



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MARCH 11, 2008

NATURAL GAS MARKET NEWS

Domestic natural gas supply projections inched upward while imported liquefied natural gas (LNG) and overall consumption growth estimates were easing down in the latest predictions for 2008 natural gas, reported by the Energy Information Administration (EIA) in its March Short-Term Energy Outlook released Tuesday. Price projections also were up, the Henry Hub natural gas spot price averaged 7.17 in 2007 and is expected to average 8.18 in 2008 and 7.95 in 2009. Growth in total natural gas consumption is expected to slow from 6.4% in 2007 to .7% in 2008 and .8% in 2009. Total U.S. marketed natural gas production is expected to increase by 2.9% in 2008 and by .3% in 2009. Imports of LNG are projected to be about 770 Bcf for 2008, or about the same imported in 2007. In 2009, volumes are projected to total 995 Bcf, as new LNG supply comes on line.

With natural gas production continuing to ramp up in the Appalachian supply basin of southern West Virginia and eastern Kentucky, NiSource's Columbia Gas Transmission Corp. (TCO) said Tuesday that it has filed a \$40 million infrastructure expansion plan with FERC that will increase its ability to deliver natural gas from the region.

A unit of Constellation Energy Group will pay a \$5 million civil penalty and disgorge \$1.9 million in profits for violating natural gas shipping rules set by the FERC

PIPELINE RESTRICTIONS

Dominion

Transmission said that for the Northern New York System, effective for Intraday 1 today, DTI has rescinded OFO #1, Conform Transportation Services to Scheduled Nominations and OFO #2, FTNN Hourly Limit.

Natural Gas Pipeline Company said that the force majeure remains in effect on Natural's Illinois Lateral #2 line (Segment 29) in Whiteside County, Illinois just north of Compressor Station 110. Effective gas day march 12 and continuing until further notice, Natural will be revising the scheduling percentage as indicated below through

Generator Problems

MAPP – The Omaha Public Power District's 492 Mw Fort Calhoun nuclear unit ramped up to full power today. Yesterday, the unit was operating at 85% power.

SERC – Entergy's 966 Mw River Bend nuclear unit ramped output to 59% capacity. The unit was operating at 45% capacity yesterday.

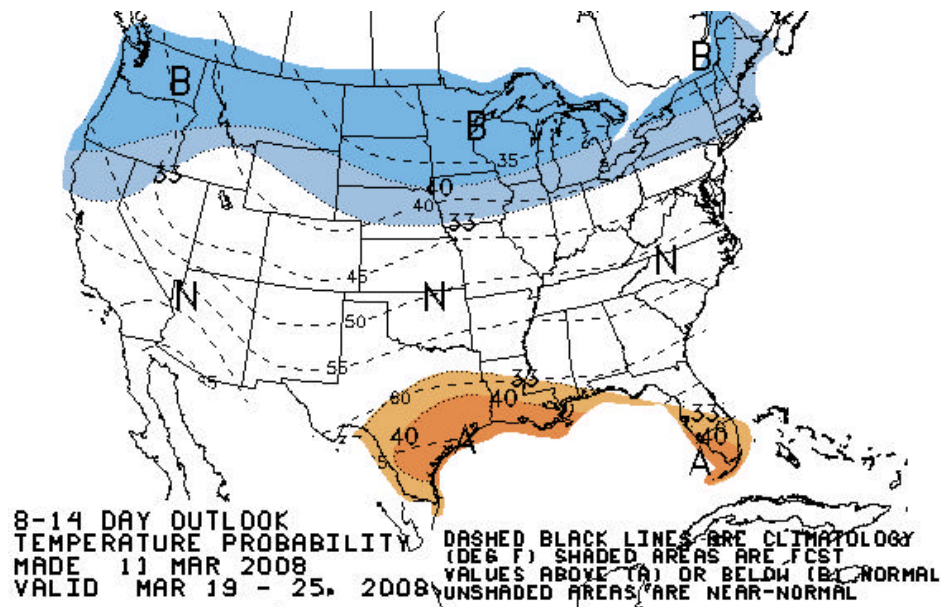
Southern Nuclear's 862 Mw Hatch #2 power station has increased production to 34% today. Yesterday, the unit was operating at 3% power. Hatch #1 remains offline.

WSCC – Dynergy's 510 Mw Moss Landing #1 natural gas-fired power station returned to service yesterday afternoon. The unit shut March 9 for planned reasons.

