



ENERGY AND ENVIRONMENTAL COLLISION OVER THE TAR SANDS

“Calgary is a boomtown again and the Tar Sands are making it the king of oil. Current production is 1.2 million barrels per day out of a total of 2.6 million b./d of Canadian oil production.”

Peter C. Fusaro

I recently made a keynote speech to the energy credit managers in Calgary. Calgary is a boomtown again and the Tar Sands are making it the king of oil. Current production is 1.2 million barrels per day out of a total of 2.6 million b./d of Canadian oil production.

But estimates are that production could reach 4 million b/d by 2020. Tar sand production has been a continuous process of cost reductions and technology improvements since the late 1970s. The resource base is estimated at 174 billion barrels which exceeds every oil producer except Saudi Arabia.

All major oil producers except BP are involved in the tar sands, and this includes Shell, ExxonMobil, Total and ChevronTexaco, with Shell having the greatest exposure. Many international companies including the Chinese are involved in tar sand developments. Recently, Norway's Statoil acquired North American Oil Sands Corporation. Total is investing \$10 to \$15 billion Canadian to build an upgrading plant. Local Canadian producers include Suncorp and Syncrude. Tar sand production, while touted as going to the Asia, actually seems initially targeted for the lower 48 states of the US as mid-continent, Alaskan and Californian oil production all decline. Costs of syncrude, as the tar sands, are called are down dramatically at \$10 per barrel dramatically or a 300% decline.

The limits to unlimited tar sand development are water and energy. Water is used to separate oil and natural gas which is used to heat the oil from the rocks that are mined. In reality, syncrude production is large scale above ground mining operation. Syncrude takes lots of energy to produce. There is talk by the Canadian government to build a nuclear plant in order to produce the energy needed for further tar sand development. This seemed unlikely despite the claims of the

(Continued on page 2)

In This ISSUE

| | |
|--|---|
| Energy & Environmental Collision Over the Tar Sands..... | 1 |
| Commentary on BioDiesel Hoopla | 2 |
| Energy Briefs | 3 |
| The Numbers Debate | 4 |
| A Whole New World of Commodity Hedge Funds | 5 |
| Data Centers are the New Target for Energy Efficiency | 6 |
| Energy Hedge Fund Center Directory of Energy & Environmental Hedge Funds - Current Summary | 6 |
| Voodoo at Risk (VaR)..... | 7 |
| OTC Legal & Black Swan Risk Advisors Form Strategic Alliance | 6 |
| Fusaro's Focus | 7 |
| Vasey's Vista | 7 |
| Cook's Corner | 8 |
| New Study Highlights Aging Workforce Problem for North American Utilities..... | 9 |

©2006 Energy Hedge Fund Center, LLC, 2576 Broadway, PMB #385, New York, NY 10025.

No story or graphic in Energy Hedge may be reprinted, retransmitted, excerpted, quoted from directly, or utilized in any other form or format without the express written permission of the publisher. All such requests should be directed to:

peter@energyhedgefunds.com or gary@energyhedgefunds.com

Energy & Environmental Collision Over the Tar Sands *(Continued from page 1)*

Canadian government until Shell's interest in using nuclear power for oil sands production was revealed this week.

Through a secretive Calgary-based company called Sure Northern Energy Limited reported in the *Globe and Mail* on May 22nd, Shell is working to unlock an estimated 60 billion barrels of raw bitumen which are more than 100 kilometers west of the oil sands center in Fort McMurray in northeastern Alberta province. The bitumen is trapped in hard rock limestone which is different than conventional oil sands that is mixed with dirt and sandstone. The Shell deposit needs great degrees of electric power to breakdown the oil deposits from the limestone. While this resource has been known for decades, the technology was lacking to make production worthwhile. Basically, Shell is using thermal recovery through the use of electric heaters below ground to loosen up the bitumen and then draw it to the surface as a liquid. Husky Oil is the other major oil producer in the area and wants to partner with Shell in this new technology.

There is a proposal by Energy Alberta to build 2,200 MW nuclear reactor that would cost \$6.2 billion and be operational by 2016. 70%

of that production would be used by Shell. This amounts to 20% of Alberta's present electricity supply. Suncor, by comparison, uses 400 MW for oil sands production. Energy Alberta is submitting a preliminary application to the Canadian Nuclear Safety Commission in mid June. Other companies in the oils sands business such as Total have also expressed interest in nuclear power for oil sands production. The point is tar sands production will continue to ratchet up.

Another rising impediment to oil sands production is greenhouse gas output. It is estimated that the oil sands will produce half of Canada's increase in greenhouse gas emissions to 2010. The Canadian government has recently been advocating a 20% cut in greenhouse gases by 2020. (Canada is a Kyoto signatory nation). The oil sands and other large emitters get a special break called the "large emitters program." What this means is that oil sands producers must reduce their "carbon intensity" relative to the output of production. Since oil sands are growing, that means greenhouse gas emissions would actually be rising.

