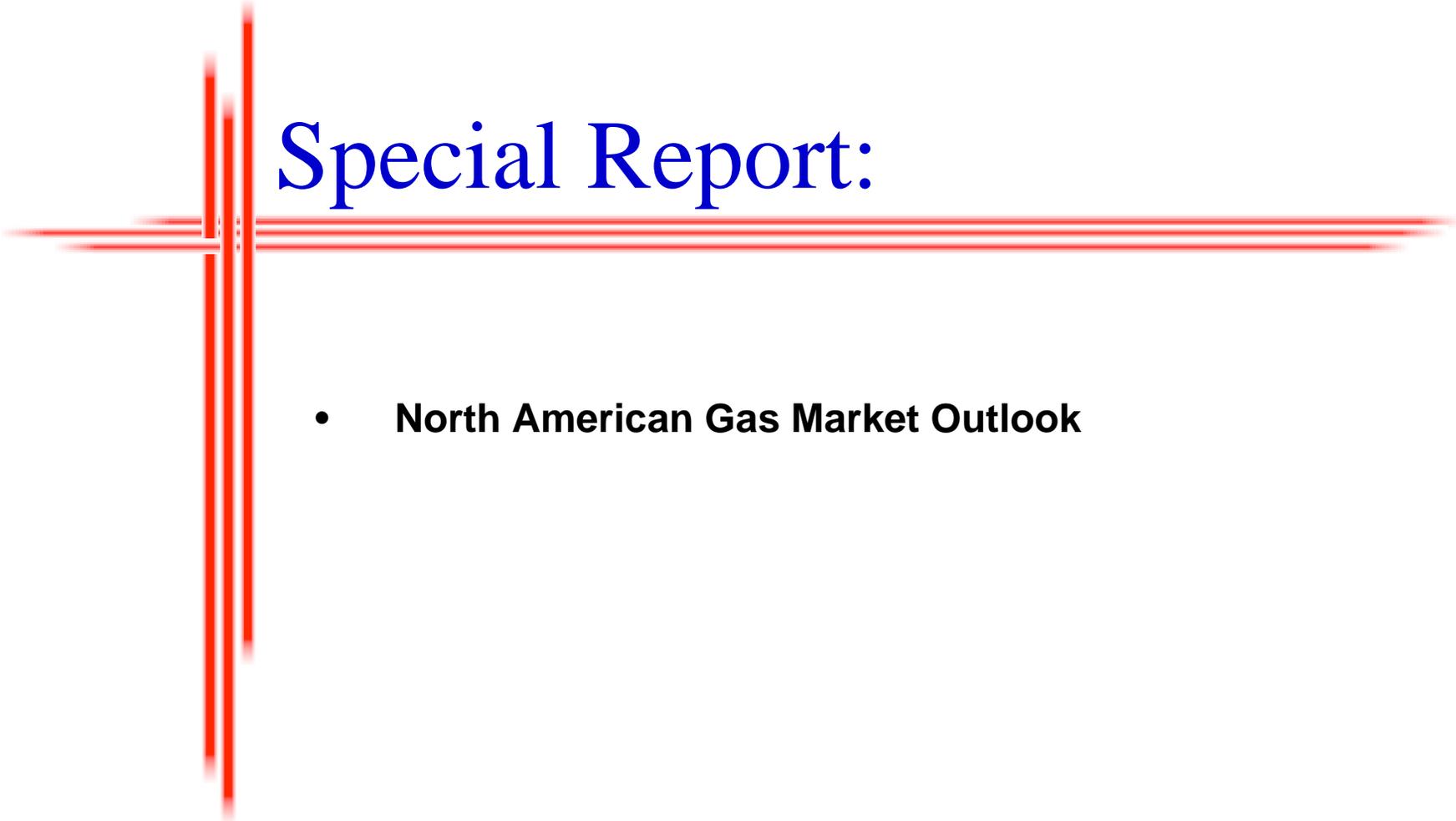


OE ENERGY MARKET SNAPSHOT

Southeast States Version – February 2009 Data

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

Office of Enforcement
Federal Energy Regulatory Commission
March 2009



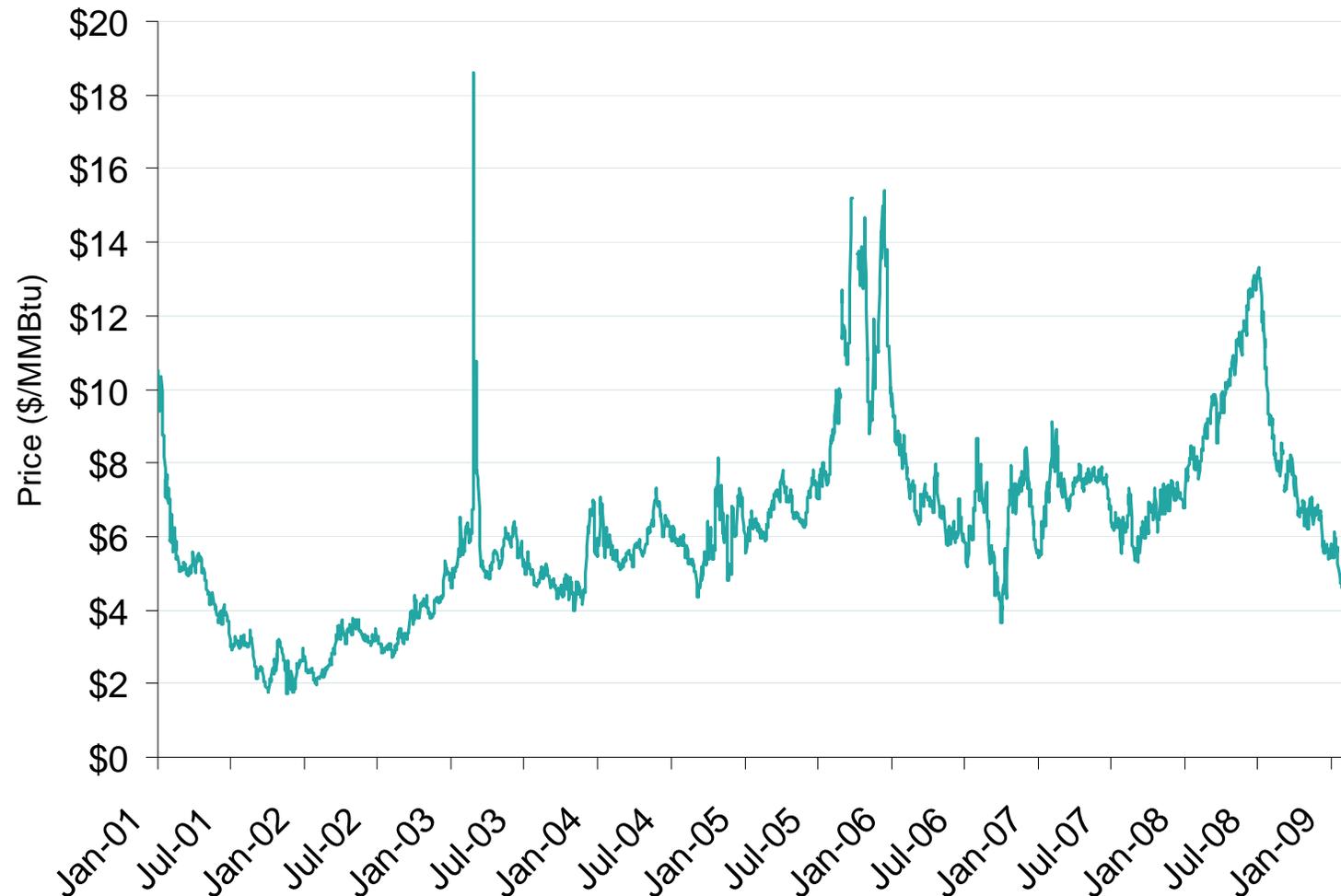
Special Report:

- **North American Gas Market Outlook**

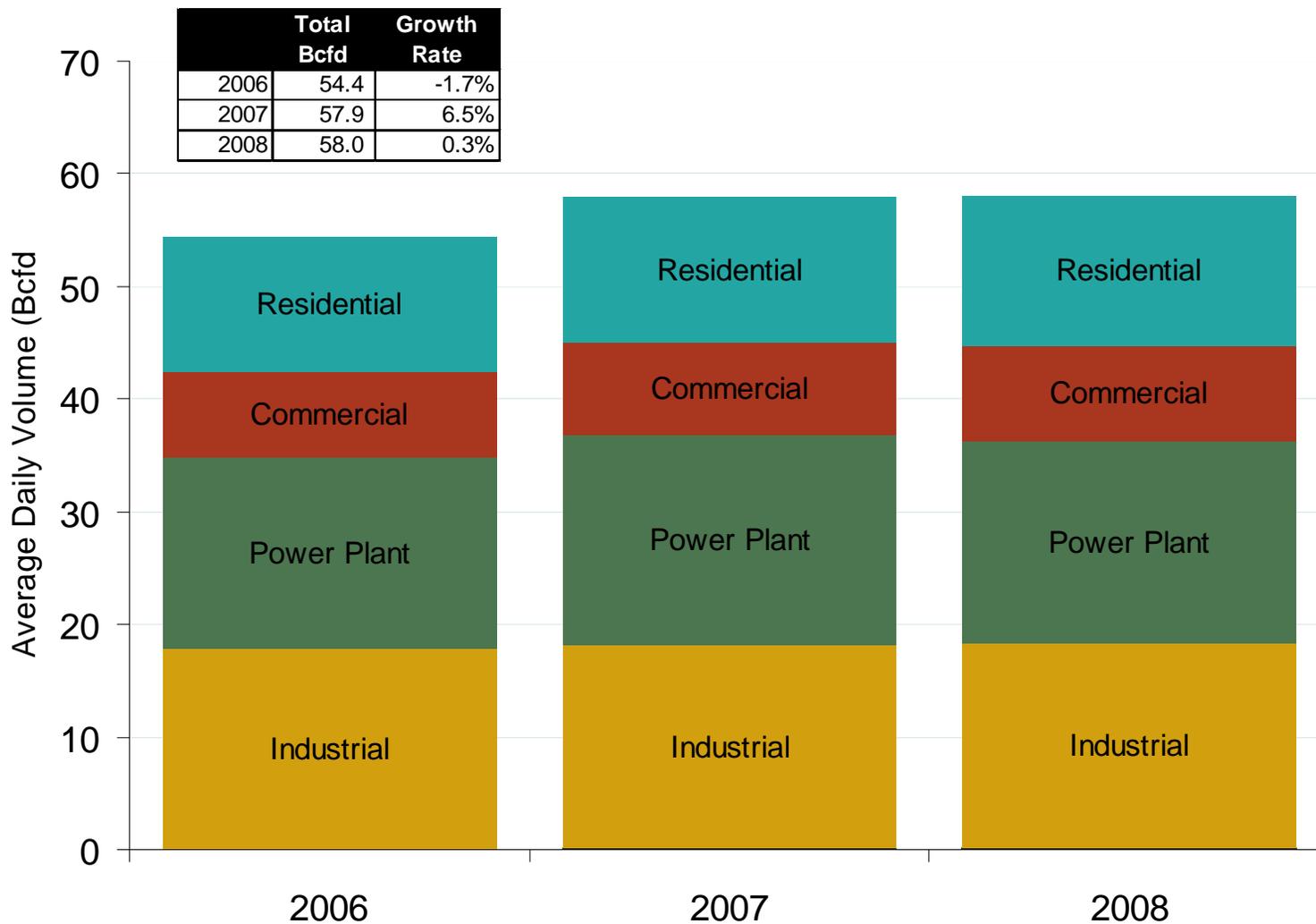
Gas Market Outlook

- Gas prices are the lowest they have been since fall 2002 and its 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

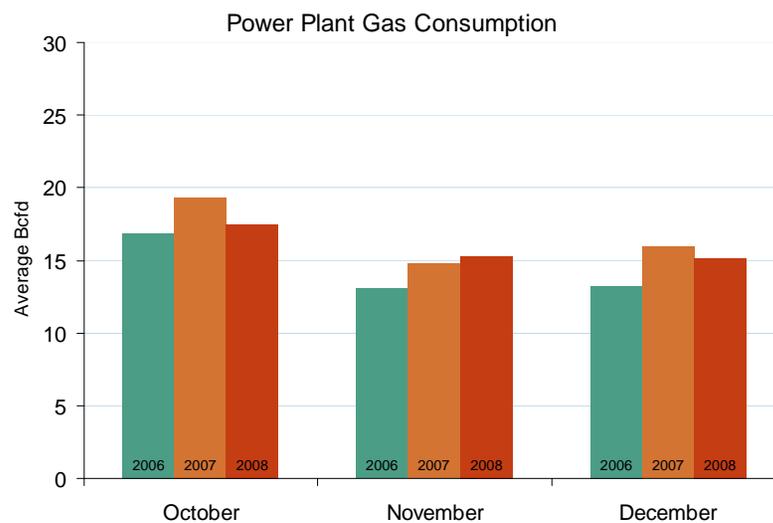
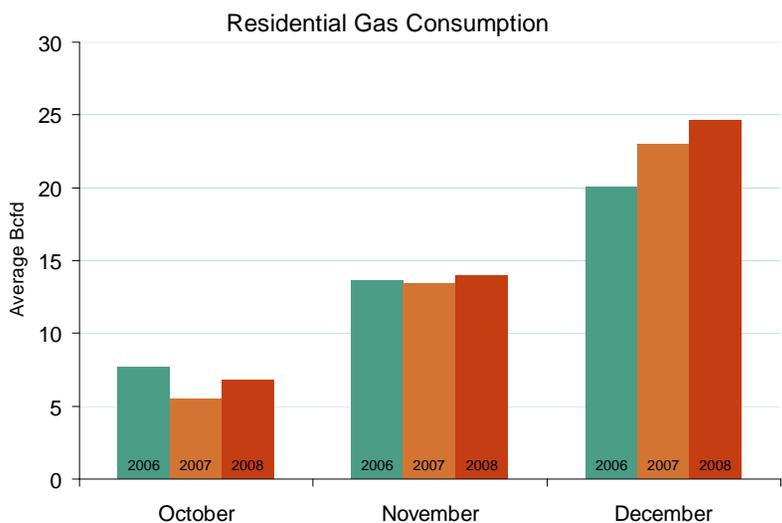
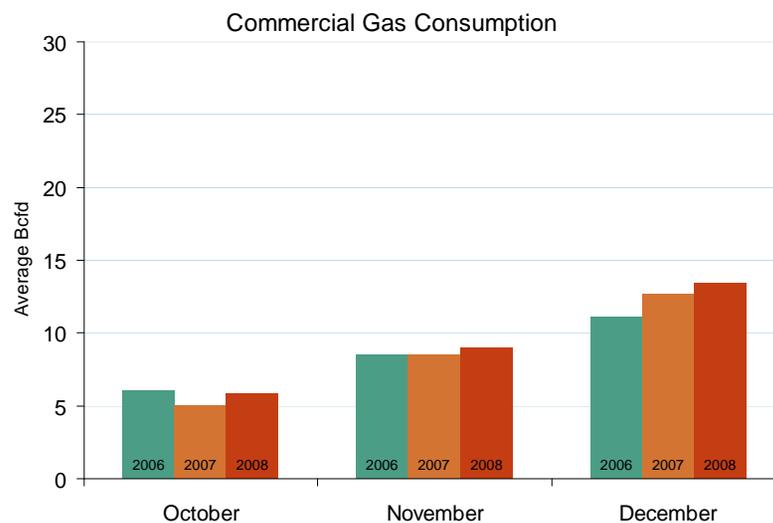
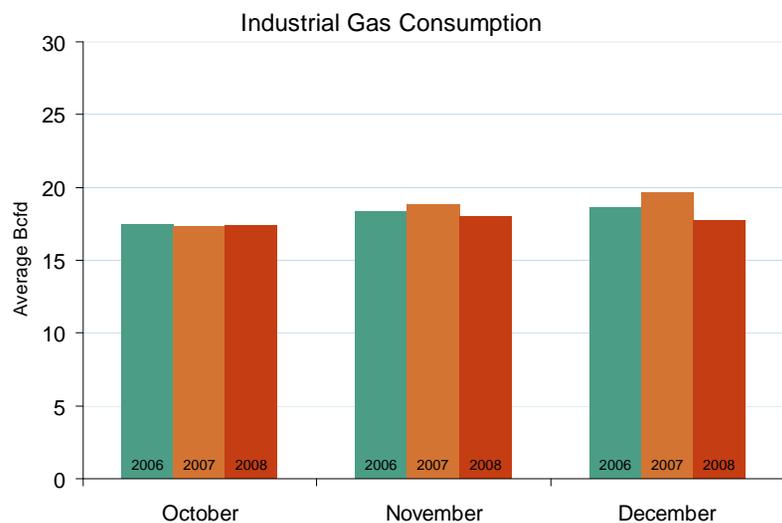


