



## ***ENERGY RISK MANAGEMENT***

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### **POWER MARKET REPORT FOR FEBRUARY 13, 2008**

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

The CFTC announced today the establishment of an advisory committee that will provide a public forum to examine emerging issues related to the energy markets and the CFTC's role in these markets under the Commodity Exchange Act.

House Democrats have wasted little time in coming out with another bill that would fund renewable energy and energy conservation at the expense of oil and gas producers.

Full electrical power has been restored to a liquefied natural gas (LNG) tanker that lost propulsion off the Massachusetts coast early Monday, according to the Coast Guard Boston Command Center.

Cambridge Energy Research Associates said that because of the momentous investment decisions finalized several years ago, LNG is set to become a more freely traded flexible worldwide commodity, and will reshape the global market's traditional pricing and contracting practices. Over the next 24 months, as a result of these investments, global LNG supply will grow by almost one-third, the supply of flexible, or tradeable LNG will double; global LNG shipping capacity will increase by more than one-half, and utilization of LNG regasification capacity in the Atlantic basin will fall below 50%. These factors set the stage for a more traded global gas market within the next two years.

Talk about keeping an eye on the weather: Shell Oil Co. is teaming up with the National Oceanic and Atmospheric Administration (NOAA) to gather real-time information about storms that blow through the Gulf of Mexico (GOM).

#### **PIPELINE RESTRICTIONS**

KM Interstate Gas Transmission said that it has been informed by Kinder Morgan Upstream that a force majeure has been declared at its Douglas Processing Plant effective today through gas day February 14.

Northern Natural Gas Company said that an SOL with 0% allowable SMS is being called due to extremely cold temperatures forecasted for February 14 gas day.

Tennessee Gas Pipeline said that it has lifted the OFO Balancing Alert for Zones 5 and 6 effective Timely Cycle today at 9:00 AM CT.

#### **PIPELINE MAINTENANCE**

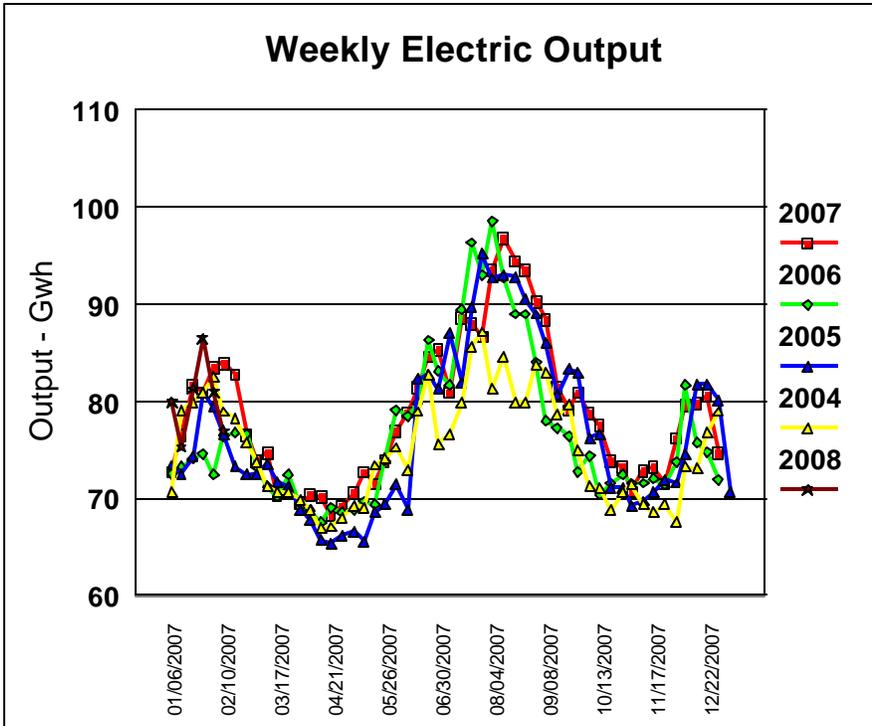
#### **Generator Problems**

**MAIN** – AmerGen's 1,022 Mw Clinton nuclear unit reconnected to the grid and ramped up to 74% power. The unit was offline at 3% power yesterday.

**MAPP** – Xcel Energy's 593 Mw Prairie Island #1 nuclear unit shut for a planned refueling and maintenance outage. Prairie Island #2 continues to operate at full power.

**WSCC** – Southern California Edison's 1,070 Mw San Onofre #2 nuclear unit reduced output to 90% capacity. Yesterday, the unit was operating at 98%. San Onofre #3 continues to operate at full power.

**The NRC reported that 89,658 Mw of nuclear capacity is online, up .17% from Tuesday, and down 5.79% from a year ago.**



Gulf South Pipeline said that scheduled maintenance at Montpelier Compressor Station Unit #7 has been extended an additional two days through February 14. Capacity through Montpelier could be reduced by as much as 50,000 Mcf/d during this maintenance.