Suncor has been a more proactive environmental producer in that it has developed a portfolio of alternative energy projects. In discussions with its CEO several years ago, he was interested in gasification of the syncrude to create a "negative" value for the carbon. It is unclear where that is today.

The tar sands use both nitrogen and CO2 injection. It seems very likely that CO2 injection will be married to carbon sequestration efforts. This is already done in Saskatchewan with a CO2 pipeline sending CO2 from North Dakota to enhanced oil recovery in that province. With so much research done on carbon capture and sequestration, it seems likely that Canada will be a leader in this technology.

The US needs to look north for most of its energy security needs as Canada is a reliable supplier of oil, gas, uranium, forest products and precious metals. I think the best days lie ahead for this natural resource rich country despite its laggard financial markets which has 170 royalty trusts and very few energy hedge funds. The capital will come from the banks and major energy companies who are already well situated there.



Commentary On BioDiesel Hoopla

By Peter C. Fusaro

I just attended the Merriman Curhan Ford's Next Generation Technology conference in New York which had 35 company presentations. I was interested in getting a heads up on biodiesel. Here's the lowdown; total US biodiesel production is now 250 million gallons annually (that's 6,000 b/d), and the claims are now "we're not ethanol" and "we can be Europe." Europe is 50 to 60% diesel due to its auto fleet. It seems likely that biodiesel may reach 2 million by President Bush's self-proclaimed 20% alternative fuels mandate by 2017 (by that time, everyone will have forgotten; remember the goal of 5% or 10% zero emissions vehicles in

California for 1998). Anyway, the sources of the feedstock are 90% of the cost and run the gamut from soybeans, oil seeds, palm oil, cottonseed oil, jatropha (our favorite weed), algae, fats, oils & greases from pigs, catfish etc, and slug from palm oil. Soy is seen as a transitional fuel (thank God) as it is also a basic foodstuff for much of the world, tofu anyone.

Here's the scary part. The talk of imports of these amazing feedstocks. I think I am missing something here "we trade oil dependency for another feedstock dependency." Excuse me, did anyone ever hear of balance of trade?

Biodiesel will live off the fat of the subsidies and silly 2% government mandates. That means farmers, fleet vehicles and marine applications. My favorite new silly slogan is "Bean to Bean." Basically you plant the stuff and sell the farmers the fuel to harvest the oil. This seems very ridiculous. Why bother to plant crops that farmers can use to plant and harvest more crops. Like I said last year, send the farmers checks since this is still social welfare at its worse. Get real about foreign oil dependency through plug and plays and coal gasification. Biodiesel in American is an ultra niche market play, but remember it's not ethanol.

Credit Suisse Funds \$200million SPV for Forestry Projects

Credit Suisse and Sustainable Forestry Management (SFM) have agreed to set up Sustainable Carbon Finance, a new special purpose vehicle, to provide up to \$200 million in carbon-backed financing for forestry projects. The funding shows the increasing viability of carbon finance and the growing liquidity in carbon trading, albeit from low levels, outside the United States.

Interest in forestry is rising as a means to ameliorate carbon emissions. Tree replanting is actually getting a major uplift in Latin America through tree replanting for both reforestation and biofuels production.

CO2 Emissions Rates Rising at 3 Times the Rate of the 1990s

Greenhouse gas rates have tripled since the 1990s. The rate of emissions increase from 2000 to 2004 (the most recent year available) is 3.1% corresponding rate of 1.1 percent in the 1990s. This marks a reversal of a long-term trend toward greater energy efficiency. CO2 accelerations are happening faster in the China and the developing world due to more fossil fuel consumption.

Brent versus WTI

As Brent crude pushes past \$72/bbl, WTI slides below \$65/bbl in a reversal of historical fortunes for the two grades. And this is exactly the kind of pricing behavior that we have discussed in the pages of Energy Hedge – when historical trends and relationships break down there is both opportunity but those historical risk tools break down. The Brent price probably reflects the ‘true’ price of oil in today’s environment while WTI is pressured down based on US inventory reports.

It's a Gas in China

The China Daily says huge gas reserves have been found in the southwestern province of Sichuan. Estimated at 3.8 trillion cubic metres the discovery is equivalent to about 60 years of China's total production at current output levels. The new find is near the Puguang gas

field, which was announced in March while last year another gas field was found in northern China's Inner Mongolia Region.

