OE ENERGY MARKET SNAPSHOT

National Version – November 2010 Data

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

Office of Enforcement
Federal Energy Regulatory Commission
December 2010

Special Report:

- **2010 Report on Enforcement**

2010 REPORT ON ENFORCEMENT

Docket No. AD07-13-003

Released November 18, 2010

Report: http://www.ferc.gov/legal/staff-reports/11-18-10-enforcement.pdf
Presentation:http://capitolconnection.net/capcon/ferc/111810/ferc111810.htm

Office of Enforcement Priorities

Enforcement will continue to focus on matters involving:

- **Fraud and market manipulation;**
- **Serious violations of the reliability standards;**
- **Anticompetitive conduct; and**
- **Conduct that threatens the transparency of regulated markets.**

FERC Acts to Promote Transparency and Fairness

- **Penalty Guidelines**
  - The Commission's issuance of the Penalty Guidelines provides for more uniform penalties, bringing more certainty and promoting fairness by ensuring similar penalties for similar violations.
- **Disclosure of Exculpatory Materials**
  - The Commission's issuance of the Policy Statement on Disclosure of Exculpatory Materials in December 2009 formalizes Enforcement staff's practice relating to exculpatory materials and adopting the requirements of Brady v. Maryland.
- **Notices of Violation**
  - The Commission's December 17, 2009 Order provides that a notice will be issued after Enforcement staff preliminarily concludes that a violation has occurred and after the subject of the investigation has had the opportunity to respond to the allegation. Commission has not yet ruled on petitions for rehearing.

Division of Investigations

Self-Reports, Investigations and Settlements

- **During fiscal year 2010, Investigations staff received 93 self-reports of violations, of which 54 were closed.**
- **Investigations staff opened 15 investigations and closed 16 investigations.**
- **The Commission approved six settlement agreements for a total of $31 million in civil penalties and an additional $280,000, plus interest, in disgorgement of unjust profits.**
- **Investigations staff assisted in a proceeding that resulted in a $25,000,000 disbursement from a disgorgement fund resulting from the settlement of a manipulation claim against Energy Transfer Partners in fiscal year 2009.**

Reliability

- **Notices of Penalty**
  - Investigations staff reviewed approximately 1,300 violations in 190 Notices of Penalty filed by NERC pursuant to the Electric Reliability Organization's Compliance Monitoring and Enforcement Program.
  - Two "Omnibus" filings with a total of 626 violations.

Division of Audits

- **Audits staff completed 52 audits of public utilities and natural gas pipeline and storage companies last year.**
- **These audits generated 210 recommendations for corrective action and included $4.1 million in monetary recoveries.**
- **Audits staff addressed several significant accounting issues including the International Financial Reporting Standards and the Capitalization of Interest During Construction.**

Market Oversight

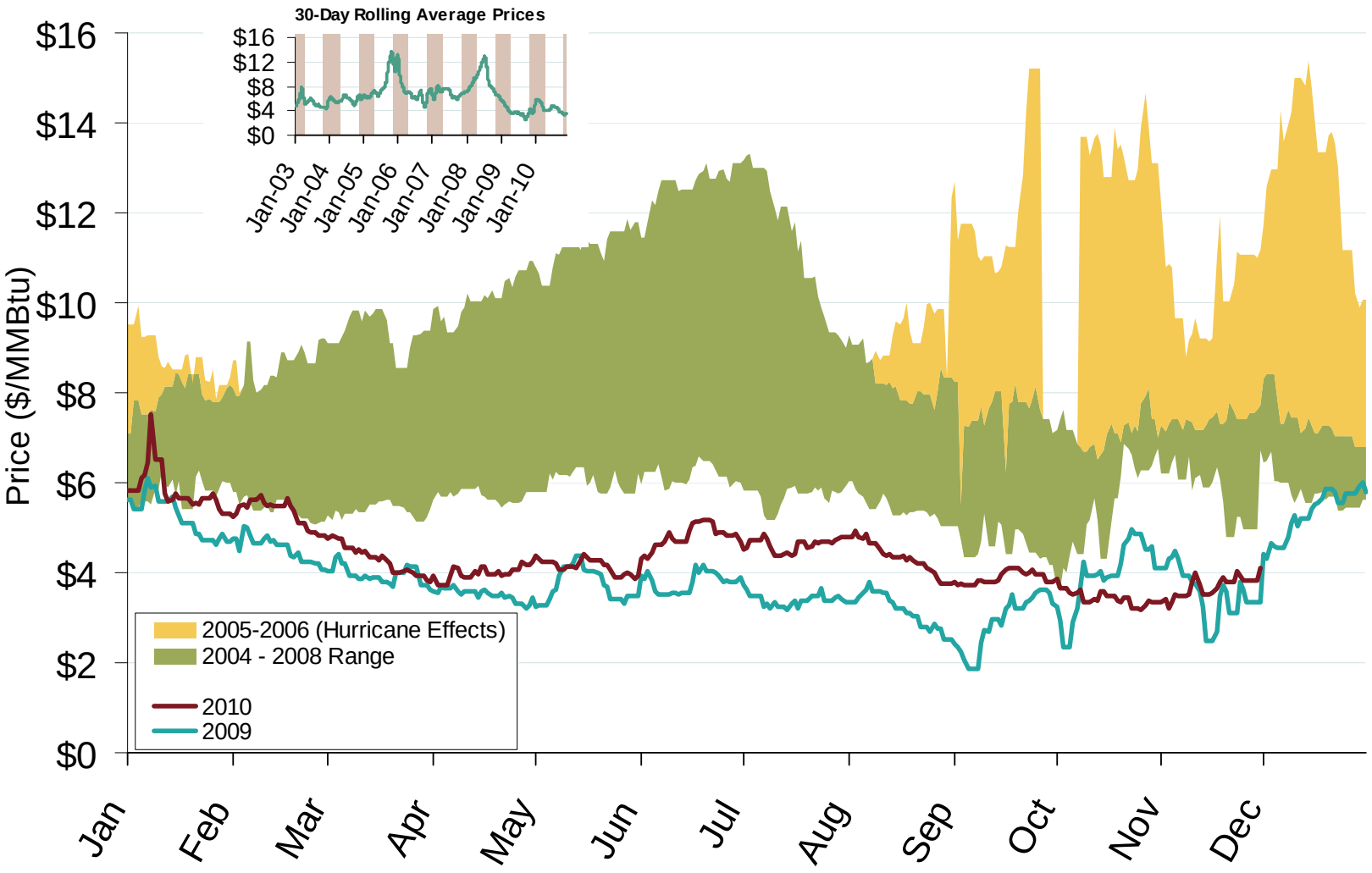
- **Market Monitoring**
  - Annual and Seasonal Reports
  - Capacity Reassignment Report
  - Pipeline Capacity Release Review – Upcoming
- **Technical Analysis**
- **Outreach**
- **Forms Compliance**
  - Review of over 3,000 respondents submissions on 15 different forms
- **Transparency Orders**
  - Order No. 704-C Clarification Regarding Form No. 552
  - Order No. 720 Clarifications on Non-Interstate Pipeline Posting Requirements
  - Electric Transparency Notice of Inquiry

Natural Gas and Fuel Markets

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

Federal Energy Regulatory Commission • Market Oversight • www.ferc.gov/oversight

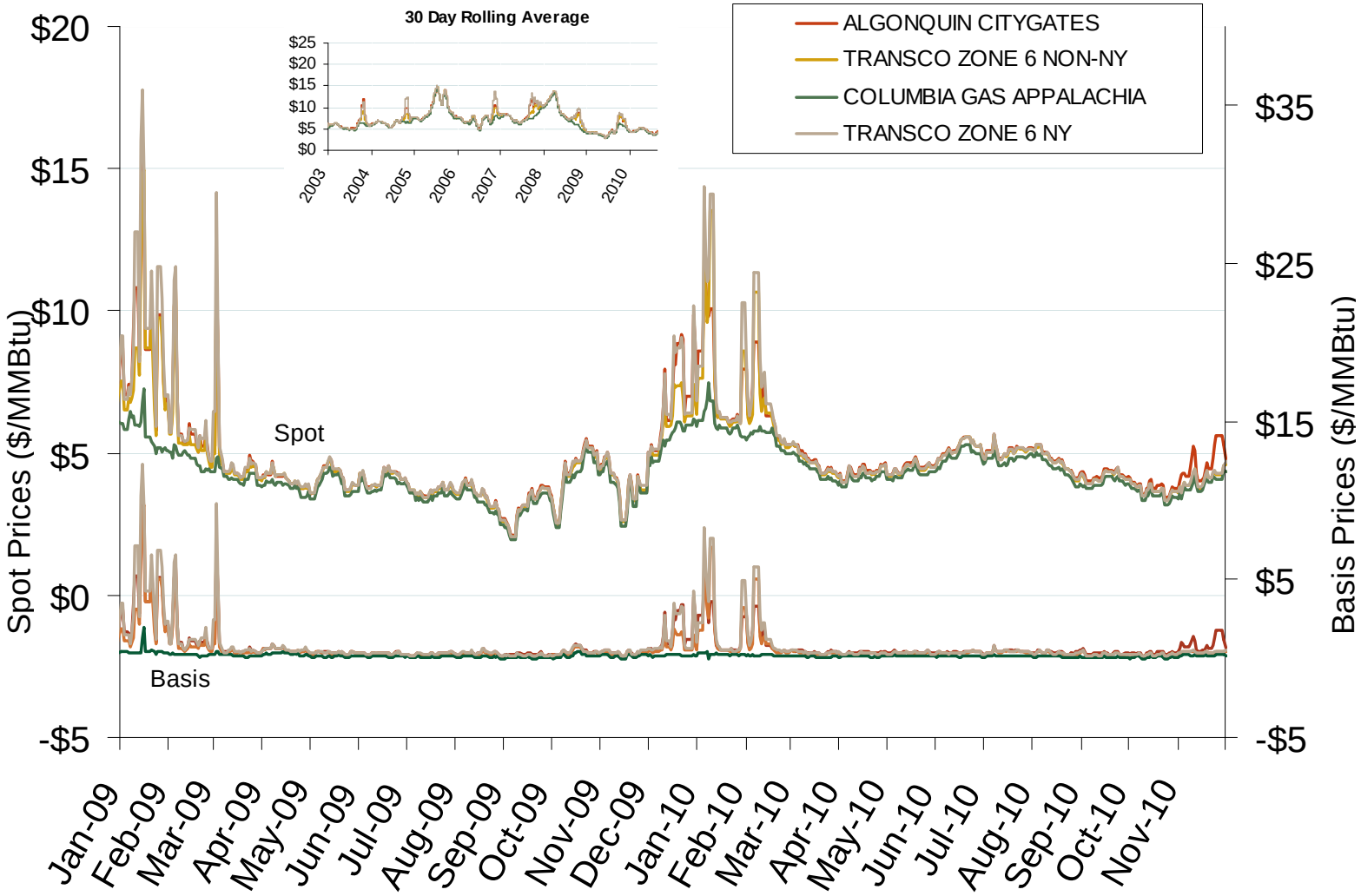
Henry Hub Natural Gas Daily Spot Prices



Source: Derived from *Platts* data.

Updated December 8, 2010

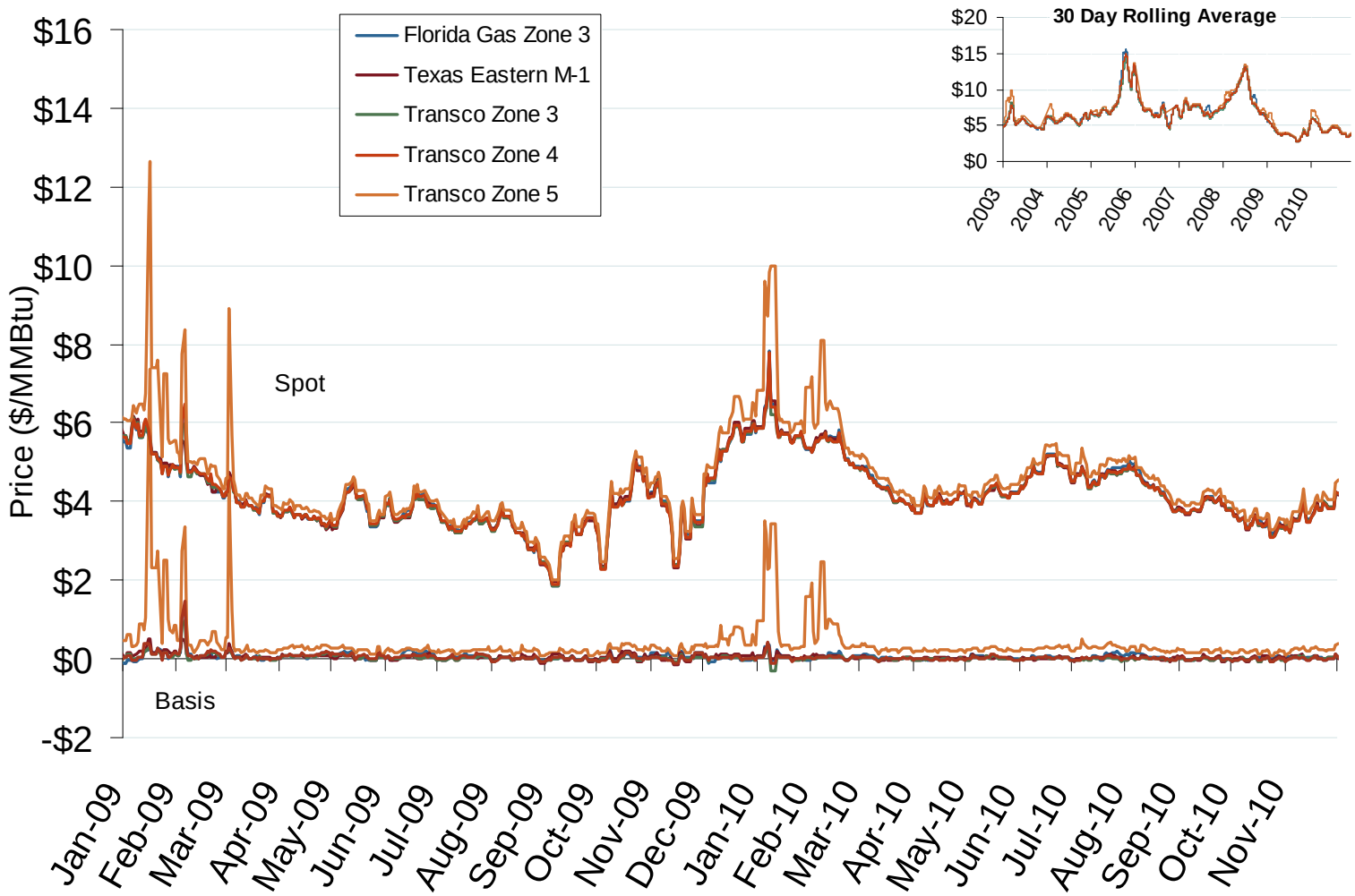
Northeastern Spot Prices and Basis



Source: Derived from *Platts* data.

