



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JANUARY 2, 2009

NATURAL GAS MARKET NEWS

Russia cut off its gas supplies to Ukraine on Thursday after they failed to reach a settlement over their pricing and supply dispute. Ukraine rejected a 40% increase in the price it pays for Russian gas. However Russia increased its supplies to other European countries to try to reassure customers worried about possible disruptions. Ukraine's President Viktor Yushchenko said he wanted to resume talks with Moscow to settle the dispute over payment arrears. He said he believed a compromise deal with Russia's Gazprom was achievable by January 7. The European Union and the US have called for further negotiations to resolve the dispute and said all supply commitments must be met. Energy firms in Germany, France, Poland, Romania, Austria and Italy said they had not yet seen any decline in supply. The EU is keen to avoid a repeat of a January 2006 row when Moscow cut off supplies to Ukraine, causing a brief reduction in gas deliveries to other parts of Europe. However European Union president the Czech Republic said the dispute is a bilateral problem between Russia and Ukraine and it would not step in until gas supplies to the bloc were affected. It has called an extraordinary meeting of envoys from the 27 member states next Monday to discuss the gas dispute between Russia and Ukraine. Later, Russia's Gazprom said Ukraine is refusing to transit the requested amounts of Russian gas to Europe January 3. It said Ukraine will only allow 296 million cubic meters of Russian gas to transit Ukraine en route to Europe Saturday compared with 303 mcm requested by Gazprom. Ukraine has denied it is illegally siphoning Russian gas meant for customers in Europe but said it is diverting 21 mcm/day to maintain pressure in the pipeline network.

Generator Problems

ECAR – AmerGen Energy Co's 1,022 Mw Clinton nuclear power station in IL has returned to 96% of capacity. The unit first saw output cut from 97% down to 88% with a further reduction to 80% a day later, 12.9. A reason for the reductions was not given.

MAPP – Xcel Energy Inc's 572 Mw Monticello nuclear power unit in MN was reduced to 40% power over the New Year holiday to allow operators to perform maintenance on a feed water pump. The unit was a full power Wednesday.

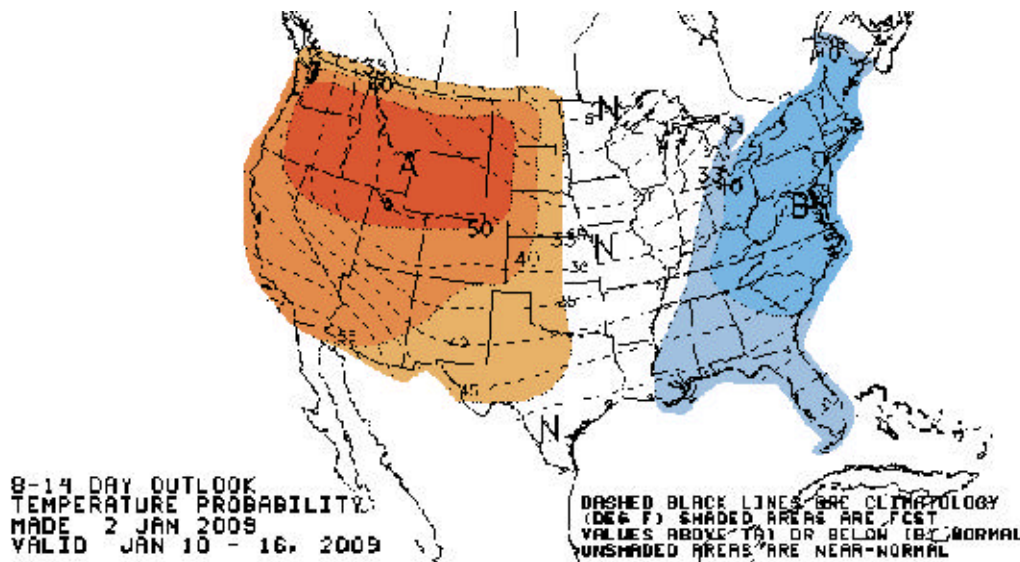
American Electric Power's 528 Mw Unit 2 and 528 Mw Unit 3 at the Welsh coal-fired power station in TX was slated to shut Friday for scheduled boiler maintenance. Both units are expected to return to service late Tuesday.