Middle East Energy Investment to Rise

The Arab world requires capital investment of about \$345bn in the energy sector between 2007 and 2011, a recent review by the Arab Petroleum Investments Corporation (Apicorp) has said. This represents a 57% increase over the 2006 – 2010 period, in which Apicorp had estimated an investment of \$220bn.



Water Industry Paradox

While there is great investor interest in water and an estimated \$250 billion investment need in the US to rebuild and clean up existing water infrastructure, there are few places to invest in the sector as private or institutional investor. There are only 9 investor owned utilities with about 5% of the US water market, the remainder are municipal water authorities. The other interesting factoid is that there is 30 times the amount of groundwater than surface water. Much of this groundwater is brackish and contaminated. Here is the water play. That is investment in technologies that clean up contaminants such as arsenic, nitrates (from farming), selenium, chromium, radionuclides and percholates as well as lead

and mercury. Look for many start up remediation technologies as they'll be golden in coming years.

Carbon Footprint Reduction: Easier Said Than Done

Trying to target the supply chain for emissions associated with something is not that easy. The labels for the energy needed for refrigeration, lighting and heating is usually not part of the equation. Transportation of employees commuting to work is usually not included under one's corporate footprint. Emissions used for cooking are not captured. It's kind of surreal effect being carbon neutral.

Sungard Kiodex Nails Malaysian Airlines

SunGard Kiodex (<http://www.sungard.com>) has been chosen by Malaysian Airlines to help it better manage earnings volatility due to changes in fuel prices. Kiodes Risk Workbench provides consumers of energy, such as airlines, with a business process to help manage energy-price risk, design financial strategies and comply with best practice financial reporting and accounting policies. Kiodes Risk Workbench is a Web-based commodities risk management solution that integrates deal capture, valuation models, risk measurement, financial reporting, and independent market data that includes representative prices, volatilities and volatility skews across the spectrum of commodity markets (<http://www.sungard.com/kiodes>).

Jet fuel remains the most volatile petroleum product and has accounted for many energy trading disasters due to its high volatility. You will notice that there is no jet fuel hedge fund. That's because you sometimes can't write options on it. Risk management control systems are helpful in mitigating jet fuel risk, but don't forget proper people management is also important. The disaster of China airlines wasn't so long ago. Asian jet fuel markets are the most volatile, and there are times in the year that savvy US West Coast traders exploit an arbitrage window with the Singapore jet fuel market. Remember some one always lose on the other side as energy trading is a zero sum game.

THE NUMBERS DEBATE

By Dr. Gary M. Vasey

Late last year I was chairperson on a panel at the GAIM conference in Geneva. It was a crowded panel and recall being quite concerned about getting everyone on the panel equal time for participation. As it turned out, I need not have worried as the debate got quite heated as the various panelists espoused their views on how many commodity hedge funds there were. Interestingly, the views seemed to range from around 90 to 200 depending on whom was talking and at least two of our participants were energy fund of fund managers who seemed hell bent on being correct. Funnily enough and as a result of our EHFC research, I was able to offer a third and alternate option on this!

What was apparent to me during and after this debate is that no one really knows how many commodity hedge funds there are nor how much money is at work through them in commodity markets. While, we track commodity funds for the EHFC directory, our emphasis and interest is only on those that trade some energy or energy-related commodities and as such, our number is likely to be too conservative. The other issue is that, certainly in North America, hedge funds simply do not advertise and I find new commodity funds on a monthly basis that have a 2-3 year track record already and are not in the directory.

It does seem for some folks to be a matter of personal pride to know the EXACT number of commodity funds out there but for EHFC we

know that is simply not possible. Why? Well certainly for the reasons cited above but also because the definition of a hedge fund is quite loose. For example, are all CTA's hedge funds? Not necessarily but how many really are hedge funds? Is a carbon fund to be characterized as a commodity fund or not? What about 'hybrid' funds that trade equities and

".....no one really knows how many commodity hedge funds there are nor how much money is at work through them in commodity markets."

commodity futures? The fact is that we can argue about the exact number all day and still be wrong. What is important however is that the total number of commodity hedge funds is still increasing and fast. This trend looks set to continue for some time too. Oh and if you are interested, the EHFC directory currently has 189 commodity funds listed excluding carbon and 'hybrid' funds!

So when I saw the Bloomberg article stating that commodity hedge fund assets may rise to \$35 Billion I was once again reminded of that panel discussion in Geneva. It's difficult to know how much money commodity funds manage if you cannot define or count the number of commodity funds but I will say \$35

Billion sounds way too low already to me. Simply counting AUM numbers in our Directory exceeds \$60 Billion and we don't have AUM for all of the funds nr does that include 'hybrid' funds. Again, it's not the absolute number that is important, it is the trend and that trend is up.

