



## ***ENERGY RISK MANAGEMENT***

Howard Rennell, Pat Shigueta,  
Karen Palladino & Zachariah Yurch  
**(212) 624-1132 (888) 885-6100**

**www.e-windham.com**

---

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

---

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

Williams and TransCanada said today that they were still evaluating the development of a new natural gas transmission pipeline that would move natural gas from the Rockies to the markets in the western United States. The Sunstone Pipeline would be a 618 mile, 42-inch diameter pipeline with a capacity of up to 1.2 bcf/d. The project, proposed for service in 2011, would move gas from the Opal Hub in Wyoming to Stanfield, Oregon. An open season to gauge interest in transportation on the line will begin on March 17<sup>th</sup> and run through April 30<sup>th</sup>. TransCanada's GTN will hold an additional open season to offer existing capacity available on its system between Stanfield and GTN's terminus near Malin, Oregon.

Columbia Gulf Transmission announced it was holding a binding open season for capacity to move gas through its East Lateral downstream to interconnections with Southern Natural Gas.

European natural gas storage operators reported that for the week ending March 10<sup>th</sup>, gas storage levels in Britain and Belgium were at 35% of capacity down 1% on the week.

The FERC on Wednesday issued a certificate for Northern Natural Gas to add another 8.5 bcf in storage capacity to its Redfield storage facility in Dallas County, Iowa.

#### **EIA Weekly Report**

	03/07/2008	02/29/2008	Net chg	Last Year
<b>Producing Region</b>	512	535	-23	570
<b>Consuming East</b>	706	760	-54	754
<b>Consuming West</b>	180	189	-9	224
<b>Total US</b>	1398	1484	-86	1549

The U.S. Coast Guard today issued a favorable draft supplemental environmental assessment that supports the "letter of recommendation" finding that increased tanker traffic from the expansion of the Cove Point LNG terminal will not create significantly higher environmental risks to the Chesapeake Bay.

Connecticut officials claimed that a report from a task force it commissioned found the environmental analysis performed by the FERC on the proposed Broadwater Energy LNG terminal in Long Island Sound is seriously flawed.

#### **Generator Problems**

**PJM** – Constellation's 873 Mw Calvert Cliffs #1 nuclear unit was at 1% of power Thursday morning as operators began the process of returning the unit from its recent refueling outage.

**NPCC** – Entergy's 506 Mw Vermont Yankee nuclear unit was back to full power early this morning, up 35% from Wednesday. Power had been reduced for quarterly rod pattern exchange.

**SPP** – Entergy's 967 Mw River Ben nuclear unit was at 82% of power this morning, 16% from yesterday morning's levels.

**FPCC** – FPL's 839 Mw St. Lucie #1 nuclear unit was at 40% of power this morning, after running at full power on Wednesday. No reason was given for its reduced operating level.

