

**electricity market update****OPG's Lower Mattagami Project to Cost an Estimated \$2.6 Billion**

Provincial government officials say the project will increase Ontario's supply of clean,

renewable power by about 440 megawatts and create hundreds of jobs. Ontario Power Generation's (OPG) partner in the project is the Moose Cree First Nation, which will have up to a 25 percent equity share in the project.

"Lower Mattagami, like Ontario's other important generation assets, will play a central role in the well-being of the local community and regional economy," says Tom Mitchell, OPG's President and CEO.

Approximately 600 people will work on the project annually, with a peak of over 800, during the five years of construction. In total, the project will create over 4,000 person years of direct, and indirect employment.

The project consists of four parts: Rebuilding Smoky Falls Generating Station and adding new generating units at Harmon, Kipling, and Little Long generating stations. Making use of existing sites creates valuable renewable energy with minimal environmental disruption. Kapuskasing Mayor, Alan Spacek said the project will be a big boost to Northern communities.

The development will expand the capacity of four existing stations from 486-924 megawatts of dispatchable, peaking power. In total, the project will add approximately 440 megawatts of hydroelectric capacity, or enough electricity to power between 330,000 and 440,000 homes.

*(Source: Timmins Daily Press Website)*

**gas market update****BP Oil Spills Real Impact on Canada's Energy Sector**

Domestic stakeholders are quietly optimistic that the unintended consequences of the blowout will benefit the Canadian oil industry.

But this optimism is guarded, because the tragedy in the Gulf poses unintended and unwanted risks to Canada's oil and gas industry too.

Extra safety measures, higher insurance rates, more stringent regulation and drilling moratoria in the Gulf of Mexico may all translate into higher costs that lead to the diversion of exploration dollars to other free-market jurisdictions where there is oil to be found. It's uncertain how much of the \$US 15 billion that is spent annually in the offshore United States will migrate elsewhere, but those in the oil business know that options are highly constrained and Canada represents one of the few attractive choices for investment.

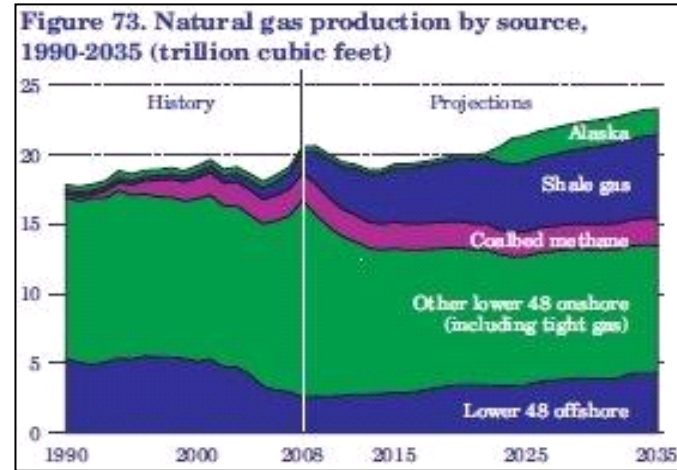
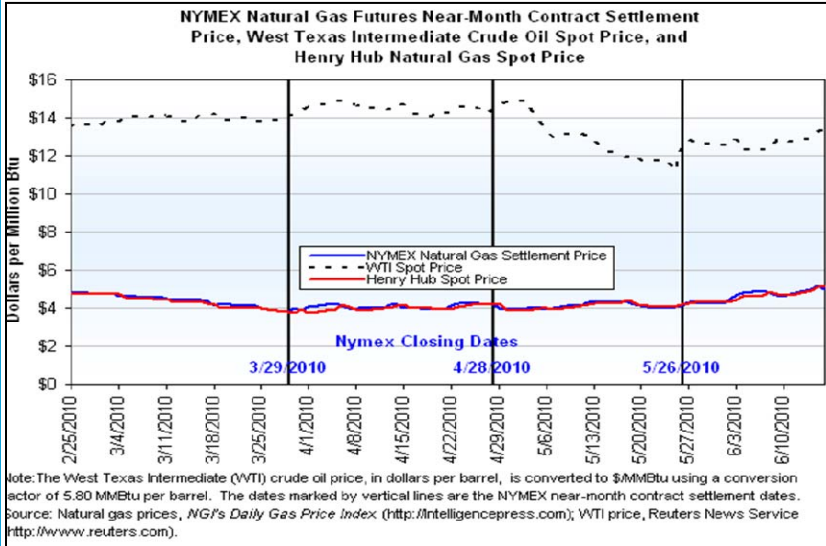
The negative effect of surging investment dollars into an economy is inflation. The real problem of inflation is not confined to the oil sands. Localized cost increases act as a regional pesticide across the entire economy, because peripheral businesses have to match rising wages and higher prices paid for goods and services, or else they lose good employees to the oil industry. Even within the oil and gas industry there is collateral damage when oil dollars flow in too fast.

