



## ***ENERGY RISK MANAGEMENT***

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### **NATURAL GAS & POWER MARKET REPORT FOR MAY 11, 2011**

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

##### **North America**

Texas Eastern Transmission said on Wednesday that its natural gas pipeline maintenance slated to begin in late May would cut supplies on its system at several delivery points in the Northeastern U.S. The company does not expect any restrictions on scheduled volumes through May 19<sup>th</sup>, however beginning May 20<sup>th</sup> mainline capacity would be limited to 250,000 Dth per day downstream of milepost 7.85 where recent volumes have been averaging 600,000 Dth per day. The company anticipates restrictions to interruptible, secondary firm services and a portion of primary firm services in areas of New York, new jersey and Delaware.

##### **International**

Iraq's oil ministry said today that it will ask Korea Gas Corporation if can develop the Akkas gas field on its own after KazMunaiGas Exploration Production withdrew from the deal.

Tokyo Electric Power reportedly has purchased LNG from Peru, as the company seeks to diversify its LNG supply following the March earthquake. This would be the first supply of LNG from South American into Japan in three decades.

The Al Thakhira LNG tanker is scheduled to unload at Belgium's Zeebrugge terminal on May 27<sup>th</sup>. The ship is coming from Qatar.

The Lokoja LNG tanker is expected to arrive at the UK's Milford Haven terminal on May 18<sup>th</sup> from Nigeria. The vessel can carry up to 149,000 cubic meters of super cooled natural gas.

OMV warned today that it would lose interest in the Nabucco gas pipeline project if it does not remain an attractive business proposition. The pipeline, which would transport Caspian gas to Europe and ease its reliance on Russian supplies, is expected to open in 2017, two years later than planned.

Tokyo Electric Power Co received two cargoes of liquefied natural gas from Pertamina's Bontang plant in Indonesia to meet power shortages following the March 11<sup>th</sup> earthquake and tsunami damaged facilities. Tohoku Electric Power Co has also received two LNG cargoes from the same plant.

##### **Generation Outages**

**NPCC** – Entergy's 852 Mw FitzPatrick nuclear power plant ramped up to full capacity by early Wednesday from 50% capacity early Tuesday.

**MISO** – Xcel Energy Inc's 545 Mw Prairie Island 2 nuclear power plant exited an outage and ramped up to 81% of capacity by early Wednesday. The reactor tripped offline on Monday.

**ERCOT** – AEP's 675 Mw Pirkey coal fired power plant was shut after a unit tripped due to a loss of a feedwater pump. AEP had stated that the unit was reducing load to make repairs to a boiler feed pump and maintenance work that would run from May 11-25.

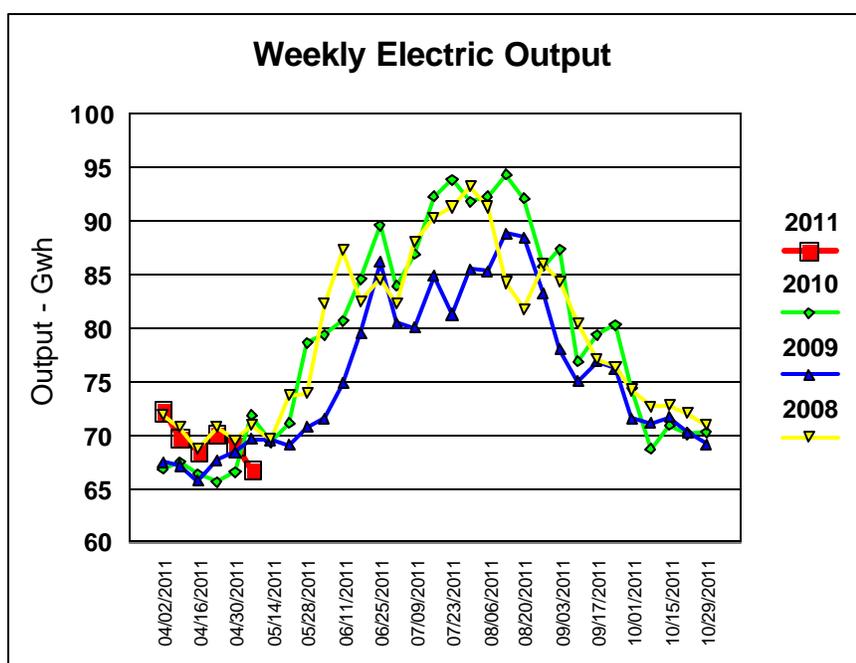
**The NRC reported this morning that some 73,611 Mw of nuclear generation was online, up 2.42% from yesterday and 14.04% below levels recorded a year ago.**

## **ELECTRIC MARKET NEWS**

The Edison Electric Institute reported that electricity production in the US in the week ending May 7<sup>th</sup> fell 6.9% on the year to 66,801 Gwh.

St. Charles Parish's director of emergency preparedness said flooding along the Mississippi River could force the operational shutdown of nuclear power plants in Louisiana if the Morganza Spillway is not opened. The Army Corps of Engineers are expected to decide this weekend whether to open the Morganza Spillway to allow water to rush south into the Atchafalaya Basin, which would relieve pressure on the Mississippi.

ERCOT warned today that stricter federal regulation on air, water and coal waste could force the retirement of more than 8000 Mw of natural gas fired power generation in Texas. Depending on how the regulations are written, some 1200 Mw of coal-fired generation could also be closed, thus making it difficult for the state to meet electric demand in coming years.



Japan's Chubu Electric Power Co will begin as early as Thursday the process of halting the No. 4 and No. 5 reactors at its Hamaoka nuclear power plant in Shizuoka prefecture. On Monday, the company decided to shut the plant temporarily over earthquake safety concerns. The reactors are not expected to restart until additional safety measures against massive earthquakes and tsunami are in place. It is expected to take two or more years.

## **ECONOMIC NEWS**

The US Commerce Department reported that the US trade deficit widened by more than expected in March, amid an increase in oil prices. The US deficit in international trade of goods and services increased 6% to \$48.18 billion from a downwardly revised \$45.44 billion in February. The February trade gap was originally reported as \$45.76 billion. The US bill for crude oil imports in March increased to \$27.67 billion from \$21.13 billion in February. The US paid \$35.68 billion for all types of energy-related imports, up from \$27.24 billion in February.

## **MARKET COMMENTARY**

The natural gas market today nearly erased all of yesterday's gains as a heavy bearish commodity mood hung over the market as most commodities saw their values deflated today, especially the oil market. While today's trading was technically an outside trading session prices could not break out of Monday's trading range as traders appeared content to await until after tomorrow's storage report to commit to this market in either direction. The market is looking for tomorrow's storage report to show a 65-95 bcf build with most expectations centered around a 70-75 bcf build. The same week a year ago saw stocks increase by an adjusted 93 bcf with the five year seasonal build in stocks is for a 90 bcf build. We would look for key support tomorrow to be found at \$4.149 followed by \$4.128 and \$4.056. Resistance we see at \$4.37 followed by \$4.439 and \$4.507. More distant resistance we see at \$4.555 and \$4.729.

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