

Got Gas?

INVESTING TODAY IN TOMORROW'S ENERGY

10/29/10

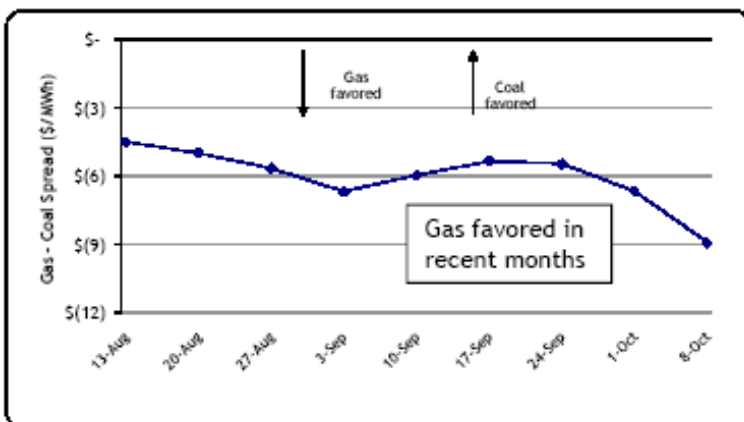
The Future of Power Generation?

COAL: Stockings may become a better use this year

Natural gas demand for power generation is continuing to increase. More power production is being switched from coal to natural gas. For August, total power generation increased 7% year over year while gas demand increased 13%. According to Tudor, Pickering, Holt & Co. (TPH), natural gas is nearly \$4 per megawatt hour cheaper than coal. In this environment TPH believes future power production economics favors natural gas even more and we will continue to see further switching

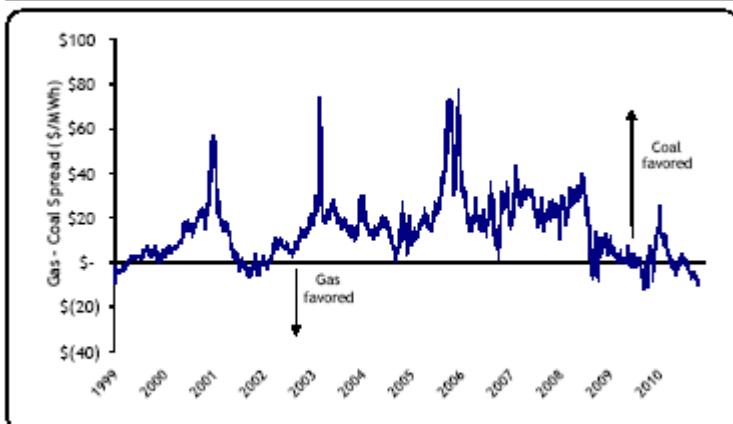
TPH published the below graphs recently to depict the spread between the cost per megawatt hour of natural gas and coal. They see this spread continuing to widen.

Gas - Coal Spread (\$/MWh), Trailing 8 Weeks



Natural gas prices relative to coal prices favor gas-fired power generation in some regions.

Gas - Coal Spread (\$/MWh), 1999 - Present



Source: Bloomberg; Tudor, Pickering, Holt



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