Updated December 8, 2010

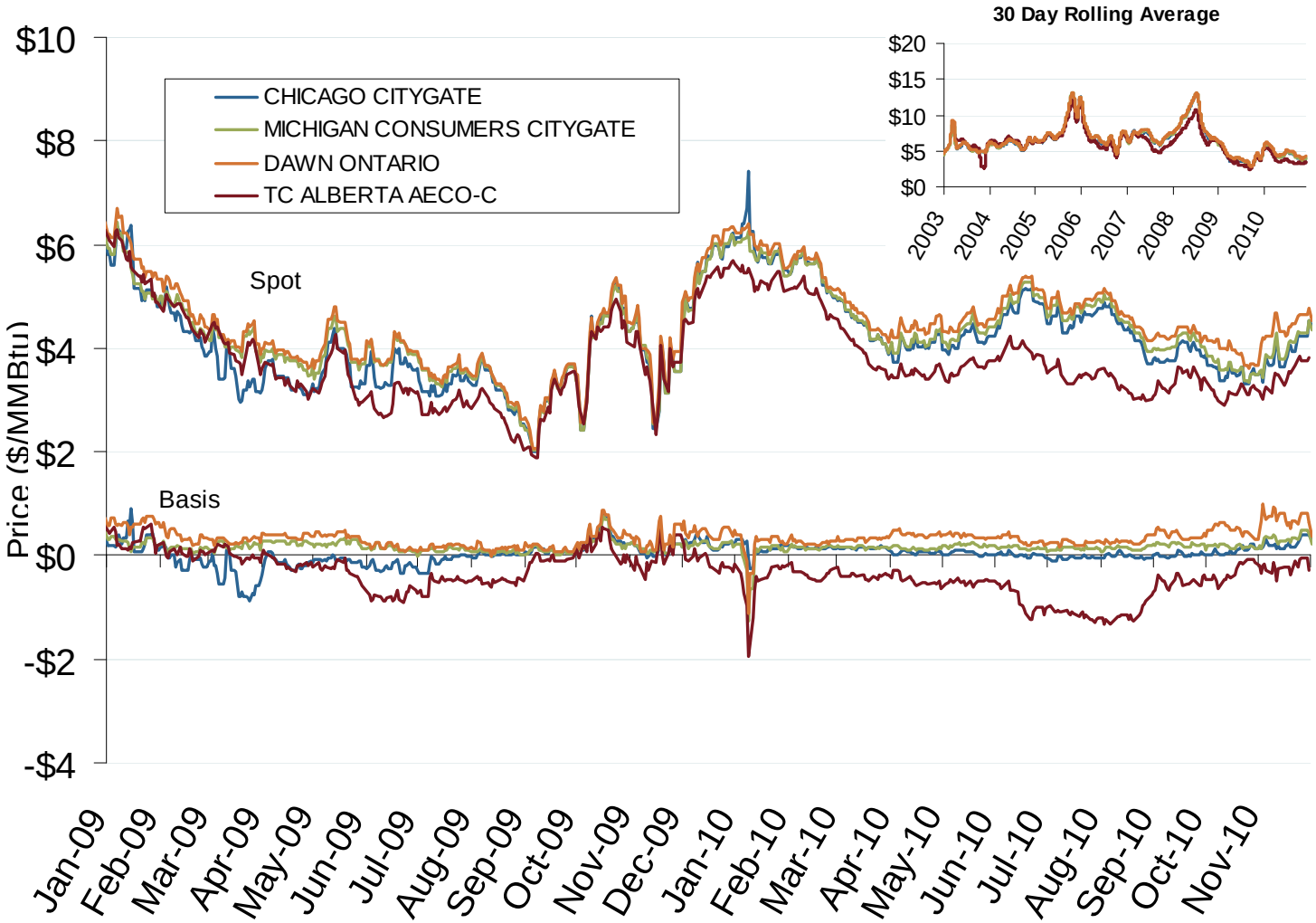
Southeastern Day-Ahead Hub Spot Prices and Basis



Source: Derived from *Platts* data.

Updated December 8, 2010

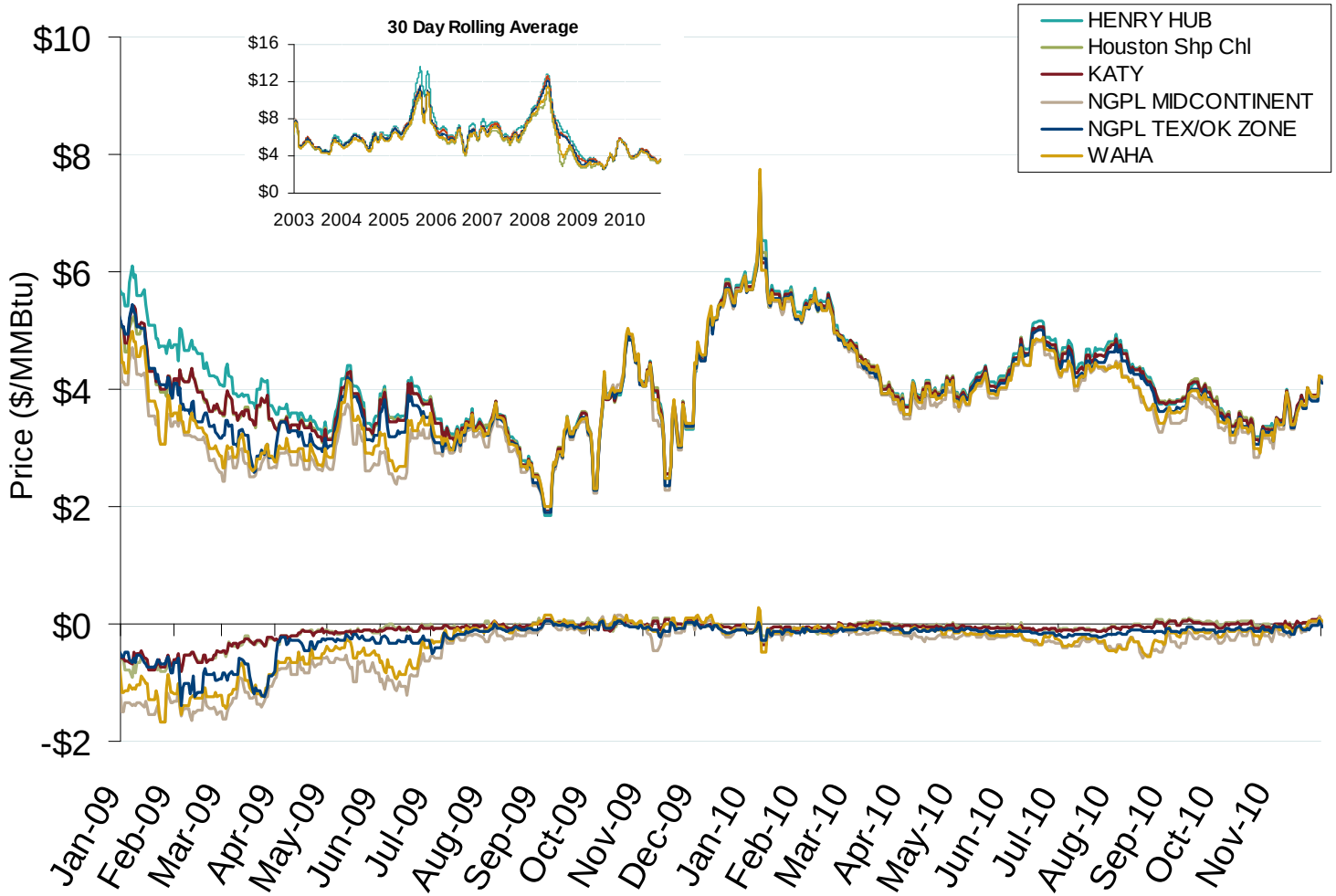
Midwestern Day-Ahead Hub Spot Prices and Basis



Source: Derived from *Platts* data.

Updated December 8, 2010

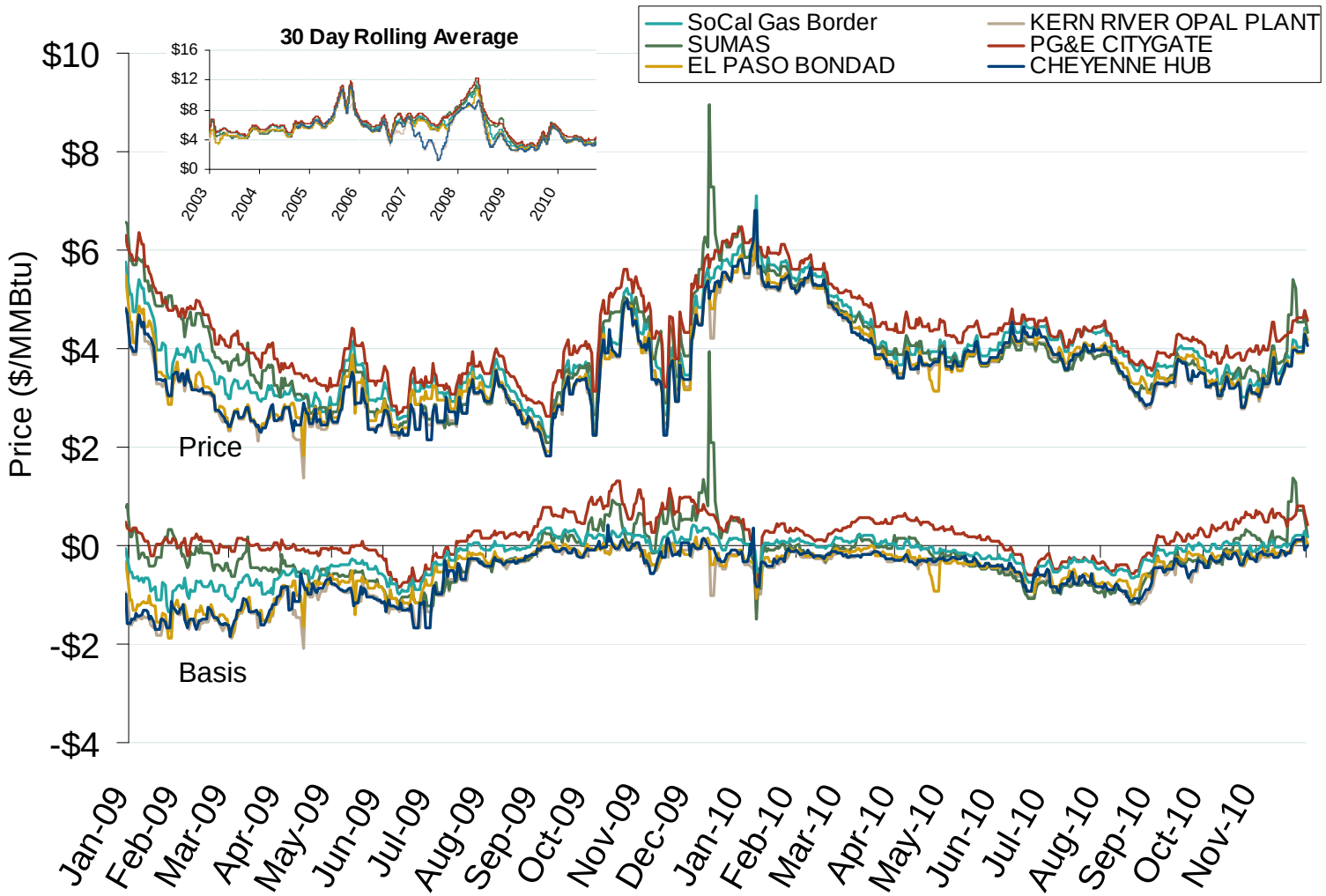
Gulf Day-Ahead Hub Spot Prices and Basis



Source: Derived from *Platts* data.

Updated December 8, 2010

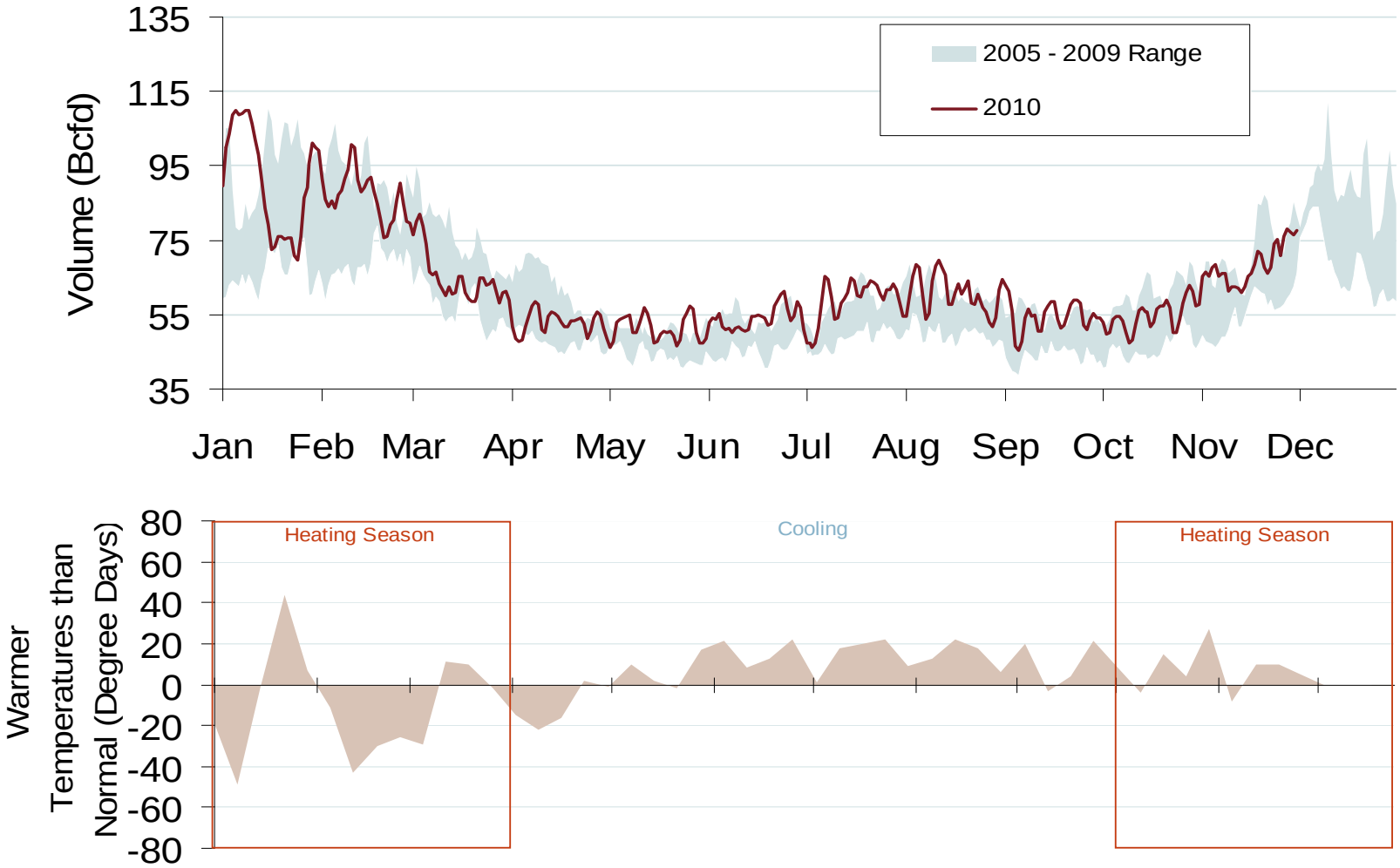
Western Day-Ahead Hub Spot Prices and Basis



Source: Derived from *Platts* data.

