

COMPETITIVE ENERGY SERVICES MARKET SUMMARY

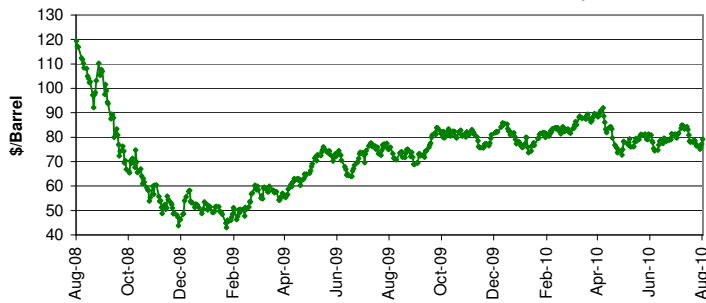
VIII - Issue 35

WEEK ENDING 8/27/10

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	\$79.22	\$76.44	\$119.36	\$43.06
date	8/27/10	8/20/10	8/27/08	2/18/09
change from last close		3.6%	-34%	84%

STORAGE (in million bbls)	crude oil
domestic stocks as of 8/20/2010	358.3
gain / loss from previous week	4.1
comparison to historic range	above

NYMEX #2 Heating Oil Futures - 12 Month Forward Strip

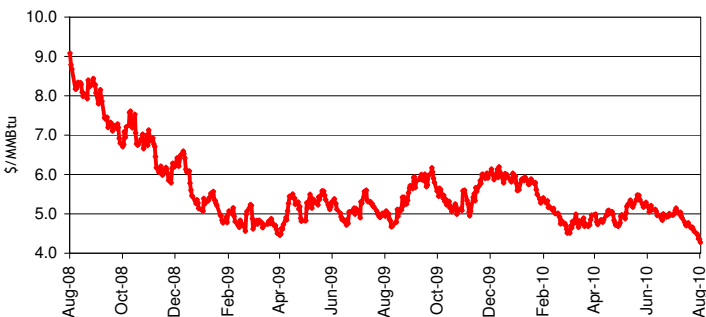


NYMEX PRICING	last close	previous week	24-month high	24-month low
12 month strip, \$/gal	\$2.13	\$2.07	\$3.33	\$1.25
date	8/27/10	8/20/10	8/27/08	2/18/09
change from last close		2.9%	-36%	70%

STORAGE (in million bbls)	distillate	propane	gasoline
domestic stocks as of 8/20/2010	176	60.9	225.6
gain / loss from previous week	1.8	1.1	2.3
comparison to historic range	above	within	above

Natural Gas Market

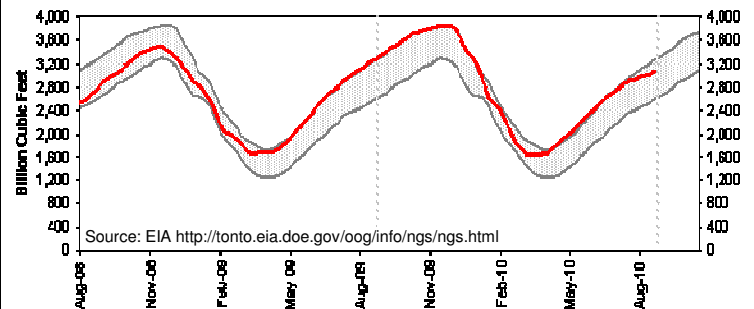
NYMEX Henry Hub Futures: 12 Month Forward Strip



NYMEX PRICING	last close	previous week	24-month high	24-month low
12 mo. strip, \$/MMBtu	\$4.27	\$4.55	\$9.08	\$4.27
date	8/27/10	8/20/10	8/27/10	8/27/10
change from last close		-6.1%	-53%	0%

Forward Strips	18 month	24 month	36 month	48 month
\$/MMBtu	\$4.52	\$4.66	\$4.94	\$5.15

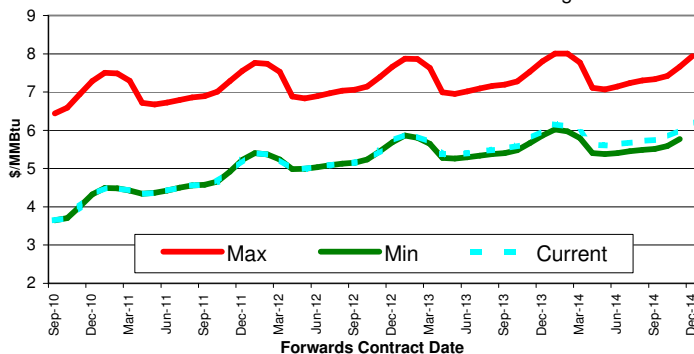
Working Gas in Storage Compared to 5-Year Range



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 3,052 Bcf as of Friday, August 20th. This implies a net weekly injection of 40 Bcf, compared to a net injection of 59 Bcf for the 5-year average and 53 Bcf for the same report week last year. Gas in storage was 6% below last year's level but 6% 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	99

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.

