



# Weekly Update

January 19th, 2012



## NYMEX Commodities

	1/18	1/11	▲	Year Ago
<b>Crude Oil Feb. 2012</b>	\$100.59	\$100.87	(\$0.28)	\$90.86
<b>Natural Gas Feb. 2012</b>	\$2.47	\$2.77	(\$0.30)	\$4.55
<b>Gas (RBOB) Feb. 2012</b>	\$2.83	\$2.76	\$0.06	\$4.48
<b>Heating Oil Feb. 2012</b>	\$3.01	\$3.06	(\$0.05)	\$2.62

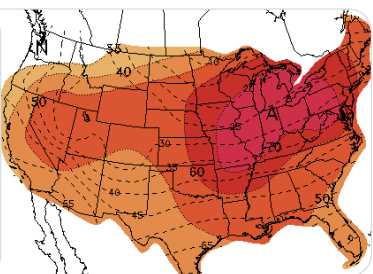
## Platts-ICE Forward Curve, Electricity

Prompt: 2/2012	1/18	1/11	▲	Year Ago
<b>Mass Hub</b>	\$46.25	\$49.50	(\$3.25)	\$61.00
<b>N.Y. Zone G</b>	\$46.00	\$49.50	(\$3.50)	\$62.25
<b>PJM West</b>	\$38.50	\$38.90	(\$0.40)	\$54.50
<b>ERCOT</b>	\$26.00	\$28.00	(\$2.00)	\$37.25

## NYMEX Natural Gas Strip Averages

Prompt: 2/2012	1/18	1/11	▲
<b>Q1 2012</b>	\$2.49	\$2.79	(\$0.29)
<b>Q2 2012</b>	\$2.68	\$2.95	(\$0.27)
<b>Winter 2012</b>	\$2.47	\$2.77	(\$0.30)
<b>Spring 2012</b>	\$2.68	\$2.95	(\$0.27)
<b>Cal. Yr. 2012</b>	\$2.79	\$3.06	(\$0.27)
<b>Cal. Yr. 2013</b>	\$3.53	\$3.78	(\$0.25)
<b>12 Months</b>	\$2.85	\$3.11	(\$0.27)
<b>24 Months</b>	\$3.21	\$3.47	(\$0.26)
<b>36 Months</b>	\$3.49	\$3.74	(\$0.25)

**NOAA 6 to 10 Day Outlook:** Color indicates the probability of forecasted temperatures being above or below a historical average for the period.



Regardless of one's view on whether energy prices will rise or fall, all should determine if there is an opportunity to save money or to mitigate risk. Contact your account representative to explore all current offers and discuss market conditions.

## Obama Rejects Canada-Texas Oil Pipeline for Now

The Associated Press | January 19, 2012

In a politically explosive decision, President Barack Obama on Wednesday rejected plans for a massive oil pipeline through the heart of the United States, ruling there was not enough time for a fair review before a looming deadline forced on him by Republicans. His move did not kill the project but could again delay a tough choice for him until after the November elections.

Right away, the implications rippled across the political spectrum, stirred up the presidential campaign and even hardened feelings with Canada, a trusted U.S. ally and neighbor. For a U.S. electorate eager for work, the pipeline has become the very symbol of job creation for Republicans, but Obama says the environment and public safety must still be weighed too.

The plan by Calgary-based TransCanada Corp. would carry tar sands oil from western Canada across a 1,700-mile pipeline across six U.S. states to Texas refineries.

Obama was already on record as saying no, for now, until his government could review an alternative route that avoided environmentally sensitive areas of Nebraska — a route that still has not been proposed, as the White House emphasizes. But Obama had to take a stand again by Feb. 21 at the latest as part of an unrelated tax deal he cut with Republicans.

This time, the project would go forward unless Obama himself declared it was not in the national interest. The president did just that, reviving intense reaction.

## Electricity Declines 50% as Shale Spurs Natural Gas Glut: Energy

Bloomberg | January 19, 2012

A shale-driven glut of natural gas has cut electricity prices for the U.S. power industry by 50 percent and reduced investment in costlier sources of energy.

With abundant new supplies of gas making it the cheapest option for new power generation, the largest U.S. wind-energy producer, NextEra Energy Inc., has shelved plans for new U.S. wind projects next year and Exelon Corp. called off plans to expand two nuclear plants. Michigan utility CMS Energy Corp. canceled a \$2 billion coal plant after deciding it wasn't financially viable in a time of "low natural-gas prices linked to expanded shale-gas supplies," according to a company statement.

