



## ***ENERGY RISK MANAGEMENT***

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### **NATURAL GAS & POWER MARKET REPORT FOR APRIL 20, 2009**

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

Private weather forecaster WSI Corp said today that cooler Atlantic waters has resulted in the forecaster reducing its outlook for the upcoming hurricane season to being just an average season. It now looks for 11 named storms, six hurricane and two intense hurricanes. The forecaster noted that ocean temperatures in the tropical Atlantic are cooler, relative to normal, than any time since 1994. In addition forecasters are looking for normal to slightly above normal wind shear over the tropical Atlantic.

The Maritimes & Northeast Pipeline has asked the FERC for permission to use its existing border facilities to export natural gas from the U.S. to Canada. The cross border facility has a capacity of 833,000 Dth/d.

UK tax authorities have agreed to gas storage operator calls for tax relief which should spur investment in new gas storage facilities. UK tax authorities today approved Centrica's request to allow operators to claim tax relief on the "cushion gas" used to maintain the right

#### **Generator Problems**

**NPCC** – OPG's 881 Mw Darlington #2 nuclear unit was shut for scheduled testing and inspection.

OPG's 494 Mw Lambton #2 coal fired unit was taken off line for short-term work.

Entergy's 1025 mw Indian Point #3 nuclear unit returned to full power over the weekend.

**PJM** – FirstEnergy shut its 892 Mw Unit #1 nuclear unit at the Beaver Valley power plant for its scheduled refueling outage. The unit was coasting down on Friday and was at 82% capacity.

Dominion Resources' 799 Mw Surry #1 nuclear unit in was was believed to be in a refueling outage. The unit had been at full power on Friday.

Exelon's 619 Mw Oyster Creek nuclear unit was at full power this morning up 10% from Friday.

**SERC** – Progress Energy's 900 Mw Harris nuclear unit was shut early Monday for a planned refueling.

Duke Energy's 1129 Mw Catawba #2 nuclear unit has exited its refueling outage and ramped up to 61% power. The unit had been off line since March 7<sup>th</sup>.

**MISO** – Exelon's 867 Mw Quad Cities #2 nuclear unit has ramped up to 96% of capacity by early Monday from 32% on Friday. Operators had been forced last week to work on a condenser. Meanwhile Unit #1 continues to slowly coast down to its planned refueling outage scheduled for early May. The unit was at 95% capacity this morning.

Exelon's 1178 Mw Braidwood #1 nuclear unit has exited its refueling outage and was at 28% power this morning. The unit had been off line since March 29<sup>th</sup>.

The OPPD 476 Mw Fort Calhoun nuclear unit was at 80% power, down 20% from Friday. The unit is not scheduled for maintenance until November.

**WSCC** The 1150 Mw Columbia Generating Station was at 65% capacity up 4% from Friday.

**ERCOT** – Luminant's 545 Mw Sandow coal Fired Unit #4 was restarted over the weekend after being taken off line on Friday.

NRG Energy's Limestone #1 coal fired unit which was shut last week due to a tube leak was being restarted today and expected to be back in service by Monday evening.

Luminant's 575 Mw Big Brown coal fired Unit #2 was taken off line today to fix a boiler tube leak. The repairs may be completed by late Monday evening though.

Unit #1 at the coal fired Harrington power plant was being shut down today for precipitator maintenance. The unit is expected to be off line until Thursday evening g.

**The NRC reported this morning that 79,088 Mw of nuclear generation capacity was on line, down 1.3% from Friday and up 2.5% from the same time a year ago.**

pressure in a storage site by treating it as part of the capital cost of development. Britain to this point in time has the lowest amount of storage capacity as a share of its total demand of any major European economy, and thus exposed to supply disruptions.

Gas flows through Norway's Langeled gas pipeline resumed on Monday afternoon after being disrupted earlier in the day. The disruption reportedly was due to a technical problem

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	687,200	\$3.548	\$0.077	(\$0.025)	\$0.263	(\$0.271)
Chicago City Gate	680,100	\$3.373	\$0.184	(\$0.200)	\$0.322	(\$0.308)
NGPL- TX/OK	646,400	\$3.229	\$0.191	(\$0.344)	\$0.329	(\$0.458)
SoCal	190,000	\$3.095	\$0.269	(\$0.479)	\$0.407	(\$0.630)
PG&E Citygate	788,200	\$3.399	\$0.062	(\$0.174)	\$0.200	(\$0.227)
Dominion-South	196,900	\$3.899	\$0.052	\$0.326	\$0.190	\$0.258
USTrade Weighted	16,030,100	\$3.393	\$0.125	(\$0.180)	\$0.26	(\$0.271)

South Korean imports of LNG in March fell some 14% from year earlier levels, as only some 2.67 million tones of LNG arrived in South Korea as utilities appeared to be switching to

less expensive fuel oil as a generating fuel. The price paid for LNG during the month averaged \$11.86 per Mmbtu.