U.S. Natural Gas Consumption – Lower 48 States



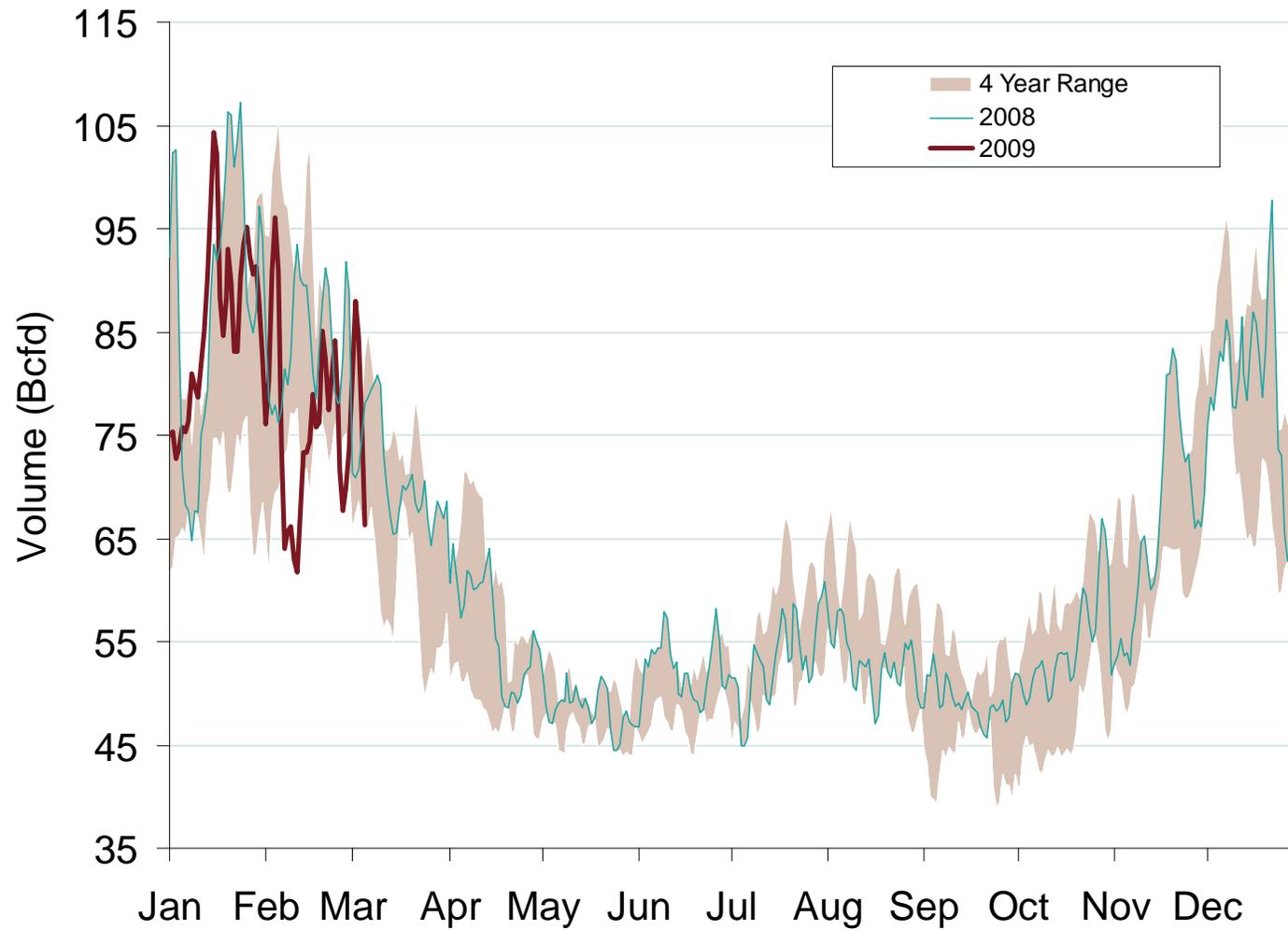
Source: Derived from EIA data.
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U.S. Natural Gas Consumption

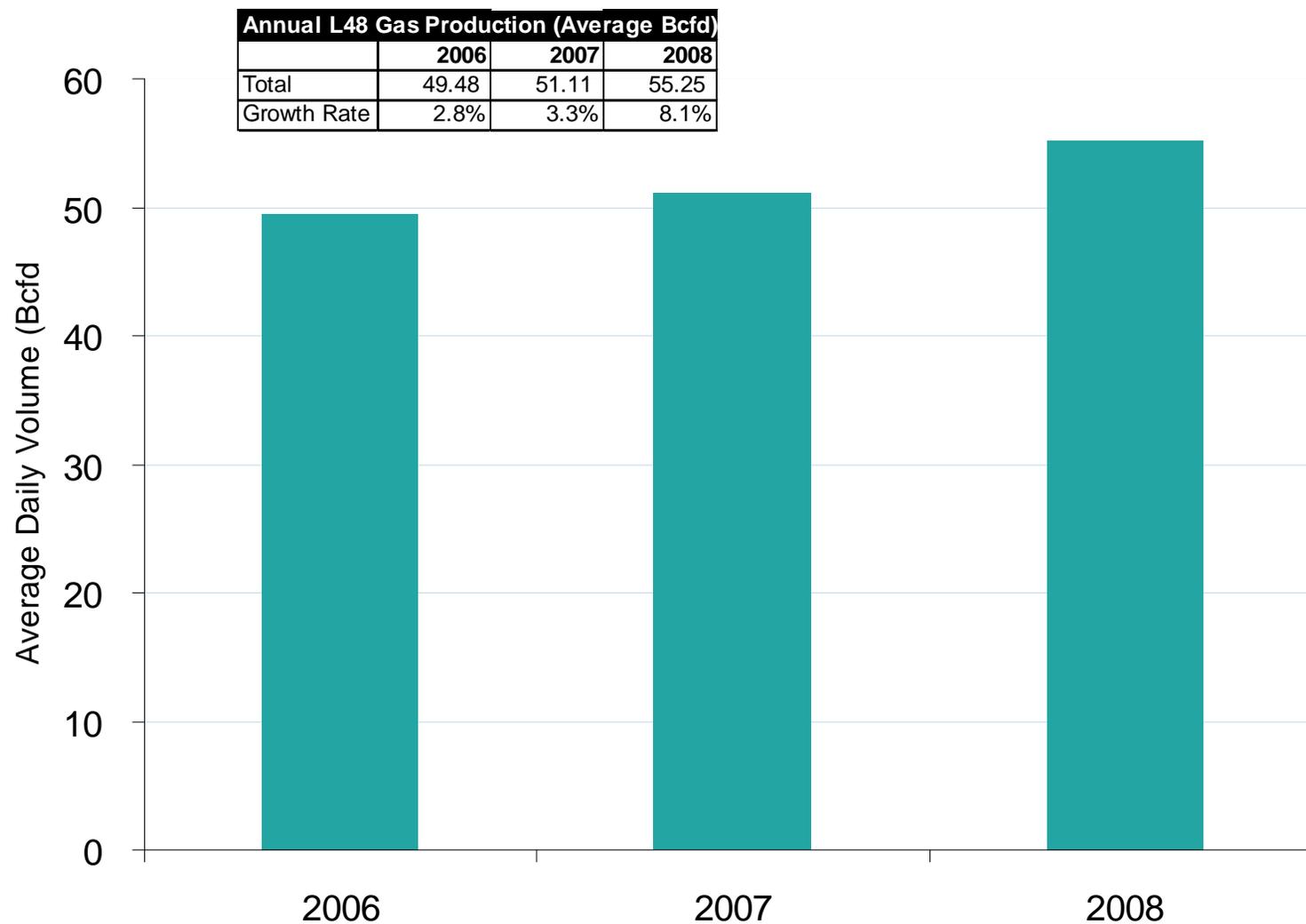


Source: Derived from EIA data. Lower 48 Only.
 March 2009 Southeast Snapshot Report

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

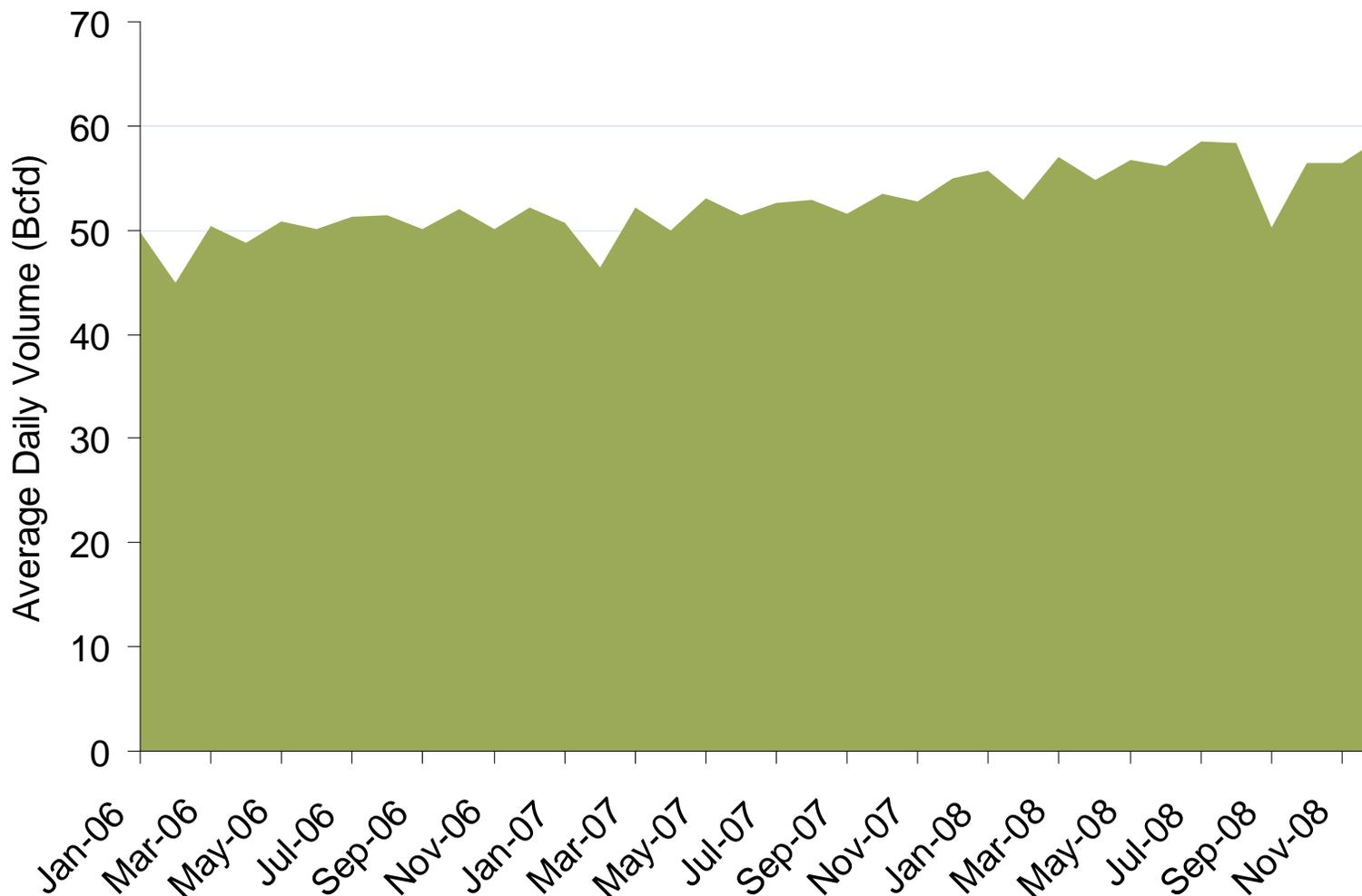


U.S. Dry Gas Production – Lower 48 States



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

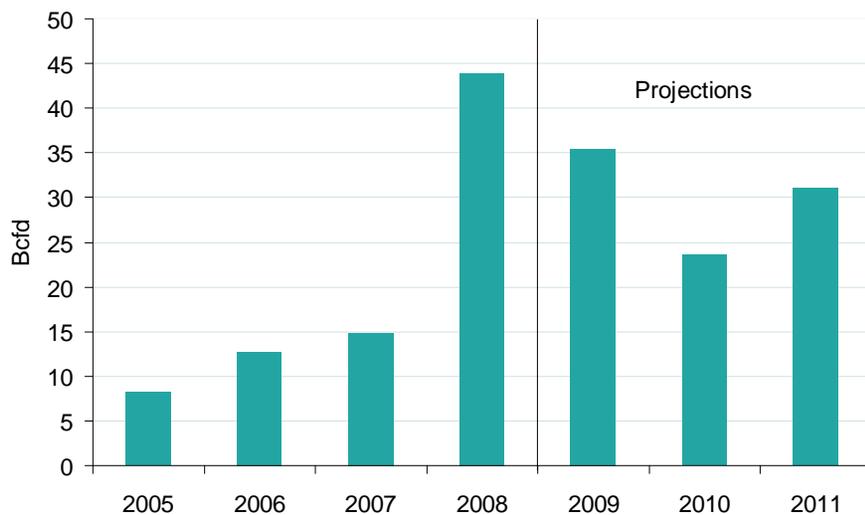
US Gas Production Shows Robust Growth



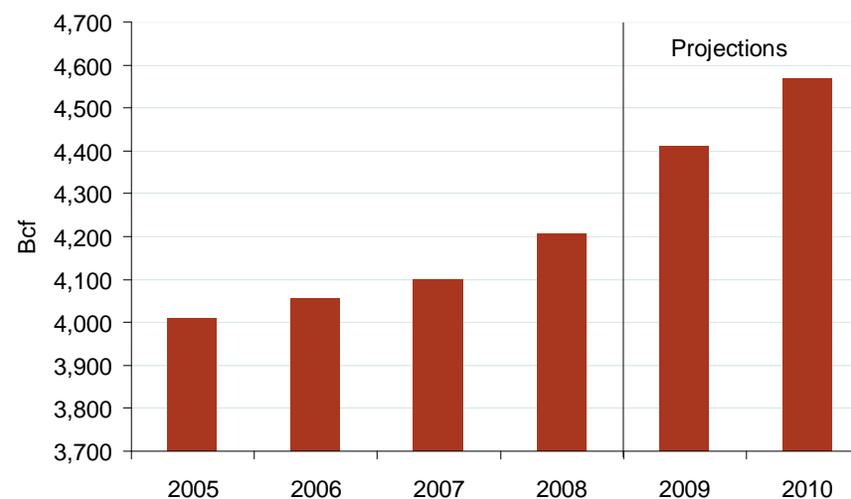
Source: Derived from EIA, *Monthly Energy Review*. Lower 48 Only.
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U.S. Natural Gas Infrastructure Additions Pipeline and Storage Capacity Expected to Rise

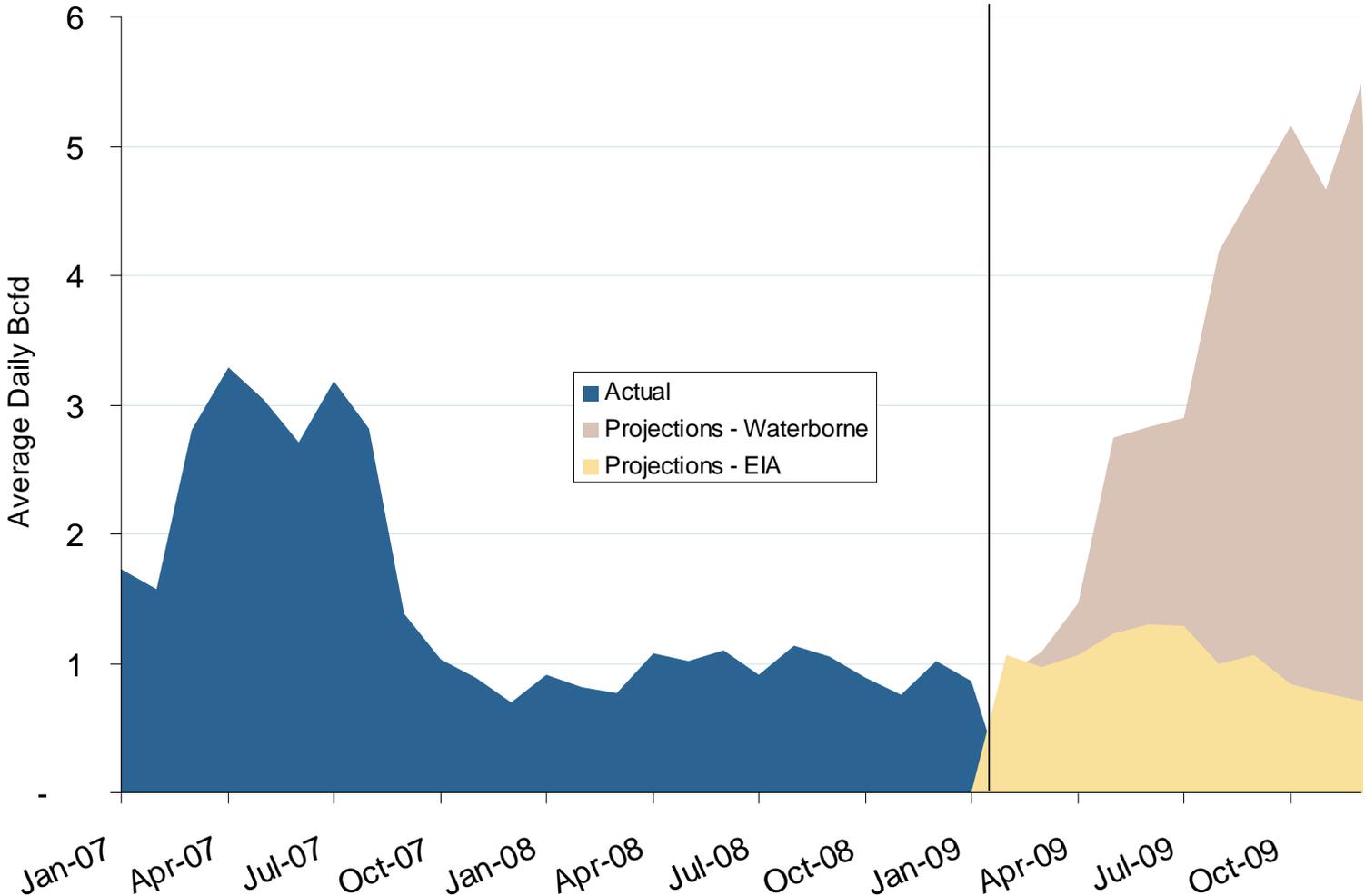
Additions to Interstate Pipeline



Additions to Working Gas Storage



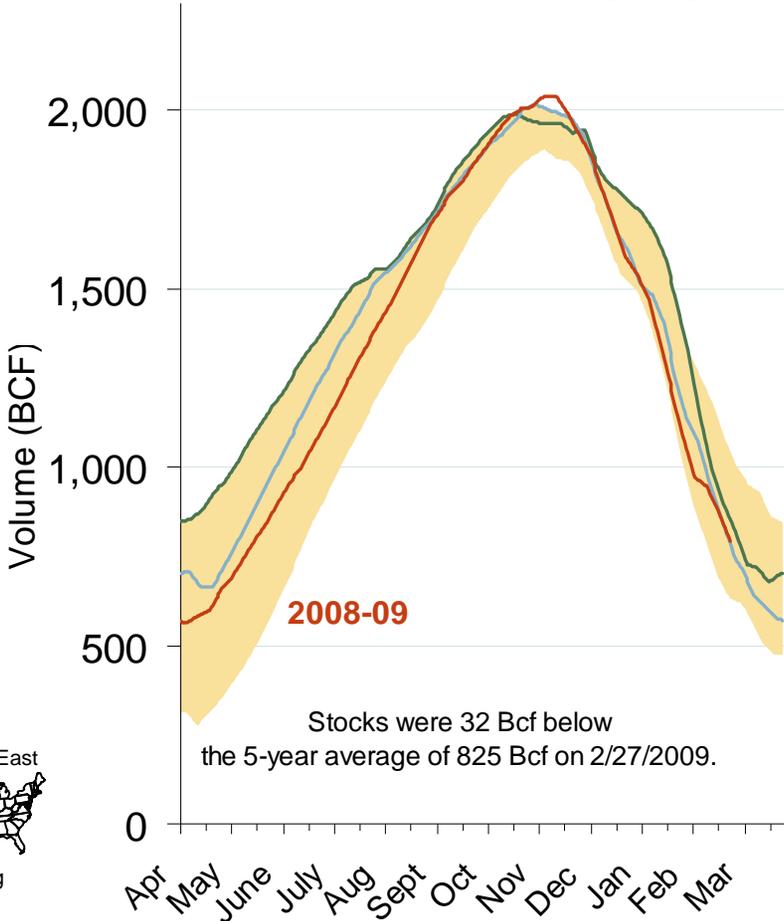
Analyst Projections for Increased LNG Imports



