



## ***ENERGY RISK MANAGEMENT***

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### **POWER MARKET REPORT FOR APRIL 28, 2008**

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

Enterprise Product Partners in its earnings statement said they still expect the Independence Platform Hub production platform to resume operations during the first half of May, with mid-May as an "outside date". The platform has a 1 bcf/d production capacity.

The first LNG cargo in three months is due to arrive at the UK's Isle of Grain terminal this week. The 126,000 cubic meter tanker from Algeria could arrive on or around April 30<sup>th</sup>. The last time a LNG tanker arrived in Britain was back on January 29<sup>th</sup>.

Imports of gas into Britain through the Interconnector pipeline from Belgium increased to 20-25 million cubic meters per day Monday up from 5 million cubic meters per day on Sunday. There was no gas through the North Sea SEAL line from the Elgin/Franklin and Shearwater fields to the Bacton SEAL terminal, while Teesside BP reported that is also was not receiving gas today. The refinery strike at the Grangemouth Refinery in Scotland, which triggered natural gas North Sea production to be shut in, is expected to be restarted Tuesday.

Shell and TransCanada said that they plan to ask the U.S. Commerce Department to overturn New York state's rejection of the Broadwater LNG projected slated for Long Island Sound. The appeal must be

#### **Generator Problems**

**ERCOT** Xcel's 540 coal fired Unit #1 Tolk Power Station is scheduled to be taken off line this afternoon for a maintenance outage in preparation for the summer peak season. The unit is expected back in service on May 17<sup>th</sup>.

STP Nuclear Operating Company's 1280 Mw Unit #1 South Texas nuclear unit has exited its recent refueling outage and was now at 74% of capacity.

**NPCC** – Bruce Power's 750 Mw Unit #4 at the Bruce A nuclear power station returned to service on Sunday, April 27<sup>th</sup>. The unit had been offline for maintenance since March 25<sup>th</sup>.

OPG's 490 Mw Unit #1 at the Nanticoke coal fired power plant returned to service Monday morning. The unit had been off line since April 11<sup>th</sup>. The company also reported that its 494 Mw Lambton #2 coal fired unit also returned to service today.

**ECAR** – AEP stopped the start up of its 1029 Mw Unit #1 at the Cook nuclear power plant over the weekend due to the discovery of a small leak.

**PJM** – Excelsior's Oyster Creek 636 Mw nuclear unit was taken off line for planned maintenance.

**SPP** – Entergy's 1152 Mw Unit #3 at the Waterford nuclear power plant was taken off line today in what is believed to be planned month long maintenance. The unit had been operating at full power on Friday.

**WECC** Calpine's 811 Mw Delta natural gas fired power station was shut on Sunday afternoon for planned maintenance.

**SERC** – Dominion Resources 799 Mw Surry #2 nuclear unit was taken off line this morning for planned maintenance. The unit was at 93% capacity on Friday.

Southern's 1152 Mw Vogtle #1 nuclear unit was at 92% of power Monday morning, up 63% from Friday's morning level.

Progress Energy's 938 Mw Brunswick #1 nuclear unit was at 1% of power as operators were restarting the unit from its recent refueling outage.

SCE&G shut its 1,000 Mw Summer nuclear unit on Friday for scheduled refueling outage.

**The NRC reported that 78,489 Mw of nuclear capacity is online, down 1.8% from Friday and down 2.11% from a year ago.**

placed with the Commerce Department before May 12<sup>th</sup> and the Commerce Department may take up to a year to review the appeal. Earlier this month's New York's new governor had rejected the proposal to build the LNG import platform in Long Island Sound.

Crosstex Energy said today that it plans to construct an \$80 million natural gas processing plant in the Barnett Shale region of North Texas. The Bear Creek facility will have a processing capacity of 200 million cf/d and would be operational by the third quarter of 2009.

The Chicago Federal Reserve Bank said today its Midwest manufacturing index was lower in March, hurt by the slump in auto production. February levels though were revised higher.

**PIPELINE MAINTENANCE**

FGT said it would perform maintenance on one of the two units at the FGT/Transco St Helena interconnect. The outage is slated to begin May 1<sup>st</sup> and last four days. Flows are expected to be reduced to 20,000 Mmbtu/d down 67%.