Reuters reported that according to ship tracking data, two LNG tankers were currently berthed at UK terminals on Monday, A Qatari LNG tanker at South Hook, while Centrica was taking delivery of a LNG cargo at the Isle of Grain terminal.

Reuters reported that BG Group has sent another LNG cargo to the Lake Charles terminal in Louisiana from Egypt and it is expected to arrive on May 5<sup>th</sup>, following a cargo that arrived from Nigeria on April 16<sup>th</sup>. BP last week sent a LNG cargo to Cove Point. Companies are looking increasingly to the U.S. market now that British spot LNG prices have fallen to only a 40 cent premium over U.S. prices.

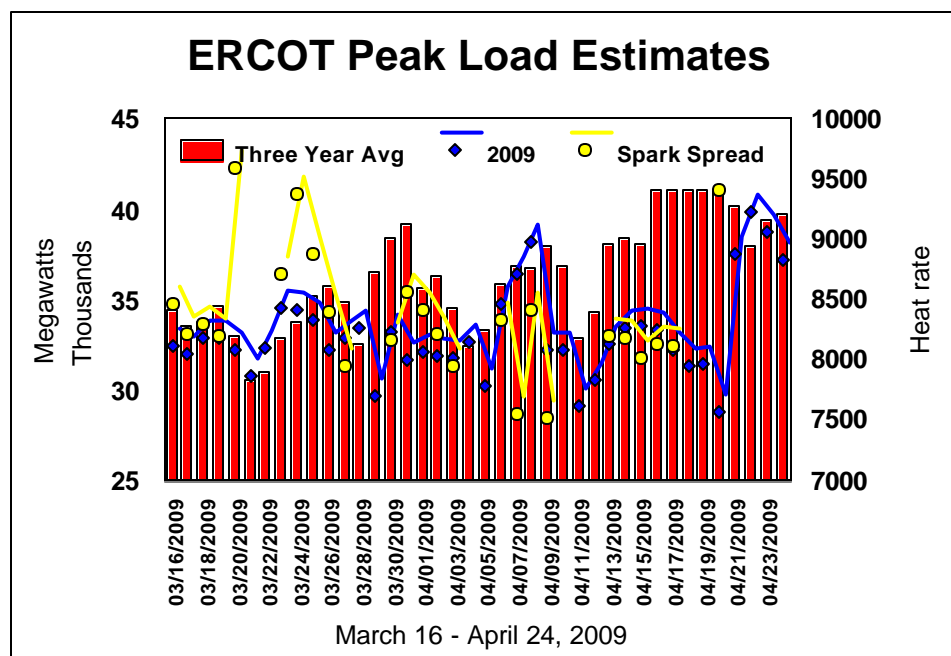
Sweden's AGA Gas announced it has picked NCC to construct Sweden's first LNG terminal. The terminal will be located near Stockholm, in Nynashamn and is due to be operational by 2011 with a capacity of 250,000 tonnes per year.

The president of Azerbaijan said his nation would approve the second phase of the BP-operated Shah Deniz natural gas field in the Caspian Sea only after all the transit issues are resolved.

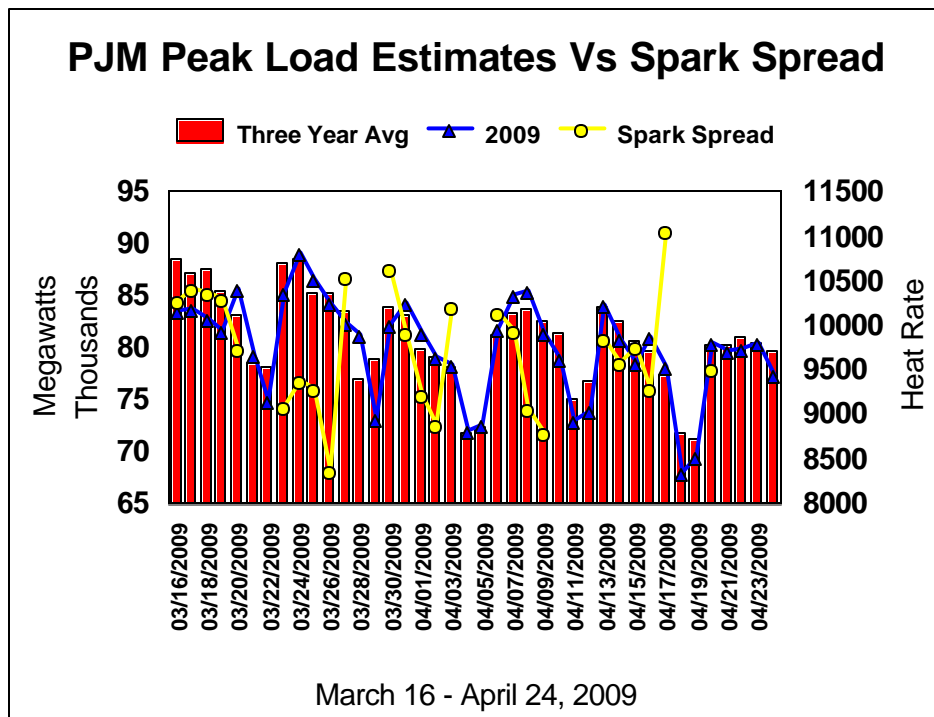
US March leading economic indicators fell 0.3% compared with a fall of 0.2% in February.

