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POWER MARKET REPORT FOR MARCH 9, 2006

NATURAL GAS MARKET NEWS

Sempra LNG announced that it has executed a capacity agreement with Merrill Lynch Commodities, to bring natural gas to the U.S. Gulf Coast. The 15-year full-service capacity agreement provides Merrill Lynch Commodities the capability to import 3.7 million tones of LNG per year, the equivalent of 500 MMcf/d, through Sempra LNG's Cameron LNG receipt terminal near Lake Charles, La. The agreement is contingent upon Merrill Lynch Commodities finalizing its LNG supply arrangements. Depending upon the timing of Merrill's arrangements, Sempra LNG would have the flexibility to service the capacity agreement from either the first phase of Cameron LNG's development, to be completed in 2008, or its proposed expansion, which could be completed in 2010.

TransCanada said yesterday it reached a settlement with customers and other parties for the 2006 tolls on its Canadian Mainline natural gas transmission system. The company said the toll settlement will result in a revenue requirement of about C$1.8 billion ($1.5 billion) in 2006.

National Grid, the U.K. natural gas pipeline manager, plans to boost its stores of natural gas to prepare for next winter to meet rising demand by buying additional space at the country's storage sites. Natural gas shippers in the U.K. have relied more on gas storage since the country started to import more than it produced in 2004. Gas prices have risen in the last year, making household heating bills more expensive in Europe's second-biggest economy.

Star Gas Partners said it received two proposals from Kestrel Energy Partners to amend their recapitalization deal, after a group led by financier George Soros submitted a competing bid to recapitalize Star Gas. Star Gas said that its board was not inclined to accept Kestrel's first proposal to amend the deal because it eliminated provisions that allow it to consider and approve competing proposals from third parties. Under that proposal Kestrel would buy 7.5 million common units at a price of $2.60 per unit in an equity investment of $19.5 million. It would also increase its rights offering to Star Gas unitholders to $41.125 million at a price of $2.35 per unit. In response to the board's concerns, Kestrel also submitted a revised proposal that includes the provisions in question. Under the revised offer Kestrel would pay $16.875 million, or $2.25 per unit, for 7.5 million Star Gas units, as well as $39.375 million rights offering. Star Gas agreed to the recapitalization deal with Kestrel in December, but received a bid from the Soros group earlier

Generator Problems

MAAC— PSEG's 1,174 Mw Salem #1 nuclear unit shut late yesterday due to a turbine trip. The company said one control rid did not fully insert and there was a steam leak in the turbine building. Salem #2 continues to operate at full power.

MAIN— Exelon's 1,022 Mw Clinton nuclear unit continues to fluctuate as production dropped to 80% from 96% seen yesterday.

SERC— Dominion Resources' 925 Mw North Anna #1 nuclear unit reduced power to 91% from 94%. The unit is expected to shut for refueling and maintenance this Sunday. North Anna #2 remains at full power.

WSCC— Arizona Public Service's 1,270 Mw Palo Verde #3 nuclear unit ramped output to 98% this morning. The unit was operating at 77% power yesterday. Palo Verde #1 remains at 25%, while Palo Verde #2 remains at full power.

Canada— Ontario Power Generation shut the 494 Mw Lambton #2 coal-fired power unit for short-term planned work. The unit is expected to return to service within a week.

Ontario Power Generation's 535 Mw Lennox #3 oil- and natural gas-fired power station shut by early today for short-term planned work. Yesterday the unit was available for service.

The NRC reported that U.S. nuclear generating capacity was at 84,190 Mw down 1.30% from Wednesday and up 2.07% from a year ago.

this week offering new equity capital of $32.5 million and a standby commitment for a $37.5 million rights offering.

EIA Weekly Report

	03/03/2006	02/24/2006	Net chg	Last Year
Producing Region	624	623	1	527
Consuming East	1001	1078	-77	751
Consuming West	262	271	-9	215
Total US	1887	1972	-85	1494

*storage figures in Bcf

Wisconsin regulators will audit two utilities in the state to determine lower energy rates for customers to reflect falling prices for natural gas supplies. The Wisconsin Public Service Commission opened the review on Wednesday along with a proceeding to examine utility contracts for gas purchases and hedging, storage of gas, and incentive programs to get the best gas possible.

PIPELINE RESTRICTIONS

Gulf South Pipeline said that based upon its review of current nominations, NNS demand forecast, and operational factors, it may be required to schedule available capacity and implement scheduling reductions on West 30 South and Hall Summit.