What else does the EHFC Directory of Energy Hedge Funds tell us? It shows that there are now more than 565 hedge funds active in energy and environment and the latest trend in new launches are as follows;

- Another round of commodity funds have been launched this last few months. Many tend to be broader-based than simple energy while the reminder appear firmly targeted on European regional energy markets;
- Fund of Funds in Natural Resources and Environment are in vogue and being created at a rapid clip and;
- Water is increasingly a focus for funds with a small number of water funds launched in the last few months too;
- Everyone wants to get in on the environmental side and we see funds being launched with different environmental spins across the spectrum;
- Finally, commodity hedge funds are moving into the more physical side of the energy industry.

When we first created the EHFC Directory, we listed around 180 funds. That was just 2 1/2 years ago – today, there are more than 565 – rapid growth in anybody's book.

A WHOLE NEW WORLD OF COMMODITY HEDGE FUNDS



By Leslie Barbagallo,
Senior Vice President, SunGard Kiodex

For many investors, investing in commodities means equities or sector-based mutual funds or, increasingly, commodity indexes or exchange-traded funds (ETFs). However, for most, a commodity hedge fund means an actively managed fund with direct exposure to commodities. For this class of commodity investment, the array of strategies in commodity derivatives and the underlying asset classes is in an ongoing state of high growth and diversification.

SunGard Kiodex has spoken with over 40 different funds of funds investors as they have done due diligence on our 22 commodity hedge fund clients. The funds of funds are very vocal about what information they would like their hedge funds to generate from their trading and risk system. With commodity hedge funds a primary market for Kiodex trading and risk management solutions, these fund of funds have also served as an invaluable resource on new funds or growing funds in the space and the strategies and trends.

The trend for diversification both geographically and by product is undeniable based on the Kiodex

hedge fund customer base, the broader world of funds represented in conversations with funds of funds, announcements of new funds and from fund data gathered by the Energy Hedge Fund Center. From these sources, some key data points emerge:

1. New market entrants in the commodity hedge fund space are coming largely from Europe as opposed to the past dominance by US entrants.
2. Funds are employing a wider array of commodity strategies, e.g. power, freight, agricultural products, coal and weather derivatives.
3. Funds are entering “green” commodity strategies, e.g., trading in ethanol and emissions.
4. New flavors of relative value strategies are on the upswing, such as strategies related to the spread between ethanol and corn prices, or emissions and energy prices.
5. Funds are increasingly adding exposure to physical products, either through the fund or a related entity. This physical trading is itself driven by a diversity of motivations, from adding an added source of returns, to maintaining an understanding of the fundamental markets, to ensuring that financial positions that settle into physical products can be covered.

One fund exemplifies the last three of these five points - expansion of new relative value, green and physical strategies. Hedge fund GreenHaven LLC is a fundamentals-driven commodity fund with relative value and directional energy and agricultural strategies, as well as relative value plays between energy and agricultural products. As a fundamentally driven fund, they rely first and foremost on understanding of the underlying markets, rather than technical analysis and quantitative models, to make decisions on entering, exiting or modifying positions. By employing both directional and relative values

strategies, they, respectively, take bets on given prices or volatilities going up or down and take bets on the spread between two instruments representing different time periods, locations, or products. Through activity in a related business, they broker storage deals physical corn and natural gas that are their own source of revenue in addition to providing a deeper understanding of the pricing and demand for corn and natural gas.

One ironic challenge for hedge funds as they take advantage of emerging markets to generate returns is that, while investors seek new opportunities and diversification, many are understandably leery to invest in a new fund covering a new market. The complexity and volatility of commodity markets is a barrier to entry for the average investor as well as institutional investors and funds of funds. Where the majority of general hedge fund investment is directly from high net worth individuals or family offices, the land of commodity hedge funds has been dominated by fund of fund investment, given the complexity of the strategies. Even for funds of funds, the investment in commodity hedges has largely been from those firms with a specialization in commodities, and the associated comfort with commodity fundamentals and liquidity characteristics provided by that specialization. However, even among the specialists, there are concerns. Anecdotally, one fund of fund burned by a specialized commodity fund trading in highly illiquid markets now invests only in commodity funds with broad scope. Another fund of fund comfortable with oil and gas trading is hesitant to expand to power. In the end, funds of funds may find the focus should be on the hedge fund manager's experience and risk approach, rather than in-house expertise at the fund of fund, as it is the hedge fund managers who will ultimately protect the reliable growth of their investment, through proper operational controls, liquidity measures and monitoring of market and credit risk.