**PIPELINE MAINTENANCE**

PG&E California Gas Transmission said for April 20-30<sup>th</sup>, capacity will be at a maximum of 90% at the



Tionesta Compressor Station on the Redwood Path due to maintenance.



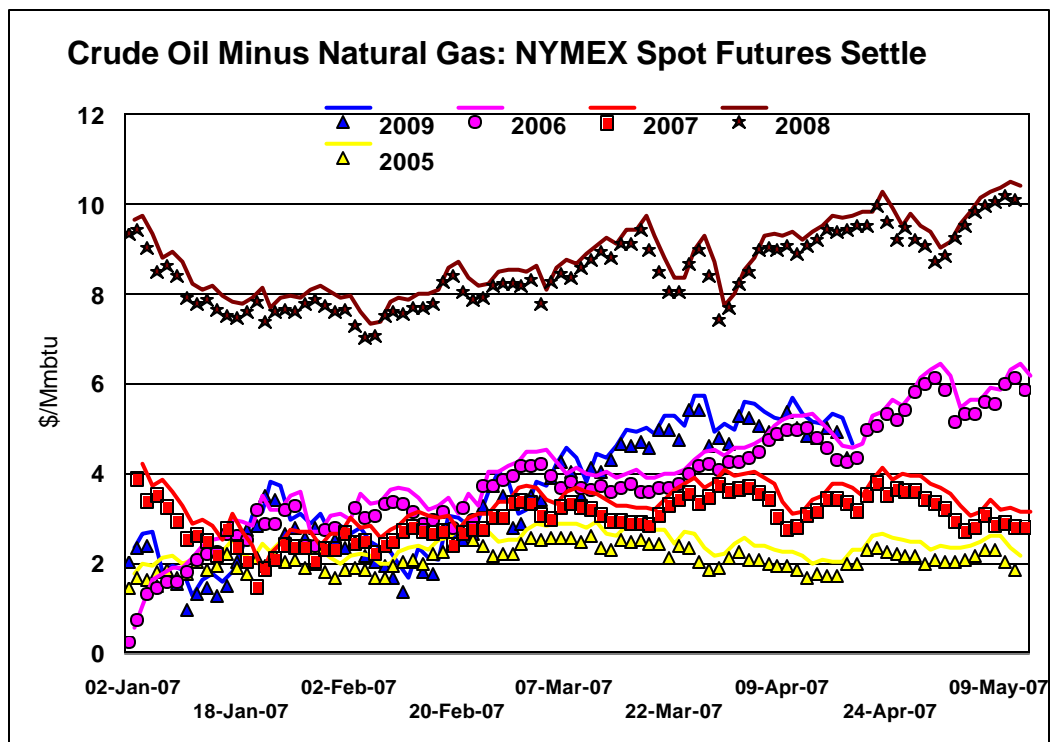
NGPL announced it has changed the dates Hydrostatic and Integrity testing for Segment 13 and 14. The testing is now slated to begin July 9<sup>th</sup> and last for 6 weeks resulting in a reduction of operating pressures and capacity reduction in these segments during the work.

Alliance Pipeline said it would perform maintenance this week at several locations. The Morinville Compression Station was taken off line for 120 hours starting April 18<sup>th</sup>. System throughput (AOS) will be affected. The Olivia Compression Station will be

offline on April 20<sup>th</sup> for four hours while the Estlin Compression Station will be off line for eight hours. System capacity (AOS) will be impacted. The company also reported that routine inspections at the AB 47 Carson Creek Lateral Meter Compression Unit #2 would be unavailable for 10 hours. Station

capacity was reduced to 389 e3m3/day. The Manchester and Towner compression station is expected to be off-line for 48 hours starting April 21<sup>st</sup>.