Canadian Gas Association

Weekly Storage Report

	03-Mar-06	24-Feb-06	04-Mar-05
East	119.5	131.4	79.9
West	133.7	140.6	71.3
Total	253.2	272.0	151.3

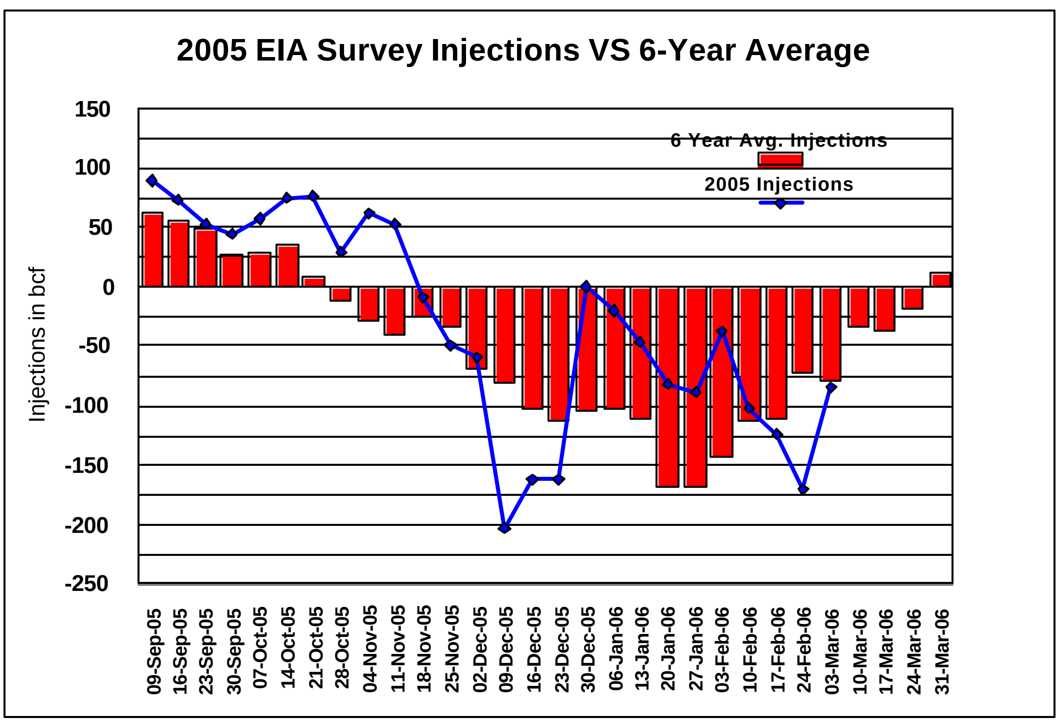
storage figures are in Bcf

Kern River Pipeline said that line pack has returned to normal operating levels. However, due to ongoing maintenance at the Veyo Compressor Station, Kern River is requesting that all shippers and operators refrain from banking or drafting and stay on rate until the maintenance is completed on March 10.

Natural Gas Pipeline Company said that a gas quality problem has been reported at the receipt from Duke-Kerns #1-Caddo in Caddo County, Oklahoma (Segment 2 of Natural's MidContinent Zone). Effective gas day March 9, and continuing until further notice this point will be unavailable.

Transcontinental Gas Pipe Line said that all its customers are encouraged to closely monitor requirements and ensure that actual flowing supplies are not greater than market requirements. Transco said it will have limited ability to accommodate "due to shipper" imbalances, as weather forecasts for all of Transco's market area for the upcoming weekend, and several days thereafter, indicates unseasonably mild conditions for this time of the year. In order to ensure that Transco maintains the flexibility to meet day-to-day and within-the-day market volatility, effective with gas day March 10, Transco will not allow any excess storage injections under Rate Schedules WSS, WSS-OA or GSS nor will Transco allow any due-from-shipper imbalance transactions. Additionally, pool tolerances will be reduced to 1% beginning with the Evening Nominations Cycle for gas day March 10 and Transco will not allow any incremental Park quantities or the payback of any Loans under Rate

