



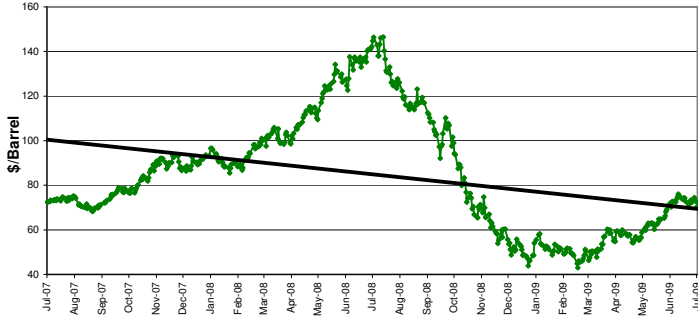
COMPETITIVE ENERGY SERVICES CETX ENERGY AGENCY MARKET SUMMARY

VIII - Issue 27

WEEK ENDING 7/2/09

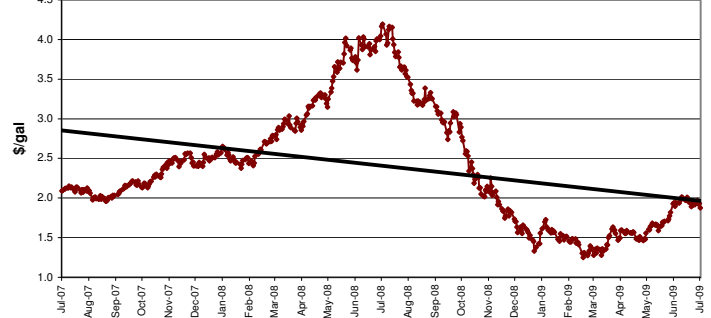
Oil Market

NYMEX Crude Futures - 12 Month Forward Strip



The July 2009 crude oil contract expired on June 22nd at \$66.93/barrel on the NYMEX. August is currently the prompt month. As of July 2nd, the 12 month NYMEX forward strip starting August 2009 was \$70.49/barrel, down 2% from the previous week. The current price is 64% above the 24 month low set on February 18th at \$43.06/barrel. Strip prices are 52% below the 24 month high for the 12 month strip, which was set July 14th, 2008 at \$146.44/barrel.

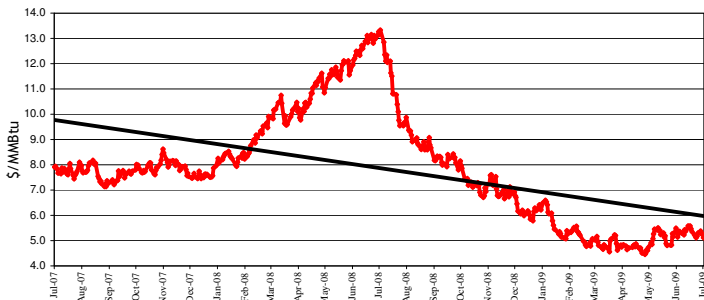
NYMEX #2 Heating Oil Futures - 12 Month Forward Strip



The July 2009 heating oil contract expired on June 30th at \$1.72/gal. August is currently the prompt month. As of July 2nd, the 12 month NYMEX forward strip starting August 2009 was \$1.87/gal. This is down 2% from the previous week and is 50% above the 24 month low set at \$1.25/gal on February 18th, 2009. Strip prices are 55% below the 24 month high, set on July 3rd, 2008 at \$4.19/gal.