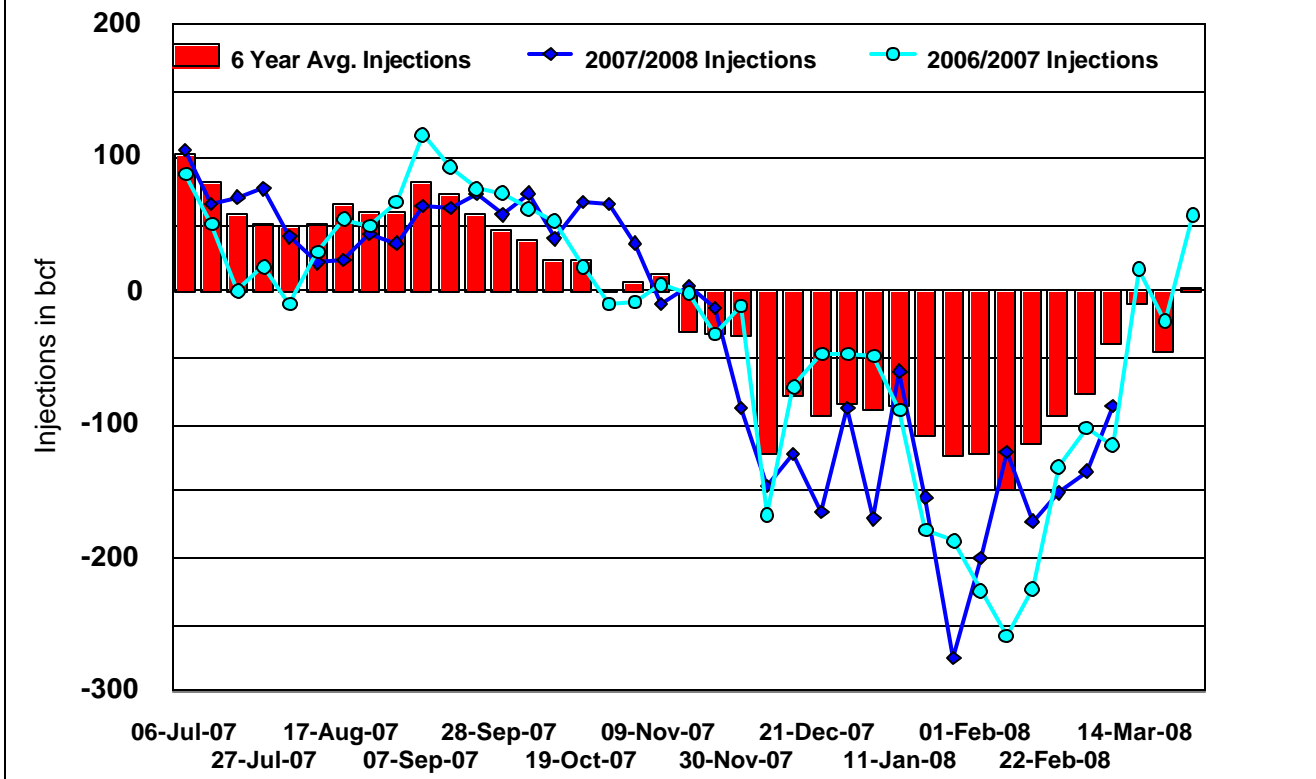
**ERCOT** – Luminant's 545 Mw coal fired Sandow Unit #4 was taken down this afternoon to fix a boiler tube leak.

**SERC** – Southern's 876 Mw Hatch #1 nuclear unit was at 14% of power Thursday morning up 13% from yesterday. Operators continue to ramp the unit up from its recent refueling and maintenance outage.

**Canada** – OPG's 490 Mw coal fired Nanticoke Unit #8 returned to service by early Thursday after a brief outage.

**The NRC reported that 86,514 Mw of nuclear capacity is online, up 0.2% from Wednesday, and up 5.31% from a year ago.**

## 2008 EIA Survey Injections VS 6-Year Average



### PIPELINE MAINTENANCE

Gulf South Pipeline has scheduled a pig run on Index 430 (Longview to Waskom) the 8 inch and 10 inch lines will be temporarily shut for 12 hours during the maintenance period.

El Paso reported that maintenance work on the San Juan Basin, Line 1202 will occur on March 31<sup>st</sup> for pigging operations that will reduce capacity by 266 MMcf/d. Also maintenance work on the North Mainline, Line 1204 will run from March 13 through the 31<sup>st</sup>, which will reduce capacity along the line at different points by 82 MMcf/d to 255 MMcf/d.

### Canadian Gas Association

#### Weekly Storage Report

	07-Mar-08	29-Feb-08	09-Mar-07
<b>East</b>	69.1	79.2	73.2
<b>West</b>	130.5	140.7	106.4
<b>Total</b>	199.6	219.9	113.1

storage figures are in Bcf

### ELECTRIC MARKET NEWS

The NRC staff is analyzing a possible weld problem to decide whether to allow eight nuclear reactors to continue to operate until their next scheduled maintenance shutdown. A decision could be announced as early as Friday. The plants include the 1152 Mw Braidwood #2; the 1150 Mw Comanche Peak #2; the 1314 Mw Palo Verde #2; the 1244 Mw Seabrook; the 966 Mw Summer; the 1280 Mw South Texas #1; and the 1152 Mw Vogtle #1.

