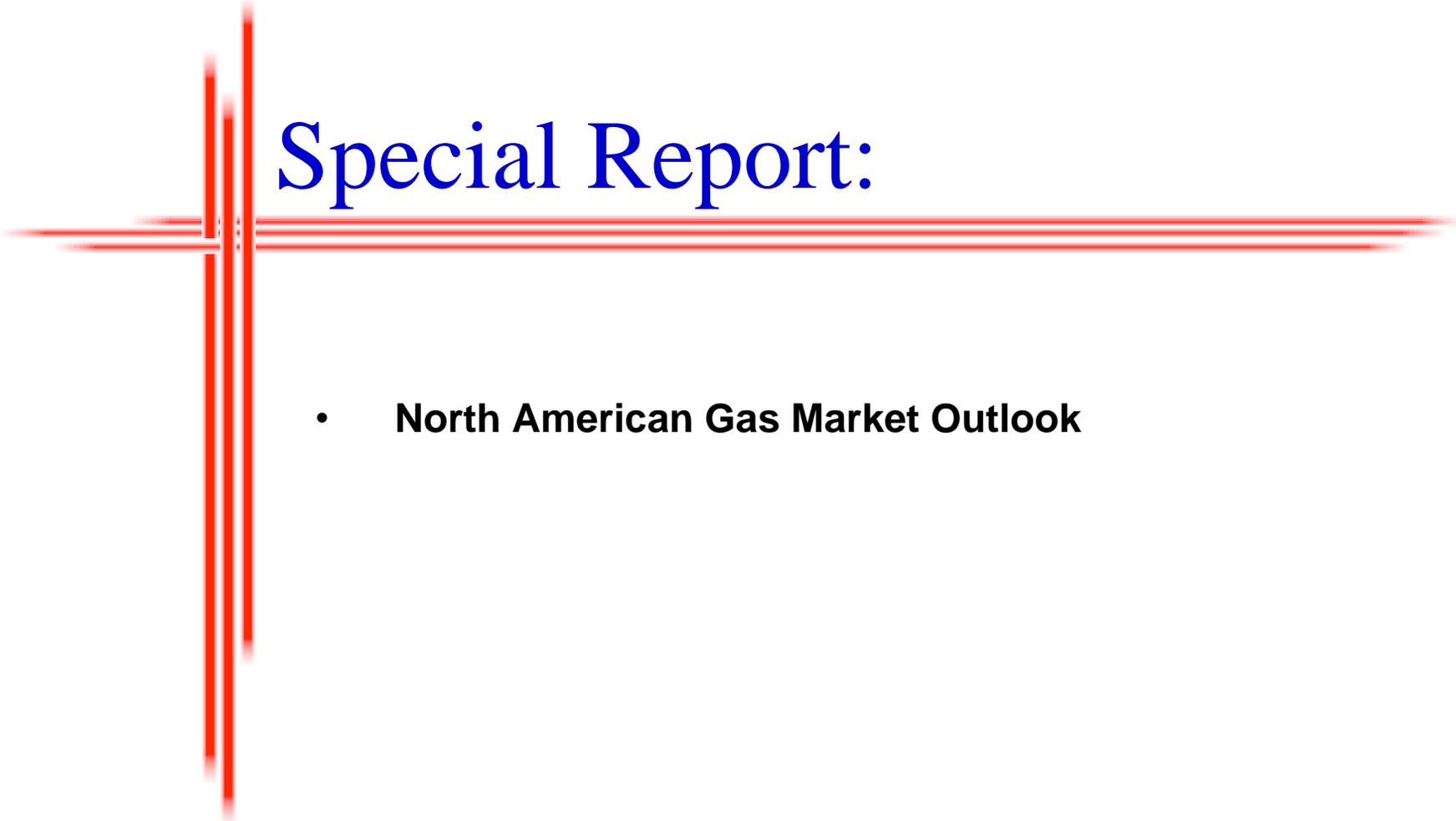


OE ENERGY MARKET SNAPSHOT

Midwest States Version – February 2009 Data

- **Special Report**
- **Natural Gas and Fuel Markets**
- **Electricity Markets**

Office of Enforcement
Federal Energy Regulatory Commission
March 2009



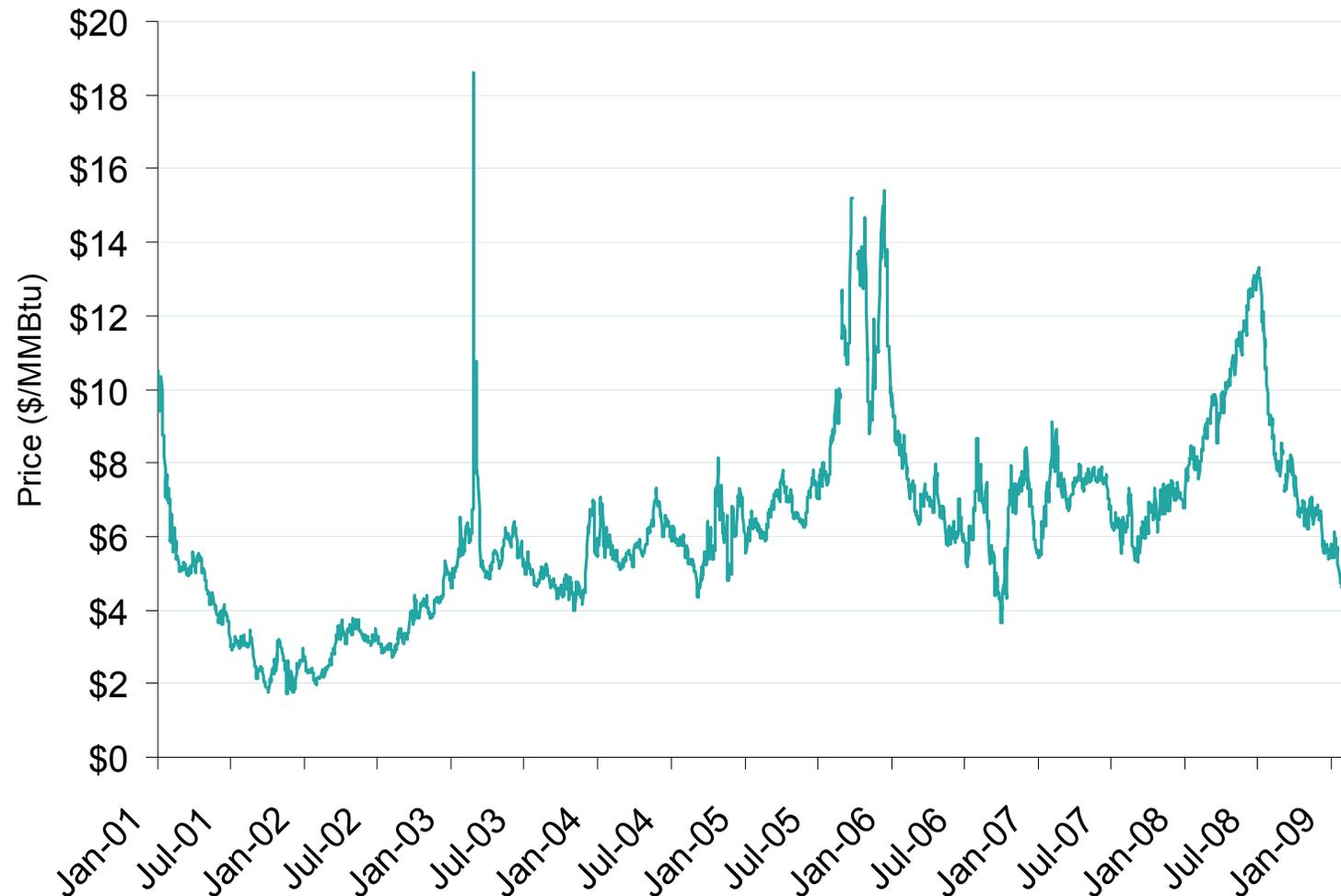
Special Report:

- **North American Gas Market Outlook**

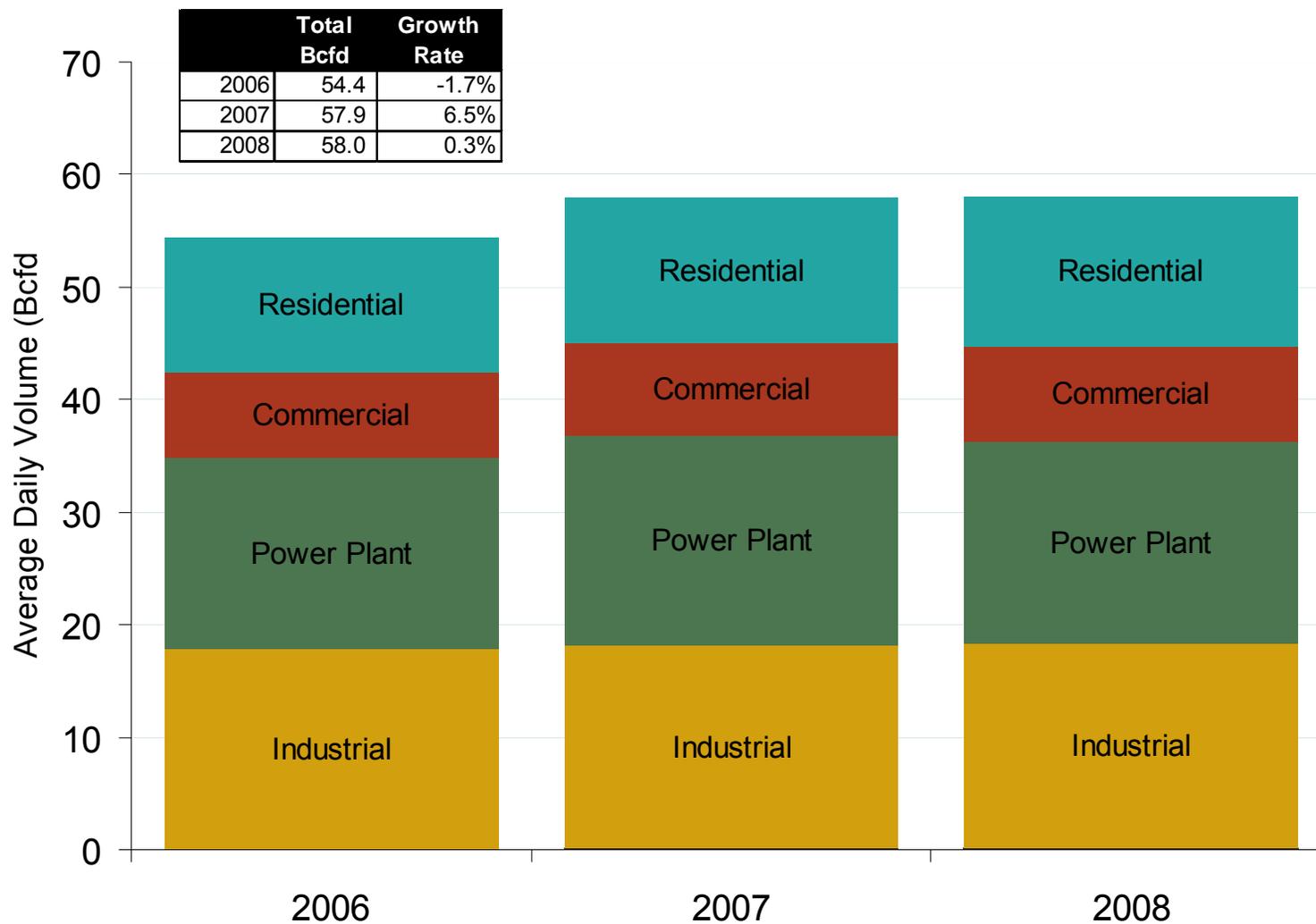
Gas Market Outlook

- Gas prices are the lowest they have been since fall 2002 and it's winter!
- Gas demand has dropped due to the financial crisis, right? Not really.
- Gas production up and still growing due to unconventional sources.
 - Infrastructure builds have enhanced deliverability.
 - Some analysts expect LNG imports to rise.
- Supply has to match demand – so something has got to give.
 - Gas storage levels may set records this year.
 - Production has got to come down. Drilling rig counts are in free fall.
 - Horizontal & directional rigs coming down more slowly than vertical rigs.
 - Average production per well is up.
 - Will gas prices go lower?
 - Futures prices for the fall at SoCal Border have collapsed.

Henry Hub Natural Gas Daily Spot Prices 2001-2009

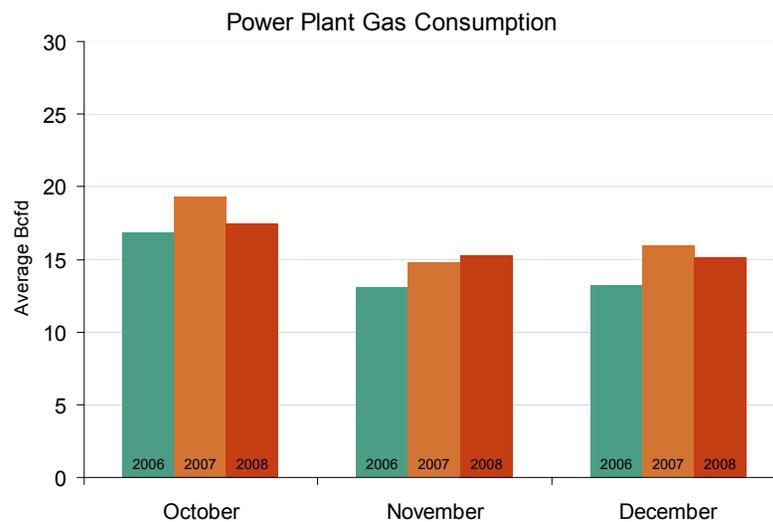
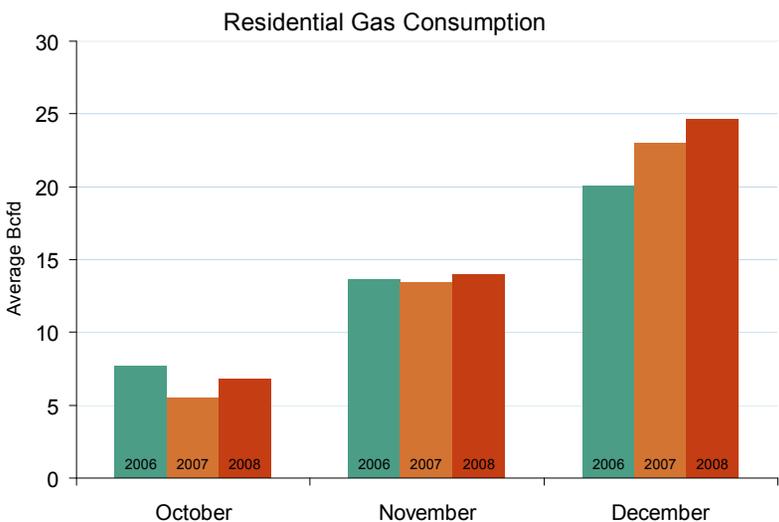
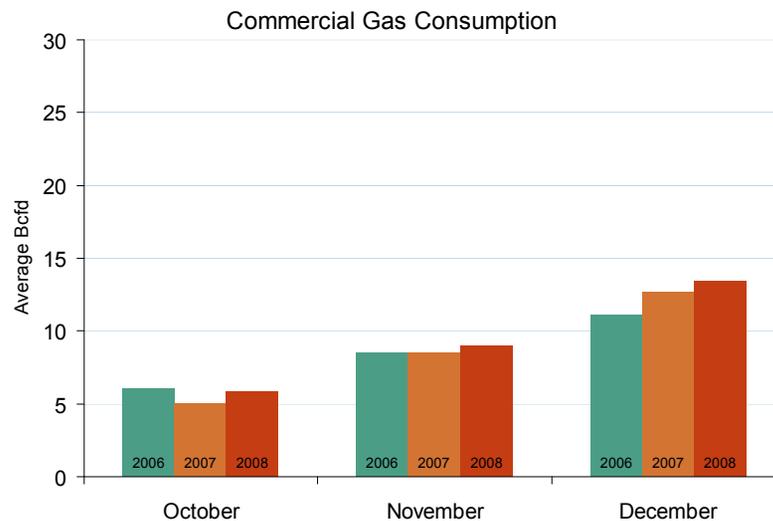
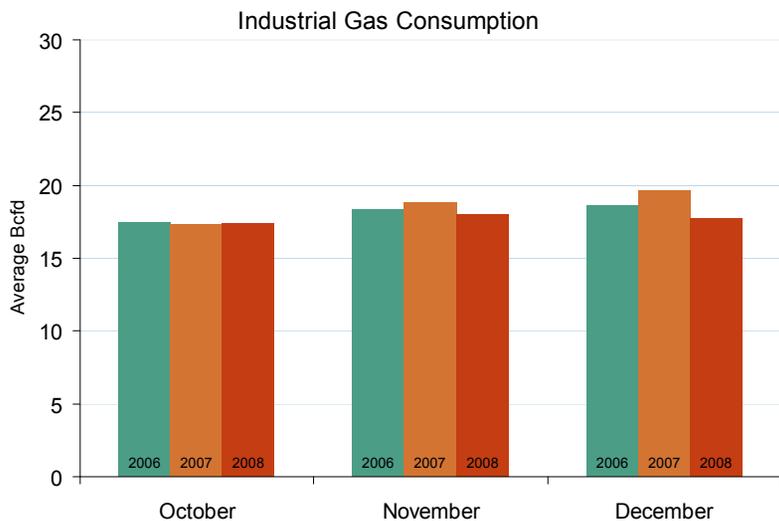


U.S. Natural Gas Consumption – Lower 48 States



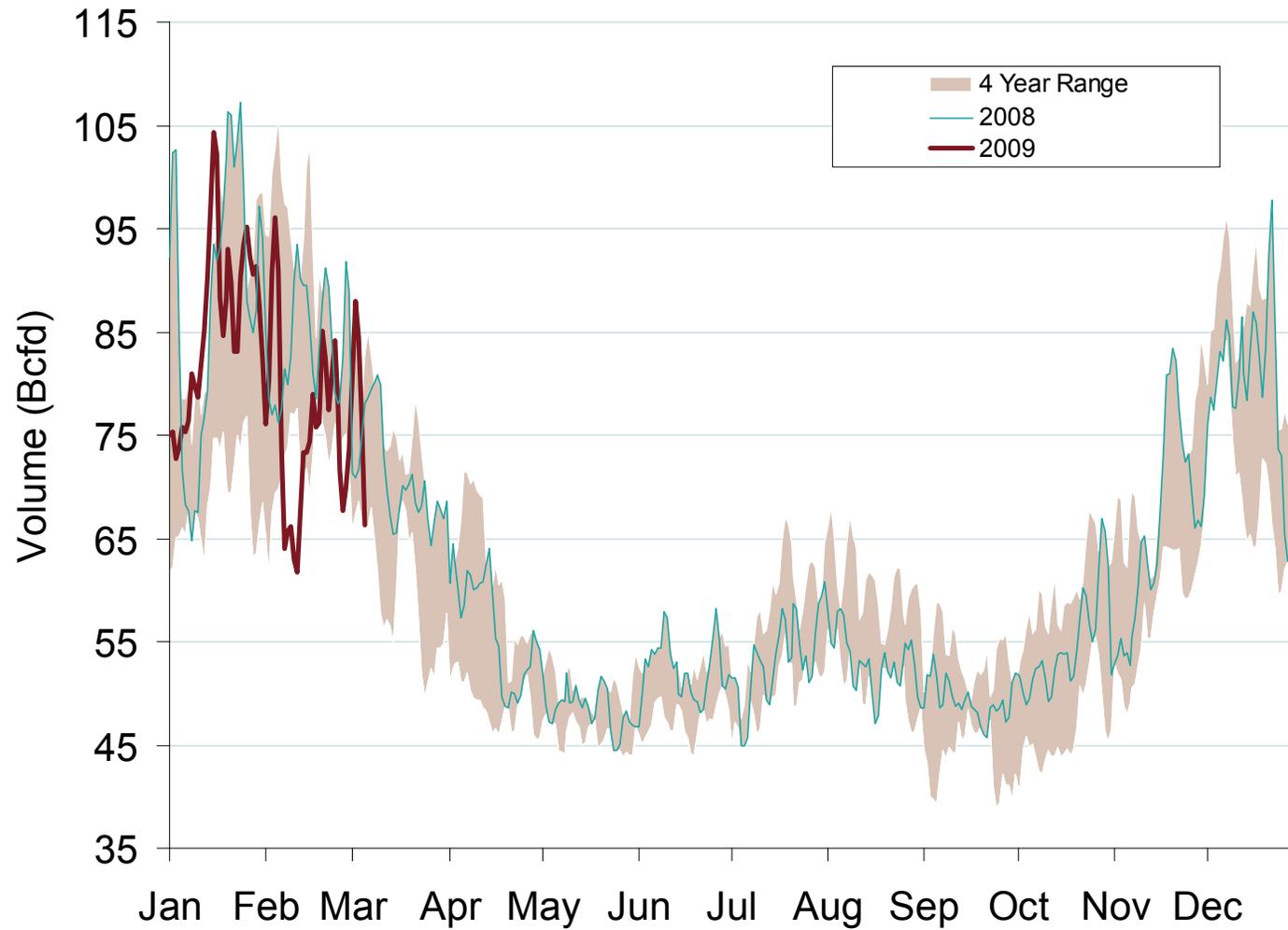
Source: Derived from EIA data.
March 2009 Midwest Snapshot Report

