



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR MARCH 12, 2009

NATURAL GAS MARKET NEWS

Leaders of the European Union are scheduled to meet in Brussels on March 19 in hopes of finding ways of tackling the economic crisis and the bloc's fragmented energy strategy. Shoring up the reliability of European Union energy supplies has topped the bloc's agenda since a row between Moscow and Ukraine in January halted Russian gas flows to Eastern Europe in the depth of winter.

Enterprise Products Partners LP began operations at the Meeker II natural gas processing plant in the Piceance Basin of Colorado, doubling processing capacity to 1.5 billion cubic feet per day. Meeker II has the capability to extract up to 70,000 barrels per day of natural gas liquids, the company said. Operations also began at Shilling and Thompsonville gas-processing plants in South Texas and it is expected that the partnership's relocated Chaparral facility in the Permian Basin to begin processing natural gas later in March.

The U.S. will not see a ramp up of liquefied natural gas imports until summer or fall as new global projects start up, the head of GdF Suez LNG in North America said. Cargoes of the super-cooled gas bought in the last few months will continue to head to Europe rather than the U.S., even as UK prices fall towards the U.S. levels. Traditionally, more LNG comes into the U.S. in summer as demand in Europe wanes. The swing could be accentuated this year as production projects come online and global gas demand falls during the recession, resulting in more LNG in the U.S.

Increased heating demand this week is giving Puget Sound Energy an opportunity to refill the Pacific Northwest's largest natural gas storage reservoir with lower-priced natural gas supplies to serve homes and businesses next winter. It has withdrawn nearly one-third of the natural gas from the Jackson Prairie Underground Natural Gas Storage Facility, located near

Generator Problems

SERC – Entergy Nuclear's 930 MW Arkansas Nuclear One unit 2 increased its operations to 87% capacity on Thursday, up from 84% on Wednesday.

MAPP – Nebraska Public Power District's 791 MW Cooper Nuclear Station increased its operations to 37% capacity on Thursday, up from just 1% capacity on Wednesday.

ERCOT– Luminant planned to restart the 545-Mw Unit 4 at the Sandow coal-fired power station in Texas on Thursday after fixing a tube leak. The unit was shut in by Wednesday.

NPCC – Ontario Power Generation's 490-Mw Unit 3 at the Nanticoke coal-fired power station in Ontario returned to service by early Thursday.

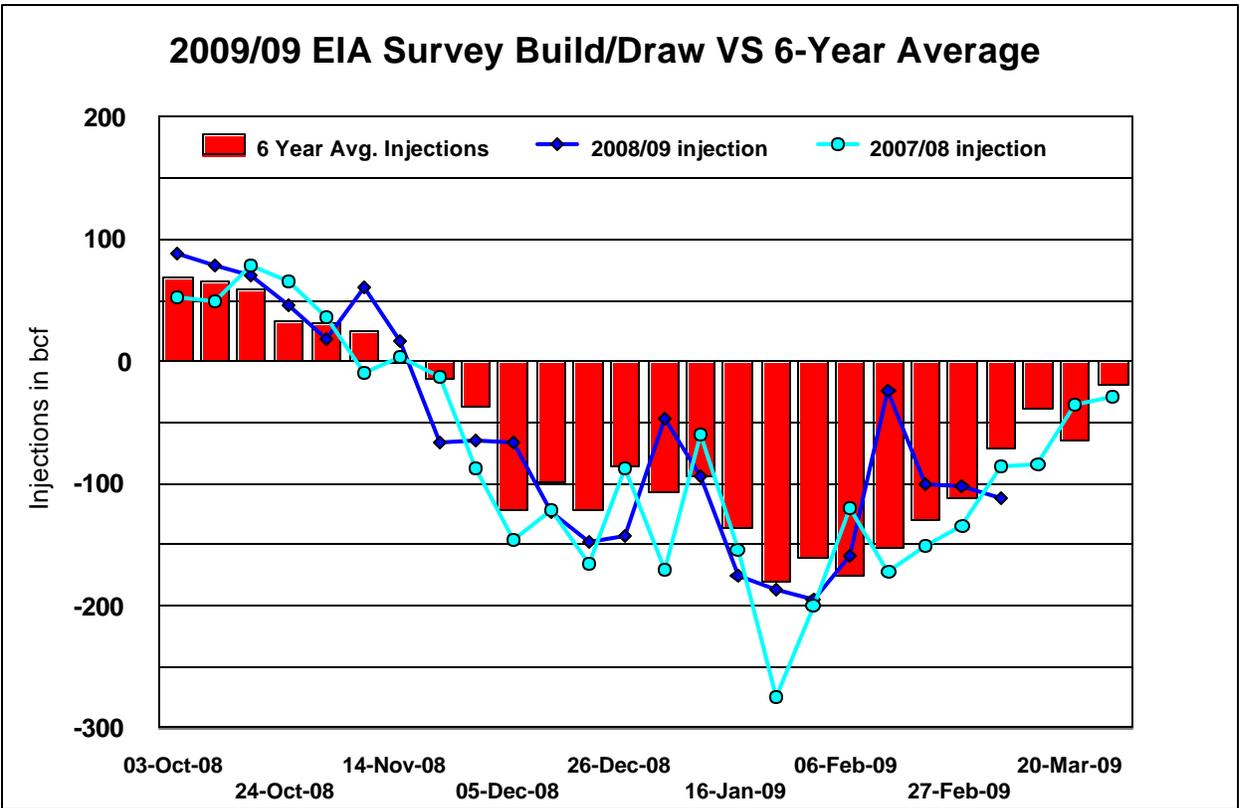
TransAlta Corp's 406-Mw Unit 4 at the Sundance coal-fired power plant in Alberta returned to service early Thursday. The unit shut on March 7.

