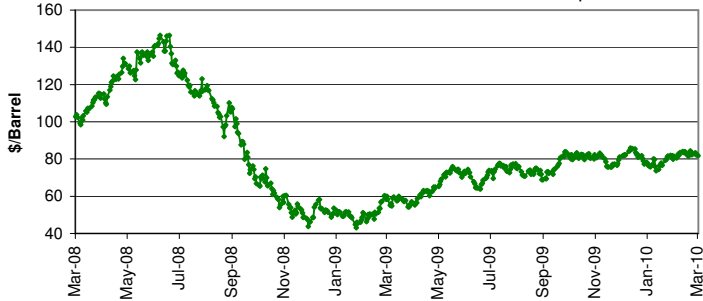


## Oil Market

### 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	\$81.72	\$82.29	\$146.44	\$43.06
date	3/26/10	3/19/10	7/14/08	2/18/09
change from last close		-0.7%	-44%	90%

STORAGE (in million bbls)	crude oil
domestic stocks as of 3/19/2010	351.3
gain / loss from previous week	7.3
comparison to historic range	above

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

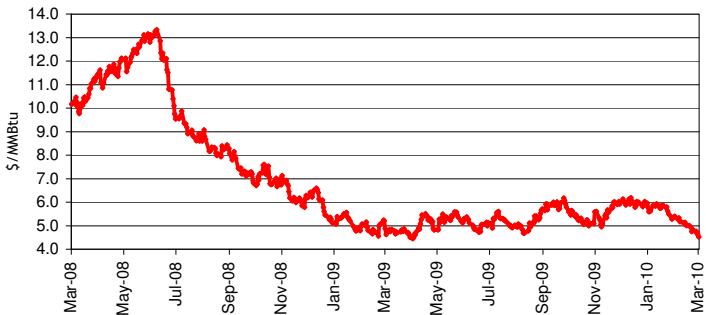


NYMEX PRICING	last close	previous week	24-month high	24-month low
12 month strip, \$/gal	\$2.16	\$2.17	\$4.19	\$1.25
date	3/26/10	3/19/10	7/3/08	2/18/09
change from last close		-0.6%	-49%	72%

STORAGE (in million bbls)	distillate	propane	gasoline
domestic stocks as of 3/19/2010	145.7	25.1	224.6
gain / loss from previous week	-2.4	0.0	-2.7
comparison to historic range	above	within	above

## Natural Gas Market

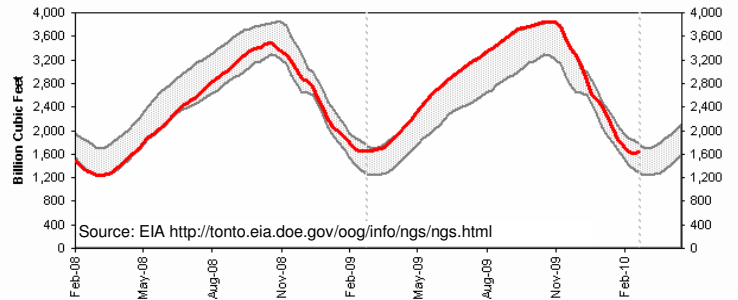
NYMEX Henry Hub Futures: 12 Month Forward Strip



NYMEX PRICING	last close	previous week	24-month high	24-month low
12 mo. strip, \$/MMBTu	\$4.51	\$4.84	\$13.33	\$4.45
date	3/26/10	3/19/10	7/3/08	4/27/09
change from last close		-6.8%	-66%	1%

Forward Strips	18 month	24 month	36 month	48 month
\$/MMBTu	\$4.68	\$4.94	\$5.20	\$5.41

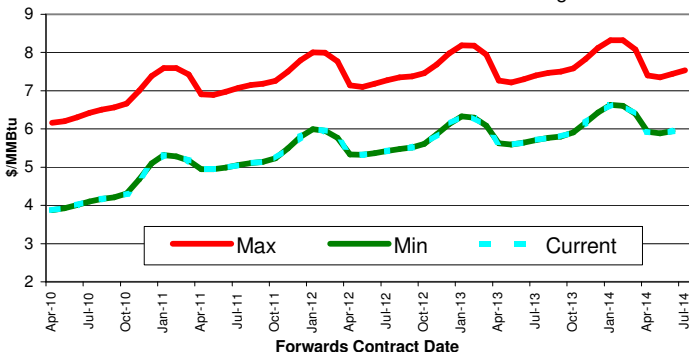
Working Gas in Storage Compared to 5-Year Range



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 1,626Bcf as of Friday, March 19th. This implies a net weekly injection of 11 Bcf, compared to a five-year average withdrawal of 37 Bcf and a withdrawal of 1 Bcf for the same report week last year. Gas in storage was about 2% below last year's level and 8% above the 5-year average.