Updated December 8, 2010

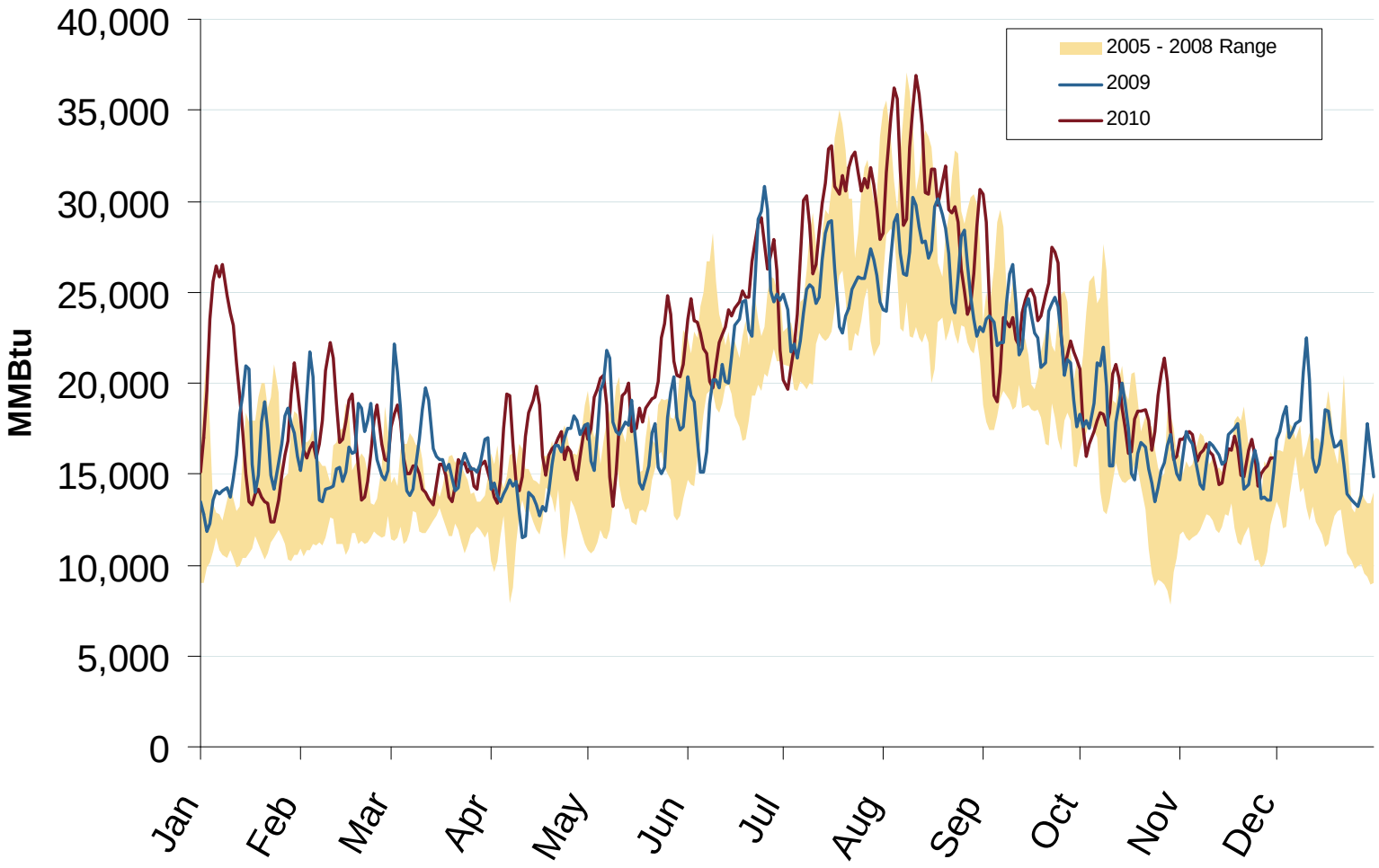
Total U.S. Natural Gas Demand (All Sectors) and Temperatures



Source: Derived from Bentek Energy and Weekly NOAA data.

Updated December 8, 2010

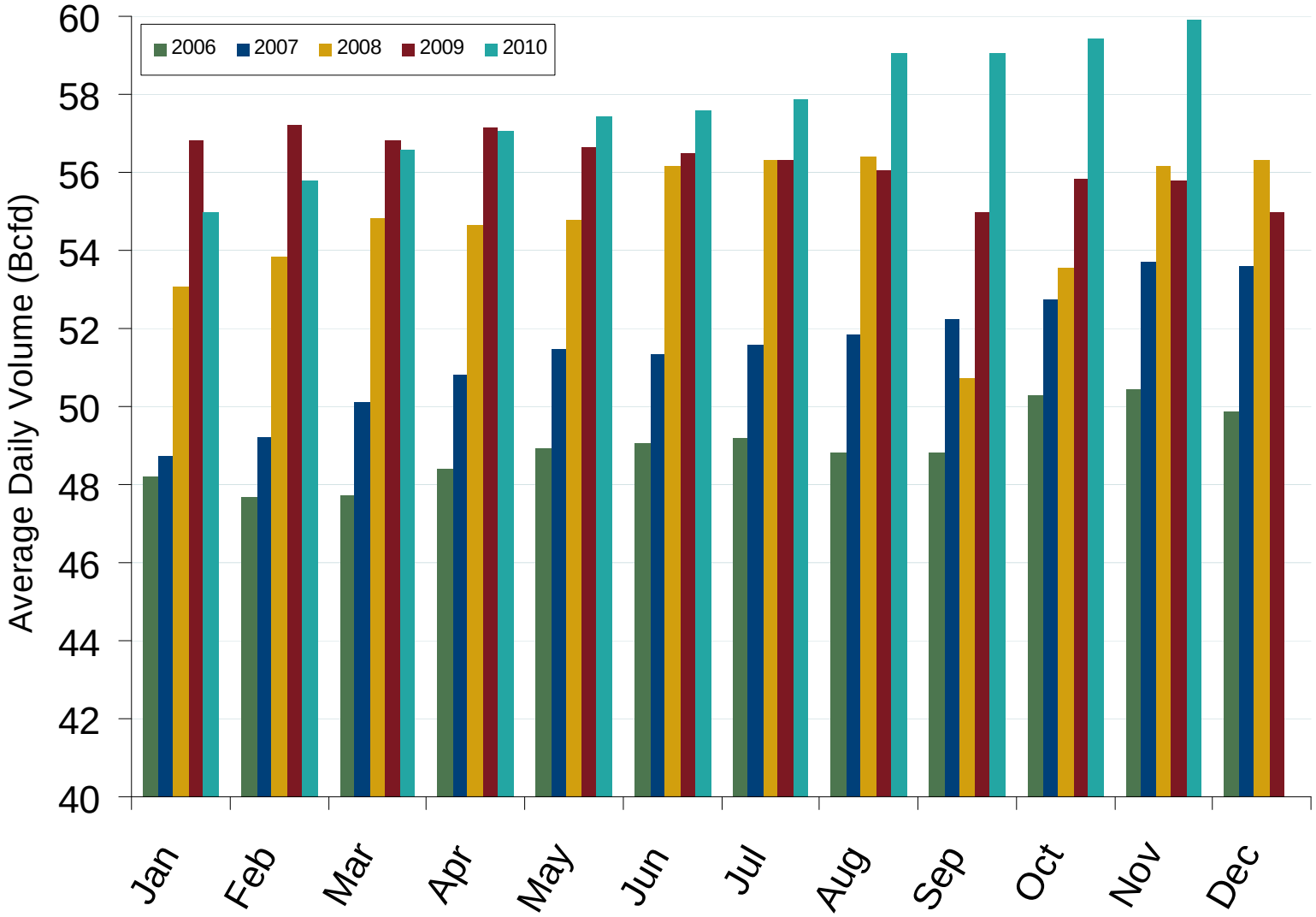
U.S. Natural Gas Consumption for Power Generation



Source: Derived from Bentek Data
December 2010 National Snapshot Report

Updated December 8, 2010

Monthly U.S. Dry Gas Production – Lower 48 States

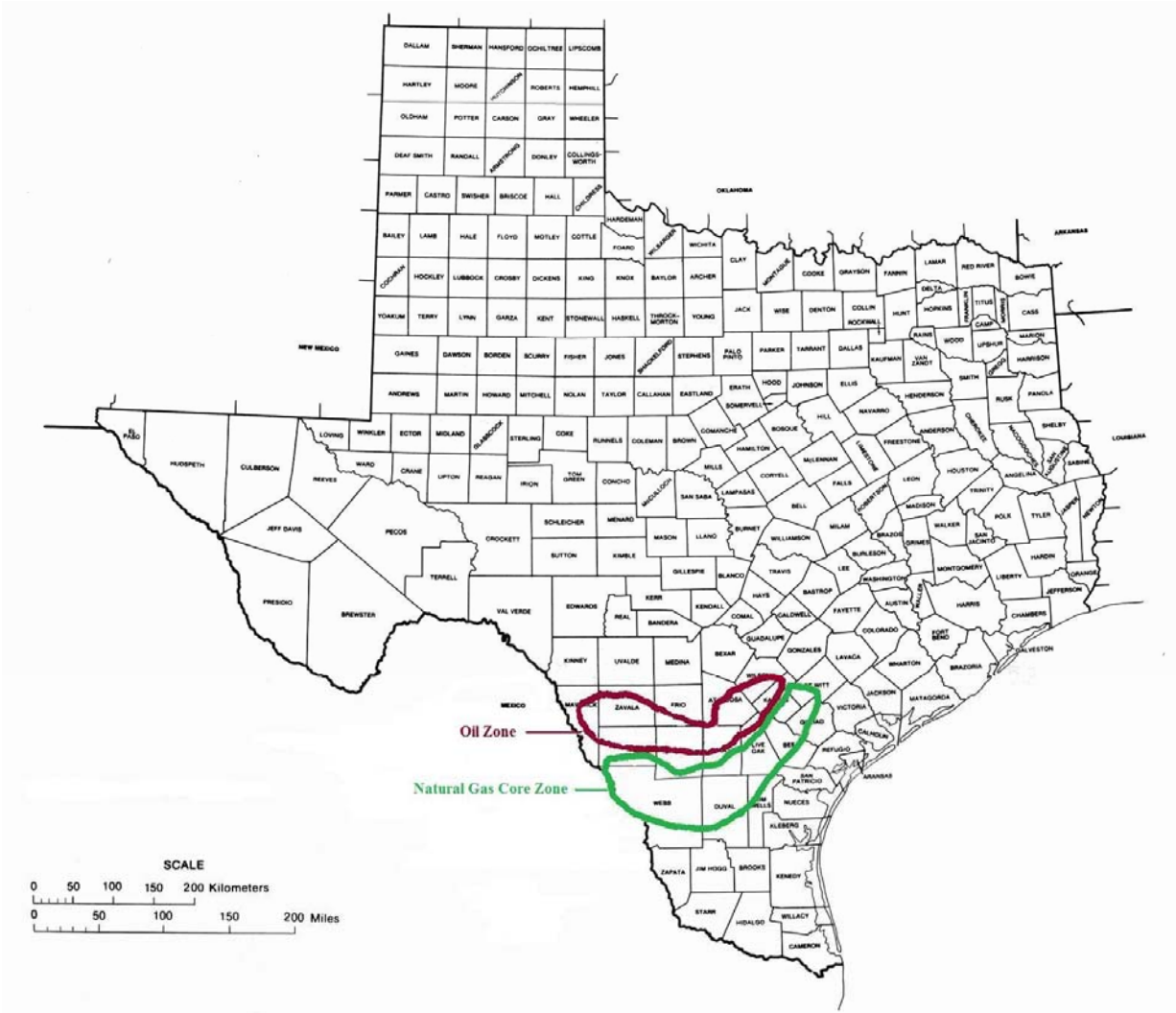


Source: Derived from *Bentek data.*

Note: Prior to July 2010, chart was derived from a combination of EIA and Bentek data

Updated December 8, 2010

Eagle Ford Shale, Texas



Source: Derived from oilshalegas.com

Updated November 30, 2010

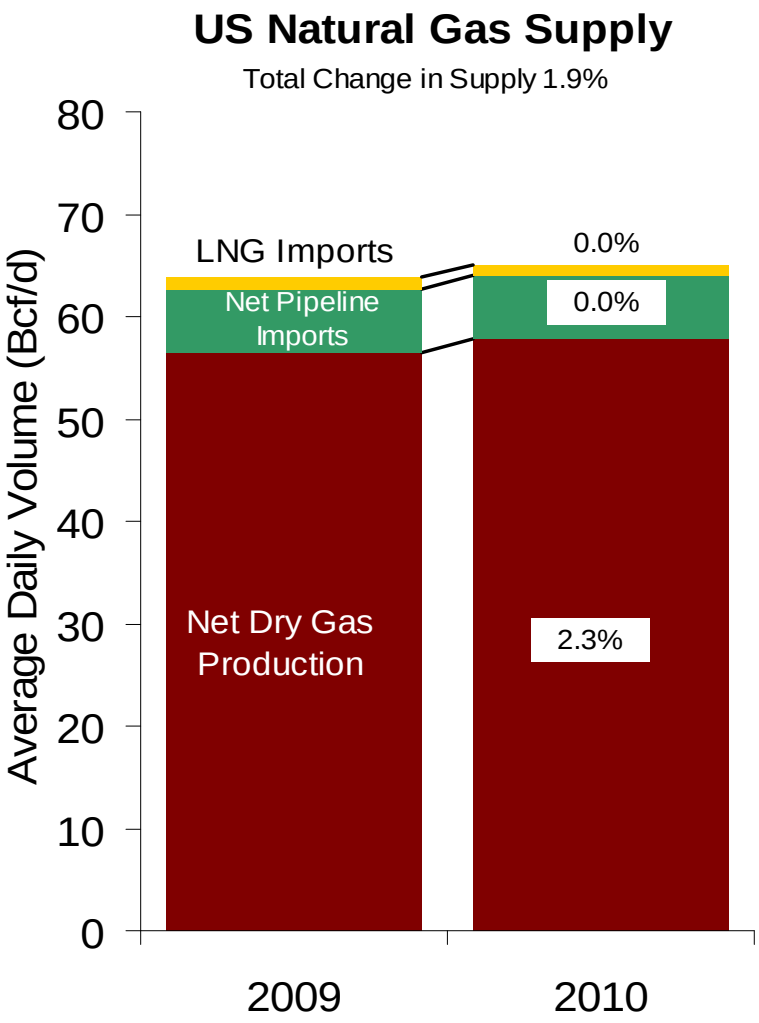
Eagle Ford Shale Boosts South Texas Production