U.S. Natural Gas Consumption

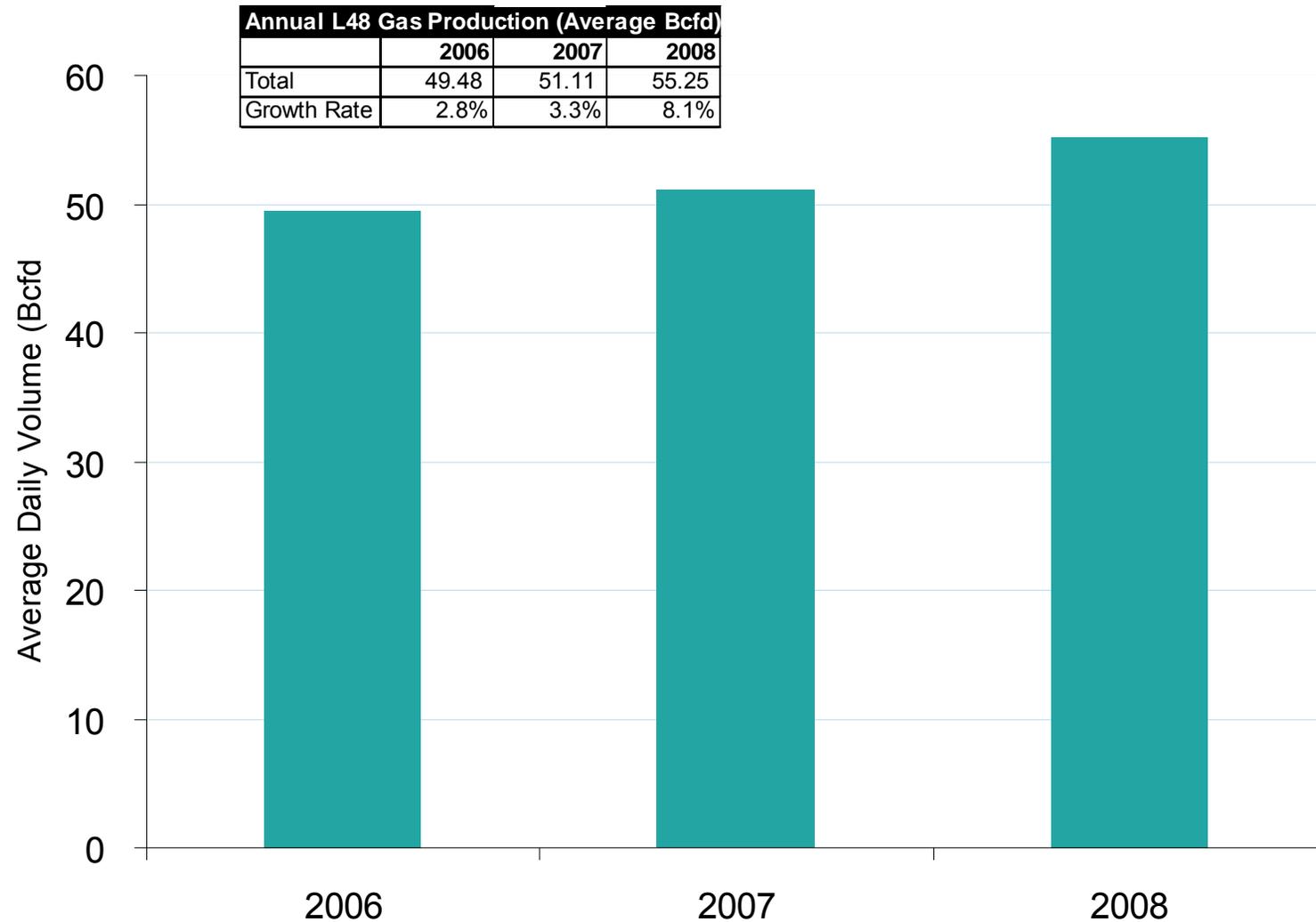


Source: Derived from EIA data. Lower 48 Only.
 March 2009 Midwest Snapshot Report

Total U.S. Natural Gas Demand (All Sectors)

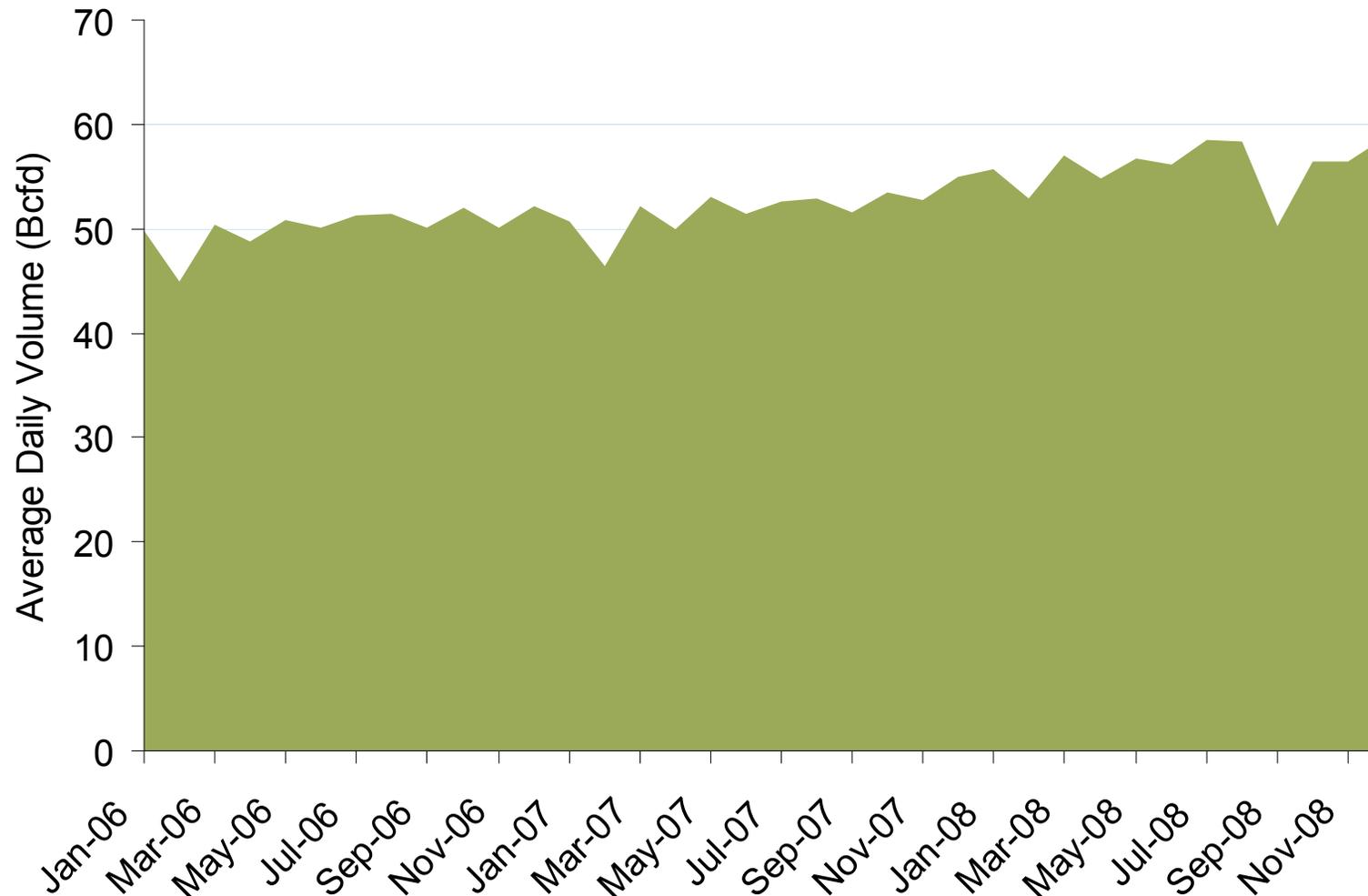


U.S. Dry Gas Production – Lower 48 States



Source: Derived from EIA data.
March 2009 Midwest Snapshot Report

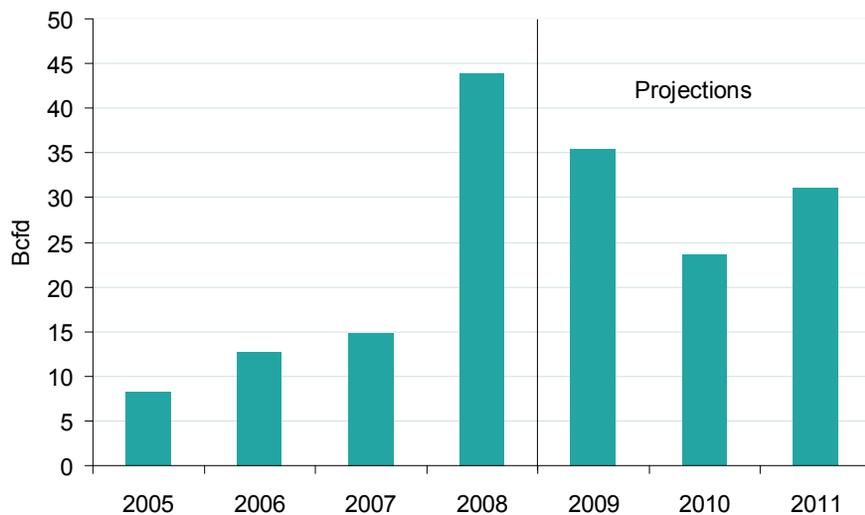
US Gas Production Shows Robust Growth



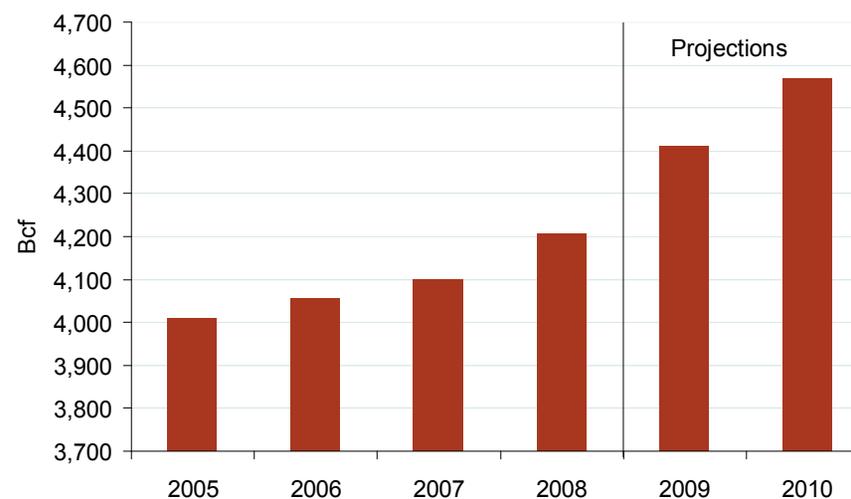
Source: Derived from EIA, *Monthly Energy Review*. Lower 48 Only.
March 2009 Midwest Snapshot Report

U.S. Natural Gas Infrastructure Additions Pipeline and Storage Capacity Expected to Rise

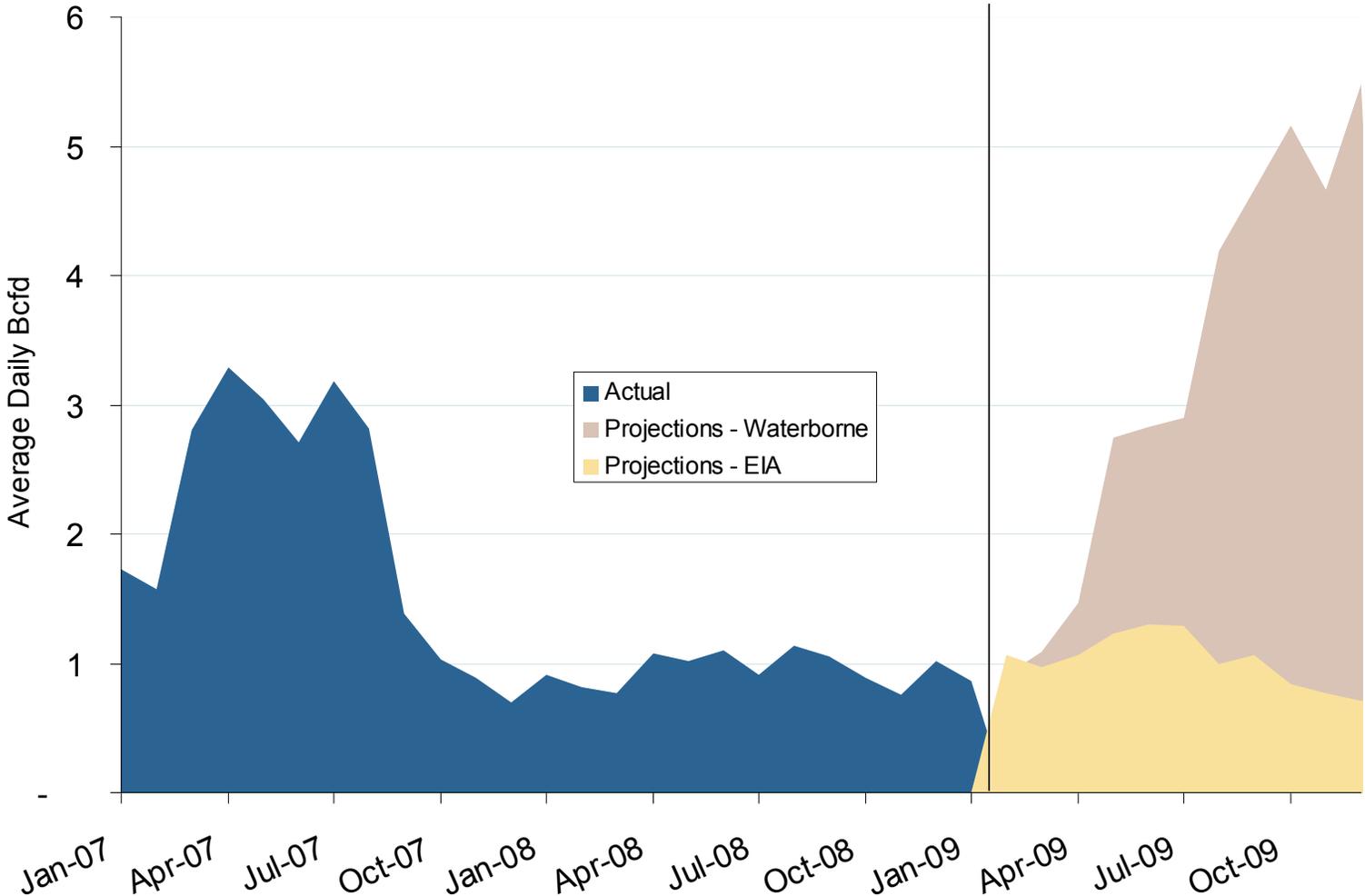
Additions to Interstate Pipeline



Additions to Working Gas Storage



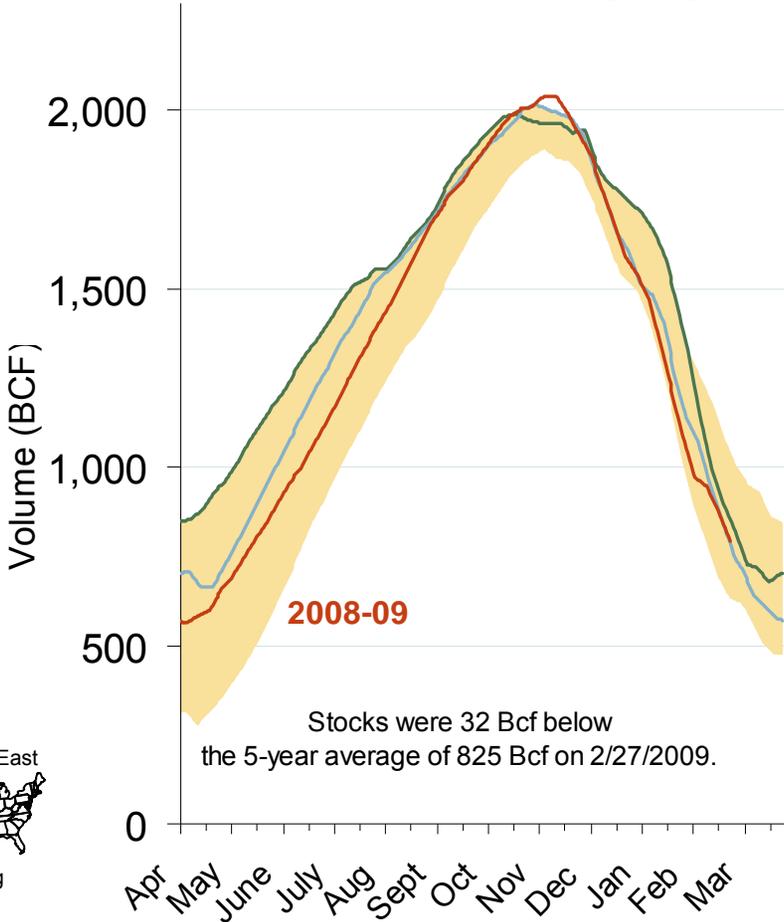
Analyst Projections for Increased LNG Imports



