



## ***ENERGY RISK MANAGEMENT***

Howard Rennell, Pat Shigueta,  
Karen Palladino & Zachariah Yurch  
**(212) 624-1132 (888) 885-6100**

**www.e-windham.com**

---

### **POWER MARKET REPORT FOR MAY 4, 2007**

---

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

The ExxonMobil led LNG project in Papua New Guinea is expected now to cost \$4.5 billion to build the 6.3 million mt/year liquefaction plant with another \$5 billion needed for upstream development of the Hides, Angore and Juha gas fields and the construction of a pipeline from the fields to the LNG plant. Front-end engineering and design for the project is expected to start this year, with the first LNG delivery to take place by 2013.

Vector Pipeline said it plans to hold a binding open season in June to test shipper interest in expanding the capacity of its system by up to an additional 230 Mmcf/d.

Energen Corp said Friday that it has hedged an additional 3.6 Bcf of its 2008 San Juan Basin natural gas production at an average NYMEX-equivalent price of approximately \$9.02 Mcf, bringing the company's total natural gas hedge position for 2008 to 10.8 bcf with an average NYMEX equivalent price of \$8.79 Mcf. This hedge now represents approximately 17% of its estimated 2008 gas production.

#### **PIPELINE RESTRICTIONS**

Tennessee Gas Pipeline said that due to reduced nominations it will accept increases for nominations on its Carthage Line Lateral and Niagara Meter receipt point. But at Station 820C1 Terminus SW Loop Line the company anticipates restricting through approximately 35% of Supply to Market Secondary Out of Path nominations.

Southern Natural Gas Pipeline said that based on its best projections appear to point to the possibility of a Type 6 OFO for Friday through Sunday.

CenterPoint Energy Gas Transmission has issued an Operational Alert. Starting Thursday and continuing until the middle of December due to substantial amount of compressor maintenance scheduled across its pipeline system.

NGPL said that effective today and until further notice, Florida-Vermillion is at capacity for deliveries.

#### **Generator Problems**

**SERC** – Southern Nuclear's 1215 Mw Vogtle #2 nuclear unit had reconnected to the grid and was at 30% of capacity. The unit was at 18% of power on Thursday.

**NPCC** – Entergy's 979 Mw Indian Point #3 nuclear unit was at 80% of capacity on Friday up 50% from Thursday's reduced levels.

**PJM** – PSEG Nuclear's 1100 Mw Salem #1 nuclear unit was at 70% of power on Friday, following its restart on Thursday.

**MAPP** – The 600 Mw Monticello #1 nuclear unit was back to full power this morning, after running at only 40% of capacity for much of the week.

**MAIN** – Exelon's 855 Mw Quad Cities #1 nuclear unit is expected to be taken offline for scheduled refueling starting May 5<sup>th</sup>.

Exelon's 1225 Mw Byron #2 nuclear unit was at 53% this morning up 5% from Thursday. The reactor was restarted on Thursday following a month long refueling outage.

**ERCOT** – Maintenance work at the 575 Mw coal fired Unit #2 at the Big Brown power plant was expected to continue until at least Saturday morning.

**WSCC** – APS Palo Verde #3 nuclear unit was at full capacity this morning up 54% from Thursday's levels.

**The NRC reported that 83,156 Mw of nuclear capacity is on line, up 2.92% from yesterday, and up 7.61% from a year ago.**

Texas Eastern said that it continues to have scheduled and sealed nominations flowing through Fagus. Increases in nominations for receipts sources between Little Rock and Fagus for delivery downstream of Fagus will not be accepted. The company also continues to note it has scheduled and sealed nominations flowing through Batesville. Increases in nominations for receipts sourced between Little Rock and Batesville for delivery downstream of Batesville will not be accepted.

Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	Volume Traded	Avg Price	Change	Basis	Change	Basis 5-Day
				(As of 12:30 PM)		Moving Avg
Henry Hub	925,500	\$7.825	\$0.248	(\$0.424)	\$0.082	(\$0.377)
Chicago City Gate	428,900	\$7.644	\$0.122	(\$0.233)	\$0.045	(\$0.167)
NGPL- TX/OK	657,400	\$7.406	\$0.143	(\$0.471)	\$0.066	(\$0.450)
SoCal	867,200	\$6.798	(\$0.081)	(\$1.080)	(\$0.158)	(\$0.714)
PG&E Citygate	708,900	\$7.450	\$0.026	(\$0.427)	(\$0.051)	(\$0.233)
Dominion-South	613,700	\$8.318	\$0.196	\$0.441	\$0.119	\$0.392
Transco Zone 6	188,400	\$8.353	\$0.209	\$0.476	\$0.132	\$0.460