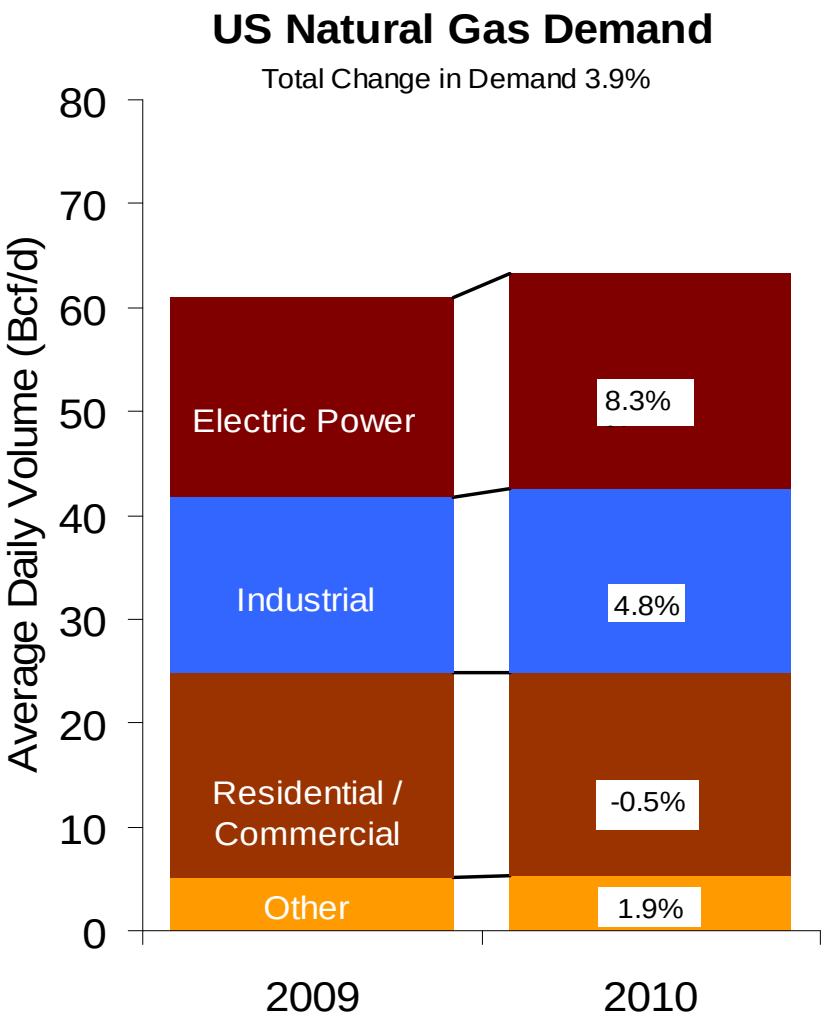
- **South Texas production exceeds 5 Bcfd, up 250 MMcfd from July.**
- **Rig count as of November 26 stand at 231, up 83 since recent low in May 2009.**
- **Eagle Ford well starts reached 150 during October, compared to less than 80 in January.**
- **The top 4 operators are EOG Resources, ConocoPhillips, Anadarko, and Chesapeake.**
- **The 6th largest operator, Petrohawk, is rumored to be pulling out of the Haynesville Shale to concentrate its efforts in the Eagle Ford.**
- **Increased interest in Eagle Ford due in part to the higher content of valuable natural gas liquids in the production stream.**

Source: Bentek Energy, LLC

Updated November 30, 2010

U.S. Natural Gas Supply and Demand 2009 vs. 2010: January - October



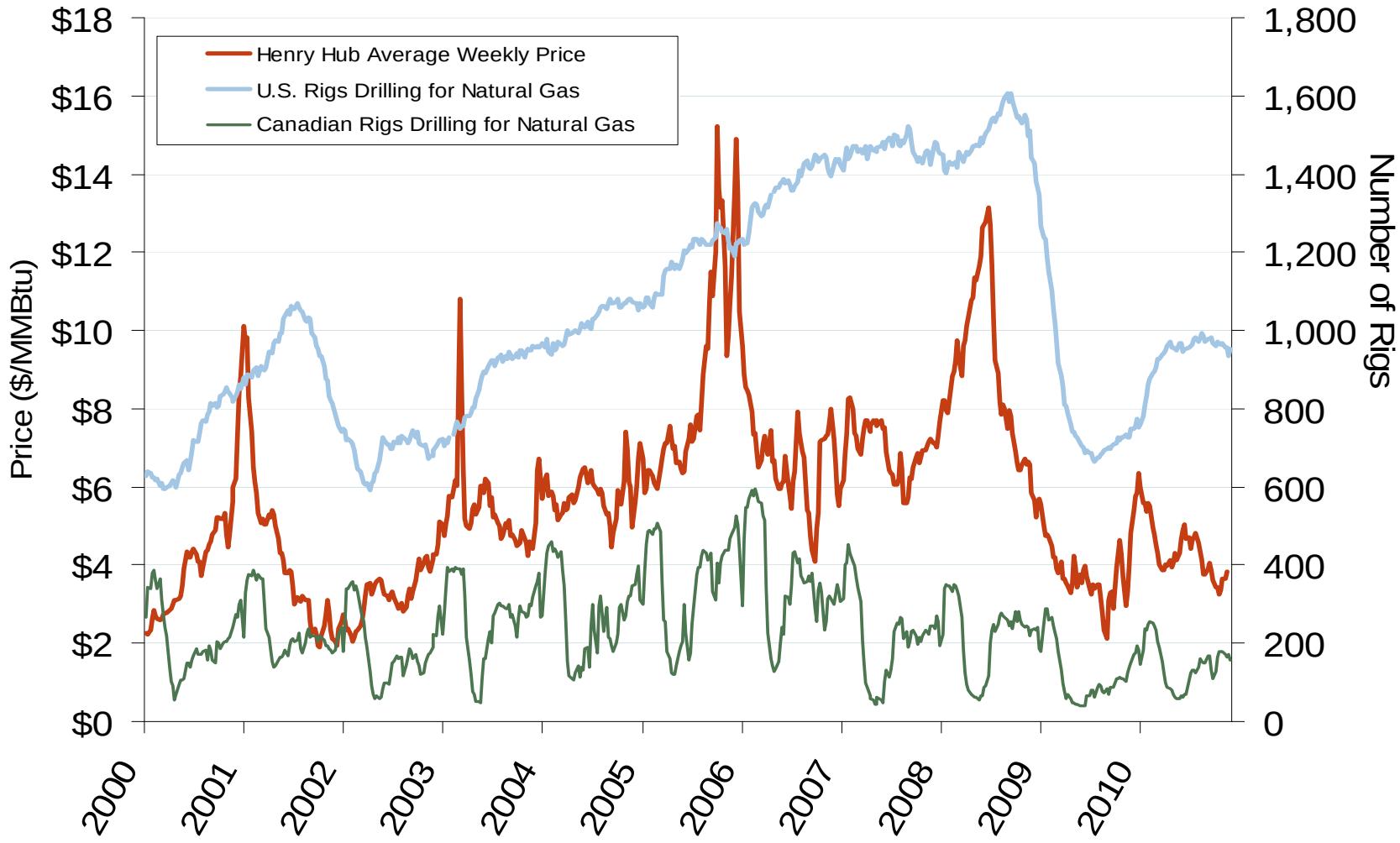


Source: Derived from Bentek data.

December 2010 National Snapshot Report

Updated December 8, 2010

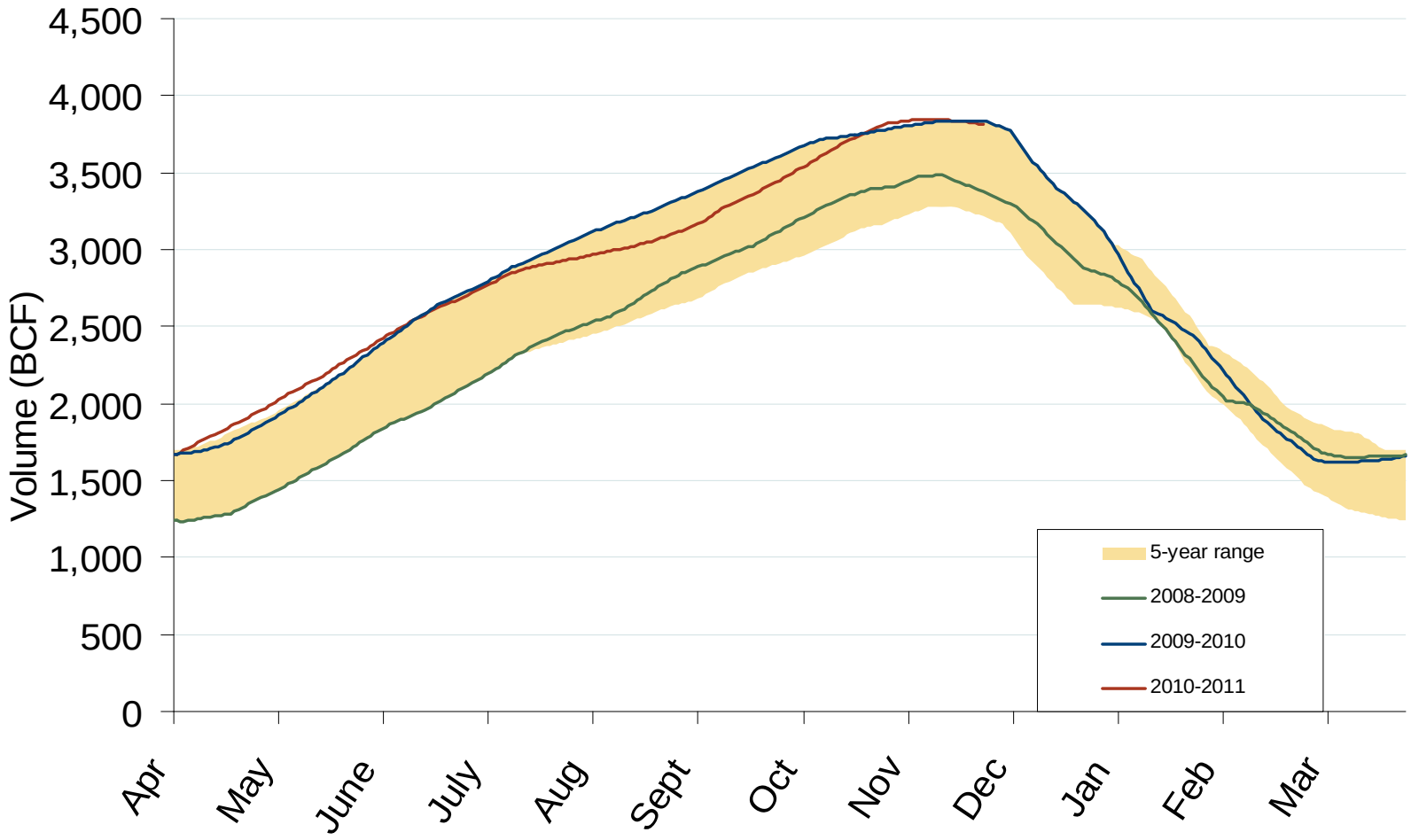
U.S. and Canadian Natural Gas Drilling Rig Count and Daily Spot Prices



Source: Derived from *Platts* and *Baker Hughes* data.

