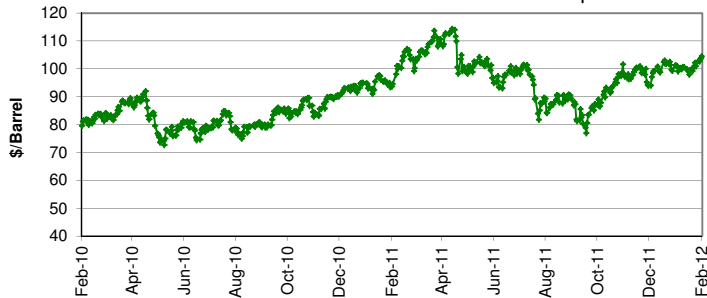


## Oil Market

### Crude Oil

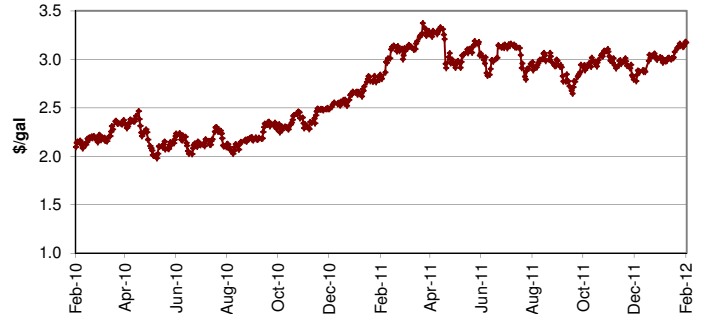
NYMEX Crude Futures - 12 Month Forward Strip



NYMEX PRICING	last close	previous week	24-month high	24-month low
12 month strip, \$/bbl	\$104.60	\$100.99	\$114.41	\$72.75
date	2/17/12	2/10/12	4/29/11	5/25/10
change from last close		3.6%	-8.6%	44%

STORAGE (in million bbls)	crude oil
domestic stocks as of 2/10/2012	339.1
gain / loss from previous week	-0.1
comparison to historic range	within

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

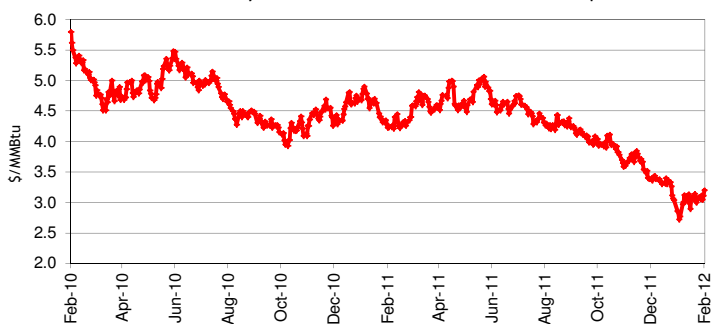


NYMEX PRICING	last close	previous week	24-month high	24-month low
12 month strip, \$/gal	\$3.17	\$3.14	\$3.37	\$1.98
date	2/17/12	2/10/12	4/8/11	5/25/10
change from last close		1.0%	-6%	60%

STORAGE (in million bbls)	distillate	propane	gasoline
domestic stocks as of 2/10/2012	143.7	46.4	232.2
gain / loss from previous week	-2.9	-0.2	0.4
comparison to historic range	within	above	within

## Natural Gas Market

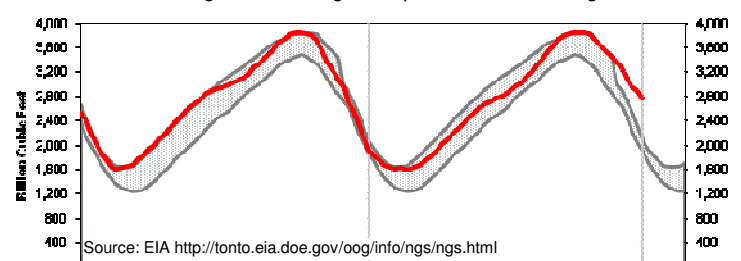
NYMEX Henry Hub Futures: 12 Month Forward Strip



