



## ***ENERGY RISK MANAGEMENT***

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

**www.e-windham.com**

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### **POWER MARKET REPORT FOR APRIL 14, 2008**

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

Trinidad based Atlantic LNG processed 792 Bcf of LNG in 2007, about 6% more than the 748 Bcf processed in 2006. Last year, 65% of the cargoes shipped to the U.S. and 17% to Europe. Other cargoes were sent to Puerto Rico, the Dominican Republic, Mexico, Japan, Korea and India.

Cheniere Energy Inc.'s Sabine Pass liquefied natural gas (LNG) terminal in Cameron Parish, LA, received its first shipment Friday afternoon, according to the U.S. Coast Guard in Port Arthur, TX. The initial cargo came more than three years after the Federal Energy Regulatory Commission approved the project. Freeport LNG in Texas is scheduled to receive its first shipment Tuesday.

Southeast Gas Storage, LLC (SGS), an affiliate of El Paso Corp.'s Tennessee Gas Pipeline Co., on Monday launched a nonbinding open season for its proposed Black Warrior Storage Project, a greenfield underground natural gas storage facility to be located in northeastern Mississippi.

A report commissioned by the energy regulator CRE said investment in new French LNG terminals should be decided by the open market and not through any government authority. Four new LNG terminals are planned in France, and financing should come from long-term access contracts with operators.

Norwegian gas exports from Kaarstoe cut exports by 1-18 million cubic meters as the unit undergoes a week long maintenance.

Indonesian state oil and gas firm Pertamina will not renew LNG export contracts with South Korea and Taiwan, as production from its existing fields are declining. Pertamina directly exports 20 million tones of LNG from its two liquefaction plants, of which 12 million tones are supplied to Japan and the remaining 8 million tones to South Korea and Taiwan.

#### **Generator Problems**

**ERCOT** – Luminant's 565 Mw Monticello #1 coal-fired power station shut for spring maintenance. The unit is expected to restart in a week.

AEP's 528 Mw Welsh #1 coal-fired power station shut for spring maintenance. The unit is expected to return to service in about a week.

AEP's 690 Mw Oklaunion coal-fired power station shut April 12-20 for low turbine vacuum.

Lower Colorado River Authority's 598 Mw Fayette #2 coal-fired power station is expected to restart this week following maintenance.

**MAPP** – Nebraska Public Power District's 760 Mw Cooper nuclear unit shut over the weekend for a scheduled refueling outage. The unit was operating at 83% power on Friday

**PJM** – FirstEnergy's 832 Mw Beaver Valley #2 nuclear unit shut for a planned refueling and maintenance outage.

**SERC** – Entergy's 988 Mw Arkansas #2 nuclear unit exited a refueling outage and returned to full power by early today. On Friday, the unit was operating at 17% capacity.

Duke Energy's 846 Mw Oconee #1 nuclear unit shut for a planned refueling outage. Oconee #2 and #3 continue to operate at full power.

**WSCC** – PG&E's 1,118 Mw Diablo Canyon #2 nuclear unit exited a refueling outage and ramped up to 48% power.

**The NRC reported that 75,312 Mw of nuclear capacity is online, up .02% from Wednesday and up .16% from a year ago.**

U.S. heating demand will be 5% below normal this week. Heating demand was nearly 12% above normal nationwide last week and has averaged about 4% below normal so far this heating season. Heating demand for natural gas should average 7% below normal this week.

### **PIPELINE RESTRICTITONS**

Northern Natural Gas Company said that it will perform required annual testing at the Hemphill Co. #1 Compressor Station tomorrow. Testing will last approximately eight hours and the station will be off-line during the testing. Northern does not anticipate any allocations during this time period; however, field pressure will increase behind Hemphill Co #1 while the station is down. Normal flow will resume after testing is complete.