Updated December 8, 2010

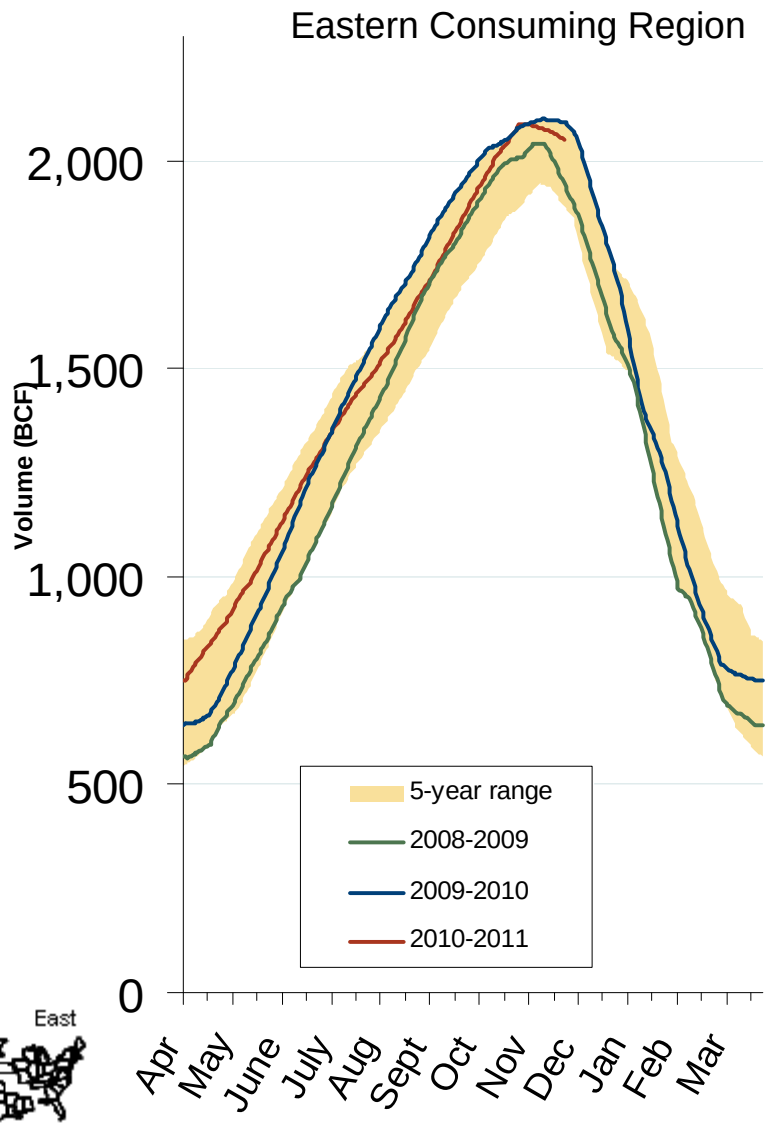
Total U.S. Working Gas in Storage

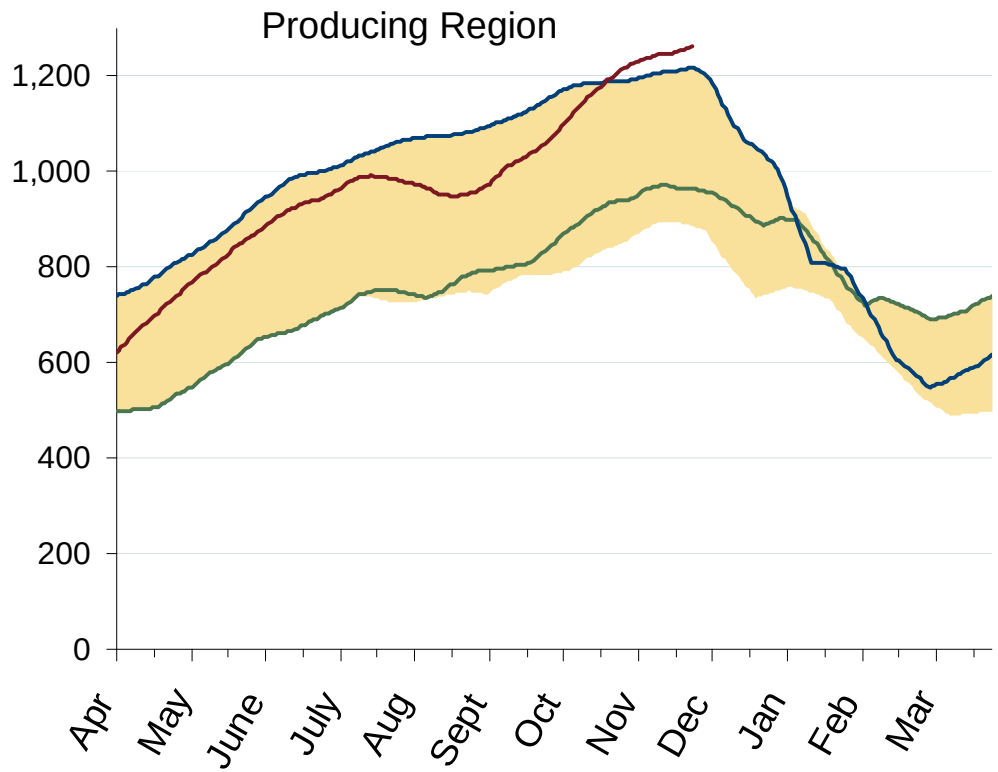


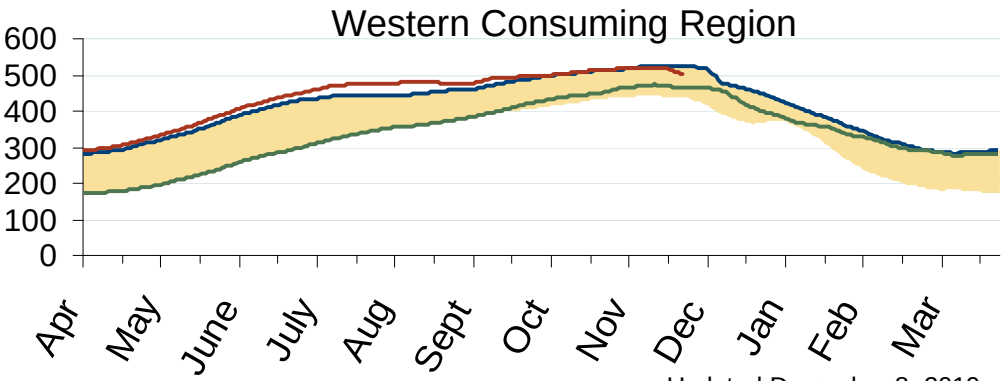
Source: Derived from *EIA* data.

Updated December 8, 2010

Regional Totals of Working Gas in Storage



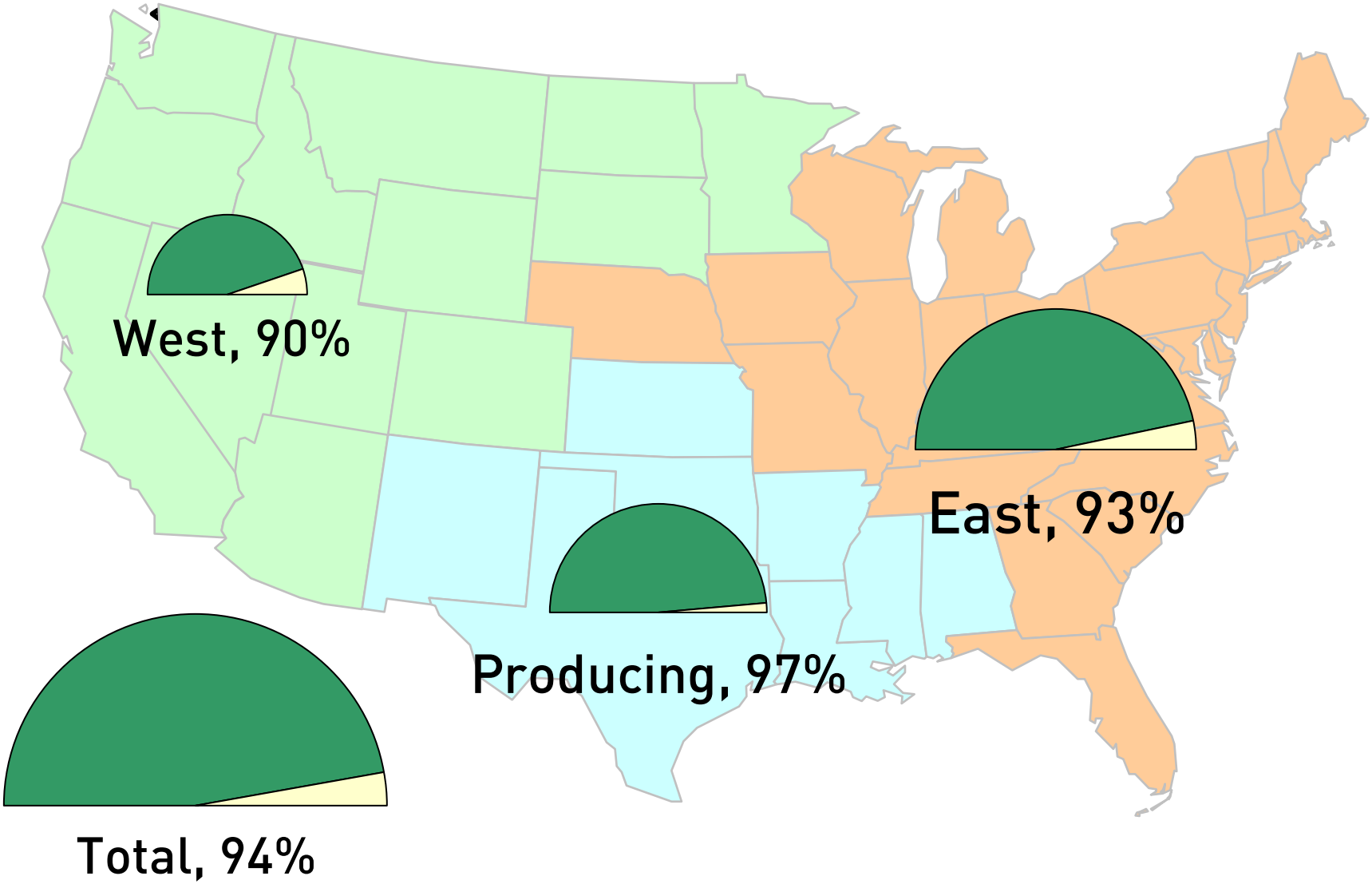




Source: Derived from *EIA* data.

Updated December 8, 2010

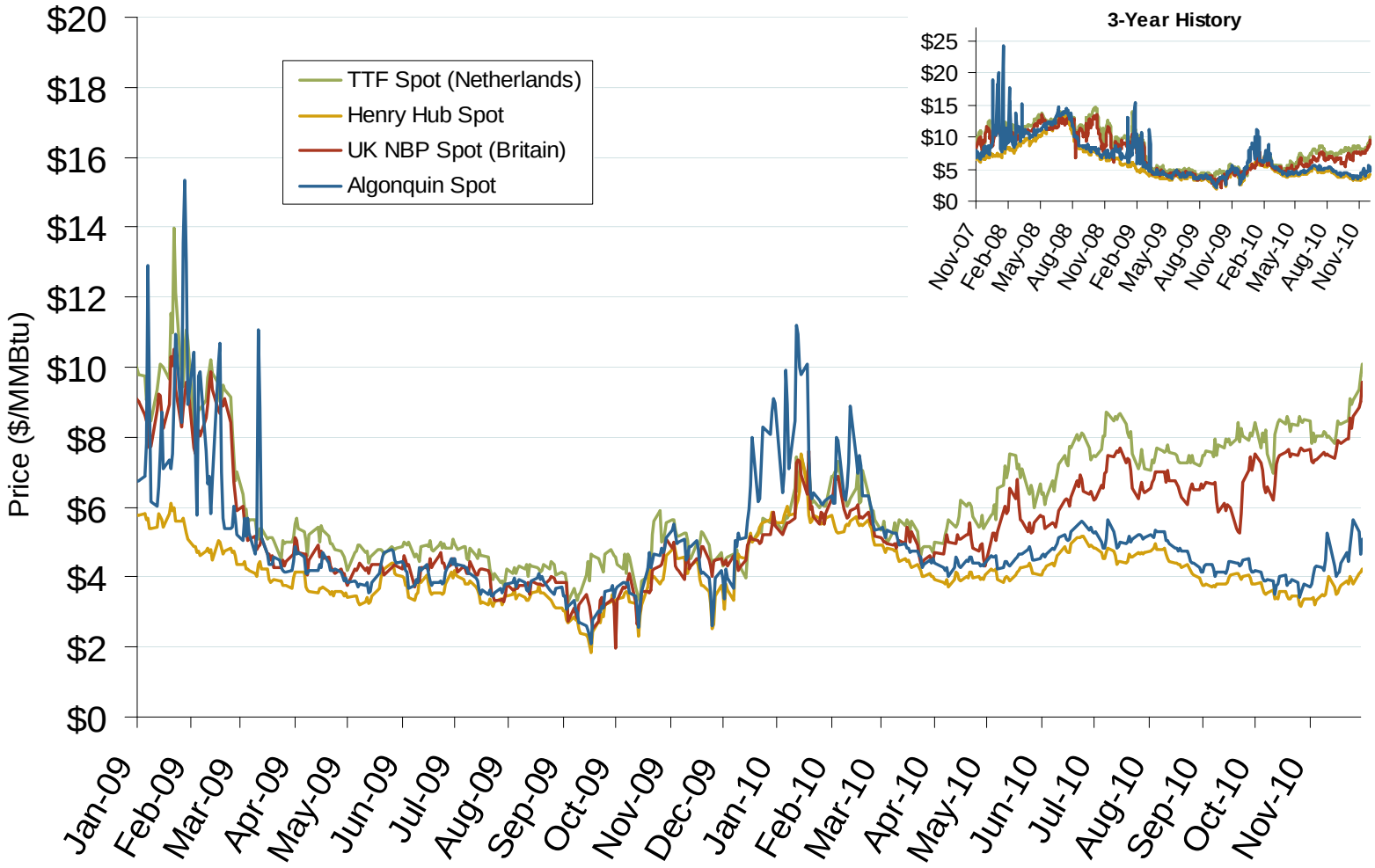
Natural Gas Storage Inventories – % full as of November 26, 2010



Source: Derived from EIA Weekly Storage Report and EIA's 2010 Est. Peak Underground Working NG Storage Capacity. Updated December 8, 2010

December 2010 National Snapshot Report

Atlantic Basin European and US Spot Natural Gas Prices



Source: Derived from *Bloomberg* and *ICE* data.

Updated December 8, 2010

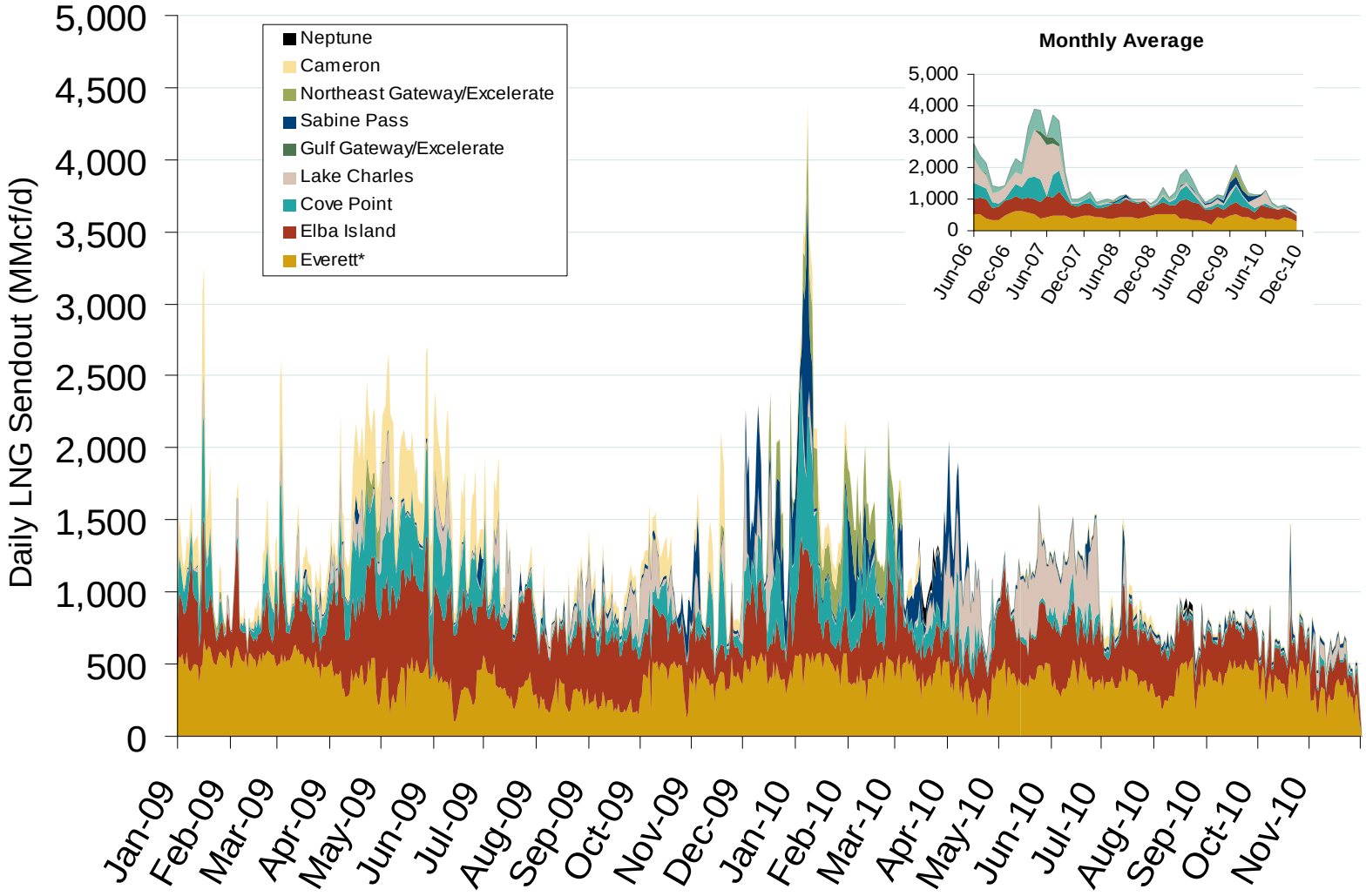
World LNG Estimated December 2010 Landed Prices

Source: *Waterborne Energy, Inc.* Data in $US/MMBtu.

