



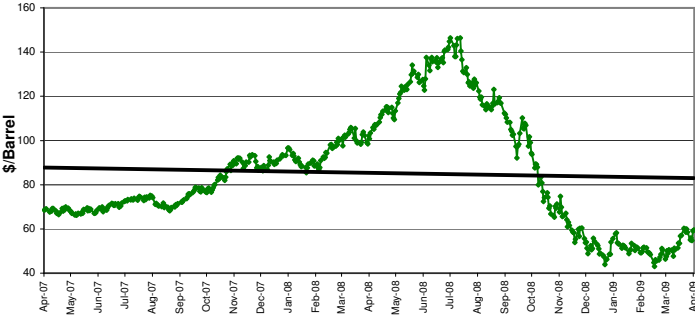
COMPETITIVE ENERGY SERVICES CETX ENERGY AGENCY MARKET SUMMARY

VIII - Issue 14

WEEK ENDING 4/3/09

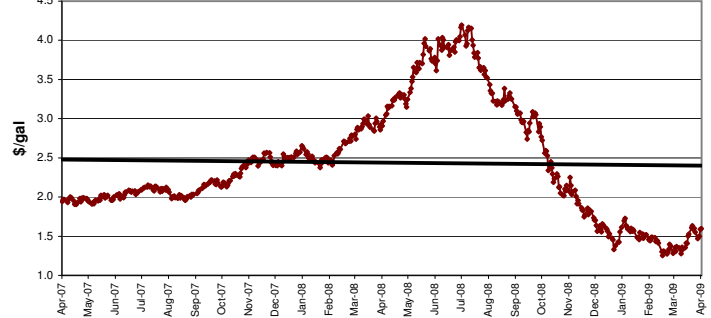
Oil Market

NYMEX Crude Futures - 12 Month Forward Strip



The April 2009 crude oil contract expired on March 20th at \$51.06/barrel on the NYMEX. May is currently the prompt month. As of April 3rd, the 12 month NYMEX forward strip starting May 2009 was \$59.52/barrel, up 2% from the previous week. The current price is 38% above the 24 month low set on February 18th at \$43.06/barrel. Strip prices are 59% below the 24 month high for the 12 month strip, which was set July 14, 2008 at \$146.44/barrel.

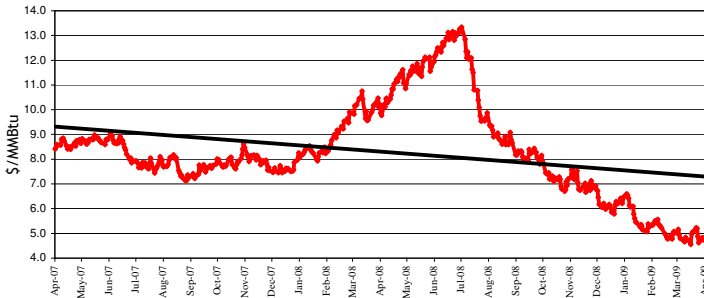
NYMEX #2 Heating Oil Futures - 12 Month Forward Strip



The April 2009 heating oil contract expired on March 31st at \$1.34/gal. May is currently the prompt month. As of April 3rd, the 12 month NYMEX forward strip starting May 2009 was \$1.60/gal. This is up 3% from the previous week and is 28% above the 24 month low set at \$1.25/gal on February 18th, 2009. Strip prices are 62% below the 24 month high, set on July 3rd at \$4.19/gal.

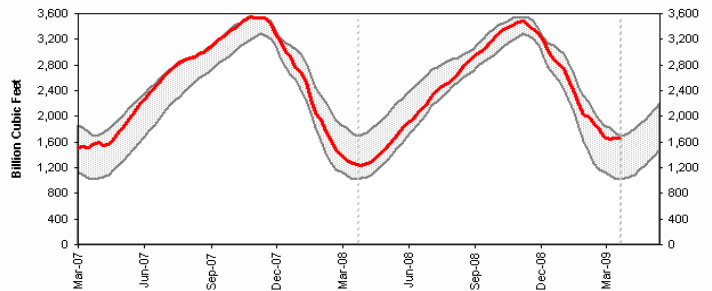
Natural Gas Market

NYMEX Henry Hub Futures: 12 Month Forward Strip



The future price of natural gas is the single most important determinant of the future price of electricity. Natural gas fired generation plants are most often called upon to provide incremental electricity and because of the structure of the competitive electricity market, these plants generally set the price of electricity for all consumers. Electricity suppliers, therefore, follow the natural gas market closely and base their prices to consumers on the forward prices for natural gas.

Working Gas in Storage Compared to 5-Year Range



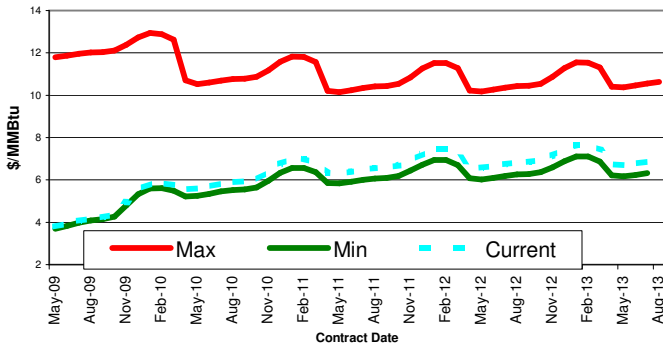
This chart shows the amount of natural gas in storage at each point in time compared to the highest and lowest amounts over the past 5 years (shown as shaded region). When current storage levels approach their lowest levels, gas markets will be tight during the winter months and prices can be expected to rise. Conversely, high amounts of natural gas in storage will, all other things being equal, have a dampening effect on prices.