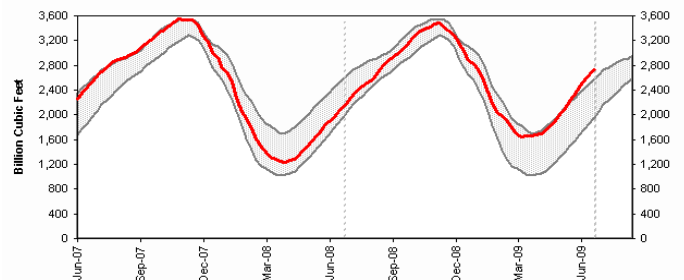
Natural Gas Market

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



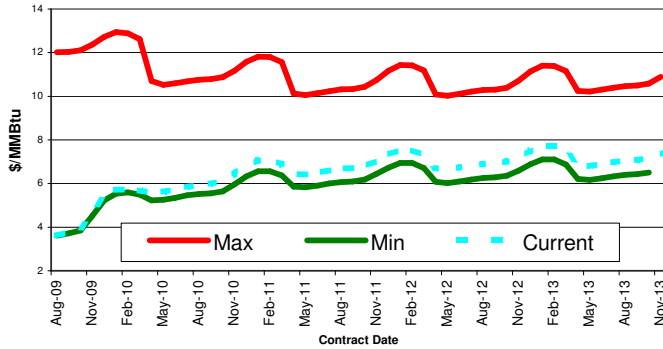
This chart shows the amount of natural gas in storage at each point in time compared to the highest and lowest amounts over the past 5 years (shown as shaded region). When current storage levels approach their lowest levels, gas markets will be tight during the winter months and prices can be expected 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 July 2009 natural gas contract expired on June 26th at \$3.95/MMBtu. August is currently the prompt month. As of July 2nd, the 12 month NYMEX strip starting August 2009 was \$5.11/MMBtu, down 3.5% from last week. The current strip price is 15% above the 24 month low, set April 27th at \$4.45/MMBtu, and 62% below the 24 month high, set July 3rd, 2008 at \$13.33/MMBtu. For comparison the 18, 24, 36, and 48 month NYMEX forward natural gas strips starting August 2009 were \$5.54/MMBtu, \$5.82/MMBtu, \$6.21/MMBtu, and \$6.45/MMBtu respectively.

The EIA (Energy Information Administration) reported that natural gas in storage was 2,721 Bcf as of Friday, June 26th, 2009. This implies a net injection of 70 Bcf for the week, compared to a 5-year average injection of 85 Bcf and a 86 Bcf injection for the same report week last year. Gas in storage was about 30% above last year's level and 21% above the 5-year average.

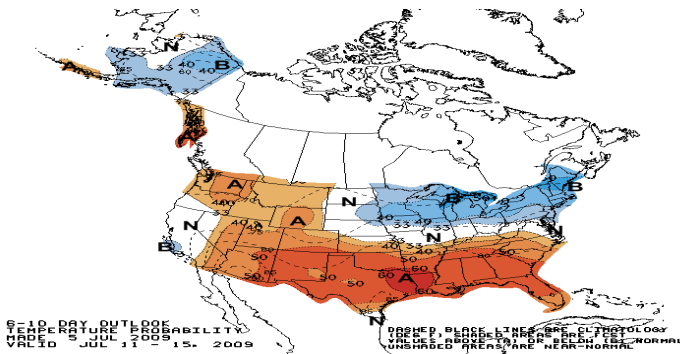
NYMEX Natural Gas Forwards vs. 1 Year Range



Score 12 Month Forward Strip	97
Score 24 Month Forward Strip	93
Score 36 Month Forward Strip	90

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 July 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 markets were closed on Friday for the July 4th Independence day holiday. Natural gas and oil prices traded lower last week on weak economic indicators. The U.S. lost another 467,000 jobs in June and unemployment rose to 9.5%; a 26 year high. Fewer jobs and much lower levels of manufacturing activity continue to reduce demand for energy. As a result, stocks of natural gas and oil products continue to build towards record levels. Attacks continue on oil infrastructure in Nigeria but are not enough - on their own - to keep prices at current levels. The lack of tropical storm activity and the continued cool weather over much of the Midwest and Northeast are both putting downward pressure on prices. As of Monday morning oil products and natural gas prices are both lower.

NYMEX natural gas futures prices for the next 12 months fell 7% between Thursday, July 2nd, and the previous Friday. The current natural gas prompt month – August 2009 – declined 49 cents per MMBtu since the previous Friday and closed last week at \$3.62 per MMBtu. It was the lowest price for a NYMEX natural gas futures contract with delivery in next 12 months. The remaining summer contracts (August – October) averaged \$3.79 per MMBtu while the winter contracts (November – March) closed at an average price of \$5.44 per MMBtu last Thursday. The July 2010 contract was at \$5.84 per MMBtu the highest priced natural gas futures contract in the next 12 months.

Crude oil futures for the next 12 months decreased \$1.77 per barrel last week on the NYMEX. August 2009 is the prompt month now and at \$66.73 per barrel it was the lowest priced crude oil futures contract with delivery in next 12 months. The NYMEX heating oil futures contracts for delivery in the next 12 months fell 7 cents per gallon or 3.5% last week. The winter heating oil contracts (November – March) settled at an average of \$1.89 per gallon last Thursday.

The EIA reported last week that the U.S. crude oil stocks decreased by 3.7 million barrels last week. The crude oil in storage was still 50.4 million barrels above last year's levels. Gasoline inventories increased by 2.3 million barrels - an unexpected increase in the middle of the U.S. driving season - and are now within the 5 year average range. Distillate (including heating oil) and propane inventories rose by 2.9 and 3.6 million barrels, respectively. Distillate inventories are higher than they have been since 1987.

The National Weather Service forecast cooler than normal weather in the Northeast and Midwest. The West and South are both forecasted to be warmer than normal (see map above). Energy prices remain attractive compared to historical levels. Most clients with contracts before the end of 2010 should consider hedging remaining energy costs through at least the end of the 2010 calendar year. Clients with contracts expiring in 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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