



## **ENERGY RISK MANAGEMENT**

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### **POWER MARKET REPORT FOR JANUARY 3, 2008**

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

Williams Thursday said it placed an expansion of its Transco natural gas pipeline system into service, increasing firm capacity into the New York City metropolitan area by 100,000 Dth/d to serve growth on National Grid's distribution system.

With oil futures prices reaching a record \$100/bbl on Wednesday and Thursday, power generators and other traditional natural gas users may soon find themselves competing with everyday drivers for the precious commodity, if NGV America has anything to say about it. NGV America believes natural gas cars are the answer to \$100 oil.

Prompt British gas and power held firm today, buoyed by cold weather and as record-high oil helped to spur financial buying at the back end of the curve. Day-ahead gas eased .05 pence per therm to 53.65 pence after gains of more than two pence on Wednesday, but within day prices rose by five pence to 57.50 pence per therm.

#### **PIPELINE MAINTENANCE**

Alliance Pipeline said that routine inspections and maintenance will require the Gold Creek compressor station to be offline for five hours today. Station capacity will be lowered to 950 e3m3. A routine inspection will require Whitecourt Unit #1 to be offline for 10 hours today and station capacity will be lowered to 627 e3m3.

#### **Canadian Gas Association**

##### **Weekly Storage Report**

	28-Dec-07	21-Dec-07	29-Dec-06
<b>East</b>	194.8	198.8	229.3
<b>West</b>	273.6	283.2	187.9
<b>Total</b>	468.5	482.1	417.2

storage figures are in Bcf

the Beaver Co. #7 Compressor Station. Scheduled volumes will be reduced to 15 MMcf/d starting with the Timely process today. Repairs are estimated to be complete on gas day January 18.

Colorado Interstate Gas Company said one unit at Wamsutter Compressor Station in Wyoming will be out of service January 1-16. The Dover and Bowie Station will be out of service January 9 and volumes at both will go to zero. In Colorado, the Greasewood Compressor Station will be out of service January 15 and capacity will be

#### **Generator Problems**

**ECAR** – AEP's 1,695 Mw Conesville coal-fired power station shut one of its units today.

**PJM** – Exelon Corp.'s 619 Mw Oyster Creek nuclear unit reduced output to 92% power to fix a problem with an oscillating turbine.

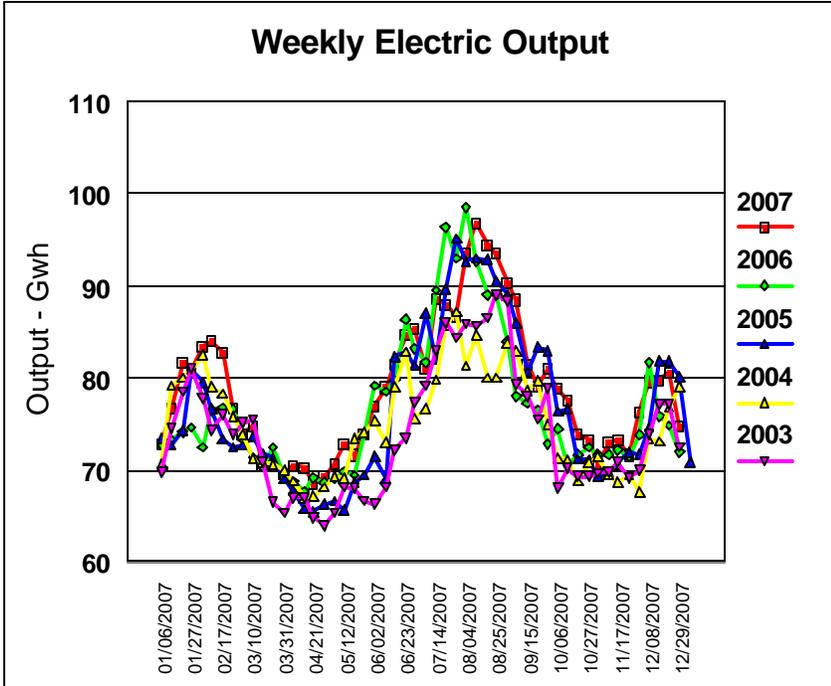
PSEG's 1,100 Mw Salem #1 nuclear unit ramped up to 98% power today. Yesterday, the unit was operating at 62% power. Salem #2 continues to operate at full power.

**SERC** – Dominion Resources 925 Mw North Anna #2 nuclear unit reconnected to the grid and ramped up to 82% power. North Anna #1 remains at full power.

