



## ***ENERGY RISK MANAGEMENT***

Howard Rennell, Pat Shigueta,  
& Karen Palladino

(212) 624-1132 (888) 885-6100

**www.e-windham.com**

---

### **NATURAL GAS & POWER MARKET REPORT FOR AUGUST 13, 2010**

---

#### **NATURAL GAS MARKET NEWS**

Spectra Energy Pipeline units Maritimes U.S. and Maritimes Canada issued in two separate notices that Sable Island offshore natural gas production was decreased Sunday. No immediate explanation given. The Sable project, operated by Exxon Mobil Corp, produces between 400 million and 500 million cubic feet of natural gas and 20,000 barrels of natural gas liquids per day.

The private weather forecasting service, Commodity Weather Group on Monday lowered its outlook for severe hurricanes (Category 3 or higher) for this season by one to just three. But the forecasters continue to see 16 named storms, well above the normal of 10 named storms due to a very warm Atlantic and a developing La Nina. The forecasters see the potential for two to three named storms before the end of August. Currently the computer models are focused on two strong tropical waves that are expected to emerge off the coast of Africa later this week. In addition the model guidance as a whole appears to be focusing on an active period set to begin in the Tropical Atlantic. The long range European model forecast model is calling for 13 named storms after September 1<sup>st</sup>.

Centrica Storage and Perenco UK have been granted planning permission for the onshore part of their plan to build Britain's second largest gas storage facility. Hopes are for approximately 80 cubic feet of gas to be stored under the North Sea off the south east coast of England and pumped into the UK grid at Bacton for use on peak demand days.

#### **Generator Problems**

**MAPP-** Exelon's 2330 MW Braidwood nuclear power plant was shut early Monday due to a reactor trip. Operators were still assessing the cause of the trip. The unit had been at full power last week.

**SERC-** TVA has fixed a small leak in the containment at the 1,105 Mw unit 3 at the Browns Ferry nuclear power plant in AL ramped up to 45% power by early Monday. The unit was shut Aug 12.

Duke Energy Corp's 846 Mw Unit 1 Oconee nuclear power plant in SC returned to full power by early Friday from 58% early Thursday.

TVA's 1123 Mw Watts Bar #1 nuclear unit was restarted this morning and was at 15% power early Monday. The unit had been at full power last week and was taken off line Sunday for turbine maintenance.

**ERCOT-** Luminant planned to shut its 750 Mw Unit 3, Martin Lake coal-fired power plant in TX on Aug.13-14 to fix a boiler tube leak. The company did not say when the unit would return to service.

Luminant planned to restart the 765 Mw Monticello #3 coal fired unit on Monday after repairing a boiler tube leak over the weekend.

**WSCC** – Four gas fired units at NRG Energy's 964 Mw Encina power plant, totaling 620 Mw of generating capacity returned to service Sunday afternoon after a weekend outage.

**NPCC-** OPG shut its 490 Mw Unit 1 Nanticoke coal-fired power plant in Ontario early Friday. No reason was given.

Bruce Power's 750 Mw #3 nuclear unit was shut early Monday.

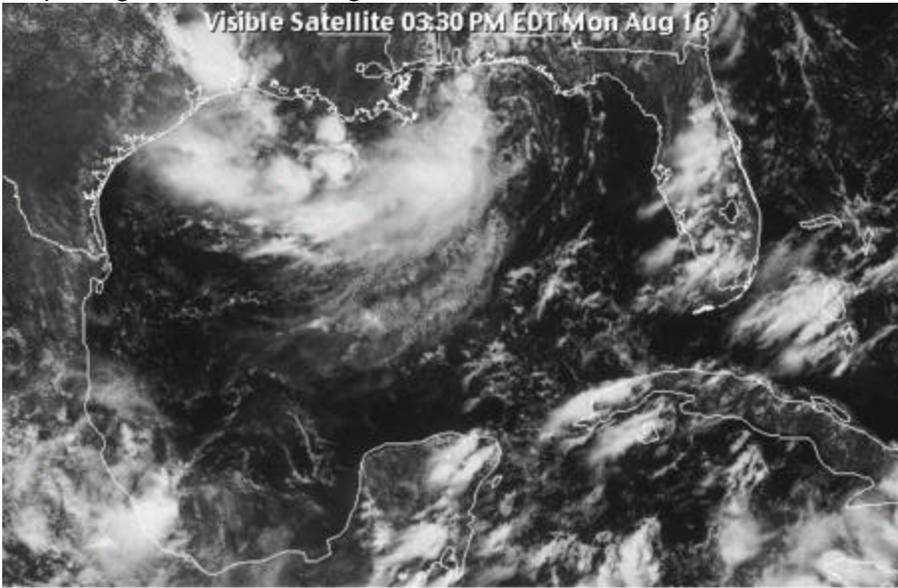
OPG's 515 Mw Pickering #1 nuclear unit was shut early Monday.

Dominion Resources 1145 Mw Millstone #3 nuclear unit was shut on Saturday after being at full power on Friday. The unit had been shut to fix a very small reactor coolant leak and replacement of hoses.

OPG's 494 Mw Lambton #3 coal fired power plant was shut for short-term maintenance today.

**The NRC reported this morning that some 9,324 Mw of nuclear generation was operating today, down 2.5% from yesterday and down 3.1% from the same day a year ago.**

The restart of the Swiss-Italian Transgas pipeline was delayed again from its previous date set for reopening at the end of August.



The Al Khuwair LNG tanker hailing from Qatar is scheduled to arrive at Belgium's Zeebrugge terminal on Aug. 29, according to the port authority.