Source: EIA <http://tonto.eia.doe.gov/oog/info/ngs/ngs.html>

The April 2009 natural gas contract expired on March 27th at \$3.631/MMBtu. May is currently the prompt month. As of April 3rd, the 12 month NYMEX strip starting May 2009 was \$4.84/MMBtu, up 5% from last week. This is 6% above the 24 month low, which was set on March 18th at \$4.56/MMBtu. The current strip price is 64% below the 24 month high, set July 3rd at \$13.33/MMBtu. For comparison the 18, 24, 36, and 48 month NYMEX forward natural gas strips starting May 2009 were \$5.17/MMBtu, \$5.55/MMBtu, \$5.98/MMBtu, and \$6.25/MMBtu respectively.

The EIA (Energy Information Administration) reported that natural gas in storage was 1,654 Bcf as of Friday, March 27th, 2009, which was the same as last week and reflects a reclassification of working gas to base gas also data corrections. The EIA states that without the adjustments, storage data would have implied a net injection of 9 Bcf, compared to the 5-year average withdrawal of 23 Bcf and last year's withdrawal of 30 Bcf. Gas in storage was about 32% above last year's level and 22% above the 5-year average.

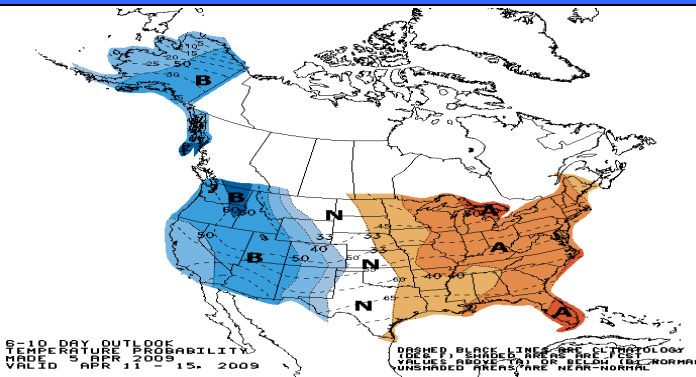
NYMEX Natural Gas Forwards vs. 1 Year Range



Score 12 Month Forward Strip	98
Score 24 Month Forward Strip	95
Score 36 Month Forward Strip	93

Natural gas futures are useful to monitor for both natural gas and electricity consumers. The natural gas futures market drives electricity pricing in many US markets, including Texas and New England. This chart shows the current forward prices for natural gas on the NYMEX exchange for each forward month shown on the horizontal axis compared to the highest and lowest prices for these same forward months over the past 12-month period. 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 maxima; a score close to 100 indicates that current prices are close to their historic minima.

Weather Forecast



For the period April 11 - 15, 2009

This chart measures how temperatures for this week compare 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

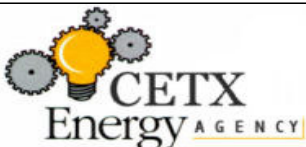
Energy prices rose over the course of last week, bolstered by optimism that world leaders at the G20 meeting will develop a plan to end the global recession. Crude oil and heating oil fell slightly on Wednesday after news that inventories had reached a 15-year high, but then saw a sharp jump on Thursday. On Friday the Labor Department released a report showing that the unemployment rate had risen to 8.5%, a rise of 0.4% since February. This slowed the rally from the previous day, although the crude oil contract for May was the only oil contract to decline on Friday. Natural gas rose throughout the week as a decline in working gas rigs and in gas exploration led to lower production projections. At the same time, analysts predicted that industrial and power plant demand would soon rebound based on the rally in equities, coupled with China announcing its first increase in manufacturing in six months. However, bullish factors are tempered by the fact that natural gas in storage is 22% above the 5-year average and the EIA is reporting net injections much earlier in the year than average. As of Monday morning, crude oil and natural gas prices were in decline, mirroring losses in the stock market.

Overall, NYMEX natural gas futures prices for the next 12 months rose an average of 1.4% from the previous Friday. The May 2009 contract increased 1.7% to \$3.801 per MMBtu, the lowest priced futures contract for delivery in the next 12 months. The February 2010 contract closed Friday at \$5.827 per MMBtu, the highest-priced natural gas futures contract for the same period.

NYMEX crude oil prices for the next 12 months increased 1.8% on average, with the farthest contracts increasing the most. The May 2009 contract increased 0.2% over the week and was the least expensive at \$52.51 per barrel, while the April 2010 contract was the most expensive at \$64.10 per barrel. Heating oil prices for contracts with delivery in the next 12 months rose an average of 1.7% on the NYMEX last week, with the farthest contracts increasing the most. The current prompt month, May 2009, settled at \$1.45 per gallon on Friday, up 0.4% from the previous Friday. The April 2010 contract, at \$1.71 per gallon, was the highest priced contract for the same period.

The EIA reported that for the period of March 20 - March 27, crude oil stocks and distillate stocks (including heating oil) increased by 2.8 million barrels 0.3 million barrels respectively. Propane stocks increased by 0.7 million barrels, and gasoline in storage increased by 2.2 million barrels during this period. Inventories for all four products are now above their 5-year average range.

The National Weather Service forecasts warmer than normal temperatures for the Eastern United States and colder than normal temperatures for the Western United States (see map above). Energy prices remain very attractive compared to historical levels. Most clients with contracts expiring in 2009 should seriously consider hedging remaining energy costs through the end of the calendar year. Clients with contracts expiring in 2010 or even 2011 could also benefit from extending their hedged position. Hedging decisions are very dependent on unique budgetary circumstances and goals and clients should consult with their representatives at CES or CETX for customized assistance.



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