

# W The Windham Group



## ENERGY RISK MANAGEMENT

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### POWER MARKET REPORT FOR JUNE 7, 2006

#### NATURAL GAS MARKET NEWS

One day after the Kitimat LNG project, which would be built on an Indian reserve near Kitimat, BC, received environmental approval, another British Columbia liquefied natural gas (LNG) project initiated the regulatory review process. The C\$350 million Prince Rupert LNG terminal, proposed by WestPac LNG Corp., would be built on Ridley Island, an industrial park seven miles outside of Prince Rupert. Service is expected to begin in 2011.

#### PIPELINE RESTRICTIONS

Florida Gas Transmission said that due to warm temperatures and low linepack, it is issuing an Overage Alert Day at 25% tolerance.

Natural Gas Pipeline Company said that a gas quality problem has been reported at the receipt from Gold King – Lacassine in Cameron Parish, Louisiana (Segment 23 of Natural's Louisiana Zone). Until further notice, this point will be unavailable.

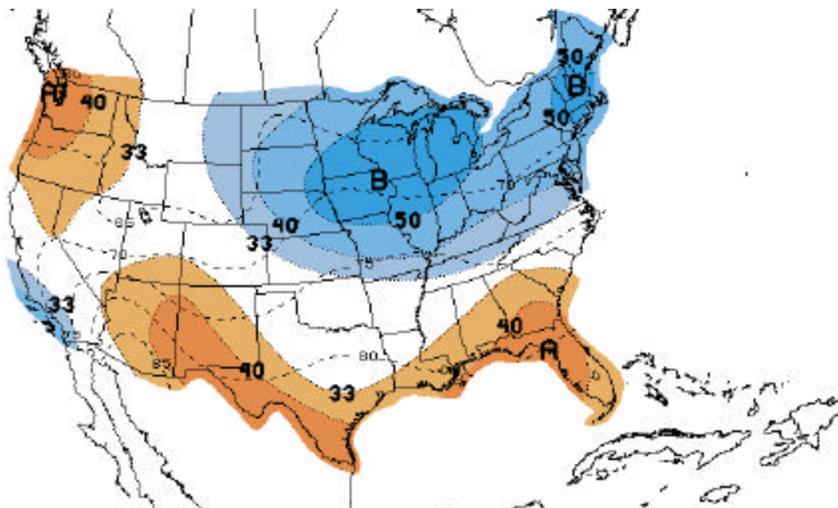
#### Generator Problems

**ERCOT**— TXU's 575 Mw Big Brown #2 coal-fired power station will restart today following repairs.

**MAPP**— Xcel Energy's 593 Mw Prairie Island #1 nuclear unit reconnected to the grid and ramped up to 49% today. Yesterday, the unit was operating at 1% after exiting an extended refueling and maintenance outage earlier in the morning. Prairie Island #2 continues to operate at full power.

**SERC**— Duke Power's 846 Mw Oconee #3 nuclear unit reconnected to the grid and ramped up to full power by early today. Oconee #1 and #2 continue to operate at full power.

**The NRC reported that U.S. nuclear generating capacity was at 92,674 Mw up .56% from Tuesday and up 6.72% from a year ago.**



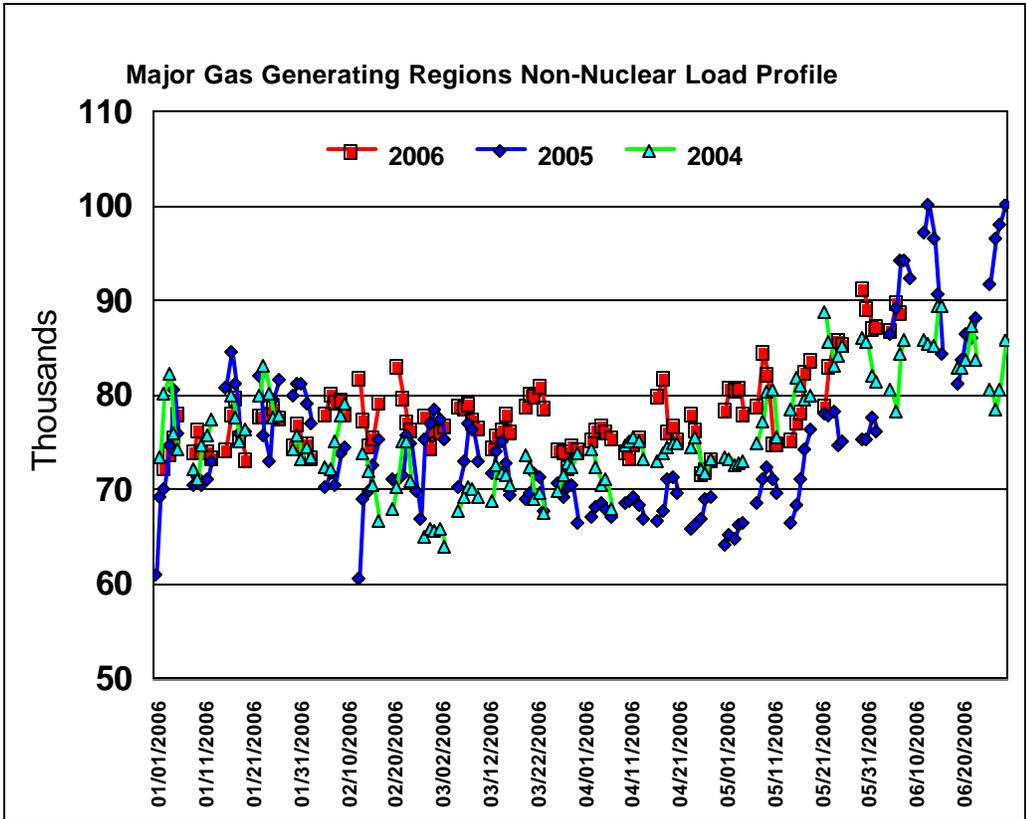
6-10 DAY OUTLOOK  
TEMPERATURE PROBABILITY  
MADE 7 Jun 2006  
VALID Jun 13 - 17, 2006

