



## **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 10, 2007**

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

With increased natural gas drilling just not getting the job done any more in North America, the energy industry will have to rely on increased liquefied natural gas imports along with renewable sources of energy in order to close the ever-widening supply/demand gap, according to Ken Snodgrass, senior vice president of Shell Trading Gas and Power/Coral Energy.

#### **PIPELINE RESTRICTIONS**

KM Interstate Gas Transmission said that effective today and until further notice, KMIGT has several restrictions for its system today. Effective today and until further notice, Segment 340 Ulysses Segment 45/730 Casper, Segment 620-790 Rockport and Segment 775 are at AOR/IT/Secondary At Risk. In addition, effective today the until further notice, SSC Grant, CIG Weld, PEPL Grant, NNG Milligan, WBI Bridger, Petr Dev Newton and CIG Glenrock are at IT/AOR/Secondary At Risk. In addition, effective immediately, the Black Hills E&P Big Springs receipt point in Deuel County, Nebraska is available for received quantities. Depending on the level of nominations, AOR/ITS and secondary quantities may be scheduled.

#### **Generator Problems**

**SERC** – Entergy’s 966 Mw River Bend nuclear unit cut power to 76% capacity. Yesterday, the unit was operating at 86% capacity.

**MAIN** – Exelon Corp.’s 867 Mw Dresden #2 nuclear unit ramped up to 88% power by early today. Yesterday, the unit was operating at 44% capacity. Dresden #3 continues to operate at full power.

AmerenUE’s 1,190 Mw Callaway nuclear unit continues to warm up offline at 10% capacity.

**NPCC** – Entergy’s 684 Mw Pilgrim nuclear unit exited a refueling outage and ramped up to 20% power by early today. The unit shut April 6 for the outage.

**PJM** – PSEG’s 1,100 Mw Salem #1 nuclear unit ramped output up to 95% today. The unit was operating at 91% yesterday. Salem #2 continues to operate at full power.

**WSCC** – Energy Northwest’s 1,200 Mw Columbia nuclear unit is operating at 89% capacity today as it coasts down for a planned refueling outage scheduled to start this weekend.

**The NRC reported that 83,807 Mw of nuclear capacity is on line, down .32% from Wednesday, and up 2.61% from a year ago.**

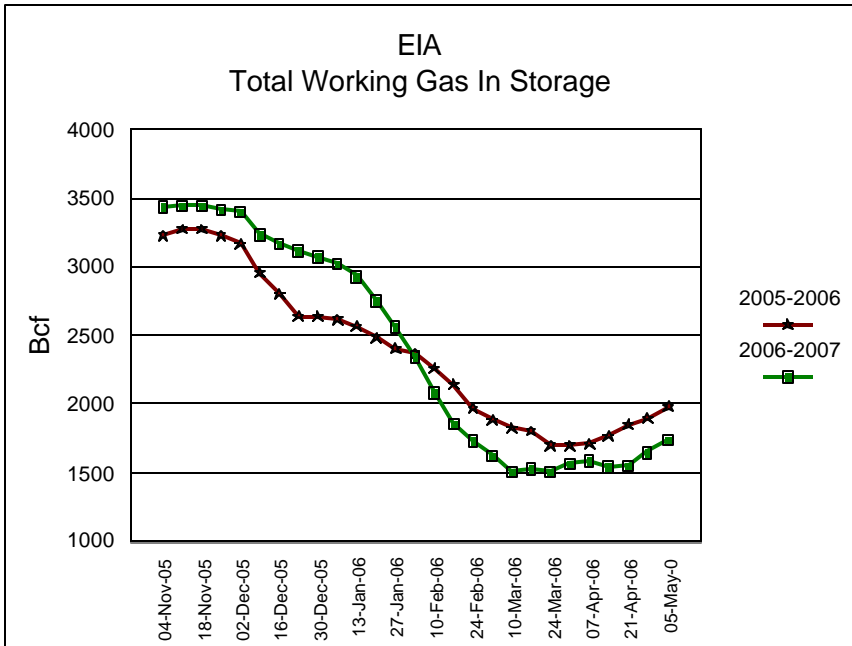
Natural Gas Pipeline Company said that there will be several capacity constraints and pipeline restrictions for today. Effective today and until further notice Natural has capacity available for gas going southbound through Segment 9. Also, all Louisiana Line Segments (25, 23 and 24) are at capacity for eastbound transports. Finally, Natural is at capacity for gas going southbound through Segment 26 for deliveries eastbound into Segment 25 or southbound into Segment 22.

