



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MARCH 3, 2008

NATURAL GAS MARKET NEWS

U.S. imports of LNG in February were the lowest for any February in the last four years, consultant Pan EurAsian Enterprises said in a report. The firm said the preliminary number, based on regasification data, shows that LNG sendout in February was 24.9 Bcf, compared with 45.9 Bcf in February 2007. The highest February sendout of the last four years, 49 Bcf was in February 2004. There was a surge of LNG imports in March 2007, resulting in regasification and sendout of 76 Bcf. Present indications show that March will not experience a similar significant surge of LNG imports.

Algerian state-owned oil and gas company Sonatrach and Norway's StatoilHydro signed an agreement sealing a long-term partnership at the Cove Point receiving terminal in the U.S. covering the marketing of a total 3 billion cubic meters of LNG. Under the terms of the contract, Sonatrach will have access to 2 billion cu.m/year of regas capacity at Cove Point for 15 years from 2009. As part of the agreement, StatoilHydro will also buy 1 billion cu.m/d of LNG between 2009 and 2014

FERC notified the backers of a proposed liquefied natural gas (LNG) receiving terminal in the Port of Long Beach, CA, Monday that it was suspending its application, based on the proponents' lack of a lease for the proposed site in the port, which combined with adjacent Los Angeles Harbor comprises the busiest port in the United States.

Natural gas flows into Royal Dutch Shell's Bacton terminal in Norfolk, England resumed this afternoon after a blast and fire last week. Flows will gradually build up to normal throughput. The fuel was flowing into Britain's pipeline network via the terminal at a rate of 5.7 million cubic meters a day as of 5:10 pm U.K. time.

Gazprom has cut supplies to Ukraine by 25% after Russia and Ukraine failed to resolve their gas debt dispute by 10:00 am local time, the deadline set by the

Generator Problems

ERCOT – The Lower Colorado River Authority planned to shut the 598 Mw Fayette #2 coal-fired power station between March 1 and April 12 for planned maintenance.

Luminant's 545 Mw Sandown #4 coal-fired power station restarted over the weekend after fixing a condenser tube leak.

FRCC – FPL's 693 Mw Turkey Point #4 nuclear unit exited an unplanned outage and ramped up to full power. Turkey Point #3 remains shut.

Progress Energy's 870 Mw Crystal River #3 nuclear unit shut for planned maintenance.

MAIN – Exelon's 867 Mw Quad Cities #2 nuclear unit shut for a planned refueling outage. The unit was operating at 85% power on Friday. Quad Cities #1 continues to operate at 97% power.

Exelon's 1,162 Mw LaSalle #1 ramped up to 65% power today. The unit was operating at 16% on Friday as it returns from a refueling outage. LaSalle #2 continues to operate at full power.

PJM – Exelon's 1,134 Mw Limerick #1 power station shut for a planned refueling outage. Limerick #2 continues to operate at full power.

SERC – Entergy's 967 Mw River Bend nuclear unit started to exit a refueling outage and ramped up to 9% power. The unit shut January 7.

Duke Power's 1,100 Mw McGuire #2 nuclear unit shut from full power for a refueling outage. Unit #1 remains at full power.

Duke Power's 846 Mw Oconee #1 nuclear unit reduced power to 73%. Units #2 and #3 remain at full power.

Entergy's 1,207 Mw Grand Gulf nuclear unit ramped up to full power following repairs to the feedwater heater.

Russian gas giant. The cut amounted to around 40 million cu.m/day (1.4 Bcf/d).

PIPELINE RESTRICTIONS

Dominion Transmission said that effective Gas Day March 3, DTI has rescinded OFO #1 for the Northern New York System, FTNN Hourly Limit and OFO #2, Conform Transportation Services to Scheduled Nominations.

PIPELINE MAINTENANCE

Alliance Pipeline said that routine inspections will require AB21 Teepee Creek Lateral Meter/Compressor Station to be unavailable for eight hours on March 5. Station Capacity will be reduced to 984 e3m3.

Northwest Pipeline said that it will complete a turbine change out at the Cisco compressor station March 45. During this work, the South-bound available capacity through the compressor station will be reduced from 359 MMcf/d to 276 MMcf/d. If primary nominations through the Cisco compressor exceed the available capacity during the engine change out, Northwest will issue an OFO and/or declare a deficiency period of necessary.

ELECTRIC MARKET NEWS

Continental U.S. power generation in the week ended February 28 rose 1.88% from the week before but was 0.19% below the same week a year ago.

Florida Power and Light said the preliminary findings of its investigation into the cause of Tuesday's outage indicate that human error was the primary factor immediately responsible for the event, which knocked out power to 584,000 FP&L customers and more than 200,000 customers of other Florida utilities.