The NRC reported this morning that 88,018 Mw of nuclear generation capacity was on line, up 0.32% from Wednesday and up 1.74% from the same time a year ago.

EIA Weekly Report

	03/06/2009	02/27/2009	Change	Year ago
Producing Region	690	708	-18	515
Consuming East	703	793	-90	714
Consuming West	288	292	-4	181
Total US	1681	1793	-112	1410

*storage figures in Bcf



Chehalis, Washington. PSE's director said the recent fall in wholesale price of natural gas is due to the production of new shale natural gas supplies in North America, reduced demand by industries due to the economic slowdown as well as a five year high natural gas storage level.

Russia's Prime Minister Vladimir Putin said Russia believes the Ukraine is on the verge of bankruptcy and will not request payment for gas it does not take under its contracts. Earlier this week, the energy security aide of Ukrainian President Viktor Yushchenko said that Russia had not responded to Ukraine's request to reduce the amount of gas it will import this year. Ukraine's contracting economy and falling industrial output amid the current economic turmoil has sharply cut the country's gas demand. Under its agreement, Ukraine must import at least 40 billion cubic meters of gas in 2009. Russia's Gazprom has allowed Ukraine to pay for the lower amount of gas in January and February however the failure to agree on lower gas imports may eventually lead to an increase in debts by the end of the year and trigger a major dispute.

Enterprise Products Partners announced that it started operations at its Meeker II natural gas processing plant in Colorado's Piceance Basin in late February. The Meeker II expansion doubles the gas processing capacity of the Meeker I project. Natural gas processing capacity of the Meeker complex is 1.5 bcf/d and NGL extraction capacity will be 70,000 bpd. By the end of the year, it estimates gas processing to total 1.1 bcf/d and NGL production to reach 60,000 bpd.

PIPELINE RESTRICTIONS

Natural Gas Pipeline Co is at capacity for deliveries at Florida-Vermillion effective Thursday and until further notice. ITS/AOR and Secondary Firm transports are at risk of not being fully scheduled. It also stated that it has limited capacity for deliveries at Gulf South-Goodrich on Thursday and until further notice. Limited ITS/AOR and Secondary Firm transports are available. It has limited capacity available for deliveries at Texas Eastern Transmission-Cameron on Thursday and until further notice. Limited ITS/AOR and Secondary Firm transports are available.

Canadian Gas Association

Weekly Storage Report

	06-Mar-09	27-Feb-09	07-Mar-08
East	66.3	77.4	69.1
West	147.9	159.5	130.5
Total	214.2	236.9	199.6

storage figures are in Bcf

Northern Natural Gas Co said that due to ongoing cold temperatures, it has extended a SOL for all market area zones for Friday's gas day.

Northwest Pipeline declared an operational flow order at the Kemmerer compressor station for 690,000 Dth/day due to cooler temperatures. It is requesting that customers do not draft the system and buy sufficient supply for their respective markets.

Colorado Interstate Gas is concerned about the performance of the Wapiti interconnect and will place an underperformance caps on the location effective Friday. It will maintain the underperformance caps on the Saddle Draw(SDL), Golden Dome(GLD) and Coyote Wash until further notice.

PIPELINE MAINTENANCE

Natural Gas Pipeline Co is performing hot taps on the Gulf Coast #3 Line near Station 311 in Moultrie county Illinois through today's gas day. The Panhandle Eastern Pipeline Moultrie/NGPL interconnect will be required to be shut in for the duration of the work. There will be no impact to its shippers.

TransColorado Gas Transmission Co LLC said it will perform maintenance at its Redvale compressor station starting Saturday, March 14th until Thursday, March 19th. Capacity through Segment 230 will be limited to 362,000 Dth and capacity through Segment 240 will be limited to 412,000 Dth.

Kern River Gas Transmission Co will conduct required annual test of the Emergency Shutdown system and annual maintenance at the Elberta compressor station on March 17th.

ELECTRIC MARKET NEWS

The EIA reported the US coal production totaled about 22.549 million short tons in the week ending March 7th. The production estimate is about 1% lower than last week's level and about 1.87% higher than last year's level.

The California Public Utilities Commission by a 4-1 vote on Thursday approved a rate increase that will hike average Southern California Edison customer bills by about 2% in 2009. The three year general rate case also allows a 1% rate increase in 2010 and 2011.

MARKET COMMENTARY

The natural gas market settled in positive territory today, following a 12.5% sell off in the last five trading sessions, in light of the larger than expected draw reported in the EIA's Natural Gas Storage Report. Early in the session, the market traded lower and posted a low of \$3.759 as traders awaited the release of the report. The market however quickly bounced of its lows and rallied over the \$3.90 level immediately following the release of the natural gas storage report, which showed a larger than expected draw of 112 bcf on the week. The market settled in a sideways pattern before the market was further supported by the strength in the oil markets. It rallied over 24 cents as it posted a high of \$4.04 ahead of the close. The natural gas market settled up 19.7 cents at \$3.995.

While the withdrawal reported today was supportive, the concerns about the weak economy cutting into industrial demand will continue to weigh on sentiment. The lack of supportive economic news and the approaching end to the heating season will limit any of the market's gains. The natural gas market is seen finding support at \$3.921, \$3.823, its low of \$3.759, \$3.65 and \$3.542. Resistance is seen at its high of \$4.04, \$4.104, \$4.148, \$4.212 and \$4.385.