DASHED BLACK LINES ARE CLIMATOLOGY  
100°F & 150°F. SHADDED AREAS ARE 100°F  
VALUES ABOVE (A) OR BELOW (B) NORMAL.  
UNSHADDED AREAS ARE NEAR-NORMAL.

Texas Eastern Transmission said that it has scheduled and sealed M1 and M2 24-inch to capacity. No increases between Little Rock and Circleville for delivery outside that area will be accepted. Tetco has also restricted and sealed receipts between Longview and Little Rock in zone ETX. No increases in receipts between Longview and Little Rock for delivery outside that area will be accepted. Tetco has restricted and sealed zone ETX. No increases in receipts between Huntsville and Longview for delivery outside that area will be accepted.

#### PIPELINE MAINTENANCE

Williston Basin Interstate Pipeline Company said that planned maintenance will be performed at the Cabin Creek Compressor Station June 12-15 to modify piping on one unit. Also, on June 13, beginning at 9:00



AM PT the annual compressor station ESD will be conducted. During this four-hour period, compression will not be available. At this time, Williston Basin does not anticipate any restrictions to schedule volumes.

Williston Basin also said that due to maintenance at the Elk Basin Compressor Station for the annual station ESD test, Receipt Points ID 03391 CIG-Elk Basin and 03255 South Elk Basin will be zero between 9:00 AM and 1:00 PM on June 14. The maximum capacity at CIG-Elk Basin will be approximately 92

MMcf and South Elk Basin will be 6.25 MMcf for gas day June 14.

Williston also reported that it is performing unplanned maintenance at the Little Beaver Compressor Station. Therefore, ID 04018 Baker Area Mainline and Point ID 04015 Baker Area Grasslands Mainline will be affected in total by approximately 2.475 MMcf for gas day June 7.

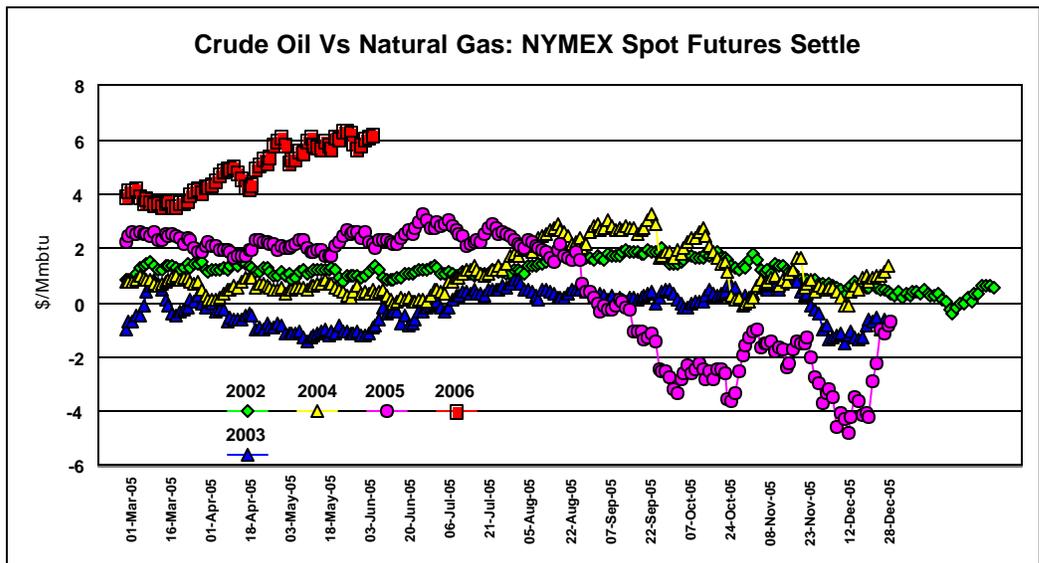
Finally, Williston said that planned maintenance will be performed at the Monarch Compressor Station on June 16 to upgrade the station control system. At this time, Williston does not anticipate any restrictions to the system.