The EIA reported for the week ending March 8<sup>th</sup> saw some 22.610 million tons of coal produced domestically off 2.8% from the previous week and 1% less than the same week a year ago. Year to date production is running 2.7% over 2007 levels.

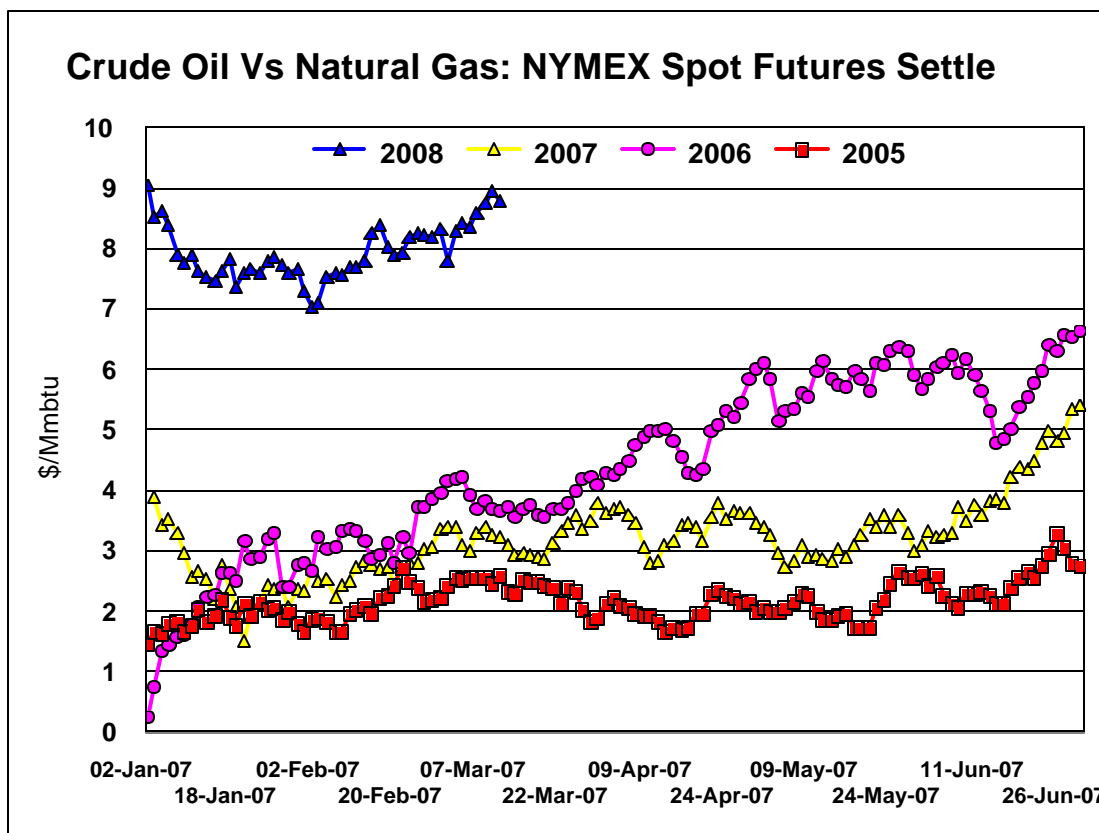
The U.S. Northwest River Forecast Center predicted that water runoff at the Dalles Dam on the Columbia River should average out at 94% of normal for the January through July period down 2% from the forecast given a week ago. The April-August flow though should be 101% unchanged from the previous forecast.

Bruce Power said it was moving ahead with plans for Alberta's first nuclear power plant by filing an application with regulators to build up to four reactors in the northern part of the province, which could produce up to 4,000 Mw. The first unit could be on line as early as 2017.

Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
Location	Traded	Price		(As of 12:30 PM)		Moving Avg
Henry Hub	1,325,200	\$9.742	\$0.049	(\$0.381)	(\$0.115)	(\$0.424)
Chicago City Gate	1,162,000	\$9.958	\$0.070	(\$0.165)	(\$0.073)	(\$0.029)
NGPL- TX/OK	1,237,800	\$9.476	\$0.068	(\$0.647)	(\$0.075)	(\$0.482)
SoCal	638,800	\$8.862	(\$0.294)	(\$1.261)	(\$0.437)	(\$0.782)
PG&E Citygate	1,112,700	\$9.718	\$0.036	(\$0.405)	(\$0.107)	(\$0.274)
Dominion-South	367,700	\$10.223	\$0.044	\$0.100	(\$0.099)	\$0.199
Transco Zone 6	194,400	\$10.428	(\$0.015)	\$0.305	(\$0.158)	\$0.706

A group of environmental experts brought together by NAFTA reported today that "green" construction could cut North America's climate warming emissions faster and more cheaply than any other measure. North America's buildings release more than 2200 megatonnes or 35% of the continent's total greenhouse gas, carbon dioxide. If the construction industry adopted current and emerging energy-saving technologies, the number could be cut by 1700 megatonnes by 2030.

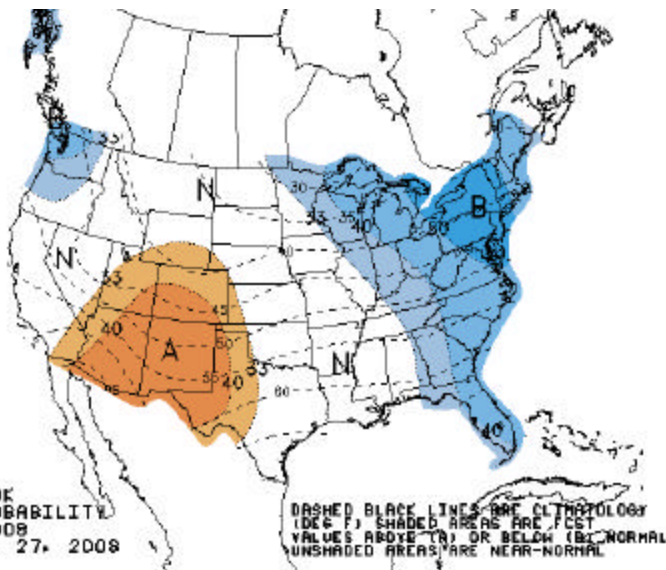
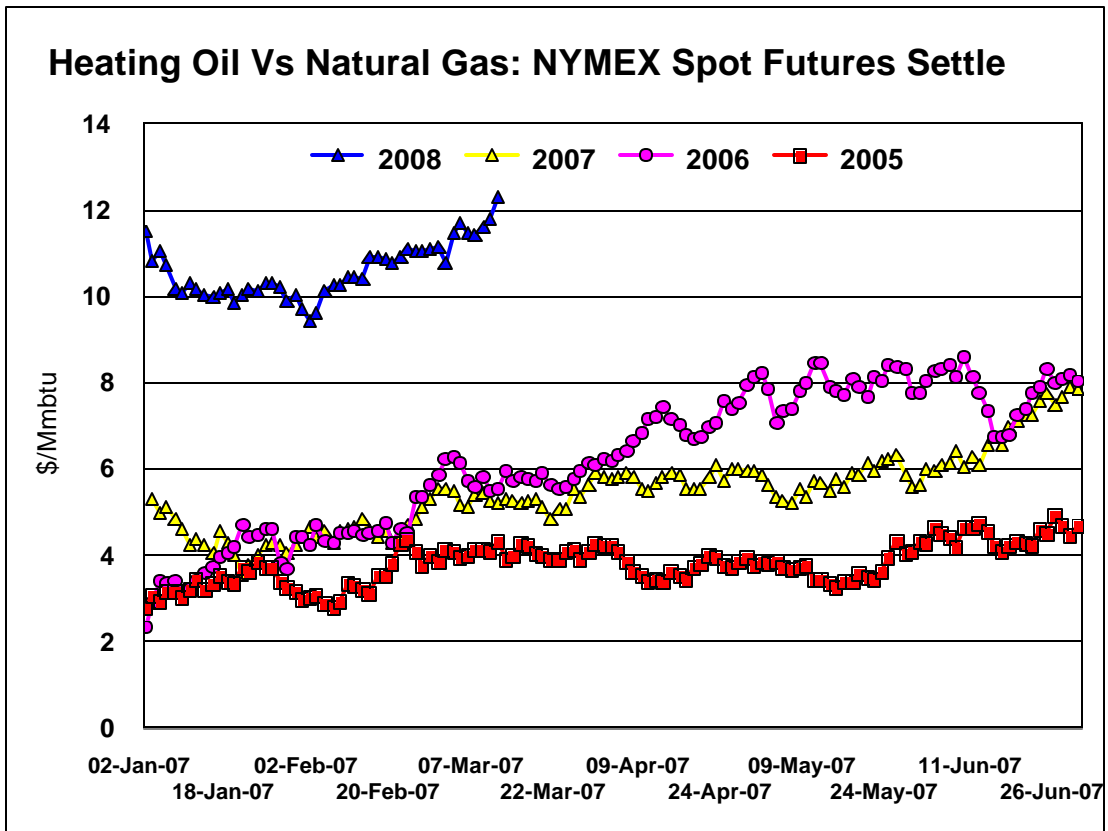
TransCanada said today that plans by SaskPower to sell carbon dioxide captured from its power plant to oil producers in the region is no threat to TransCanada's own initiative to sell carbon dioxide. The company said its proposed \$4.1 billion Belle Plaine polygeneration facility, will still have plenty of potential customers for its facility since oil producers in the province will seek the carbon