NYMEX Natural Gas Forwards vs. 1 Year Range



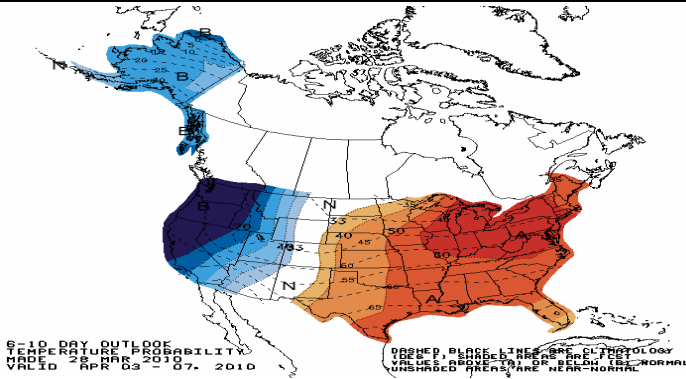
Natural gas futures are useful to monitor for both natural gas and electricity consumers because they drive electricity pricing in many U.S. markets including New England, Texas and, to a lesser extent, New York and the Mid-Atlantic. This chart compares the current natural gas price for each forward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

Forwards	Score
12 Month	100
24 Month	100
36 Month	100

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 April 3 - 7, 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

Crude oil and heating oil were steady last week. Prices inched up early in the week as U.S. equities advanced, boosted by the House of Representatives' passage of the health care reform bill. The U.S. dollar also declined against the euro, increasing the appeal of commodities as an investment. Prices declined on Wednesday after the EIA released its weekly storage report, which showed a net weekly gain of 7.3 million barrels for crude oil. A survey of Bloomberg analysts had projected a net gain of 1.65 million barrels. On Thursday, prices held steady but fell again on Friday after the Commerce Department reported that fourth-quarter GDP expanded slower than projections, and demand for fuels remains down from a year ago.

The April crude oil contract expired on March 22nd at \$81.25 per barrel, and May 2010 is the current prompt month. Crude oil contracts for delivery in the forward 12 months fell 1% last week on the NYMEX. The May 2010 contract ended the week at \$80.00 per barrel, the lowest priced crude oil contract with delivery in next 12 months. The most expensive contract in the next 12 months was April 2011 at \$82.77 per barrel. For NYMEX heating oil futures, the March 2010 contract expired on February 26th at \$2.02 per gallon, and April 2010 is the prompt month. Heating oil contracts for delivery in the next 12 months also fell less than 1% on average last week. The lowest-priced contract for the next 12 months was April 2010, which closed the week at \$2.07 per gallon. The most expensive contract in the next 12 months was March 2011, which ended the week at \$2.24 per gallon.

Natural gas prices continued to slide last week. Gas declined on Monday as an above-normal forecast for the tail end of winter in the Midwest and Northeast could shorten the typical natural gas withdrawal season and cause another supply glut this year. Contracts for the near-term months rebounded on Tuesday as the long-term months declined, signaling that speculators believed prices will rise in the short term. On Thursday the EIA reported that U.S. inventories gained more than projected, sending the prompt month contract below \$4.00/MMBtu. The number of natural gas rigs continued to rise last week; in fact, every week in 2010 has seen a net increase in gas rigs. If gas prices continue to fall, some producers will choose to idle their rigs, decreasing overall domestic production.

The March 2010 natural gas contract expired on February 24th at \$4.82 per MMBtu on the NYMEX. Natural gas contracts for the next 12 months starting April 2010 fell 7% on average between Friday, March 26th, and the previous Friday. April 2010, the lowest priced contract with delivery in next 12 months, ended the week at \$3.872 per MMBtu. The highest priced contract in the next twelve months was January 2011 at \$5.32 per MMBtu.

The National Weather Service forecasts warmer than normal temperatures for United States east of the Rockies, while the West coast is expected to see below-normal temperatures (see chart above). The CES market score (see first page) improved last week, and natural gas futures prices are at their 24-month lows. 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.



148 Middle St. Suite 506  
Portland, ME 04101  
Tel:(866)408-4591  
Fax:(866)743-4968  
www.competitive-energy.com

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