The NRC reported this morning that 96,054 Mw of nuclear generation capacity was on line, down 0.15% from Wednesday's level and 3.51% higher than the same time a year ago.

British merchant liquefied natural gas tanker docked at Britain's Isle of Grain LNG import facility on Thursday. The Tanker can carry up to 138,283 cubic meters of the super-cooled gas.

Indonesia is trying to renegotiate its liquefied natural gas supply agreements with buyers to delay deliveries on declining output instead of making up shortfalls by buying spot cargoes. It is in talks with buyers to delay cargoes to 2012 or 2013.

PIPELINE RESTRICTIONS



Tennessee Gas Pipeline, a unit of El Paso Corp., has lifted the force majeure event for Compressor Station 325 issued on December 31 following brief repairs.

Several constraints have been reported on the Rockies Express Pipeline, effective immediately and

until further notice. CIG Frewen Lake may only be scheduled as a net delivered quantity. Receipt displacement nominations may be scheduled to the extent there is greater or equal scheduled delivered nomination. WIC Bitter Creek may only be scheduled as a net delivered quantity. Receipt displacement nominations may be scheduled to the extent there is greater or equal scheduled delivered nomination.

TransColorado has reported Capacity constraints on CIG Dark Canyon and may only be scheduled as a net delivered quantity. Receipt displacement nominations may be scheduled to the extent there is greater or equal scheduled delivered nomination. WIC Yellow Jacket may only be scheduled as a net delivered quantity. Receipt displacement nominations may be scheduled to the extent there is greater or equal scheduled delivered nomination.

Northern Natural Gas Co. has posted a SOL for all market zones for gas day, Sunday, January 4, 2009, due to below zero minimum temperature forecasts. DDVC penalties are applicable to the bumped shipper's quantity.

PIPELINE MAINTENANCE

Maintenance has started at Gulf South's Carthage #2 Compressor Station on Unit #3. Work is expected to continue for approximately 24 hours.

Beginning on gas day Tuesday, January 13, 2009 through gas day Thursday, January 15, 2009, Rockies Express Pipeline will be performing various maintenance projects between the Turney Compressor Station and the PEPL/REX Audrain delivery point. Primary firm delivery quantities only will be scheduled at PEPL/REX Audrain during this period.

Maintenance will be performed on Alliance Pipeline's Tampico Compression Station. This will result in the system going off – line for 2 hours on January 7. System throughput will not be impacted.

Maintenance will be conducted on El Paso's Line 1200 on January 6, 2009 in order to repair a leak on that line which extends from Bakersfield, CA to TX.

TransColorado Gas Transmission Company LLC, a unit of Kinder Morgan, is experiencing a gas quality problem. A reduction in scheduled quantities may be necessary as TransColorado continues to monitor the situation and assess the impact to its facilities.

Alliance Pipeline said a routine inspection would require AB47 Carson Creek Lateral Meter/ Compressor Station to be unavailable for 10 hours on January 6. Station capacity will be reduced to 335 e3m3/day for this gas day only

ELECTRIC MARKET NEWS

Genscape's US coal burn index fell by 8% during the week ending January 1st and 11% on the year to 19.42. In the East, coal usage fell by 8% on the week and by 12% on the year due to lower demand. In the West, the coal burn index fell by 2% on the week and by 2% on the year.

MARKET COMMENTARY

The natural gas market opened lower and posted a low of \$5.503 after the market sold off on New Year's Eve. The market was pressured as the cash market fell on lighter weekend industrial loads and the initial weakness in the crude market. The market traded mostly sideways before it bounced of its lows and rallied to its high of \$6.088 in afternoon trading. It retraced nearly all of its losses seen earlier in the week after it posted a high of \$6.18 on Tuesday. The natural gas market was well supported by the crude market's rally and forecasts for the return of colder weather. The market settled up 34.9 cents at \$5.971.

The natural gas market will likely retrace some of today's gains. While the weather forecasts will provide some initial support to the market, the market's gains are seen limited amid the lack of any sustained and severe cold weather forecasts. The market is seen finding support at \$5.82, \$5.62 and \$5.503. More distant support is seen at its previous low of \$5.477, \$5.269 and \$5.035. Resistance is seen at \$6.088, its previous high of \$6.18, \$6.205 followed by \$6.439 and \$6.79.