Mirroring the gas market, wholesale electricity prices have dropped more than 50 percent on average since 2008, and about 10 percent during the fourth quarter of 2011, according to a Jan. 11 research report by Aneesh Prabhu, a New York-based credit analyst with Standard &



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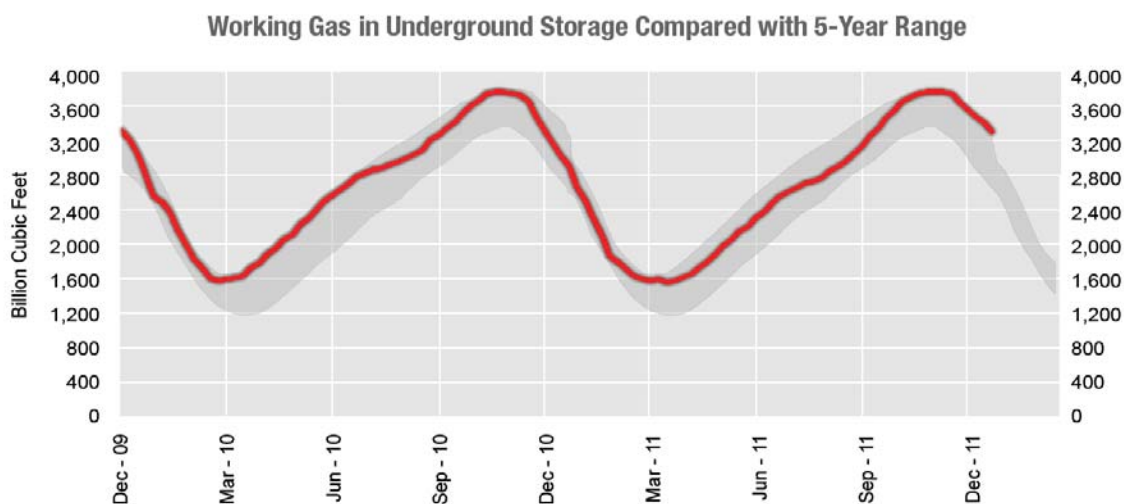
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Poor's Financial Services LLC. Prices in the west hub of PJM Interconnection LLC, the largest wholesale market in the U.S., declined to about \$39 per megawatt hour by December 2011 from \$87 in the first quarter of 2008.

Power producers' profits are deflated by cheap gas because electricity pricing historically has been linked to the gas market. As profit margins shrink from falling prices, more generators are expected to postpone or abandon coal, nuclear and wind projects, decisions that may slow the shift to cleaner forms of energy and shape the industry for decades to come.

## EIA - Weekly Natural Gas Storage Report



### Summary

Working gas in storage was 3,290 Bcf as of Friday, January 13, 2012, according to EIA estimates. This represents a net decline of 87 Bcf from the previous week. Stocks were 539 Bcf higher than last year at this time and 566 Bcf above the 5-year average of 2,724 Bcf. In the East Region, stocks were 224 Bcf above the 5-year average following net withdrawals of 61 Bcf. Stocks in the Producing Region were 276 Bcf above the 5-year average of 888 Bcf after a net withdrawal of 15 Bcf. Stocks in the West Region were 66 Bcf above the 5-year average after a net drawdown of 11 Bcf. At 3,290 Bcf, total working gas is above the 5-year historical range.

Note: The shaded area indicates the range between the historical minimum and maximum values for the weekly series from 2007 through 2011.