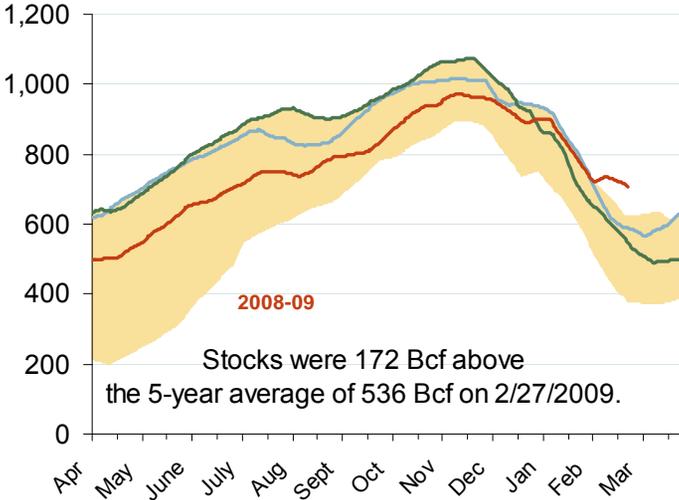
Source: Derived from EIA STEO and *Waterborne LNG* data.
March 2009 Midwest Snapshot Report

Regional Totals of Working Gas in Storage

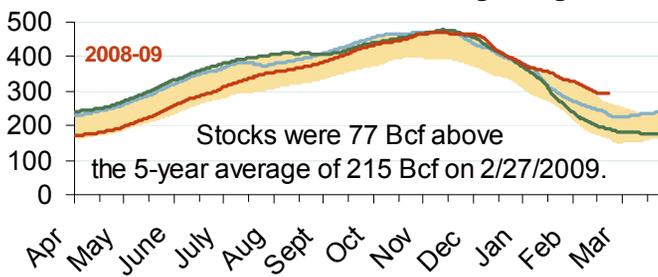
Eastern Consuming Region



Producing Region



Western Consuming Region

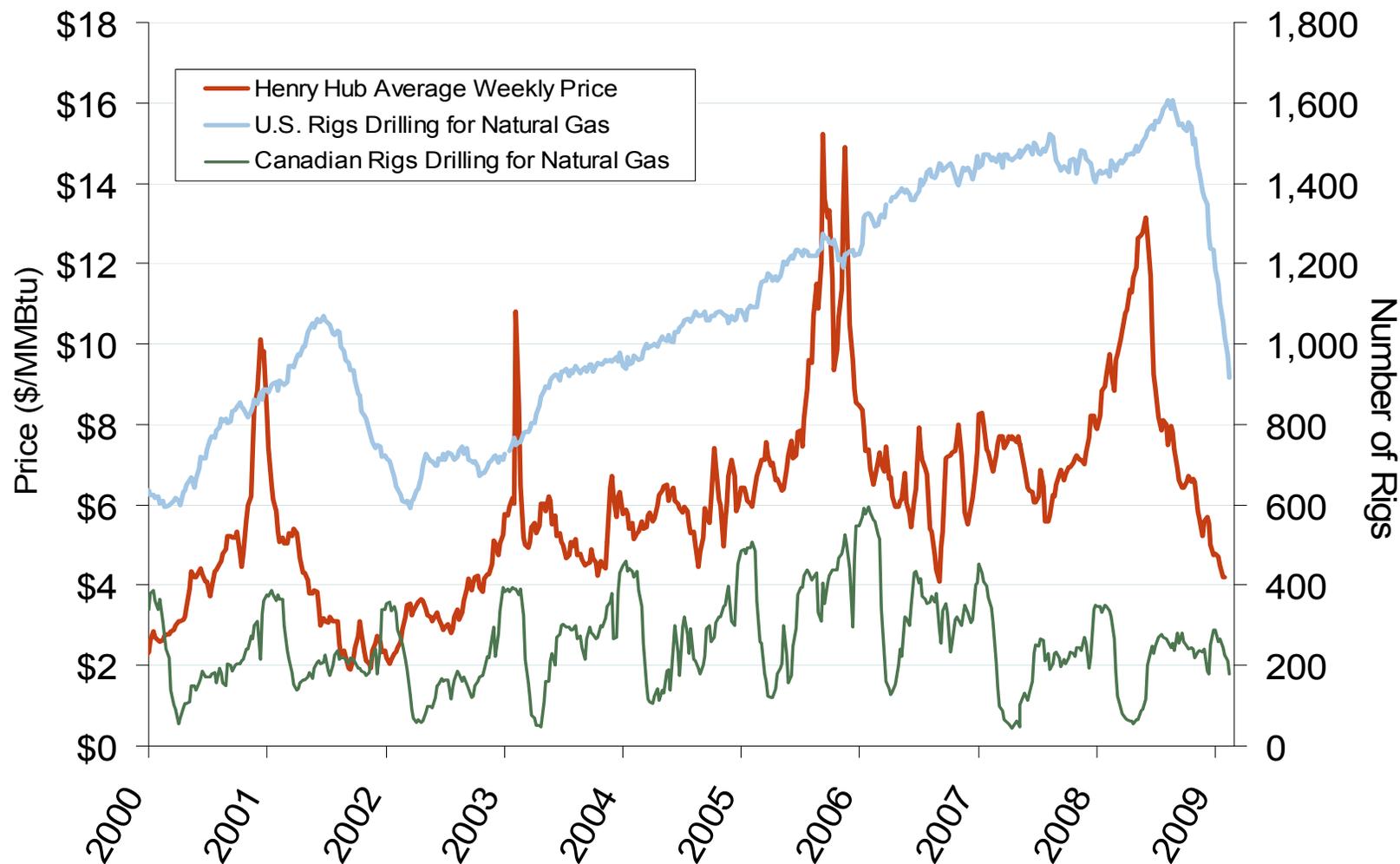


5-year range 2006 2007 2008

Source: Derived from EIA data.
March 2009 Midwest Snapshot Report

Updated March 9, 2009

U.S. and Canadian Natural Gas Drilling Rig Count and Daily Spot Prices

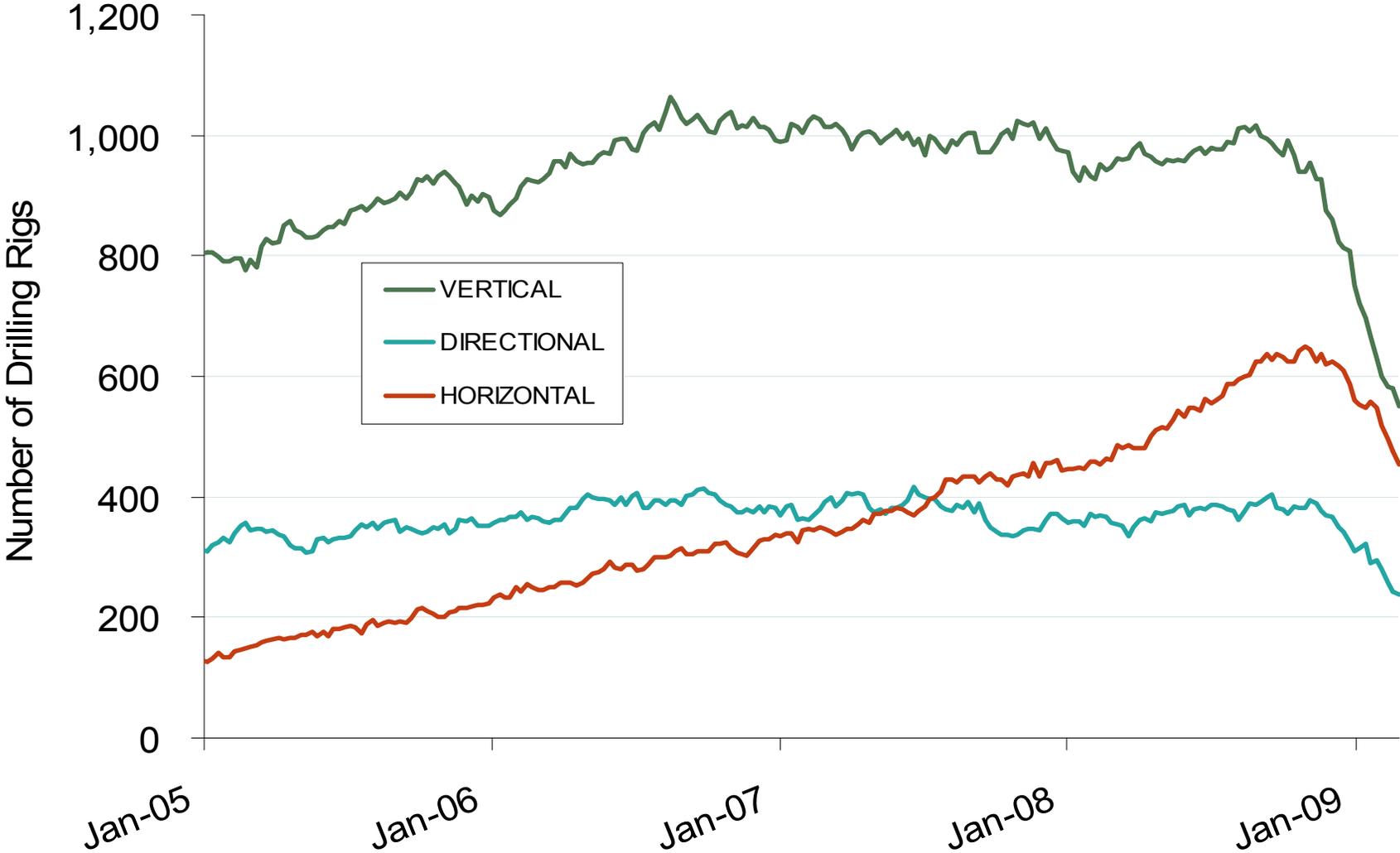


Source: Derived from *Platts* and *Baker Hughes* data.
March 2009 Midwest Snapshot Report

Updated March 9, 2009

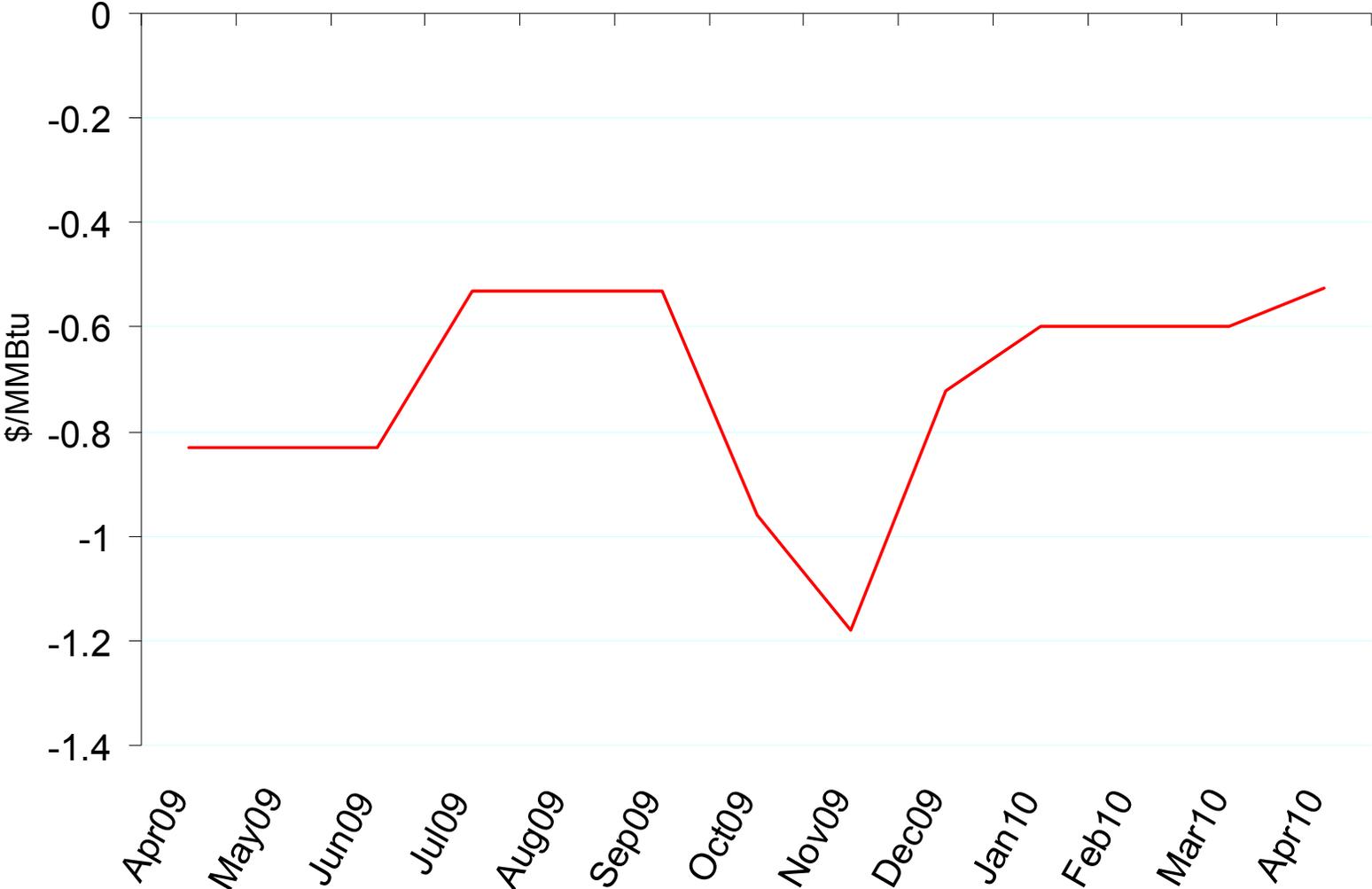
2007

U.S. Oil and Natural Gas Drilling Rig Count by Type



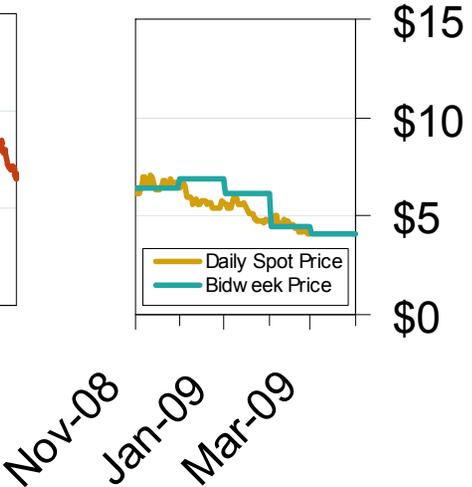
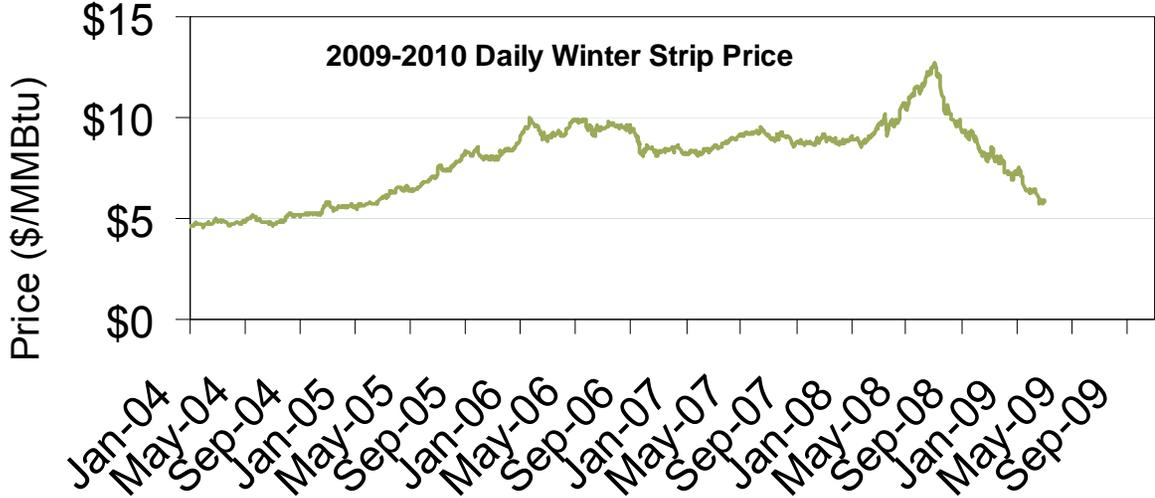
Source: Derived from Baker Hughes data.
March 2009 Midwest Snapshot Report

SoCal Border Forward Basis Swap



Source: Derived from *Bloomberg* data.
March 2009 Midwest Snapshot Report

Natural Gas Winter Futures Strip - Henry Hub



Source: Derived from EIA, *Monthly Energy Review*.
March 2009 Midwest Snapshot Report