NYMEX PRICING	last close	previous week	24-month high	24-month low
12 mo. strip, \$/MMBtu	\$3.20	\$3.08	\$5.80	\$2.72
date	2/17/12	2/10/12	2/17/10	1/19/12
change from last close		3.7%	-45%	18%

Forward Strips	18 month	24 month	36 month	48 month
\$/MMBtu	\$3.38	\$3.55	\$3.77	\$3.94

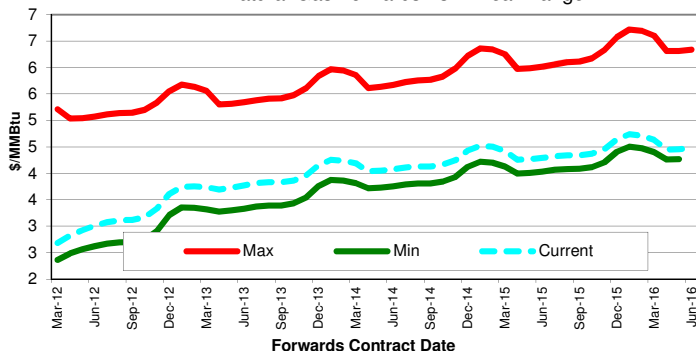
Working Gas in Storage Compared to 5-Year Range



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 EIA (Energy Information Administration) reported that natural gas in storage was 2,761 Bcf as of Friday, February 10th. This implies a net weekly withdrawal of 127 Bcf, compared to the five-year average withdrawal of 178 Bcf and last year's withdrawal of 230 Bcf. Gas in storage is now 42% above last year's levels and 38% above the 5-year average.

NYMEX Natural Gas Forwards vs. 1 Year Range

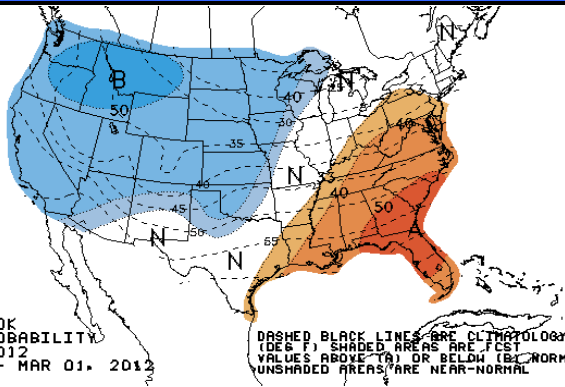


Natural gas futures are useful to monitor for both natural gas and electricity consumers because they drive electricity pricing in many U.S. markets including New England, Texas and, to a lesser extent, New York and the Mid-Atlantic. This chart compares the current natural gas price for each forward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

Forwards	Score
12 Month	84
24 Month	82
36 Month	83

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



6 - 10 Day Outlook (for the period February 26 - March 1, 2012)

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](http://www.cpc.ncep.noaa.gov)

6-10 DAY OUTLOOK  
TEMPERATURE PROBABILITY  
MADE 20 FEB 2012  
VALID FEB 26 - MAR 01, 2012

DASHED BLACK LINES ARE CLIMATOLOGY (DEG F) SHADED AREAS ARE FCST VALUES ABOVE TO OR BELOW (DEG F) UNSHADED AREAS ARE NEAR-NORMAL