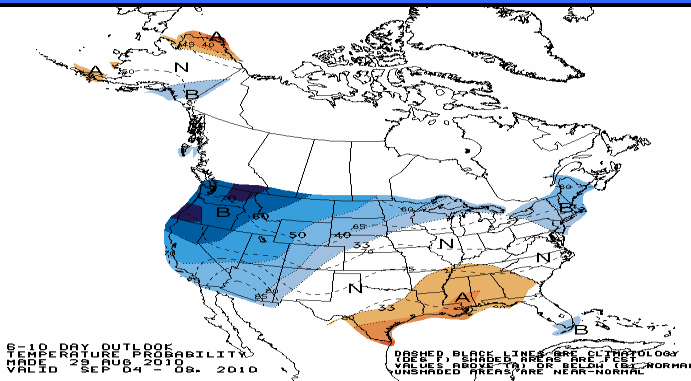
Weather Forecast

For the period September 4 - 8, 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 Atlantic tropical cyclones with the potential to threaten production in the Gulf of Mexico.

Source: Chart from the National Weather Service Climate Prediction Center www.cpc.ncep.noaa.gov



Market Assessment

Crude oil and heating oil prices began last week with a decline but rose during the latter half of the week. Oil prices fell on Monday as the dollar strengthened against the euro. On Tuesday, the National Association of Realtors reported that existing home sales fell 27.2% in July, sending stocks and crude oil prices downwards. The EIA released its weekly storage report on Wednesday, which showed an increase of 4.1 million barrels of crude, compared to a projected increase of 300,000 barrels. In addition, propane, gasoline, and distillate stocks also rose. Total crude and fuel supplies are at the highest level in over 20 years, while demand fell 1.2% during the week ending on August 20th. Despite the bearish report, crude oil rose on Wednesday due to gains in the equity market. This trend continued on Thursday as the US dollar fell versus the euro and the Labor Department released figures showing that initial applications for unemployment decreased by 31,000 to a total of 473,000 last week. Crude oil finished the week with a 2.5% jump on Friday as the S&P 500 inched upwards. As of Monday morning, crude oil prices were falling as last week's gains appear excessive in light of the record fuel supplies and uncertain demand.

The September crude oil contract expired on Friday, August 20th at \$73.46 per barrel, and October 2010 is the prompt month. Crude oil contracts for delivery in the next twelve months starting October rose 3% on average last week. The October 2010 contract ended the week at \$75.17 per barrel, the lowest-priced crude oil contract with delivery in next 12 months. The most expensive contract in the next 12 months was September 2011 at \$81.83 per barrel. For NYMEX heating oil futures, the August contract expired on July 30 at \$2.04 per gallon, and September is the prompt month. Heating oil contracts for delivery in the next 12 months starting September rose 3% on average last week. The September 2010 contract, which expires at the close of trading tomorrow, ended last week at \$2.04 per gallon, and the most expensive contract in the next 12 months was August 2011, which ended the week at \$2.19 per gallon.

Natural gas prices moved downward each day last week, making it the fourth consecutive weekly decline. Gas prices fell on Monday and Tuesday as Hurricane Danielle moved up the Atlantic Coast and away from the Gulf of Mexico. In addition, forecasts called for mild weather as the peak of the cooling season wraps up. The spread between the September contract and the January contract reached a seven-year low on Tuesday. The difference at the close of trading was 59.7 cents per MMBtu, compared to a historical average of \$1.55 per MMBtu. This indicates that traders are predicting that gas supplies will be ample through the peak of the heating season. On Wednesday, the Commerce Department announced that durable good orders rose less than forecasted during July, sending gas prices even lower. The EIA's weekly gas storage report, released every Thursday, showed a net injection of 40 billion cubic feet for the week ending August 20th, compared to a projected injection of 38 Bcf. The Energy Department estimates that gas in storage will reach a high of 3.75 trillion cubic feet by the end of the injection season; last year's stocks at the end of the injection season set a record of 3.84 trillion cubic feet. Gas continued to fall on Friday as it became clear that Hurricanes Danielle and Earl would not disrupt production in the Gulf of Mexico. On the bullish side, the Baker Hughes Rig Count for gas fell by 12 rigs last week to 973, although the number of horizontal rigs rose by 9 to a total of 904.

The September 2010 natural gas contract expired on Friday, August 27th at \$3.65 per MMBtu on the NYMEX. October 2010 is the prompt month as of today. Natural gas contracts for the next 12 months starting September fell 6.2% on average last week, with the nearest two months declining over 10% each. October 2010, the lowest priced contract with delivery in the next 12 months, ended the week at \$3.71 per MMBtu. The highest priced contract in the next twelve months was January 2011 at \$4.49 per MMBtu.

The National Weather Service forecasts above-normal temperatures for the Midwest and Northeast (see chart above). The CES market score (see first page) remains very high (positive), 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.



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