

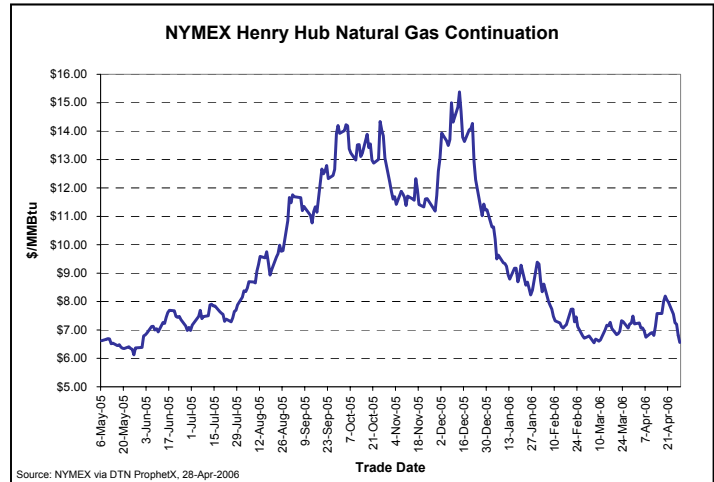
# MarketNotes



A Publication for Business and Industry About Our Evolving Energy Markets

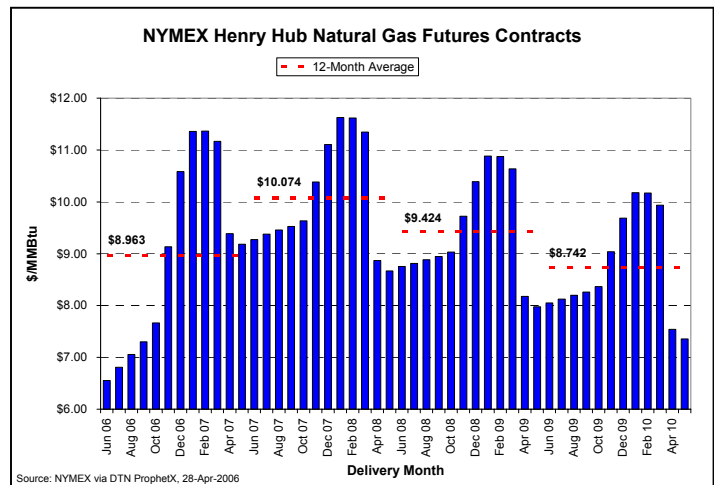
NYMEX Henry Hub Natural Gas Contract Average Prices (\$/MMBtu) as of April 28, 2006		
Term	Starting	
	Jun 2006	Jan 2007
3-mo	6.807	11.297
6-mo	7.419	10.289
12-mo	8.963	10.102
24-mo	9.519	9.912

The May NYMEX NG contract expired at \$7.198/MMBtu on April 26 following an unusually volatile shoulder month. This is a 12% drop from its high of \$8.192 on April 19. The June 2006 contract, trading as the prompt month, dropped 25 cents to close at \$6.555 on April 28. This represents a 20% drop or \$1.64 decrease from the April 19 high of the continuous prompt month. With storage well above the 5 year range the market is fundamentally bearish. Volatility



came from skyrocketing crude market reconciling with extreme storage reality. The June 2006 NYMEX WTI crude contract hit an all time high of \$75.17/Bbl on April 21.

The 12-month strip has shadowed the prompt month. Since April 13, the strip has decreased 11 cents, to close at \$8.963 on April 28. The 24-month and 36-month strips however, have firmed up, 2 and 6 cents respectively. They closed at \$9.52 and \$9.49 respectively on April 28. Calendar 2007 and Calendar 2008 strips are up even more, at 12 and 21 cents respectively, since April 13.

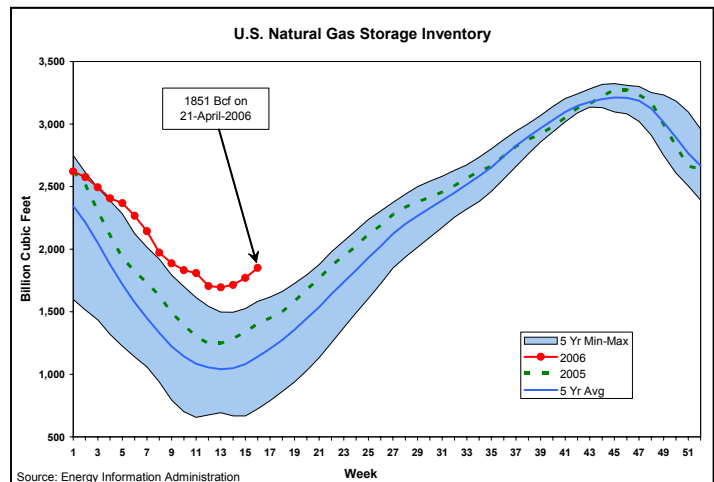


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 Reliant Energy  
 Published by:  
 Reliant Energy  
 P.O. Box 4300  
 Houston TX 77210-4300  
 Phone: 888-315-1558  
 Fax: 713-497-9066