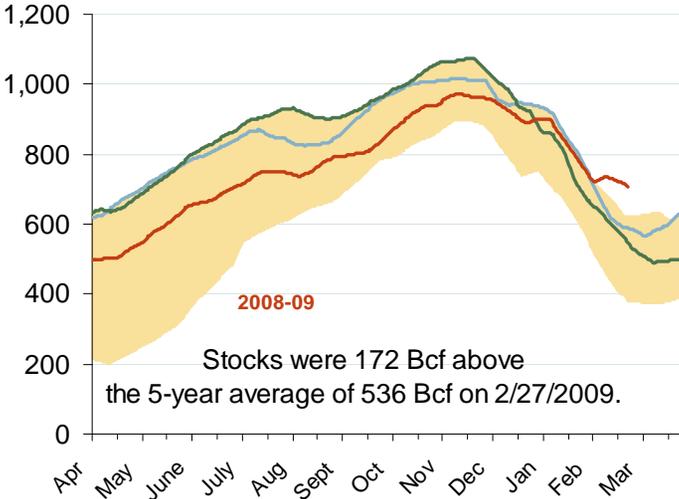
Source: Derived from EIA STEO and *Waterborne LNG* data.
March 2009 Southeast Snapshot Report

Regional Totals of Working Gas in Storage

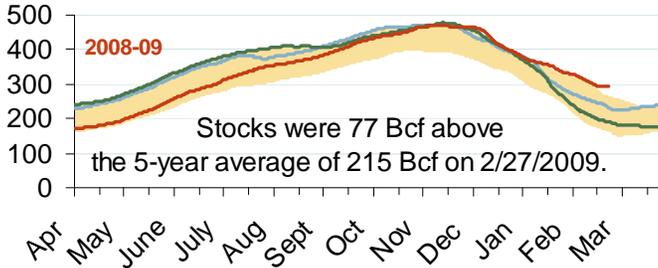
Eastern Consuming Region



Producing Region



Western Consuming Region

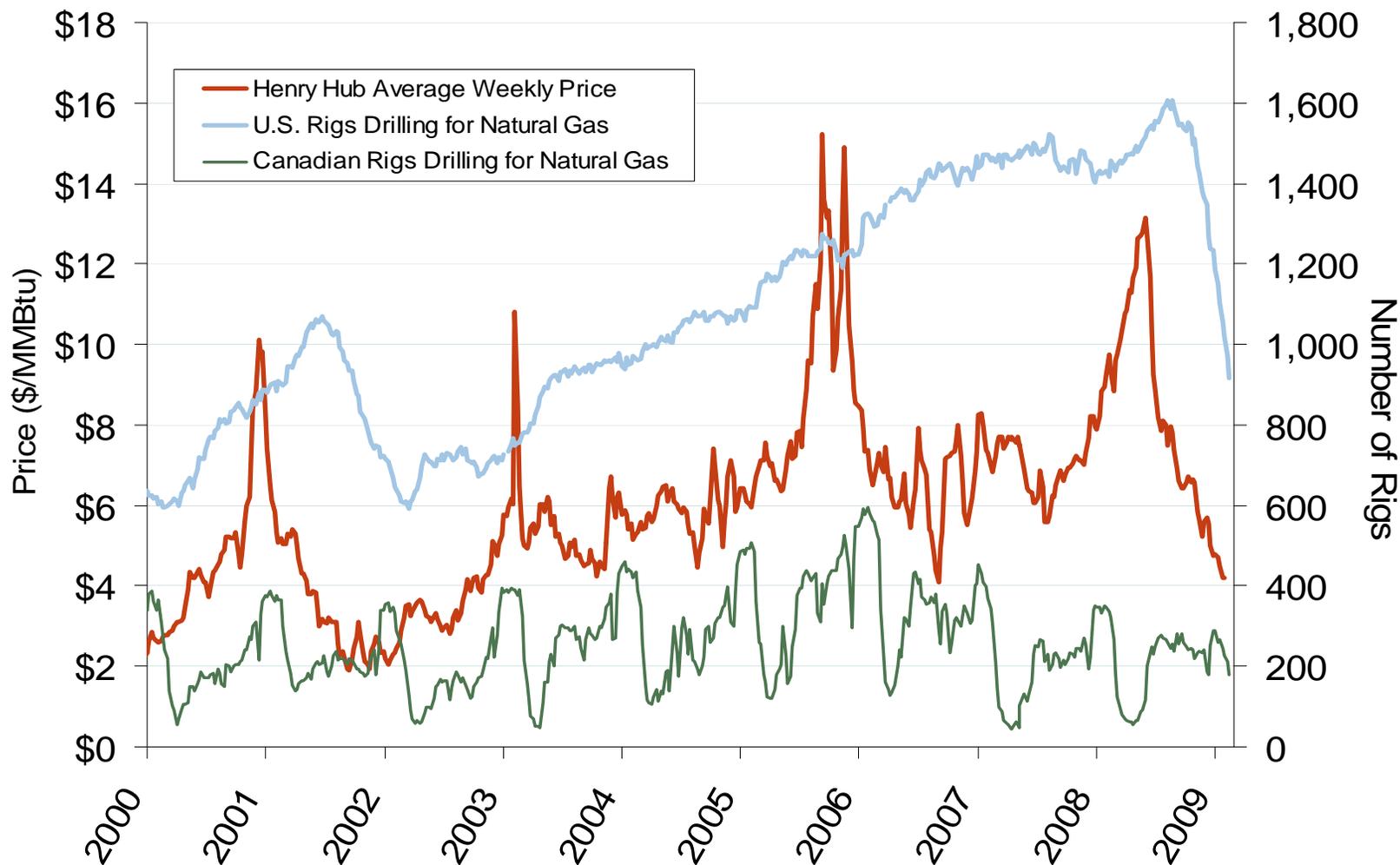


5-year range
 2006
 2007
 2008

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

Updated March 9, 2009

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

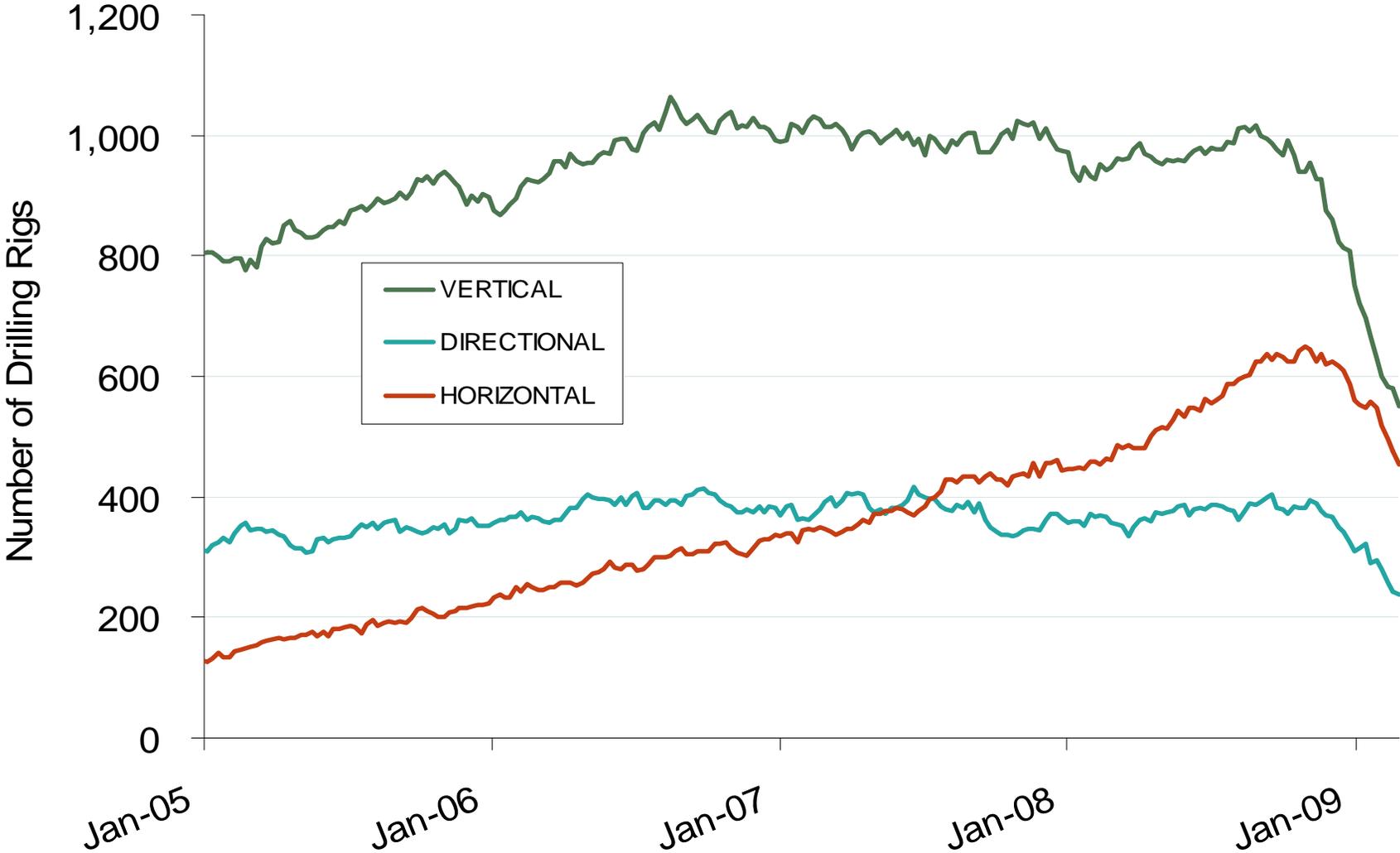


Source: Derived from *Platts* and *Baker Hughes* data.
March 2009 Southeast Snapshot Report

Updated March 9, 2009

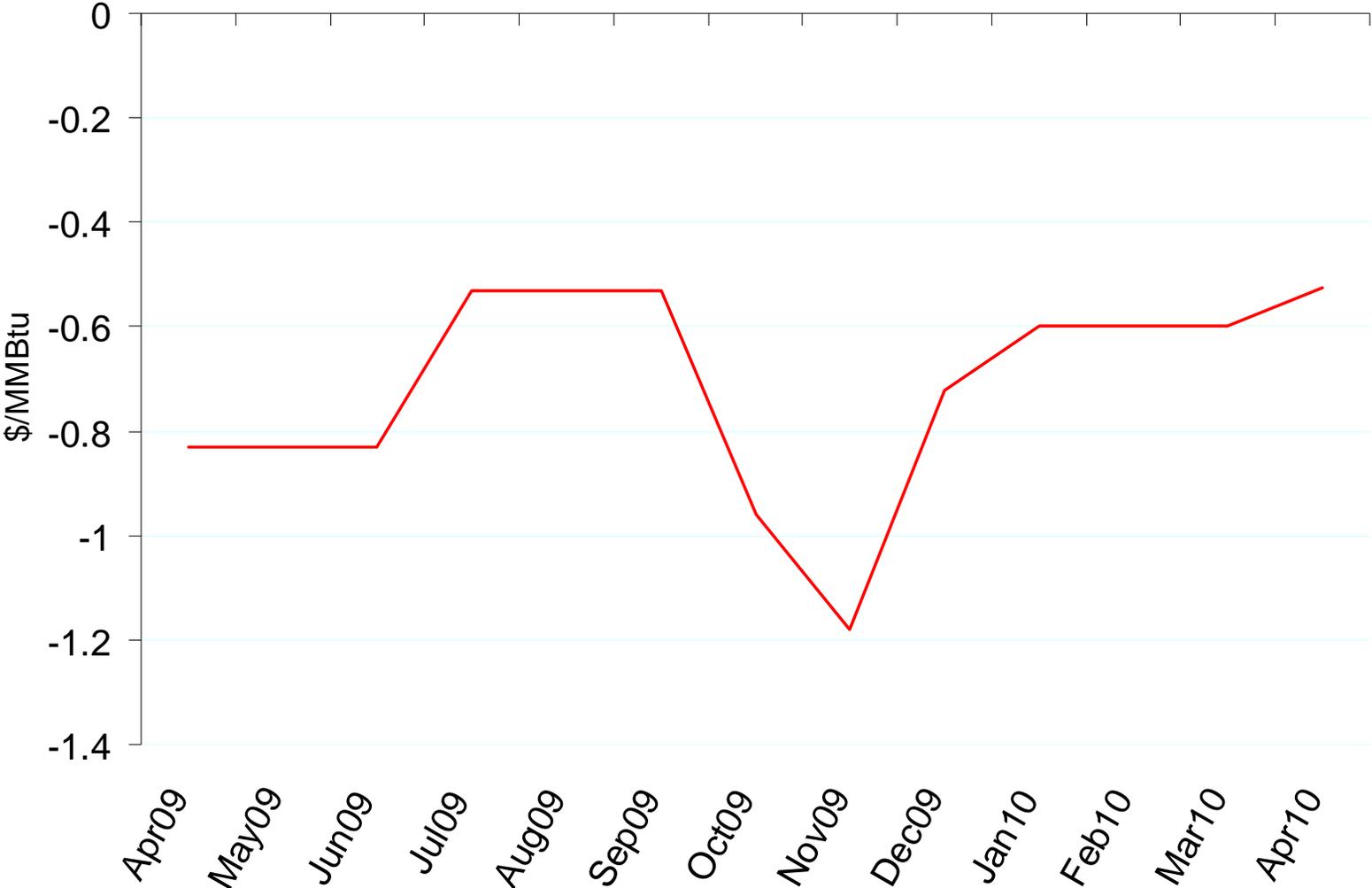
2007

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



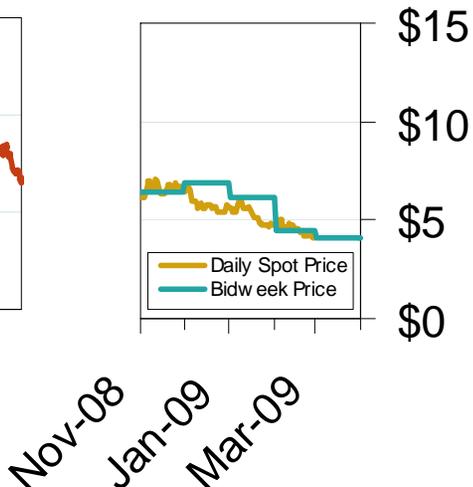
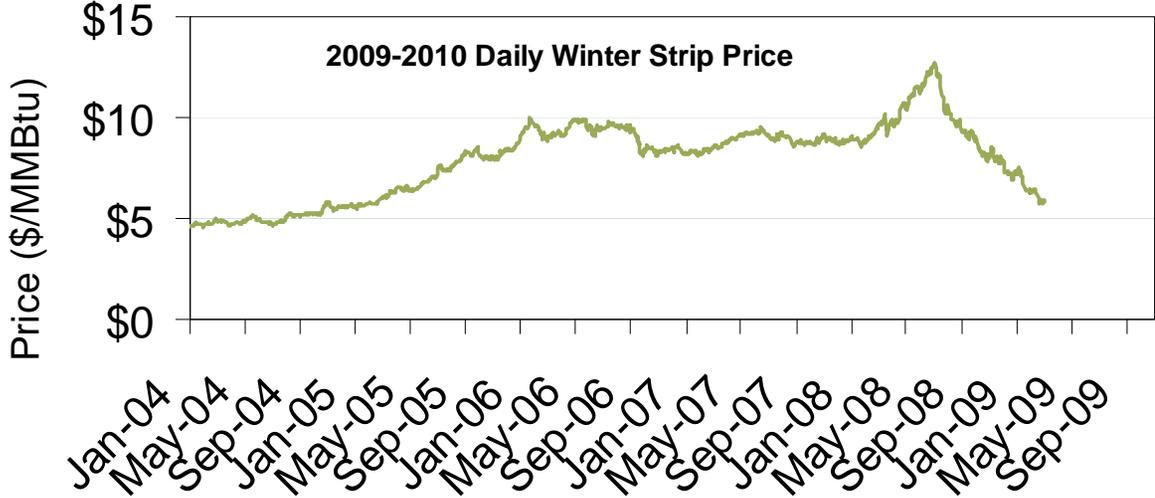
Source: Derived from Baker Hughes data.
March 2009 Southeast Snapshot Report

