



## ***ENERGY RISK MANAGEMENT***

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### **POWER MARKET REPORT FOR MARCH 13, 2006**

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

MDA EarthSat Energy Weather said the U.S. could face storms as strong as Hurricane Katrina again in 2006 as a mild La Nina weather system brews up conditions for another intense tropical storm season.

Sempra LNG said it will conduct a nonbinding open season in April to gauge shipper interest in expanding a LNG receipt terminal it is building in Mexico. The proposed expansion would increase and send-out capacity at the Energia Costa Azul facility to 2.5 Bcf/d from 1 Bcf/d. The open season is scheduled to begin at 9 AM PT April 17 and continue until 5 PM PT May 12.

#### **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 Hall Summit, Koran Area and Koran Station.

Kern River Pipeline said that line pack is listed as normal from the North end of the system to Elberta. The remainder of the system south of Elberta is experiencing low line pack. Kern River requests that all operators not take more gas than is scheduled.

Texas Eastern Transmission said it has scheduled and sealed M1 and M2 24-inch. No increases between Little Rock and Batesville for delivery outside that area will be accepted. Tetco has scheduled and sealed receipts sourced at Monroe station. No increases in receipts sourced at Monroe will be accepted. Receipt points located at Monroe are: Gulf South Pipeline; CenterPoint Gas Transmission; and Duke Energy Field Services.

TransColorado Gas Transmission said it has available capacity for deliveries through Segment 220 (White Water Compressor to Olathe Compressor), Segment 240 (Red Vale Compressor to Dolores Compressor) and Segment 300 (Colorado/N.M. State Line to La Maquina). Depending on the level of nominations, IT/AOR and secondary out-of-path volumes may be scheduled.

#### **Generator Problems**

**ERCOT**— TXU's 575 Mw Big Brown #2 coal-fired power unit tripped twice over the weekend, but is expected to restart today.

**MAAC**— PSEG's 1,174 Mw Salem #1 nuclear unit ramped up to full power by early today. On Friday, the unit was operating at 49% after exiting an outage. Salem #2 continues to operate at full power.

PPL's 1,115 Mw Susquehanna #2 nuclear unit is back at full power. On Friday the unit was operating at 82% capacity. Susquehanna #1 remains at full power.

**NPCC**— Constellation's 1,135 Mw Nine Mile Point #2 nuclear unit exited an outage and ramped up to 70% of capacity by early today. Nine Mile Point #1 dipped to 90% capacity from full power.

Entergy Corp.'s 684 Mw Pilgrim nuclear unit returned to service and ramped up to 72% of capacity. The unit was taken offline on Saturday to clean the condenser and replace a transformer.

Entergy Nuclear's 535 Mw Vermont Yankee returned to full power. On Friday, the unit was operating at 87%.

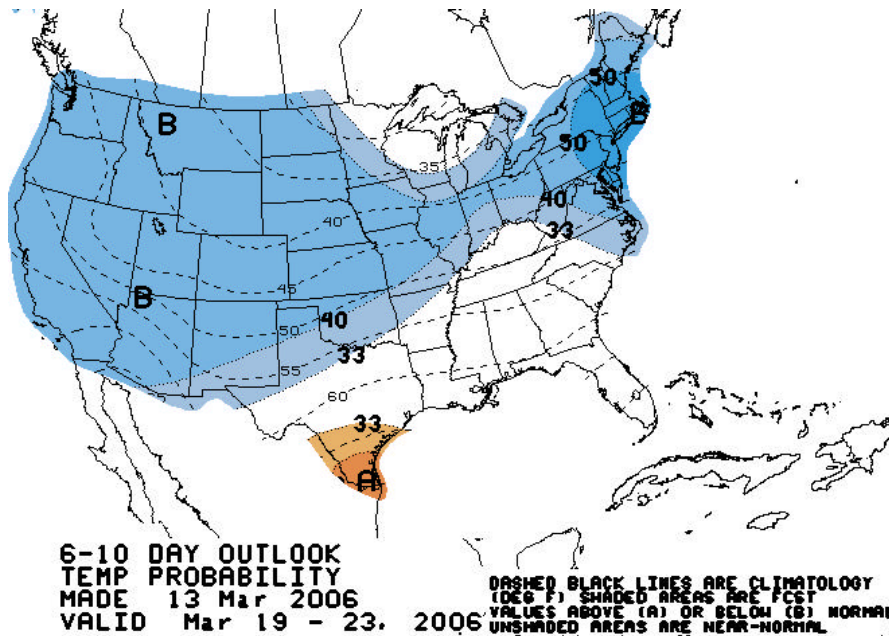
**SERC**— Dominion Resources' 925 Mw North Anna nuclear unit shut for a refueling outage. North Anna #2 continues to operate at full power.

