



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR JUNE 30, 2010

NATURAL GAS MARKET NEWS

Hurricane Alex was expected to make landfall on the northern Mexican coast late this evening with peak winds approaching 90 mph. Tropical storm force winds are extending out some 200 miles from the center of the storm. Meanwhile the rest of the tropics are relatively quiet with just a couple of tropical waves off the coast of Africa. But forecasters continue to watch this area as they expect the African "wavew train" to ratchet up in coming weeks given the upward pulse in the Madden Julian Oscillation Index.

Generator Problems

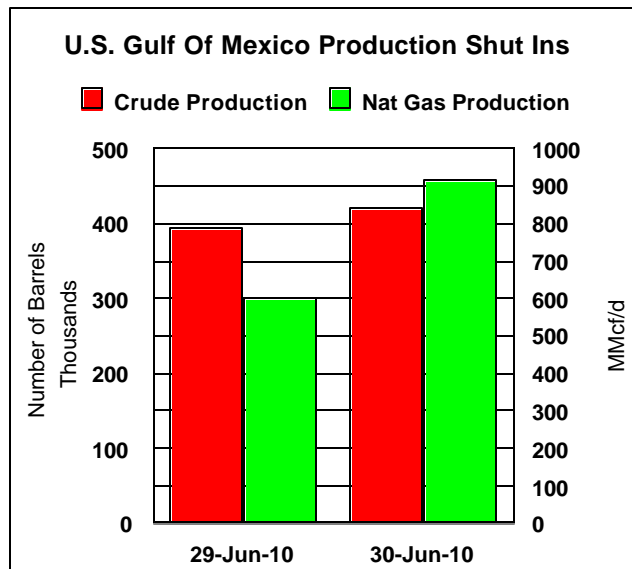
NPCC – OPG's Lennox oil and gas-fired power plant saw all four units return to service early Wednesday. The facility had been shut on June 28th.

OPG's 490 Mw Nanticoke #1 coal fired power plant returned to service late Tuesday.

The NRC reported this morning that some 95,680 Mw of nuclear generation was operating today, up 1.2% from yesterday and some 1.3% higher than the same day a year ago.

BP reported this afternoon that it was restarting three oil and gas production platforms in the Gulf of Mexico that had been shut recently as a precaution in front of Hurricane Alex. The company confirmed that its Mad Dog, Holstein and Atlantis platforms have been restarted. All three had been shut on Tuesday. The company though announced it had closed its Southern Green Canyon platform today.

The U.S. Bureau of Ocean Energy Management reported today that some 421,350 b/d of offshore crude oil production in the Gulf of Mexico had been shut and some 919 MMcf/d of natural gas production. This is up 1.6% for crude oil and 5% for natural gas from yesterday's shut in levels.



The Sabine Pass LNG terminal was slated to receive a LNG cargo from Yemen on or about July 12th according to ship tracking services. The Seri Balhaf tanker, which can hold 157,000 tonnes of LNG, was last seen in the Mediterranean and heading west.

The Oregon Public Utilities Commission at a hearing for its annual Natural Gas Price Outlook yesterday heard from representatives from the Northwest Gas Association and Oregon's three natural gas companies, all of which conveyed the common theme that increased unconventional natural gas supply across North America is helping to temper natural gas prices into 2011. The group was looking for natural gas production from British

Columbia to double to near 6 bcf/d by 2020 of which 80% will come from shale gas production. Industry representatives said they expect natural gas prices to remain relatively flat for the coming months or even possibly slightly lower.

Royal Dutch Shell and Exxon Mobil have launched the sale of their jointly owned German gas storage business. Market expectations for the proposed sale are for the owners to receive upwards of 1 billion euros.

Australia's national workplace tribunal has ordered that a strike at Woodside Petroleum's \$11 billion Pluto LNG project be suspended. Some workers have been on strike at the facility since April 28th over pay and working conditions. The labor panel ordered the unions to suspend the strike for three months, during which negotiations would continue. The project is targeted to start production by the

Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
Location	Traded	Price		(As of 12:30 PM)		Moving Avg
Henry Hub	706,900	\$4.527	(\$0.155)	(\$0.041)	(\$0.095)	(\$0.085)
Chicago City Gate	527,200	\$4.463	(\$0.177)	(\$0.105)	(\$0.153)	\$0.043
NGPL- TX/OK	627,500	\$4.362	(\$0.124)	(\$0.206)	(\$0.100)	(\$0.113)
SoCal	346,700	\$4.238	(\$0.125)	(\$0.330)	(\$0.101)	(\$0.303)
PG&E Citygate	731,200	\$4.383	(\$0.143)	(\$0.185)	(\$0.119)	(\$0.157)
Dominion-South	629,400	\$4.615	(\$0.166)	\$0.047	(\$0.142)	\$0.196
USTrade Weighted	21,002,000	\$4.397	(\$0.119)	(\$0.171)	(\$0.09)	(\$0.085)

end of February 2011 and ship its first export cargo by the end of March 2011. The project has a capacity to ship 4.8 million tones of LNG per year.