SoCal Border Forward Basis Swap



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

Natural Gas Winter Futures Strip - Henry Hub



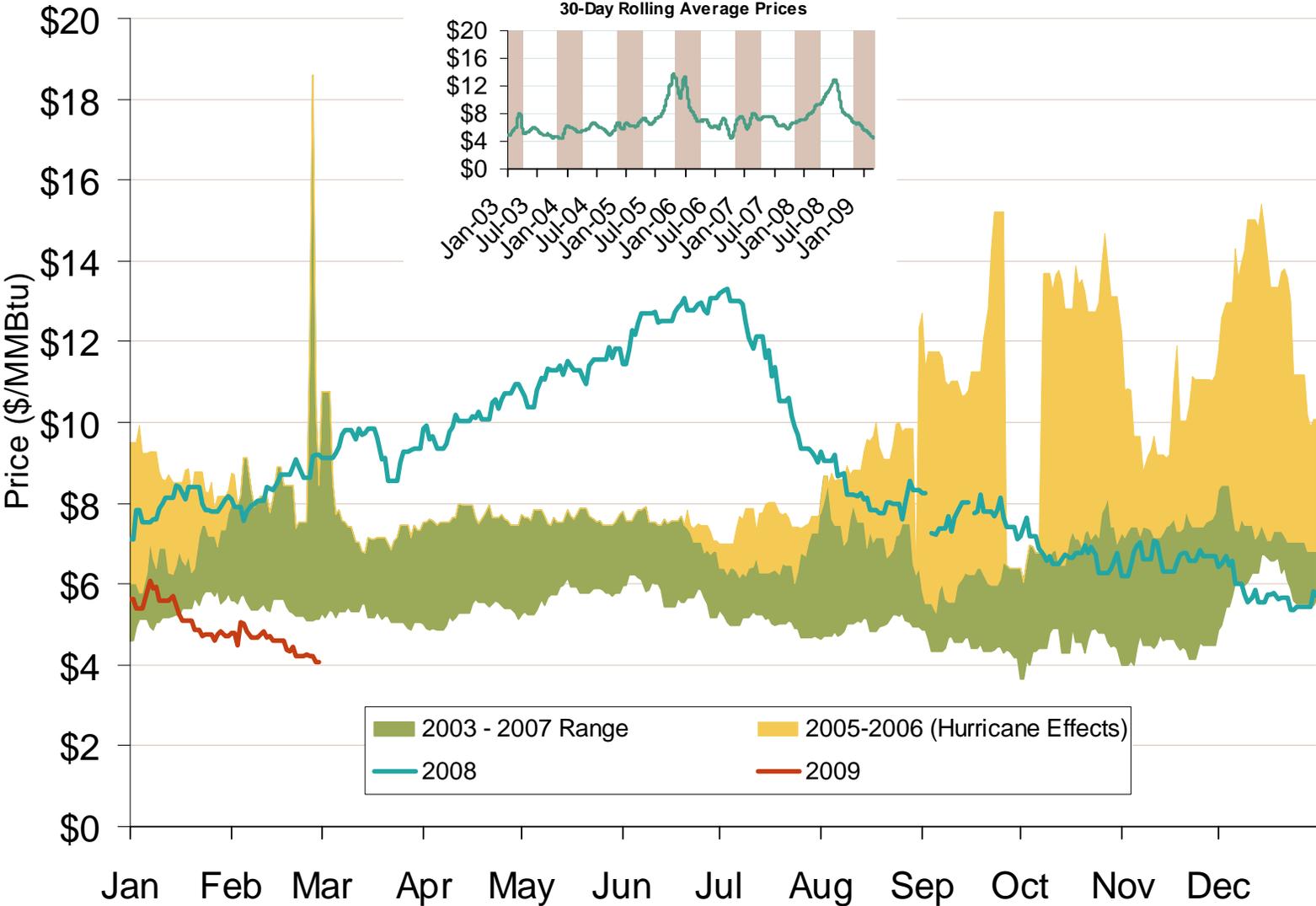
Source: Derived from EIA, *Monthly Energy Review*.
March 2009 Southeast Snapshot Report



Natural Gas and Fuel Markets

Federal Energy Regulatory Commission • Market Oversight @ FERC.gov

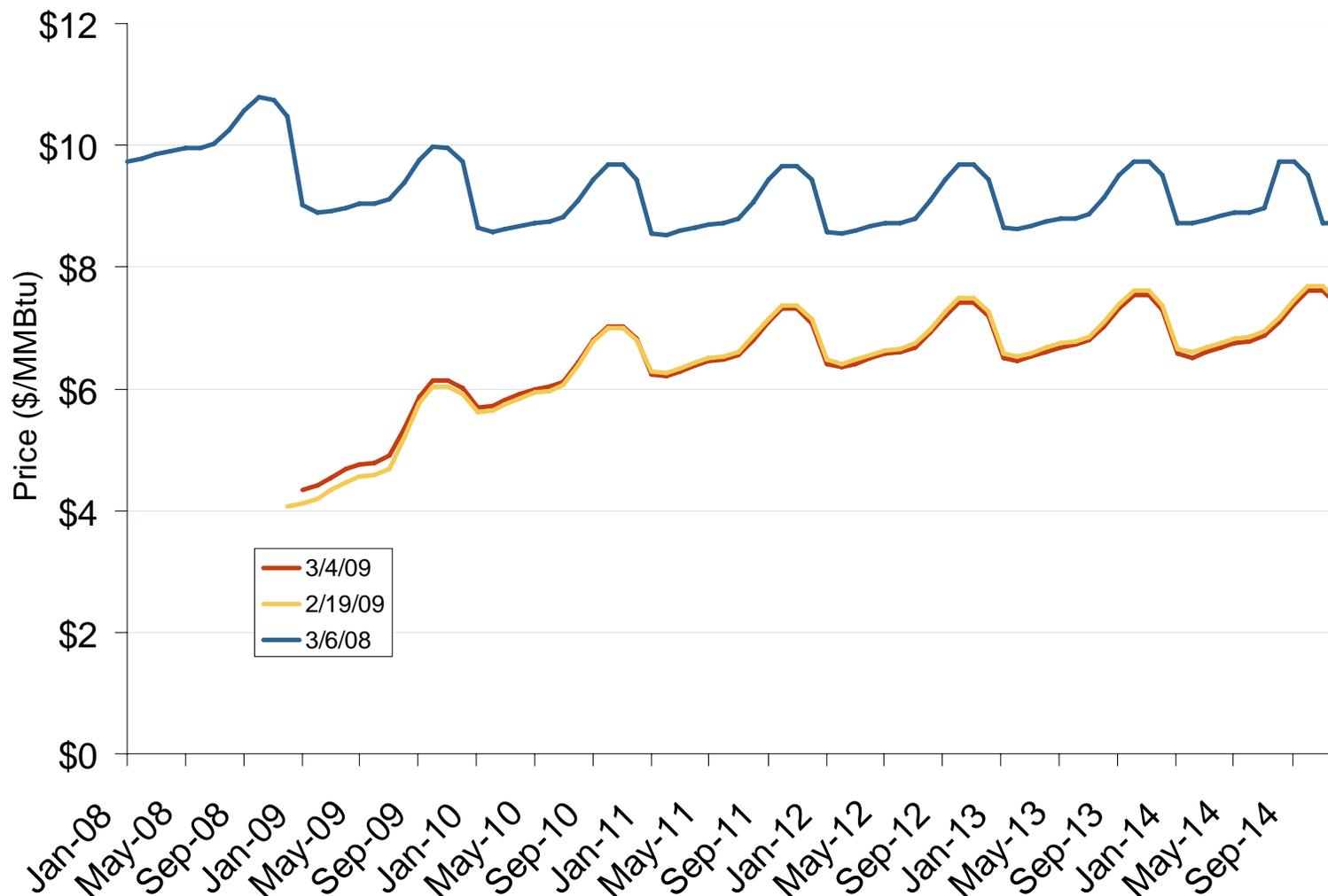
Henry Hub Natural Gas Daily Spot Prices 2008, 2009 and 2003-2007 Year Range



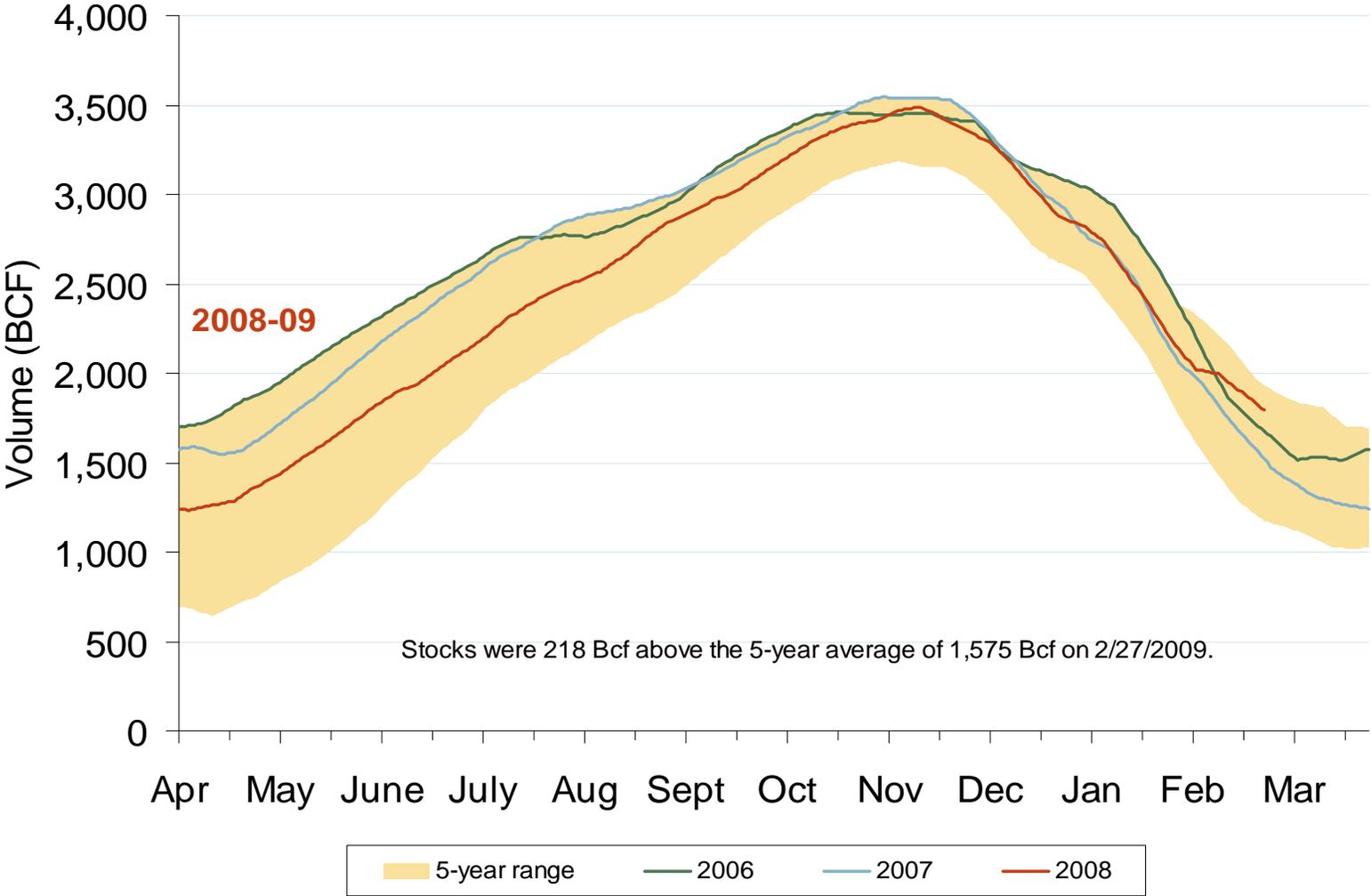
Source: Derived from *Platts* data.
March 2009 Southeast Snapshot Report

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NYMEX Natural Gas Forward Price Curve



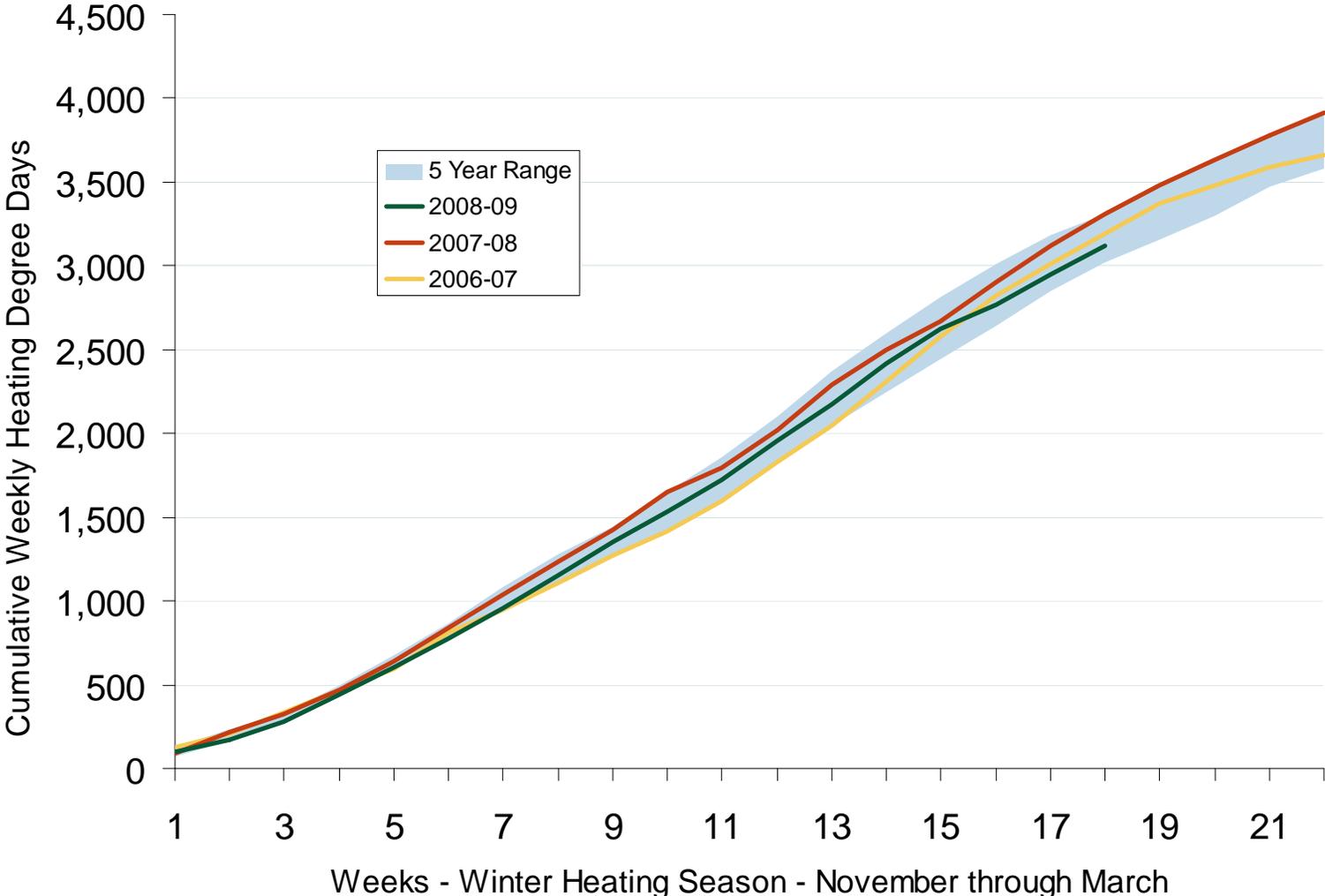
Total U.S. Working Gas in Storage



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

Updated March 9, 2009

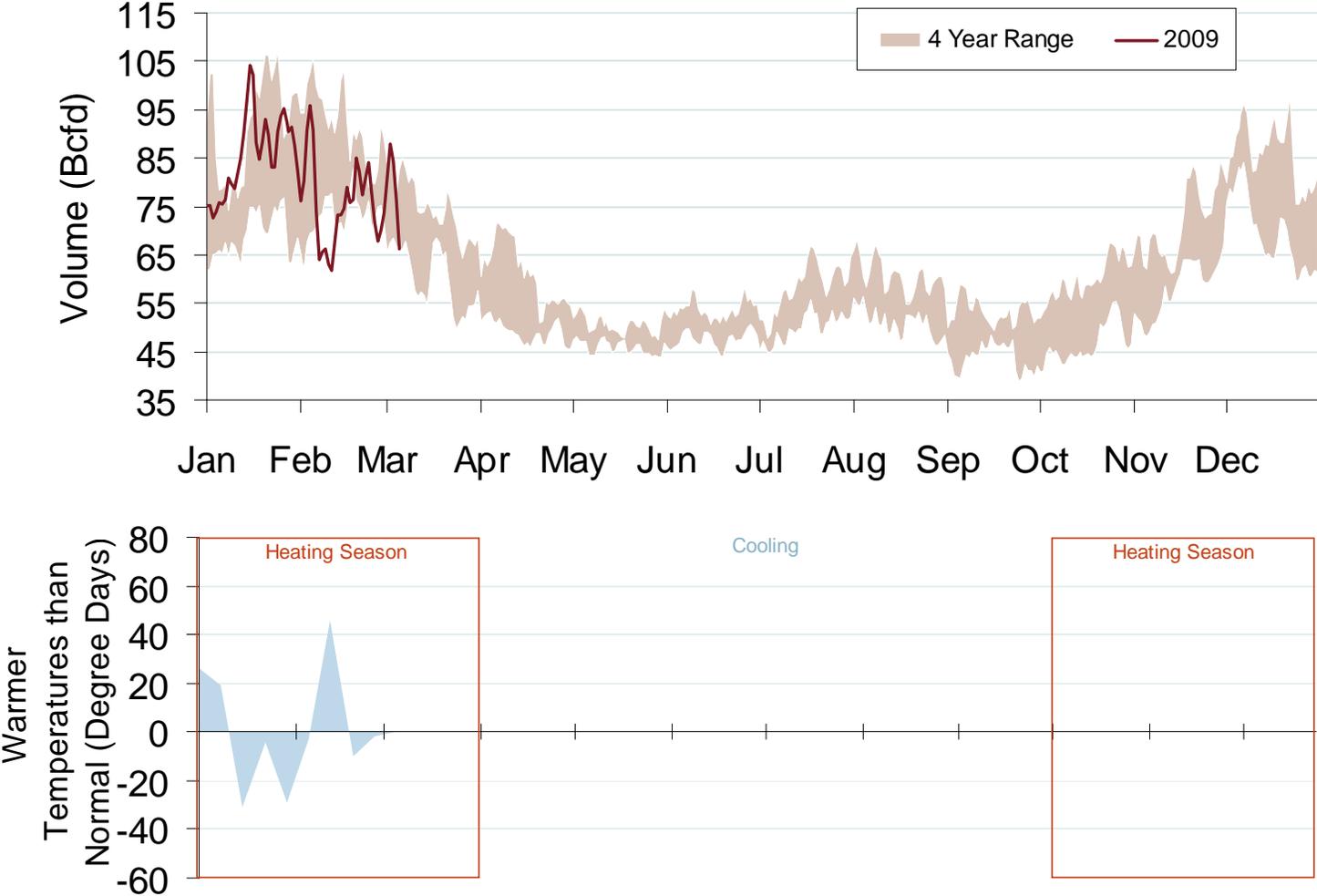
U. S. Winter Cumulative Heating Degree Days