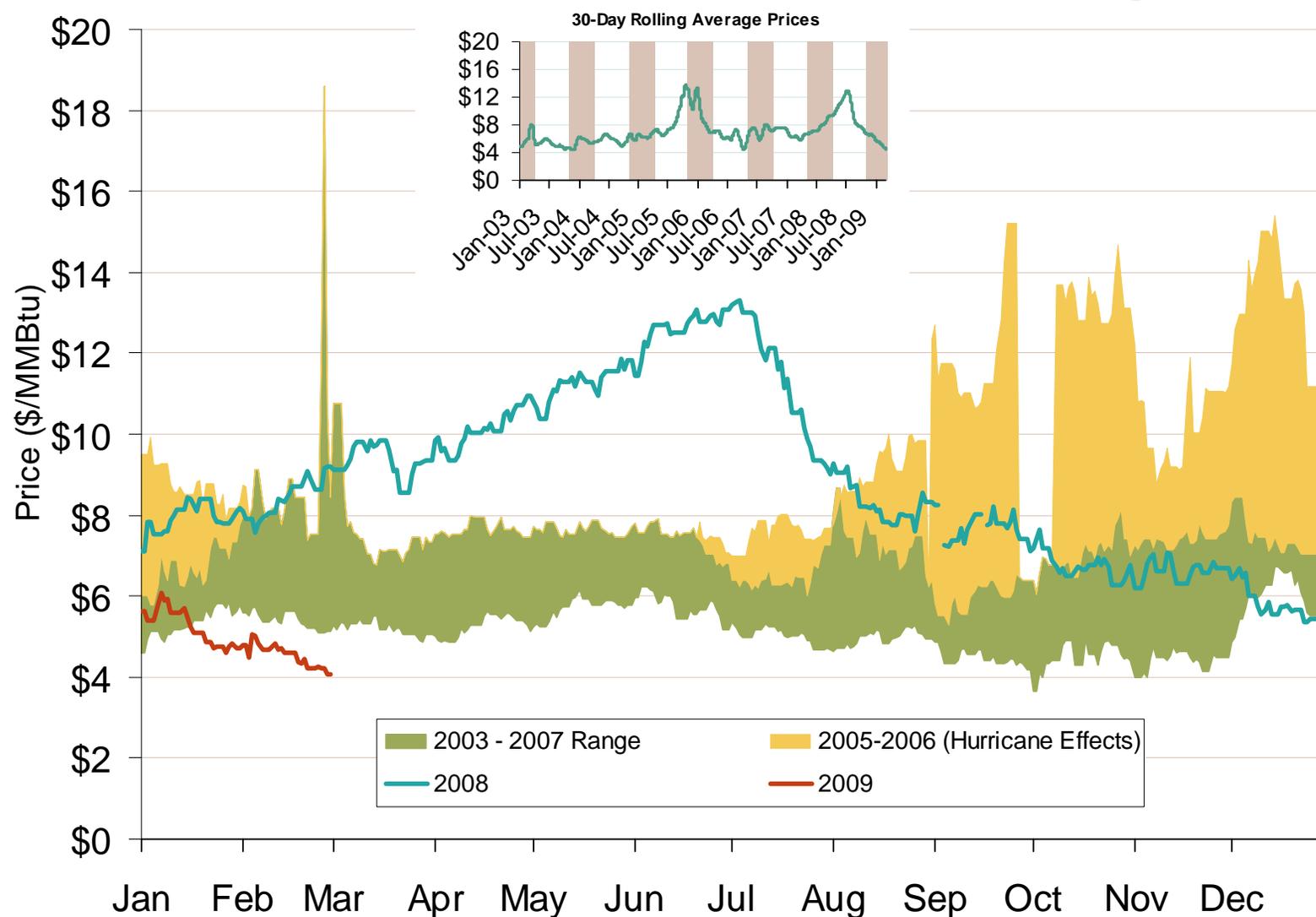


Natural Gas and Fuel Markets

Natural Gas Market Overview: 5 Year Range of Henry Hub Spot Prices

Federal Energy Regulatory Commission • Market Oversight @ FERC.gov

Henry Hub Natural Gas Daily Spot Prices 2008, 2009 and 2003-2007 Year Range

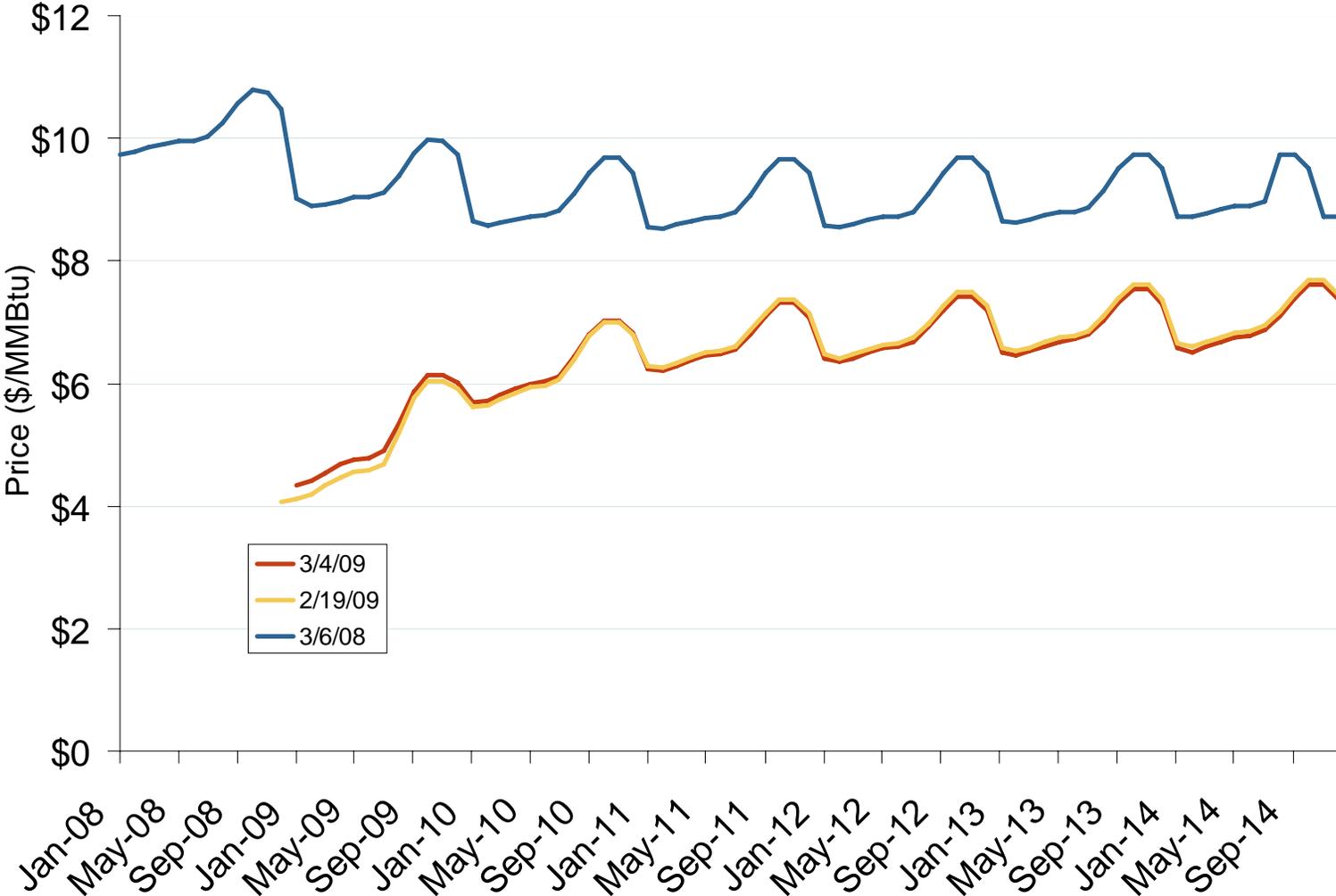


Source: Derived from *Platts* data.
March 2009 Midwest Snapshot Report

Updated March 9, 2009

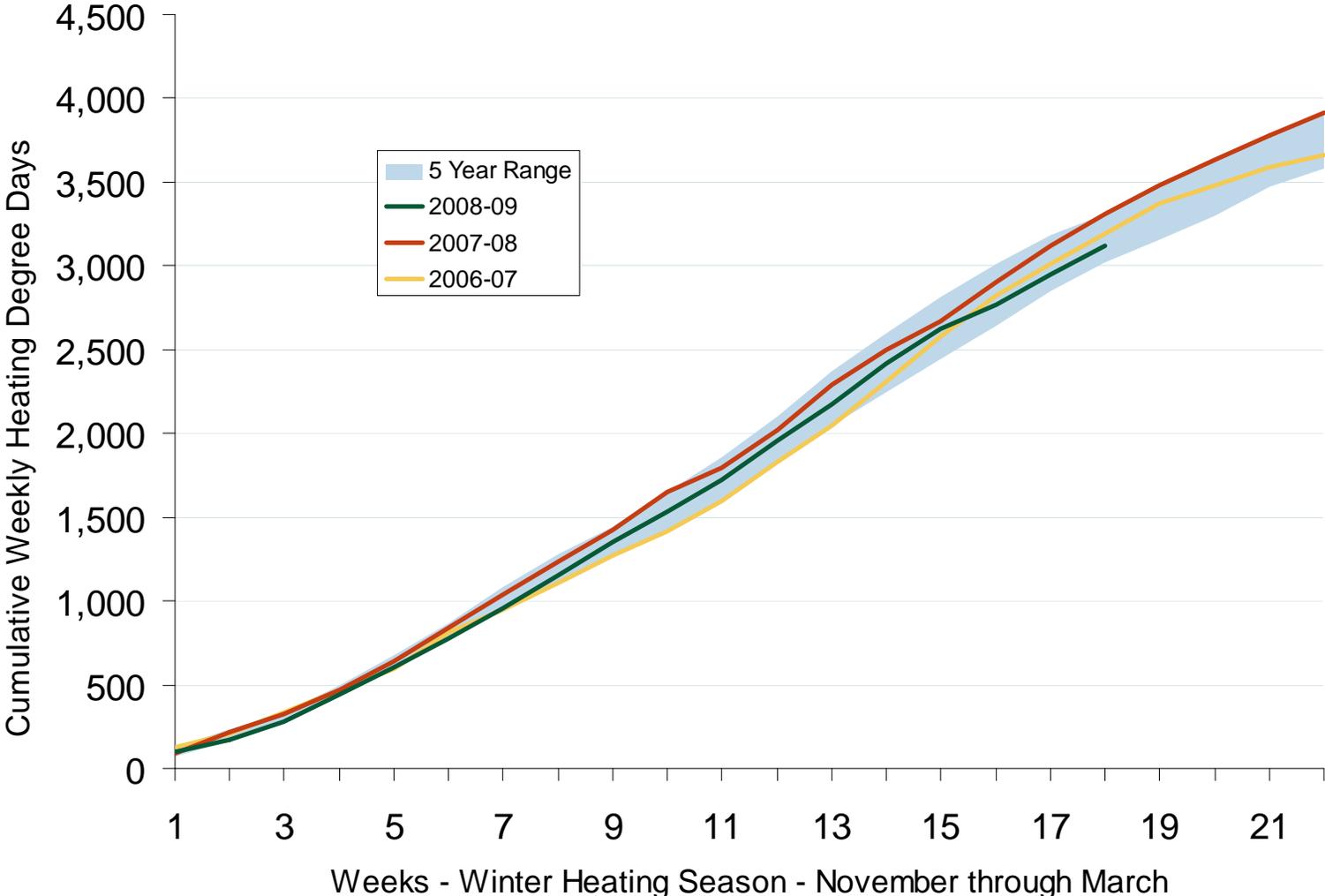
2085

NYMEX Natural Gas Forward Price Curve



Source: Derived from NYMEX data.
March 2009 Midwest Snapshot Report

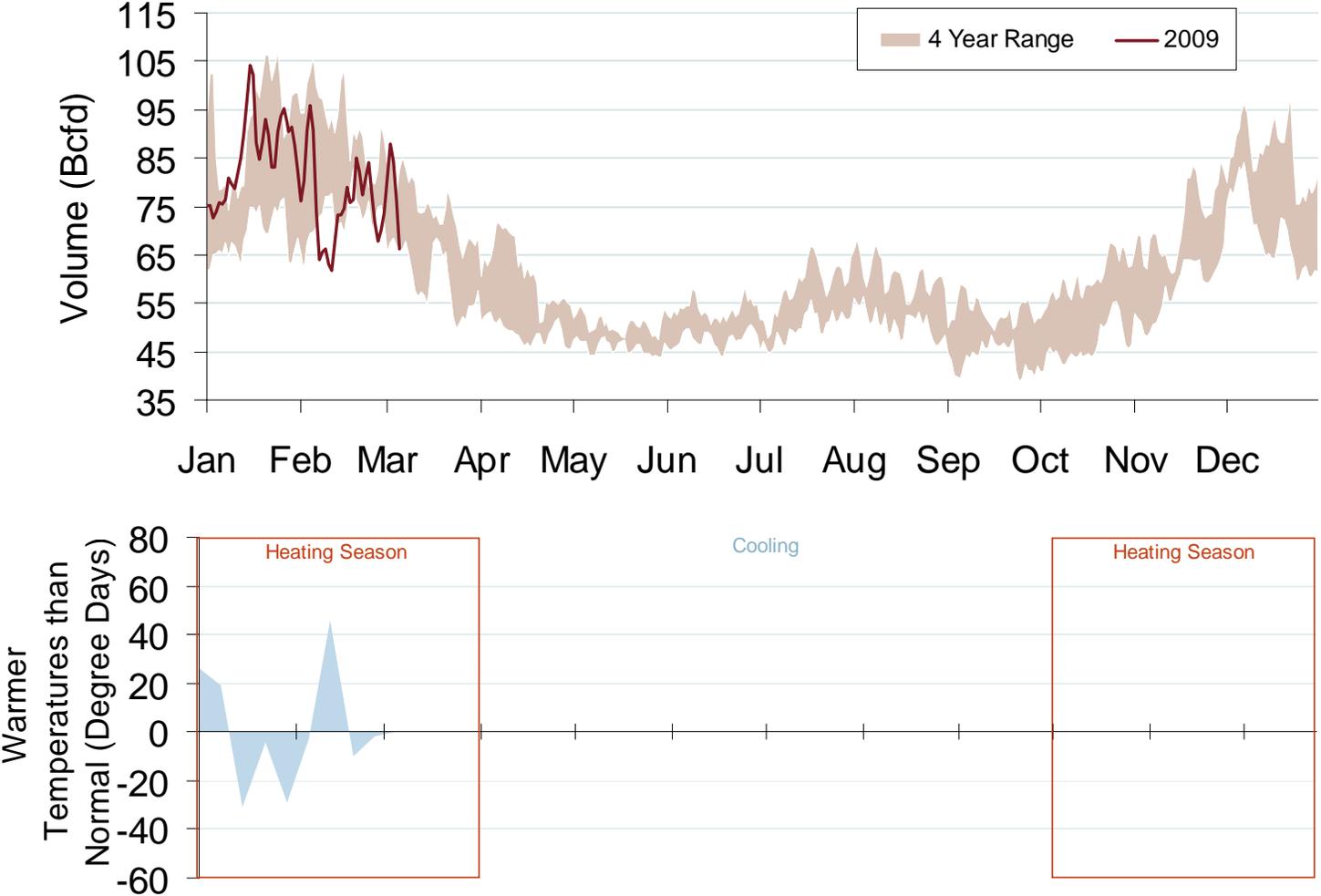
U. S. Winter Cumulative Heating Degree Days



Source: Derived from NOAA data.
March 2009 Midwest Snapshot Report

Updated March 9, 2009

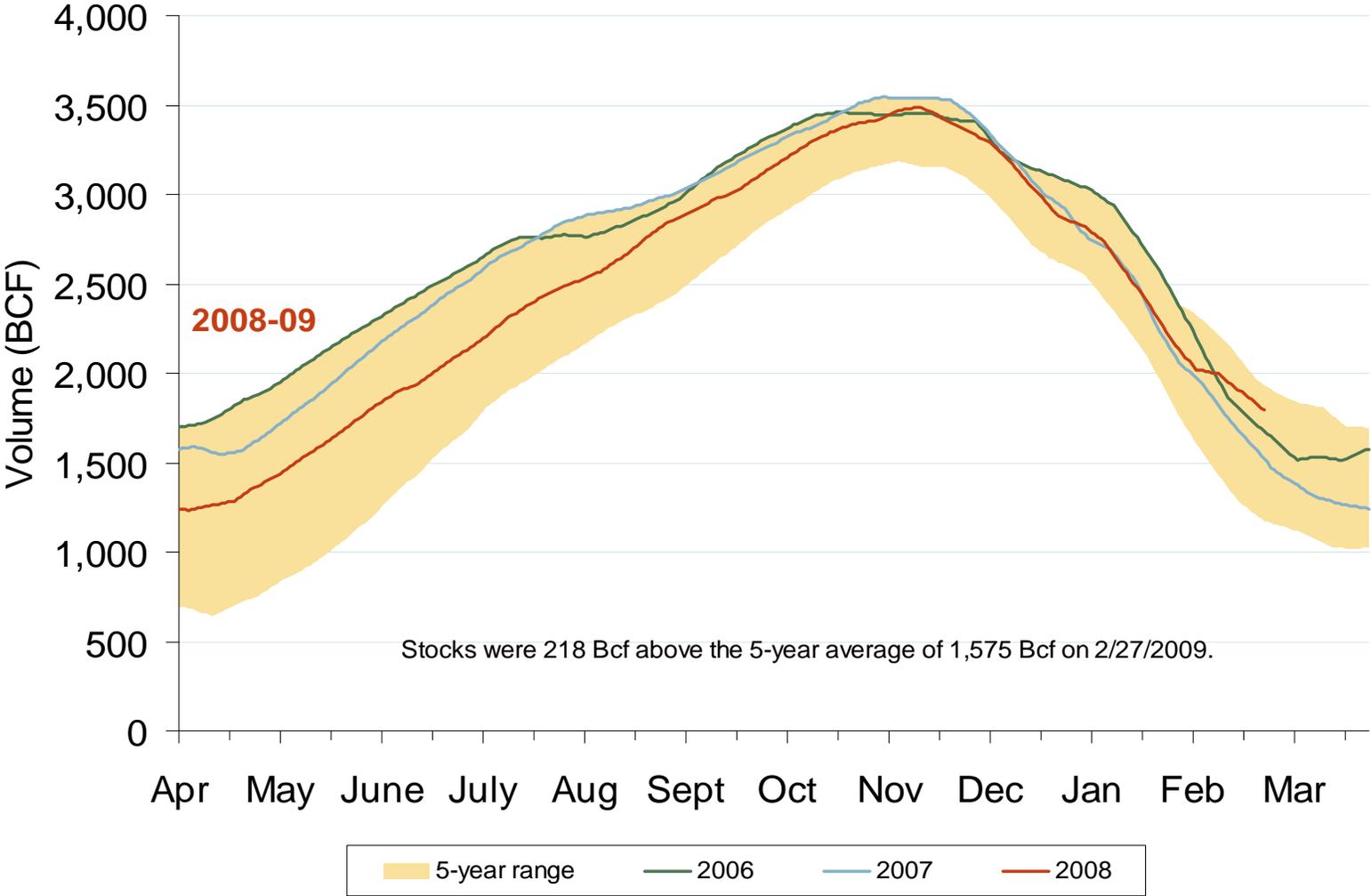
Total U.S. Natural Gas Demand (All Sectors) and Temperatures



Source: Derived from *Bentek Energy* data.
March 2009 Midwest Snapshot Report

Updated March 9, 2009

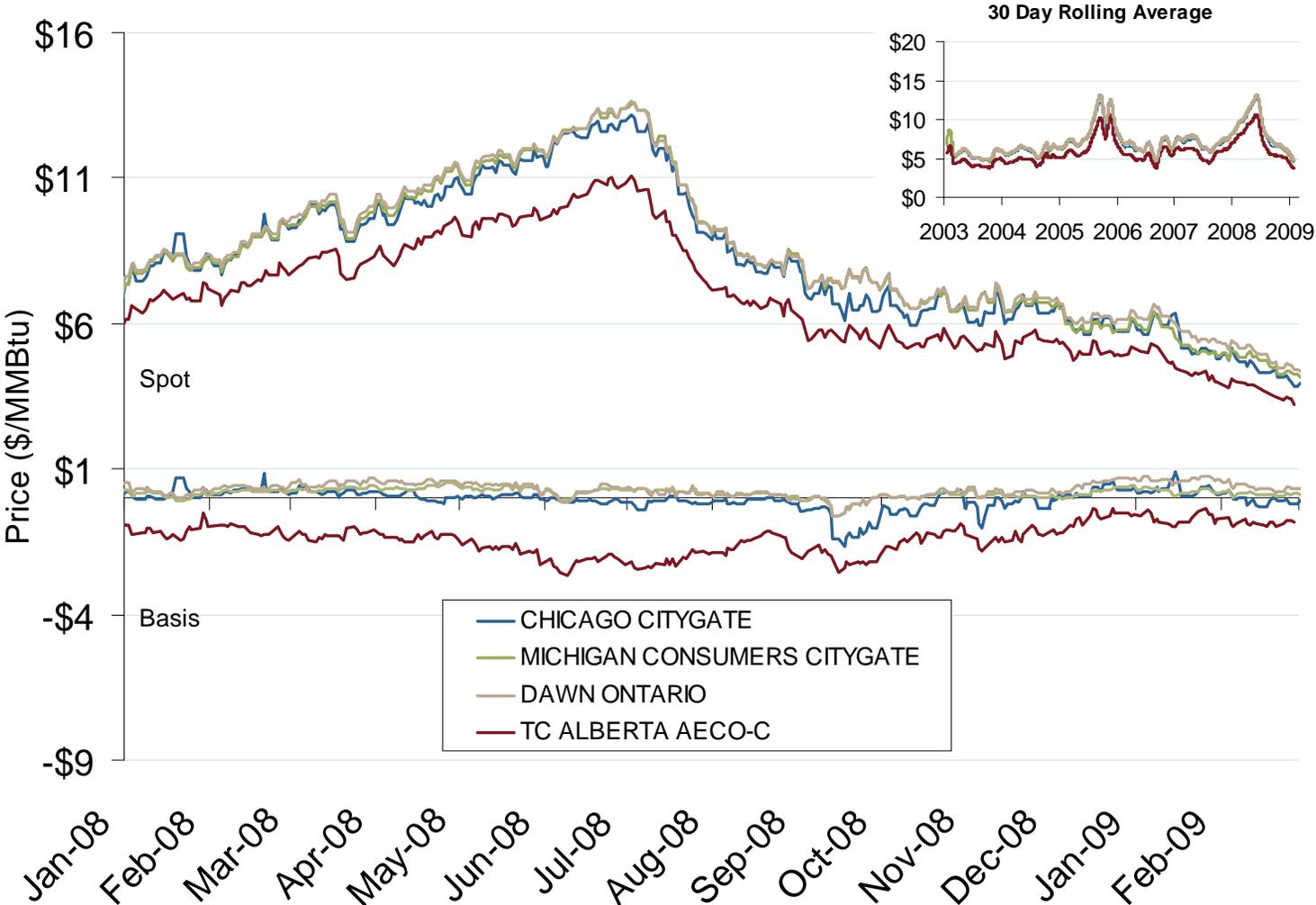
Total U.S. Working Gas in Storage



Stocks were 218 Bcf above the 5-year average of 1,575 Bcf on 2/27/2009.