#### **EIA Weekly Report**

	04/27/2007	04/20/2007	Net chg	Last Year
<b>Producing Region</b>	695	672	23	711
<b>Consuming East</b>	777	716	61	1001
<b>Consuming West</b>	275	263	12	265
<b>Total US</b>	1747	1651	96	1977

\*storage figures in Bcf

Texas Eastern Transmission Corp. said that it has restricted and sealed nominations flowing through Fagus. Increases in nominations for receipts sourced between Little Rock and Fagus for delivery downstream of Fagus will not be accepted. Additionally, Tetco has forced balanced all long TABS-1 pools in the M1 24-inch.



Tennessee Gas Pipeline said that effective Cycle 1 today, due to reduced nominations, Tennessee will accept increases for nominations pathed from meters located on the Carthage Line Lateral. The company also said that effective Timely Cycle 1, 60% of Supply to Market Secondary Out of the Path nomination at Station 820C1 Terminus SW Loop Line will be restricted. At station 827, Tennessee restricted through approximately 11% and at Niagara River Meter, 14% has been restricted.

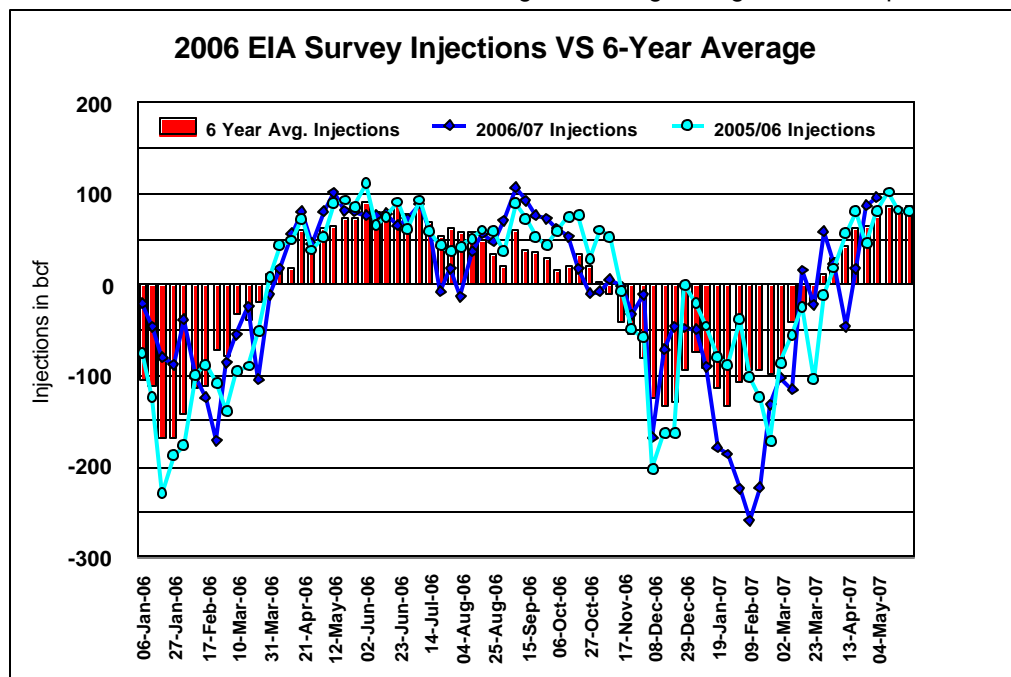
Williston Basin Interstate Pipeline Company said that there will be two points in capacity constraint for today's Timely Cycle. Penalties will be imposed at Northern Border-Manning.