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

Updated March 9, 2009

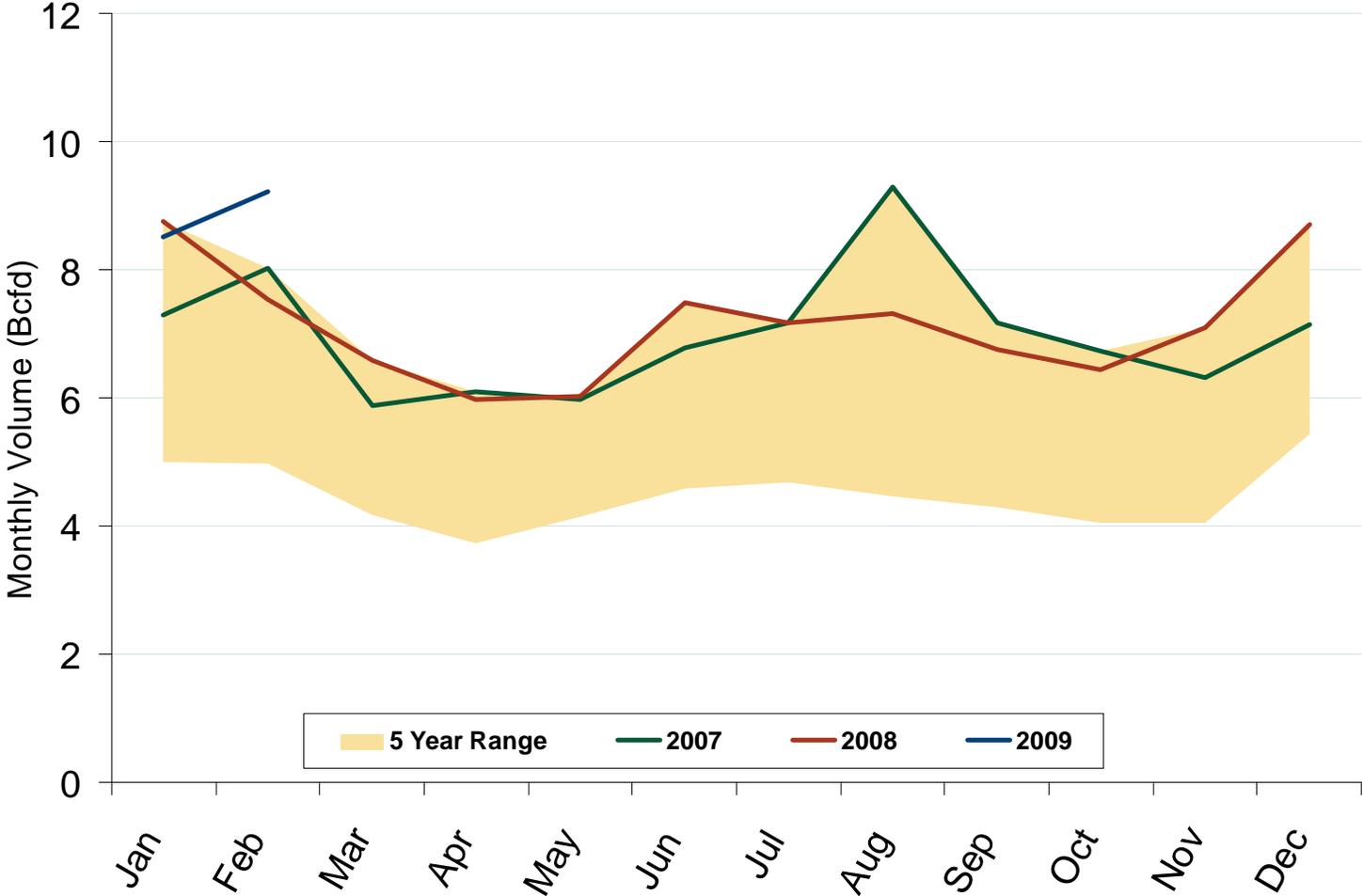
Total U.S. Natural Gas Demand (All Sectors) and Temperatures



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

Updated March 9, 2009

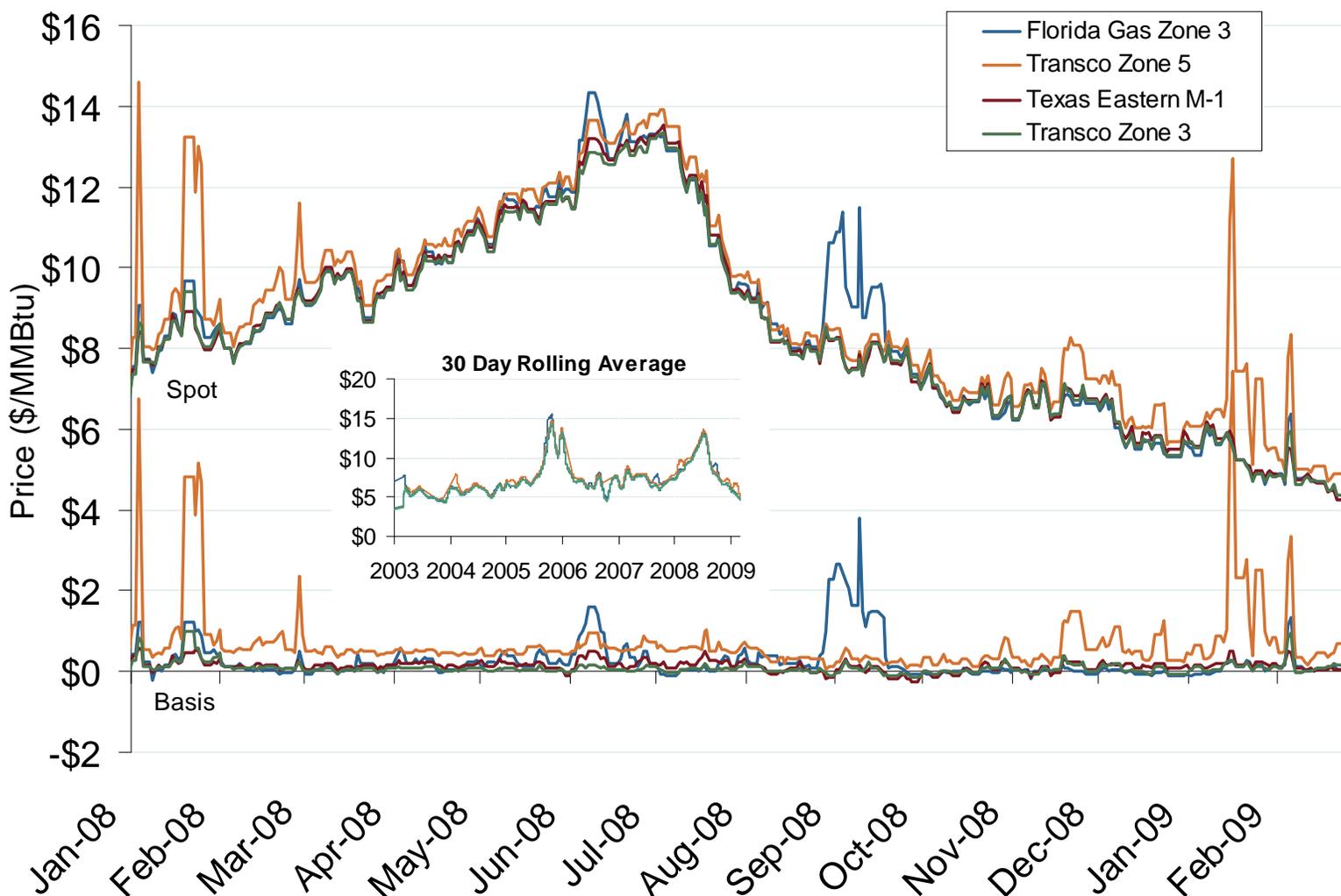
Average Daily Southeast Natural Gas Demand All Sectors



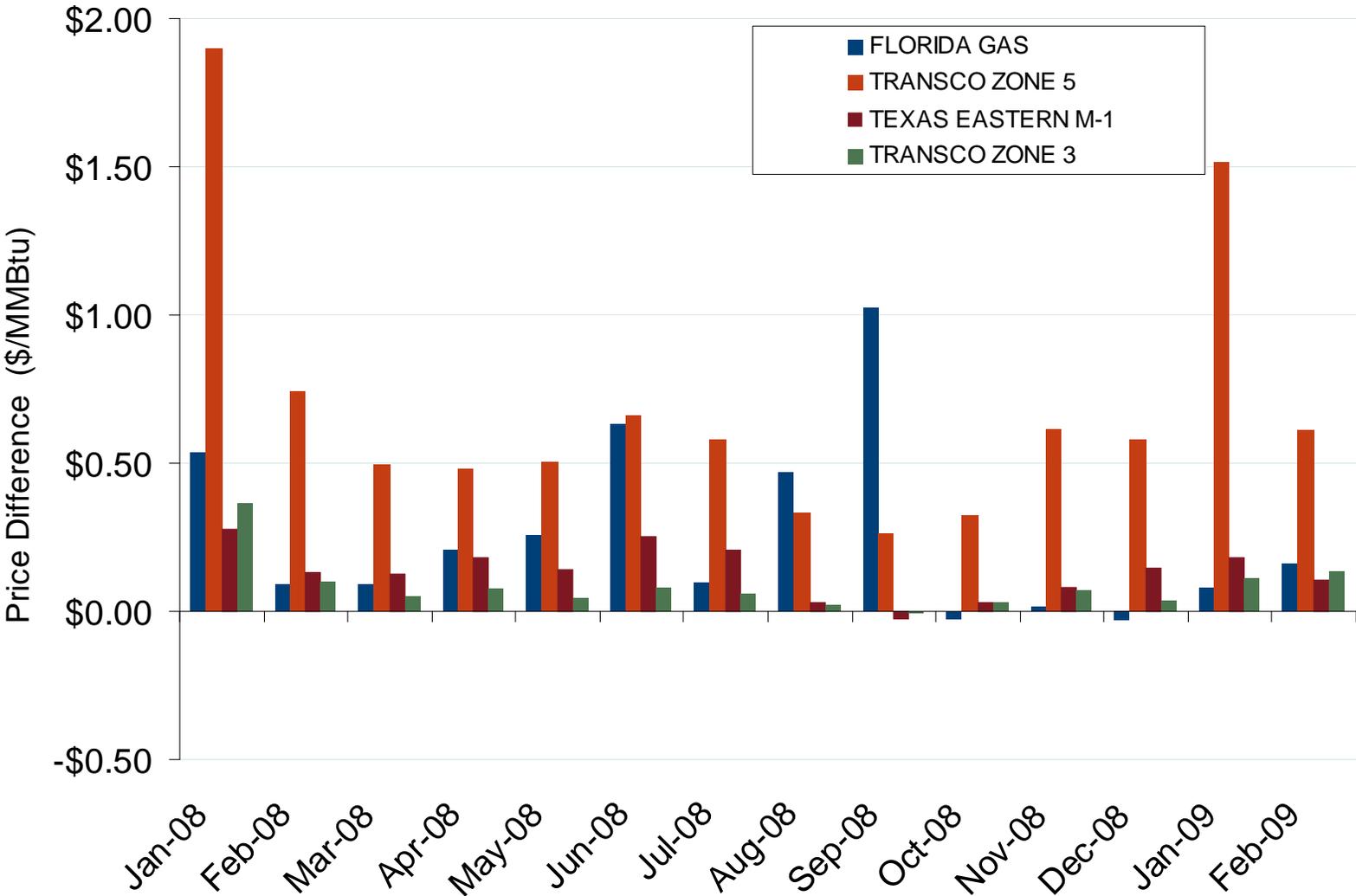
Source: Derived from *Bentek* data.
March 2009 Southeast Snapshot Report

Updated March 9, 2009

Southeastern Day-Ahead Hub Spot Prices and Basis



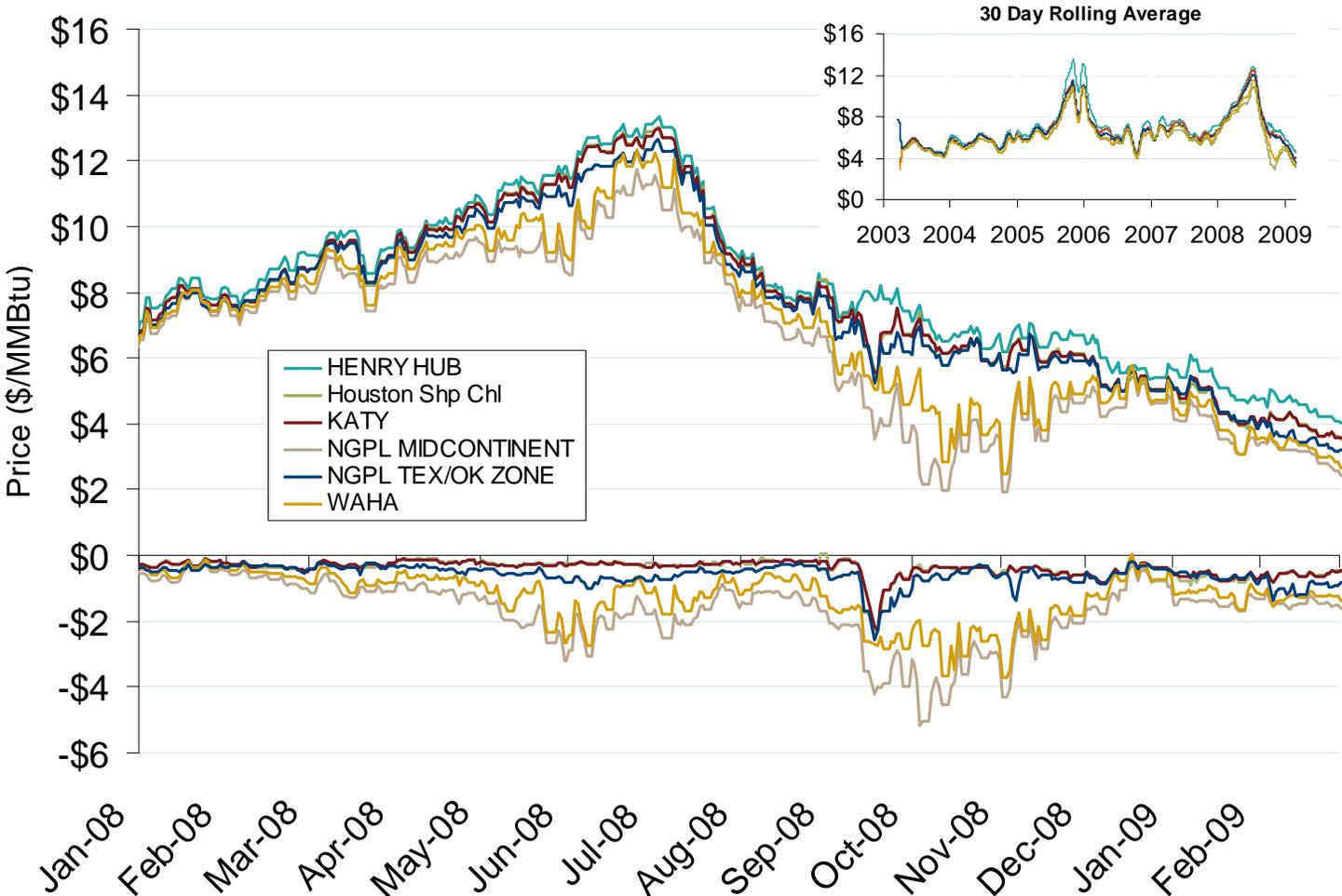
Southeastern Monthly Average Basis Value to Henry Hub



