



## ***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 26, 2007**

---

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

SUEZ Energy North America reported today that they had received a deepwater port license for its proposed deepwater offshore LNG facility in Massachusetts Bay. The U.S. Maritime Administration noted in granting the approval for the project, that the "Neptune deepwater port will be in the national interest and consistent with national security and other national policy goals and objectives..". The project is being developed with a daily handling capacity of between 400-750 Mmcf/d. The company plans to be fully operational by 2009.

Based on a report from Pan EurAsian Enterprises, imports of LNG into the United States so far this month has already surpassed the previous monthly record set more than two years ago of 2.42 bcf/d.

National Fuel Gas Company said today that it is conducting an open season for transportation capacity to the Leidy (PA) Hub and /or proposed interconnects with Millennium and Empire pipelines.

The federal coordinator said today that he expected that the Alaskan state legislature will pass a bill before the end of the current legislative session regarding the Alaskan natural gas pipeline. He predicted at the state could issue a request for proposal on the project in July.

The Raymond James group today said it estimated that the last three months of 2006 resulted in a 6.3% upward surge in U.S. natural gas production by publicly traded companies, following a similar trend in 2006.

#### **Generator Problems**

**NPCC** - FPL's 1240 Mw Seabrook nuclear unit was at 96% of capacity this morning as it continues to slowly coast down to it refueling outage.

**PJM** - FirstEnergy's 861 Beaver Valley #1 nuclear unit was at 82% capacity this morning off 18% from Friday.

Exelon's 636 Mw Oyster creek nuclear plant was at 91% of capacity this morning up 3% from Friday.

PSEG Nuclear's 1100 Mw Salem #1 nuclear unit was off 2% from Friday at 86% of capacity as operators continue to coast the unit down to its planned refueling outage.

**MAIN** - Exelon's 1225 Mw Byron #2 nuclear unit continues to coast down and was at 93% of capacity this morning down 4% from Friday.

Exelon's 1162 Mw LaSalle #2 nuclear unit was back to full power today up 18% from Friday's operating levels.

**MAPP** - FPL's 580 Mw Duane Arnold nuclear power returned to full power today. On Friday the unit was only at 18% and operators were still trying to reconnect it to the grid.

**WSCC** - Operators at the nuclear Columbia Generating Station reduced output by 15% to 85% of capacity today.

**ERCOT** - TXU planned to restart the 565 Mw coal Fired Unit #3 at the Monticello power plant. The company shut the unit on Friday to fix a tube leak.

