

Eye On ENERGY

A periodic publication of American Energy.[®]
Providing insight for making better energy decisions.

COMMODITIES UPDATE

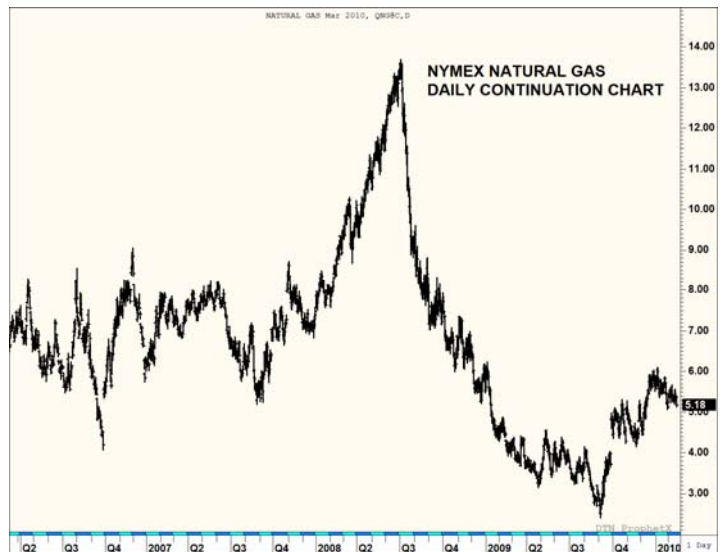
By Mike Granstaff

February 2010 Natural Gas Report

There really isn't much to talk about regarding the price of natural gas since our last report. This would probably come as a surprise to the casual observer considering the fact that the eastern two-thirds of the nation is experiencing one of the coldest winters in recent memory and THE snowiest winter in recorded history in many areas. On Friday, February 12th there was snow on the ground in 49 of 50 States. Hawaii was the only hold-out. This is such a strange phenomenon that nobody even keeps records of it so we don't know if it's ever happened before. The near term weather forecast shows no sign of this cold air regime letting up over the eastern half of the nation and especially the mid-continent and southeast through the first week of March. Even so, the natural gas market has taken a ho-hum attitude about the whole thing by staying down in the mid-\$5's and trading in a very narrow range.

Longer term forecasts have much the same theme as February for the entire month of March as far as temperature anomalies go. So, we will likely have several more weeks of greater than normal withdrawals from working storage. Based on this weather forecast our working storage projections would have us ending the drawdown season with around 1,540 Bcf. This would put it below year ago levels but still above the 5 year average of 1,478 Bcf.

January ended up being slightly warmer than the long-term average for the contiguous U.S. according to NOAA (this following the 14th coolest December over the past 115 years). January temperatures were below normal in the Central, South, and Southeast but the Northwest climate region experienced its fifth warmest January on record. The West and Northeast regions were also above normal in terms of average temperature. Florida had its tenth coolest January on record. Based on NOAA's Residential Energy Demand Temperature Index, the contiguous U.S. temperature-related energy demand was 1.3% above average for January.



Working Storage

The EIA reported that 190 Bcf was withdrawn from working storage the week ending February 12th. We would normally expect to see a withdrawal of 129 Bcf for this reporting period. Working storage is now 2,025 Bcf which is 53 Bcf greater than the 5 year average and 29 Bcf greater than last year.

STRATEGIES FOR ENERGY CONSERVATION

By Tom Moore

As there continues to be national attention on energy conservation efforts and reducing carbon emissions there are also more and more opportunities for businesses to use rebates and incentives that will help reduce the cost of energy conservation projects.

There are a number of benefits from these programs. First, the utility benefits by reducing the need for additional generation capacity. Second, the customer benefits by reducing energy consumption and the related costs. And finally, the environment benefits by reducing emissions.

Recently, an American Energy client benefited greatly from a lighting and control retrofit project in Oregon. Here is a summary of how two programs in Oregon work together for great incentives:

Business Energy Tax Credit

- 35% of the total project cost
- The tax credit is spread over 5 years.
- The approved energy projects include: Passive Solar Space Heat, Solar Water Heat, Solar Space Heat, Solar Thermal Electric, Photovoltaics, Landfill Gas, Wind, Biomass, Hydroelectric, Geothermal Electric, Geothermal Heat Pumps, CHP/Cogeneration, Hydrogen, Industrial Waste, Ethanol, Methanol, Biodiesel, Fuel Cells using Renewable Fuels
- The available credits are capped at \$20 million for renewable projects and \$10 million for efficiency projects

Energy Trust of Oregon

- Prescriptive rebate program
 - Menu style \$s for certain type of fixture installed/replaced
- Custom rebate program also available based on cost/savings
 - 35% of the total approved cost not to exceed 17¢/annual kilowatt-hours (kWh) saved
- Service must be from Portland General Electric, Pacific Power, NW Natural or Cascade Natural Gas
- Must improve existing equipment by 25% or more
- Capped at \$500,000 per site per year
- Projects include: Lighting, Lighting Controls/Sensors, Furnaces , Boilers, Heat pumps, Air conditioners, Building Insulation, Motors, Custom/Others

The customer reduced their project costs by over 60% through the various programs. Here is a quick project summary:

Project Cost Gross:	\$ 78,113
EPACT 2005 Tax Benefit	\$ (6,000)
Business Energy Tax Credit - Oregon Dept. of Energy	\$(27,339)
Rebate (Energy Trust of Oregon)	<u>\$(16,773)</u>
Net Retrofit Cost	\$ 28,000
Annual kWh Savings	\$23,159
HVAC Related kWh Savings (Offices and Other Section)	\$ 2,275
Maintenance Cost Reduction	<u>\$ 2,181</u>
Total Annual Savings	\$27,615
Simple Payback in Years	1.01
Internal Rate of Return (10 years)	70.8%
Annual Lbs CO2 Emissions Reduced	269,863

American Energy will work with customer on all aspects of these opportunities including helping the client set priorities for capital improvements, make sure the project qualifies, and managing all forms and applications required for the incentive and rebate programs.

EXECUTIVE INSIGHT

By Jim Matteoni, COO

The Green Movement

A growing number of companies in all sectors; technology, financial services, energy, retail, and manufacturing are embracing environmentally safe practices and saving hundreds of millions of dollars. Nike, Hewlett-Packard, UPS, Coke, Yahoo and Wal-Mart to name a few are using green practices in their work sites, product development, packaging, and in energy saving data centers.

Wal-Mart Stores, Inc. are judging its vast chain of suppliers not just in conventional criteria such as price, but also on a new standard; the environmental sustainability of its packaging. Wal-Mart says it is pushing its environmental goals onto its vast supply chain in the exact same way it pushes its commitment to low prices, efficient delivery systems or any other corporate initiative.

Another major corporation, Coca Cola Enterprises is converting its fleet of delivery trucks to hybrid trucks. This is part of Coca-Cola Enterprises commitment to global issues such as climate change and energy consumption. This investment in hybrid technology sets the corporation ahead of its competitors in terms of ecological awareness. All of us; from our homes to our companies can and should do our part in moving the green movement forward.

Our children will appreciate it!

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ABOUT AMERICAN ENERGY

American Energy Solutions, Inc. provides comprehensive energy management services that help our commercial and industrial clients to better manage and reduce energy costs. Independent, unbiased advice along with a turnkey implementation approach provides our clients with solutions in energy procurement, energy conservation, information management, and greenhouse gas emissions management. With experience in virtually every state, the knowledge and expertise we have developed allows us to implement solutions wherever opportunities exist. For more information about American Energy Solutions please visit our web site at www.americanenergy.com or call 913-433-7800.