



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JANUARY 22, 2009

NATURAL GAS MARKET NEWS

A unit of Williams Co Inc. said that it began a non-binding open season to gauge interest in an expansion project designed to provide increased natural gas capacity on its Transco pipeline in the U.S. Southeast. The open season will run through February 26. The expansion will offer shippers year-round firm transportation service on Transco's Mobile Bay lateral from Station 85 in Choctaw County, Al as far south as an existing interconnection with the Gulfstream Natural Gas System in Mobile County, Al.

An ongoing war of words ensued between Ukraine's president and prime minister who are at odds over the deal to restore Russian gas flows to Europe. Prime Minister Tymoshenko who has praised the deal as a "victory", said the National Security and Defense Council had no right to hold up the deal struck over the weekend. President Yushchenko termed the deal as damaging to the nation's interests. The deal provides for the Ukraine to pay European prices less 20%. While making no reference to the prime minister, Yushchenko warned of "alluring promises."

Gas supplies from Georgia to South Ossetia region are said to be resuming. Russia has accused Georgia of taking its time in repairing the damaged pipeline as temperatures at the foot of the Caucasus mountains plummet to below zero. Georgian Deputy Energy Minister, Nino Enukidze, has said, "the decision is made and supply of gas could be resumed either today or in a few days."

Greece ended emergency supplies of gas to Bulgaria on Thursday after Russian gas supplies resumed to the southern Balkan countries, Greek natural gas company, DEPA said. Bulgaria plans to seek compensation from units of Russia's Gazprom for losses caused by this month's cut in gas supplies.

Canadian Gas Association Weekly Storage Report

| | 16-Jan-09 | 09-Jan-09 | 18-Jan-08 |
|--------------|-----------|-----------|-----------|
| East | 133.3 | 148.2 | 177.7 |
| West | 241.3 | 259.9 | 242.4 |
| Total | 374.6 | 408.1 | 420.1 |

storage figures are in Bcf

Bulgarian President, Georgy Parvanov, held talks with his Azerbaijani counterpart, Ilham Aliev on a planned gas supply agreement and a European Union backed pipeline project. Last year, Sofiz and Baku signed a letter of intent on the supply of 1 billion cubic meters of Azerbaijani gas annually.

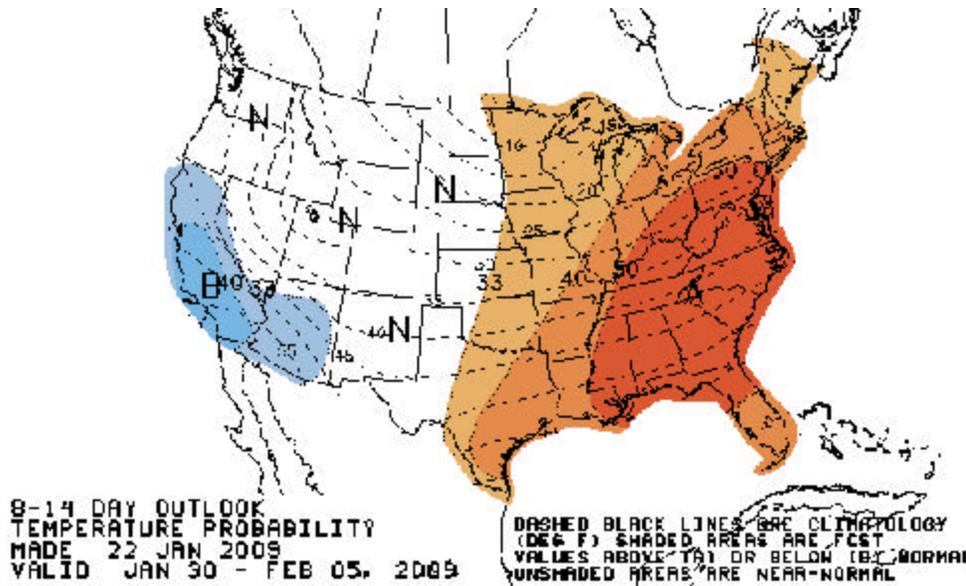
Qatar's Tembek liquefied natural gas tanker, Q-Flex, is expected

Generator Problems

MAAC- Exelon Corp's 1,112 Mw Peach Bottom 3 nuclear unit was cut to 10% on Wednesday from 75% on Tuesday.