(Continued from page 6)

A Whole New World of Commodity Hedge Funds

(Continued from page 5)

For more information on diversification in hedge fund strategies and on Investing in Commodities in general, Financial News is holding a one-day conference on June 11 in London. The speakers include SunGard Kiodex on diversification, with a drilldown into synergies between energy and agricultural products, Ashmead Pringle of hedge

fund GreenHaven LLC on opportunities in agricultural and a closing keynote from Jean Marc Bonnefous of energy hedge fund Tellurian Capital LLC. For more information, please email info@kiodex.com or go to: www.efinancialnewsevents.com/investcommodities07sungard/



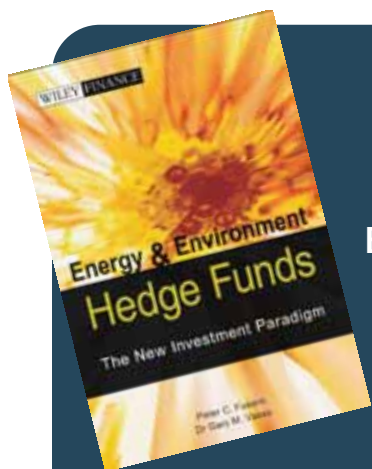
Leslie Barbagallo is a Senior Vice President at SunGard's Kiodex, where her responsibilities include assisting hedge funds and their investors with risk management due diligence. For more information on Kiodex, please go to www.sungard.com/kiodex. She was previously Director of Sales, NY, at a risk system provider, responsible for a team working with commodity, FX, interest rate and fixed income desks for eleven banking clients. Leslie was also the Chief Operating Officer and a partner at RLW Analytics, a software, consulting and market research firm serving power, gas and oil companies. Leslie holds an MBA from UConn and a BA from Harvard. Email: leslie.barbagallo@kiodex.com.

Available NOW

EHFC co-founders have combined again to write the book on energy hedge funds - literally!

Go to energyhedgefunds.com for more information and to purchase. Also Available at Amazon.com

Published by Wiley -
Energy and Environmental Hedge Funds - The New Investment Paradigm,
By Peter C. Fusaro & Dr. Gary M. Vasey



Data Centers are the New Target for Energy Efficiency

No one knows how much energy the Internet uses, but everyone knows that data centers are energy hogs. They need 24/7 reliable power. So, it is a no-brainer that they are now the target for energy efficiency. There are energy service companies (escos) already moving in this direction. More innovative ones are targeting solar installations at data centers. And now Sun Microsystems has developed a "Blackbox" that promises 20% greater energy efficiency than a typical corporate data center. Part of the energy savings is based on its innovative cooling system. The Sun product is also being touted as an "eco-friendly product." Data centers and server farms may use 20% of US energy consumption according to some high ball estimates. Whatever the number is, it's a significant energy user. Watch Silicon Valley now tout "green computing."

Energy Hedge Fund Center Directory of Energy & Environmental Hedge Funds - Current Summary

| | |
|---------------------------|-----|
| <i>Mgmt. Firms Listed</i> | 451 |
| <i>Funds Listed</i> | 568 |

BY STRATEGY

| | |
|--------------------|------------|
| Commodity | 189 |
| Equity | 198 |
| Hybrid | 43 |
| Alternative Energy | 36 |
| FoF | 40 |
| Infrastructure | 16 |
| Unclassified | 40 |
| Water | 2 |
| Shipping | 4 |
| Total | 568 |

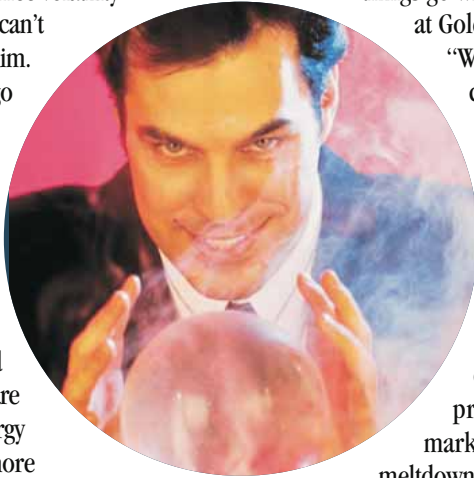
BY LOCATION

| | |
|--------------|------------|
| USA | 364 |
| Canada | 38 |
| UK | 73 |
| Switzerland | 23 |
| Holland | 6 |
| Australia | 6 |
| France | 5 |
| Japan | 1 |
| Germany | 1 |
| Luxembourg | 2 |
| Austria | 4 |
| India | 1 |
| Hong Kong | 1 |
| Sweden | 2 |
| Norway | 10 |
| Russia | 1 |
| Singapore | 1 |
| New Zealand | 1 |
| Sth Korea | 1 |
| Finland | 1 |
| Brazil | 1 |
| Spain | 1 |
| Total | 544 |

Voodoo at Risk (VaR)

Many consultants and risk managers like to point out to Value-at-Risk in today's fast trading energy markets. I tend to use common sense. When an experienced oil, gas and power trader (yes, he has traded for almost 30 years) tells me that no one can handle 3,000% price volatility in electricity because you can't store it, I tend to believe him. He retired several years ago having guessed right on the spark spread and now runs an energy trading hedge fund which does spreads trading. He calls VaR, Voodoo at Risk, and he is right once again. VaR relies on historical data and works best when markets are stable. That is not the energy markets which are now more volatile than ever. It also does not take into account what could happen if assets could not be hedges or liquidated. It is what it is.