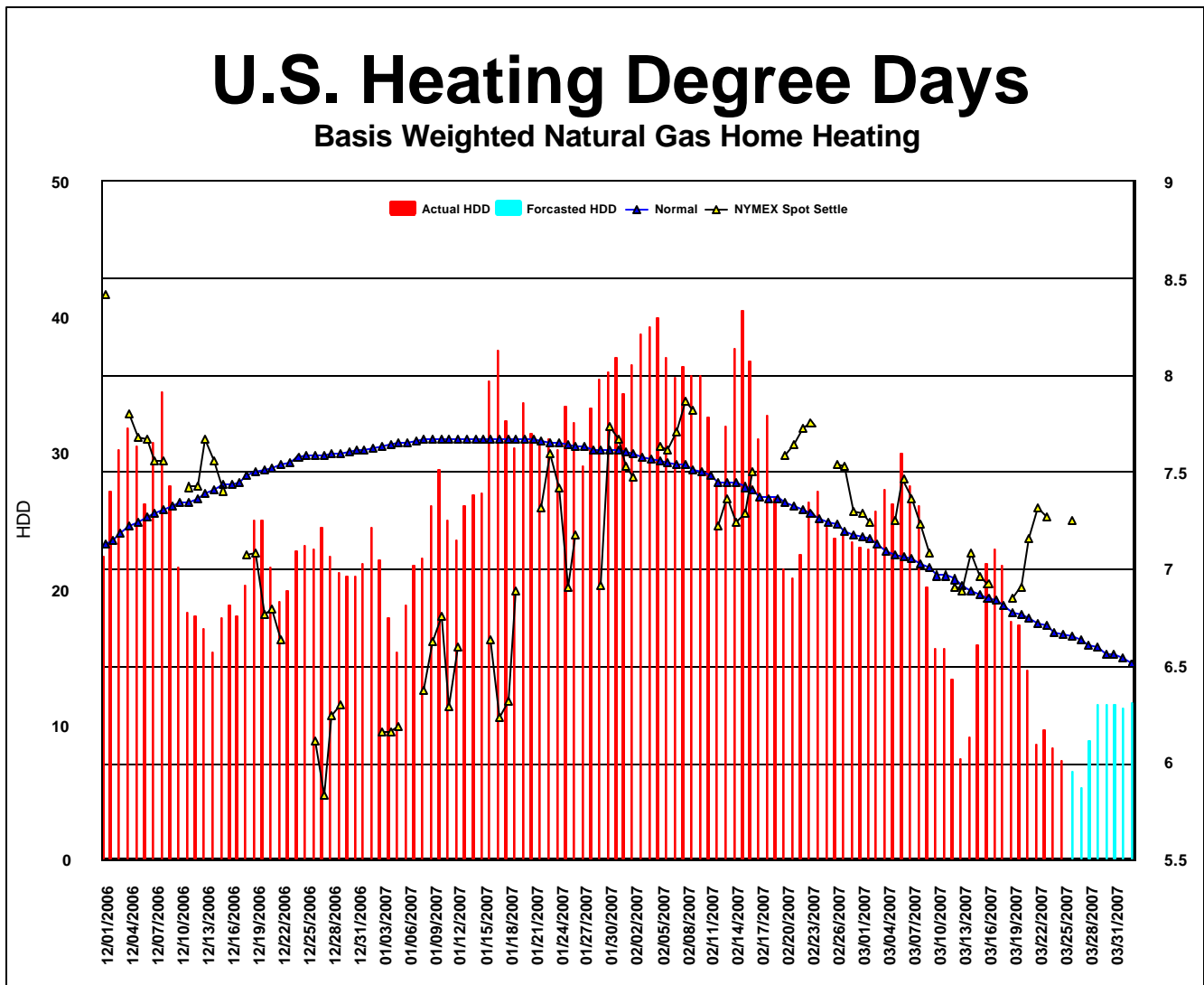
Operators at TXU's 750 Mw coal fired Unit #3 at the Martin Lake power plant was expected to be taken off line today for repairs to fix a tube leak.

South Texas #2 nuclear unit was taken off line Sunday for its planned refueling outage. The unit had been at 80% of capacity on Friday.

**Canada** - OPG's 490 Mw coal fired Unit #8 at the Nanticoke power station was taken off line.

**The NRC reported that 82,343 Mw of nuclear capacity is on line, down 1.03% from Friday, but some 2.57% better than a year ago.**

Lawyers for the Quoddy Bay LNG LLC on Friday called upon the FERC to bar U.S. transportation of natural gas from a proposed Canadian LNG terminal until the Canadian government has withdrawn its threat to block U.S. bound LNG tankers from passing through its territorial waters.



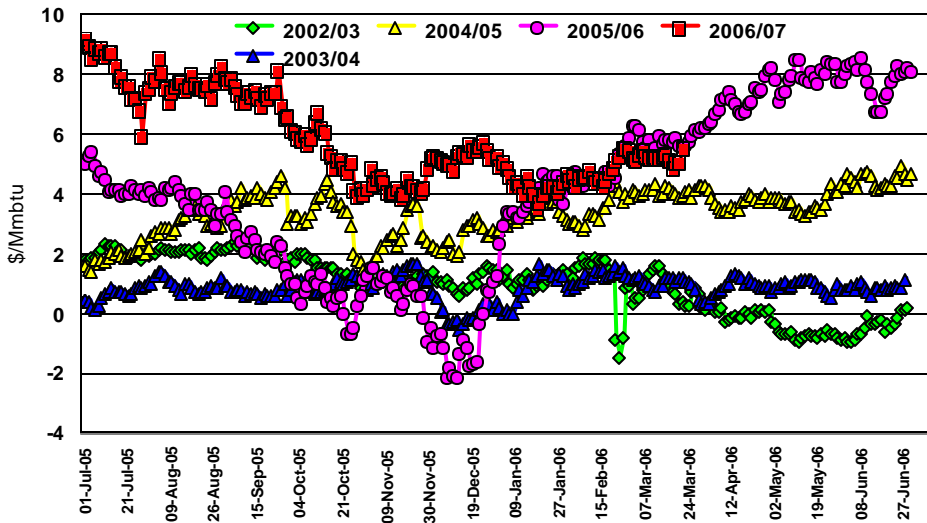
Keyspan and Spectra Energy's Islander East joint venture said a federal court has ruled the federal regulatory approval for its natural gas pipeline superceded the state of Connecticut's objections. The proposed 24 inch pipeline would run for 50 miles from the Algonquin gas pipeline to Long Island in New York State.