**WSCC** – Arizona Public Service's 1,270 Mw Palo Verde #3 remains offline for a refueling outage. Palo Verde #1 and #2 continue to operate at full power.

**Canada** – OPG's 515 Mw Pickering #1 nuclear unit returned to service today.

**The NRC reported that 92,766 Mw of nuclear capacity is online, up 1.23% from Wednesday, and down 4.41% from a year ago.**



reduced from 195 to 140 MMcf/d. The Aristocrat Meter Station will be out of service January 17 and volumes will go to zero.

**PIPELINE RESTRICTIONS**

Florida Gas Transmission said that below-freezing temperatures are forecasted in Florida tonight and FGT's linepack is low; therefore, today's gas day, FGT will notify customers in its Market Area that it is issuing an Overage Alert Day at 10% tolerance. FGT will not interrupt previously scheduled Market Area ITS-1 service below the elapsed prorated scheduled quantity.

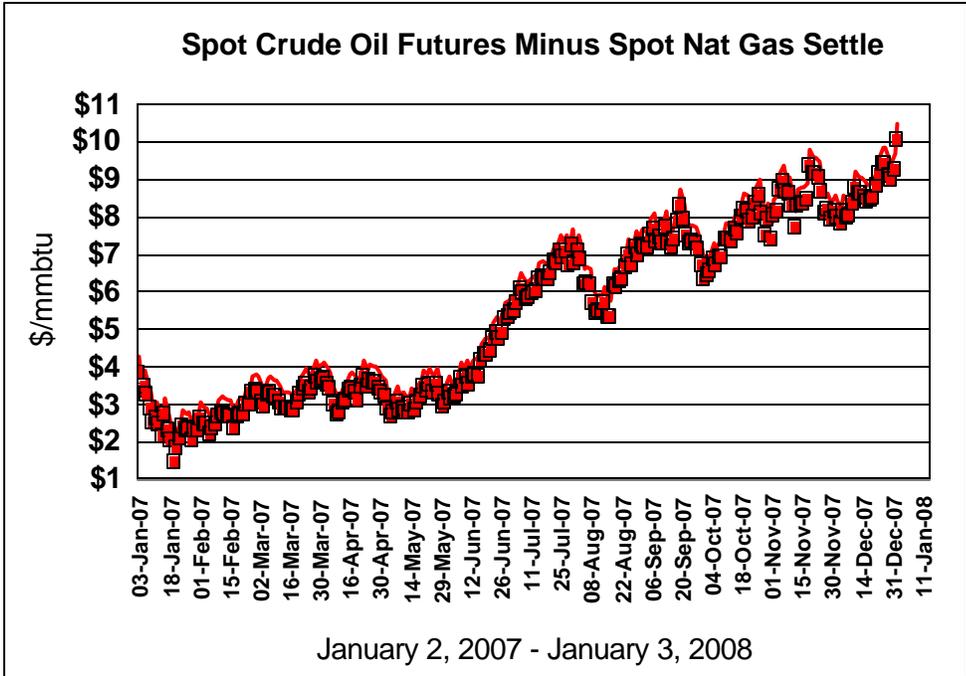
**ELECTRIC MARKET NEWS**

The Edison Electric Institute said power production in the continental U.S. last week rose 3.9% from the same week in 2006 to 74,832 GWh. Though

compared to last week, power demand fell by 7.19%.

**MARKET COMMENTARY**

The natural gas market chopped on either side of unchanged for most of the session. Physical gas was mostly lower today, dragged down by moderating temperatures in the Midwest and Northeast. Current frigid temperatures are expected



to moderate in the coming days, and the recent four day rally that saw prices move roughly 9% higher since last Friday suggests that the market is a bit over bought. The February contract traded to a high of 7.98, following a midday forecast report that called for some cold in the 11-15 day period. As the market felt resistance from the 8.00 level, and crude oil did its \$100 dance and then fell off, natural gas succumbed with short-term bulls taking profit and the market returning to negative territory. February natural gas finished the session down 17.6 cents at 7.674.

U.S. natural gas storage levels are expected to be down about 105-110 Bcf, when the EIA releases its weekly inventory figure tomorrow. Our model is showing a bit smaller draw of 95-100 bcf. The expected above normal draw compares to an 89 Bcf five-year average draw and last year's 47 Bcf withdrawal. Technically the market tested a key resistance level and we feel that given the expected moderation in temperatures, the market will

maintain its range characteristics and work lower. We see resistance at 7.86, 8.00, 8.105 and 8.23-8.25. We see support at 7.60, 7.50, 7.365, 7.12 and 7.00.