The risk of recurring inflation is paired against another consequence of the BP blowout. Environmental effects are making large oil consuming countries increasingly resolute to "get off oil." There are many demand mitigating forces that are gaining momentum – induced by technology, policy and societal change – that are likely to significantly offset new growth barrels over the next five to ten years.

*(Source: The Calgary Herald)*

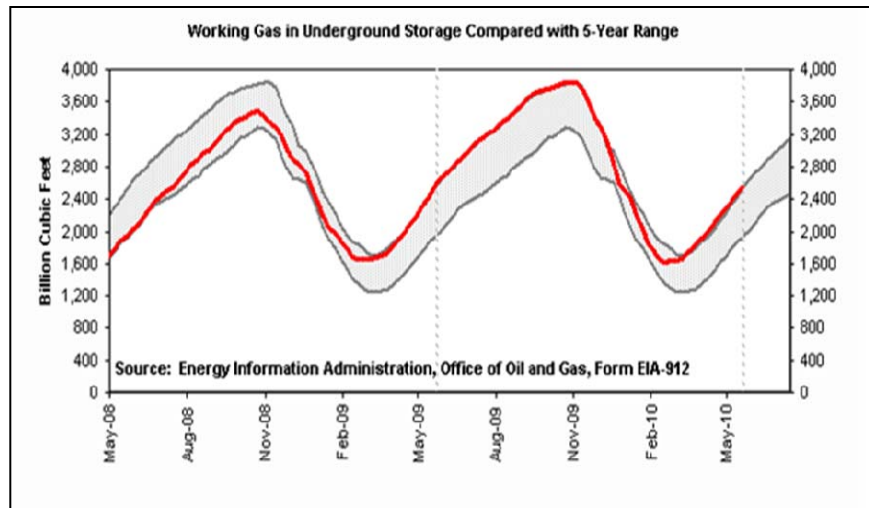
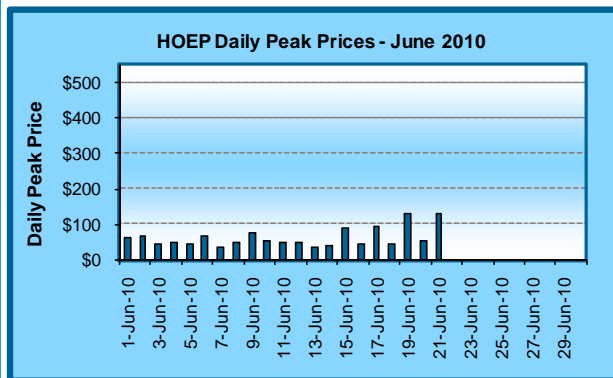


weekly market update



Source: EIA Website

At the New York Mercantile Exchange (NYMEX), the futures contract for July delivery at the Henry Hub ended trading on Tuesday June 15, 2010 increasing by about 6% during the report week ending Wednesday June 16, 2010. (Source: EIA Website)



Working gas in storage was 2,543 Bcf as of Friday June 11, 2010, according to EIA estimates. This represents a net increase of 87 Bcf from the previous week. Stocks were 2 Bcf higher than last year at this time and 313 Bcf above the 5-year average of 2,230 Bcf. (Source: EIA Website)