**ELECTRIC MARKET NEWS**

The Edison Electric Institute reported that electricity production in the continental U.S. for the week ended June 3 rose 14.7% from the same 2005 week to 79,174 GWh. For the first 22 weeks of the year, production increased 1.6% from last year.

**MARKET COMMENTARY**

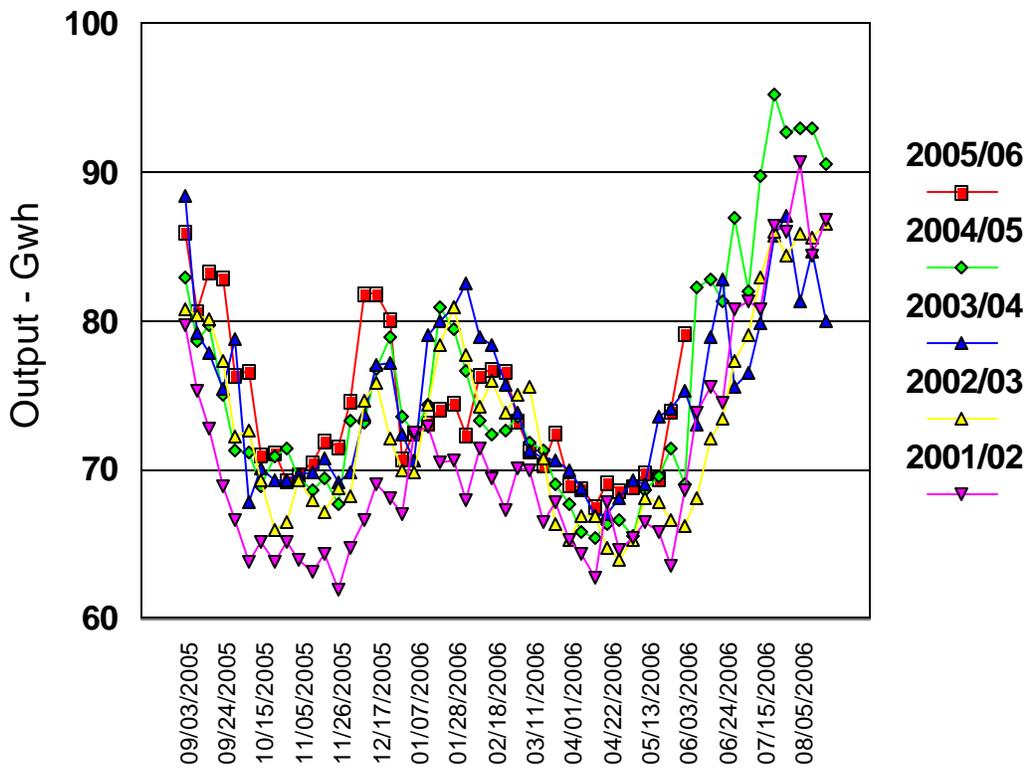
The natural gas market opened 25.5 cents lower, pressured by a rapidly



plummeting crude oil market and forecasts for mild weather and full storage stocks. Following the oil complex's bearish statistics, natural gas slid through the 6.00 level, where it found support at a low of 6.94. July natural gas recovered back above 6.00 through midday, but a late session collapse of crude oil, dragged natural gas back below 6.00, where it settled down 41.1 at 5.974.

Expectations for tomorrow's EIA storage report call for a build between 70 and 105 Bcf, with an average expectation of 84 Bcf. Based on our pipeline model, we expect a build on the lower end of that range, 68-72 Bcf.

### Weekly Electric Output



Given the cooling demand from last week, this report will provide support in the near term, as the 706 Bcf surplus to the five-year average will likely erode. However, the moderate temperatures forecast for next week will keep the upside move contained. We see support at \$5.90, \$5.86 and \$5.75. We see further support at \$5.70-\$5.71. We see resistance at \$6.36, \$6.50, \$6.60 and \$6.82. We see further resistance at \$7.00, \$7.12 and \$7.37.