For information, contact:  
 Mia Vu, VP  
 Transaction & Product Solutions  
 713-497-5060  
 mvu@reliant.com

Tuan Tran, Senior Analyst  
 713-497-5274  
 ttran@reliant.com

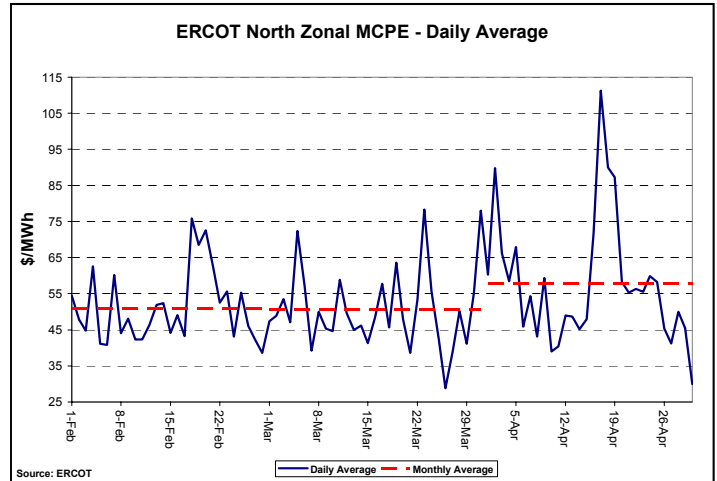
Working gas in storage was 1,851 Bcf as of Friday, April 21, 2006, according to EIA estimates. This represents a net increase of 80 Bcf from the previous week. The previous week's estimate was revised up 10 Bcf to 1,771 Bcf due to resubmission and reclassification of data. Stocks were 445 Bcf higher than last year at this time and 710 Bcf above the 5-year average of 1,141 Bcf. At 1,851 Bcf, total working gas is well above the 5-year historical range.



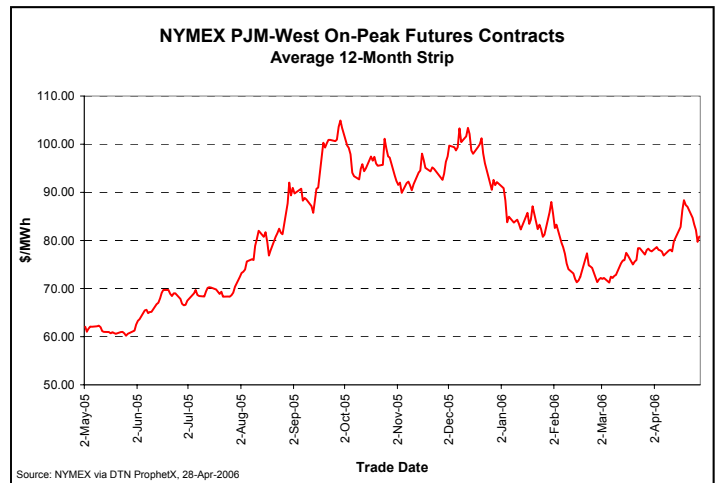
**U.S. Petroleum Inventories as reported by D.O.E. (Million Barrels)**

	4/21/06	4/14/06
Crude (Excl SPR)	345.0	345.2
Motor Gasoline	200.6	202.5
Jet Fuel	41.6	41.8
Distillate	115.6	114.6
Residual	42.0	41.2
Total (Excl SPR)	1,002.3	999.5
Crude (SPR)	687.1	686.9

Since April 13, the April month-to-date average MCPE for ERCOT North Zone increased \$2.08/MWh to \$57.72. April month-to-date average MCPE is \$7.04 more than March average MCPE. The ratio of power price to gas daily price went up 0.55 from March to 8.36 for April.



In mid-April, warmer weather and higher NYMEX NG prices driven by a raging crude market helped push the PJM NYMEX On-Peak Average 12-month strip higher since April 13. The strip broke above \$80/MWh on April 17 and traded at \$88.35/MWh before closing at \$80.82 on April 28, due to weakness in gas market.



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**Reliant Energy**

P.O. Box 4300  
Houston TX 77210-4300

Phone: 888-315-1558  
Fax: 713-497-9066

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The PJM NYMEX On-Peak contracts have traded in a similar pattern as the NYMEX NG. The contracts achieved their highs on April 19, but have since given back some of those gains. The June 2006 through September 2006 contracts have trended lower on average \$2.75/MWh since April 13. The October 2006 and outer contracts however have kept most their gains, on average \$1.51, since April 13 for the October 2006 through August 2007 contracts.

