



## ***ENERGY RISK MANAGEMENT***

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### **POWER MARKET REPORT FOR APRIL 25, 2005**

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

The Climate Prediction Center reported that for the week ending April 23<sup>rd</sup>, it estimated that the US saw 58 Heating Degree Days on a gas home heating customer weighted basis. It was down 28% from normal and 13.7% higher than the level reported last year. It is also up from its previous estimate of 49 HDD. For the current week ending April 30, the CPC estimated that the US will see a total of 81 HDD on a gas home heating customer weighted basis, which is 17% more than normal and 55.8% higher than last year's level.

Based on a survey of 60 North American producers, Lehman Brothers estimated Monday that 1Q2005 U.S. natural gas production will show a decline of 0.3% sequentially and 4.4% compared with 1Q2004. Gas supply also is estimated to fall 2.1% this year, following a 3% decline in 2004, caused mainly by an estimated U.S. production decline of 3.7%.

The National Gas Supply Association reported today that despite the domestic natural gas rig count at a two year high, gas well completions at a record high and the number of seismic crews searching for gas onshore has increased, production of dry gas in the U.S. has remained essentially flat at 50 bcf/d since early 2002.

#### **Generator Problems**

**ERCOT**— TXU Corp. will shut the 750 Mw Martin Lake #1 coal-fired power unit on April 26-27 for a scheduled outage, depending on system availability.

TXU Corp. will restart its 565 Mw Monticello #2 coal-fired unit April 26, if the system needs the unit's power output. The unit shut April 18 to work on its boiler.

Calaveras Lake Plant will have an air startup to extend startup after shutdown to repair boiler tube leak for notification beginning tonight and 8:00 pm through April 29 8:00 pm.

**MAAC**— Public Service Enterprise Group's 1,111 Mw Salem #1 nuclear unit returned to full power by early today. On Friday, the unit was operating at 30% of capacity after exiting an outage. Salem #2 remains shut since April 5 for a planned five-week refueling and maintenance outage.

**SERC**— TVA's 1,118 Mw Browns Ferry #2 nuclear unit returned to full power by early today. On Friday, the unit was reduced to 70% to adjust the control rod pattern. Browns Ferry #3 continues to run at full power.

Progress Energy's 872 Mw Brunswick #1 nuclear unit exited an outage and ramped up to 45% by early today. The unit shut April 15 for planned work on some valves and other equipment. Brunswick #2 continues to operate at 67% of capacity.

Duke Energy's 1,100 Mw McGuire #2 nuclear unit returned to full power by early today. On Friday, the unit was operating at 71% after exiting an outage earlier in the week. McGuire #1 continues to operate at full power.

TVA's 1,127 Mw Sequoyah #2 nuclear unit shut by early today for a planned five-week refueling outage. On Friday, the unit was operating at full power. Sequoyah #1 continues to operate at full power.

SCANA shut its 966 Mw Summer nuclear unit on April 22 for a planned refueling outage. On Friday, the unit was operating at 80% as it coasted down for the outage.

Dominion Resources' 815 Mw Surry #2 nuclear unit shut by early today for a planned month-long refueling and maintenance outage. On Friday, the unit was operating at full power. Surry #1 continues to operate at full power.

Northern Border Partners reported Monday that 600 Mmcf/d of firm transportation capacity on the Northern Border Pipeline went unsold in April.

The private weather forecasting service, WSI's latest long term temperature outlook calls for spring like cool temperatures could extend from May through July for a majority of the northern U.S.

**PIPELINE RESTRICTIONS**

Natural Gas Pipeline Company of America said that deliveries to Columbia Gulf-Chalkley are at capacity today. NGPL is at capacity for gas received upstream of Compressor Station 155 in Wise County, Texas in Segment 1 going northbound. Deliveries to Texas Gas-Lowry are at capacity. All Louisiana Line Segments (25, 23 and 24) are at capacity for eastbound transport volumes.