The NRC reported that 87,155 Mw of nuclear capacity is online, up .45% from Monday, and up 6.62% from a year ago.

Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	Volume Traded	Avg Price	Change	Basis (As of 12:30 PM)	Change	Basis 5-Day Moving Avg
Henry Hub	1,479,500	\$9.853	\$0.265	(\$0.239)	(\$0.106)	(\$0.287)
Chicago City Gate	913,900	\$9.934	\$0.158	(\$0.158)	(\$0.144)	\$0.101
NGPL- TX/OK	1,018,000	\$9.568	\$0.246	(\$0.524)	(\$0.056)	(\$0.391)
SoCal	1,189,000	\$9.365	\$0.242	(\$0.727)	(\$0.060)	(\$0.545)
PG&E Citygate	1,042,700	\$9.806	\$0.320	(\$0.286)	\$0.018	(\$0.231)
Dominion-South	379,700	\$10.154	\$0.235	\$0.061	(\$0.067)	\$0.224
Transco Zone 6	173,100	\$10.617	\$0.164	\$0.525	(\$0.138)	\$0.882

Compressor Station 110 pathed to go through the Illinois Lateral (Segment 29) and eastbound through Segment 14. Primary firm and secondary in-path firm transports will continue to be at risk of being scheduled to a reduced level through Compressor Station 110 to a minimum of 85% of MDQ for each contract with Segment 14 primary/secondary in-path rights, assuming that each such contract is nominated at full applicable contract MDQ through Compressor Station 110 pathed to go through the Illinois Lateral and eastbound through Segment 14.



PIPELINE MAINTENANCE

Gulf South Pipeline said that it began scheduled pigging maintenance on Index 330 South North 30-inch from Olla to Monro, Louisiana, today at 7:00 AM and will continue for approximately 18 hours. Gulf South does not anticipate any service interruptions or capacity constraints.

Northern Natural Gas Company said that the Oakland Unit 20 Marrs Turbine will be down for unplanned maintenance on March 12-13. Deliveries east of Oakland may be impacted depending on quantities nominated. The

Oakland capacity will be impacted by approximately 200,000 MMBTU/day due to this outage. Therefore, the Oakland daily capacity will be set at 1,200,000 MMBTU. There is a higher probability of an Oakland allocation occurring during this outage.

ELECTRIC MARKET NEWS

Progress Energy Florida asked the Florida Public Service Commission to approve of the need for its proposed \$14 billion Levy County, Florida nuclear power plant. The company estimated it would cost about \$14 billion to build the two reactors and another \$3 billion for the necessary transmission upgrades.

Panda Energy said it wants to build, own and operate a 500 Mw natural gas-fired combined-cycle power plant in Sherman, Texas. The project is expected to cost between \$250 million and \$375 million and take approximately 24 months to build.

The EIA reported that with U.S. summer temperatures expected to be near normal this year, annual electricity consumption will likely be the same as last year. Total U.S. electricity consumption is expected to grow this year by only 0.4% and by 1.5% in 2009. Residential electricity prices are expected to increase by 2.4% this year, slightly higher than the 2008 growth projection in last months Outlook, and then grow by 2.9% in 2009.

MARKET COMMENTARY

The natural gas market made a new high in early morning trading as crude oil approached \$110. The April natural gas contract traded to a high of 10.139 but as the Federal Reserve Bank announced their liquidity plan, the energy complex fell off their highs. Crude oil traded below \$107 and natural gas traded to a daily low of 9.844. Natural gas spent the remainder of the session chopping on either side of the 10.00 level, unable to maintain traction to new highs as moderating temperatures have crept onto the forecasts as the market enters the final weeks of heating season. However, final storage figures that will fall below last year's level is providing underlying support for the market. The April contract settled down 2.4 cents at 10.00.

Forecasts for this week's EIA inventory report call for a draw of around 80 Bcf, which would keep the year-on-five-year average surplus near 63 Bcf, but the year-on-year deficit would slip back down to about 145 Bcf. Overall, this week's report will be viewed as pretty neutral and the market will take its lead from the overall

energy complex and final forecasts for total carryout storage. The market is overdue for a pull back, but not until we see the prospect for injections to storage will this market pull off its two year highs. We see support at 9.853, 9.80, 9.701, 9.63, 9.30 and 9.00. We see resistance at 10.148, 10.291, 10.35 and 10.70.