



## ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,  
& Karen Palladino

(212) 624-1132 (888) 885-6100

[www.e-windham.com](http://www.e-windham.com)

### NATURAL GAS & POWER MARKET REPORT FOR APRIL 30, 2010

#### NATURAL GAS MARKET NEWS

Baker Hughes report today that the number of drilling rigs in the United States searching for natural gas this week increased by 2 to 958 rigs.

Reliance Industries reportedly is looking to sell gas to retail consumers in the United States, as the company looks to establish a foothold in the U.S. market. The company is looking to utilize its joint venture partner, Atlas Energy's pipeline to supply the gas. Reliance is looking to initially supply gas to consumers in New York and Virginia.

Woodside Petroleum said it expects its production to rise in 2011 onwards, as its flagship Pluto gas export project in Australia comes on-stream.

Russian Prime Minister Putin in a surprise move today proposed a merger between Gazprom and Ukraine's state gas company, Naftogaz. Relations between the two countries have been warming following the leadership change in the Ukraine. The two countries recently announced they were considering creating a joint venture to implement nuclear power projects, while Putin announced the Russian bank VTB might issue a \$500 million loan to the Ukrainian government.

#### Generator Problems

**PJM** – FirstEnergy's Beaver Valley #1 nuclear unit in Pennsylvania has ramped to full power as of this morning up 18% from yesterday.

PSEG's Salem #1 nuclear unit was at 62% power this morning, up 44% from yesterday.

**ERCOT** – Luminant's Comanche Peak #1 nuclear unit was at 94% power this morning, up 14% from Thursday's levels.

**SPP** – Entergy's 836 Mw Arkansas Nuclear One #1 nuclear unit was at 92% power up 29% from yesterday.

**MISO** – Dominion Resources reduced operating levels at its 556 Mw Kewaunee nuclear unit to about 65% power late Thursday from full power earlier on Thursday for planned testing and maintenance.

**SERC** – Dominion's 917 Mw North Anna #2 nuclear unit has ramped up to 70% power, up 60% from Thursday's levels.

**The NRC reported that there was some 79,986 Mw of nuclear power generated today, up 1.1% from yesterday and up 1.5% from a year ago.**

The US Commerce Department reported that GDP increased at a 3.2% annual rate in the first quarter on higher consumer spending. As the economy continues recovering, the core inflation rate increased by 0.6% in the first quarter after rising 1.8% in the fourth quarter.

The 3.2% increase in the first quarter was lower than the 3.3% expected and down from the 5.6% reported in the fourth

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	902,700	\$3.940	(\$0.303)	\$0.027	(\$0.227)	\$0.008
Chicago City Gate	559,200	\$3.954	(\$0.355)	\$0.041	(\$0.254)	\$0.092
NGPL- TX/OK	890,900	\$3.827	(\$0.334)	(\$0.086)	(\$0.233)	(\$0.055)
SoCal	494,400	\$3.835	(\$0.326)	(\$0.078)	(\$0.225)	(\$0.059)
PG&E Citygate	597,800	\$4.261	(\$0.271)	\$0.348	(\$0.170)	\$0.367
Dominion-South	693,600	\$4.124	(\$0.254)	\$0.211	(\$0.153)	\$0.191
UTrade Weighted	21,169,200	\$3.886	(\$0.328)	(\$0.027)	(\$0.23)	\$0.008

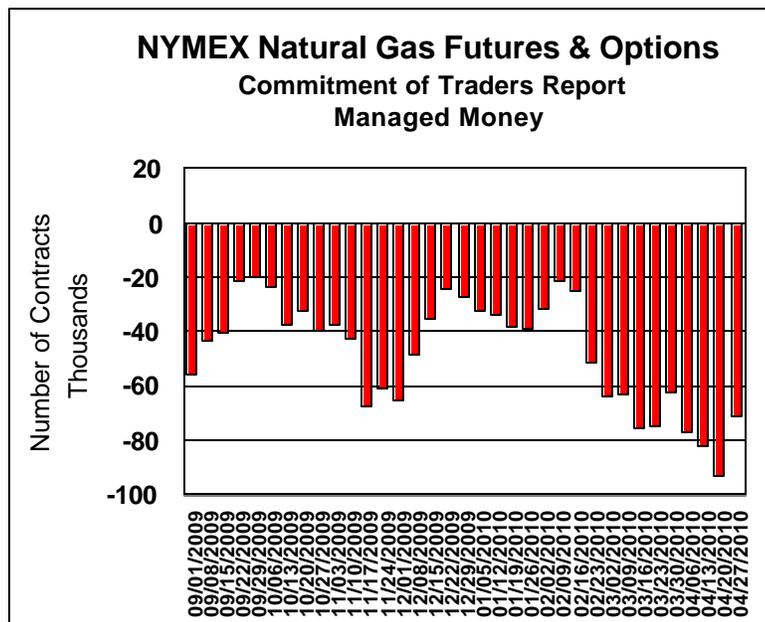
quarter of 2009. It reported that the price index for personal consumption expenditures increased by 1.5% following a 2.5% gain in the fourth quarter. Consumer spending increased by an annual 3.6% in the first quarter. The Commerce Department also reported that US retail sales in March were revised to a gain of 1.9% from a previous estimate of 1.6%. US retail sales for February were revised down to a gain of 0.4% from a previous estimate of 0.5%.

The Institute for Supply Management-Chicago business barometer increased to 63.8 in April from 58.8 in March. It is the highest level since April 2005. The employment component of the index increased to 57.2 from 53.1 in March. New orders increased to 65.2 from 61.8.

The Thompson Reuters/University of Michigan's Surveys of Consumers' final April reading on the overall index on consumer sentiments increased to 72.2 from a preliminary reading of 69.5. The survey's gauge of current economic conditions fell to 81 at the end of April from 82.4 in March.

**PIPELINE RESTRICTIONS**

Tennessee Natural gas reported that it had restricted the Niagara Spur Backhaul Point. It restricted through approximately 46% of market to supply secondary out of path nominations pathed through the Niagara Spur Backhaul point.



**ELECTRIC MARKET NEWS**

The EIA reported that for the week ending April 24<sup>th</sup>, coal production in the United States totaled approximately 21.4 million short tons basically unchanged from the prior week and 4.3% higher than a year ago.

**MARKET COMMENTARY**

Despite relative positive economic news this morning and higher oil prices the natural gas market failed to shake off the hangover from yesterday's bearish news reports of a strong injection rate and a less than expected downward revision in monthly production levels. The bearish mood for the market was maintained as the Baker Hughes report was released

and it showed that last week's contraction of drilling rig activity was for the moment an isolated event and not the start of a new trend, as this week's activity showed a return to the expansion in drilling activity. As a result despite this market trading in a sideways pattern for much of the overnight session just above \$4.00, the bears returned in the morning and pressured prices back below the \$4.00. The June contract fell to new lows and settled the day at \$3.92.

With little prospects currently for a prolonged heat wave on the immediate horizon, coupled with rebounding nuclear generation, the bulls in the natural gas market appear will remain on the sidelines until they see a supportive trend coming out of the weekly storage reports.

This afternoon's Commitment of Trader report showed that commodity funds decreased their net short position during the week ending Tuesday, April 27<sup>th</sup> by nearly 23,000 contracts.

The information contained in this letter is taken from sources, which we believe to be reliable, but is not guaranteed by us as to accuracy or completeness and is sent to you for information purposes only. The Windham Group bases its market recommendations solely on the judgment of its personnel. Reproduction in whole or part or other use without written permission is prohibited.