December 2010 National Snapshot Report

Updated November 5, 2010

Daily Gas Sendout from Existing U.S. LNG Facilities

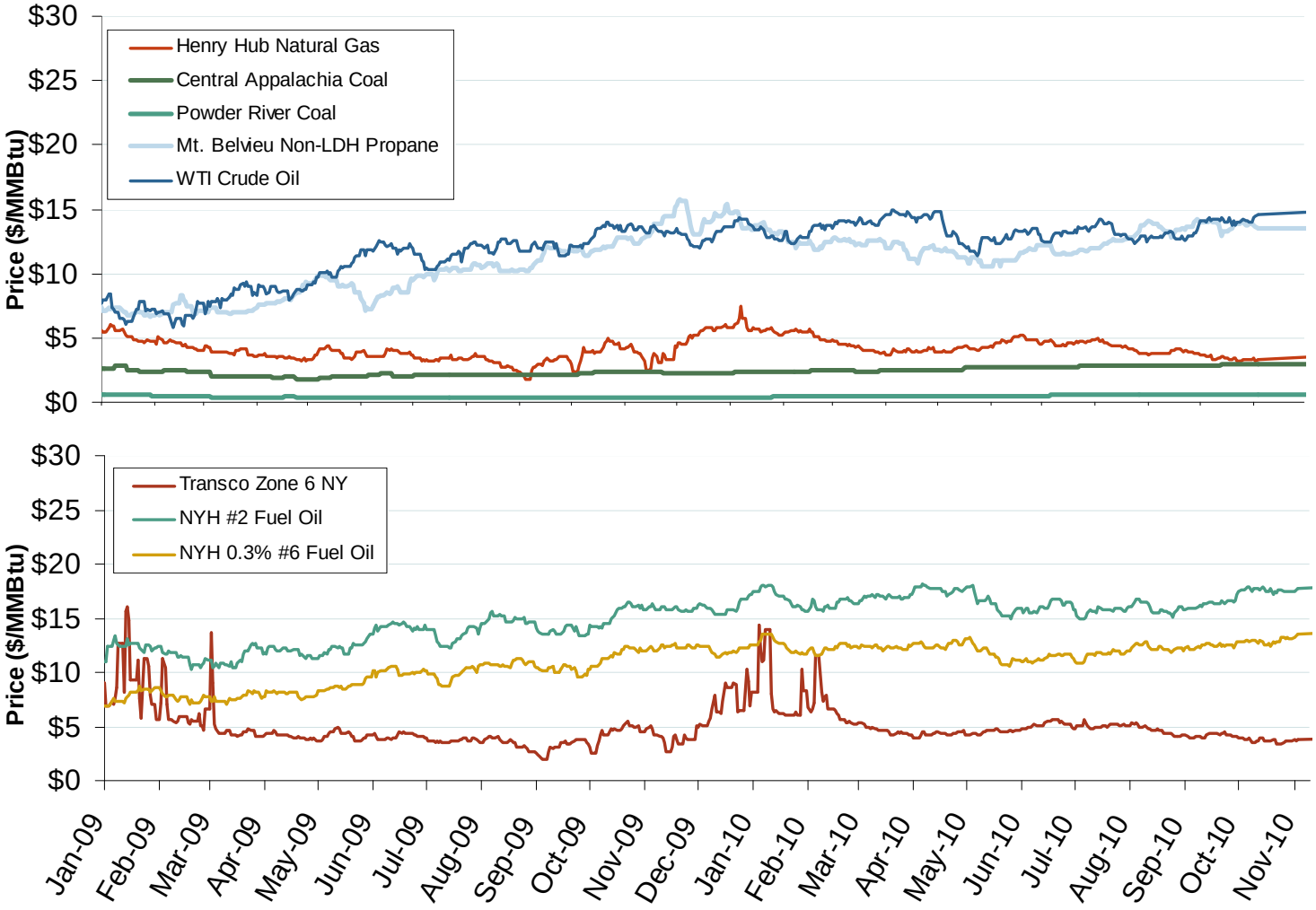


Source: Derived from *Bentek* data.

* Everett data includes flows onto the AGT and TGP interstate lines, plus estimates of flows to the Mystic 7 power plant, Keyspan Boston Gas, and LNG trucked out of the terminal. Excludes Freeport LNG which flows via intrastate pipelines.

Updated December 8, 2010

Oil, Coal, Natural Gas and Propane Daily Spot Prices

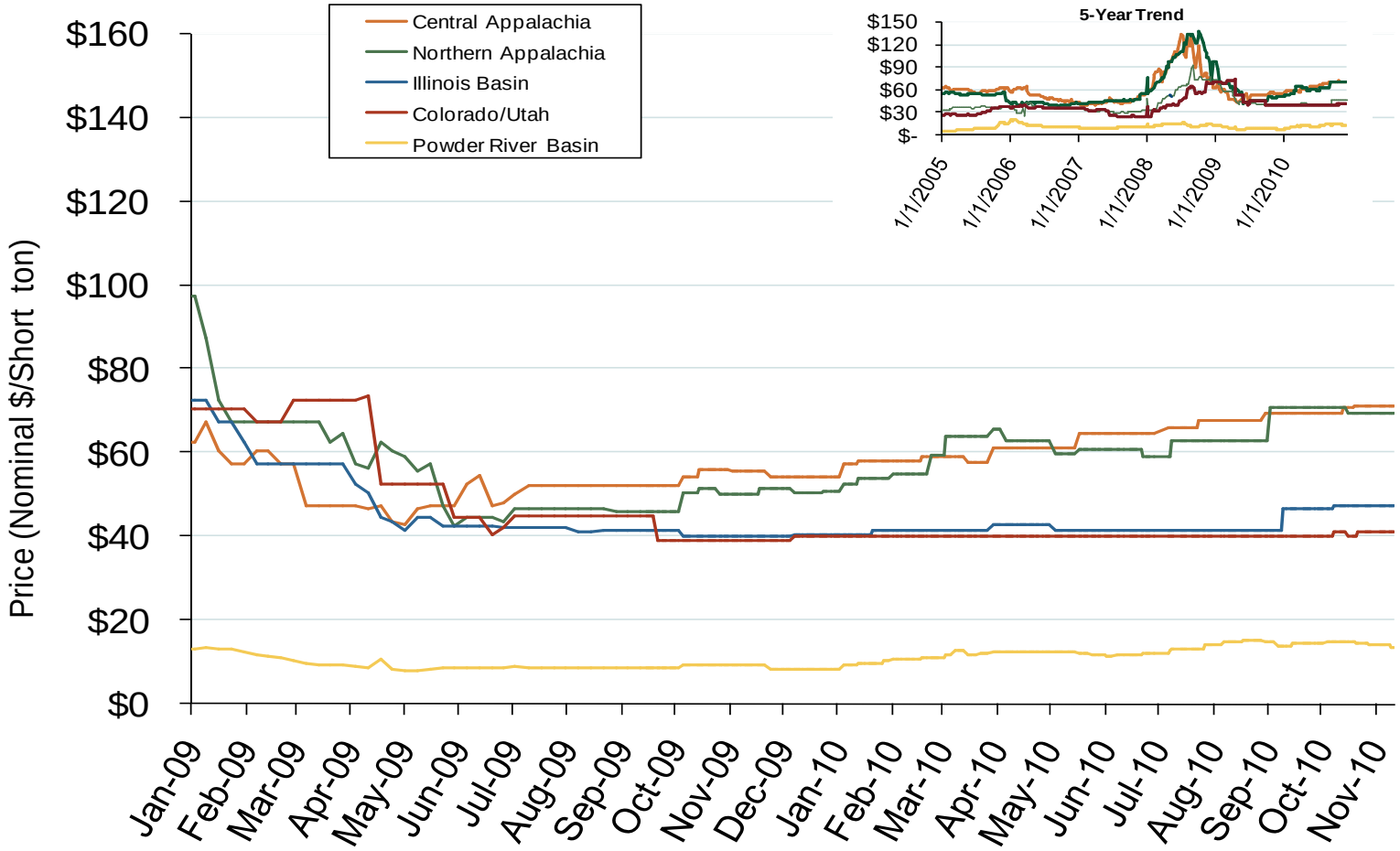


Source: Derived from *ICE* and *Bloomberg* data.

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 December 8, 2010

Regional Coal Spot Prices

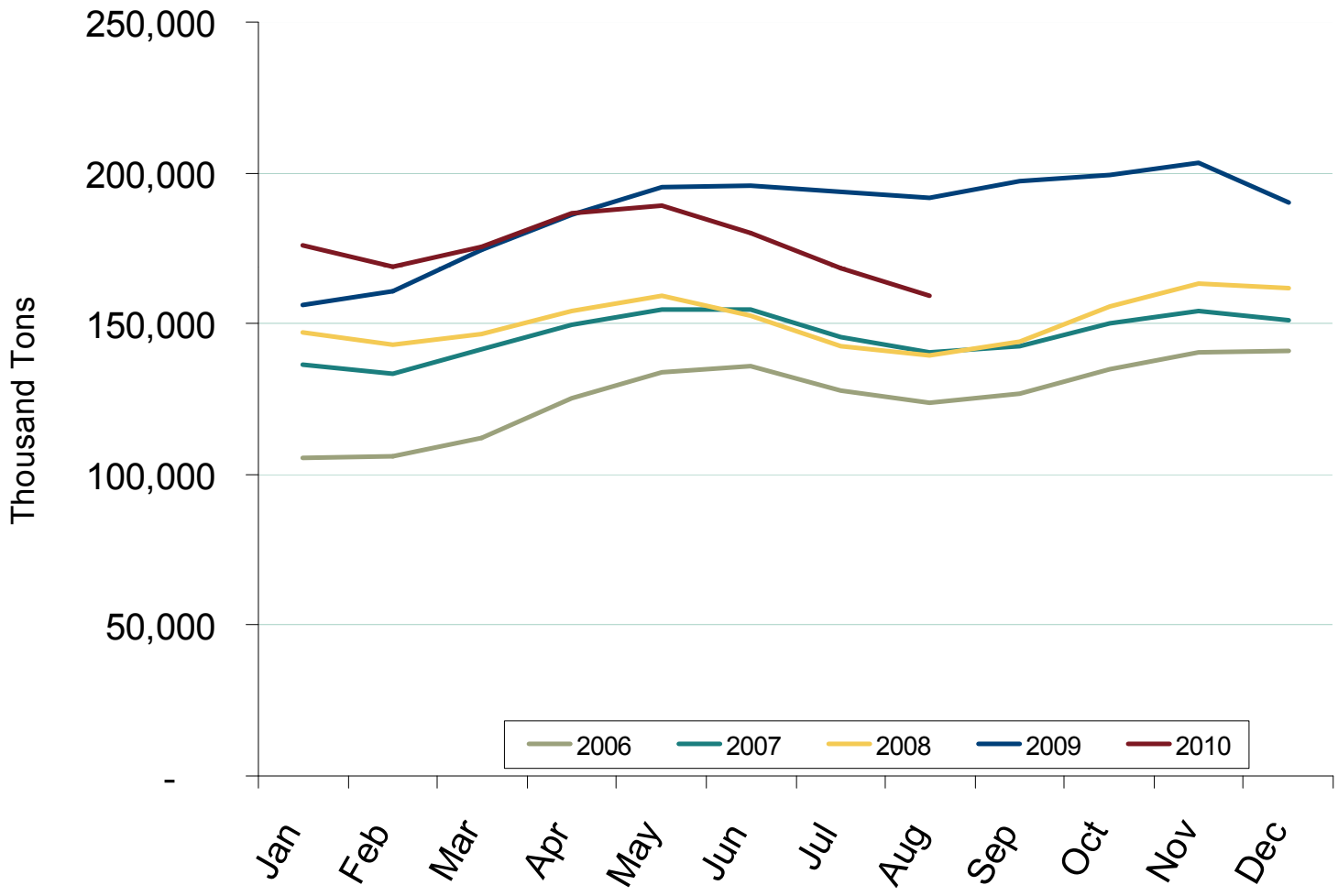


Note: the Central Appalachian (CAPP) coal is priced at Big Sandy. All others are mine mouth prices. Prices do not include transportation costs to a plant, as those can vary widely by contract specifications. Prices exclude incremental cost of emissions allowances.

Source: Derived from *Bloomberg* data.