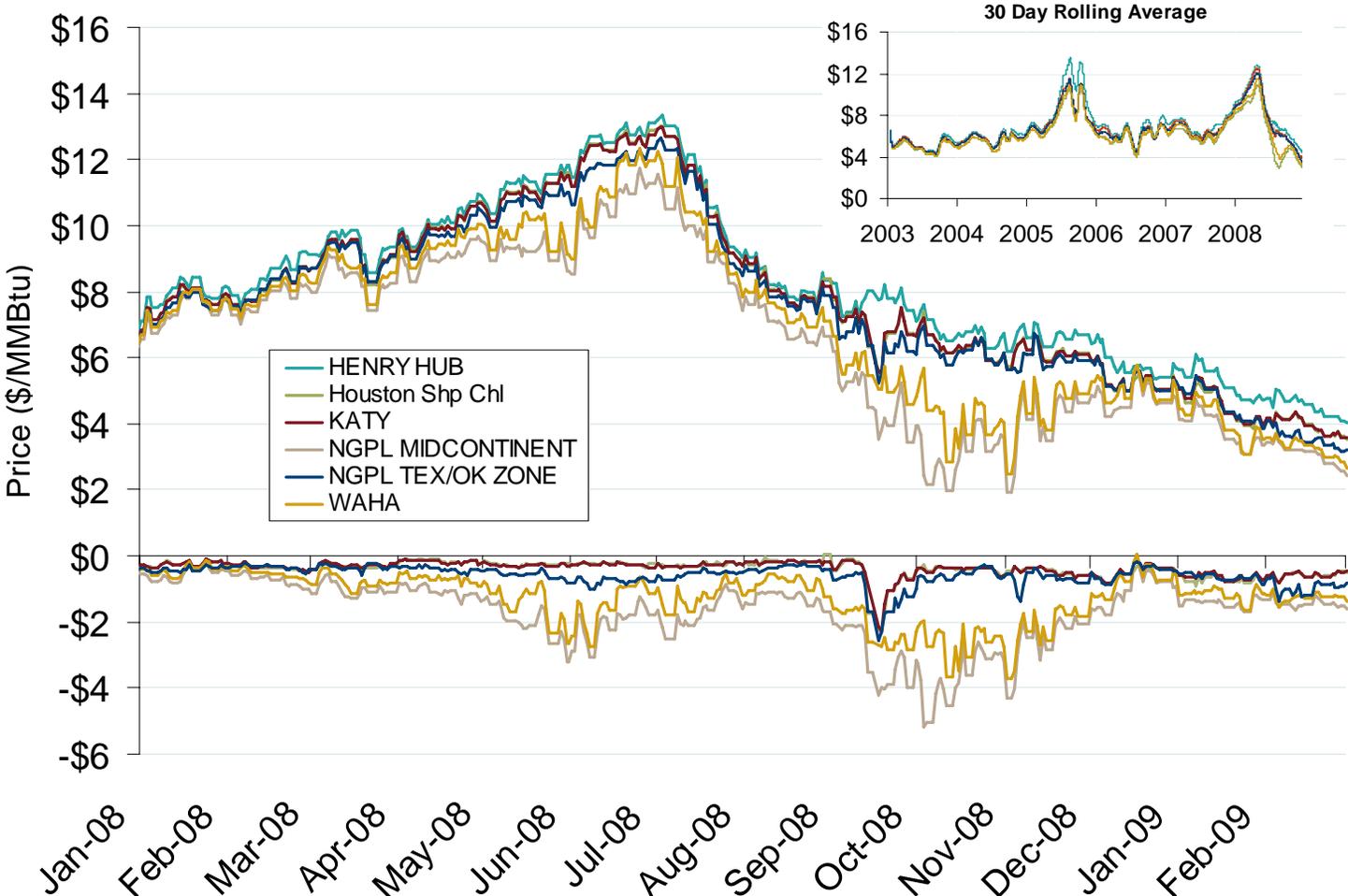
Midwestern Day-Ahead Hub Spot Prices and Basis



Source: Derived from Platts data. March 2009 Midwest Snapshot Report

Updated March 9, 2009

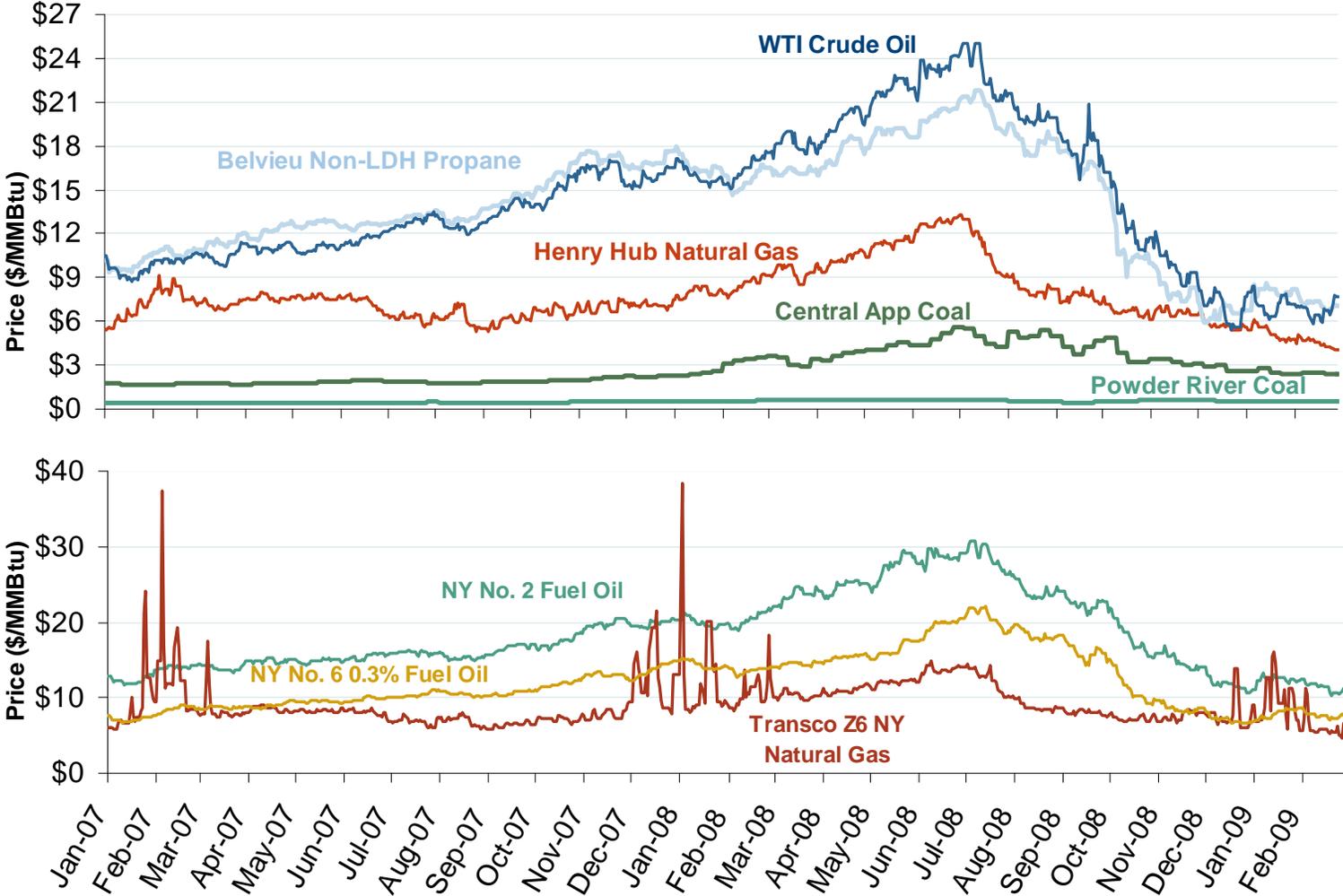
South Central Day-Ahead Hub Spot Prices and Basis



Source: Derived from *Platts* data.
March 2009 Midwest Snapshot Report

Updated March 9, 2009

Oil, Coal, Natural Gas and Propane Daily Spot Prices

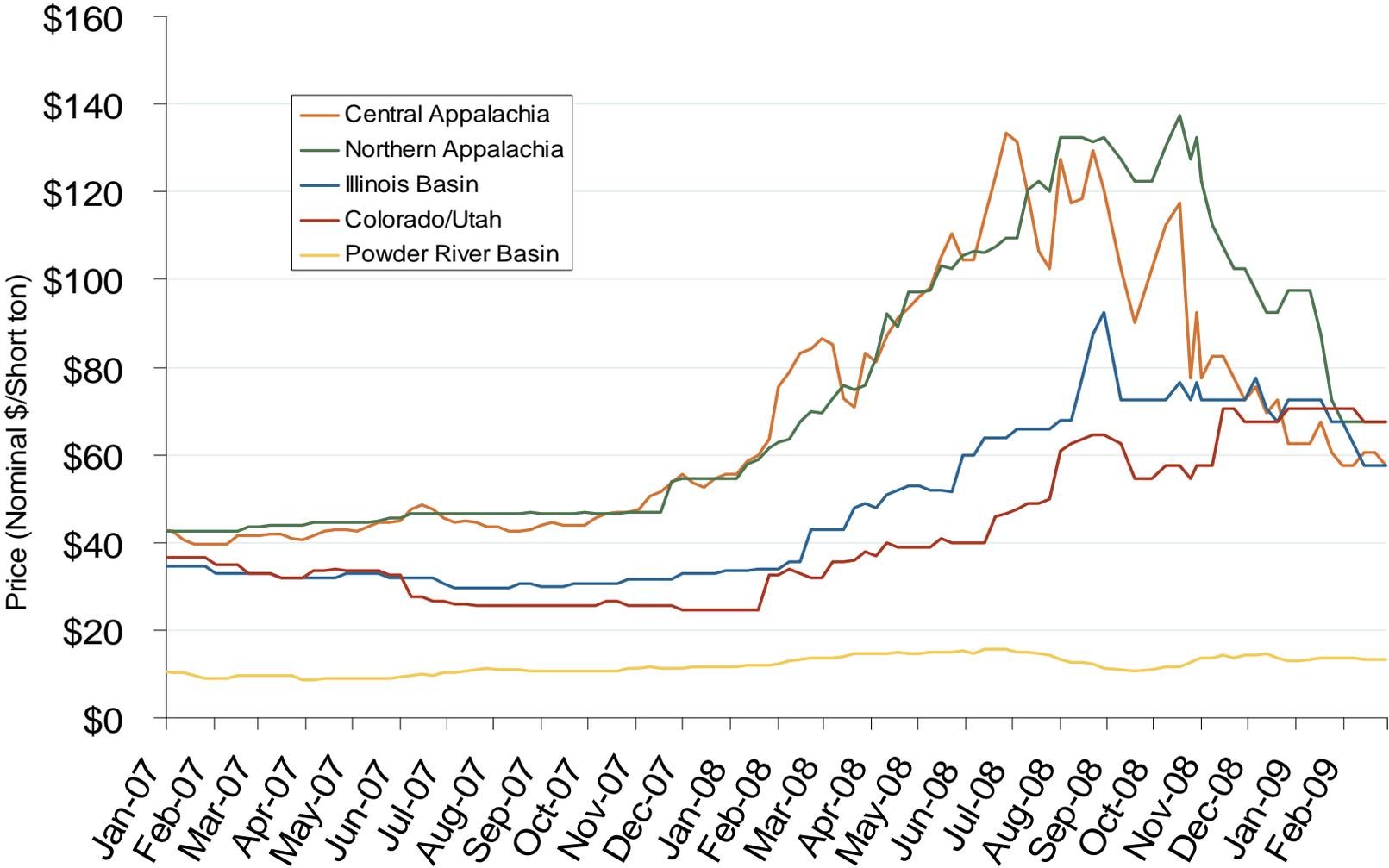


Source: Derived from ICE and Bloomberg data.

Note: Coal prices are quoted in \$/ton. Conversion factors to \$/MMBtu are based on contract specifications of 12,000 btus/pound for Central Appalachian coal and 8800 btus/pound for Powder River Basin coal.

Updated March 9, 2009

Regional Coal Spot Prices

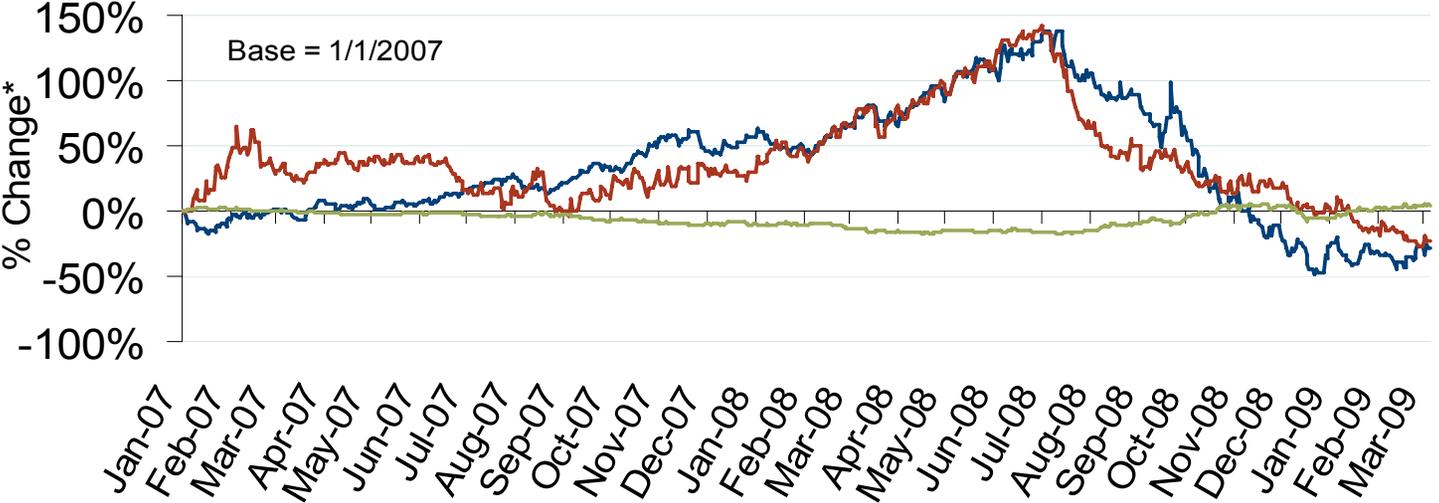
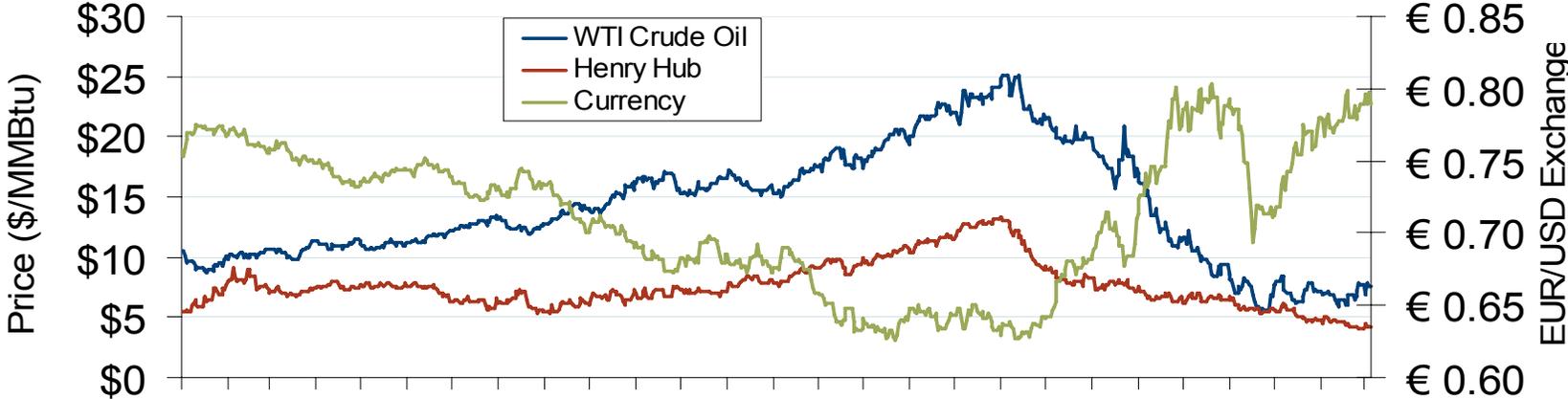


Note: Does not reflect the delivered price of coal; excludes incremental cost of emissions allowances.

Source: Derived from *Bloomberg* data.
March 2009 Midwest Snapshot Report

Updated March 9, 2009

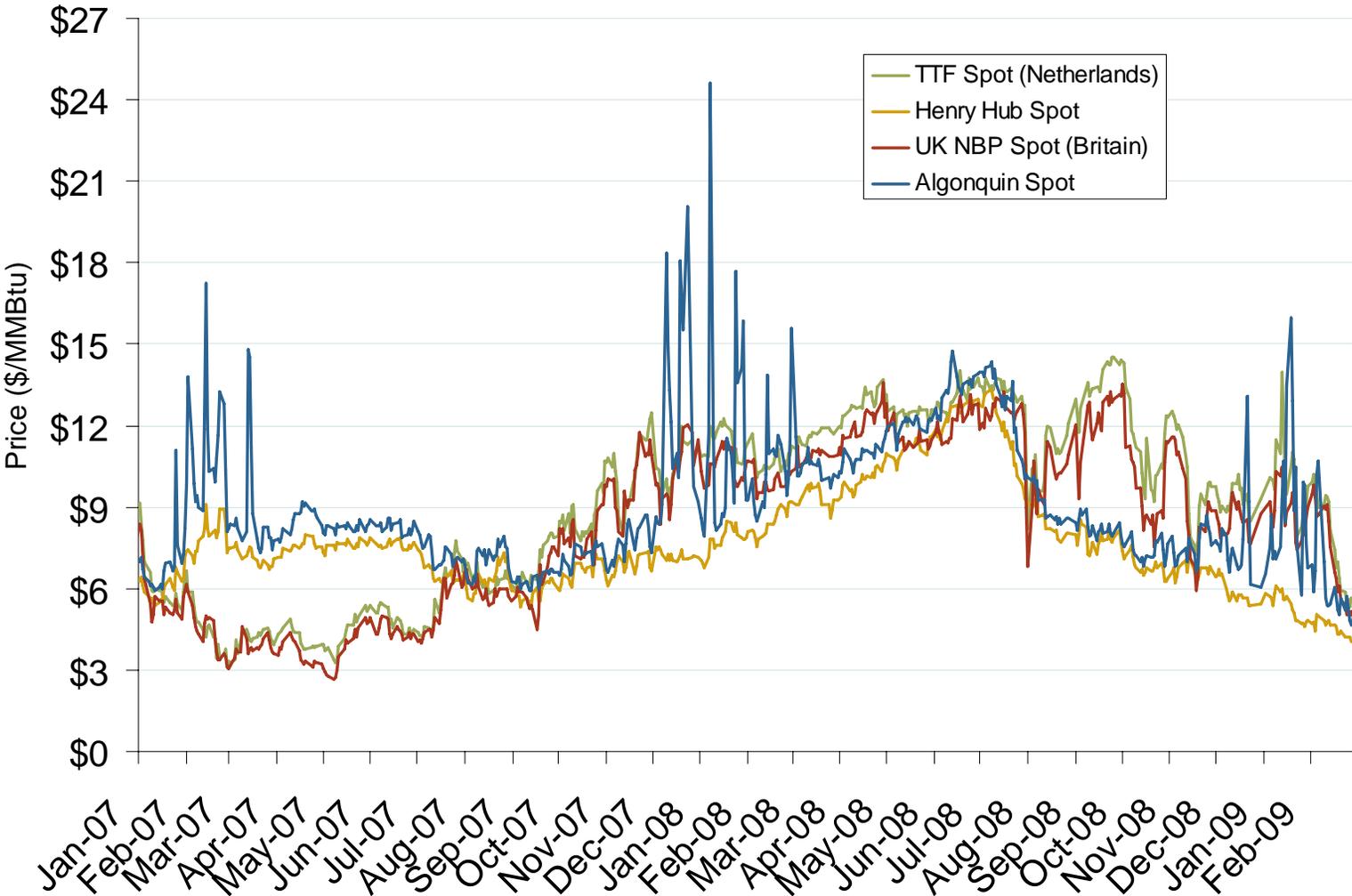
Oil, Natural Gas and Currency Spot Prices



Source: Derived from *Bloomberg* data.