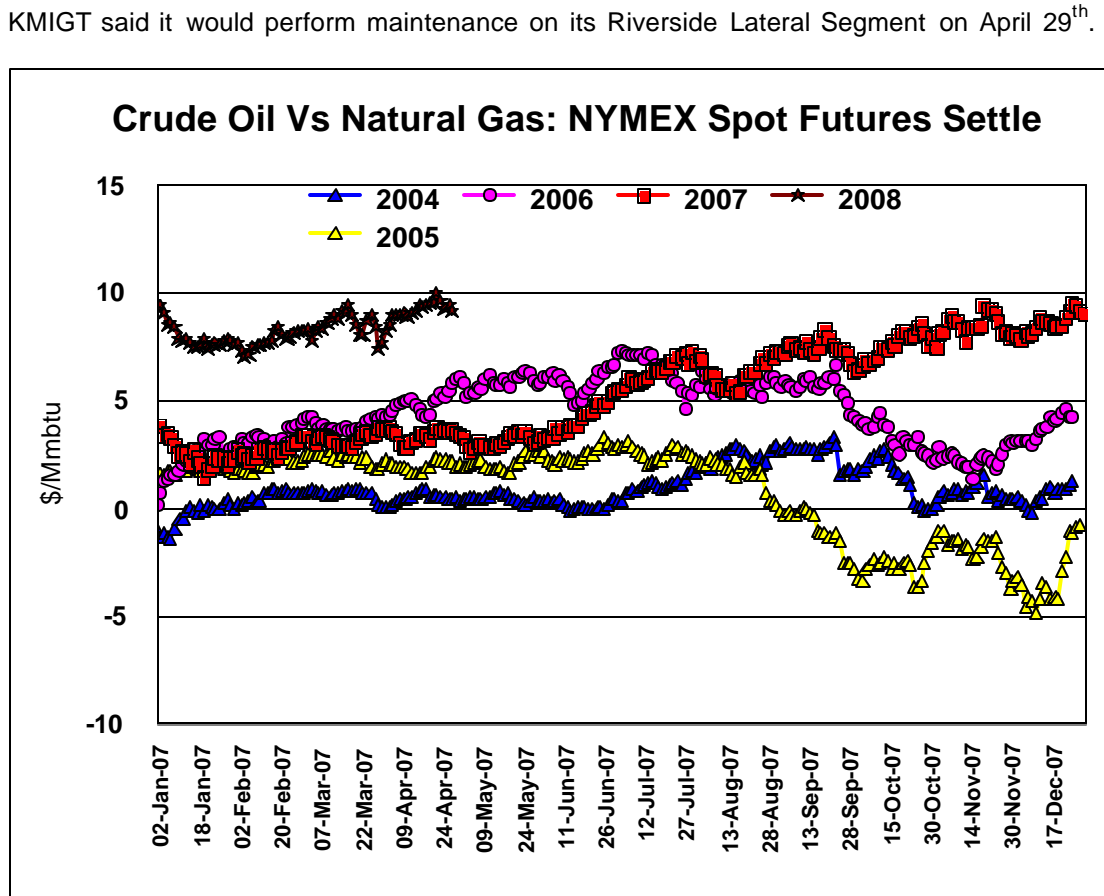
TransColorado Gas Transmission said it would perform maintenance at its Olathe Compressor Station starting Wednesday April 30<sup>th</sup>. Capacity through Segment 220 will be limited to 330,000 Dth and capacity through Segment 240 will be limited to 380,000 Dth. Based on the current level of nominations, AOR/IT, secondary and primary FT quantities are at risk of not being fully scheduled.

KMIGT said it would perform maintenance on its Riverside Lateral Segment on April 29<sup>th</sup>. Nominations will be

unavailable for Missouri Gas Pony and Kansas Gas Service Pony.

Gulf South Pipeline said that scheduled pipeline maintenance on Index 293 at the Violet Canal has been rescheduled to April 30<sup>th</sup>. Originally the company was going to do the work on May 6<sup>th</sup>. The work is expected to last for three days.

ANR Pipeline said it would continue engine repairs along the SE Mainline.



Total SEML capacity will be reduced by 40 Mmcf/d. Based on current nominations, it is anticipated that the work will not have any impact on service.

**ELECTRIC MARKET NEWS**

Genscape reported that for the week ending April 24<sup>th</sup>, U.S. power generation fell 0.48% from the previous week and off 1.1% from the same week a year ago.

The SPP reported

that according to two independent studies it was found that the first year of the Southwest power Pool's Energy Imbalance Service market was successful. One study found that the net trade benefits of \$103 million from the first year of market operation. The other report found that market participation had been strong with 81% of online capacity was made available for dispatch. The studies found that SPP's average daily prices were consistent with surrounding markets and significantly less volatile.

Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
Location	Traded	Price		(As of 12:30 PM)		Moving Avg
Henry Hub	1,340,200	\$10.947	\$0.226	(\$0.279)	(\$0.078)	(\$0.482)
Chicago City Gate	615,400	\$10.956	\$0.225	(\$0.270)	(\$0.041)	(\$0.333)
NGPL- TX/OK	880,600	\$10.565	\$0.246	(\$0.661)	(\$0.020)	(\$0.686)
SoCal	750,200	\$10.521	\$0.285	(\$0.705)	\$0.019	(\$0.653)
PG&E Citygate	754,600	\$11.010	\$0.200	(\$0.216)	(\$0.066)	(\$0.146)
Dominion-South	377,400	\$11.606	\$0.275	\$0.379	\$0.009	\$0.320
Transco Zone 6	135,800	\$11.805	\$0.374	\$0.579	\$0.108	\$0.467

The California Independent System Operator issued its Summer Assessment this morning and it estimated California should have enough power this summer even though there will be several days when conservation and voluntary demand response programs will be called on to ease the strain on the power grid.

**MARKET COMMENTARY**

While the \$11.00 natural gas calls settled 3.7 cents out of the money on Friday, there was still some 771 calls that were exercised after the close and thus helped to spark the late rally in prices on Friday afternoon on Globex and into early this morning. This morning's news that there was an outside chance of a bit longer delay in restoring production at the Independence Hub, along with significantly cooler temps across the northern half of the U.S. appeared to help support overall values and allow the May contract to expire up 22.8 cents on the day. This was the highest spot settle on the natural gas contract since December 29, 2005. The futures market though continues to outpace the