## Market Assessment

Crude oil climbed again last week, gaining on four out of the five days trading days. Oil started off the week trailing equities, which rose after the Greek Parliament voted to approve austerity measures necessary for a second aid package from the European Union. Furthermore, a fleet of more than 100 supertankers stopped shipping crude oil from Iran because Europe expanded its boycott of Iran to include ships insured under European laws, which covers about 95% of the fleet. Oil saw a brief reprieve on Tuesday due to a report from the Commerce Department showing that retail sales grew at a slower pace than expected. In addition, the dollar strengthened against the euro and Moody's Investor Service downgraded six countries in the EU. Oil began to climb Wednesday on the EIA's report that crude oil stocks fell 171,000 barrels, in contrast to a Bloomberg-survey projection of a 1.5 million barrel gain. Oil continued this trend on Thursday and Friday after a Labor Department report that the number of applications for unemployment insurance fell by 13,000 over the previous week, and on Friday European finance ministers announced that they were close to a deal on a bailout package for Greece. London-traded Brent crude briefly went over \$120 per barrel but then ended down on Friday at \$119.58 per barrel, a \$15.98 premium to New York-traded West Texas Intermediate.

The March 2012 crude oil contract expired on Friday, February 17th, at \$98.46 per barrel, and April 2012 is the prompt month as of February 21st. Crude oil contracts for delivery in the next twelve months rose 3.6% on average last week. The April 2012 contract ended the week at \$103.6 per barrel, the least expensive contract expiring in the next 12 months. October, November, and December 2013 were the most expensive contracts for delivery in the next 12 months, all at \$105.05 per barrel. For NYMEX heating oil futures, the February contract expired on Tuesday, January 31st at \$3.06 per gallon. Heating oil contracts for delivery in the next 12 months starting March 2012 rose 1% last week. March 2012, the prompt month, ended the week at \$3.19 per gallon and was the most expensive contract expiring in the next 12 months. The least expensive contract was June 2012 at \$3.16 per gallon.

Natural gas rose last week. Gas started the week down as analysts anticipated that warm weather over the prior week would mean that this week's EIA report would show a smaller-than-normal withdrawal from inventories. However, gas began to climb on Tuesday as colder-than-normal weather was predicted for the Western states. Gas came back down on Wednesday after several weather outlets forecasted warmer-than-normal weather for the East through February. However, gas prices climbed for the next two days after the EIA reported a net withdrawal of 127 billion cubic feet. This was far below the historical average for this time of year but above the Bloomberg-survey projection of 120 Bcf. With prompt month gas touching \$2.42 per MMBTU and looking for a reason to rebound, the 7 Bcf discrepancy was enough to cause a market reaction. On Friday, Canadian gas producer Encana Corp. announced that it may cut production by up to 600 million cubic feet per day in response to current gas prices. The EIA projects that the tumble in gas prices will lead to a 2% drop in coal-fired generation in 2012, while gas-fired generation should increase 5.6%. Analysts are waiting for gas to achieve some balance between being low enough to incentivize switching from coal to gas generation, while still being high enough to stave off further production cuts.

The February 2012 natural gas contract expired on Friday, January 27th at \$2.68 per MMBtu. March 2012 is now the prompt month. Gas contracts for delivery in the next twelve months rose 4.0% last week. The March 2012 contract fell ended the week at \$2.68 per MMBtu, the lowest priced contract with delivery in the next twelve months. The highest priced contract in the next twelve months was February 2013 at \$3.75 per MMBtu.

The National Weather Service near-term forecast calls for warmer-than-normal temperatures for the Mid-Atlantic and the South, while Central US the West is expected to be colder-than-normal. The market scores fell last week, but prices are still close to historical lows. Clients with electricity or natural gas contracts expiring in 2012, 2013 and 2014 should consult with a CES representative for customized guidance.