Updated March 9, 2009

Atlantic Basin European and US Spot Natural Gas Prices



Source: Derived from *Bloomberg* and *ICE* data.
March 2009 Midwest Snapshot Report

Updated March 9, 2009

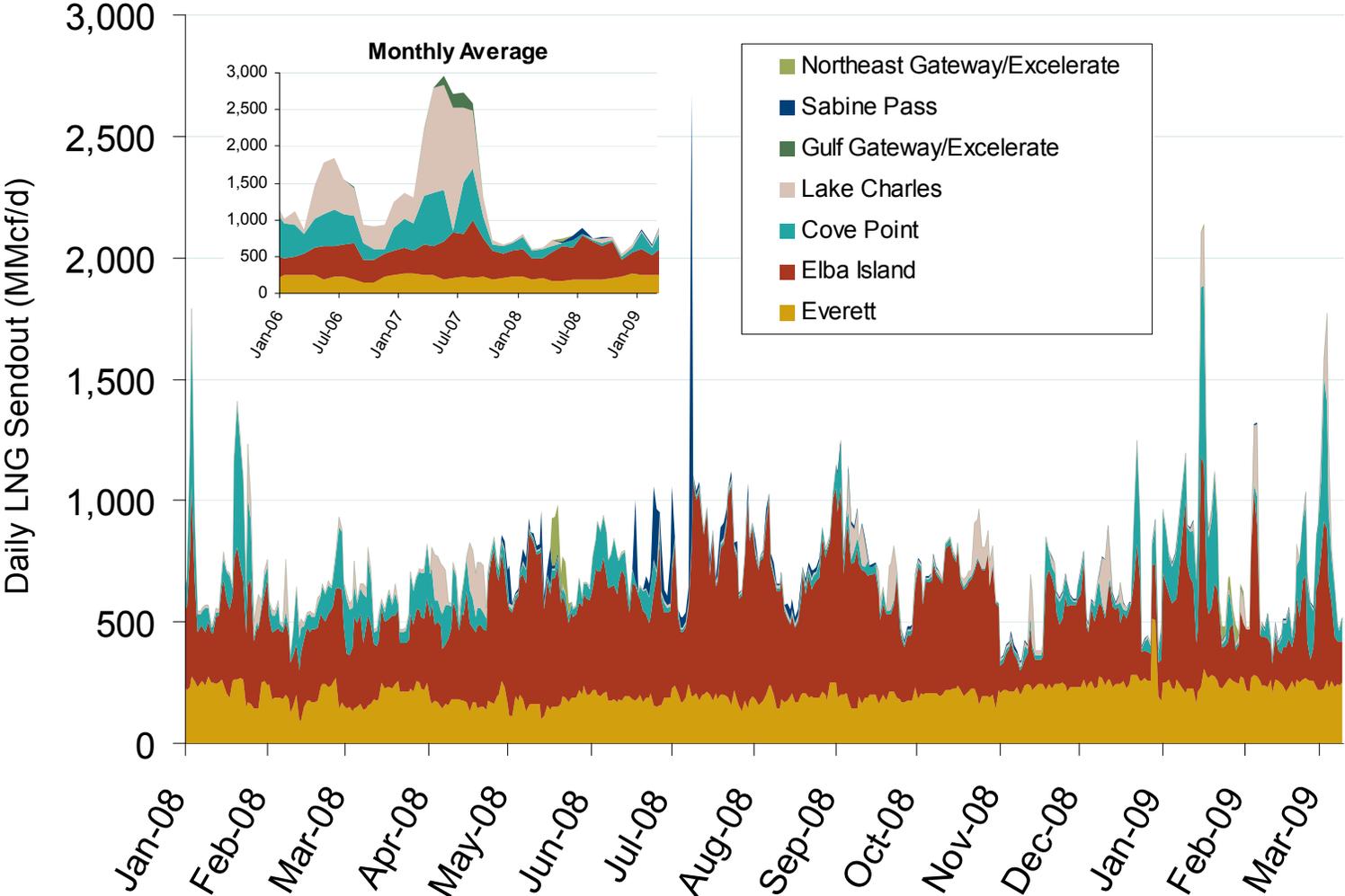
World LNG Estimated March 2009 Landed Prices



Source: Waterborne Energy, Inc. Data in \$US/MMBtu.
March 2009 Midwest Snapshot Report

Updated March 9, 2009

Daily Gas Sendout from Existing U.S. LNG Facilities

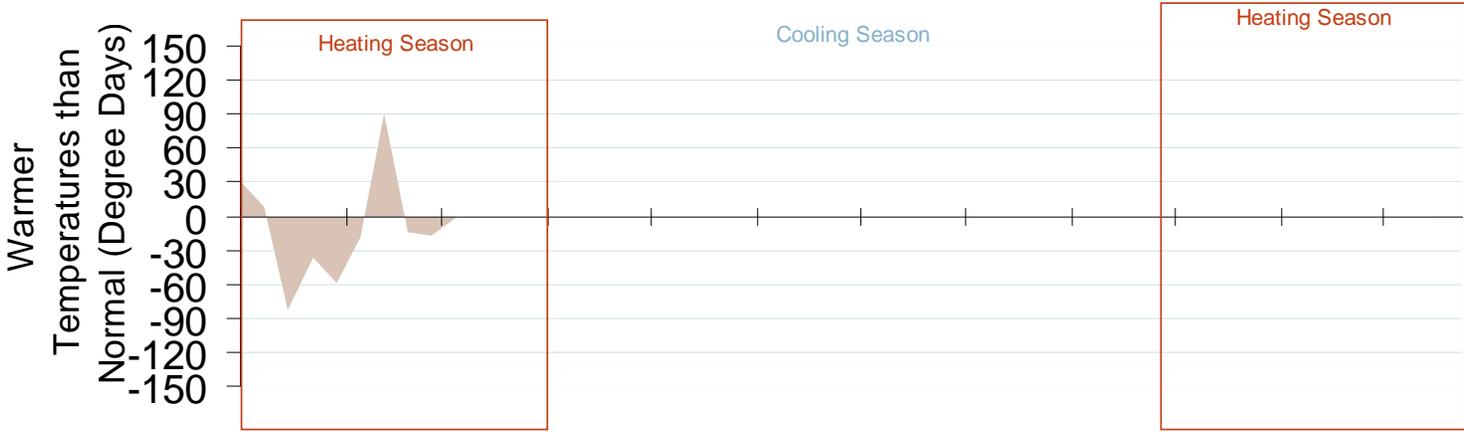
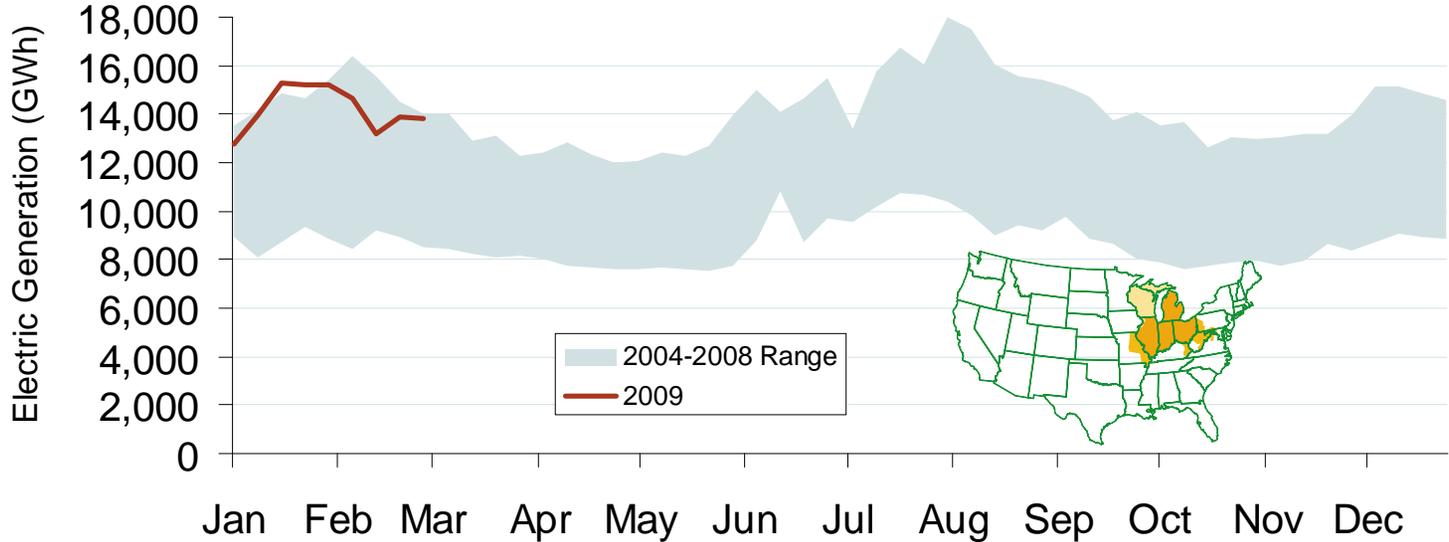


Source: Derived from *Bentek* data. Excludes Everett LNG delivered via truck and consumed by the Mystic plant as well as Freeport LNG which flows via intrastate pipelines.
 March 2009 Midwest Snapshot Report



Electricity Markets

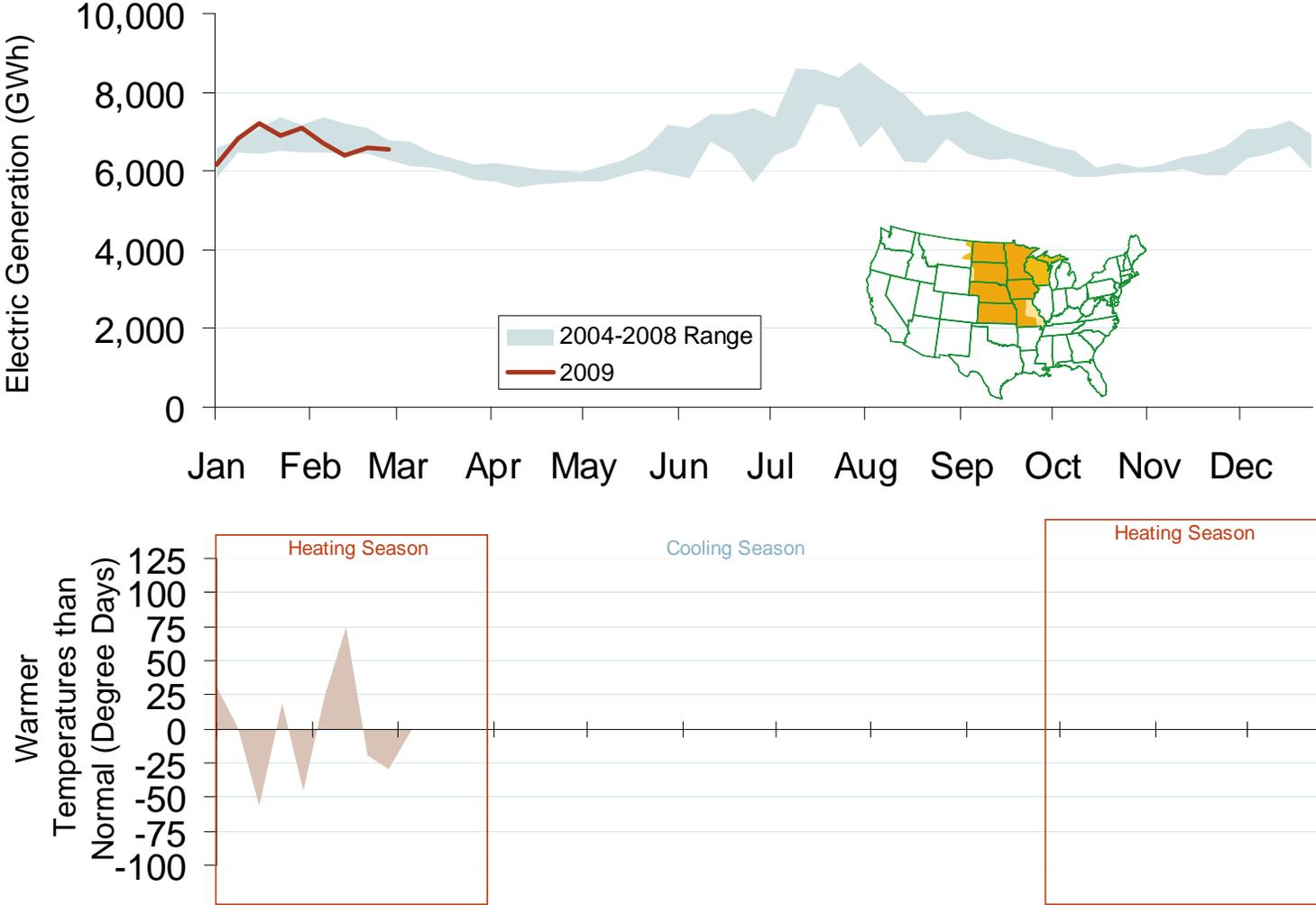
Weekly Electric Generation Output and Temperatures Central Industrial Region