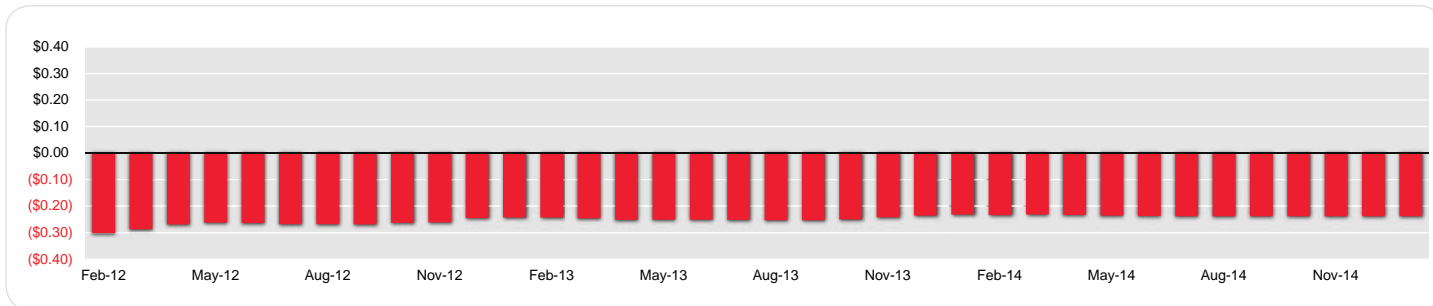


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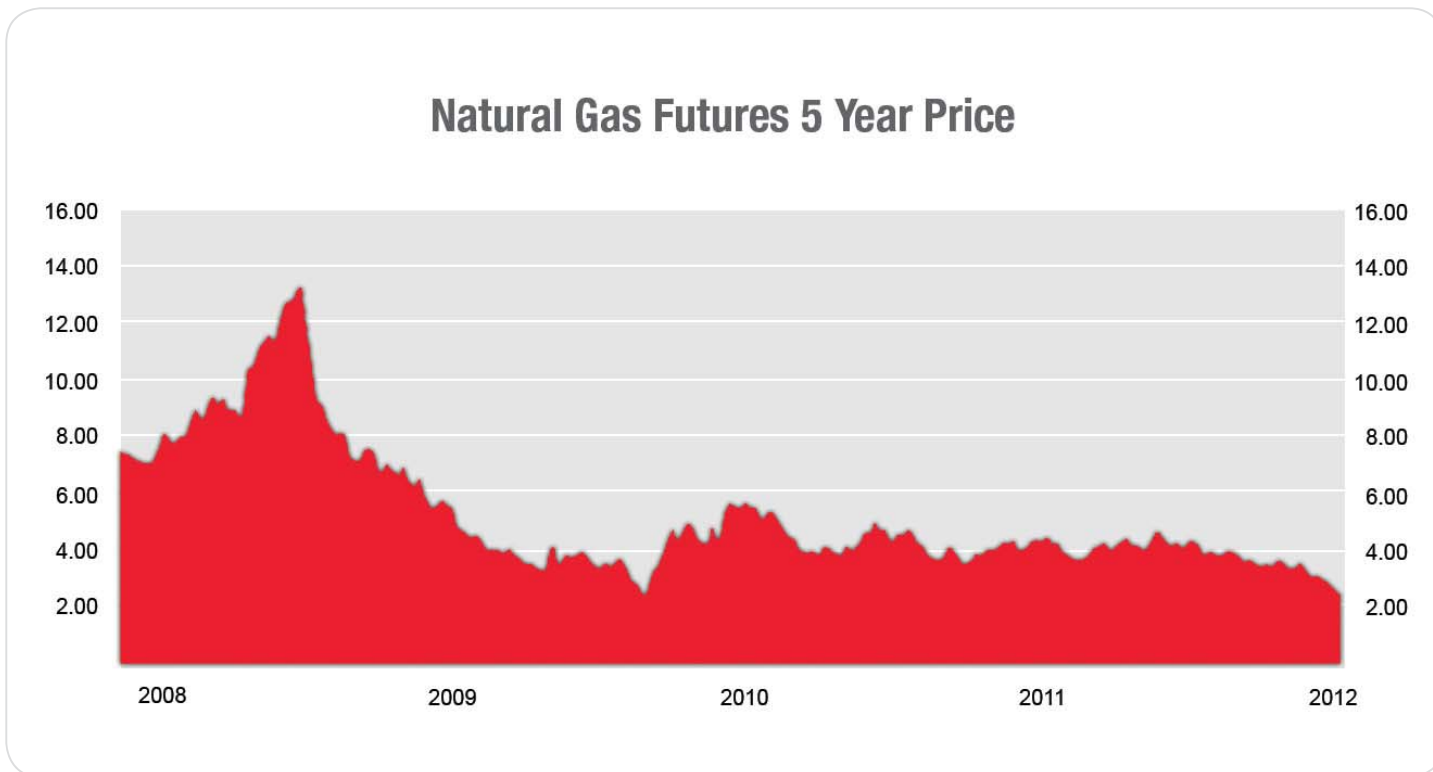
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## NYMEX Natural Gas Week-to-Week Price Change



## NYMEX Natural Gas Week-to-Week Price Change - Yearly Snapshot



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