ANR Pipeline Company said that the owners and/or operators of the processing plants that service ANR's Southeast Area have provided preliminary information that most will process gas absent the issuance of a gas quality requirement by ANR. Based on this preliminary forecast, ANR has determined that it will not be necessary to issue a Hydrocarbon Dew Point limitation in the Southeast Area in order to continue to provide service for the month of May.

In an update to the ongoing force majeure situation at several of its compressors, TransColorado said that there is no new information. The estimated in-service date for completion of repairs on all expansion compressor units continues to be May 23. As each unit is repaired, additional capacity may become available before May 23. Currently, Segment 220 is limited to 320 MMcf/d while Segment 240 is flowing 375 MMcf/d. Meanwhile, force majeure conditions are still in effect.

**PIPELINE MAINTENANCE**

Alliance Pipeline said that scheduled maintenance will require the Alberta Lea Compression Station in Minnesota to be offline for 24 hours starting at 8:00 AM CT on April 27. System throughput will be affected and will be determined closer to the outage date. Scheduled maintenance will also require the Alameda

Compression Station in Saskatchewan to be offline for 12 hours starting at 8:00 AM MT on April 27. System throughput will be affected and will be determined closer to the outage date.

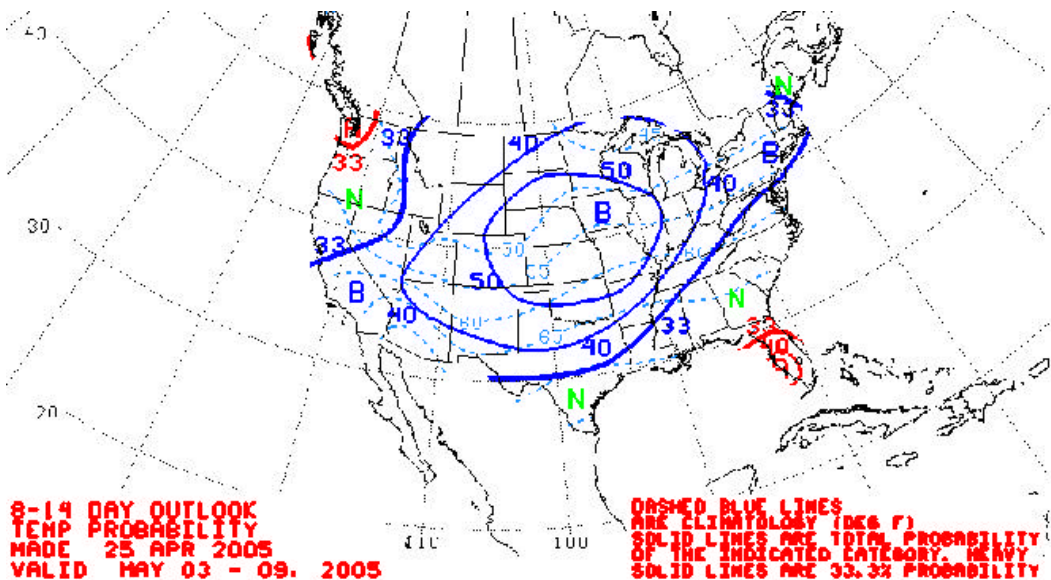
**Generator Problems cont'd**

**WSSC**— California's 545 Mw Sunrise natural gas-fired power station started to exit an unplanned outage late yesterday. The unit shut April 20.

Constellation Energy Group's 780 Mw High Desert natural gas-fired power unit shut by early today. On Friday, the unit was fully available for service.