dioxide to inject into oil fields to boost production. In addition TransCanada officials noted that their project which will burn low cost petroleum coke, a waste product from oil sands upgraders, to produce 300 Mw of power along with hydrogen, carbon dioxide, steam and other products. The project could be operational as early as 2013 if given the final go ahead. The project then would pipe the carbon dioxide to the oil fields.

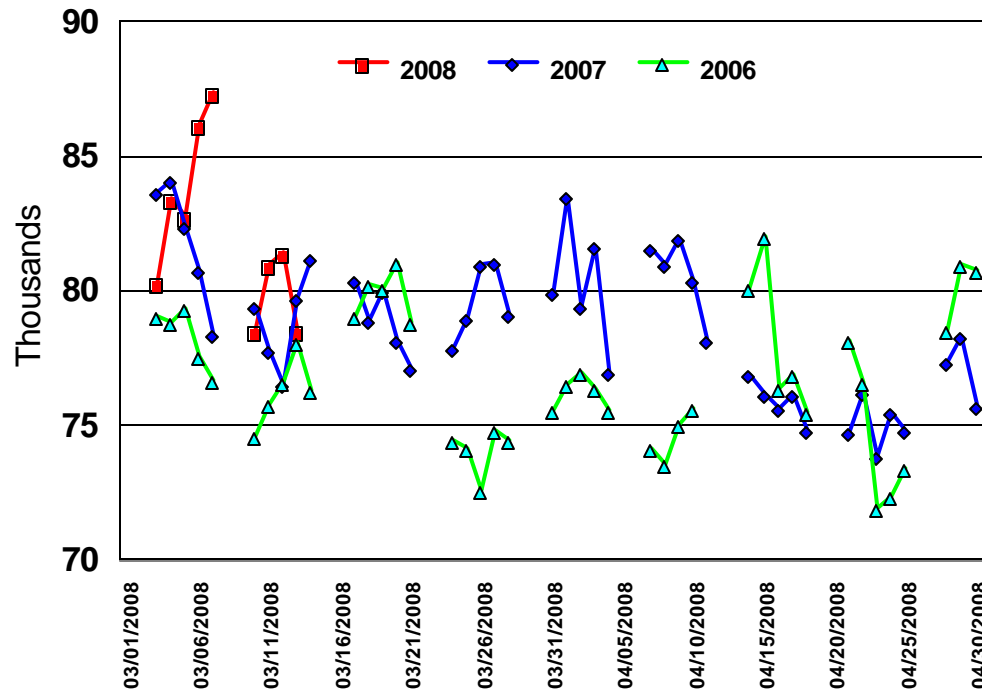
**MARKET COMMENTARY**

The natural gas market continued its upward march towards higher values today, a trend that has been firmly entrenched since the beginning of February. While this morning's storage report appeared to be neutral, it appeared buyers were waiting for the release of the report before they jumped into the market and embrace the bullish euphoria that has embraced international commodity markets in recent weeks as the dollar continued to spiral lower. Volume today was good with over 150,000 lots changing hands. While crude oil, heating oil and gasoline contracts saw open interest increase again on Wednesday, natural gas saw its second straight down day, or off nearly 7,000 lots in the past two days and at its smallest level since February 27<sup>th</sup>.