Goldman Sachs' daily VaR is \$101 million during



2006 compared to \$50 million in 2005, and even the best like Goldman need access to cash reserves in case markets turn against them. In this case, Goldman has \$50 to \$60 billion in government securities in case things go wrong. As a senior official at Goldman said recently "We know with 100% certainty that we don't know everything."

In rapidly changing markets such as energy. That seems to be a sanguine approach, as we see more energy commodity hedge funds preparing to enter the market, expect more market meltdowns. VaR just can't do it for them. Think of energy hedge funds as a small business without the backstop of a large financial house behind them to cover up trading mistakes.

Fusaro's FOCUS

Carbon intensity and carbon footprints are nice buzzwords but what do they actually accomplish

Vasey's VISTA

UPCOMING CONFERENCES & EVENTS AND NEW HEDGE FUND LAUNCHES

New Fund Launches Added to the EHFC Directory of Energy Hedge Funds

Global Advisors Global Commodity Relative Value Fund

SandRidge Capital Commodity Fund

Loomis Sayles Energy Hedge Fund – An equity long/short vehicle launched in 2005

PCE Investors Utilities and Visibility Fund

Primergy Capital Partners new commodity fund focusing on European

regional energy markets

Wessex Asset Management's Water Fund

Alamanac Capital Partners Commodity Fund

Asset Alliance's BTOP59 Managed Futures Fund

Eurogestion & Partners' Commodity Fund of Funds

Contango Fund Management Company's Contango Commodity Fund

CLSA's Clean Water Asia Fund and Clean Resources Fund

SYZ & Co's ACE Natural Resources Fund

List your energy fund –

complete our questionnaire at <http://www.utilipoint.com/2/EHFS2005/>

Subscribe now at www.energyhedgefunds.com

To add your event here or notify us of your fund information, contact gary@energyhedgefunds.com.

COOK'S Corner

Breathing In, Blowing Out

By Carmen Cook,
VP Marketing



A long weekend in Quebec is what I call a “breather.” Get away from it all, relax, enjoy the people, sights and flowers, take in the history which lives through the architecture, devour French cuisine, pet the professional hotel dog and take extended naps! After a proper “breather” one can go home a calmer, happier person. Goals seem more attainable, loads lighter, laughter easier and perspective easier to find.

During our breather, the hardy spirits of departed Old Quebec citizens seemed to glide along with us as we walked the cobblestones and viewed their original homes turned into shops and hotels and civic buildings. Our transient breath-dependent existence contrasts with the sturdy stones, bricks, stones and mortar still standing from four hundred years before. Part of the original city wall is being excavated and one can almost smell the ancestral sweat that built it. One can definitely smell the horse-drawn carriages which add more than local color to the surroundings.

We entered a shop that specialized in culturally significant creations of Canadian

Indians. We found assorted carved soapstone primitive faces, their only common feature being that their mouths puckered in a round “blowing” position. That, we were told, was a piece of art designed to assist the afflicted so that they might “blow” sickness away. The carvings had motion, kinetic energy. I imagined myself, in today’s medically sophisticated world, hung up with a case of the creeping crud, a slippery virus, or a toothache and puckering up to blow the pain and sickness away. What a pleasant thought, to be able to resist the pull of sickness and literally blow it away. It’s positive, pro-active



thinking, a modern concept in harmony with this ancient wisdom. I am impressed, but not yet ready to give up my emergency prescription of pain-killer.

We 21st century hotshots who are adept at blowing off people and problems and entire cultures and species and vast resources, might consider first blowing out the negative within. Getting on with the work of saving our beautiful beleaguered planet leaves no room for apathy. We need action, innovation, renewed and sparkling vision. We need to blow our environmental sickness away and that will take immense commitment.

Another cabinet in this special shop

contained a series of wood-carved upright animal beings, which looked like a cross between a rabbit and an owl. The branch from which each was carved had a thin dark bark on it. The body of the animal was revealed by swirls in the wood, the carver fashioning the grain of the wood to create haunting circular eyes below the tall ears and perched, upright, alert body. I was told that when an Indian felt his days were numbered he would go to the forest and select a piece of wood and carve this type of creature. When he returned with his carving in his hand, the tribe recognized this as the signal that he would not be with them much longer and he was accordingly treated respectfully and kindly until he ceased breathing. They became a community hospice.