Source: Derived from EEI and NOAA data.
March 2009 Midwest Snapshot Report

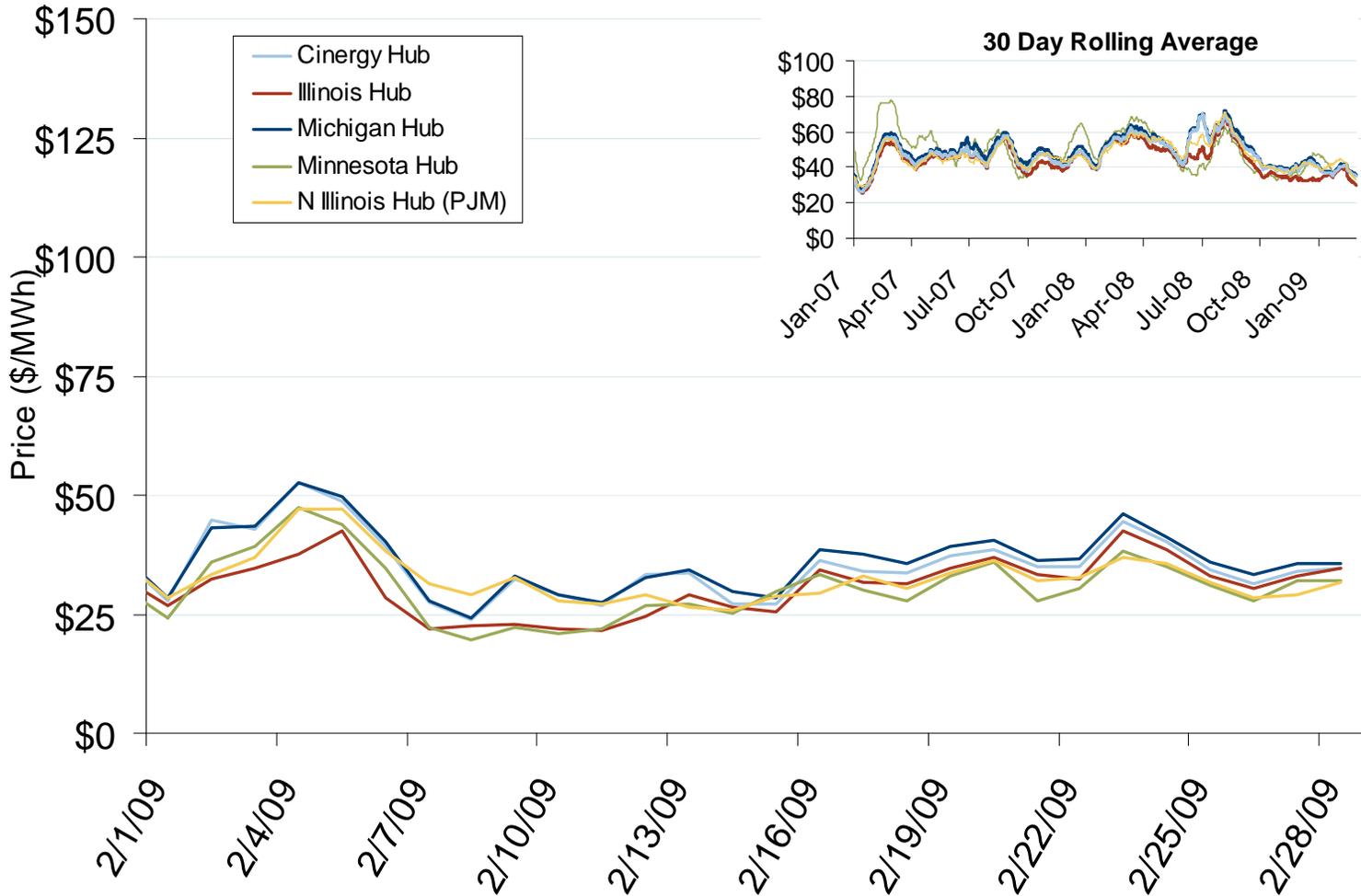
Updated March 9, 2009

Weekly Electric Generation Output and Temperatures West Central Region



Source: Derived from *EI* and *NOAA* data.
March 2009 Midwest Snapshot Report

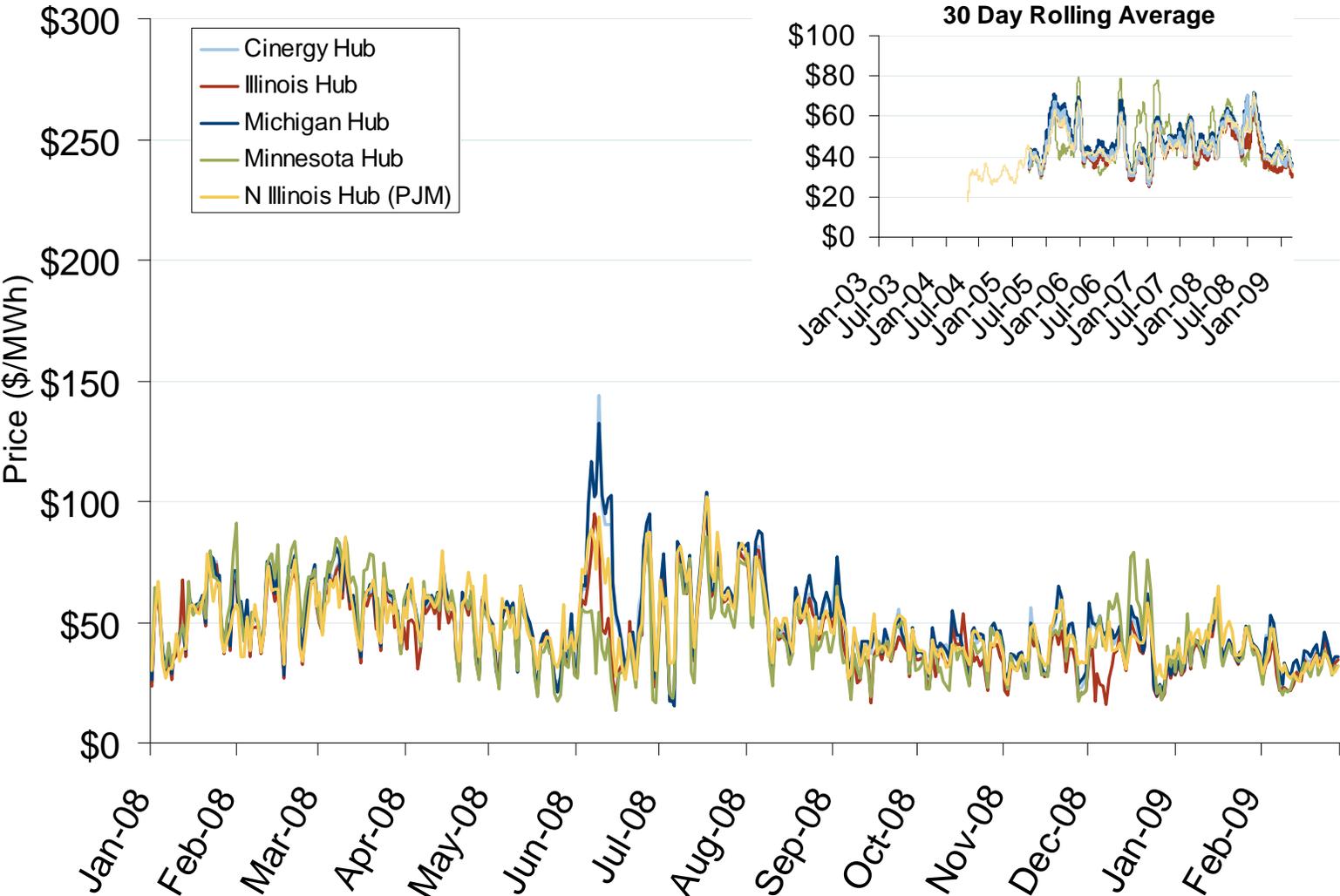
Daily Average of MISO Day-Ahead Prices - All Hours



Source: Derived by Bloomberg from MISO and PJM data as reported by Bloomberg. March 2009 Midwest Snapshot Report

Updated March 9, 2009

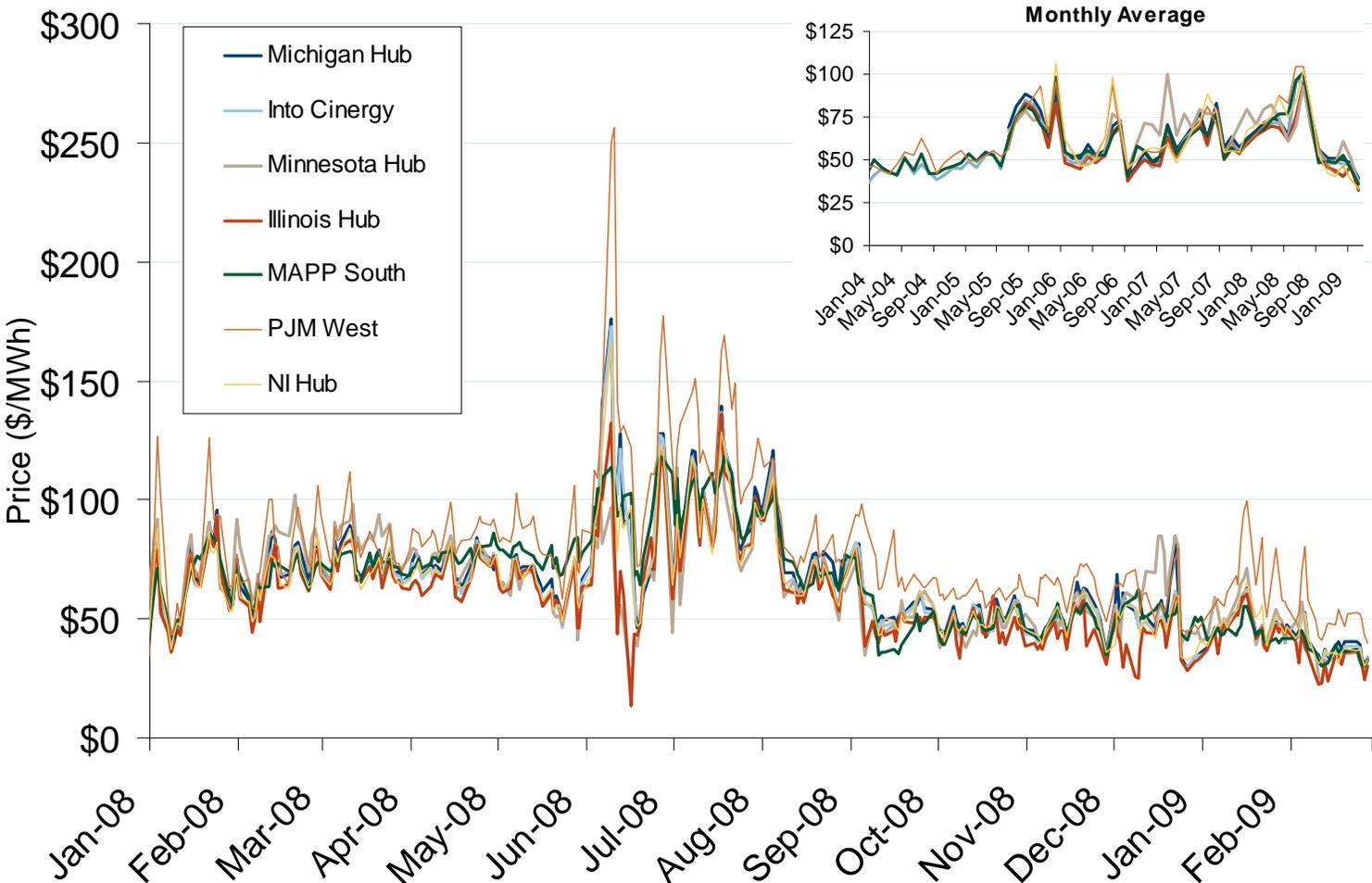
Daily Average of MISO Day-Ahead Prices - All Hours



Source: Derived by Bloomberg from MISO and PJM data as reported by Bloomberg.
March 2009 Midwest Snapshot Report

Updated March 9, 2009

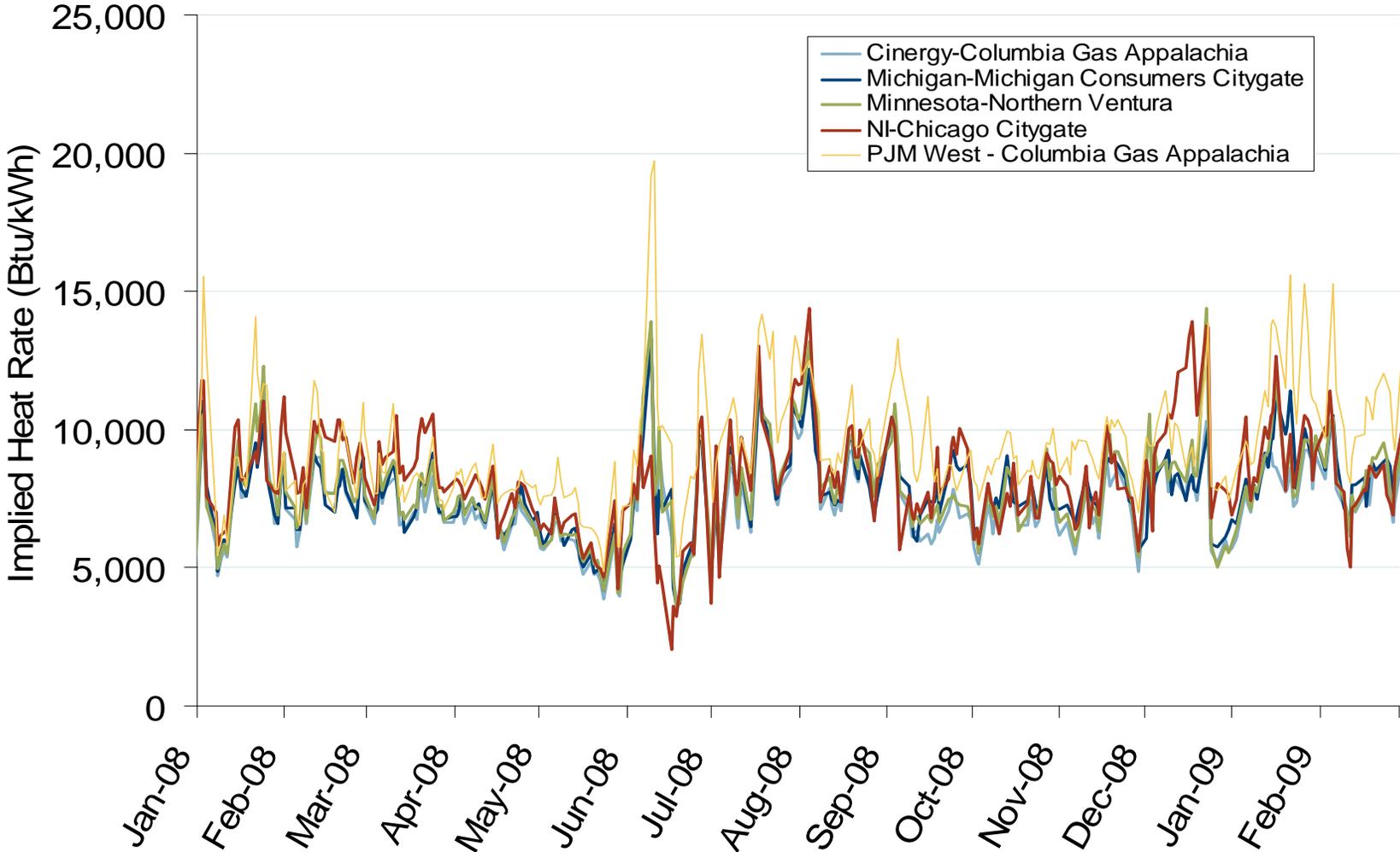
MISO/PJM Bilateral Day-Ahead On-Peak Prices



Source: Derived from *Platts* data.
March 2009 Midwest Snapshot Report

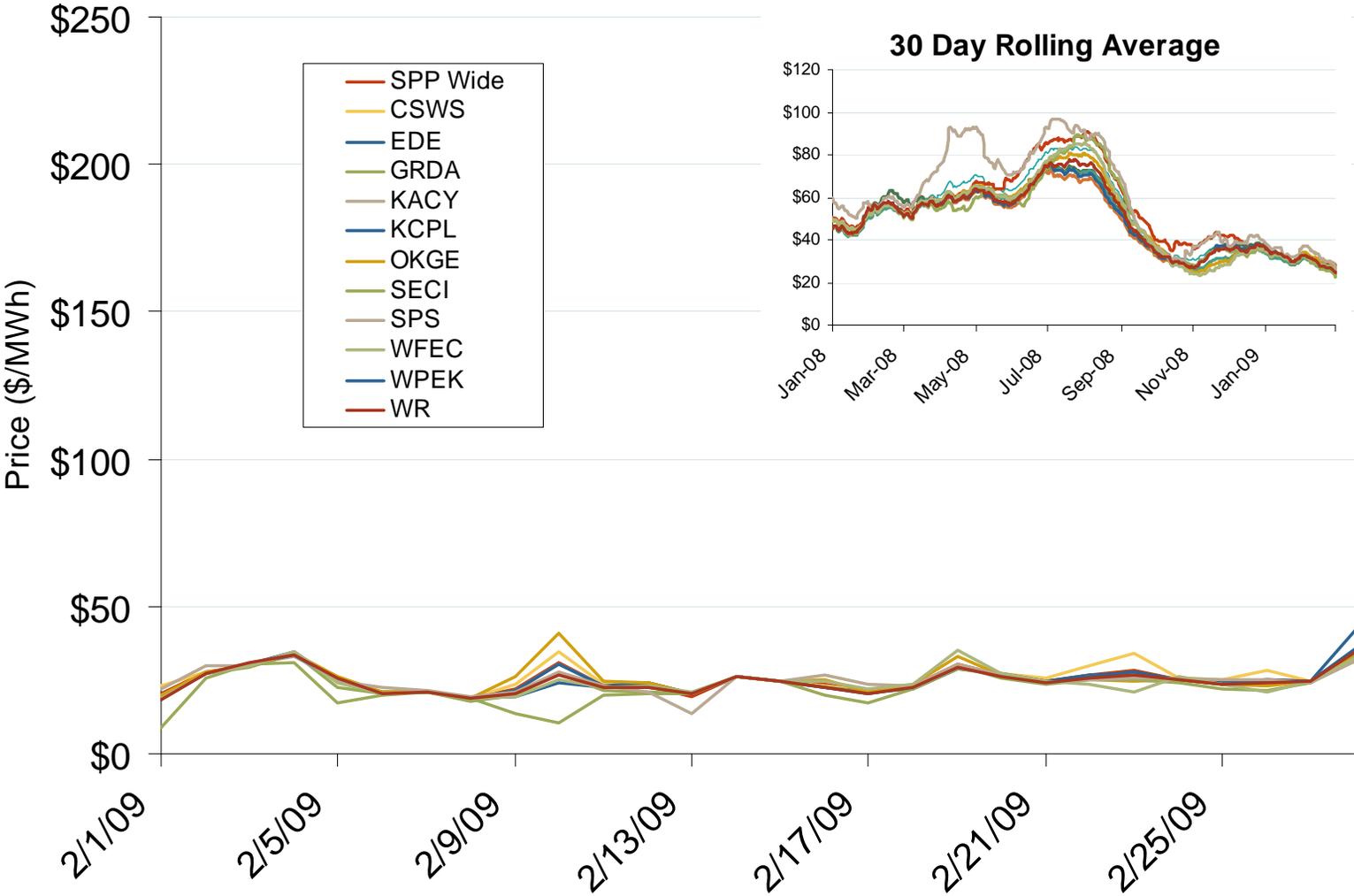
Updated March 9, 2009

Implied Heat Rates at MISO and PJM Hubs



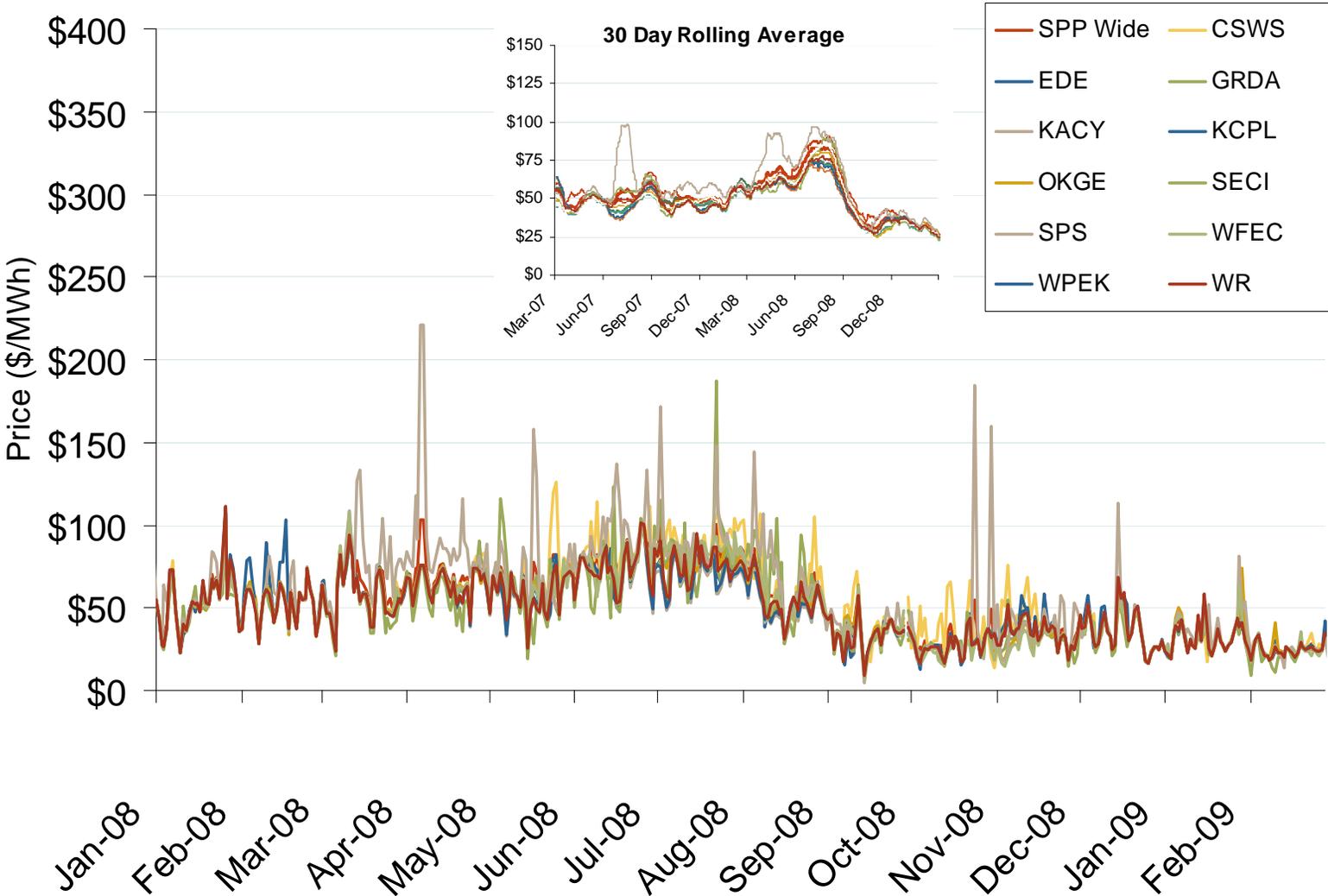
Source: Derived from *Platts* data
March 2009 Midwest Snapshot Report