<b>NYMEX Nat Gas Options Most Active Strikes for April 14, 2008</b>								
Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LN	3	9	C	11	02/24/2009	1.8194	3,600	38.32
LN	10	8	P	8	09/25/2008	0.3319	3,135	51.22
LN	7	8	C	13	06/25/2008	0.1364	2,600	43.76
LN	8	8	P	8	07/28/2008	0.1504	2,580	46.25
LN	7	8	C	12	06/25/2008	0.2502	2,400	41.49
LN	10	8	P	8.15	09/25/2008	0.3703	2,385	51.30
LN	6	8	P	6	05/27/2008	0.0001	1,950	46.76
LN	5	8	C	10.5	04/25/2008	0.132	1,944	41.70
LN	5	8	P	9.25	04/25/2008	0.0407	1,900	41.78
LN	8	8	P	10	07/28/2008	0.8106	1,680	48.90
LN	5	8	C	10	04/25/2008	0.3133	1,677	39.38
LN	8	8	C	10	07/28/2008	1.0914	1,670	37.86
LN	5	8	C	11	04/25/2008	0.0493	1,650	43.80
LN	8	8	P	8.5	07/28/2008	0.244	1,650	46.08
LN	2	9	P	7.5	01/27/2009	0.2887	1,500	49.05
LN	3	9	P	7.5	02/24/2009	0.3232	1,500	47.77
LN	5	8	P	9	04/25/2008	0.0171	1,385	41.53
LN	7	9	P	6.35	06/25/2009	0.223	1,328	39.06
LN	7	9	P	6.5	06/25/2009	0.2534	1,328	39.19
LN	6	9	P	6.1	05/26/2009	0.1475	1,300	37.32
LN	6	9	P	6.25	05/26/2009	0.1698	1,300	37.35
LN	6	8	C	13	05/27/2008	0.0523	1,300	46.45
LN	8	8	C	10.5	07/28/2008	0.8753	1,270	39.40
LN	5	8	C	12	04/25/2008	0.0055	1,200	47.37
LN	8	8	P	8.3	07/28/2008	0.1992	1,100	45.85
LN	8	8	P	8.75	07/28/2008	0.3089	1,075	46.37
LN	5	8	P	8.75	04/25/2008	0.0061	1,050	41.22
LN	5	8	P	9.5	04/25/2008	0.0844	1,026	42.05
ON	2	9	C	30	01/27/2009	0.015	1,000	45.30
LN	9	8	P	8.25	08/26/2008	0.2817	956	48.02
LN	6	8	C	10.5	05/27/2008	0.4228	900	39.13
LN	5	8	P	8.25	04/25/2008	0.0005	850	41.22
LN	9	8	P	8.5	08/26/2008	0.3479	835	48.31
LN	12	8	C	9	11/21/2008	2.43	760	23.16
LN	3	9	P	7	02/24/2009	0.2133	750	46.67
LN	2	9	P	8	01/27/2009	0.404	750	49.50
LN	3	9	P	8	02/24/2009	0.463	750	48.91
LN	7	8	C	10	06/25/2008	0.8511	750	36.17
LN	2	9	P	7	01/27/2009	0.1972	750	48.63

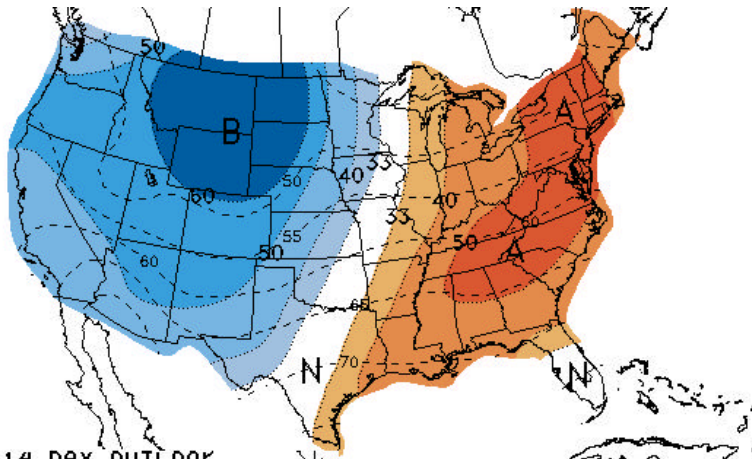
segment 240 will be limited to 390 MMcf. Based on the current level of nominations, AOR/IT, secondary and primary FT quantities are at risk of not being fully scheduled. The company will also be performing maintenance at the El Paso Blanco delivery point on gas day April 17. Capacity at this point will be limited to 266 MMcf/d. Based on the current level of nominations, AOR/IT, secondary out-of-path, secondary-in-path and primary FT quantities are at risk of not being fully scheduled. Finally, TransColorado said it will perform maintenance at the

### **PIPELINE MAINTENANCE**

Gulf South Pipeline said that it will conduct scheduled maintenance on Jackson Compressor Station Unit #4 beginning at 7:00 AM April 17 for 10 hours. Capacity through the Jackson Compressor Station could be reduced by as much as 100,000 Dth during this maintenance.

Panhandle Eastern Pipe Line Company said that there will be an outage on the Olpe 300 Line from Gate Valve 516E to Gate Valve 304 for pipe replacement beginning April 17. The outage is expected to last five days. During this outage, the capacity through Houstonia will be limited to 1190 MMcf/d. At this time there is no anticipated impact on shipper nominations.

TransColorado Gas Transmission said that three maintenance projects are set to begin this week. TransColorado will perform maintenance at its Whitewater Compressor Station on gas day April 16. Capacity through segment 220 will be limited to 340 MMcf and capacity through



8-14 DAY OUTLOOK  
 TEMPERATURE PROBABILITY  
 MADE 14 APR 2008  
 VALID APR 22 - 28, 2008  
 DASHED BLACK LINES ARE CLIMATOLOGY (DEG F) SHADED AREAS ARE FCST VALUES ABOVE (A) OR BELOW (B) NORMAL UNSHADED AREAS ARE NEAR-NORMAL

Southern Trails delivery point on gas day April 18. This point will be unavailable and scheduled to zero for the duration of this outage.