There were no five stages of grief. There was autonomy and acceptance. Breath was running out. Blowing wasn’t going to work this time. To the forest! Pick a piece of wood! Carve! Make way for the world of the spirit! Enjoy your personal living wake!

Since we are all born to die, dust to dust, we have much to learn from the concept of a living wake. Celebrating life in the moment, creating a circle of kindness so that we might enjoy our communal limited days in the glow of caring, making life a more gentle rather than a more brutal experience.

I am planning my next “breather”.



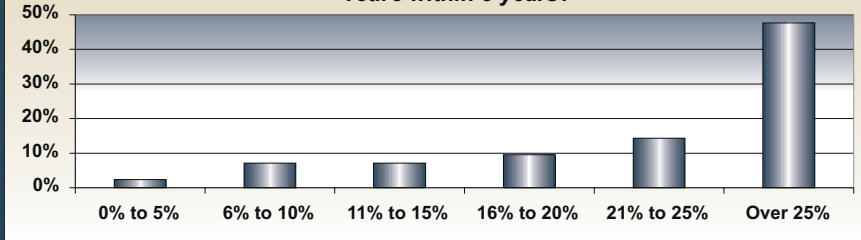
New Study Highlights Aging Workforce Problem for North American Utilities

By Dr. Gay M. Vasey

A new study released by energy and utility analysts, UtiliPoint International, Inc. — demonstrates how aging workforce is a major issue for North American utilities. We have reported how energy experience is an issue across the industry generally but the energy companies are themselves facing an experience crunch. A quarter of surveyed

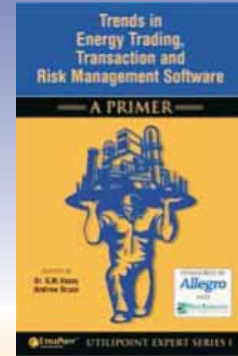
utilities expect more than 45% of their workforce to retire within 5-years and 86% of those surveyed said that retirements will cause a talent gap in their company spurring programs to hold on to retiring employees. Middle Management and hourly worker groups are the most affected but the problem exists at all levels within the Utilities the report states.

What percentage of your workforce will be eligible to retire within 5 years?



The report is available from UtiliPoint International's website at www.utilipoint.com

Trends in Energy Trading, Transaction and Risk Management Software - A Primer



Acclaimed energy experts Dr. Gary M. Vasey and Mr. Andrew Bruce edit the definitive book on the software used to support energy trading, transaction and risk management in the first of Energy and Utility analysts UtiliPoint International Expert Series. Available at www.amazon.com



Investing in Alternative Energy Is a Breeze.

Introducing MARKET VECTORS—GLOBAL ALTERNATIVE ENERGY ETF (GEX)

Market Vectors – Global Alternative Energy ETF seeks to replicate as closely as possible, before fees and expenses, the price and yield performance of the Ardour Global IndexSM (Extra Liquid) (AGIXL). To download a prospectus or find out more about GEX and other ETFs available from Van Eck Global, visit www.vaneck.com/etf or call 1.888.MKT.VCTR.



The Fund is subject to various risks including those associated with making investments in alternative energy companies including obsolescence of technology, short product cycles, commodity price volatility, depletion of resources, technical developments and risks associated with companies with a limited operating history.

An investor should consider investment objectives, risks, charges and expenses of the investment company carefully before investing. To obtain a prospectus, which contains this and other information, call 1.888.MKT.VCTR or visit www.vaneck.com/gex. Please read the prospectus carefully before investing. Investing involves risk, including possible loss of principal.

Van Eck Securities Corporation, Distributor
99 Park Avenue | New York, NY 10016

Our Vision of Futures Trading? Revolutionary

NYMEX® vision, coupled with the world's most advanced trading technology, the CME Globex® electronic trading platform, can bring only one thing...the fuel to put you at the forefront of today's risk management solutions. Evolve your strategy. Employ the security of one of the most renowned futures clearinghouses. Delve into the most diversified, liquid, transparent markets available. **Think tomorrow, trade today.**



VISION IS OUR GREATEST COMMODITY™

FOR FURTHER INFORMATION, PLEASE CALL 212.299.2301, E-MAIL MARKETING@NYMEX.COM, OR VISIT WWW.NYMEX.COM.