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

Updated March 9, 2009

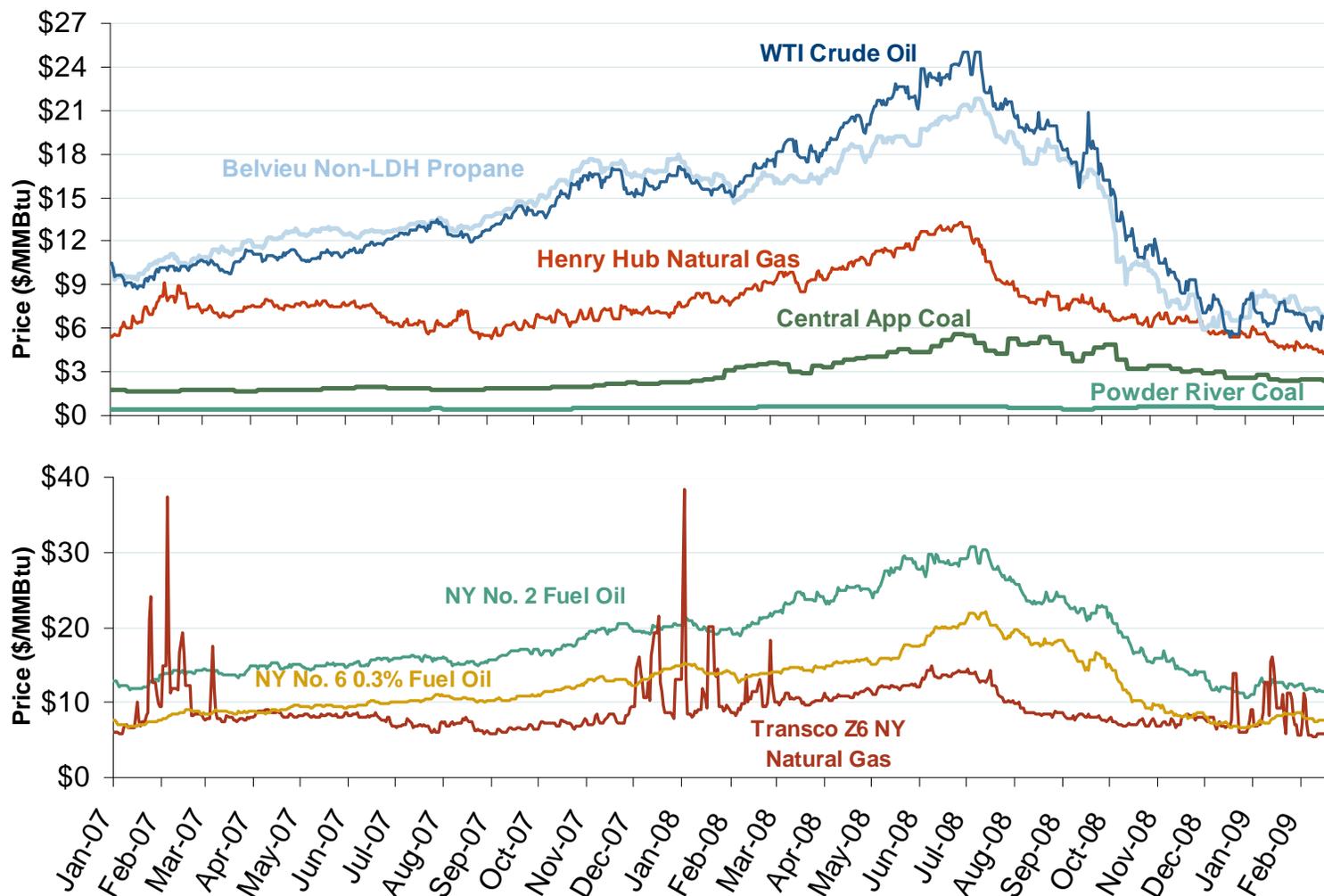
South Central Day-Ahead Hub Spot Prices and Basis



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

Updated March 9, 2009

Oil, Coal, Natural Gas and Propane Daily Spot Prices

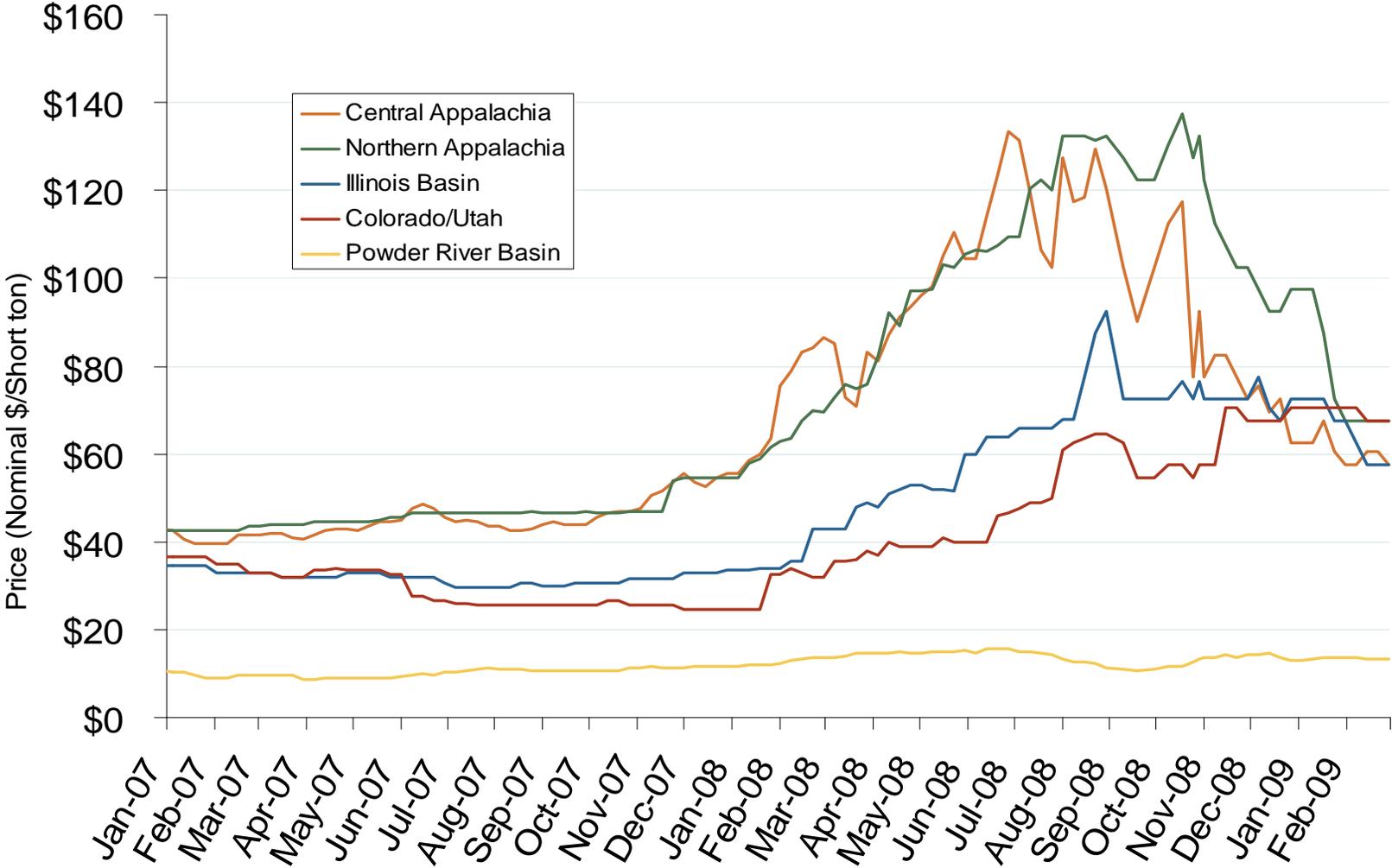


Source: Derived from ICE and Bloomberg data.

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

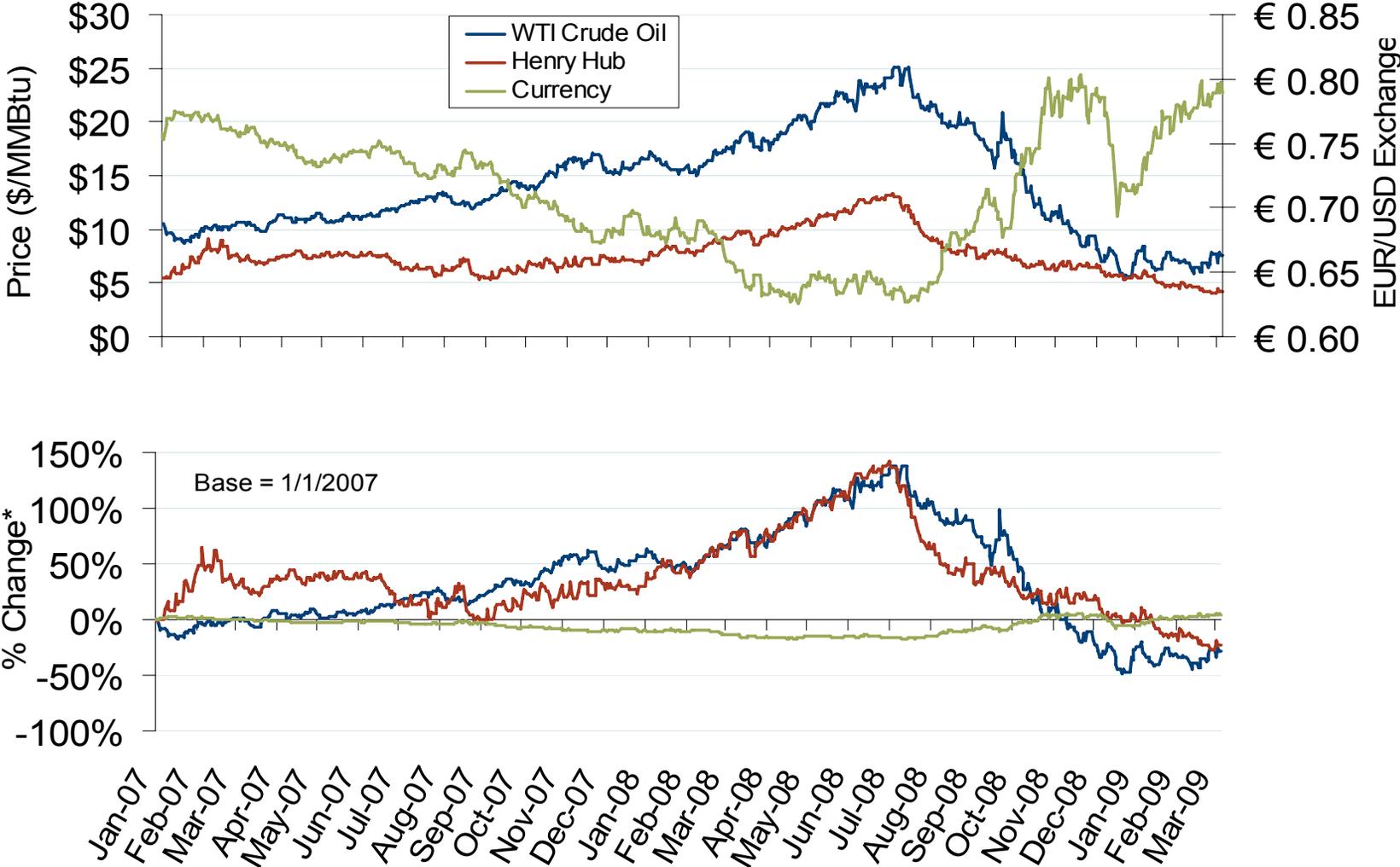


Note: Does not reflect the delivered price of coal; excludes incremental cost of emissions allowances.

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

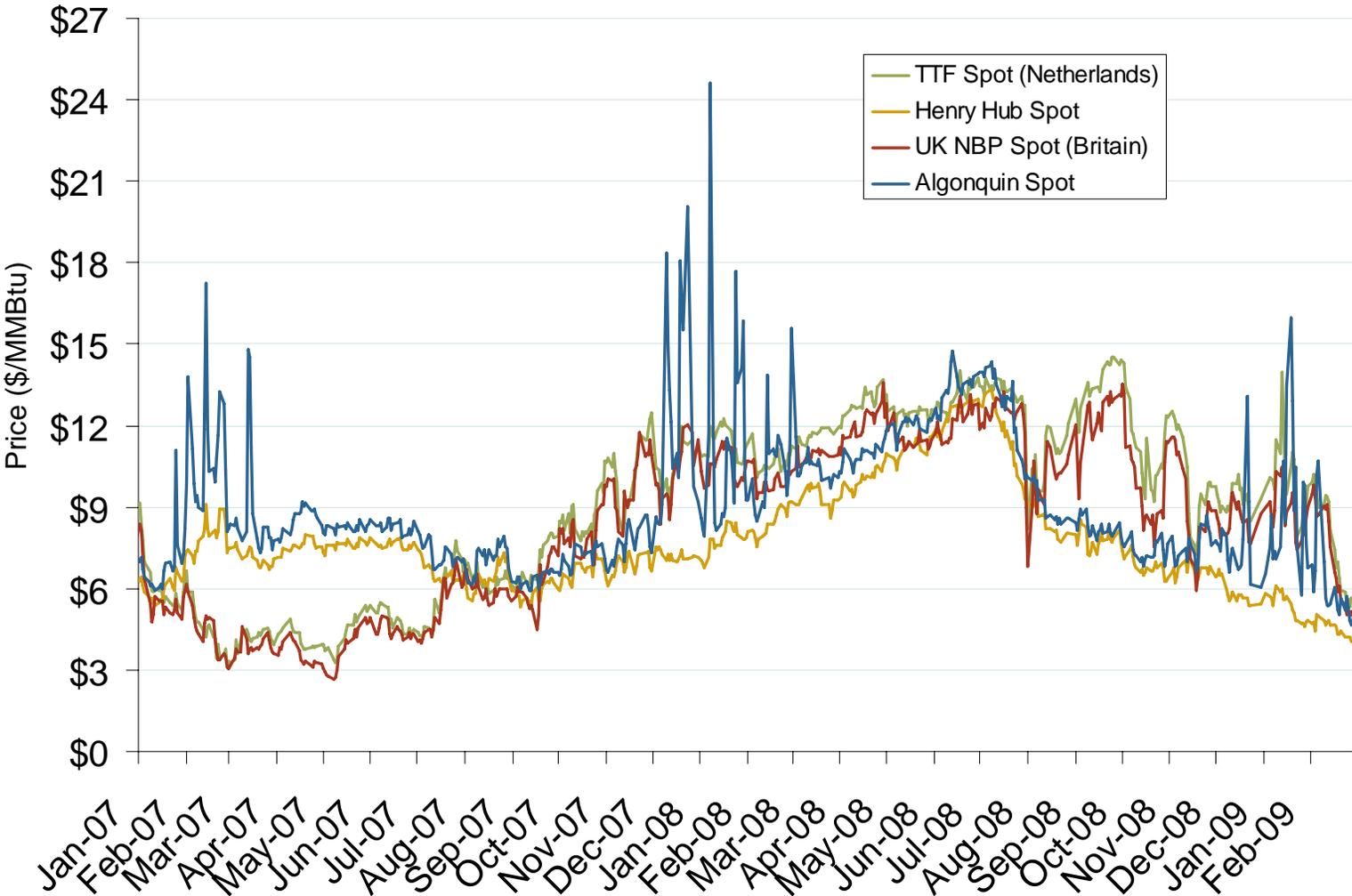
Updated March 9, 2009

Oil, Natural Gas and Currency Spot Prices



Source: Derived from *Bloomberg* data.

Atlantic Basin European and US Spot Natural Gas Prices



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

Updated March 9, 2009

World LNG Estimated March 2009 Landed Prices



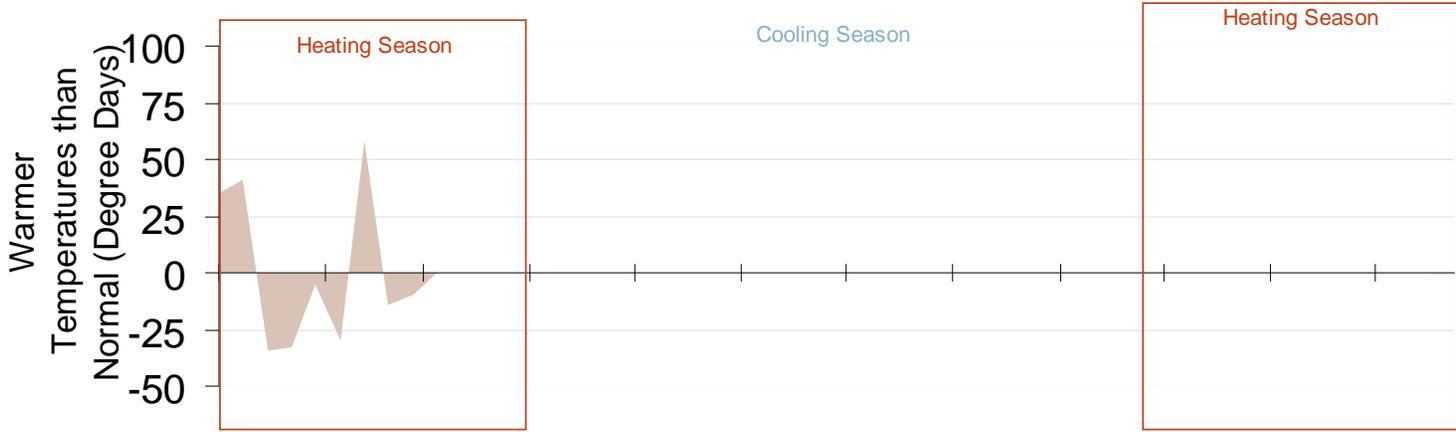
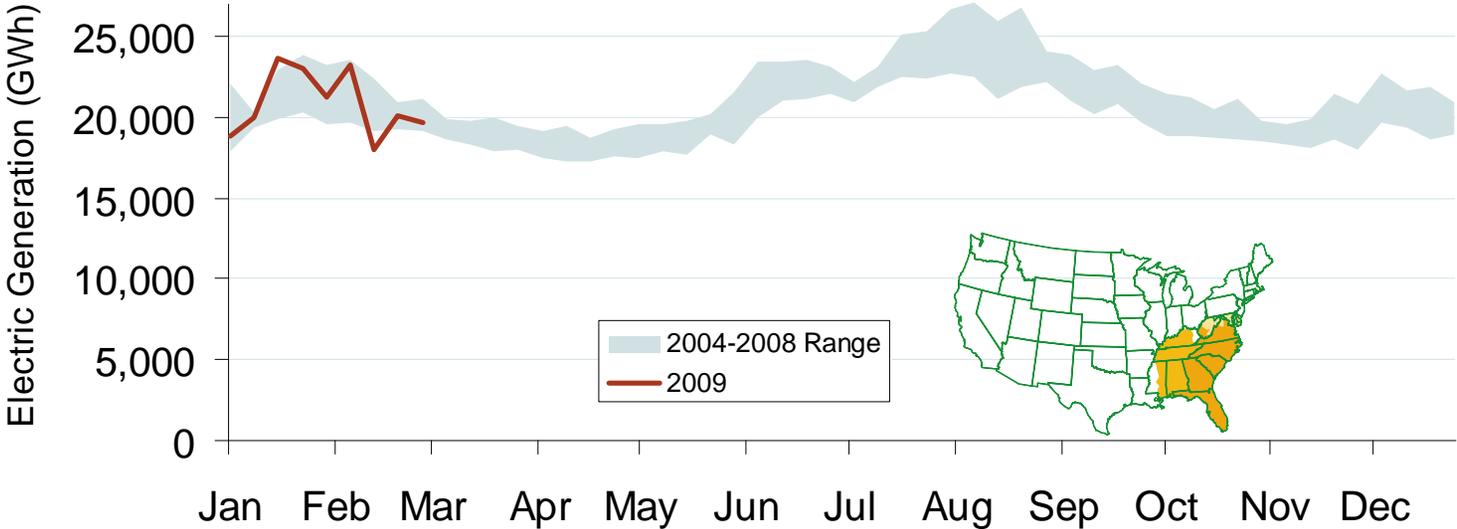
Source: Waterborne Energy, Inc. Data in \$US/MMBtu.
March 2009 Southeast Snapshot Report