UK spot wholesale gas prices tumbled back today as a result of the Norway's Troll gas field resumed production. The troll A North Sea platform as well as gas output at the Visund and Kvitebjoern field were shut down following the discovery of a leak at the Troll A field yesterday. Gas flows into Britain via Norway's Langed pipeline rose to 49 mcm/day this morning, up from less than 20 mcm/day overnight.

The West Australian state government said that now that talks between Woodside Petroleum and indigenous landowners have failed to reach agreement on land acquisition for the fourth time, for the company's proposed James Price Point LNG processing plant project, it may consider a compulsory partial acquisition of the site. Woodside is looking to make a final investment decision on the hub by mid 2012.

Shell and Iraq reportedly have reached agreement for Shell to capture and exploit the huge volumes of gas that are currently being flared from its southern oil fields. The project will result in the capture of 2.5 bcf/d of natural gas over a 25-year period. Much of the gas would be used to supply Iraq power generation.

Canadian Gas Association

Weekly Storage Report

	25-Jun-10	18-Jun-10	26-Jun-09
East	144.5	139.3	173.6
West	299.1	291.1	276.6
Total	443.5	430.4	450.2

storage figures are in Bcf

The Russian government said today that Gazprom is looking to buy Hunt Oil's stake in Yemen's LNG plant, possibly in tandem with Saudi Arabia. Hunt currently holds a 17.2% stake in the Total led Yemeni LNG project, which began operations last year and has an annual capacity of 6.7 million tones.

PIPELINE RESTRICTIONS

Tennessee Gas Pipeline said it is experiencing supply losses greater than anticipated due to Hurricane Alex in the Gulf of Mexico. As a result producers upstream of Station #1 (Agua Dulce) are requested to adjust nominations to match physical flow. The company also said it has an estimated available capacity of approximately 49,000 Dth for today and will accept increases for nominations pathed for delivery to Rivervale delivery meter.

PG&E has issued a system wide OFO for July 1st due to high inventory. A 5% tolerance was set.

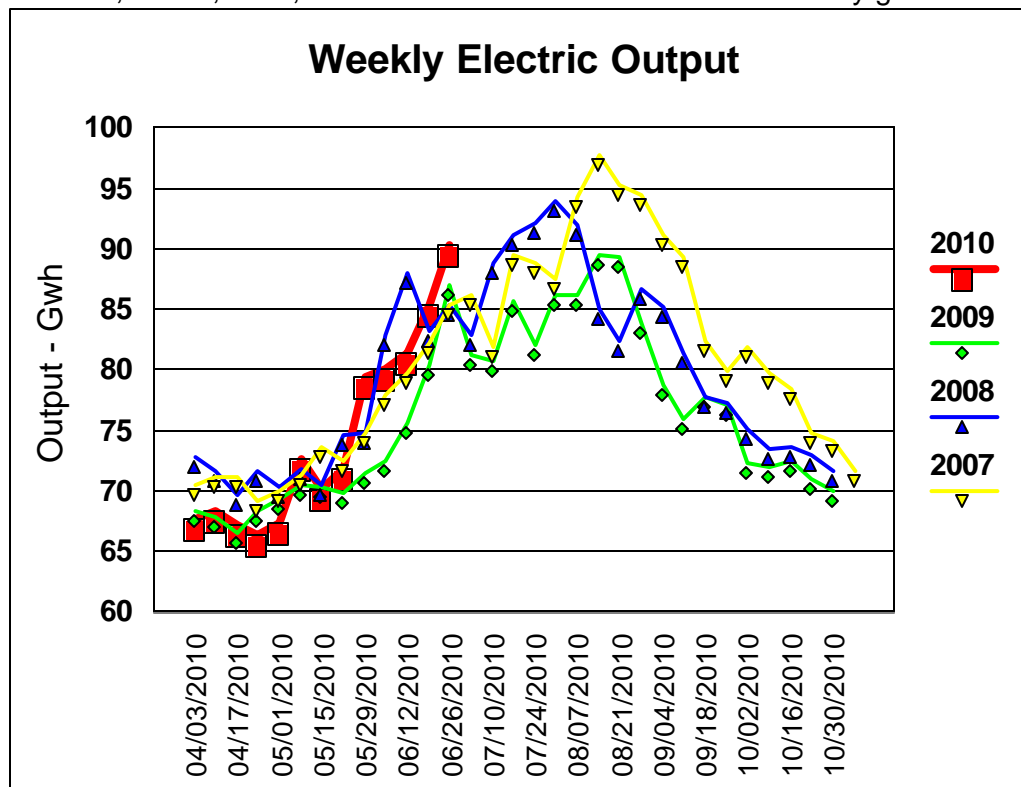
NGPL said that effective for today and continuing until further notice it is at capacity for northbound flow through Segment 13 at Compressor Station 107 in Mills County, Iowa. Interruptible transportation service/authorized overrun and secondary out of path firm transports are at risk of not being fully scheduled.

