ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR MARCH 10, 2010

NATURAL GAS MARKET NEWS

According to AccuWeather, an unusually active hurricane season is likely for the US this year. It is predicting five hurricanes, with two or three major hurricanes making landfall in the US. About 16 to 18 storms are likely to form during the season, compared with 11 named storms in an average year. Meteorologist Joe Bastardi cites the weakening of El Nino as one driver of the increase in storm activity. Warm Atlantic waters, dissipating trade winds and rising humidity levels are also likely to create more storms.

IHS Cambridge Energy Research Associates said the surplus of natural gas that is pressuring prices seems poised to continue for the next two years. Separately, a report by the IHS Cambridge Energy Research Associates said North America's bounty of unconventional gas will likely transform the continent's energy supply picture. However it would not radically reduce greenhouse gas emissions. It said replacing coal-fired generation units with relatively cleaner-burning natural gas power plants alone would not cut greenhouse gas emissions by 80% in 2050. Natural gas demand for power generation, which currently stands at about 19 bcf/d, will almost double by 2030.

Generator Problems

NPCC – Energy's 1,030 Mw Indian Point #2 nuclear unit shutdown for a planned maintenance and refueling outage on Wednesday. The unit was at 95% power on Tuesday ahead of it shutting down. The outage is expected to last about 25 days.

PJM - Exelon Corp's 1,179 Mw Limerick 2 nuclear unit continued coasting down and is operating at 20% of capacity as of Wednesday, down from 27% on Tuesday. Exelon took the unit offline early Tuesday and removed its generator from service for planned maintenance on the unit's stator water cooling system. Meanwhile its 1,179 Mw Limerick 1 nuclear unit was operating at 96% of capacity on Wednesday, down from 97% on Tuesday. The reactor is expected to shutdown around March 21st for a regularly scheduled refueling outage. The outage should last about 25 days.

MAIN – Exelon Corp's 1,133 Mw LaSalle 1 nuclear unit resumed full operations on Wednesday. It was operating at 90% of capacity on Tuesday after the unit was restarted over the weekend from a refueling and maintenance outage.

Exelon Corp's 1,043 Mw Clinton nuclear unit cut its operations to 92% of capacity on Wednesday, down from 97%. A reason for the reduction is not yet known.

SERC –The Tennessee Valley Authority increased operations at its 1,100 Mw Browns Ferry nuclear unit 2 to 22% of capacity as of Wednesday, up from19% on Tuesday. It took its generator offline and reduced reactor power to 19% by March 9th to make repairs to a transformer that provides power to onsite equipment.

Wolf Creek Nuclear Operating Corp's 1,170 Mw Wolf Creek nuclear unit has restarted, however the reactor remains offline at 18% of capacity as of Wednesday after the unit experienced two manual reactor scrams in less than one week.

WSCC- The San Onofre #3 nuclear unit continued to cut its power further to 57% on Wednesday, down from 64% on Tuesday. It will reduce and hold power at the reactor at 50% of capacity for 45 days to ensure adequate fuel supply during peak demand months from July to September.

The NRC reported that there was some 81,610 Mw of nuclear power generated today, down 1% from Tuesday and 6.98% lower than a year ago.

Royal Dutch Shell Plc said production at its Ormen Lange gas field offshore Norway was halted on Wednesday due to a technical problem. The field was shutdown following an outage on the power grid. Shell has started the process to resume normal production, which could take some time to achieve.

Gas flows to Britain via the Langeled and BBL pipelines began to increase on Wednesday evening. Norwegian gas via Langeled was at 42 million cubic meters/day from 37 mcm/day while Dutch gas through the BBL pipeline was 3 mcm/d from zero.

RasGas said the first cargo of superchilled liquefied natural gas is expected to reach the Golden Pass LNG terminal in September. The Golden Pass LNG terminal is in Sabine Pass, Texas and is jointly owned by ExxonMobil Corp, Qatar Petroleum and ConocoPhillips.

Separately, RasGas chief executive Hamad Rashid al Mohannadi said despite the emergency of unexpectedly abundant domestic gas supplies in the US, LNG demand will increase amid growing gas demand. He said the most of the growth in energy demand is likely to occur in developing countries that do not have abundant natural gas resources.

President of gas and power marketing for ExxonMobil Corp, Tom Walters said natural gas output from unconventional sources such as shale, declines in conventional gas production and more cargoes of super-chilled liquefied natural gas will change the supply picture. He said that demand for natural gas will increase by 50% over the next two decades, driven by an increased demand for the fuel as a source for electricity generation.

Interconnector UK Ltd said a natural gas pipeline linking the UK and Belgium has switched to UK exports. The UK-Belgium interconnector is able to transport 20 billion cubic meters a year of natural gas between Bacton, UK and Zeebrugge, Belgium. The pipeline will often flip to export mode to take advantage of stronger prices gas on the continent.

China Petroleum & Chemical Corp or Sinopec plans to produce 4 million cubic meters of natural gas from the Puguang field and transport it to east China via pipeline in 2010. Proven reserves of the field and nearby areas are 489 billion cubic meters.

China's CNOOC Ltd's West South China Sea unit said talks are underway between the government and the company about building an additional liquefied natural gas terminal. CNOOC already has three LNG receiving terminals in operation. It is also working on a fourth terminal.

Dutch liquefied natural gas terminal operator 4Gas has scrapped plans to build an import terminal in Rotterdam after failing to agree on long-term supply deals with customers. The company and the port of Rotterdam has agreed to cancel the LionGas project, which would have rivaled the Gate LNG import terminal being built by Dutch oils storage firm Vopak and gas transport company Gasunie.