**ELECTRIC MARKET NEWS**

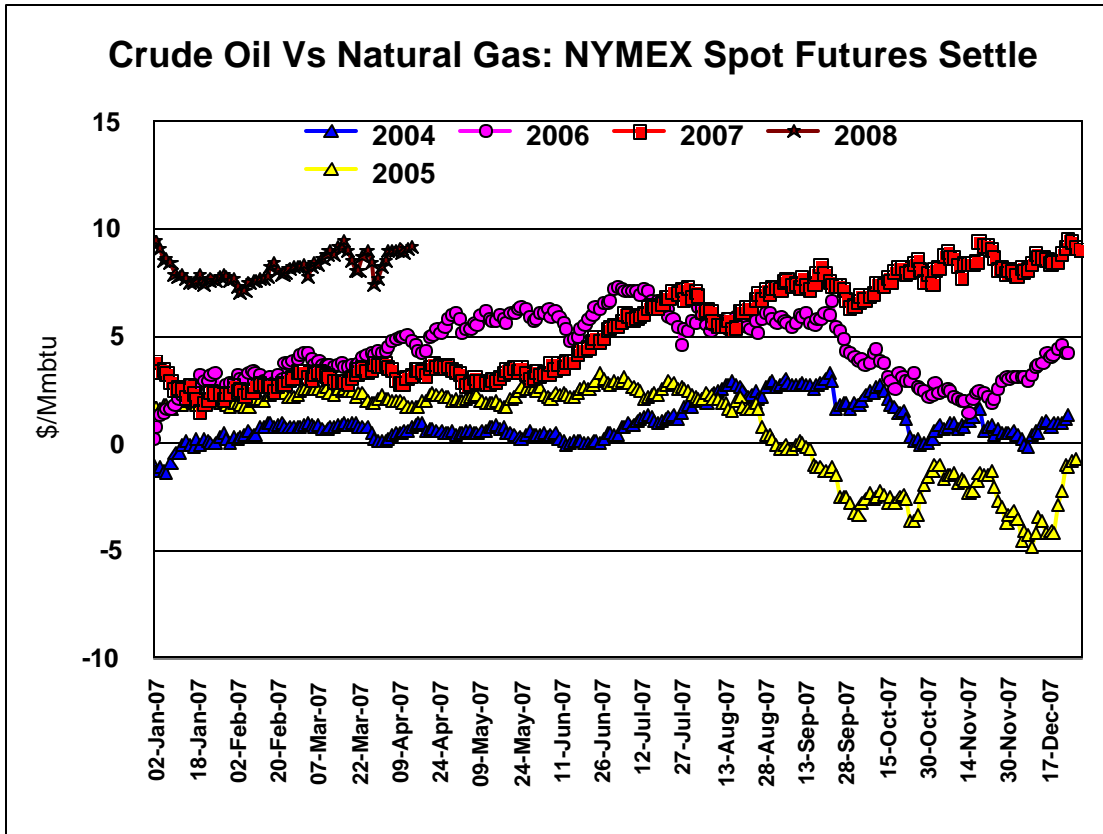
Maine Governor John Baldacci is expected to sign this week a bill that creates fast-track review of wind farms and sets a goal to develop 3,000 Mw of wind energy by 2020. The legislation requires that the state limit project review in the fast-track zone to no more than 185 days, unless a public hearing is necessary, which extends the cut off to 270 days. In contrast, state regulatory review for some Maine wind projects has taken year. The bill also makes it more

difficult to block a project because of its impact on scenic views.

Genscape and AER predict the nation's power plants will consume more natural gas and coal than they did during the record-breaking summer of 2007. Higher consumption will add to the upward pressure on energy commodities and mean higher electricity bills for U.S. households and businesses.

**MARKET COMMENTARY**

The natural gas market got a boost from the oil complex, staying in positive territory for most of the session despite a lack of fresh fundamental news. The May contract traded between 9.90 and 10.00 for most of the session and then as crude oil made a run for 112.00 into the close, the front month contract traded to a new daily high of 10.073 and continued after to drift higher in electronic trading to 10.097. The May contract settled up 15.2 cents at 10.503.



The natural gas market has is connected to the oil complex, as we enter shoulder season. Without significant

break above the 112.00 level, natural gas is susceptible to downside consolidation. With the storage shortfall

and especially the five-year average deficit the market is reluctant to move into a bearish trend. We maintain an upside target of 10.70. We see support at 10.00, 9.913, 9.724, 9.632, 9.36, 9.00 and 8.664. We see resistance at 10.20, 10.29, 10.475 and 10.70.