Daily Average of SPP Real Time Prices - All Hours



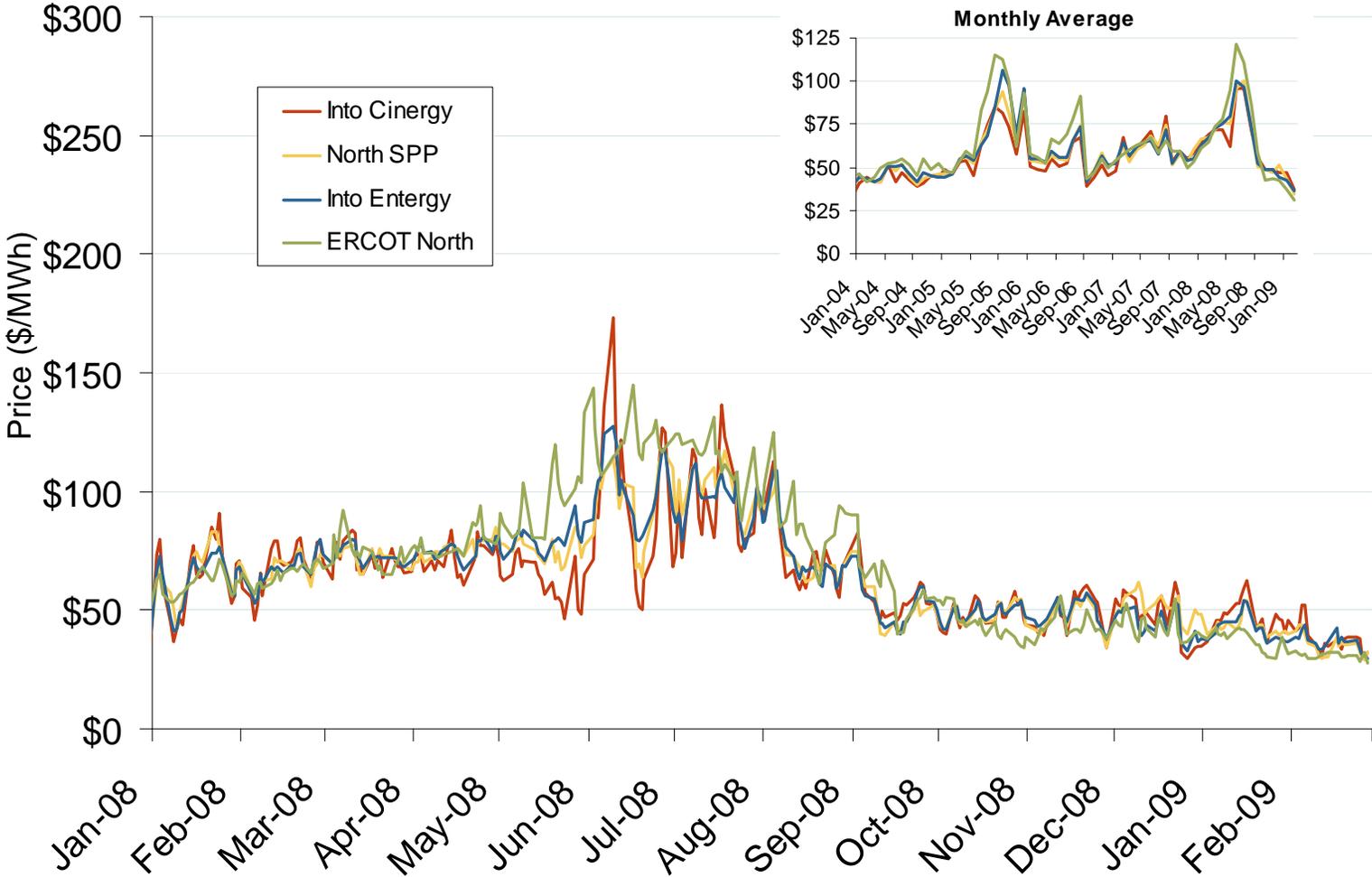
Source: Derived from SPP data.
March 2009 Midwest Snapshot Report

Daily Average of SPP Real Time Prices - All Hours



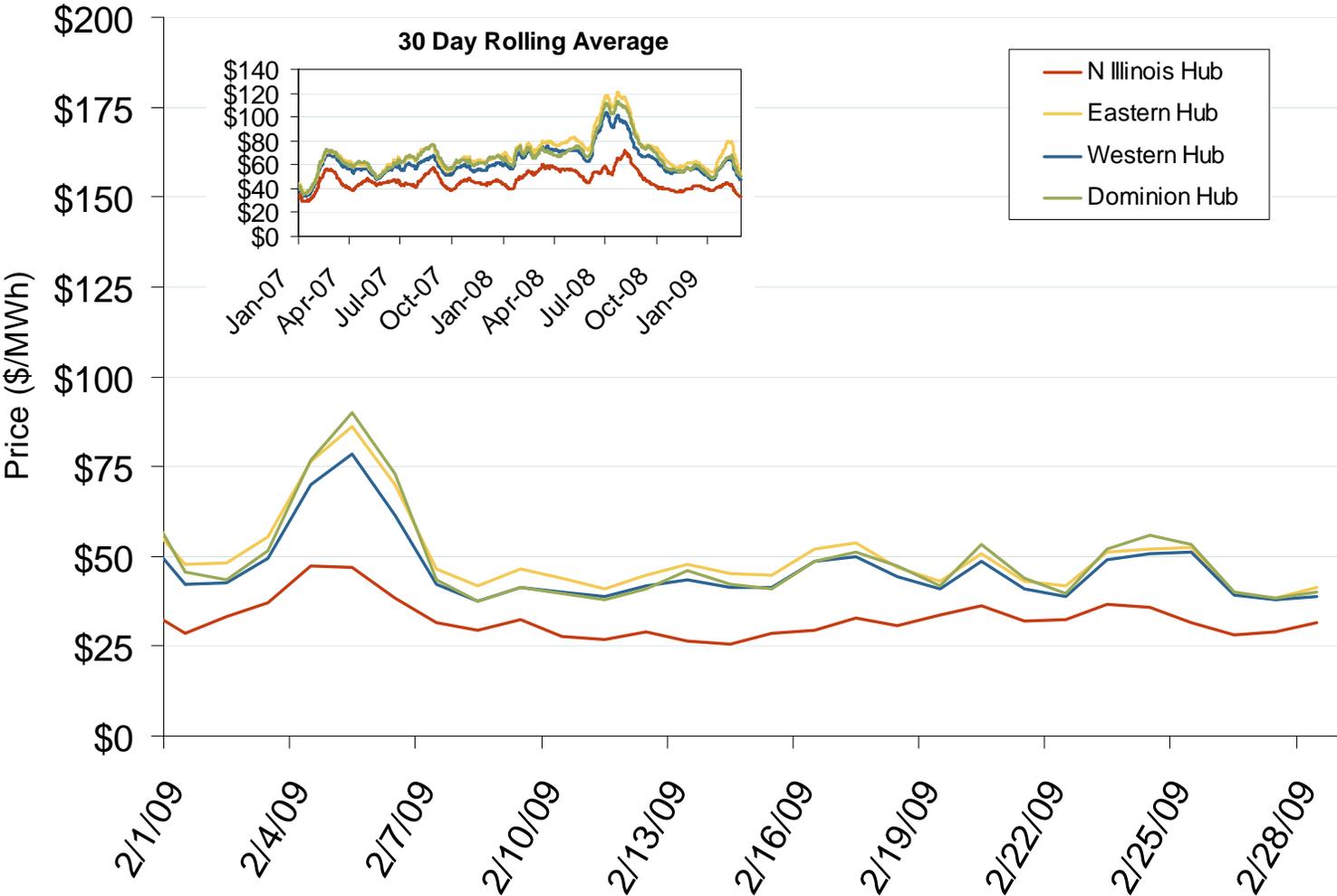
Source: Derived from SPP data.
March 2009 Midwest Snapshot Report

Central Daily Bilateral Day-Ahead On-Peak Prices



Source: Derived from *Platts* data.
March 2009 Midwest Snapshot Report

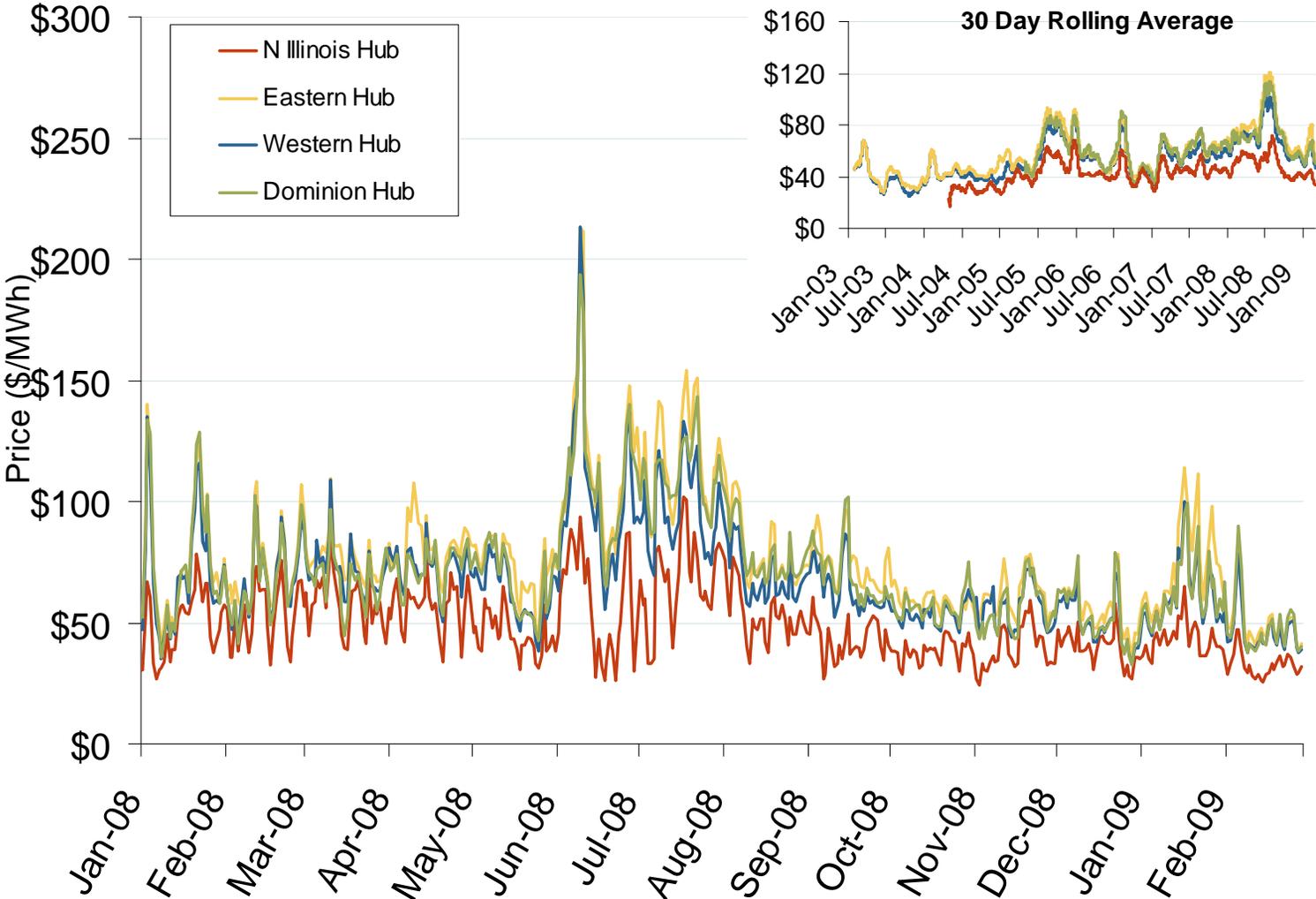
Daily Average of PJM Day-Ahead Prices - All Hours



Source: Derived by Bloomberg from PJM data as reported by Bloomberg. March 2009 Midwest Snapshot Report

Updated March 9, 2009

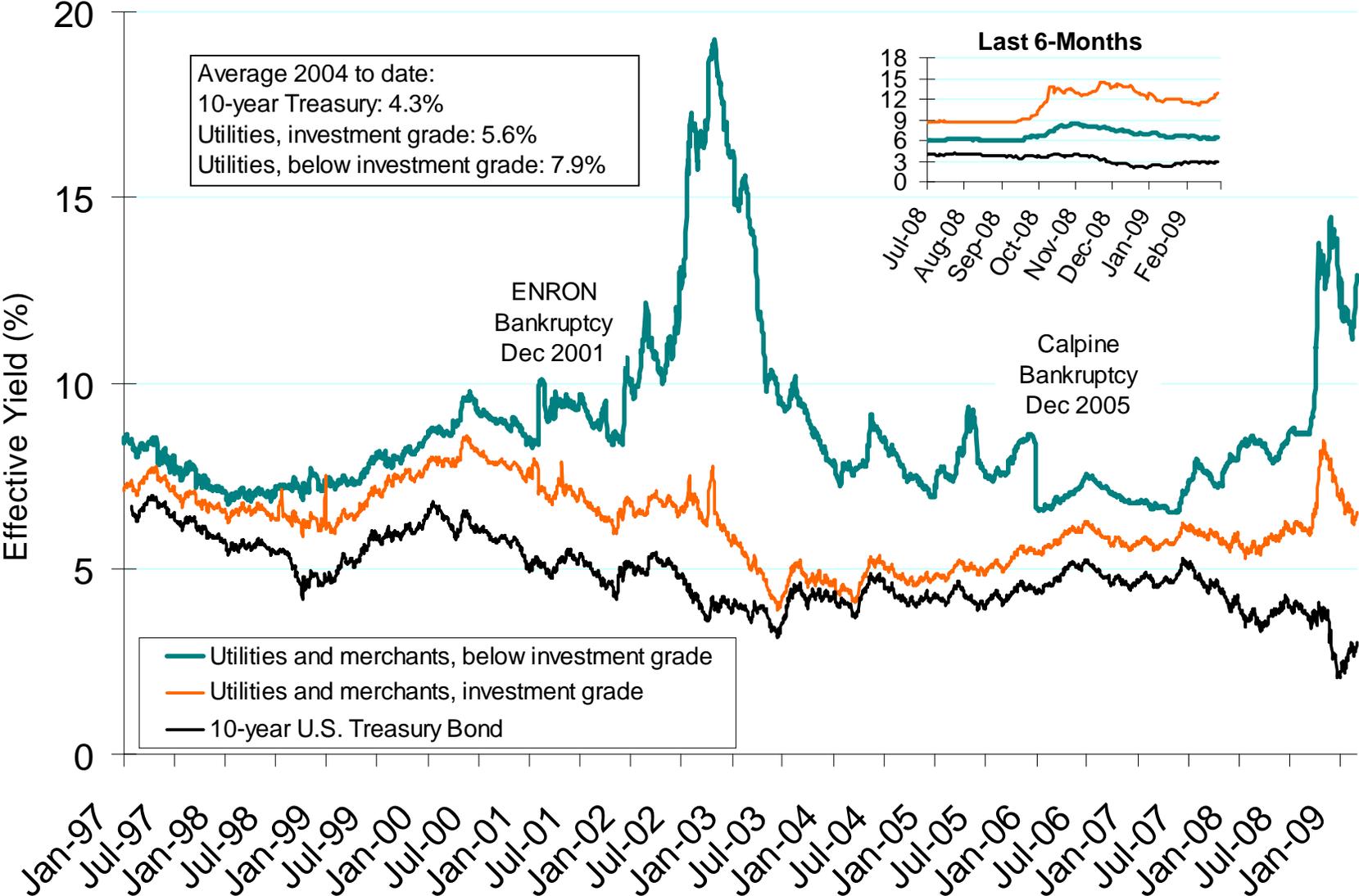
Daily Average of PJM Day-Ahead Prices - All Hours



Source: Derived by Bloomberg from PJM data as reported by Bloomberg. March 2009 Midwest Snapshot Report

Updated March 9, 2009

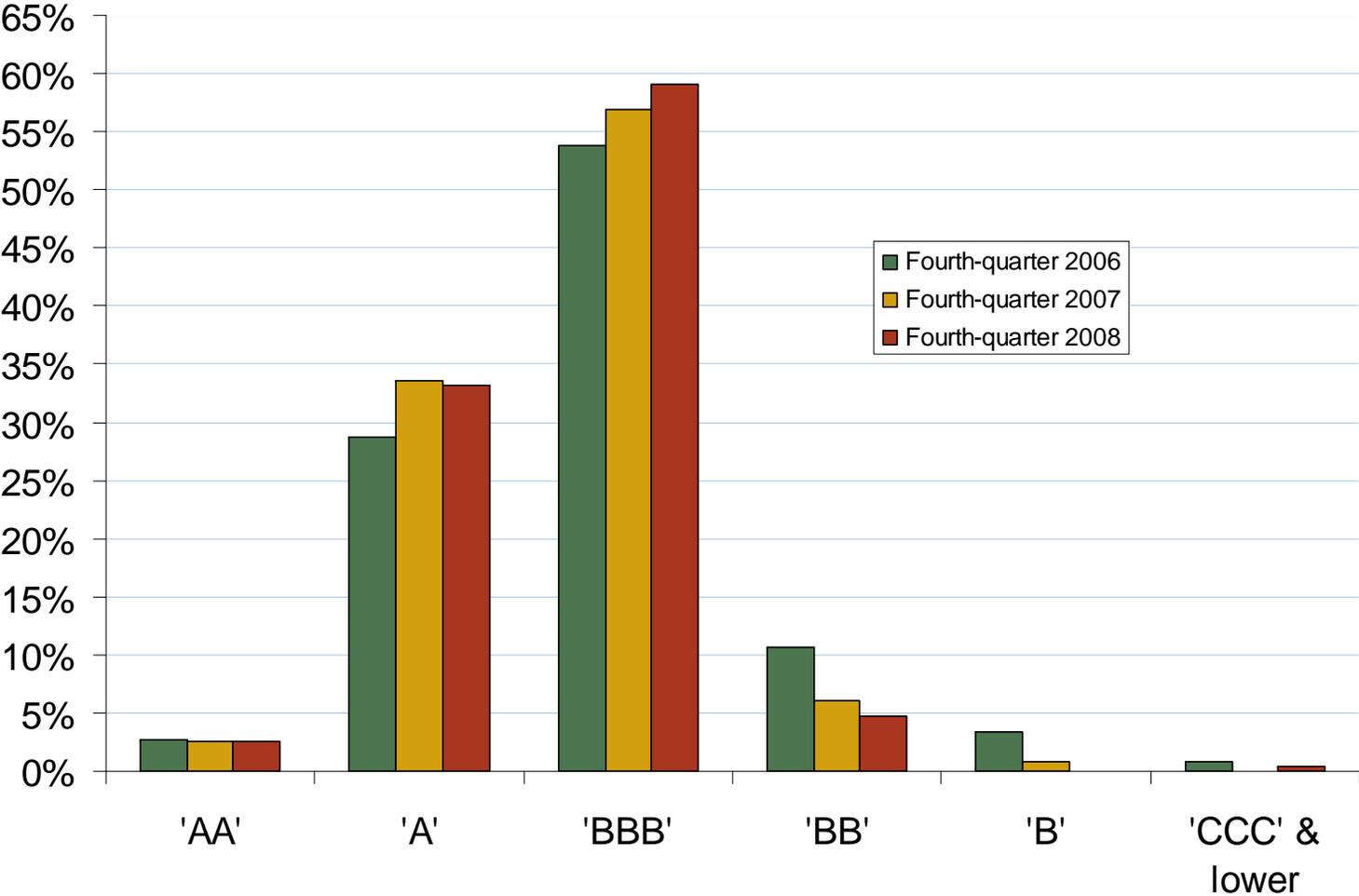
Yields of Utilities, Merchants and Ten Year Treasury Bonds



Source: Derived from Merrill Lynch Index U.S Corporates, Gas and Electric Utilities and Bloomberg data.

Updated March 9, 2009

U.S. Electric and Gas Utility Ratings Distribution



Source: Derived from Standard and Poors data.
March 2009 Midwest Snapshot Report

Updated March 9, 2009