



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR APRIL 29, 2011

NATURAL GAS MARKET NEWS

North America

Baker Hughes reported this afternoon that the number of natural gas rigs searching for natural gas this week in the United States rose by 5 to 882. This was the first gain in four weeks. The number of horizontal rigs operating on the week increased by three to a new record of 1,023.

The EIA reported today that gross natural production in February in the lower 48 states fell 1.9% from an upwardly revised January output. February production was estimated at 65.49 bcf/d down 1.29 bcf/d from January.

International

Royal Dutch Shell said today that power consumption at the Ormen Lange gas plant in Norway should return to normal levels on Friday afternoon. The plant had been shut down on Thursday due to technical problems.

Australia's Orion Energy reported today that its Australia Pacific LNG operations were curtailed in the first quarter due to wet weather. Nineteen wells were shut in and as a result reduced the plant's production, but all customer obligations for gas supply were met during the quarter. The company said the weather also disrupted its drilling program as only 22 wells were drilled.

South Hook port authorities reported today that the Al Khattiya LNG tanker is expected to arrive at the terminal on May 6th from Qatar.

The South African Department of Minerals said today that the government will neither accept new applications nor finalize current bids for shale gas exploration until its own feasibility study on the matter is finalized. Farmers in the semi-arid Karoo region have been concerned that shale exploration could contaminate scarce water resources in the region.

ELECTRIC MARKET NEWS

Genscape reported today that they estimate U.S. coal consumption was up 1% for the week ending Thursday from the prior week but was down 5% from the same week a year ago.

Entergy announced it will pay about \$459 million to buy two gas fired power plants with a total capacity of 1070 Mw, as it attempts to take advantage of lower natural gas prices. The company is buying the

Generation Outages

PJM – PSEG 1174 Mw Salem #1 nuclear unit ramped up to 75% power by early Friday. The unit was at only 8% power on Thursday.

ERCOT – Luminant said it plans to restart its 617 Mw Big Brown #1 coal fired unit late Friday following its scheduled outage. The unit went off line on April 2nd.

AEP said it plans to restart the 670 Mw Oklaunion coal fired power plant Friday afternoon following its planned annual maintenance outage, which began back on April 2nd.

AEP also reported that it has shut its 675 Mw Pickey coal fired power plant for scheduled repairs and maintenance on Thursday. The outage is expected to last until May 5th.

The NRC reported this morning that some 68,541 Mw of nuclear generation capacity is online, down 3.7% from yesterday and down 13.1% from a year ago.

450 Mw Hinds Energy facility in Jackson, Mississippi and the 620 Mw Hot Spring Energy facility in Arkansas.

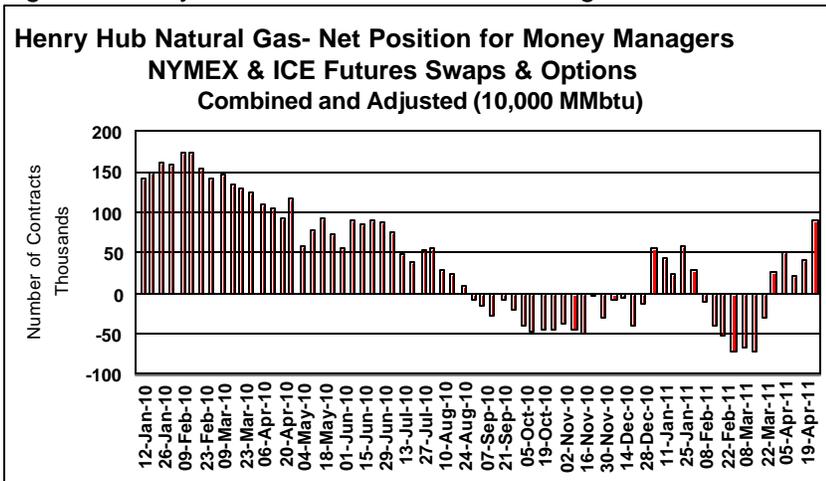
ISO New England released their latest estimate for this summer's power demand. The Grid operator sees economic growth boosting the region's demand for power this summer. The peak demand this summer is estimated at 27,550 Mw under normal summer weather conditions of about 90 degrees Fahrenheit. Last year's peak was 27,102. But the grid operator warned that if extreme weather conditions were to occur, such as an extended heat wave of 95 degrees or more then peak demand could reach 29,695 Mw versus the region's total capacity of 32,980 Mw. The all time record for the region is 28,130 Mw on August 2, 2006.

Spanish demand for power in April fell by 1.1% from the same month a year ago. The grid operator gave no reason for the decline but noted that the decrease would have been 3.7% without correcting for milder weather. Total power generated by wind in Spain in April set a new record of 6265 Gwh or reached 16.9% of the generating mix. Renewable energy, including hydropower accounted for 39.9% of all power generated Gas powered generation accounted for 13.2% of total generation on the month.

TransCanada said today that construction of its Coolidge generating station has been completed and commercial operations are expected to begin on may 1, 2011.

ECONOMIC NEWS

Federal Reserve Chairman Ben Bernanke said the US economy is not fully recovered from its deep recession with the housing market still weighing on growth. He said home foreclosure rates remain high and many families find themselves owing more for their homes than the homes are worth.



The US Commerce Department said incomes increased by 0.5% following an upwardly revised 0.4% increase in February. Consumer spending increased 0.6% after rising an upwardly revised 0.9% in February. The saving rate held steady at 5.5%. The data showed that the price index for personal consumption expenditures increased by 1.8% on the year, after increasing 1.6% in February. The core PCE price index, excluding food and energy prices,

increased 0.9% in the year in the March.

The US Labor Department said higher benefits caused a small increase in US labor costs during the first quarter of 2011. The employment cost index increased 0.6% in the first three months of the year. Wages and salaries increased 0.4% while benefit costs increased by 1.1%.

The Economic Cycle Research Institute said its Weekly Leading Index fell to 129.3 in the week ending April 22nd from 131.7 the previous week. It was the lowest level since 129.1 was reported for the week ending March 18th. The index's annualized growth rate fell to 7.5% from 7.7% a week earlier.

The Thomson Reuters/University of Michigan's consumer sentiment survey showed that sentiment increased in April. The index increased to 69.8 from 67.5 in March and up from a preliminary reading of 69.6. The survey's barometer of current economic conditions held steady with March's reading of

82.5 while the survey's barometer of consumer expectations increased to 61.6 from 57.9. The survey's one year inflation expectation was unchanged at 4.6%.

New York City business activity in April slowed sharply and employment contracted. The Institute for Supply Management-New York's Current Business Conditions index fell to 56.9 in April from 66.4 in March. The six month outlook index fell to 65.6 from 71.4.

The Institute for Supply Management-Chicago said its index of Midwest business activity fell in April to 67.6 from 70.6 in March.

The European Commission's Euro zone economic sentiment survey for April showed a decline in the sentiment index to 106.2 from 107.3 in March.

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