Updated December 8, 2010

U.S. Coal Stockpiles at Electric Power Generating Facilities

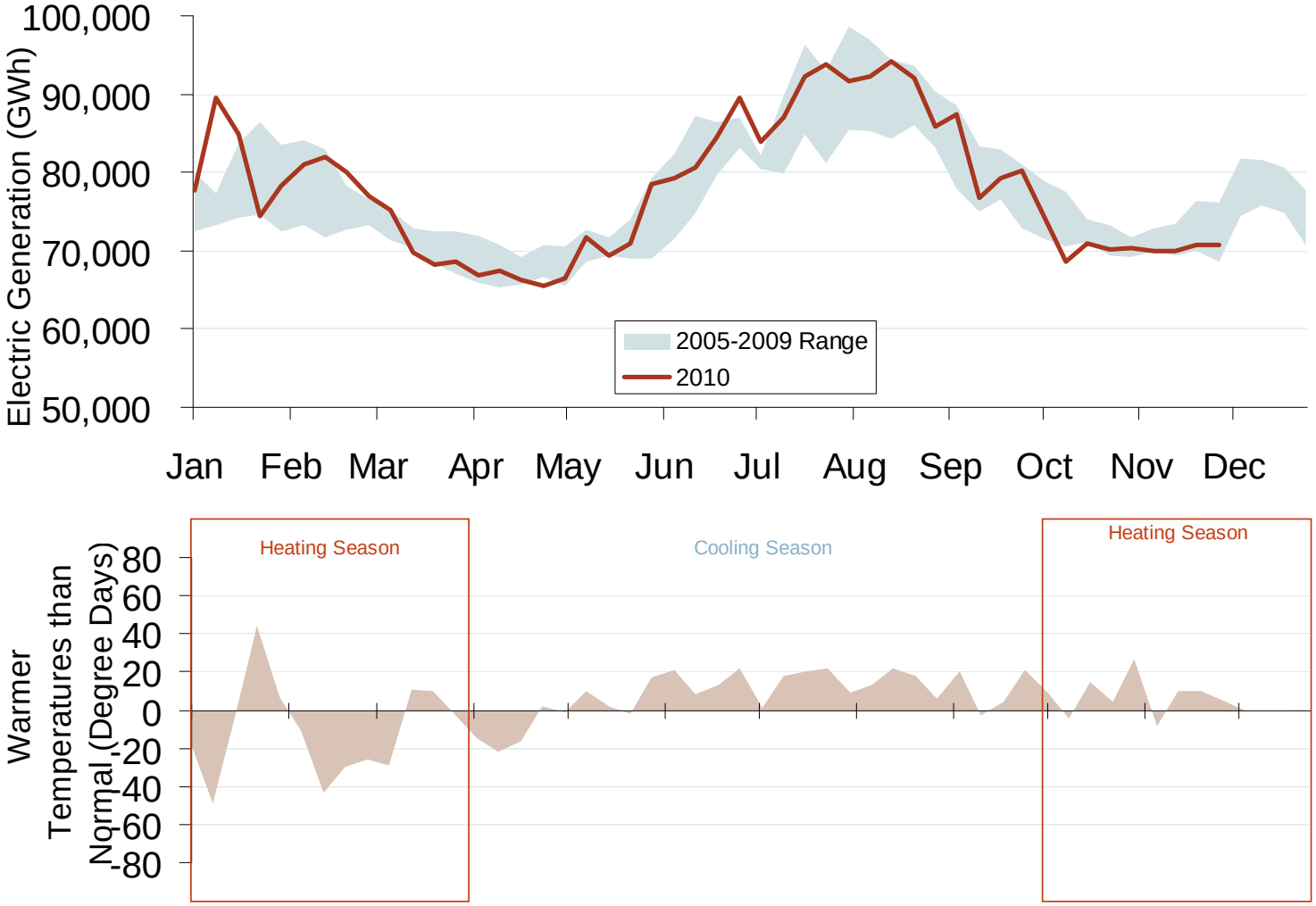


Source: Energy Information Administration. Excludes Industrial and Commercial Plants.

Updated December 8, 2010

Electricity Markets

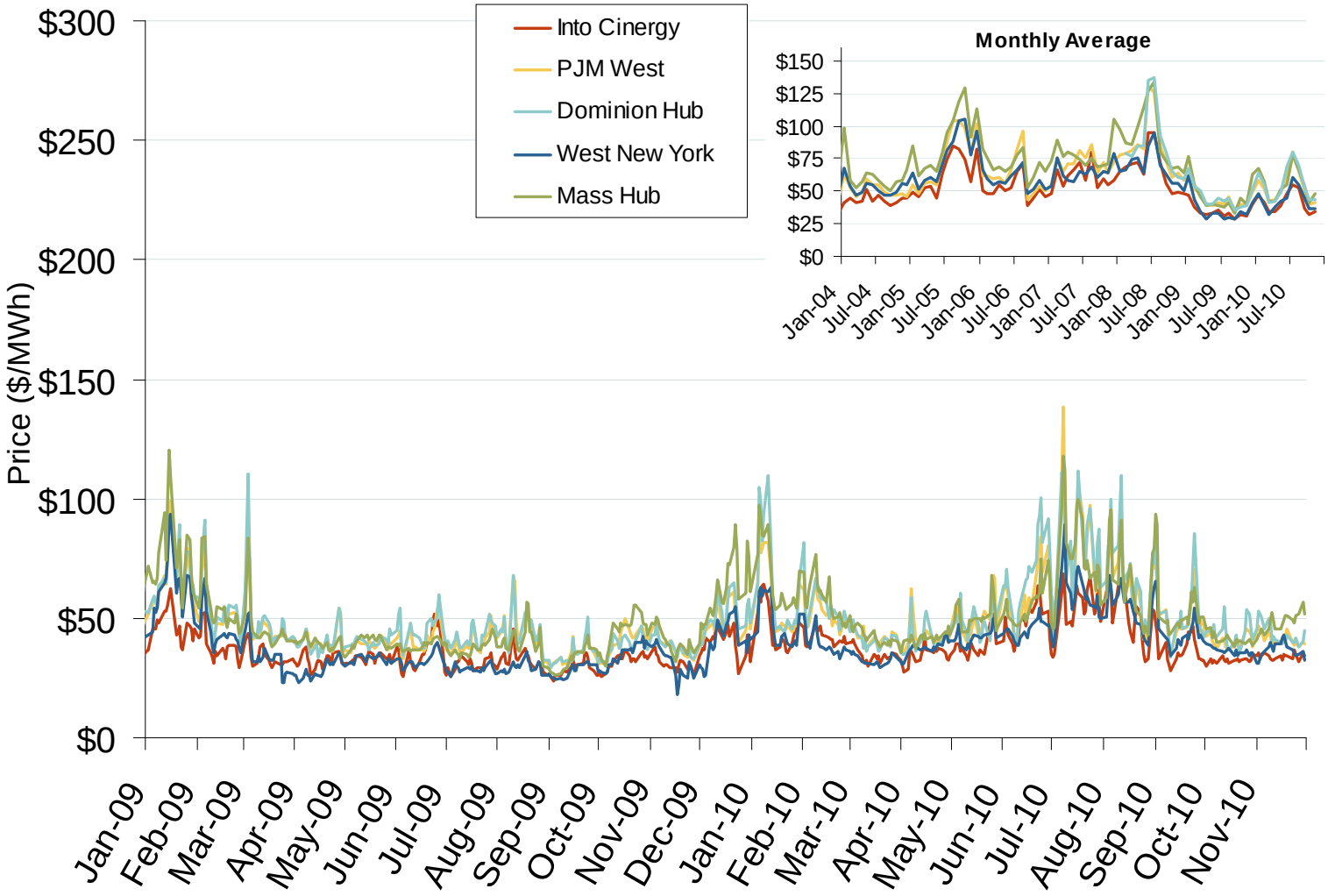
Weekly U.S. Electric Generation Output and Temperatures



Source: Derived from *EEI* and *NOAA* data.

Updated December 8, 2010

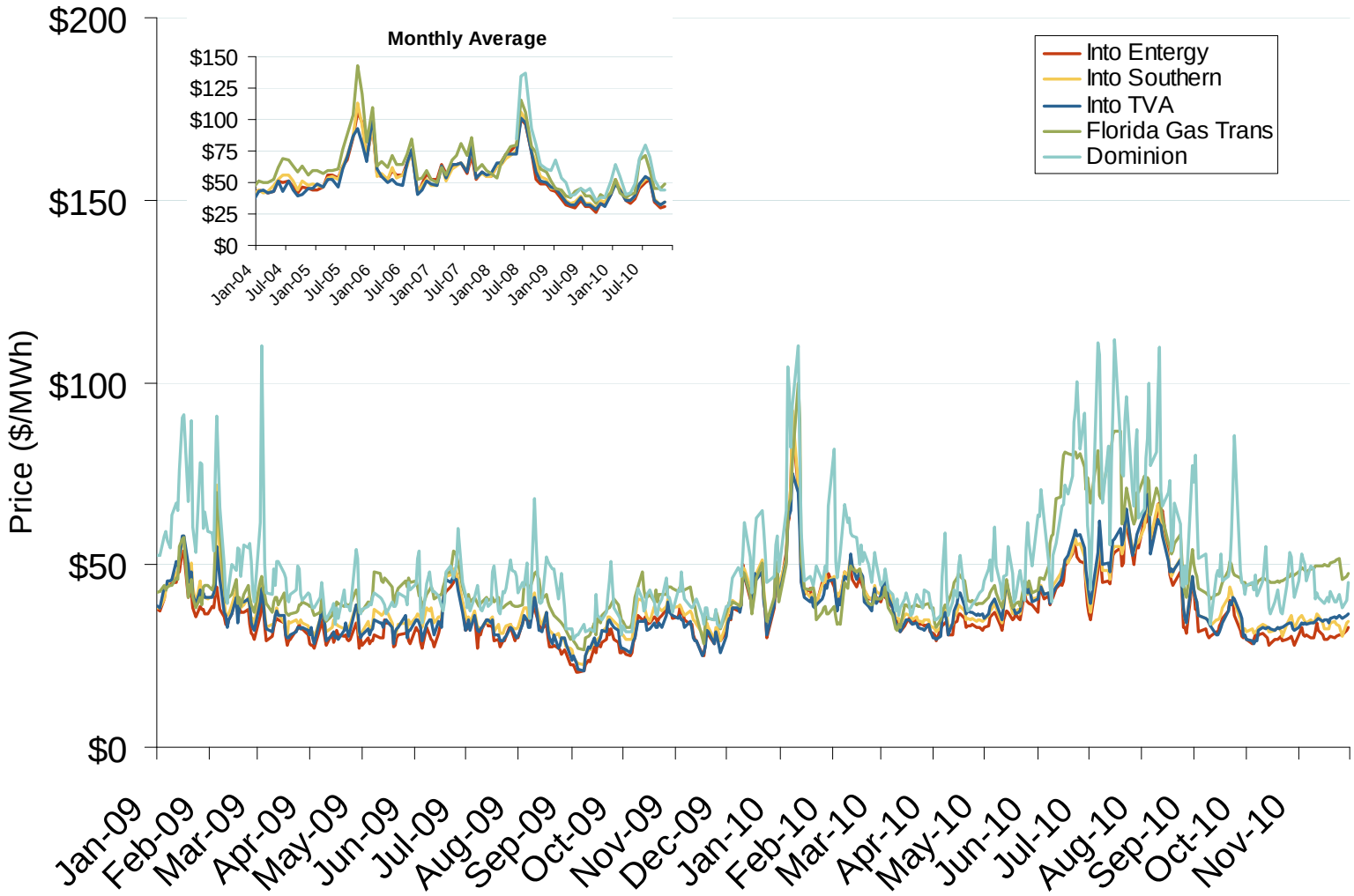
Eastern Daily Bilateral Day-Ahead On-Peak Prices



Source: Derived from *Platts* data.

Updated December 8, 2010

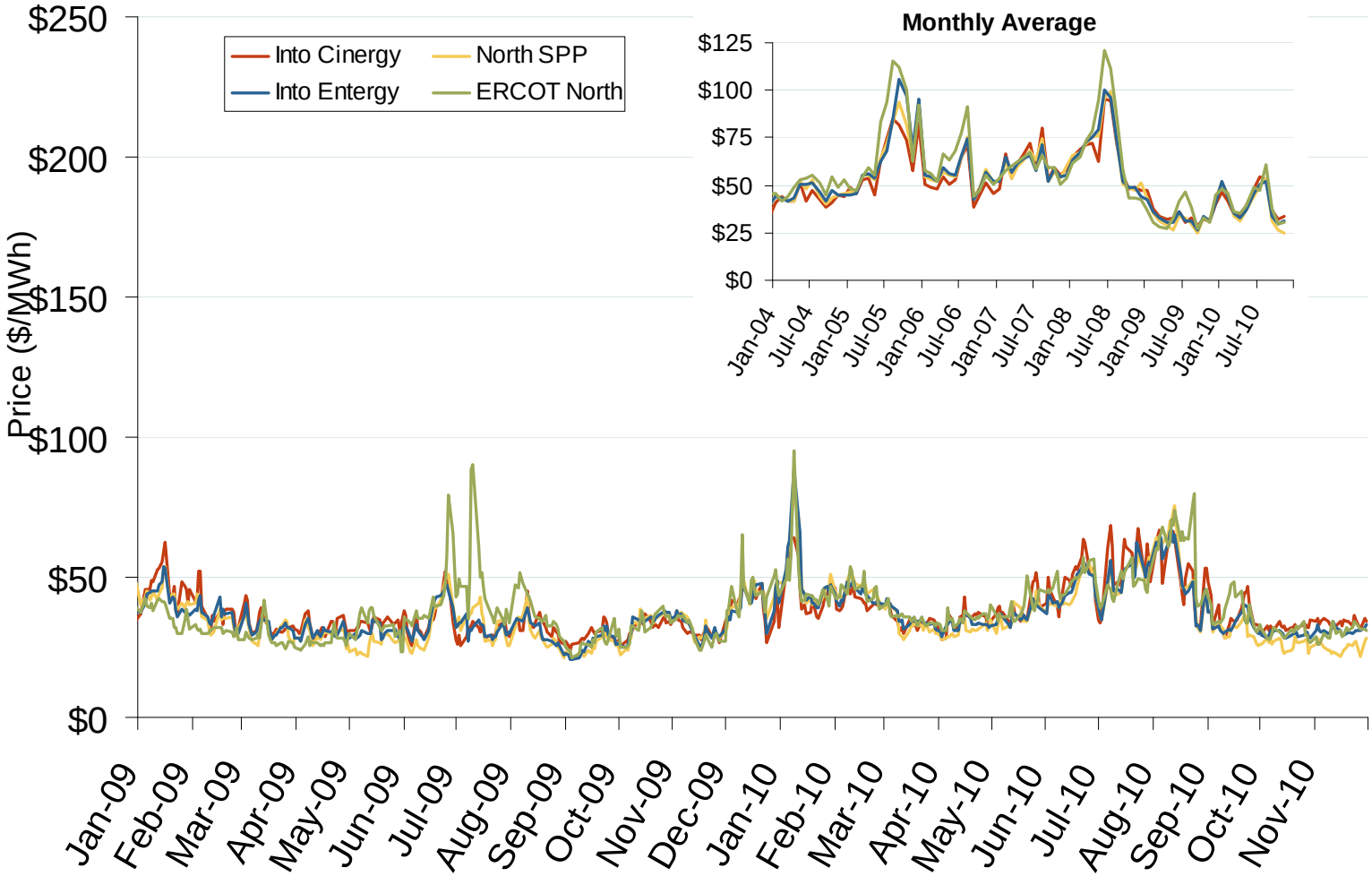
Southeastern Daily Bilateral Day-Ahead On-Peak Prices



Source: Derived from *Platts* data.