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Electricity Markets

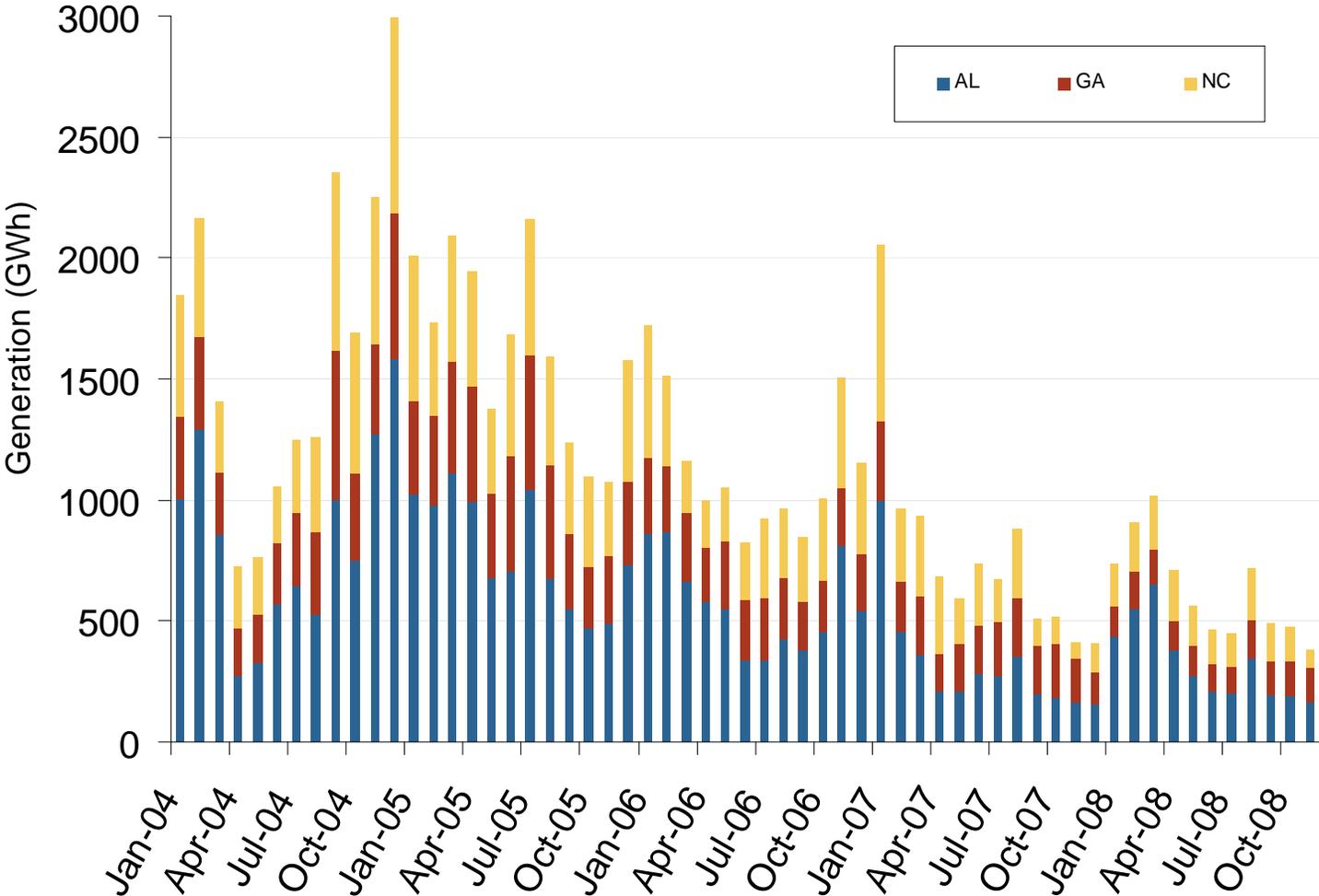
Weekly Electric Generation Output and Temperatures Southeast Region



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

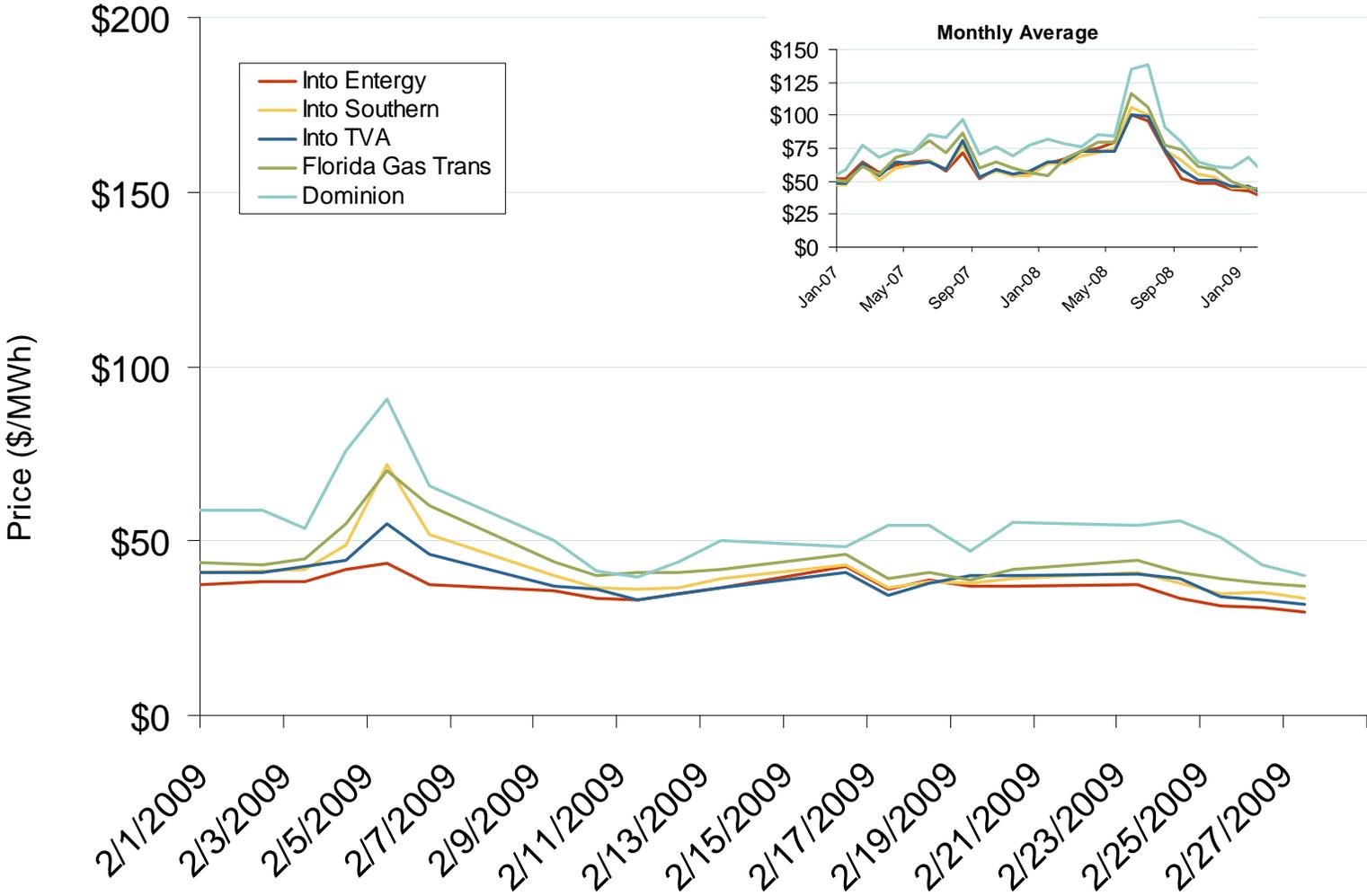
Updated March 9, 2009

Monthly Southeastern Hydroelectric Generation



Source: Derived from EIA and EPA data.
March 2009 Southeast Snapshot Report

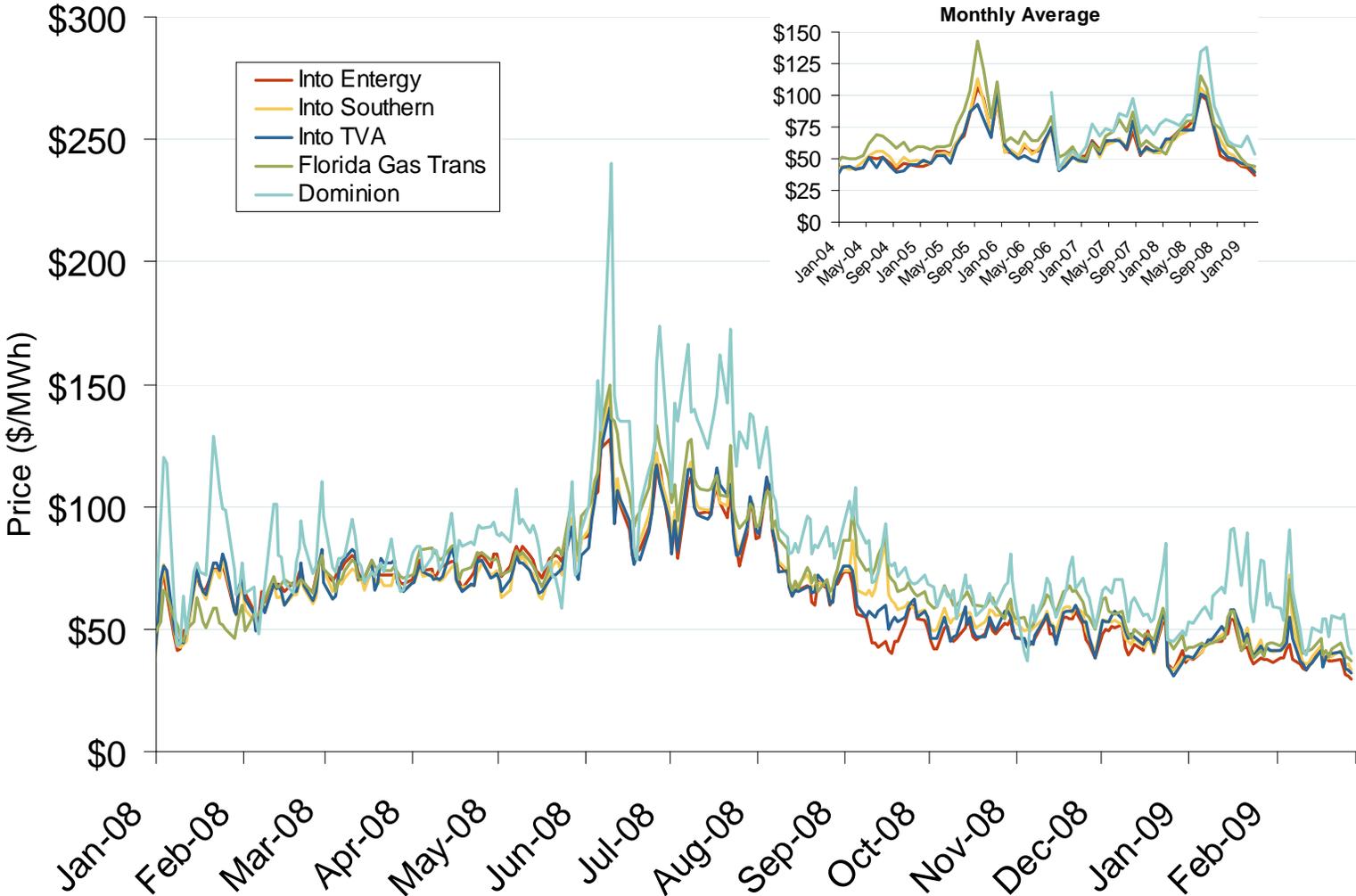
Southeastern Daily Bilateral Day-Ahead On-Peak Prices



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

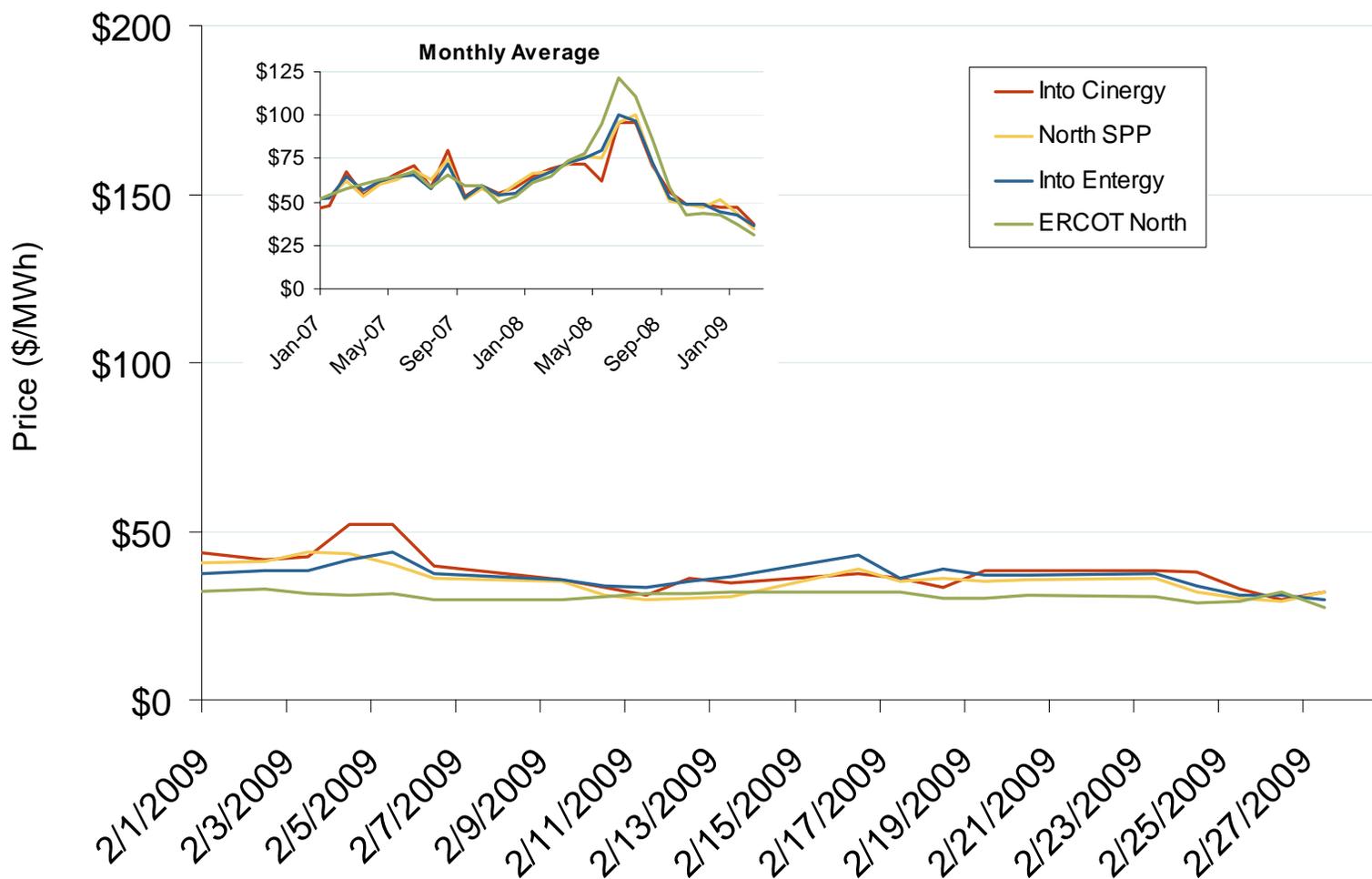
Updated March 9, 2009

Southeastern Daily Bilateral Day-Ahead On-Peak Prices



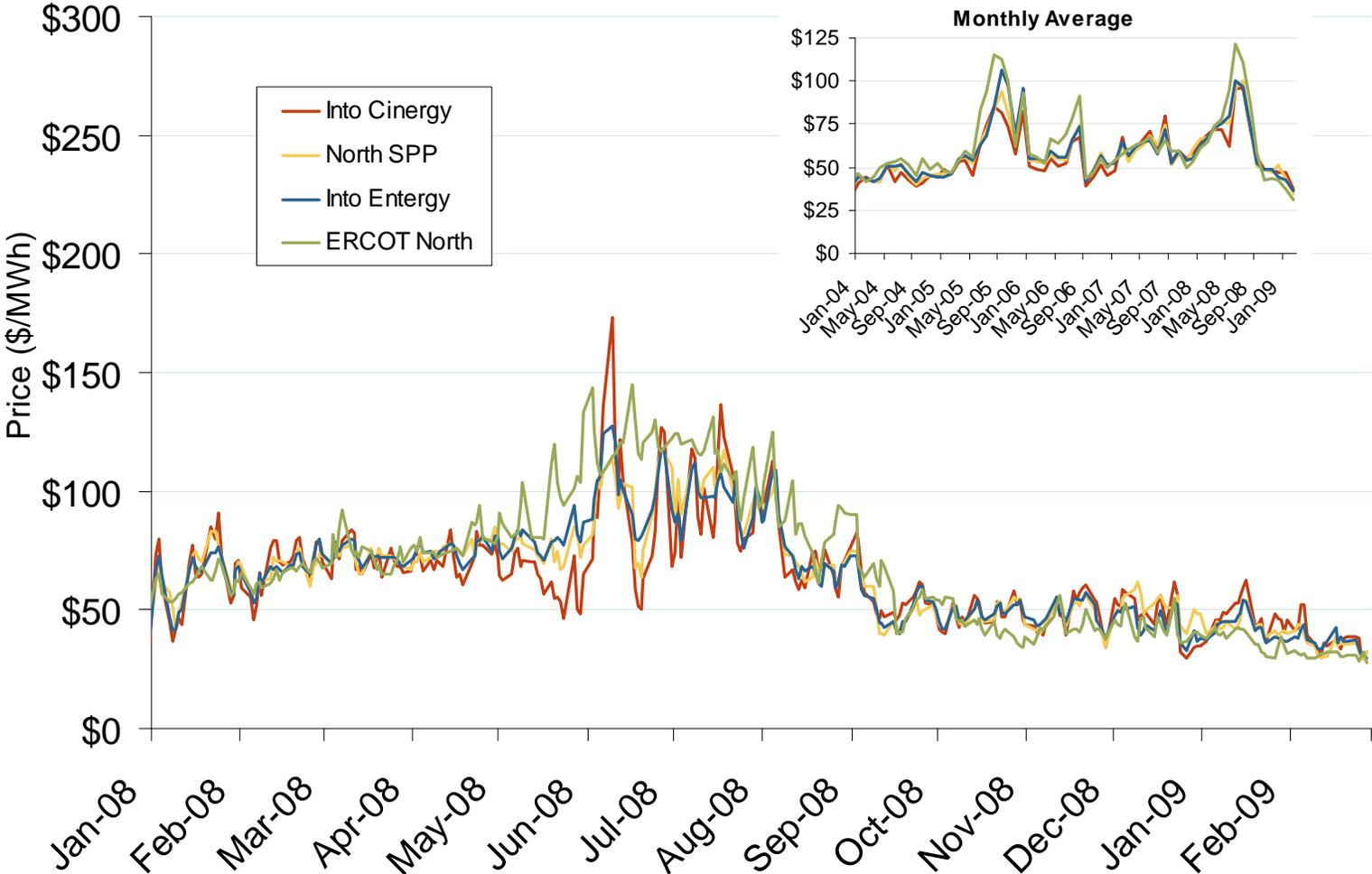
Source: Derived from *Platts* data.
March 2009 Southeast Snapshot Report

