



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR JULY 30, 2009

NATURAL GAS MARKET NEWS

In economic news, the US Labor Department said the number of US workers filing initial claims for unemployment benefits increased by 25,000 to 584,000 on a seasonally adjusted basis in the week ending July 25th. The four-week average fell by 8,250 to 559,000, the lowest level since January 24th. The total number of continuing claims fell by 54,000 during the week ending July 18th to 6,197,000, the lowest level since April 11.

According to Royal Dutch Sell PLC chief Executive Peter Voser, the company expects gas demand to fall 5% this year,

EIA Weekly Report

	07/24/2009	07/17/2009	Change	07/24/2008
Producing Region	1059	1043	16	752
Consuming East	1523	1467	56	1355
Consuming West	441	442	-1	345
Total US	3023	2952	71	2452

*storage figures in Bcf

Sakhalin. Prime Minister Vladimir Putin is expected to travel to the far eastern city of Khabarovsk on Friday to inaugurate the start of the pipeline to the Pacific port of Vladivostok, which will ultimately liquefy gas from Sakhalin Island for export to Asia. Gazprom says it needs gas for domestic use and is holding talks with Exxon about buying all of its gas output from Sakhalin, although sources say the company offers prices equal to Russia's domestic gas prices.

Exxon Mobil Corp will increase its natural gas output from Colorado's Piceance Basin across the balance of the year and will continue to evaluate leaseholds in British Columbia's Horn River Basin and in the Marcellus Shale.

Sempra LNF announced today that its Cameron LNG receipt terminal near Lake Charles, LA, has been successfully completed performance testing and has begun commercial operations. Over the past month, start-up commissioning activities have been completed, including the arrival of the

Generator Problems

FRCC – FPL's 864 Mw St. Lucie #2 nuclear unit was back on line and at 62% capacity this morning, up from 61% on Wednesday. The unit was restarted late Monday, from a shutdown that began back on July 13th.

NPCC – Ontario Power Generation's 490 Mw unit 2 at the Nanticoke coal-fired power station was shut early Thursday.

Bruce Power LP's 822 Mw Bruce unit 7 was taken offline early Thursday due to a surplus of baseload generation in the province. The outage is expected to be brief.

The NRC reported this morning that 96,183 Mw nuclear generation capacity was on line, up 0.30% from Wednesday and down 1.62% from the same time a year ago.

stating that oil demand is in "its deepest trough since 1980", and that there will be a 15 million barrel a day overhang of refining capacity this year.

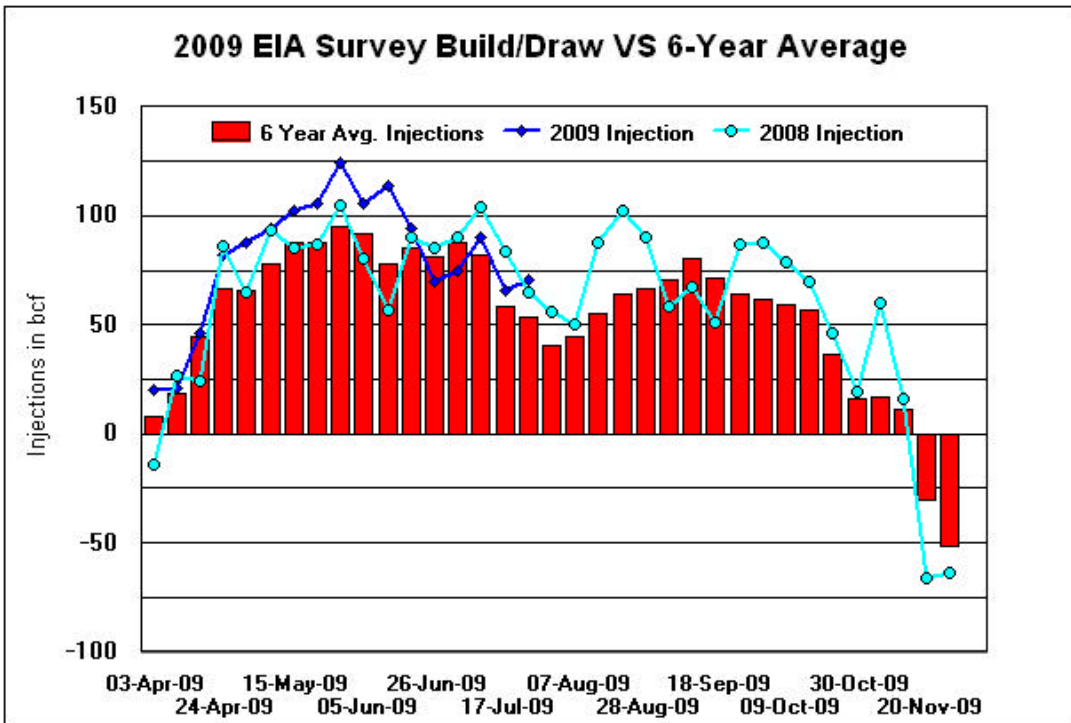
Analysts said Russia will increase its pressure on Exxon Mobil to sell gas from

Canadian Gas Association

Weekly Storage Report

	24-Jul-09	17-Jul-09	25-Jul-08
East	206.7	198.2	163
West	309	301.7	259.6
Total	515.7	499.9	422.6

storage figures are in Bcf



facility's first two LNG commissioning cargoes and obtaining the approval to commence operations from the Federal Energy Regulatory commission.

