



## ENERGY RISK MANAGEMENT

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### POWER MARKET REPORT FOR APRIL 29, 2008

#### NATURAL GAS MARKET NEWS

T. Boone Pickens speaking on CNBC this afternoon after the close said that his fund is long both oil and natural gas and covered short positions long ago. He continues to expect that natural gas has a bigger upside potential than crude oil. He noted that while crude may have the potential for a pull back he sees crude oil prices will stay above or close to the \$100 price level.

Project managers of the currently stalled Quoddy Bay LNG Import Project said today that expect the FERC review of the project will resume once the company submits the requested information in the "near future".

The head of the trade group, the New England Power Generators Association said yesterday that the new natural gas standards that are being proposed by Algonquin Gas Transmission and the Maritimes & Northeast Pipeline, both of which are owned by Spectra Energy, are creating concern by the power generators in the region, in that the quality change could impact electric power generating reliability problems. The problems are centered on the standards that are going to be set for LNG gas imported into the region.

The Rockies Express

#### Generator Problems

**ERCOT** – Luminant's 575 Mw coal fired Unit #1 was expected to be taken down for planned maintenance work this evening. This follows the plant's sister unit being taken off line yesterday.

The coal fired Martin Lake steam electric plant this morning reported an emissions event that was short lived and does not appear to have resulted in any shutdown of the generating units at the site.

**NPCC** – Bruce Power's 822 Mw Bruce #5 nuclear unit was taken off this morning for a short maintenance outage.

OPG's 881 Mw Darlington #2 nuclear unit was taken off line today but was expected back in service on May 1<sup>st</sup>.

**PJM** - Exelon's 636 Mw Oyster creek nuclear plant was at 10% as operators slowly bring the unit back up from its weekend maintenance outage.

**MAIN** – Exelon's 1162 Mw LaSalle #2 nuclear unit was reduced to 83% capacity this morning down from full power yesterday.

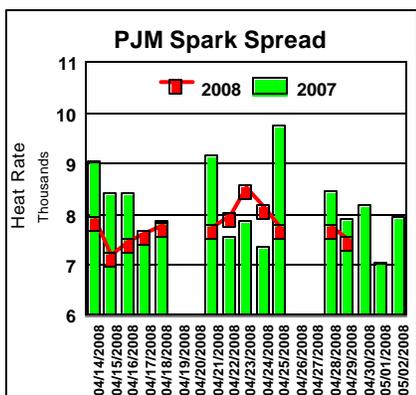
**SERC** – Southern's 1215 Mw Vogtle #1 nuclear unit was at 98% power this morning up 6% from yesterday.

Progress Energy's 938 Mw Brunswick #1 nuclear unit remained off line this morning but was operating at 17% power. The unit was restarted on Monday after being off line for a maintenance period that began March 16<sup>th</sup>.

**The NRC reported that 78,634 Mw of nuclear capacity is online, up 0.1% from Monday and down 1.17% from a year ago.**

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	1,812,100	\$10.936	(\$0.011)	\$0.023	\$0.270	(\$0.450)
Chicago City Gate	639,300	\$11.019	\$0.063	\$0.107	\$0.377	(\$0.264)
NGPL- TX/OK	119,800	\$10.572	\$0.007	(\$0.340)	\$0.321	(\$0.637)
SoCal	855,100	\$10.415	(\$0.105)	(\$0.497)	\$0.209	(\$0.652)
PG&E Citygate	658,900	\$10.936	(\$0.074)	\$0.024	\$0.240	(\$0.138)
Dominion-South	270,000	\$11.560	(\$0.046)	\$0.647	\$0.268	\$0.377
Transco Zone 6	142,300	\$11.848	\$0.043	\$0.936	\$0.357	\$0.545

Pipeline said that final commissioning activities continue along its 210-mile section of the REX West from the ANR Interconnect to the PEPL interconnect. The line is expected to be completely purged by today. Line packing will commence once authority is obtained.