Given the relative overbought nature of the oil markets, especially relatively to natural gas values, any decline in oil prices should not necessarily prompt a significant sell off in natural gas values. As a result we continue to feel that this market's will near term focus will be on weather and the impact of generating needs for natural gas as a swing generating fuel. Near term we see prices once again challenging resistance tomorrow at the upper end of the past 6 week channel, which comes in at \$10.38. Additional resistance we see at \$10.36, \$10.438, and \$10.619. Support we see at \$10.10, \$9.92 and \$9.85.

Major Gas Generating Regions Non-Nuclear Load Profile  
PJM, ERCOT and Cal ISO



**NYMEX Nat Gas Options Most Active Strikes for March 13, 2008**

Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
ON	4	8	C	10	03/26/2008	0.402	2,157	35.84
ON	4	8	C	12	03/26/2008	0.009	704	43.53
ON	4	8	C	11	03/26/2008	0.069	692	39.49
ON	4	8	C	10.5	03/26/2008	0.176	563	37.41
ON	5	8	P	9.5	04/25/2008	0.186	500	36.07
LN	9	8	P	6	08/26/2008	0.0091	10,000	39.76
LN	5	8	C	15	04/25/2008	0.0078	7,150	46.83
LN	5	8	C	12	04/25/2008	0.1155	6,000	39.82
LN	6	8	C	12	05/27/2008	0.2274	3,350	36.35
LN	7	8	P	8	06/25/2008	0.0575	3,230	37.45
LN	7	8	C	15	06/25/2008	0.0979	2,950	43.88
LN	12	8	P	10.5	11/21/2008	1.036	2,750	45.72
LN	12	8	P	10	11/21/2008	0.7825	2,750	43.98
LN	10	8	P	7	09/25/2008	0.1087	2,700	45.56
LN	8	8	C	15	07/28/2008	0.1435	2,510	40.89
LN	5	8	P	8.5	04/25/2008	0.0264	2,345	36.53
LN	6	8	C	15	05/27/2008	0.0379	2,100	43.84
LN	8	8	P	8.5	07/28/2008	0.1535	2,020	37.25
LN	4	8	C	11	03/26/2008	0.0688	2,005	38.41
LN	4	8	P	10	03/26/2008	0.1727	1,917	37.28
LN	4	8	C	10.5	03/26/2008	0.1759	1,841	35.90
LN	4	8	P	9.5	03/26/2008	0.0419	1,815	35.68
LN	8	8	C	12	07/28/2008	0.5033	1,750	35.42
LN	5	8	P	10	04/25/2008	0.3724	1,700	39.73
LN	5	8	C	11	04/25/2008	0.288	1,600	36.68
LN	5	8	P	9	04/25/2008	0.0764	1,550	36.93
LN	6	8	C	14	05/27/2008	0.0598	1,500	40.65
LN	3	9	C	11	02/24/2009	1.785	1,350	30.99
LN	4	8	C	10.25	03/26/2008	0.2698	1,240	34.45
LN	6	8	P	9	05/27/2008	0.1195	1,115	34.44
LN	11	8	C	12	10/28/2008	1.0431	1,100	37.16
LN	4	8	P	9	03/26/2008	0.0052	1,100	34.61
LN	4	8	C	10	03/26/2008	0.4024	1,060	33.20
LN	5	9	C	10	04/27/2009	0.8089	1,025	18.27
LN	12	8	P	8.5	11/21/2008	0.2978	1,000	41.84
LN	8	12	C	21	07/26/2012	0.2097	1,000	18.29
LN	11	8	P	8	10/28/2008	0.2469	1,000	43.72