ECONOMIC NEWS

According to a national employment report published by ADP, private sector jobs in the US increased by 13,000 in June compared with market expectations of an increase of 60,000. The estimate change in employment for May was revised to a gain of 57,000 from a previously reported increase of 55,000.

ELECTRIC MARKET NEWS

The New York Power Authority said today it will apply with federal regulators for a lease to build an offshore wind power project in the Atlantic ocean. A wind power group is seeking to build a 350-700 Mw wind farm, on which NYPA would hold the lease. The facility would be slated to be operational by 2016. The site would be some 13-15 miles off the coast of Long Island. The wind power group includes, NYPA, LIPA, Con Ed and other New York State and City government agencies.



The Edison Electric Institute reported today that power production in the United States for the week ending June 26th climbed to 89,513 Gwh, up 5.9% from the prior week and up 3.8% from a year ago.

Ontario's Independent Electricity System Operator said yesterday that it has selected Sempra Power Systems and Hydrogenics Corporation to provide a grid balancing service that

is usually supplied by generators. The IESO, which is responsible for managing the pilot project, said this pilot program, which is slated to be completed this year, is to assess the viability of non-generation technologies providing regulation service. During the pilot period, the two companies will receive signals from the IESO, which will monitor and assess participant's responses to these signals. The research findings will also identify some of the necessary administrative, regulatory and technical changes that are required to facilitate the integration of different resources on Ontario's electricity system.

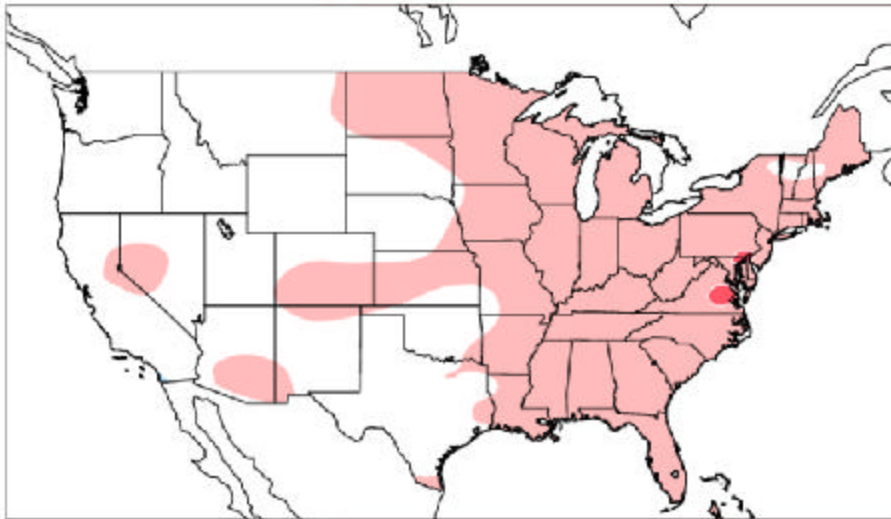
MARKET COMMENTARY

While the spot cash markets were generally weaker today as near term temperatures have moderated over much of the country, the outlook for the return of warmer than normal temperatures especially in the 11-15 day period seems to have prompted some short covering.

Market expectations for tomorrow's EIA storage report appear to be centered around a 63-65 bcf build. Stocks a year ago rose an adjusted 73 bcf for the same week while the 5 year seasonal average is for a 82 bcf build.

We continue to look for this market to remain contained with a \$4.40-\$5.00 trading range and do not expect that this will be able to break out of this range for the near term, without another tropical threat for an upside breakout, or dramatic economic decline that prompts further significant contraction in the equity and oil markets.

Mean Temp (°F) Deviation from Normal MRF-MEX/GFS EPS Day 11-15 07/10/2010-07/14/2010



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