NPCC -Ontario Power Generation's 490 Mw Nanticoke coal fired power station 3 exited an outage begun on January 21. Meanwhile, unit #2 was shut early Thursday.

The NRC reported this morning that 94,381 Mw of nuclear generation capacity was on line, down 0.71% from Tuesday and 1.25% higher than the same time a year ago.



to arrive at Britain's South Hook LNG terminal in the next few weeks to complete commissioning of the new facility. The tanker will not deliver its cargo of super-cooled gas until the terminal is ready and may be instructed to slow down or stop en route to south Wales.

China received a 20,000 cubic meter LNG carrier in December despite

official customs data showing no spot liquefied natural gas cargo purchase. Official data from China General Administration of Customs showed the country imported a total of 194,931 tons of LNG last month, down more than 23% on the year, likely due to the national economic slowdown.

PIPELINE MAINTENANCE

Scheduled maintenance is set to begin on Gulf South Pipeline Co's 42-inch expansion pipeline beginning at 9:00 AM February 4 and continuing through February 14. The pipeline is set to undergo pigging, compressor and pipeline maintenance.

Unplanned maintenance has begun at Texas Gas Transmission LLC's Dillsboro, Indiana Compressor Station. Capacity will be reduced from 990,249 to 915,249 Mmbtu per day during this period. The tentative date for this scheduled construction to be complete is Monday, January 26.

PIPELINE RESTRICTIONS

A pipeline restriction has been issued for Florida Gas Transmission due to freezing temperatures moving into a large portion of Florida. FGT reports that its line pack is still low and therefore is issuing an Overage Alert Day for today at a 10% tolerance.

Northern Natural Gas Company has declared an operational flow order for Carlton Resolution Obligation starting today until further notice. Effective for today's gas day, Carlton Resolution will be at 100%.

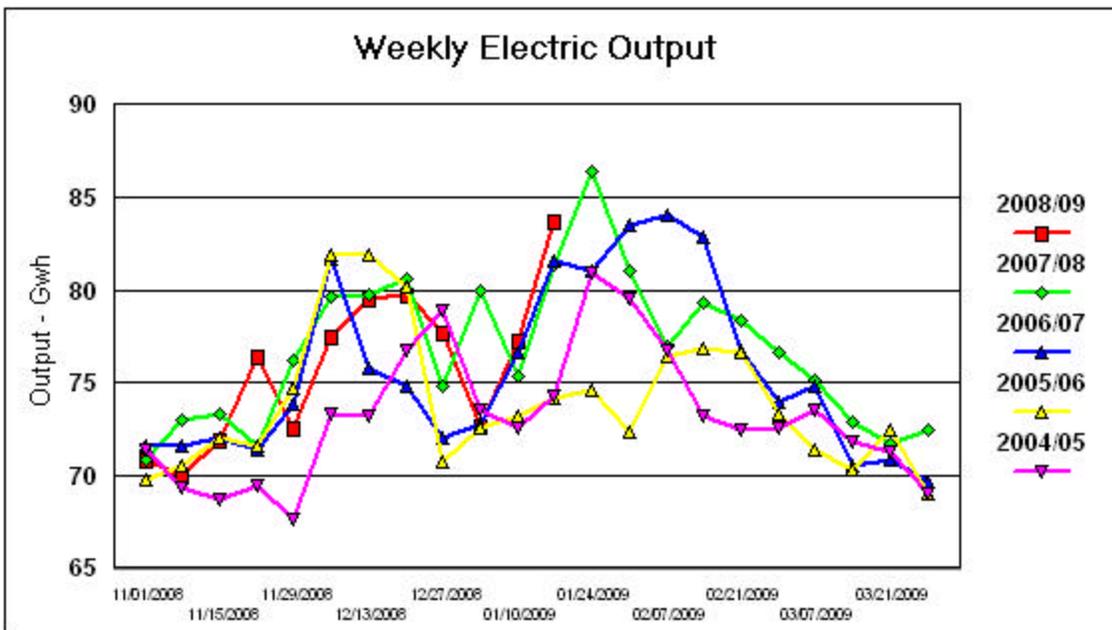
Kern River Gas Transmission Co, has declared an Operation Flow Order on Evening Cycle for today. Nominations will be limited up to the total System Capacity for Intraday 1 (cycle 3) and Intraday 2 (cycle 4). When injection capacity falls below 850 MMcf/d, confirmations of firm storage injection nominations will be reduced.