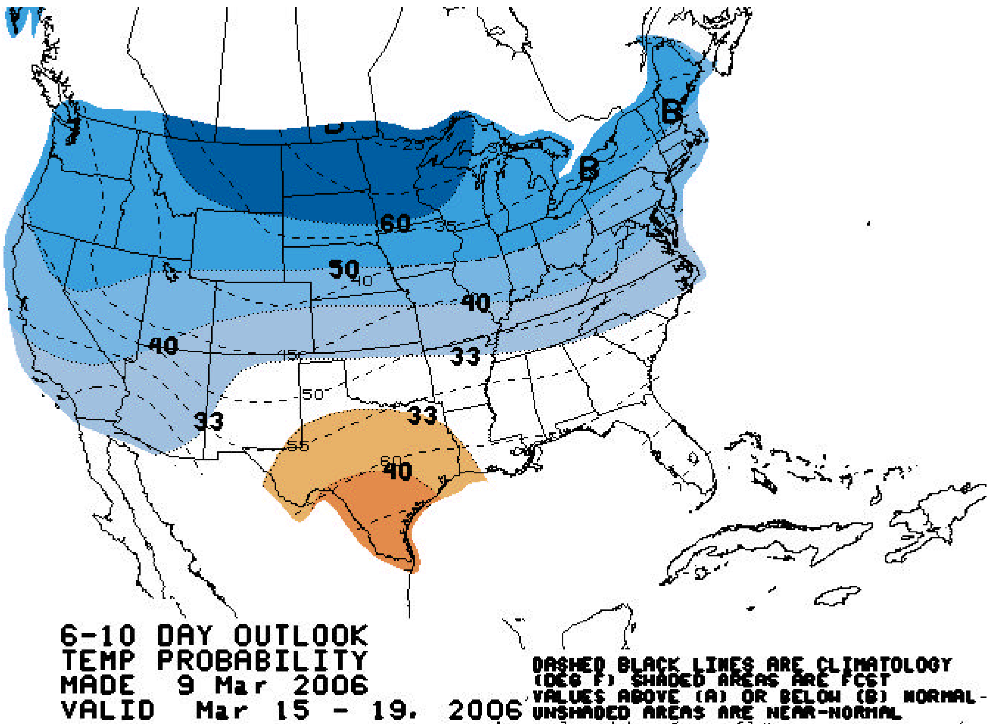
2005 EIA Survey Injections VS 6-Year Average



Schedule PAL until further notice. Transco anticipates that the aforementioned actions will enable it to ensure maintenance of operational flexibility. If not, Transco may be required to consider further action.

PIPELINE MAINTENANCE

Gulf South Pipeline said that it will be performing scheduled pigging maintenance on the Burns Offshore Pipeline System beginning March 13, and continuing for approximately 1 week. The pigging will include the main and various field lines. Due to the nature of pigging operations production shut-in could occur periodically during the maintenance.



Panhandle Eastern Pipeline Company said that its E-301 Compressor was taken out of service March 7 for maintenance, and is expected to be back in service March 31. The expected capacity through the Seiling segment will be limited to 280 MMcf/d. At this time, there is no anticipated impact to customer nominations.

Williston Basin Interstate Pipeline Company said maintenance at the South Baker Compressor Station on March 22 will affect Receipt Point ID 04018 Baker Area Mainline and Receipt Point ID 04015 Baker Area Grasslands Mainline by approximately 2.7 MMcf/d. Also, Williston has extended the unplanned maintenance at the Baker East Compressor Station through March 10. The company said Point ID 04018 Baker Area Mainline and 04015 Baker Area Grasslands Mainline will be affected by approximately 5.3 MMcf/d for gas day March 9, and 1.8 MMcf/d for gas day March 10.

ELECTRIC MARKET NEWS

Southern California Edison, Pacific Gas & Electric, the Utility Reform Network and others released a joint proposal late Tuesday on shared costs for new generation similar to a SoCal Ed plan that drew intense heat in 2005. The proposal, filed with the California Public Utilities Commission, also calls for one or more entities to buy power on behalf of all "benefiting" customers in an IOU's service territory. Adopting this approach will help the state address its supply crunch.

Alcoa Inc., the world's largest aluminum producer, said it was considering, among other options, building a coal-powered power plant in Maryland as a way to power its idled Eastalco aluminum smelter for restart. The smelter was curtailed until the company could find a low-cost or competitively priced power to restart it.

The Alberta Electric System Operator said in a release that Energy companies will invest nearly C$1 billion over the next several years to strengthen the transmission system in Alberta. AESO said the value of the approved and planned enhancements climbed to almost C$1 billion with the recent filing of C$300 million in additional projects that will strengthen the northwestern area of the grid by 2009.

MARKET COMMENTARY

The natural gas market opened 5.8 cents lower as it anticipated the release of the EIA inventory report. With the street expecting a draw of about 105 Bcf, the meager 85 Bcf draw, in line with out model, at first pressured the market down to its recent lows of 6.48, but the front month could not muster any additional selling enthusiasm. The 6.45-6.50 support level continues to hold even with today's test of the bearish figure. With no further downside momentum, the market trended higher trading to a day's high of 6.72 before settling down 4.7 cents at 6.601.

Over the past seven sessions, April natural gas has marked time loosely between 6.45 and 6.80, where it has apparently found some kind of equilibrium. With support holding on a bearish figure that left 393 Bcf more gas in storage than at this time last year, it seems that natural gas is waiting for demand to show up at these levels. The hefty storage surplus has been a foregone conclusion for several weeks now, so it has been priced into the market, leaving many market players waiting for the traditional shoulder season rally. We see support at $6.45-$6.50, $6.18 and $6.03. Further support we see at $6.00, $5.94 and $5.71. We see resistance at $6.85, $6.92 and $7.00. Further resistance we see at $7.18 and $7.40.