Midwestern Daily Bilateral Day-Ahead On-Peak Prices



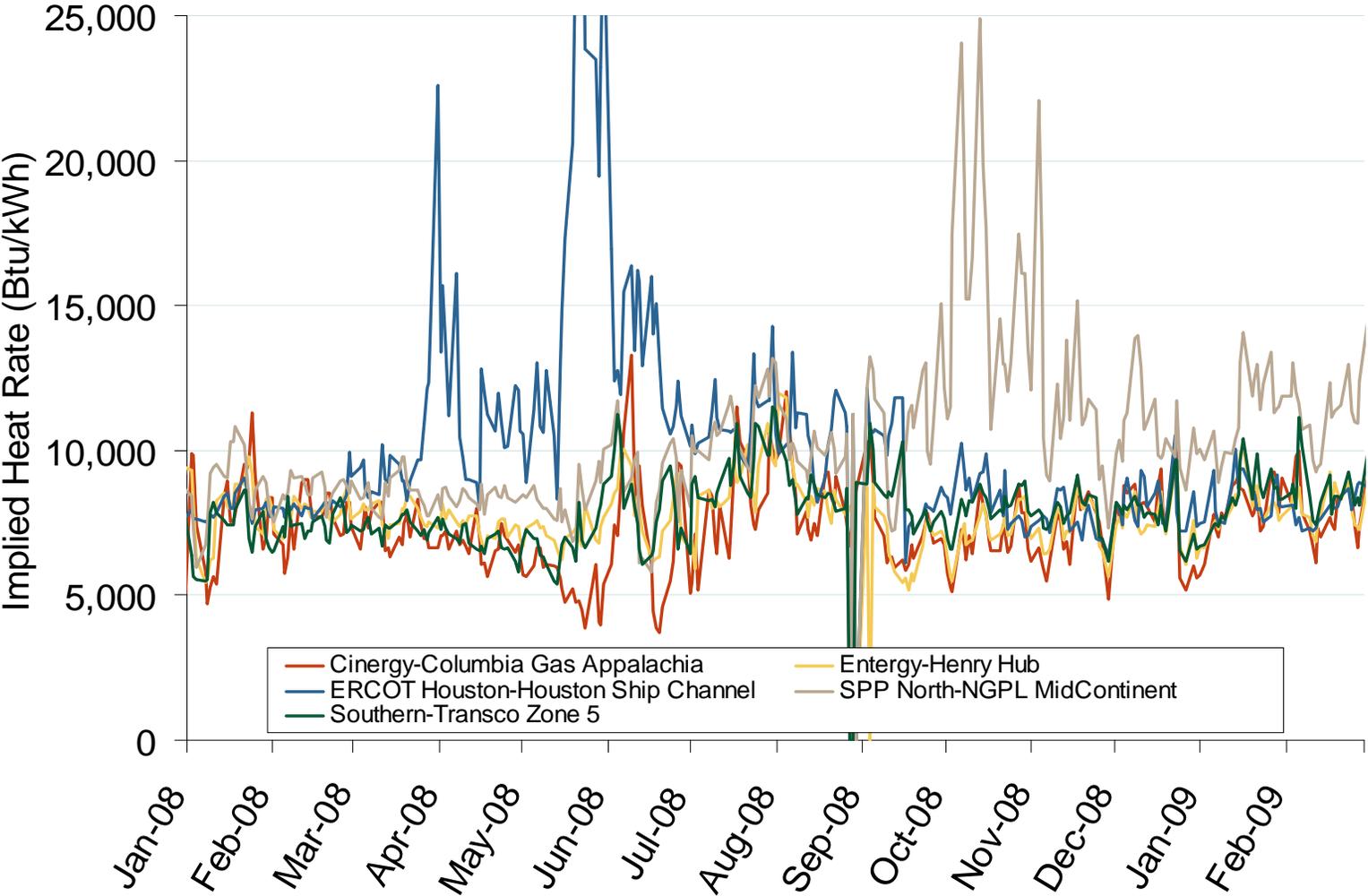
Source: Derived from *Platts* data.
 March 2009 Southeast Snapshot Report

Midwestern Daily Bilateral Day-Ahead On-Peak Prices



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

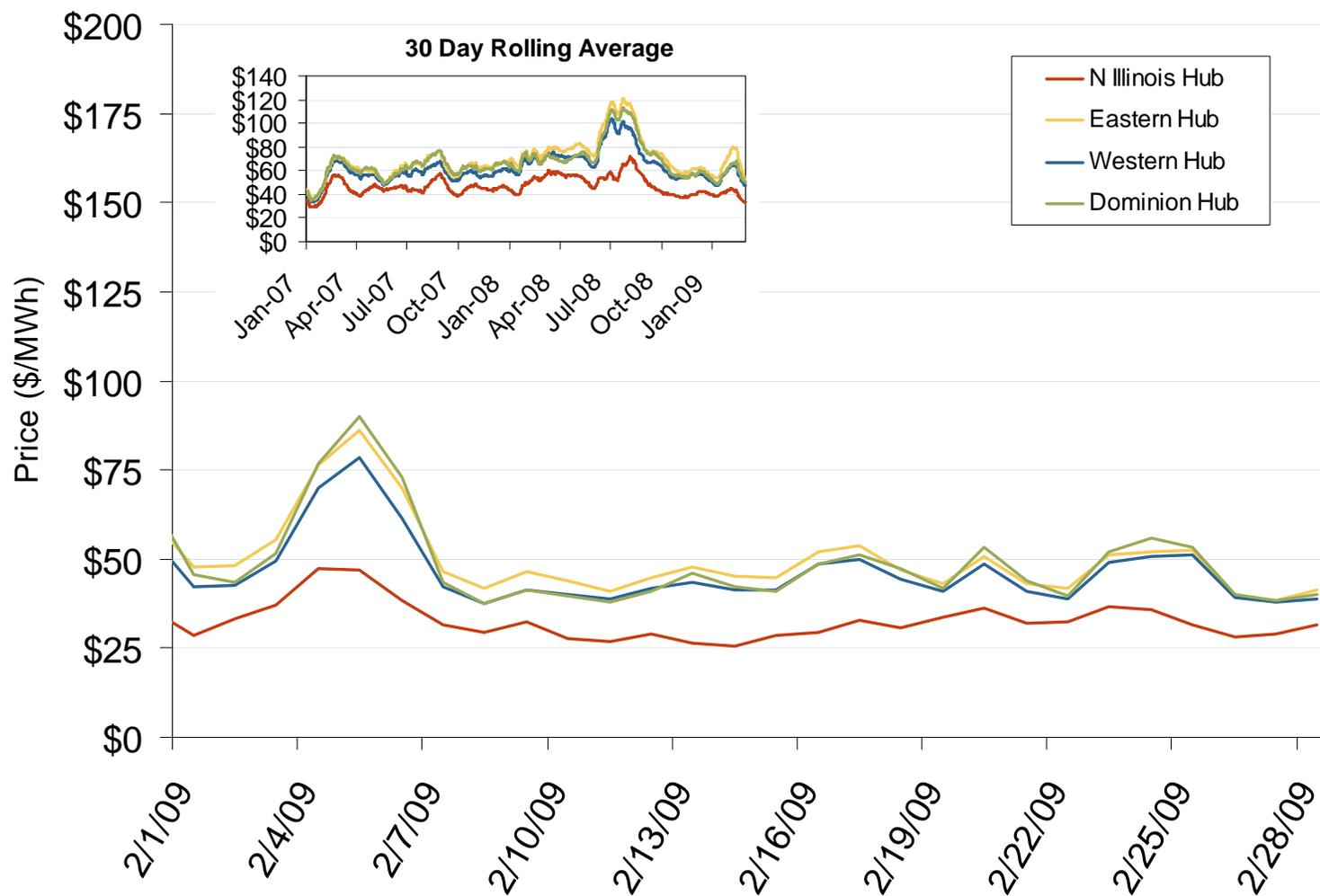
Implied Heat Rates at South Central Trading Points



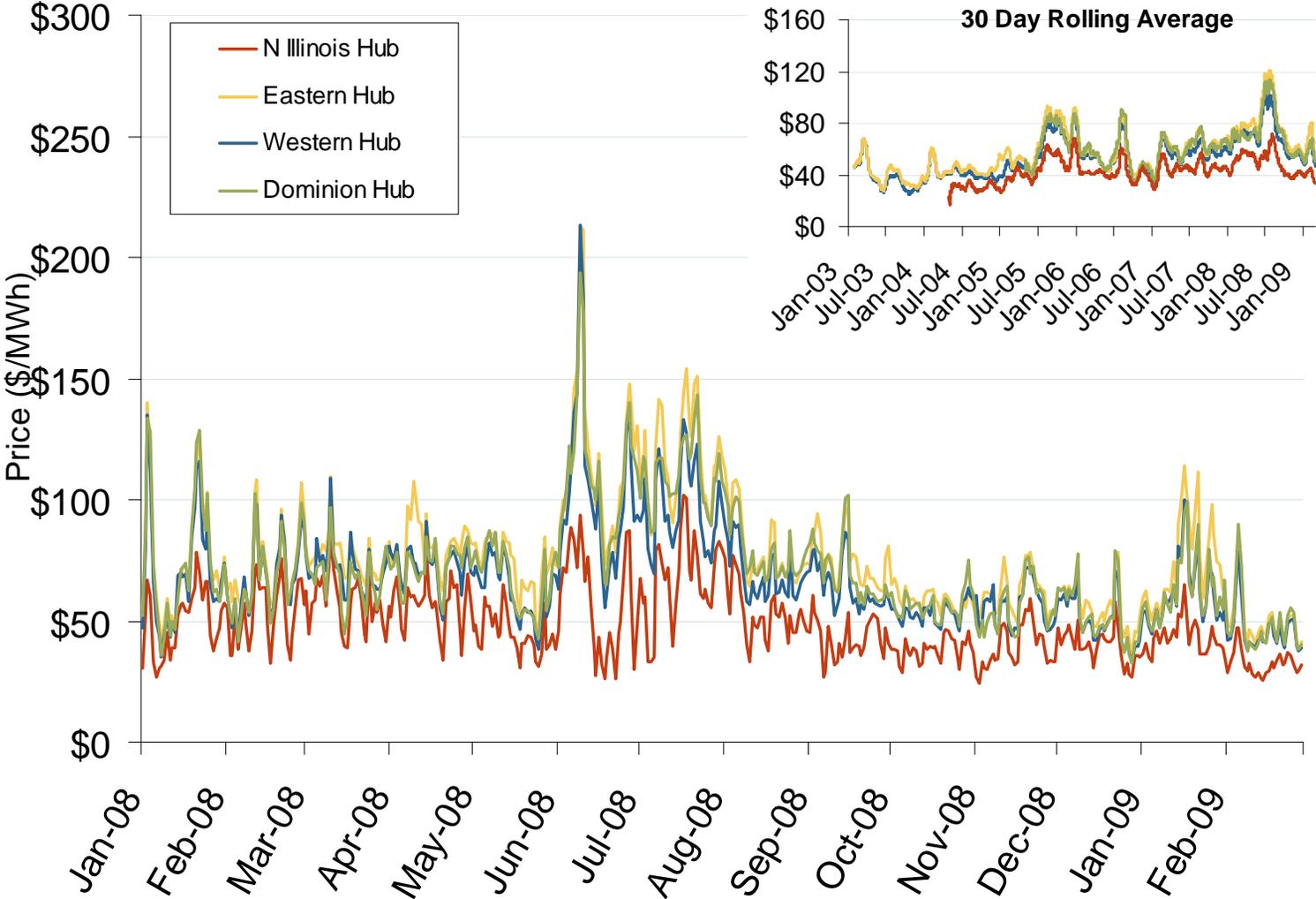
Source: Derived from *Platts* data
March 2009 Southeast Snapshot Report

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Daily Average of PJM Day-Ahead Prices - All Hours



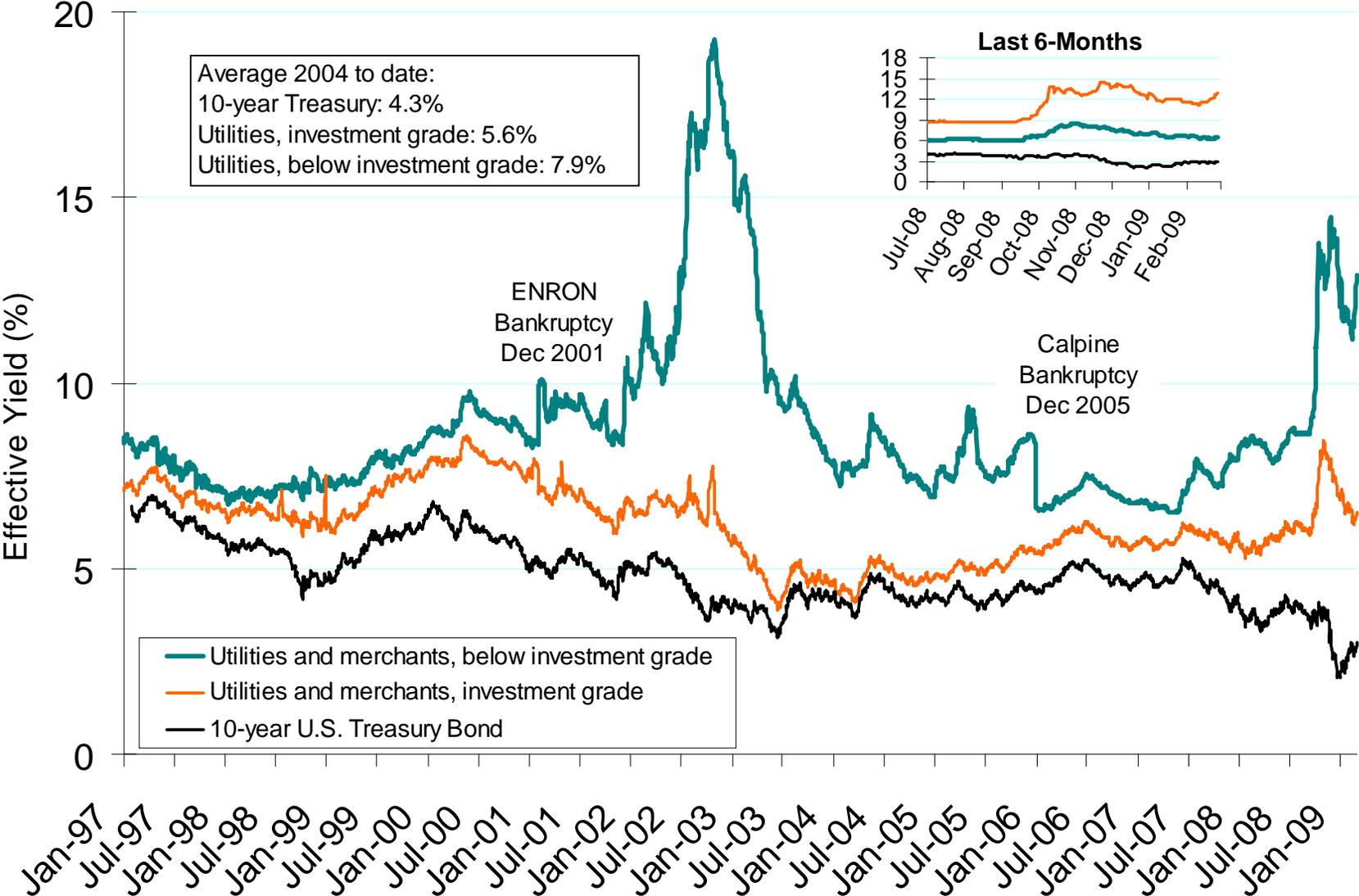
Daily Average of PJM Day-Ahead Prices - All Hours



Source: Derived by Bloomberg from PJM data as reported by Bloomberg. March 2009 Southeast 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.
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