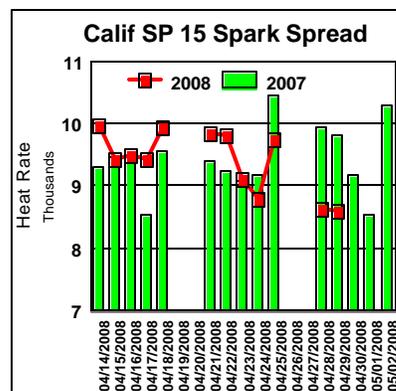
Energy Transfer Partners reported the completion of its Southeast Bossier 42-inch natural gas line project in East Texas. The \$468 million project connects the partnership's East Texas and Cleburne to Cartage pipelines with its Texoma Pipeline, north of Beaumont. The line has up to 900,000 Mcf/d of initial capacity and will give ETP transport capacity of more than \$ bcf/d from these expanding production basins.

The U.S. Minerals Management Service today approved the development plans for the Cascade-Chinook oil and natural gas project located in the Walker Ridge are of the Gulf of Mexico, which will be the first use in the area of a floating production, storage and off loading (FPSO) facility. The facility will have the capability to process oil and natural gas, store the crude oil in tanks located in the facility's hull and offload the crude to shuttle tankers for transportation to shore. Any natural gas processed will be

transported to shore by pipeline. The facility will be 165 miles off shore of Louisiana in 8200 feet of water. The facility will be equipped with a turret from which the facility can be disconnected and moved off location in the event of a hurricane or tropical storm.

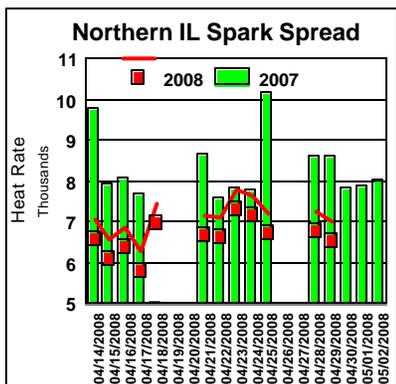
**PIPELINE MAINTENANCE**

Northwest Pipeline said that it has notified customers that during its recent inspection completed last week of the Baker compressor station, damage to an engine in Unit #2 was discovered. Based on current operating conditions, the company anticipates that it can physically move between 422,000 Dth/d-444,000 dth/d. The company is in the process of making emergency repairs and anticipates having the unit back in service for the May 6<sup>th</sup> gas day. If primary nominations exceed the design and or physical capabilities it may become necessary to issue an OFO and declare a Deficiency Period.



**ELECTRIC MARKET NEWS**

Genscapre reported that for the week ending April 28<sup>th</sup> U.S. power generators had nearly 152.9 millions of tons of coal inventories, up 1,995,924 tons from the previous week or 55 days of forward supply.



The New York Power Authority today picked Astoria Energy LLC to build a new power plant in Astoria, New York. The 500 Mw natural gas fired power plant would supply power on a 20-year contract with NYPA. The plant is expected to be in service by the summer of 2011. The company already has the sister unit operating at the same site and has been in service since 2006.

**MARKET COMMENTARY**

The natural gas market remained under pressure throughout the day helped by weaker cash prices as well as a rapidly declining oil market, which helped to create a bearish mood throughout the energy markets. While natural gas saw crude oil's premium erode for the second straight day and for the fourth time out of the last five trading sessions, June natural gas prices finished the session back below the \$11.00 level and post its lowest settlement in the last

five trading sessions. The NYMEX 12 month natural gas strip also settled lower due in part to rolling off of the May 2008 contract.

We remain short term bearish this market. The June contract, which did lightly breach trendline support at \$10.795 after the close, could see this trend line act as resistance tomorrow starting at \$10.877. Additional resistance we see at \$11.032, \$11.115, \$11.136 and \$11.198. More distant points we see at \$11.429, \$11.615

and \$11.88. Support we see at \$10.765, \$10.657, \$10.471 and \$10.40. More distant support we see at \$10.25 and \$10.178. Support on the March-April spread we see initially \$1.757, \$1.697 and \$1.638. Ideally we would look to be a buyer of this spread if values break below the \$1.60 level. This evening the spread settled at \$1.86 after setting a high last night at \$1.95.

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### NYMEX Natural Gas 12 Month Strip

