal. This boosted prices temporarily on Thursday, but prices soon moved lower again as the Energy Department reported that domestic stocks will be sufficient to meet winter demand, especially given the above-normal forecast for the latter half of January. Prices were continuing to fall as of Monday morning.

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 fell less than 1% on average between Friday, January 15th, and the previous Friday. The February 2010 contract ended the week at \$5.61 per MMBtu, and March 2010, the remaining heating season contract, closed at \$5.67 per MMBtu. The lowest priced contract with delivery in next 12 months was April 2010 at \$5.64 per MMBtu and the highest priced contract was January 2011 at \$6.89 per MMBtu.

The National Weather Service forecasts warmer than normal temperatures for the northeast quarter of the United States, while the Southwest is expected to be colder than normal (see chart above). The CES market score (see first page) decreased again 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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