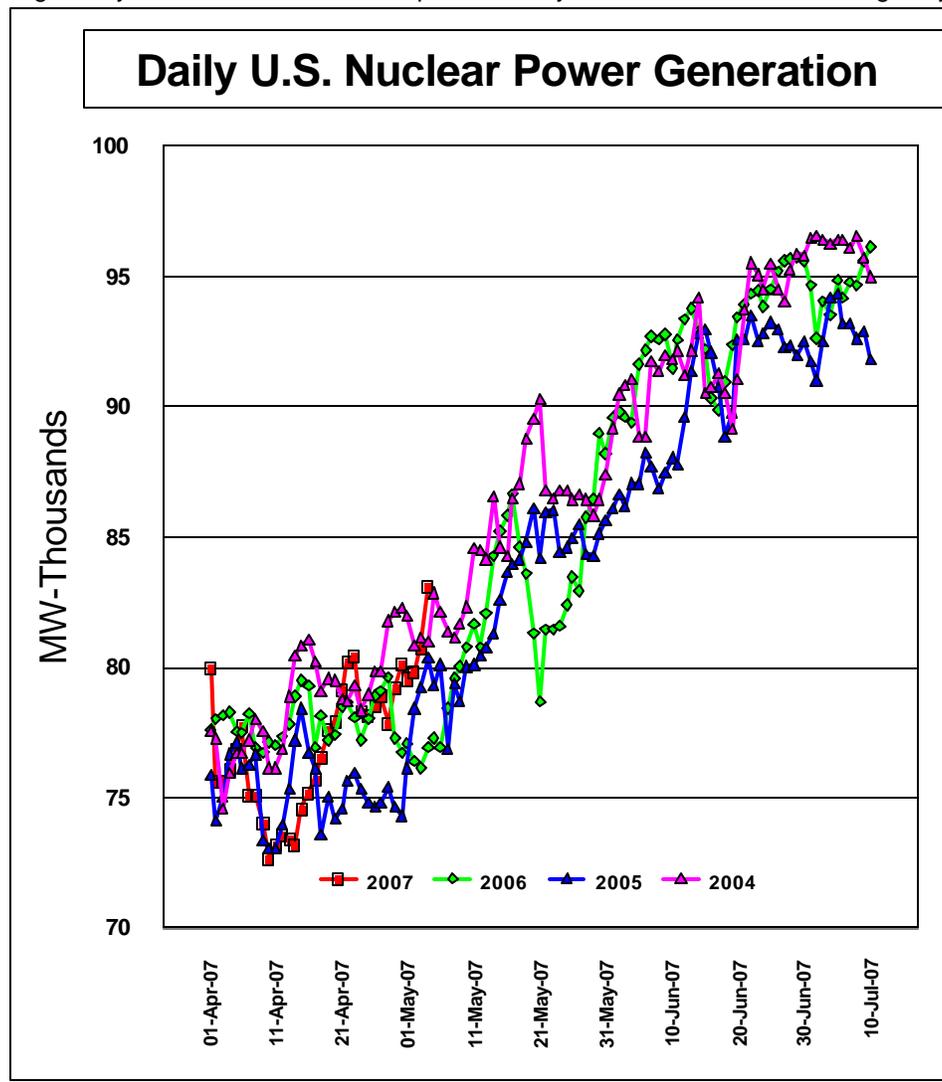
**PIPELINE MAINTENANCE**

Gulf South Pipeline reported that scheduled compressor maintenance at the Clarence Compressor Station Unit #1 has been completed. The company reported that it has rescheduled maintenance on the Hall Summit Compressor Station Unit #3 to begin May 21<sup>st</sup> and continue for up to two days. The work had been originally scheduled for May 9<sup>th</sup>. Impact on scheduling levels is unknown at this time.

Williston Basin Pipeline reported that unplanned maintenance will be performed at the Saco Compressor Station Friday through Sunday, May 6<sup>th</sup>, resulting in maximum capacity will be limited to 25,000 Dkt/d. Also maintenance work at BHM – Landeck has been completed ahead of schedule and the company has begun accepting nominations again.

**ELECTRIC MARKET NEWS**

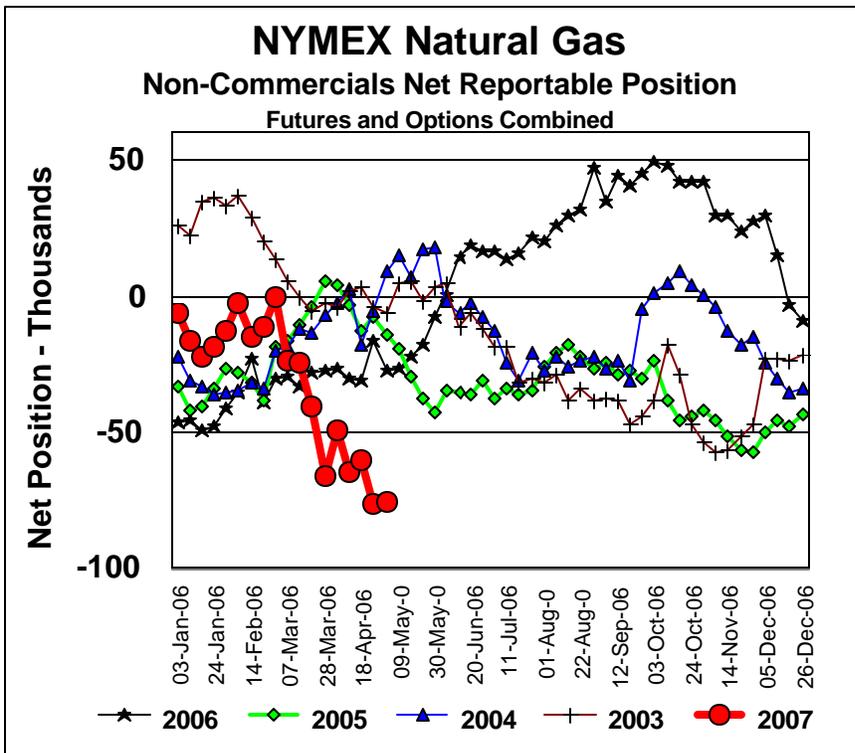
Several U.S. House members from both parties in New York, Pennsylvania and Virginia this week are seeking support from their colleagues to scuttle section 1221 of the Energy Policy Act of 2005 which granted the DOE power to designate corridors in which new interstate transmission is considered critical and FERC would be authorized to issue construction permits for projects within the corridors if state regulators failed to do so



