



## ***ENERGY RISK MANAGEMENT***

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### **POWER MARKET REPORT FOR SEPTEMBER 27, 2005**

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

The U.S. NYMEX natural gas delivery point at Henry Hub remained shut today, and damage assessments were taking longer than expected due to flooding and downed power lines in the region.

El Paso Corp. reported that on its Tennessee Gas Pipeline, 1.2 Bcf/d has been shut-in and another 400 MMcf/d on its Southern Natural Gas Pipeline system has been shut-in as a result of Rita. The ANR system, which didn't have any shut-in volumes prior to Hurricane Rita, now show about 1.3 Bcf/d shut-in. Damage assessment continues at offshore and onshore facilities.

More than a dozen natural gas processing plants with a capacity of over 10 Bcf/d remained shut after Hurricanes Rita and Katrina. The plants have confirmed they are offline due either to flooding, lack of supplies, an inability to move stored liquids, or safety precautions.

Sempra Energy said it was assessing Rita's impact on its non-operational LNG receipt terminals in Louisiana and Texas and at seven operational power plants the company runs in Texas. The seven power plants sustained no storm damage and continue to operate.

The large LNG terminal at Lake Charles, Louisiana, suffered "minor damage" from Hurricane Rita but remained shut pending further inspections, operator Southern Union Co. said today.

The Minerals Management Service reported that natural gas production declined slightly from yesterday, with 7.856 Bcf/d shut-in in the Gulf of Mexico. That is equivalent to 78.56% of the daily gas production in the Gulf. Yesterday, 78.43% was shut-in.

The National Hurricane Center reported a vigorous tropical wave centered a couple hundred miles southeast of Jamaica is producing cloudiness and thunderstorms over much of the central Caribbean Sea. This system has

#### **Generator Problems**

**ECAR**— American Electric Power's 1,016 Mw Cook #1 nuclear unit returned to full power by early today. The unit was operating at 17% of capacity yesterday. Cook #2 continues to operate at full power.

**ERCOT**— TXU Corp.'s 750 Mw Martin Lake #1 coal-fired power unit shut to repair a reheat tube leak. The unit will restart following the repairs.

TXU Corp.'s 750 Mw Monticello #3 coal-fired power unit will shut Sept. 30-Oct. 1 for maintenance.

San Antonio City Public Service's 415 Mw JT Deely #1 coal-fired power unit shut yesterday due to vibration problems on the boiler feed pump turbine.

**MAIN**— Exelon Generation's 1,163 Mw LaSalle #2 nuclear unit reduced power to 60% to perform maintenance on a drain valve. LaSalle #1 remains at full power.

**MAPP**— Nebraska Public Power District's 756 Mw Cooper nuclear unit exited an outage and ramped up to 50% of capacity by early today. Yesterday, the unit was warming up at 1%.

**Canada**— Ontario Power Generation's 515 Mw Pickering A #1 nuclear unit began generating power for the first time since 1997. The unit is expected to enter commercial service in October following a massive overhaul.

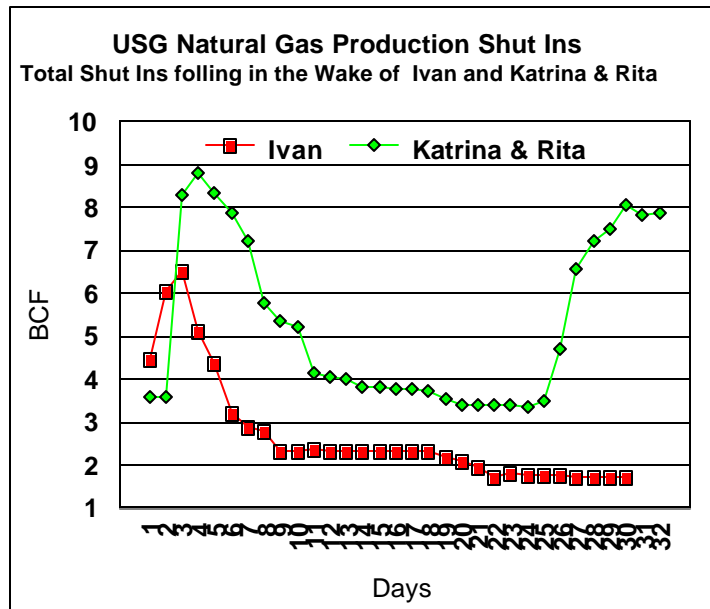
**The NRC reported that U.S. nuclear generating capacity was at 88,037 Mw up 1.27% from Monday and up 4.25% from a year ago.**

become better organized today and upper-level winds have also become more favorable for a tropical depression to develop during the next day or so. The system is moving west-northwestward at about 10 mph.