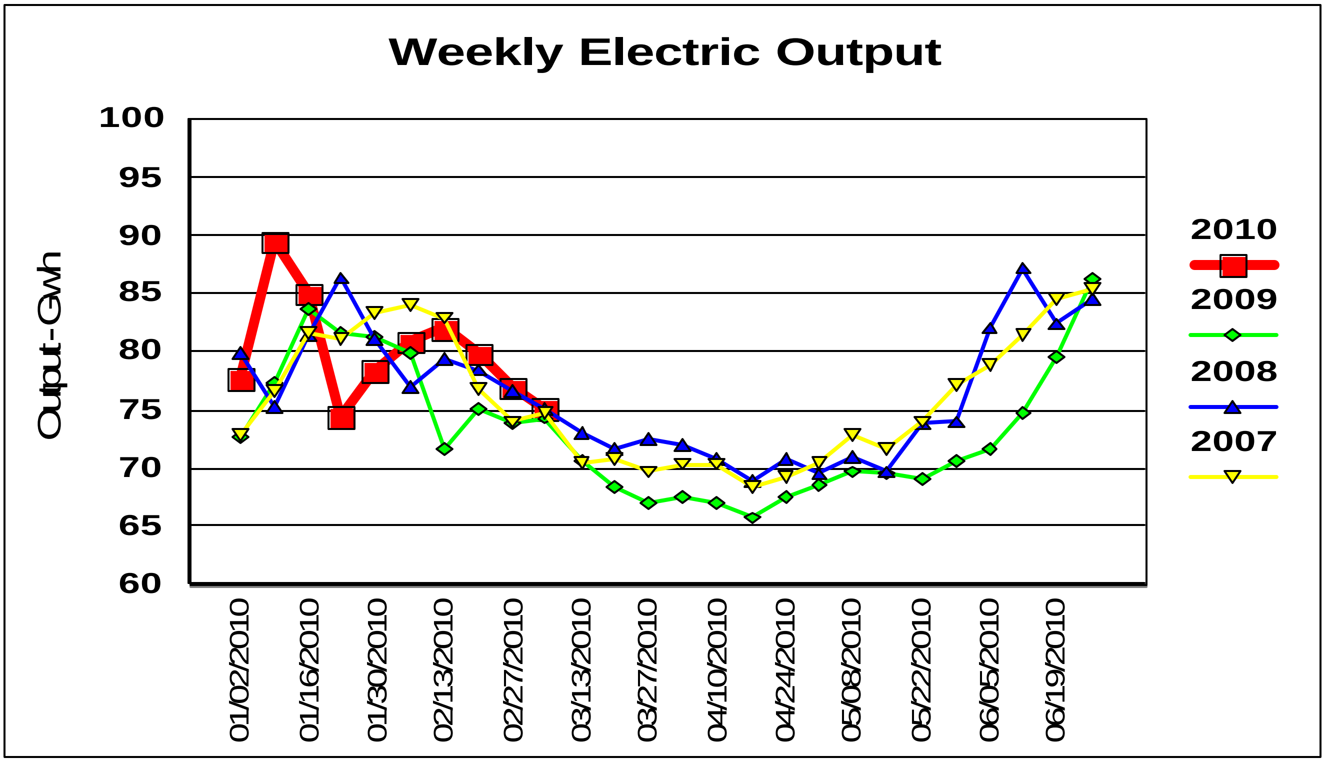
PIPELINE RESTRICTIONS

Natural Gas Pipeline Co of America said NNG Mills has limited capacity available for deliveries effective for gas day March 10 and continuing until further notice. Limited interruptible transportation service/authorized overrun and secondary firm transports are available.

Rockies Express Pipeline Co said the force majeure declared on March 8th at is Cheyenne Compressor Station remains in effect. It has completed its assessment and procured the necessary parts to impact the repairs to the impacted compressor unit. Nominated quantities through Segment 200 will be limited to 1,550,000 Dth/d until further notice. At this level of scheduled quantities, authorized overrun/interruptible transportation, secondary and primary firm transportation quantities are at risk of not being fully scheduled.

ELECTRICITY NEWS

The Edison Electric Institute reported that US electricity generation in the week ending March 6th increased by 1.1% on the year to 75,203 Gwh. It is down 2.2% on the week. For the 52 weeks ending March 6th, power production fell by 2.5% on the year to 3,942,376 Gwh.



MARKET COMMENTARY

The natural gas market ended higher as late day bargain hunting supported the market despite the mild weather forecasts. The market traded mostly sideways in overnight trading on Globex before it sold off to a low of $4.45, a level not seen since early December 2009. It bounced off that level and settled in a 6.5 cent trading range for most of the session. The market however retraced most of losses and rallied to $4.567 ahead of the close as traders were taking advantage of the oversold market. The natural gas market settled up 4.3 cents at $4.559. It continued to trade higher in late afternoon trading and posted a high of $4.592.

Market expectations for tomorrow's release of the EIA Storage Report appear to be running at a 93-120 bcf draw, with the average draw seen at 109 bcf. Stocks fell an adjusted 11 bcf during the same week last year while the five year average draw for the week was 109 bcf.

The natural gas market on Thursday will seek further direction from the EIA report. However the market's upside will remain limited amid the less than supportive weather forecasts. The market is seen finding support at $4.545, $4.484, its low of $4.45 followed by $4.408 and $4.367. Resistance is however seen at its highs of $4.592, $4.603 and $4.626. Further resistance is seen at $4.642 and $4.718 and $4.787-$4.79.