



## ***ENERGY RISK MANAGEMENT***

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

**[www.e-windham.com](http://www.e-windham.com)**

---

### **POWER MARKET REPORT FOR MARCH 24, 2008**

---

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

Keeping to the original plan of rolling out physical clearing services at specific delivery points over time, Atlanta-based Intercontinental Exchange (ICE) and Calgary-based Natural Gas Exchange Inc. (NGX) said Monday that through their alliance, they will offer clearing and settlement services for physical over-the-counter (OTC) natural gas contracts at the Henry Hub delivery point beginning April 7.

The U.S. Minerals Management Service reported today that it sold more than 124.7 Bcf of royalty-in-kind natural gas in three separate sales in March. The agency noted that while the sales were large it did not match the one sale of 137 Bcf of gas in one sale completed last year. The gas was sold under 7 or 12 month contract, with delivery set to begin April 1<sup>st</sup>. Successful bidders for the gas included Tenaska Marketing Ventures, Constellation Energy Commodities Group, Sequent Energy management, Cheniere Energy, Coral Energy Resources, Magnus Energy marketing, Mico, Total Gas & Power, UBS Energy and Williams Power. The gas sold was from Wyoming, Texas and offshore in the Gulf of Mexico.

BHP Billiton reported today that during a routine inspection prior to the start up of the Neptune tension leg platform in the Gulf of Mexico it had found structural anomalies that initially prompted an evacuation of the platform. While crews have since returned, further structural tests are underway to determine the appropriate course of action to mitigate the anomaly. The platform originally had been scheduled to begin production of oil

#### **Generator Problems**

**ECAR** – AEP's 1,029 Mw Cook #1 nuclear unit reduced output to 52% power by early today as it coasts down for a refueling outage. On Friday, the unit was operating at full power.

**ERCOT** – AEP's 528 Mw Welsh #1 coal-fired power station restarted today.

Luminant's 750 Mw Monticello #3 coal-fired power station restarted following repairs to a boiler tube leak.

Xcel's 360 Mw Harrington #1 coal-fired power station shut for a maintenance outage.

**FRCC** – Progress Energy's 838 Mw Crystal River #3 nuclear unit returned to full power today. On Friday, the unit was operating at 20% capacity.

**MAIN** – Exelon's 1,164 Mw Byron #1 nuclear unit shut early today for a planned refueling outage. The unit was operating at full power on Friday. Byron #2 continues to operate at full power.

Xcel's 551 Mw Prairie Island #1 nuclear unit exited a refueling outage and ramped up to 30% power by early today. The unit shut February 13.

**NPCC** – Constellation Energy's 1140 Mw Nine Mile #2 nuclear unit was taken off line on Saturday for planned maintenance and refueling outage.

Entergy's 1,020 Mw Indian Point #2 nuclear unit shut due to the loss of speed on a main boiler feed pump and the unit will remain shut for refueling.

**MAPP** – Omaha Public Power District's 478 Mw Fort Calhoun nuclear unit exited an outage and ramped up to 70% by early today. The unit shut March 15 due to a turbine control valve oscillating problem.

Wisconsin Public Service started up its new 583 Mw Weston 4 power plant today for a short period of time. The unit still has significant testing work to be completed before it is ready to operate at full power later this summer.

**PJM** – Exelon's 1134 Mw Unit #1 at the Limerick nuclear power plant was shutdown on Saturday, due to a problem with the main turbine control system.

and natural gas at the end of March. A new production start up date will be determined shortly.

The FERC staff has prepared a final environmental impact statement for Gulf Crossing Pipeline Project. The project is slated for a 42 inch natural gas pipeline to run 356 miles from Grayson County, Texas and Bryan County, Oklahoma to Madison Parish, Louisiana. In addition Gulf South Pipeline proposes to construct and operate a 42 inch natural gas pipeline loop line from Hinds County, Mississippi to Simpson County, Mississippi; increasing the compression of its recently approved Harrisville Compressor Station.

The FERC said Friday that it has prepared a draft environmental impact statement for Floridian Natural Gas Storage Company's natural gas storage project. The proposed project would consist of LNG storage, liquefaction, and vaporization facility in Indiantown, Florida. The facility would have a 4.18 mile 12 inch incoming pipeline and a 24 inch send out pipeline extending from the storage facility to the GulfStream Natural Gas System and FPL's interstate pipeline systems

**Generator Problems**

**SERC** – Entergy's 967 Mw River Bend nuclear unit exited an outage and ramped up to 38% power by early today.

Southern's 883 Mw Hatch #1 nuclear unit was at 60% of power this morning as it continued to ramp up from its restart on March 19<sup>th</sup>.