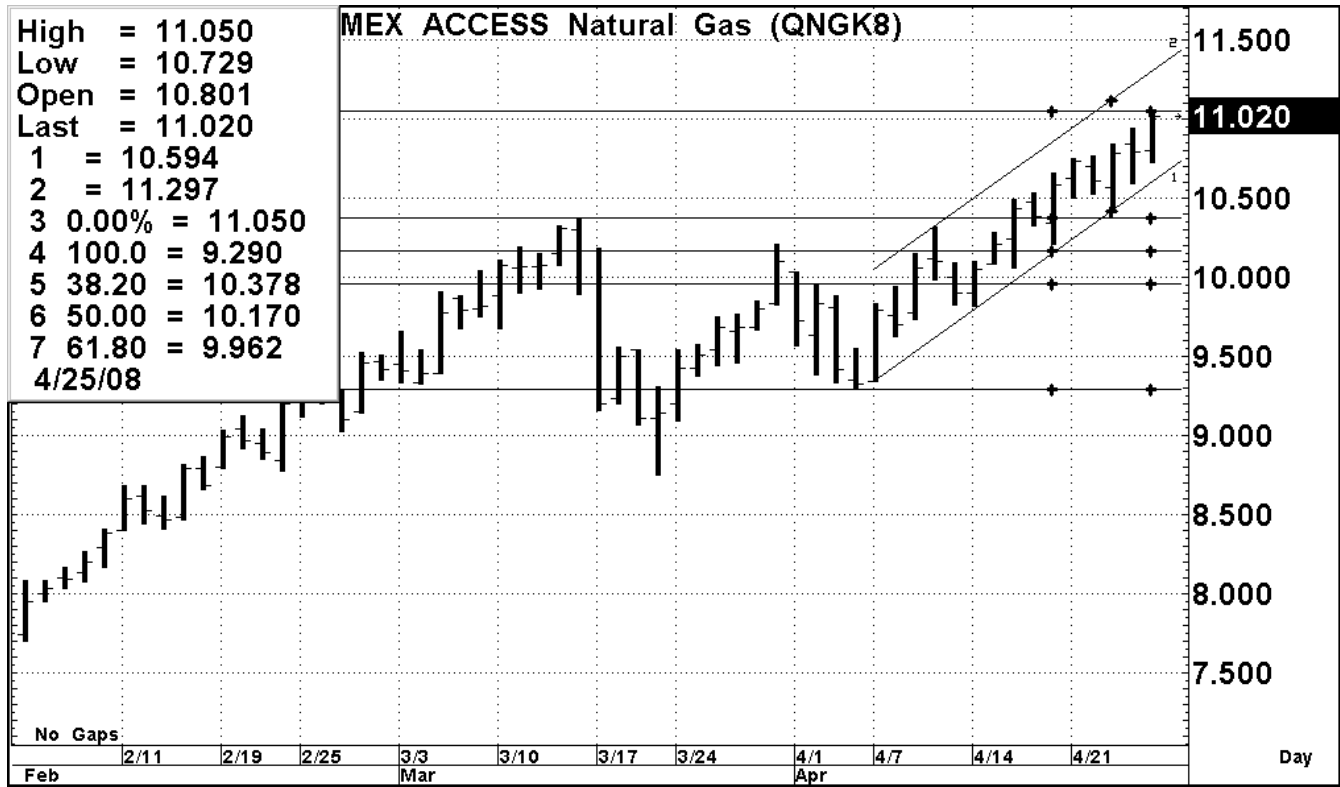
NYMEX Natural Gas Options Most Active Strikes for April 28, 2008								
Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LN	5	9	C	20	04/27/2009	0.115	20,850	38.74
LN	6	8	C	13	05/27/2008	0.1239	10,986	45.55
LN	12	8	C	13	11/21/2008	1.4962	6,050	44.28
LN	12	8	C	12	11/21/2008	1.8083	5,630	40.73
LN	11	8	C	13	10/28/2008	1.2945	5,600	47.12
LN	3	9	C	13	02/24/2009	1.8649	5,550	44.34
LN	1	9	C	12	12/24/2008	2.052	5,380	39.56
LN	3	9	C	12	02/24/2009	2.1399	5,380	40.80
LN	2	9	C	12	01/27/2009	2.2285	5,380	41.16
LN	11	8	C	12	10/28/2008	1.584	5,305	43.75
LN	1	9	C	13	12/24/2008	1.7293	5,300	43.13
LN	2	9	C	13	01/27/2009	1.9212	5,300	44.63
LN	6	8	C	12.5	05/27/2008	0.1984	4,015	44.29
LN	3	9	C	15	02/24/2009	1.3747	2,980	47.78
LN	10	8	C	20	09/25/2008	0.241	2,950	60.15
LN	6	8	C	12	05/27/2008	0.311	2,685	42.78
LN	7	8	P	10	06/25/2008	0.2182	2,510	45.00
LN	12	8	P	8.8	11/21/2008	0.3204	2,500	49.64
LN	7	8	C	13	06/25/2008	0.3322	2,356	44.17
LN	10	8	P	8.3	09/25/2008	0.2366	2,300	53.17
LN	6	8	P	10	05/27/2008	0.0952	2,150	43.59
LN	7	8	C	14	06/25/2008	0.1891	2,100	46.58
LN	7	8	P	9.5	06/25/2008	0.113	2,006	43.72
LN	12	8	C	20	11/21/2008	0.4274	2,000	54.77
LN	7	8	P	8.5	06/25/2008	0.0208	2,000	42.22
LN	11	8	C	20	10/28/2008	0.3301	2,000	56.85
LN	6	8	P	8.8	05/27/2008	0.0125	1,950	46.99
LN	8	8	C	13	07/28/2008	0.5756	1,756	45.07
LN	3	9	C	20	02/24/2009	0.7126	1,700	53.61
LN	8	8	C	12	07/28/2008	0.8727	1,635	43.14
LN	8	8	P	10	07/28/2008	0.4075	1,600	49.46
LN	10	8	C	15	09/25/2008	0.6588	1,550	52.99
LN	6	8	C	11.5	05/27/2008	0.4767	1,531	41.00

cash market which today finished up 22.6 cents at \$10.947 at Henry Hub.

We are just not a believer that natural gas values can be maintained at these levels at this time even as the 12 month strip and the March April natural gas spread all made new recent highs. With the prospects of the oil market rally appearing to sputter here today despite very bullish news of an oil supply disruptions, we feel that a decline in crude oil prices may be in the offering and thus also help to drag natural gas prices downward into a price correction. We see support initially found at \$11.20 followed by \$11.132, \$10.935, \$10.789-\$10.769 and \$10.674. Additional support we see at \$10.43-\$10.40 and \$10.186. Resistance we see at \$11.495, \$11.662, \$11.858-\$11.88.

High = 11.050  
 Low = 10.729  
 Open = 10.801  
 Last = 11.020  
 1 = 10.594  
 2 = 11.297  
 3 0.00% = 11.050  
 4 100.0 = 9.290  
 5 38.20 = 10.378  
 6 50.00 = 10.170  
 7 61.80 = 9.962  
 4/25/08

MEX ACCESS Natural Gas (QNGK8)



No Gaps:

Feb 2/11 2/19 2/25 3/3 3/10 3/17 3/24 4/1 4/7 4/14 4/21  
 Mar Apr

Day