within a year. The Congressmen are seeking to insert a "funding limitation" for the "national interest electric transmission corridor" program in its annual spending bill.

Power outages around Dallas/Fort Worth area on Wednesday which had reach over 300,000 customers was down to only 65,000 homes and business this morning and TXU said it expected to have the remain customers back on line by the end of the weekend.

The FERC yesterday approved the deal between Fortis Energy marketing & Trading and LS Power Acquisition, which allows Fortis to provide power, fuel and risk management services to an LS Power generation facility in Southern Nevada. The facility is the 527 Mw natural gas fired Apex power plant near las Vegas.

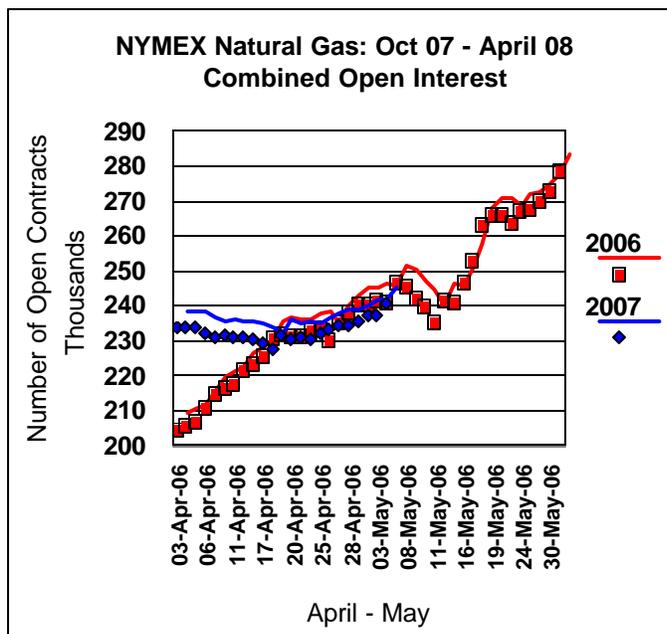


Consolidated Edison said today that it has filed with New York State regulators a rate increase proposal that would look to boost revenues by nearly \$2 billion over the next three years. This would result in a 11.6% average rise in customer bills. The company said that as a result of electricity use increasing by more than 20% over the the last ten years, requires more capital investment to maintain a reliable infrastructure.

**MARKET COMMENTARY**

The natural gas market started out this morning off a few pennies but quickly moved back into positive territory and made and other assault on the \$8.00 price barrier. While prices breached the \$8.00 resistance and quickly ran up to test the highs of early April, the bulls quickly took profits when it appeared this resistance level of \$8.13-\$8.137 would hold today. As a result when oil prices began to crack at midday, natural gas values were dragged lower as well and finished the day off basically a penny on the day.

Open interest reported at midday surprised us, in the fact that total open interest increased by 2,234 contracts and was not the widespread short covering rally as we clearly thought occurred yesterday. But upon closer examination there appears to be a more subtle action that took place. The front month did in fact see a significant contraction, as 5,200 contracts, which were closed out. But as a result of new buying coming in the July 07 through April 08 contracts total open interest in these contracts grew by over 6900



lots, the biggest gain for this strip since April 13<sup>th</sup>. This was also the fourth consecutive gain and the eleventh session out of the last 12 that has seen open interest grow for this segment, with the Oct- April contracts seeing a similar gain.

Tonight's CFTC Commitment of Traders Report showed little fresh news, as non-commercials decreased their net futures only short position by 1,596 contracts, while the combined futures and options net short position declined by only 909 lots for the week ending May 1<sup>st</sup>.

We remain bearish this market but probably less adamant than we have been. We still think rebounding nuclear generation which currently is at seasonal highs, should help push this market lower in coming days, especially given the fact that while most of the nation will still see warmer than normal temperatures over the next two weeks, the 8-14 day period showed a little more moderation as the major population areas of the Northeast, Northwest and Florida actually will be normal to a bit cooler than normal.