For the first time since July of 2008, China is set to take delivery of Egyptian LNG. The expected date of delivery is

August 4th. The British Innovator is shipping 138,000 cubic meters of super cooled gas.

UK's Dragon LNG terminal is set to get its second cargo delivery of LNG on August 6.

Kuwait will receive its first cargo of liquefied natural gas next week at the Mina al-Ahmadi GasPort terminal. Commissioning has started at Exceleerate Energy's designed terminal and that offload of the first cool down cargo from the Express LNG tanker would take place next week.

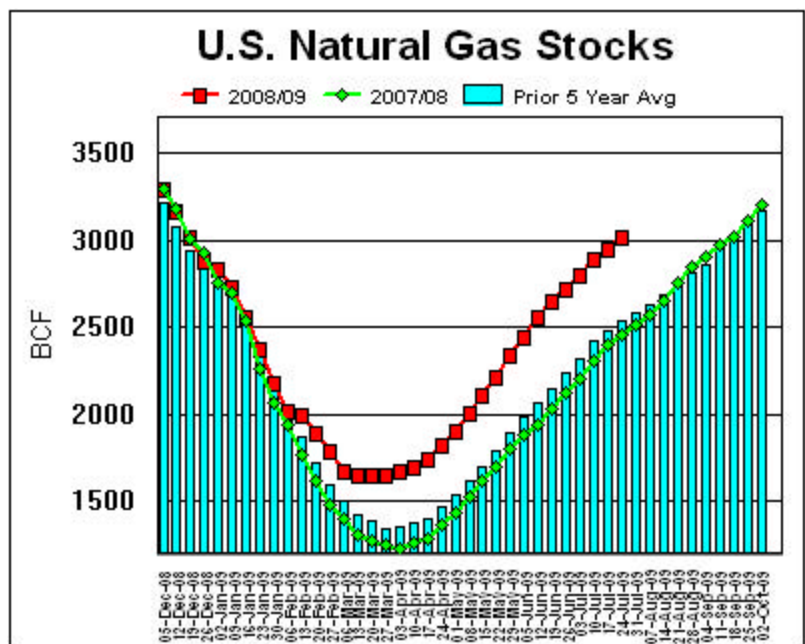
Trinidad and Tobago and Venezuela will meet in about a month to try to finalize a stalled agreement to exploit natural gas fields that straddle their maritime border. The area is estimated to contain 10 trillion cubic feet of gas. Technical teams from the two countries agree that 73% or 7.3 trillion cubic feet of the reservoir, lies on the Venezuelan side of the border with the remaining 27% or 2.7 tcf on the Trinidad side.

PIPELINE RESTRICTIONS

Tennessee Gas Pipeline Company said effective intraday cycle 1 for the gas day of July 30, it will accept increases at Carthage Line Lateral and Riverdale Delivery Meter.

Trailblazer has said that it has capacity available for gas going eastbound through Compressor Station 602. Effective for gas day July 30, timely cycle and until further notice, interruptible transportation service/authorized overrun and secondary out-of-path firm transports are available to be scheduled.

MidContinent Express Pipeline LLC said



on Thursday that in service will begin on the final portion of the pipeline from Delhi to Transco 85, Zone 2. Zone 2 points available for service include receipt at Centerpoint Delhi and delivery at Destin Pipeline Clarke and Transco Choctaw. Firm service will be available in both Zones 1 and 2, from Bennington, OK to Transco's Station 85 in Choctaw County, AL. Effective Aug. 1, firm capacity will be available at a minimum of 88% of full capacity for Zone 1 receipts delivered to delivery points in either Zone 1 or Zone 2 and 100% of full capacity for Zone 2 receipts delivered to operate the pipeline system at the .8 design, 100% of firm capacity will be available in both Zone 1 and Zone 2. Firm shippers will not incur reservation charges for any reduction in available maximum daily quantity volumes on any day that this allocation is in effect.

ELECTRICITY MARKET NEWS

The EIA reported that US coal production in the week ending July 25th was 21.1 million tons, about 2.11% higher than the previous week and 7.68% lower than a year ago.

MARKET COMMENTARY

The natural gas market was trading mostly sideways ahead of the release of the EIA storage report. The market breached its overnight resistance of \$3.60 and rallied to \$3.68 upon the release of the neutral to slightly supportive report, which showed a build of 71 bcf. It was slightly lower than the expected 73 bcf build. The market was further supported by the strength in the oil market, which rallied over \$3 on the day. The natural gas market retraced little more than 50% of its move from a high of \$4.045 to a low of \$3.459 as it rallied to a high of \$3.769 in afternoon trading. The market later settled in a sideways trading pattern and settled up 19.5 cents at \$3.743.

Despite, today's run up in prices, the natural gas market's gains will remain limited. Natural gas inventories increased to over 3 tcf in the latest week, a record high for this time of the year. The market is seen finding resistance at \$3.769, \$3.821, its 62% retracement level, \$3.842 followed by \$3.835, \$3.844 and \$3.87. More distant resistance is seen at \$3.94 and \$4.112. Meanwhile support is seen at \$3.70, \$3.589 and \$3.572. Further support is seen at \$3.499, \$3.40, \$3.366 and \$3.302.