The Al Gattara LNG tanker is due to arrive at Britain's Milford Haven port on Aug. 22<sup>nd</sup> from Qatar, according to port officials. Meanwhile The LNG Imo is scheduled to arrive at the Dragon LNG import terminal on August 23<sup>rd</sup> carrying an LNG cargo from Nigeria.

While the remnants of Tropical Depression 5 re-entered the Gulf of Mexico overnight, and the National Hurricane Center was noting a 60% chance it could strengthen back into a tropical depression before it makes a planned landfall again near New Orleans in the next 24-48 hours, oil and natural gas producers have not cut back production in the northern Gulf of Mexico but were monitoring the storm system's developments.

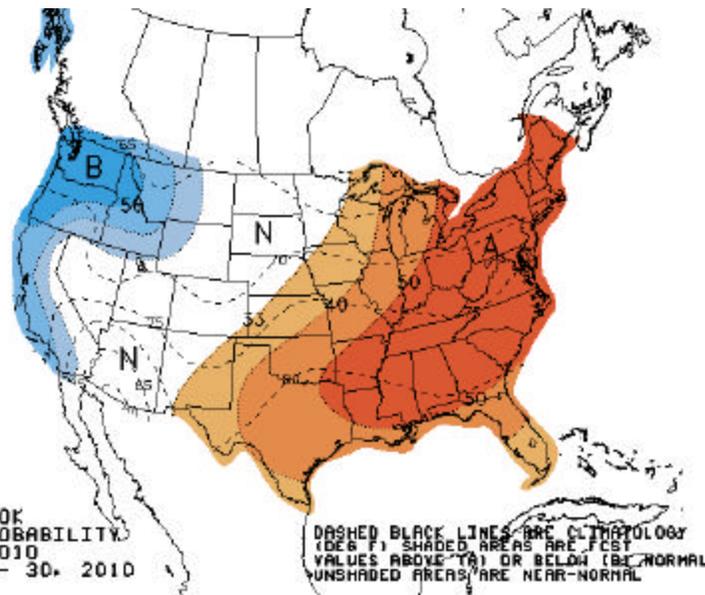
Trinidad and Tobago and Venezuela finally signed a long anticipated agreement Monday to develop natural gas reserves on their maritime border. The "utilization of reserves" accord gives Venezuela 7.3 tcf and Trinidad 2.7 tcf of the Loran-Manatee field.

**PIPELINE RESTRICTIONS**

FGT issued an overage alert day at 20% tolerance for gas day Aug. 16 due to temperatures in the 90-degree range. For gas day Aug. 16, FGT will not interrupt previously scheduled market area interruptible transportation service-1 below the elapsed prorated scheduled quantity.

Effective for gas day Aug. 17 and until further notice, Trailblazer said it is at

capacity for gas going eastbound through Compressor Station 602. Interruptible transportation service/authorized overrun and secondary out-of-path firm transports are not available.



Effective intraday cycle 1 for gas day Aug. 16, TGP said it would accept nomination increases of 16,000 Dth at Leidy delivery meters and 176,000 Dth at Station 245. Customers are reminded that previously restricted nominations must be retriggered for any subsequent intraday cycle once a restriction has been lifted in order for increased volumes to be scheduled.

SNG has cut nominations to zero at its Sea Robin interconnect due to unscheduled compressor maintenance at Erath Compressor Station. In an Aug. 15 critical notice, Sea Robin said the Sea Robin Erath Compressor Station would be shut-in starting gas day Aug. 15 due to unplanned maintenance on a compressor unit. Nominations to the higher-pressure delivery points downstream of the Erath Compressor Station will not be accepted until further notice.

### **ELECTRIC MARKET NEWS**

Genscape reported this morning that it estimated U.S. power output for the week ending August 12<sup>th</sup> rose 4.3% from the prior week and was up 4.5% from the same week a year ago.

The Climate Prediction Center reported this morning that for the week ending August 14<sup>th</sup> it estimated the U.S. saw some 92 cooling degree days on a nationwide population weighted basis. This was some 31% more than normal and nearly 18% higher than the same week a year ago. For the current week though the government forecasters are seeing 85 cooling degree-days nearly 29% warmer than normal but just 7.5% warmer than the same week a year ago.

ERCOT reported today that Texas set a third all time electric use record on Monday afternoon as above normal temperatures and humidity helped to drive peak power demand to an all new high of 64,441 Mw, surpassing the peak record of 63,830 set on August 10<sup>th</sup>.

### **MARKET COMMENTARY**

A so-far quite hurricane season sparked off a fund selling frenzy, which sent the front month contract to its lowest level since May. Near record stockpiles impacted price movement as well. Bets that natural gas would work higher were pared even further today, adding to last week's length lightening. The September natural gas contract lost 2.3% on the day, breaking through key support set at \$4.217. There is disparity between the technical outlook for this market and the underlying fundamentals. The technical outlook appears to be calling for a slight bounce in prices, possibly up to the \$4340 level, while the current economic outlook is unable to provide support. We would rather be sellers than buyers, therefore would look for a bounce up to the aforementioned resistance level. We believe that the spot month contract will eventually work a little lower, looking for a test at the \$3.855 support level, where we would look to re-evaluate our stance on this market.

The natural gas market, which settled in a tight range for much of the week, will continue to see its gains limited by the moderating short-term weather forecasts and no major developments on the storm front. The market is seen finding support at \$3.986, \$3.855 and \$3.810 while resistance is seen at \$4217, \$4.354, \$4.376, \$4.381 and \$4.423.

The information contained in this letter is taken from sources, which we believe to be reliable, but is not guaranteed by us as to accuracy or completeness and is sent to you for information purposes only. The Windham Group bases its market recommendations solely on the judgment of its personnel. Reproduction in whole or part or other use without written permission is prohibited.