



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR AUGUST 8, 2011

NATURAL GAS MARKET NEWS

North America

After the final reminiscence of Emily dissipated yesterday there have been no clear indications that a new tropical storm will develop in the next 48 hours.

Enbridge Energy Partners plans to construct a 150 mmcf/d cryogenic natural gas processing plant to its Anadarko complex in Texas' panhandle. The expansion, which is expected to be completed in early 2013 will raise the system processing capacity to 1.2 bcf/d.

International

Exxon Mobil Corp. will sell its natural gas assets in Indonesia that are associated with a recently revived lawsuit against the company saying they violated human rights. Exxon will sell stake in three companies in the Aceh gas and LNG operation.

The journey for the Netherlands to become a European hub for natural gas by 2025 became more challenging on Monday when the top court ordered a suspension of the Bergermeer gas storage facility. The facility was intended to hold up to 4.1 bcm when it was completed but there has been a growing concern that injecting gas into a depleted gas field near Alkmaar could increase the probability of earth tremors. The court ruled in an attempted to stop any "irreversible consequences" from occurring and has asked three independent agencies to look into the issue.

Iran recently discovered 495 billion cubic meters of gas in a new onshore field. The field has been named Madar, located east of Assalouyeh. It is estimated that 80% of the newly discovered gas is recoverable which would produce 658 million barrels. The field is valued at \$133 billion.

Qatar's Lusail LNG is expected to arrive is scheduled to unload at Belgium's Zeebrugge terminal on August 22nd.

ELECTRIC MARKET NEWS

Power output in the United States fell 2.4% for the week ending August 4th from the previous week but rose by 8.2% from the same week last year. The decrease in electricity consumption was a result of the cooling of temperatures in the Mid-Atlantic region from the previous week.

Generation Outages

NPCC- Constellation Energy Group Inc. shut down Unit 2 at its 1,148mw Nine Mile facility after identifying an unidentified leakage in its drywell area. Unit 1 has remained operating a full power.

SERC- Southern Co. increased the power usage in Unit 1 at their 876-mw Hatch nuclear power plant from 47% on Friday to 98% on Monday. In addition, Unit 2 has remained stable at 98% power.

Tennessee Valley Authority's Brown Ferry Units 1, 2, and 3 were ramped up to full power on Monday after high water temperatures on the Tennessee River forced the plant to reduce power on Wednesday.

WSCC- Arizona Public Service's Palo Verde Unit 1 reactor was shut when the unit tripped during surveillance testing. No emergency action was necessary and Units 2 and 3 have remained running at full power.

Southern California Edison's 1080mw nuclear power at San Onofre reduced the power in Unit 3 to 60% while Units 1 and 2 remain at full capacity.

The NRC reported this morning that some 93,134 Mw of nuclear generation was online, down 1.71% from Friday and down 2.2% from a year ago.

Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	Volume	Avg	Change	Basis	Change	Basis 5-Day
	Traded	Price		(As of 12:30 PM)		Moving Avg
Henry Hub	639,500	\$4.009	\$0.010	\$0.049	\$0.019	\$0.181
Chicago City Gate	80,800	\$4.136	\$0.029	\$0.176	\$0.027	\$0.241
NGPL- TX/OK	763,300	\$3.980	(\$0.003)	\$0.020	(\$0.005)	\$0.106
SoCal	415,700	\$4.101	(\$0.003)	\$0.141	(\$0.005)	\$0.234
PG&E Citygate	823,400	\$4.209	(\$0.011)	\$0.249	(\$0.013)	\$0.321
Dominion-South	892,900	\$4.049	\$0.021	\$0.089	\$0.019	\$0.225
USTrade Weighted	20,680,500	\$4.059	\$0.021	\$0.099	\$0.02	\$0.181

ECONOMIC NEWS

Ratings agency Standard & Poor's reiterated the reasons for its decision to downgrade the US' credit rating while Moody's said the US still had the characteristics of an AAA rated country.

Market Commentary

The natural gas market ended the session nearly unchanged after it bounced off its lows on technical buying. The market, which continued to trend lower in overnight trading, posted a low of \$3.855 in early morning trading. However the market bounced off that level and retraced some of its recent losses. This was despite the sharp declines seen in the rest of the energy complex, with the crude oil falling \$5.57 and settling at \$81.31, and moderating Northeast and Midwest weather this week. The natural gas market traded to a high of \$3.972 by mid-day and remained mostly range bound ahead of the close. It settled down 6 points at \$3.935.

Technically the natural gas market is seen finding support at \$3.897, \$3.855 followed by \$3.804 and \$3.752. Resistance is however seen at \$3.972, \$3.986, \$4.038, \$4.103 and \$4.119.