



## ***ENERGY RISK MANAGEMENT***

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### **NATURAL GAS & POWER MARKET REPORT FOR AUGUST 18, 2010**

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

The National Hurricane Center today continued to watch an area of cloudiness and showers associated with a tropical wave moving westward in the central Caribbean today at 15 mph. There were no signs of further development since Monday and as a result forecasters continued to assign a very low probability of further cyclonic development, less than 10%. But forecasters continue to look to the eastern tropical Atlantic, where a strong and “robust” tropical wave is expected to move into the Atlantic in the next 24 hours and most likely interact with another tropical wave just west of the Cape Verde Islands. These two systems should create a tropical system that will quickly form a tropical cyclone in the eastern Atlantic between Friday and Sunday. While all the current model guidance on this potential system varies widely, the underlying theme is that this potential hurricane is not a threat to the Gulf Coast and if there is a threat it will be to the U.S. mid-Atlantic or Northeast coastline if it does not curve northward and away from the coast before landfall is made.

#### **Generator Problems**

**MAPP-** Exelon's 867 Mw Quad Cities #2 nuclear unit was shut on August 17<sup>th</sup> due to a recirculation pump trip

**PJM** – Exelon's 786 Mw Three Mile Island #1 nuclear unit returned to full power this morning up 44% from yesterday.

**NPCC-** Entergy's 852 Mw FitzPatrick nuclear unit ramped up to 72% on Wednesday up 48% from Tuesday.

Dominion Resources 1145 Mw Millstone #3 nuclear unit was at 92% power this morning, up 75% from Tuesday.

OPG's Nanticoke #6 coal fired power plant returned to service by early Wednesday. The unit had been shut since August 9<sup>th</sup>.

**The NRC reported this morning that some 9,423 Mw of nuclear generation was operating today, up 0.9% from yesterday and down 1.9% from the same day a year ago.**

Australian oil and gas firm Woodside Petroleum said today that it was delaying expansion of its flagship Pluto gas export project until it finds more gas, but was confident of securing the necessary reserves for future expansion. The company had targeted an approval of the Pluto expansion by the end of this year, but now feels another year will be necessary to define the potential for sufficient reserves to support the expansion. Just this week though the company announced two gas discoveries off the coast of western Australia. The company though noted that the slow progress at the rival Gorgon LNG project operated by Chevron has bought Woodside more time to assess the Pluto project, since it would not be forced to go head to head with Chevron in competition with construction workers for the project.

The impact of the closure of the Kaarstoe gas processing facility due to maintenance, has been partially offset by increased flows through the Langed pipeline jumping up 10 mcm and Bacton Shell increasing by 12 mcm.

#### **PIPELINE MAINTENANCE**

Gulf South has revised its schedule for work on Units T-1000 and T-2000 at the Vixen Compressor Station. While some eight hours of work are scheduled for August 19<sup>th</sup> as originally planned, an additional work is planned for August 20<sup>th</sup>, for eight hours.

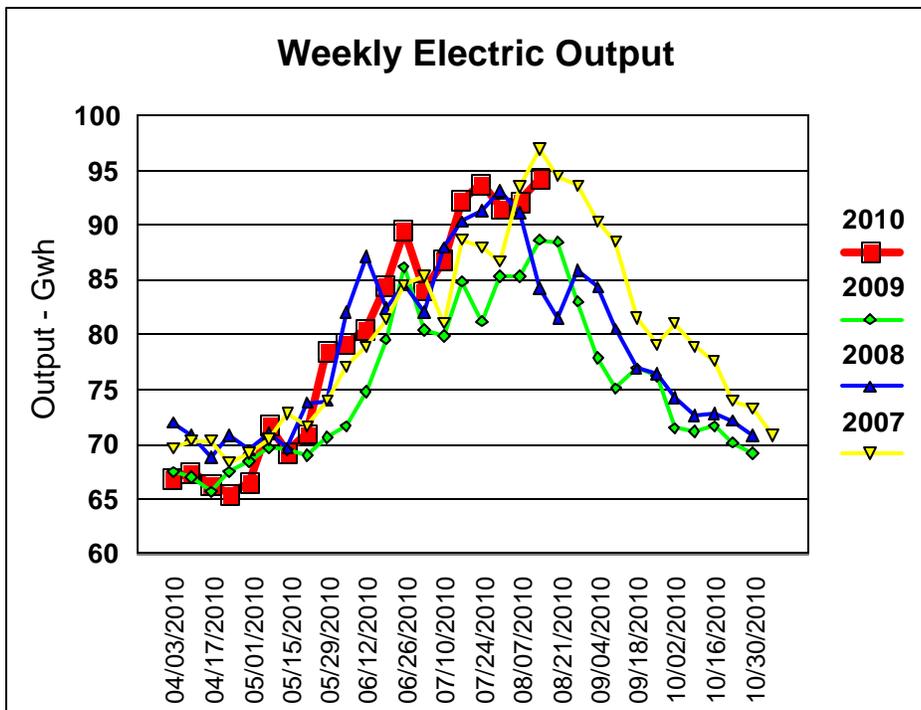
### **PIPELINE RESTRICTIONS**

Tennessee Gas Pipeline said today that due to reduced nominations it will accept increases for nominations pathed delivery to the Leidy Delivery Meters of up to 6000 DTh.

FGT has issued an average alert day at 15% tolerance for August 18<sup>th</sup> due to high temperatures forecasted for its service territory.

### **ELECTRIC MARKET NEWS**

Edison Electric Institute reported today that for the week ending August 14<sup>th</sup> some 94,254 Gwh of power were generated in the United States, up 2.2% from the prior week and some 5.9% higher than the same week a year ago.



### **MARKET COMMENTARY**

Traders in the natural gas market today showed no signs of any desire to test support or resistance levels, as the market in light volume posted its second straight inside trading session, an event that has occurred for the second time in a week. It appeared all during these final weeks of the vacation period were content to await tomorrow's storage report before even entertaining taking a new position in this market. But we continue to feel that following the release of tomorrow's storage report the probability of a test of the downside is greater than the upside. As a result we continue to look for a challenge of support at \$4.194-\$4.182, followed by \$4.168 and \$3.986. Resistance we see at \$4.287, \$4.376 and \$4.497. Additional resistance we see at \$4.595, \$4.692, and \$4.825.

Market expectations for tomorrow's EIA storage report are for a 30-35 bcf build in working gas stocks for the week ending August 13<sup>th</sup>. For the same week a year ago stocks increased by 54 bcf while the five-year seasonal average is a 50 bcf gain. We feel a storage build of less than 25-28 bcf would be need to push this market higher on the day tomorrow.

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