### **PIPELINE MAINTENANCE**

Natural Gas Pipeline updated its maintenance schedule for April. It noted that the Oakland Unit #20 Marrs Turbine will be down from April 3-9 for bi-annual maintenance work. Deliveries east of Oakland may be impacted depending on nominations. The Oakland station will be reduced by 200,000 Mmbtu throughput capacity to 1,200,000 Mmbtu. The company also noted that it will be replacing an Eat Leg mainline crossover valve just downstream of the Galena, IL compressor station. The work will take place between the weeks of May 28<sup>th</sup> through June 4<sup>th</sup>.

Trunkline Gas Company reported that a planned service outage on the Vermillion System between Gate 102 (North Freshwater Bayao) and Gate 101 (Cow Island) on the 16 inch 210A-100 Line has been rescheduled for April 3-5.

### Heating Oil Vs Natural Gas: NYMEX Spot Futures Settle



PG&E California Gas Transmission said it would conduct general maintenance at the Tionesta Compressor Station this week, with only minor restrictions of capacity.

Dominion Transmission said that the Leidy-Tamarack facility will be out of service for five days beginning today for scheduled storage performance testing. The facility is expected back in service by March 31<sup>st</sup> and until then gas receipts will be limited to primary only.

Gulf South Pipeline reported it implemented scheduling reductions for the nomination cycle today at Hall Summit/Tex/Koran area and Station Receipt; East Holly Field Desoto Parish, LA.

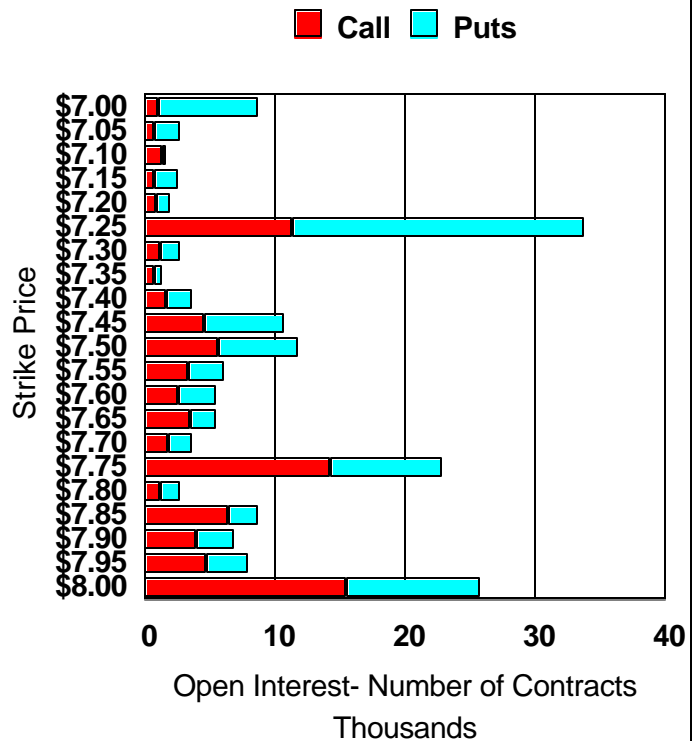
#### ELECTRIC MARKET NEWS

The provincially owned, Hydro One said today that some C\$600 million is expected to be spent over the next several years to expand the Ontario power transmission service. The operator said it will seek necessary approvals to build a new double-circuit 500 kV line between Bruce Power facility and its switching station at Milton, Ontario. The line is expected to be in service by 2011.

Westmoreland Coal Company announced today that it has entered into a new cost-plus agreement to supply the coal requirements of the adjacent Colstrip Steam Electric Generating Station Units 1 and 2. The supply will come from certain permitted coal reserves at the Rosebud Mine. Under the terms of the new agreement, which will take effect January 1, 2010, the mine will dedicate certain permitted reserves to supply all or almost all of the plant's solid fuel requirements of approximately 3 million tones per year through 2019, and at least half thereafter. This contract could run at least into the late 2020's.