TransColorado Gas Transmission Co. issued a statement saying that effective for today's gas day and until further notice, it is at capacity for delivered quantities through segment 230 (Olathe C.S. to Redvale C.S.). AOR/IT & secondary out-of-path quantities are at risk of not being scheduled. Transwestern Pipeline has notified TransColorado, that effective for today's gas day it will not schedule nominations for delivery to the Blanco interconnect in San Juan County, New Mexico due to an alleged and unconfirmed gas quality issue.

Natural Gas Pipeline Co. said effective for today's gas day and until further notice, it has limited capacity for deliveries to Trunkline Lakeside. ITS/AOR and Secondary out – of – path Firm transports are at risk of not being fully scheduled. Trunkline Lakeside is located in Cameron parish, LA. Separately, its ANR South Joliet #2 is at capacity for deliveries. ITS/AOR and Secondary firm transports are at risk of not being fully scheduled. ANR south Joliet #2 is located in Will county IL.

ELECTRIC MARKET NEWS

The Edison Electric Institute reported that electric generation in the US for the week ending January 17th increased by 3% on the year and by 8.4% on the week to 83,772 Gwh. In, the 52 weeks ending January 17th, power generation was down 1.1% on the year at 4,059797 Gwh.



MARKET COMMENTARY

The natural gas market ended the session in negative territory even though it retraced some of its earlier losses on some supportive economic news that also provided some support to the oil complex. A spokesman for President Barack Obama said the administration is committed to moving as quickly as possible on an economic stimulus plan. The natural gas market, which posted a high of \$4.83 in overnight trading on Globex, erased its gains and sold off to a low of \$4.483 early in the session amid the sharp losses seen in the oil markets in light of the bearish DOE weekly inventory reports that showed large builds in oil stocks. The market however bounced off its low and retraced most of its earlier move down as it traded back above the \$4.70 level ahead of the close. The natural gas market settled down 9.9 cents at \$4.681.

Market expectations for Friday's EIA Storage Report for natural gas is centered around a 180 bcf withdrawal. The withdrawal estimates for the week ending January 16th range widely from 149 bcf to 201 bcf. For the same week last year, natural gas inventories fell an adjusted 128 bcf while the five-year average withdrawal is 126 bcf.

The natural gas market on Friday will likely retrace its losses and trade in positive territory amid the expectations of a large draw in tomorrow's EIA Storage Report, given the recent increase in heating demand and electricity output. While the market is seen bouncing higher on Friday, the market's gains will remain limited and its gains should be seen as selling opportunities. The weather forecasts continue to call for normal to above normal temperatures for most of the country in the next 8-14 days, providing little support to the market. The market is seen finding resistance at \$4.70, \$4.83, \$4.846 followed by \$5.012 and \$5.193. Support is seen at \$4.60, \$4.499, \$4.483, \$4.318 and \$4.152.

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