**WSCC**— AES Corp.'s 1,997 Mw Alamos natural gas-fired power station units #5 and #6 returned to service following planned and unplanned outages that began a week ago.

Duke Energy shut both 739 Mw units 6 and 7 at the Moss Landing natural-gas fired power station yesterday for planned reasons.

Reliant Energy's 741 Mw Ormond Beach natural-gas fired power station reduced power by 641 Mw for planned work.

**The NRC reported that U.S. nuclear generating capacity was at 84,205 Mw up .46% from Friday and up 5.32% from a year ago.**



### **PIPELINE MAINTENANCE**

Alliance Pipeline said that Units #1 and #2 at the Blueberry Hill Compressor Station will be required to be offline four hours each on March 16 for minor maintenance. Alliance will be lowering the target capacity at Constraint Point #2 (Blueberry Compressor Station) to 493 MMcf/d for March 16 as a result. The Blueberry Hill Compressor is located in Alberta. Alliance also said that the Fairmount Compressor Station in North Dakota will be offing for six hours starting at 9:00 AM CT on March 15. AOS will be affected due to combined outages on that day. Regular scheduled maintenance will require the Irma Compression

Station to be offline for 30 hours continuously starting on March 14. A jet replacement will occur. System throughput will be affected and will be determined closer to the outage date. The Irma Compressor is located in Saskatchewan. Alliance also said that the Loreburn Compressor Station in Saskatchewan will be offline for four hours starting at 9:00 AM MT on March 16. AOS maybe affected on that day. Finally Alliance said that the Tampico Compressor Station will be offline for three hours starting at 9:00 AM CT on March 14. AOS will be affected due to combined outages on that day. Inlet pressure to AUX Sable may be impacted during the outage.

El Paso Natural Gas Company said that Line 1100 and Line 1103 must be taken out of service upstream of Ehrenberg to install pigging facilities March 23-25. While the lines are down, deliveries to SoCal will be limited to 840 MMcf/d.

Gulf South Pipeline said that it will be performing scheduled maintenance on Bistineau Compressor Station Unit #1 beginning March 14 and continuing for approximately 10 days. Capacity on injections to the Bistineau Storage Field could be reduced by 75 MMcf/d, however with current nominations capacity should not be affected. Capacity on Bistineau Storage Withdrawals will not be affected during this maintenance.