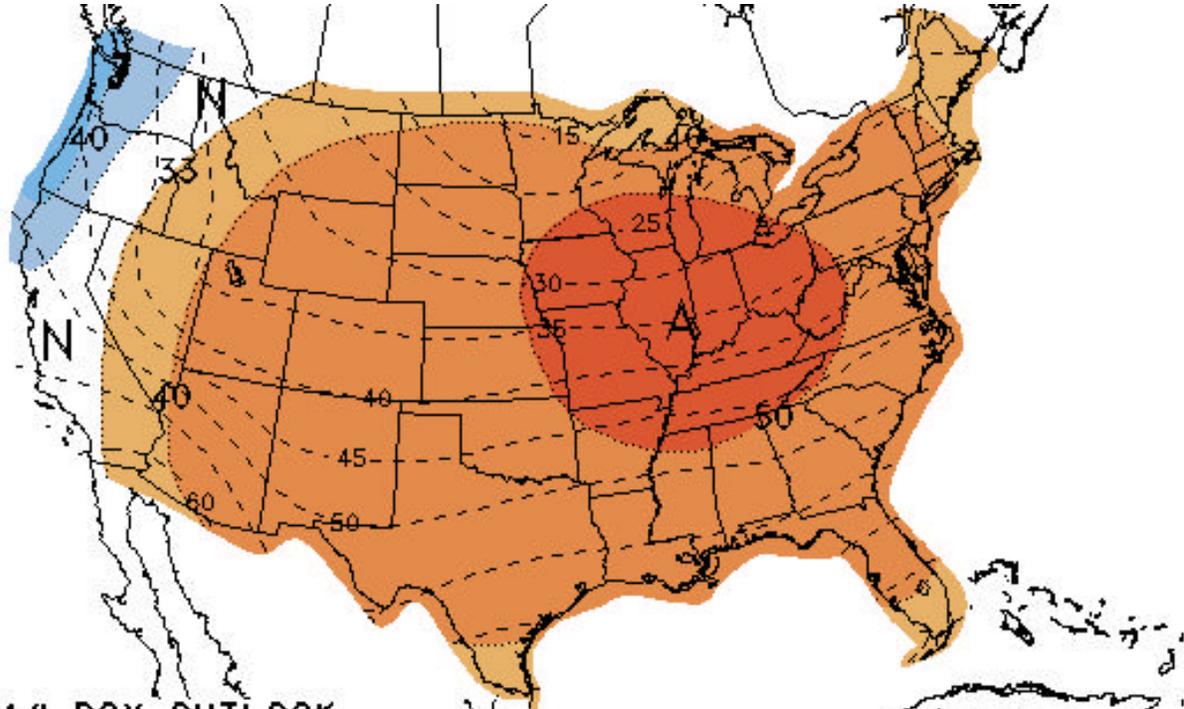
#### ELECTRIC MARKET NEWS

The Edison Electric Institute reported that power production in the continental U.S. for the week ended February 9 fell 8.5% from the same 2007 week to 76,941 GWh. Compared to last week, that is a 5% reduction in power demand.

#### MARKET COMMENTARY

The natural gas market vacillated on either side of unchanged for most of the session, as a lack of

fresh fundamental news and a mixed weather report offered little direction for the market. Intraday, the market exhibited tremendous volatility, as it rallied to a high of 8.555 in the last hour of trading, just to return back to negative territory by the close. It was surprising to see such strength so late in the day, especially as weather forecasts have moderated, and expectations for tomorrow's EIA report call for a below average draw. The March



**8-14 DAY OUTLOOK**  
**TEMPERATURE PROBABILITY**  
**MADE 13 FEB 2008**  
**VALID FEB 21 - 27, 2008**

**DASHED BLACK LINES ARE CLIMATOLOGY (DEG F)**  
**SHADED AREAS ARE FCST**  
**VALUES ABOVE (A) OR BELOW (B) NORMAL**  
**UNSHADED AREAS ARE NEAR-NORMAL**

contract ultimately settled down 4.8 cents at 8.388.

Expectations for the EIA's storage report range between 110-120 Bcf, against a five-year average withdrawal of 167 Bcf and last year's 254 Mw draw. Most forecasts are looking for a draw of 115 Bcf. Natural gas has a very bullish feel to it, and perhaps after absorbing tomorrow's storage number, the market will declare itself to the upside, and challenge the 8.80 level. Looking forward to next week's data, which covers the week ending February 15, estimates have been climbing to match the heating demand and could edge over the five-year average pull of 161 Bcf. We see support at 8.35, 8.279, 8.198, 8.06, 8.00 and 7.62. we see resistance at 8.636, 8.717, 8.80 and 8.83.