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

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## Spot Prices

		New England ISO Real Time Power Pricing By Zone (\$/MWh)								
		2/13/12	2/14/12	2/15/12	2/16/12	2/17/12	2/18/12	2/19/12	Avg	
Power (\$/MWh)	Maine RT On Pk	37	32	33	34	30	30	30	32	
	Maine RT Off Pk	32	28	27	26	33	27	24	28	
	NH RT On Pk	37	33	34	34	31	31	31	33	
	NH RT Off Pk	33	28	27	26	33	27	24	28	
	Vermont RT On Pk	37	33	34	35	31	31	31	33	
	Vermont RT Off Pk	32	28	27	26	33	27	24	28	
	Connecticut RT On Pk	38	34	35	35	32	32	32	34	
	Connecticut RT Off Pk	33	28	27	26	33	27	25	28	
	Rhode Island RT On Pk	38	33	34	34	31	31	31	33	
	Rhode Island RT Off Pk	34	28	27	26	33	27	24	28	
	NE Mass RT On Pk	38	33	34	35	31	31	31	33	
	NE Mass RT Off Pk	33	28	27	26	33	27	24	28	
	SE Mass RT On Pk	38	33	34	35	31	31	31	33	
	SE Mass RT Off Pk	33	28	27	26	33	27	24	29	
	WC Mass RT On Pk	38	33	35	35	32	32	32	34	
	WC Mass RT Off Pk	33	28	27	27	33	27	24	29	
			New York ISO Real Time Power Pricing By Zone (\$/MWh)							Avg
	Power (\$/MWh)	Capital RT On Pk	31	33	30	30	25	25	25	29
		Capital RT Off Pk	24	29	26	25	23	29	28	26
Central RT On Pk		23	32	29	29	24	24	24	26	
Central RT Off Pk		22	27	25	24	22	28	27	25	
Hudson RT On Pk		30	35	31	32	26	26	26	29	
Hudson RT Off Pk		24	29	26	26	23	30	29	27	
Mohawk RT On Pk		24	33	30	30	25	25	25	27	
Mohawk RT Off Pk		23	28	25	25	22	29	28	26	
Milwood RT On Pk		30	35	31	32	26	26	26	29	
Milwood RT Off Pk		24	29	26	25	23	30	29	27	
NYC RT On Pk		32	38	33	33	26	26	26	31	
NYC RT Off Pk		25	30	26	26	23	31	29	27	
		PJM Real Time Power Pricing By Zone (\$/MWh)							Avg	
Power (\$/MWh)		Eastern Hub On Pk	65	69	67	66	56	56	56	62
	Eastern Hub Off Pk	35	57	62	62	56	33	26	47	
	Western Hub On Pk	35	31	30	31	28	28	28	30	
	Western Hub Off Pk	33	26	24	24	23	26	28	26	
	PPL Zone On Pk	35	31	30	32	27	27	27	30	
	PPL Zone Off Pk	33	26	23	24	22	25	25	25	
	AEP RT On Pk	34	30	29	30	27	27	27	29	
	AEP RT Off Pk	31	25	23	23	23	25	27	25	
	Chicago RT On Pk	32	29	28	29	27	27	27	29	
	Chicago RT Off Pk	29	25	23	24	23	23	26	25	
	New Jersey Hub On Pk	36	32	30	32	28	28	28	31	
	New Jersey Hub Off Pk	33	26	23	24	23	26	25	26	
			2/13/12	2/14/12	2/15/12	2/16/12	2/17/12	2/18/12	2/19/12	Avg
	Natural Gas \$/MMBtu	Henry Hub, LA	2.42	2.48	2.54	2.48	2.67	2.67	2.67	2.56
Dracut, MA		3.37	3.22	3.22	3.23	3.52	3.52	3.52	3.37	
TZ6, MA		3.37	3.24	3.24	3.21	3.55	3.55	3.55	3.39	
Algonquin, MA		3.44	3.23	3.26	3.25	3.64	3.64	3.64	3.44	
Chicago Hub, IL		2.61	2.69	2.69	2.63	2.79	2.79	2.79	2.71	
New York, NY		2.73	2.77	2.79	2.71	2.94	2.94	2.94	2.83	
Dominion South, PN		2.55	2.58	2.63	2.56	2.74	2.74	2.74	2.65	
Opal Hub, WY		2.47	2.54	2.57	2.46	2.64	2.64	2.64	2.56	
PG&E Citygate, CA		2.91	2.93	2.98	2.88	3.01	3.01	3.01	2.96	
SoCal KRS, CA		2.91	2.93	2.98	2.88	3.01	3.01	3.01	2.96	