SUNGARD KIODEX

**The Kiodesx Risk Workbench:
The industry standard risk platform
for hedge funds trading commodities**

- ▶ Go to www.sungard.com/kiodesx to see Kiodesx's hedge fund customers. For 22 hedge funds, Kiodesx provides a Web solution to price trades, maintain positions, analyze scenarios, run sensitivity, VaR and PNL reports and produce independent valuations.
- ▶ Quick Implementation
Hedge funds are up and running in one day and fully implemented in two weeks with Kiodesx's Web services for thousands of products e.g., energy, power, ags, softs, metals.
- ▶ Go to www.sungard.com/kiodesx for free papers on: risk practice, commodity market dynamics and growth in commodity trading.

www.sungard.com/kiodesx

SunGard and the SunGard logo are trademarks of SunGard Data Systems, Inc. or its subsidiaries in the U.S. and other countries. All other names are trademarks of their respective holders.

**SUBSCRIBE
TODAY!**

EnergyHEDGE

Receive **EnergyHEDGE** twice a month (24 times per year) delivered directly to your computer for only \$125 a year for individual subscribers, or \$1250 a year for 10 or more subscribers within the same organization.
All credit cards accepted.

To order,
go to www.energymediagroup.com
or fax the attached order form to:
(212) 222-0550.

Energy Hedge is published by the Energy Hedge Fund Center, LLC (EHFC). It is available by subscription in electronic format for the price of \$125 per year for an individual subscriber, and \$1250 per year for 10 or more subscribers within the same organization. The information set forth herein was obtained from sources that the EHFC believes to be reliable, but the EHFC does not vouch for their accuracy. Neither the information, nor any opinion expressed, constitutes a solicitation by the EHFC of the purchase or sale of any equities, commodities, or other financial instruments. Energy Hedge Publishers: Peter Fusaro and Dr. Gary M. Vasey. Art Director: Evans Wheeler. Executive Office Telephones: 212-316-0223 and 646-519-4717. E-mail addresses: peter@energyhedgefunds.com and gary@energyhedgefunds.com. All written correspondence should be addressed to: the Energy Hedge Fund Center, LLC, 2576 Broadway PMB #385, New York, NY 10025.

EHFC Directory of Funds

*The First and ONLY Directory of
Energy Hedge Funds from EHFC*

The first ever directory of hedge funds active in the energy industry is available via an annual subscription. More than 180 subscribers are already taking advantage of this service.

**For more information visit us online at
www.EnergyHedgeFunds.com**

SUBSCRIPTION OPTIONS

Annual subscription - \$1495

3-month subscription - \$995

Snapshot issue - \$795

**Check our website for more details
and get your directory now!**



Researched and prepared by the Energy Hedge Fund Center's
Peter C. Fusaro and Dr. Gary M. Vasey,
this biweekly newsletter is available under an annual subscription 24 times per year.

Just \$125 For An Annual Subscription

How To Order:

You may order *Energy Hedge* at www.energymediagroup.com.

Or complete the following order form and fax it to us at 212-222-0550

Name _____

Organization _____

Phones: office _____ cell _____

fax _____

Address _____

City _____ State _____ Zip Code _____

Email Address: _____

Credit Card Details (Check One)

- American Express Visa Mastercard

Credit Card Number _____ Expiration Date _____ / _____ / _____

- Yes, I would like to subscribe to Energy Hedge for 12 months at \$125. Please contact me at the above telephone number.**
- Yes, I would like to subscribe to Energy Hedge for 12 months at \$1250 for multiple distribution within my company.**

Join the Energy Hedge Club

Tudor Capital • Glencore • BP • Citadel • Reuters • FIMAT • Guaranteed Weather • HSBC • Korn/Ferry • Acacia Trust • FRM
Martin Currie Investments • Battenkill Capital • ChemConnect • Carbon Financial • PriceWaterhouse Coopers • Intrepid Financial Partners
Gas Technologies • HCM • Vermillion Asset Mgt. • GSVI • Sungard • Abria Funds • Bank of America • PJM • SAS • Huizenga Capital
Parker Global Strategies • OPC • Enerydynamics • Alleghany • ConocoPhillips • HCM • Private Investors • Exelon • Star Energy
Spinnerhawk Capital • Baker & Botts • Energy Advantage Inc. • Colby-Troy Resources • Sempra Energy • Fortis • Morgan Stanley
Murphy Oil • Spectron • Exelon • Heafitz and Sullivan • Carter Family Partners • Och Ziff • FERC • Signal Research & Trade
Federal Reserve Bank of New York • Orthogonal Partners, LLP • Liberty Ermitage • Muirfield Capita • Silverado Exploration
Five Star Capital • Duke Energy • Citigroup • Swisslife House • Opis Technologies • HY9 Corporation • Lee Munder Capital Group
Vision Monitor • Redwood Rubber • Tara Energy • First New York Securities • JP Morgan Chase • FEA • More..