Updated December 8, 2010

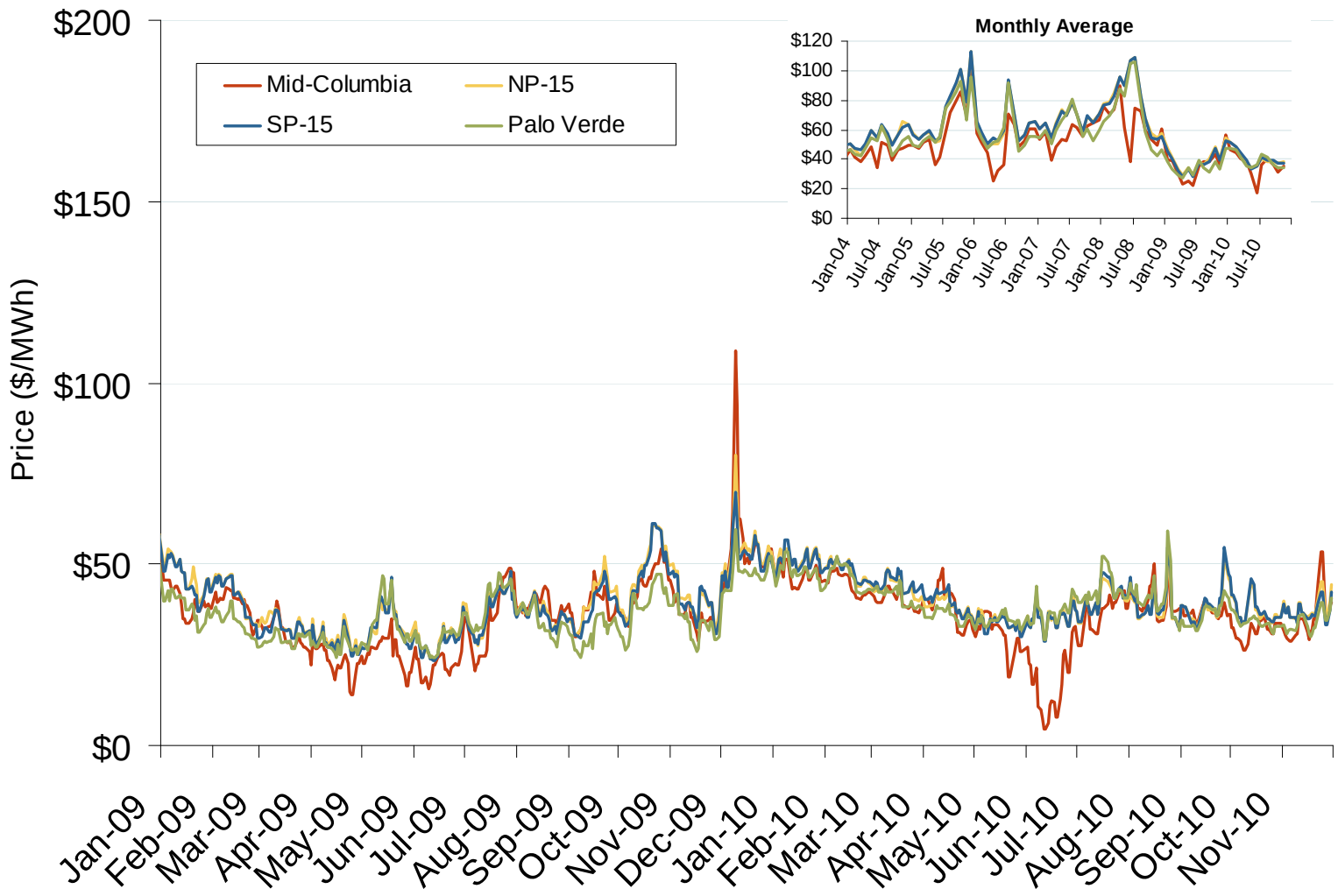
Central Daily Bilateral Day-Ahead On-Peak Prices



Source: Derived from *Platts* data.

Updated December 8, 2010

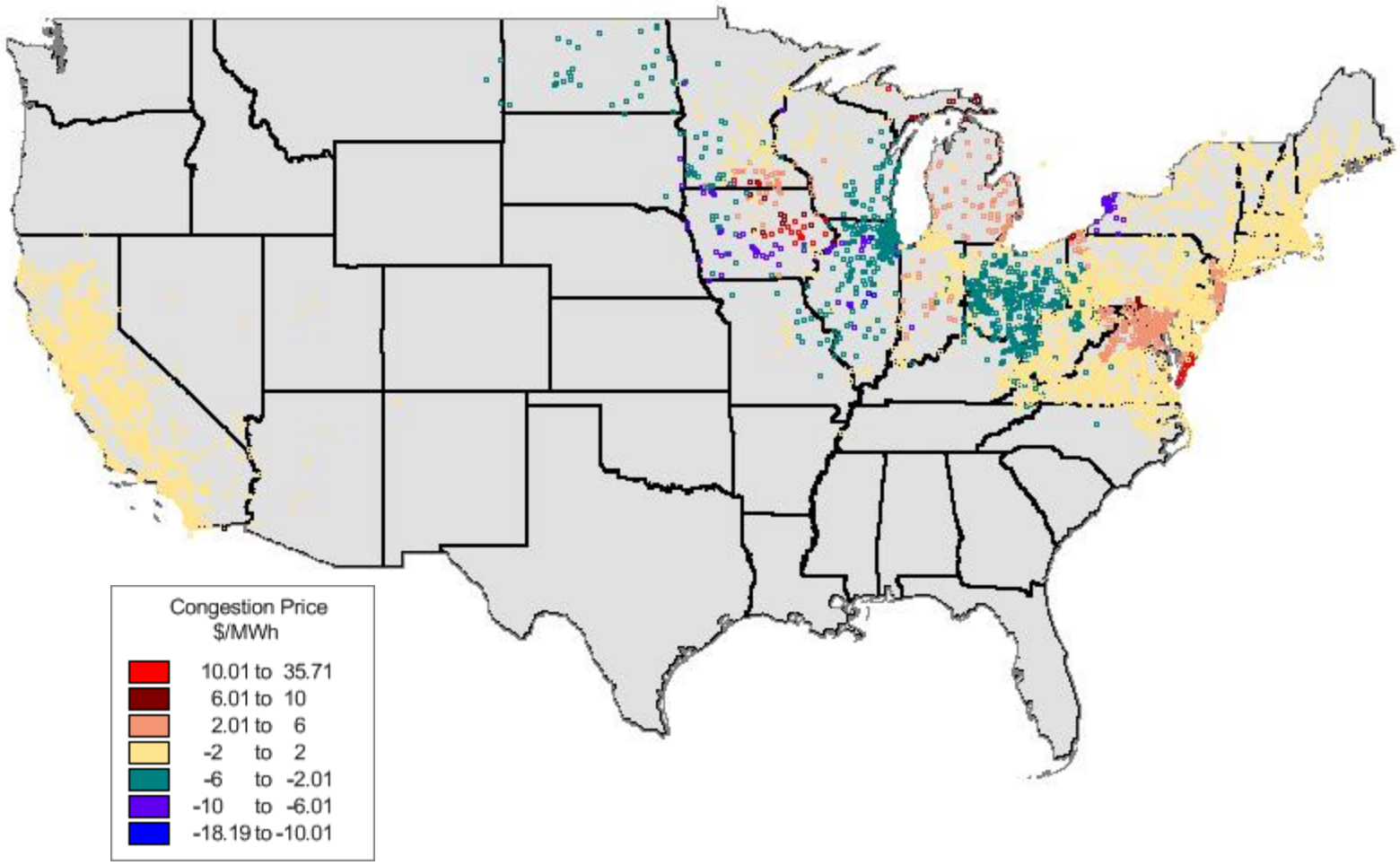
Western Daily Bilateral Day-Ahead On-Peak Prices



Source: Derived from *Platts* data.

Updated December 8, 2010

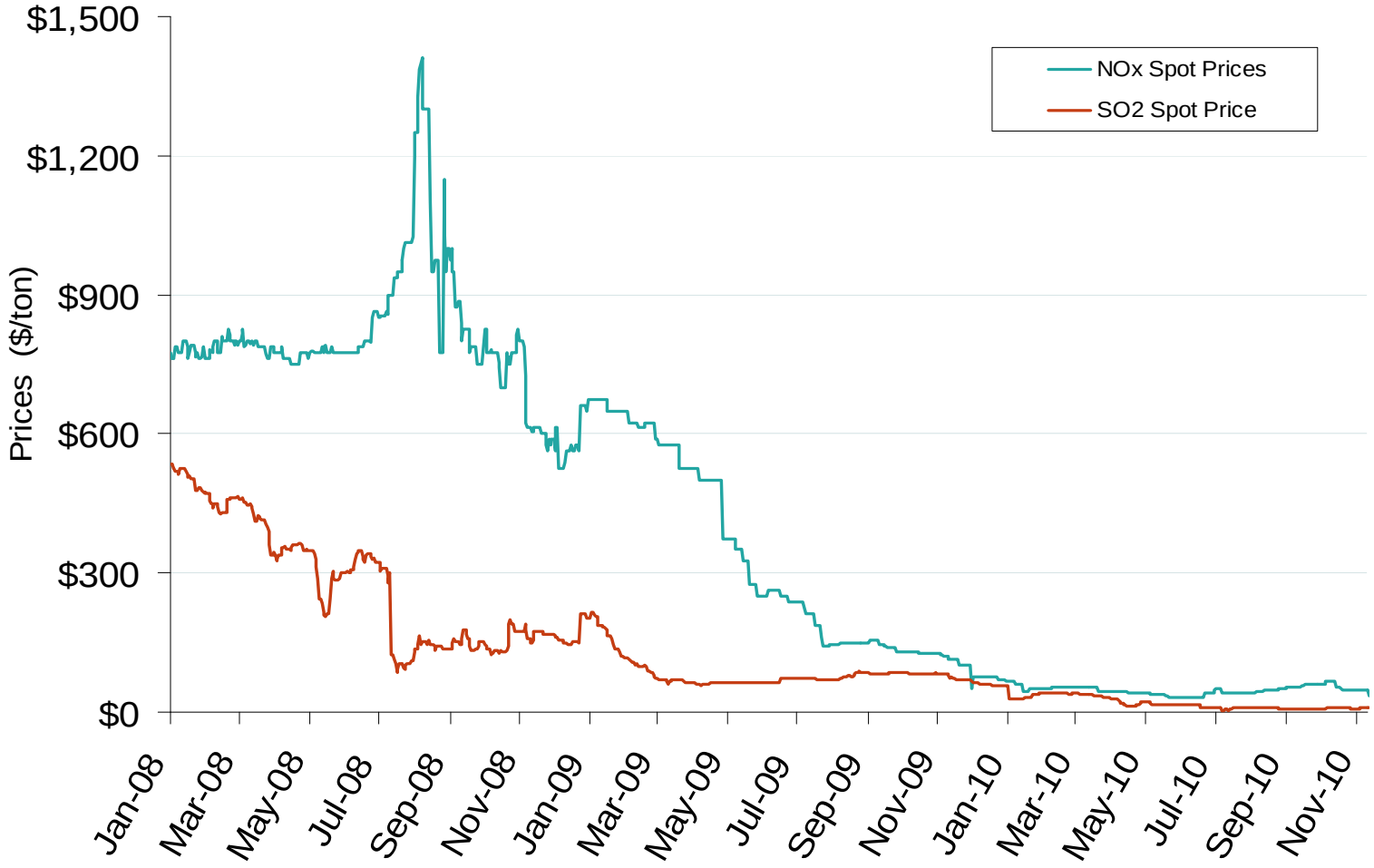
Day Ahead On-Peak Congestion Average Monthly Prices November 2010



Source: Velocity Suite

Updated December 8, 2010

SO_2 Allowance Spot Prices and NOx Seasonal Allowance Spot Prices



Source: Derived from *Bloomberg*.

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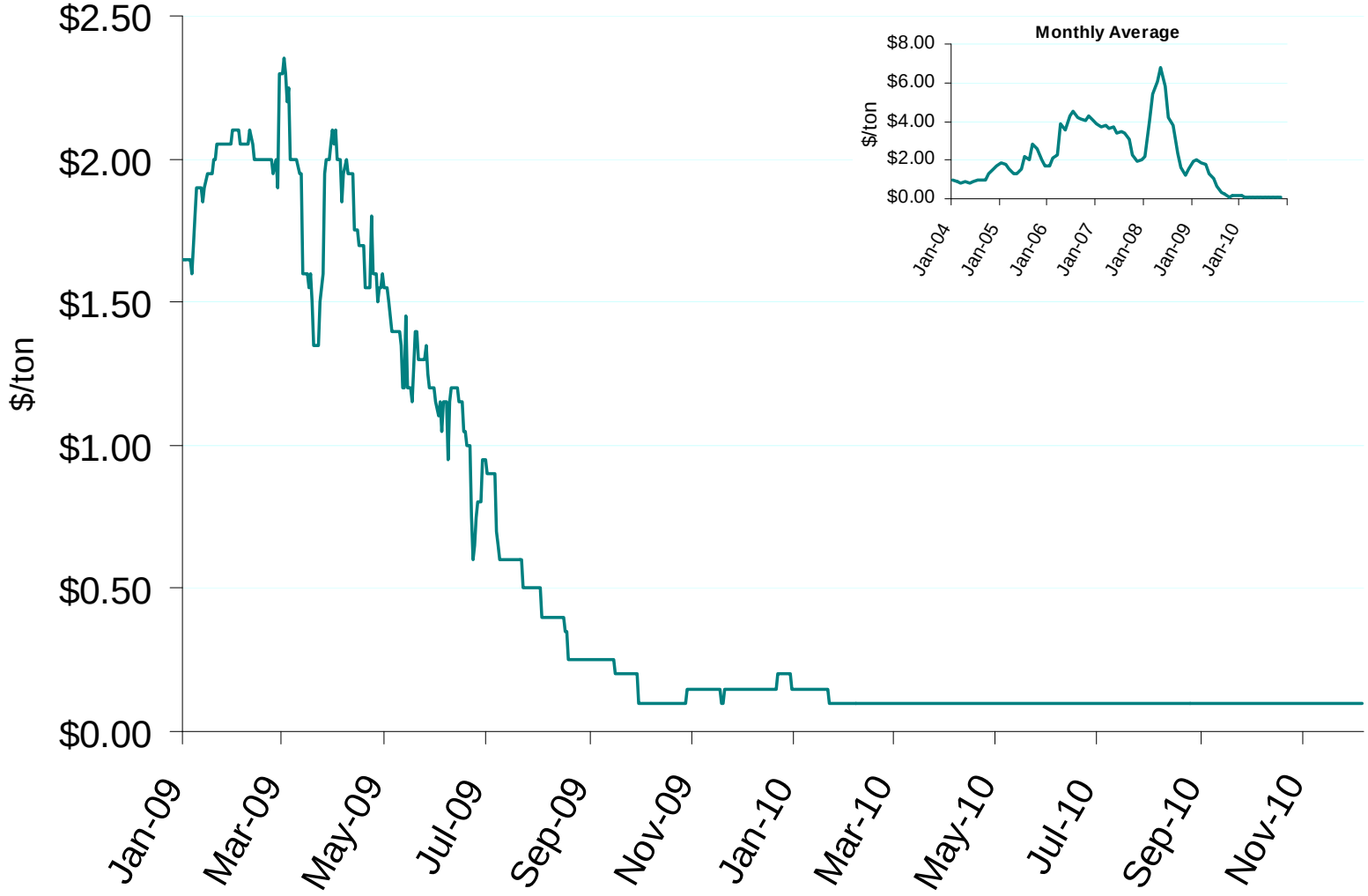
Chicago Climate Exchange CO2 Index



Source: Derived from *Bloomberg*.

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