Entergy's 1,266 Mw Grand Gulf nuclear unit was restarted and was at 14% of power this morning after tripping off line on Friday.

TVA's 1,121 Mw Watts Bar #1 nuclear unit was in hot standby today as it prepares to come back after a refueling outage that began on February 10.

**WSCC** – Dynergy's 739 Mw Moss Landing #6 natural gas-fired power station reduced most of its output for unplanned reasons.

**Canada** – Bruce Power's 822 Mw Unit #6 at the Bruce nuclear station was shut down for short term maintenance on Monday.

OPG's 494 Mw Lambton #4 coal-fired power station returned to service.

OPG's 490 Mw Nanticoke #2 coal-fired power station returned to service today. The unit had been shut since March 17.

OPG's 535 Mw Lennox #4 oil and natural gas-fired power station returned to service today. Unit #3 remains shut until late April.

**The NRC reported that 79,081 Mw of nuclear capacity is online, down 3.56% from Thursday and off 3.96% from a year ago.**

Bake Hughes report on Friday that the number of natural gas drilling rigs operating in the U.S. during the week ending March 21<sup>st</sup> stood at 1433 rigs, down 8 rigs on the week but some 119 rigs higher than a year ago.

A research report from SunTrust Robinson Humphrey/Gerdes Group feel that U.S. natural gas drilling activity could rise by only 2% this year but could increase by 10% in 2009.

Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	Volume Traded	Avg Price	Change	Basis (As of 12:30 PM)	Change	Basis 5-Day Moving Avg
Henry Hub	1,075,300	\$8.990	\$0.445	(\$0.405)	\$0.253	(\$0.439)
Chicago City Gate	557,600	\$9.152	\$0.336	(\$0.243)	\$0.106	(\$0.091)
NGPL- TX/OK	834,500	\$8.739	\$0.393	(\$0.656)	\$0.163	(\$0.567)
SoCal	824,000	\$8.603	\$0.886	(\$0.792)	\$0.656	(\$0.797)
PG&E Citygate	1,101,900	\$9.036	\$0.432	(\$0.359)	\$0.202	(\$0.187)
Dominion-South	366,900	\$9.538	\$0.429	\$0.143	\$0.199	\$0.254
Transco Zone 6	155,600	\$9.935	\$0.354	\$0.540	\$0.124	\$0.674

Private forecasting group WSI Corp said today that it see cooler than normal temperatures in the Northwest and Pacific Coasts and warmer than normal weather across the rest of the nation for the next three months to be followed by above normal temperatures

in the east and slightly below normal temperatures in the West in the summer.

**PIPELINE MAINTENANCE**

Northern Natural Gas said that it will conduct required maintenance on March 26<sup>th</sup> that will affect the Hemphill County #1 pumping station. The unit will be down for 48 hours over a two day period. The company does not expect any receipt allocations but said that flow may be interrupted for a short period.

Kern River Pipeline said that on March 20<sup>th</sup> it experienced a mechanical failure on one of the three units at the Goodsprings compressor station. It expects that repairs will not be completed until March 27<sup>th</sup>. Impact to nominations is expected to be minimal, and the company noted that under current receipt and delivery pattern, it does not anticipate there will be any impact to primary firm nominations.

### **ELECTRIC MARKET NEWS**

The FERC Friday accepted the uncontested settlement involving market monitoring activities at the PJM Interconnection and commended all groups involved in the process for building “a genuine consensus”. The agreement makes comprehensive revisions to the current structure of the relationship between PJM market monitoring unit and PJM by further defining the role of the market monitor. The market monitoring unit will operate independently from PJM management and be able to participate in stakeholder processes and issue reports contemporaneously to PJM members, management, state commissioners and the FERC.

Continental U.S. power generation in the week ended March 20 fell 4.3% from the week before and was 3.19% less than the same week a year ago according to Genscape.

### **MARKET COMMENTARY**

The natural gas market opened today to a revised 11-15 day forecast, which calls for increased heating demand as compared to forecasts made last week. The April contract held support above 9.00 in early trading today, as market players entered the market from the long side. April traded to a high of 9.447 today, shy of March 19<sup>th</sup>'s 9.45 high, and as resistance held, the market backed off to settle at 9.329 up 26.4 cents.

Technically, today's action was a bit of a recovery following last week's collapse and the lowered demand long weekend. A break of 9.45 would see longs enter the market with some strength but further downside is still a risk to the bulls, as the oil complex, which helped take natural gas higher, is faltering and succumbing to slower economic growth chatter. We see support at 9.278, 9.11, 9.00, 8.839 and 8.66. We see resistance at 9.45, 9.549, 9.717 and 9.988.