**PIPELINE RESTRICTIONS**

Florida Gas Transmission said that due to hot temperatures and Hurricane Rita shutting in receipt volumes, it is issuing an Overage Alert Day at 20% tolerance.

Gulf South Pipeline has declared a Force Majeure event on the Offshore Eugene Island Burns System until further notice. Also, Gulf South said that based upon its initial review of nominations, NNS demand, and other factors, Gulf South may be required to schedule available capacity and implement scheduling reductions from Hall Summit, East Texas – Koran Area; Tyler 12-inch Index 8 / Palestine 8-inch Index 11& 70 / Dallas 18-inch Index 1; West 30 North; Montpelier to Kosciusko; Kiln to Mobile; East Texas; and Bayou Sale to Napoleonville.



Natural Gas Pipeline Company of America said that only compressor station 342 remains unavailable for operation. Due to the continuing unavailability of compressor station 342 and the meter location issues, the capacity of the Louisiana Line (Segment 25, 23 and 24) was reduced and the Force Majeure continues.

Texas Eastern Transmission Corp. said it has restricted receipts from production that has been shut-in due to Rita. Tetco will continue to take action to ensure physical receipts are commensurate with physical deliveries. STX and ETX have been sealed to capacity. M1 24-inch and M2 24-inch have been restricted to capacity through the Sarahsville compressor station. Nomination increases sourced between Vidor compressor station in STX and the Sarahsville compressor station in M2 24-inch will not be accepted.

TransColorado Gas Transmission said it is at capacity for deliveries through Segment 220. Depending on the level of nominations, IT/AOR and secondary out-of-path volumes are at risk of not being scheduled.

Trunkline Gas Company said that due to damage suffered at its Longville Compressor Station related to Rita, compression at the Longville Compressor Station will not be available. Therefore, nominations through the Cypress segment are limited to 230 MMcf/d through the Longville Compressor Station.

**PIPELINE MAINTENANCE**

Alliance Pipeline said that regular scheduled maintenance will require the Kerrobert Compression Station in Saskatchewan to be off-line for 30 hours starting at 9:00 AM MT today.

Trailblazer Pipeline Company said that on October 18, it will be performing maintenance on compressor unit #2 at Station 603 in Kearney County, Nebraska. Based on the expected level of transport nominations and the duration of this planned work, Trailblazer does not anticipate any impact to shipper scheduling.

Williston Basin Interstate Pipeline Company said one unit is down at the Baker South Compressor Station due to unscheduled maintenance. Point ID 04018 Baker Area Mainline and Point ID 04015 Baker Area Grasslands Mainline will be affected by approximately 4 MMcf for gas day today.

**ELECTRICITY MARKET NEWS**

CenterPoint Energy restored power to all but 115,000 customers in Texas by late yesterday. Hurricane Rita left about 700,000 of the company's 1.9 million customers without service. The Houston-based company said the remaining restorations were taking longer to complete because crews have to remove trees and debris from power lines before making necessary repairs.

Florida's electric reliability watchdog continued its generating capacity advisory for a third time due to the uncertainty of restoration of natural gas production facilities in the Gulf of Mexico. In a statement, the Florida Reliability Coordinating Council urged consumers to conserve power, especially by reducing air conditioning during the late afternoon and early evening hours.

#### **MARKET COMMENTARY**

The natural gas market opened 12 cents weaker today as traders continue to digest the situation in the Gulf. In the first hour of trading, the market trended lower to the day's low of 12.10, until the bulls returned and bid the market up for the remainder of the session, continuing its upward momentum following Sunday's special session. The physical market also rose today on thin volume, as some pipelines remained shut-in and trading points remained closed. October natural gas, expiring tomorrow, traded to a high of 12.70, a resistance point, and then settled up 21.6 cents at 12.656. November natural gas finished the day down 1.7 cents at 13.12.

The market is technically strong, with the front contract trading making higher highs a day before expiration. With the Henry Hub still in a force majeure situation, more attention is being paid to the November contract. Looking ahead to Thursday's storage report, estimates range between 55 to 70 Bcf injections. Though evacuations and other complications from Rita have made it difficult to survey, most estimates seem to center in the mid 60s. We see resistance at \$12.70 and \$13.00. Further resistance we see at \$13.50. We see support at \$12.10, and \$11.68.