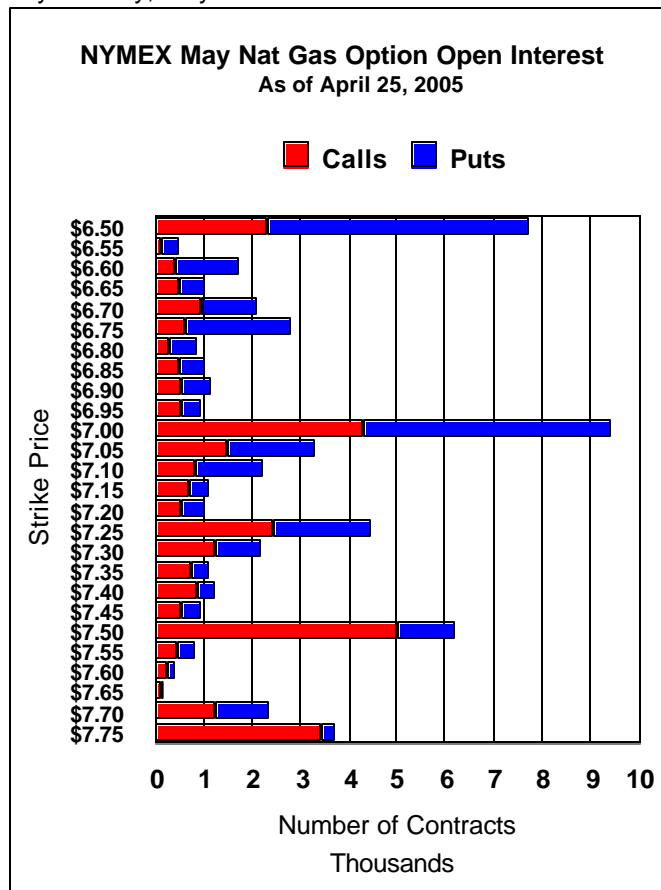
Intermountain Power Agency shut the 820 Mw Intermountain #1 coal-fired power unit in Utah for a planned outage by late Sunday. The unit was fully available for service on Friday.

**The NRC reported that U.S. nuclear generating capacity was at 74,795 Mw today down 1.20% from Friday and down 6.31% from a year ago.**



Gulf South Pipeline said it will be performing scheduled maintenance at the Longview, Texas Compressor Station #2 beginning today. It is anticipated that this maintenance will take five days to complete. Based upon projected nominations for the affected Scheduling Group – PALESTINE 8-inch/TYLER 12-inch/DALLAS 18-inch – Gulf South will only schedule primary firm capacity during this maintenance period.

Questar Pipeline Company said that while Northwest Pipeline is installing a filter/separator on April 27-28 in Clay Basin, Questar will be cleaning the injection and withdrawal meter tubes. In addition to the scheduled cleaning, Questar will complete an extended meter calibration, including all cleaning transducers to ensure accurate volume calculation, which will extend the service outage two additional days. This work could not be completed until NPC installed their filter separator. Due to safety concerns, no physical injection or withdrawal volumes will flow for gas days Friday, April 29 and Saturday, April 30. To the extent possible, Questar will net nominations on the Northwest side subject to the zero physical flow requirements. Service is expected to return to normal on gas day Sunday, May 1.



**ELECTRICITY MARKET NEWS**

PSE&G said today that it has completed the upgrade of its Branchburg substation in New Jersey, as it was able to energize a third bank of transformers at the facility. With the additional bank, some 950 Mw of additional capacity has been added bringing total capacity to 2150 Mw. Operators had originally planned for the capacity addition to come on line by June 30<sup>th</sup>.

**MARKET COMMENTARY**

The natural gas gapped higher for the second straight trading session helped by firmer oil prices and near term heating demand that appears will be higher than forecasted late last week. But unlike Friday, prices failed to gain much traction through the morning, and as oil prices headed south at midday, natural gas prices followed downward. Prices remained on the defensive throughout the afternoon, retracing some 38% of the past several days, as the market settled down near the lows it posted in the final few minutes of trading. Final volume was moderate though as we begin the expiration period with just over 69,000 futures traded.

Tomorrow is expiration day for the May natural gas option contracts. Given the apparent follow through selling that the market has seen at the start of Access trading this evening, it appears there could be a strong possibility that the \$7.00 strike level is where this

market will look to gravitate towards by the close of business tomorrow. We see initial support at \$7.146, followed by \$7.095-\$7.08, \$7.04, \$7.00, \$6.96 and \$6.89-\$6.875. Resistance we see at \$7.31, \$7.363, \$7.48-\$7.50. More distant resistance we see at \$7.60 and \$7.80.