### NYMEX April Natural Gas Options

Open Interest as of the Close March 23, 2006  
American & European



The Western System Power Pool has changed its name to WSPP Inc. in an effort to entice power market players from other regions of the nation into joining the non-profit group and use its standardized power trading contract

NYMEX Nat Gas Options Most Active Strikes for March 26, 2007								
Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LN	11	7	P	5.5	10/26/2007	0.0951	4,500	47.38
LN	10	7	P	5.5	09/25/2007	0.1564	2,500	51.96
LN	10	7	P	6	09/25/2007	0.2546	2,300	51.81
LN	4	7	P	7	03/27/2007	0.0075	2,200	50.30
ON	7	7	P	6.5	06/26/2007	0.173	1,900	41.68
LN	9	7	P	5.5	08/28/2007	0.1054	1,700	48.51
LN	1	8	C	20	12/26/2007	0.1683	1,650	51.46
LN	3	8	C	20	02/26/2008	0.2686	1,650	52.92
LN	2	8	C	20	01/28/2008	0.2229	1,650	51.65
LN	5	7	C	7.5	04/25/2007	0.2832	1,565	37.26
LN	10	8	C	20	09/25/2008	0.1313	1,450	39.52
LN	7	8	C	20	06/25/2008	0.0356	1,450	36.05
LN	9	8	C	20	08/26/2008	0.0747	1,450	37.14
LN	6	8	C	20	05/27/2008	0.0251	1,450	35.97
LN	4	8	C	20	03/26/2008	0.0422	1,450	42.26
LN	5	8	C	20	04/25/2008	0.0339	1,450	39.68
LN	8	8	C	20	07/28/2008	0.0512	1,450	36.31
LN	4	7	P	7.25	03/27/2007	0.0751	1,422	51.45
LN	4	7	C	7.3	03/27/2007	0.0569	1,405	50.76
LN	5	7	C	8	04/25/2007	0.1354	1,350	39.62
LN	11	7	C	20	10/26/2007	0.0533	1,250	53.83
LN	12	7	C	20	11/27/2007	0.0948	1,250	50.77
LN	10	7	C	13	09/25/2007	0.2162	1,200	53.51
LN	10	7	C	10	09/25/2007	0.5265	1,200	47.32
LN	5	7	C	7.75	04/25/2007	0.1977	1,150	38.53
LN	4	7	C	8	03/27/2007	0.0001	1,000	59.06
LN	5	7	C	8.5	04/25/2007	0.0612	975	41.59
LN	6	7	C	7.7	05/25/2007	0.4157	900	36.77
LN	5	8	C	15	04/25/2008	0.0939	900	34.92
LN	4	8	C	15	03/26/2008	0.1154	900	37.48
LN	6	7	C	8	05/25/2007	0.313	900	38.00
LN	8	8	C	15	07/28/2008	0.1583	900	33.20
LN	9	8	C	15	08/26/2008	0.2068	900	33.95
LN	10	8	C	15	09/25/2008	0.2867	900	35.32
LN	7	8	C	15	06/25/2008	0.1228	900	33.03
LN	6	8	C	15	05/27/2008	0.0959	900	33.02

for bilateral trades. The WSPP contract is the only one approved by the FERC. A WSPP official said that the contract would be especially useful for Eastern market players who are trading balance of the month and other long-term deals. He noted the WSPP agreement is simple in that those parties to the agreement only have to fill out one short sheet of information to make the trade.

#### MARKET COMMENTARY

The natural gas market posted an non-descript trading session today as prices remained basically in 10 cent sideways trading range as unseasonable warm temperatures through the midsection of the country seemed to isolate this market from the bullish price move of the oil markets. Volume was moderate considering the April contract will expire on Wednesday, as 89,217 lots changed hands, just a few lots better than Friday's reading day.

Tomorrow is option expiration for the April natural gas contract and it appears given the large open interest of the \$7.25 strikes, this could be the area where prices in the futures contract attempt to be

pinned to by settlement at the end of the day. We continue to look for this market to eventually challenge the \$7.00 price level by the end of the week.