### **PIPELINE MAINTENANCE**

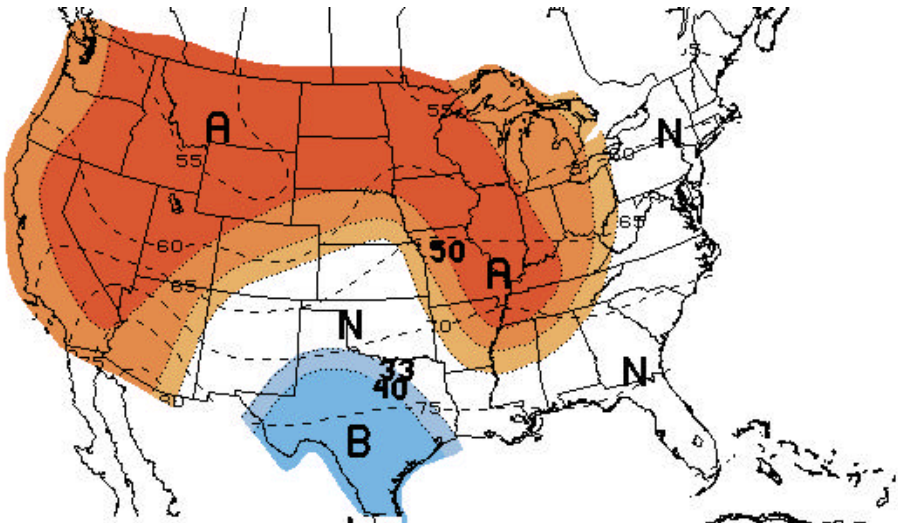
ANR Pipeline Company said that due to an engine failure, it began unplanned engine repairs at its St. John Compressor Station I Indiana, located in the Northern Fuel Segment. Effective immediately, the total capacity will be reduced by 115 MMcf/d. Based on the current nominations along the Michigan Legs, it is anticipated that the above reductions will result in the curtailment of IT and Firm Secondary nominations.

### **ELECTRIC MARKET NEWS**

California Governor Arnold Schwarzenegger said he is sponsoring legislation to fix an unintended flaw in the so-called Million Solar Roofs plan, which calls for 3,000 Mw of photovoltaic power systems to be installed in California over the next decade. The glitch in the solar plan is related to mandatory time-of-use rates required for solar installations that some solar advocates say are discouraging participation in the program. The governor said his bill will allow the California Public Utilities Commission to temporarily change the rate structure for PV systems installed since January 2007.



Nevada Governor Jim Gibbons established through executive order a renewable energy transmission access advisory committee in an effort to encourage renewable energy development in the state. The committee will



8-14 DAY OUTLOOK  
 TEMPERATURE PROBABILITY (DEG F) SHADED AREAS ARE FCST  
 MADE 10 MAY 2007 VALUES ABOVE (A) OR BELOW (B) NORMAL  
 VALID MAY 18 - 24, 2007 UNSHADED AREAS ARE NEAR-NORMAL

report to the governor by December 31 steps that can be taken to ensure that renewable energy projects have transmission access to markets.

**MARKET COMMENTARY**

The natural gas market opened two cents higher with a firming oil complex, but in anticipation of a bearish storage report, the market turned to negative territory just ahead of the data release. The EIA reported that 96 Bcf was injected into storage, a number that was in line with expectations. The June contract sold off to a

low of just 7.632, but in similar fashion to last Thursday, the data was dismissed and a short covering rally lifted the market to a high of 7.79. After the fireworks of the inventory data wore off, June natural gas settled down and drifted back towards par and ultimately settled up .006 at 7.726.

Judging by the market reaction, or lack thereof, it would appear that the natural gas contract could remain range-bound for the foreseeable future, or at least until the weather warms significantly or some other fundamental concern changes course. We see support at \$7.63 followed by the daily upward trend crossing at \$7.591. We see further support at \$7.562 and \$7.492. We see resistance at \$7.80, \$7.96, \$8.00-\$8.04, \$8.20 and \$8.68.