MARKET COMMENTARY

The natural gas market, along with the rest of the energy complex and other commodities, experienced a very volatile session. The natural gas market was initially weaker in early morning trading, as moderating weather forecasts threaten to slow the market's month long bull stride. However, a jolt to new highs in crude oil spurred by further weakness in the dollar, pulled natural gas to a high of 9.605. Markets traded sideways through the afternoon, and just as quickly as the rallied in the morning, they sold off in the afternoon. April natural gas dropped over 25 cents in

Generator Problems (cont'd)

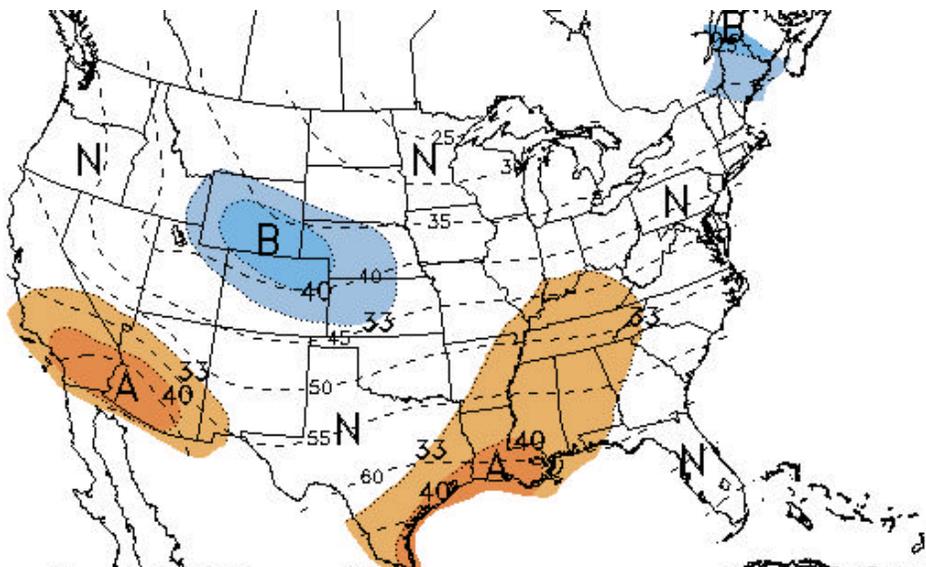
WSCC – Reliant Energy's 775 Mw Ormond Beach #2 natural gas fired power station returned to service over the weekend. Ormond Beach #1 remains shut for work.

Dynergy's 739 Mw Moss Landing #6 natural gas-fired power station returned to partial service over the weekend. The unit shut February 15 for planned reasons.

Canada – Ontario Power Generation restarted three 490 Mw coal-fired units at its Nanticoke power station.

Ontario Power Generation's 494 Mw Lambton #4 coal-fired power station returned to service by early today. The unit shut February 25.

The NRC reported that 87,478 Mw of nuclear capacity is online, down 2.95% from Friday, and up 1.43% from a year ago.



**8-14 DAY OUTLOOK
TEMPERATURE PROBABILITY
MADE 3 MAR 2008
VALID MAR 11 - 17, 2008**
DASHED BLACK LINES ARE CLIMATOLOGY (DEG F) SHADED AREAS ARE FCST VALUES ABOVE (A) OR BELOW (B) NORMAL UNSHADED AREAS ARE NEAR-NORMAL

roughly 30 minutes to trade below the supportive 9.30 level. The front month traded to a low of 9.27, but managed to settle off the lows at 9.346, down just 2 cents on the day.

Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
Location	Traded	Price		(As of 12:30 PM)		Moving Avg
Henry Hub	1,672,600	\$9.070	(\$0.031)	(\$0.495)	(\$0.053)	(\$0.260)
Chicago City Gate	544,900	\$9.527	\$0.203	(\$0.038)	(\$0.017)	\$0.085
NGPL- TX/OK	662,200	\$8.932	\$0.141	(\$0.633)	(\$0.079)	(\$0.517)
SoCal	983,800	\$8.809	\$0.463	(\$0.756)	\$0.243	(\$0.719)
PG&E Citygate	1,026,200	\$9.291	\$0.257	(\$0.274)	\$0.037	(\$0.248)
Dominion-South	428,700	\$9.515	(\$0.018)	(\$0.050)	(\$0.237)	\$0.440
Transco Zone 6	189,000	\$9.764	(\$0.239)	\$0.199	(\$0.459)	\$3.223

With the 8-14 day forecast calling for average to some above-average temperatures for much of the Lower 48 states, the market is feeling its over bought position. Even though this week's EIA inventory report is expected to again

show a higher than average withdrawal, with weather moderating, and the expectation of subsequent reports being more average, we expect to see some softening of prices with a high degree of volatility. We see support at 9.30, 9.179, 9.13, 9.00, 8.844, 8.60 and 8.50. We see resistance at 9.514, 9.63, 9.727, 9.80-9.82 and 10.00.