### **ELECTRIC MARKET NEWS**

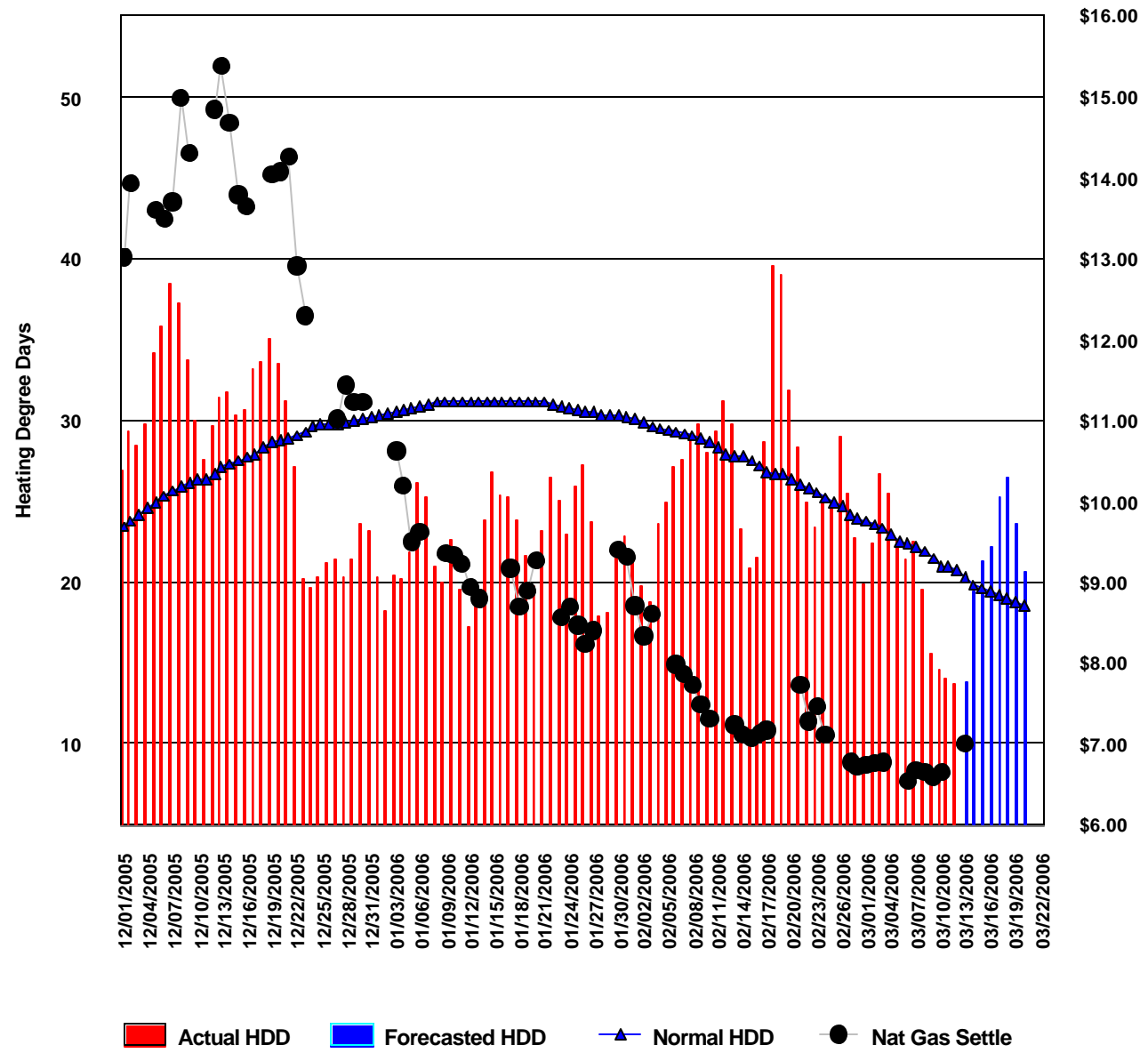
The EIA's Electric Power Monthly summary for December 2005 detailed the generation and consumption of fuels for electricity generation. Year-to-date total net generation (January through December 2005 compared to January through December 2004) increased by 1.7%. At nuclear power plants, however, generation was down 1%. Lower nuclear output contributed to the increased usage of other fuels, particularly natural gas, up 6% year-to-date. Coal-fired generation increased 1.8%. Generation at conventional hydroelectric power plants decreased 1.2%. Year-to-date through December 2005, 49.9% of the Nation's electric power was generated at coal-fired plants. Nuclear plants contributed 19.3%, 18.6% was generated by natural gas-fired plants, and 2.5% was generated at petroleum-fired plants. Conventional hydroelectric power provided 6.6% of the total, while other renewables (primarily biomass, but also geothermal, solar, and wind) and other miscellaneous energy sources generated the remaining electric power.

### **MARKET COMMENTARY**

The natural gas market opened 25.4 cents higher, supported by cooler weather forecasts for key consuming regions of the nation by midweek. The market opened with heating demand increasing 8% from Friday for the past weekend, which led to an increase in demand in the cash markets. April futures contract broke above the 7.00 level for the first time since late February despite no real fundamental change in the market. The absence of additional bearish motivation is allowing the front month to bounce higher. The market backed off through the

afternoon, trading to a low of 6.83, but an afternoon rally in the crude oil market spurred more technical buying, as April natural gas rallied to a high of 7.09 before settling up 36.1 cents at 7.007.

## U.S. Daily Heating Degree Days Basis Gas Customer Weighted Basis



The forecasted cooler temperatures did help the market a bit today, but after the 6.50 support level held after being tested numerous times last week, technical buying was the motivation for today's action. To sustain a larger advance, some bullish fundamentals are still needed, along with some consolidation at these levels because the overall market is still very short. Early street expectations for Thursday's inventory report range between a 60-70 Bcf withdrawal. Our heating degree-day based model shows a softer range of 43-54 Bcf

withdrawal, with a median of about a 50 Bcf withdrawal. We see support at \$6.83, \$6.45-\$6.50 and \$6.18. Further support we see at \$6.03, \$6.00 and \$5.71. We see resistance at \$7.05, \$7.18 and \$7.22. Further resistance we see at 7.40 and \$7.95.