Southern natural Gas Pipeline said maintenance will resume on its pipelines between Ogal platform and Tocca Compressor Station after delays due to contractor issues and weather delays. The work is slated to begin April 29<sup>th</sup> and last for three weeks



## PIPELINE RESTRICTIONS

Tennessee Gas Pipeline said for April 20<sup>th</sup> it has restricted Carthage Line Lateral through approximately 48% of Supply to market Secondary Out of Path nominations pathed from meters located on the Cartage Line Lateral.

### **ELECTRIC MARKET NEWS**

Genscape reported this morning that U.S. power output fell 3.98% in the week ending April 16<sup>th</sup> from the prior week and was off some 8.76% from the same week a year ago.

Uranium prices increased for the first time in almost six months after Energy Resources of Australia Ltd reported that production in the first quarter fell by 9% on lower ore grades. Lehman Brothers last week said it does not plan a sale of the uranium it holds to pay off an estimated \$200 billion in unsecured liabilities.

NEW YORK MERCANTILE EXCHANGE(r)									
NYMEX OPTIONS CONTRACT LISTING FOR 04/20/2009									
				TODAY'S	PREVIOUS	ESTIMATED	DAILY	DAILY	
-----CONTRACT-----				SETTLE	SETTLE	VOLUME	HIGH	LOW	
LN	6	9	P	2.5	0.0081	0.0057	9150	0	0
LN	7	9	P	3	0.0879	0.0667	5400	0	0
LN	10	9	P	2	0.0283	0.0246	4500	0	0
LN	6	9	C	5	0.0219	0.0446	3525	0.03	0.029
LN	7	9	P	3.5	0.242	0.1926	2650	0	0
LN	7	9	C	9	0.0012	0.0023	2496	0	0
LN	5	9	P	3.25	0.0328	0.0219	2462	0.03	0.025
LN	6	9	C	4.5	0.062	0.1102	1900	0.0625	0.0625
LN	6	9	C	4	0.1609	0.2505	1900	0	0
LN	7	9	C	4	0.3258	0.4294	1825	0	0
LN	10	9	C	6	0.2301	0.2832	1650	0	0
LN	10	9	C	9	0.0489	0.0639	1600	0	0
LN	7	9	C	4.5	0.1786	0.2491	1450	0	0
LN	5	9	P	3.5	0.1115	0.0702	1427	0	0
LN	7	9	C	5	0.0943	0.1391	1400	0	0
LN	5	9	C	4	0.0158	0.0652	1335	0.024	0.024
LN	12	9	C	6	0.6052	0.6774	1300	0	0
LN	6	9	P	3	0.0575	0.0413	1300	0.055	0.055
LN	12	9	C	7.5	0.2553	0.2972	1200	0	0
LN	5	9	C	3.75	0.0553	0.1502	1121	0.06	0.06
LN	8	9	C	5	0.1937	0.2552	1100	0	0
LN	8	9	C	6	0.0748	0.1039	1050	0	0
LN	12	9	P	3	0.0326	0.0312	950	0	0
LN	11	9	P	3	0.0986	0.0914	900	0	0
LN	4	10	C	12.5	0.0492	0.0603	850	0	0
LN	5	9	C	3.8	0.0439	0.1287	840	0	0
LN	5	9	P	3.3	0.0433	0.0282	825	0	0
LN	6	9	P	3.5	0.2048	0.155	795	0	0
LN	11	9	C	7	0.1987	0.241	750	0	0

### **MARKET COMMENTARY**

While the cash gas markets started out stronger this morning the futures market though remained under pressure throughout the day as the equity and oil markets moved substantially lower as a result of technical selling in the oil markets and the rebounding value of the dollar. Today's price action in natural gas was basically a mirror image of Friday's trading session, nearly matching Friday's trading range and finishing the day basically on its lows and where trading began on Friday. As a result of today's price action we feel the technical damage was substantial to those looking for the natural gas market to have been building a strong base of support. The 9 day stochastics rolled over to the downside today for the first time since April 8<sup>th</sup> signaling the possible start of another round of selling pressure on this market as the May heads

toward expiration.

We continue to feel that this market though will fail to gain significant traction to the downside even if it makes a new near term low this week, given the support the cash market appears will receive from higher generating loads and late season heating needs over the next few days. We see prices still contained in a downward trending channel of \$3.30-\$4.30. We see near term support tomorrow \$3.52-\$3.50 followed by \$3.454, \$3.342 and \$3.217. Resistance we see at \$3.61, \$3.639 and \$3.666, with

more substantial \$3.872, \$3.986 and \$4.10. More distant resistance we see at the upper end of two month channel at \$4.369.

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