



## ***ENERGY RISK MANAGEMENT***

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### **POWER MARKET REPORT FOR JUNE 6, 2007**

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

U.S. imports of liquefied natural gas (LNG) in the first quarter rose 65% over the year-earlier period, putting the country on track to break a two-year slump in imported LNG volumes, according to the Energy Information Administration.

Exploration and production (E&P) spending continues to look bright for the rest of 2007 -- but most of the gains will come outside North America, according to a mid-year report by Lehman Brothers.

U.S. antitrust agencies reported that Lehman Brothers' proposed buyout of Eagle Energy Partners, a Houston-based natural gas and power marketer founded in 2003 by former Dynegy CEO Chuck Watson, does not pose any antitrust concerns.

The American Petroleum Institute is urging members of the US House Resources Committee to vote against Titles one and two of an energy bill being considered by the panel Wednesday, saying provisions contained in those titles would severely restrict the ability of oil and gas companies to access energy resources.

Oman's LNG production facilities, shut since Tuesday due to tropical cyclone Gonu, are likely to remain closed for around two more days.

#### **PIPELINE MAINTENANCE**

Williston Basin Interstate Pipeline said that unplanned maintenance began last night at the Baker South Compressor Station. Maximum capacity at the Baker South Compressor Station will be approximately 20,000 Dkt/d through today.

#### **PIPELINE RESTRICTIONS**

FGT again today noted that due to expected high temperatures it was notifying customers in its Market Area that it is issuing an Overage Alert Day at 25% tolerance.

TransColorado Gas Transmission said that effective today and until further notice, Segment 220 and 240 are listed as IT/AOR/Secondary at Risk as well as PIN 36100 Questar Greasewood.

KMIGT said that effective today and until further notice Segment 340 Ulysses, Segment 620-790 Rockport, Segment 773 Herndon and Segment 775 Solomon River are at AOR/IT/Secondary at Risk. The company also

#### **Generator Problems**

**PJM** – PSEG's 1,050 Mw Hope Creek nuclear unit ramped up to full power. Yesterday, the unit was operating at 83% power.

**MAIN** – We Energies' 516 Mw Point Beach #1 nuclear unit shut after a feedwater valve failure. The unit was operating at full power. Unit #2 continues to operate at full power.

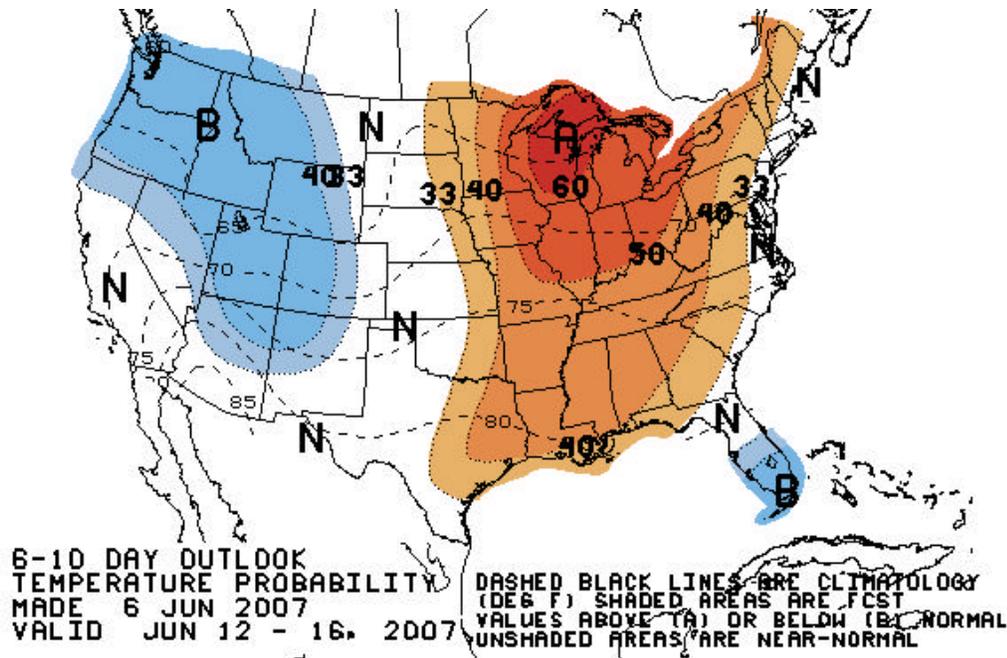
**NPCC** – Entergy's 535 Mw Vermont Yankee nuclear unit exited an outage and is warming up offline at 2% capacity.

Constellation's 495 Mw Ginna nuclear unit reduced output from full capacity to 90% power today.

**SERC** – TVA's 1,155 Mw Browns Ferry #1 nuclear unit increased output to 55% capacity. The unit was operating at 54% capacity yesterday. Browns Ferry #2 and #3 continue to operate at full power.

Duke's 1,100 Mw McGuire #1 nuclear unit inched output higher to 93% capacity. Yesterday, the unit was operating at 89% capacity. McGuire #2 continues to operate at full power.

**The NRC reported that 93,542 Mw of nuclear capacity is on line, down 0.30% from Tuesday, and up .94% from a year ago.**



reported that SSC Grant receipts were unavailable, CIG Weld for deliveries and receipts were unavailable and NNG Milligan, WBI Bridger and Petr Dev Newton are at IT/AOR/Secondary at Risk. SSC Grant is also at Primary at Risk.

Williston basin Interstate Pipeline said that 01010 Northern Border – Manning has been lifted from pipeline capacity constraint for delivery effective Evening Cycle

Tennessee Gas Pipeline noted that it expected restricting through 100% of Supply to Market Interruptible Service nominations at the Carthage Lateral. At the Niagara River Meter it expects restricting through 100% of Supply to Market Secondary Out of Path nominations. At Station 834 the company reported restricting through approximately 8% of Supply to Market Secondary Out of Path nominations.

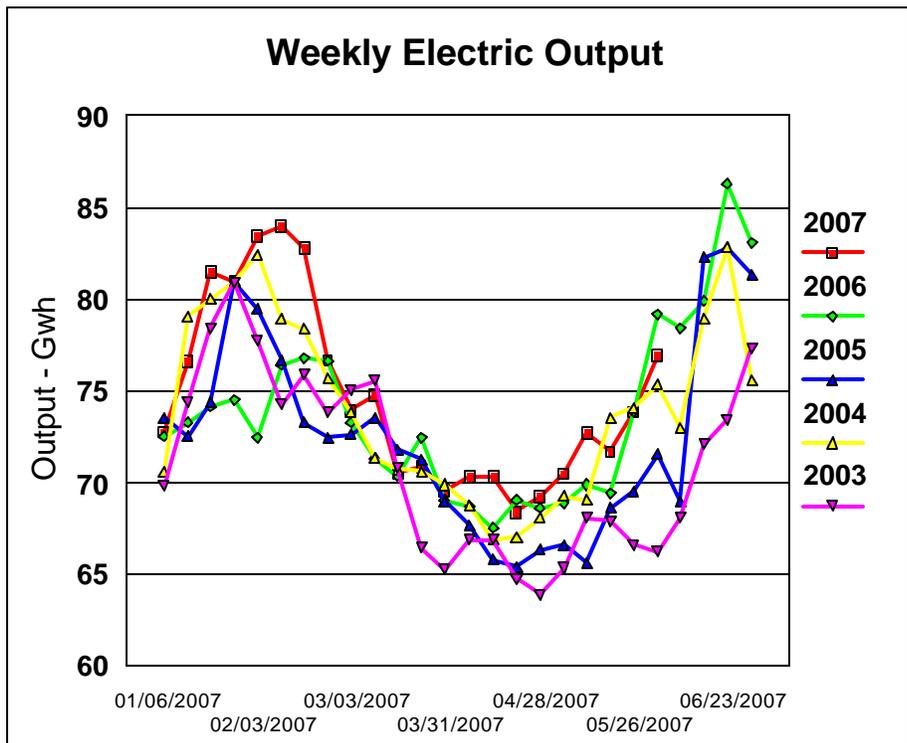
Texas Eastern continues to have scheduled and sealed nominations flowing through Batesville. Increases in nominations for receipts sourced between Little Rock and Batesville for delivery downstream of Batesville will not be accepted.

NGPL said that effective today and until further notice Segment 14 and 15 on the Amarillo system are at capacity while Segment 1 and 13 have limited capacity. The company also reported that all Louisiana Line Segments 23,24 and 25 are at capacity.

**ELECTRIC MARKET NEWS**

The Edison Electric Institute reported that the continental U.S. used 77,036 GWh of electricity in the week ended June 2, about 4% more than the previous week, but 2.7% down from the same week last year.

NorthWestern Corporation has proposed to build and operate a 500 kV electric transmission line between southwestern Montana and southeastern Idaho. The Mountain States Transmission Intertie would meet customer



demand for additional transmission capacity and relieve constraints on the existing high-voltage transmission system in the region. The proposed \$800 million line would extend 350-390 miles from a new substation to be built either near Townsend or Garrison, Montana to the existing Borah or Midpoint substations located in southern Idaho.

The US Senate Environment and Public Works Committee unanimously passed a bill providing grants for carbon capture and storage demonstration projects including one at the coal-fired power plant that serves Congress.

#### **MARKET COMMENTARY**

The natural gas market opened 2.7 cents higher backed by firmer over-the-counter trades and a stable cash market as warm weather spread across the South and heads toward the Midwest and east. July natural gas traded to a low of 8.005 after the release of the oil inventory reports, which showed builds across the board. The market showed some strength above the 8.00 level, but failed to make any new highs, posting an inside day with a daily high of 8.16. The July contract settled up 1.6 cents at 8.08.

Expectations for tomorrow's EIA storage report call for a build of between 95 Bcf and 115 Bcf, with most calling for a build of between 106 and 110 Bcf. This week's data compares with a 99 Bcf five-year average injection as well as last year's build of 77 Bcf in the same week. With above normal temperatures forecast for the key consuming Midwest region, the market bulls will remain in control as they seek to keep the July contract above the 8.00 level. We see support at 7.97-8.00, 7.93 and 7.85. We see further support at 7.70 and 7.54. We see resistance at 8.16, 8.20-8.23 and 8.31.