



## **ENERGY RISK MANAGEMENT**

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### **POWER MARKET REPORT FOR OCTOBER 6, 2005**

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

Sabine Pipeline, operator of the key delivery point Henry Hub, said that effective today the force majeure will be lifted for the following points: KM Tejas High/Jefferson; KM Tejas Low/Jefferson; KM Texas/Jefferson; and Texaco Pipelines/Calcasieu. Sabine also said that effective Friday, October 7, it will be lifting the force majeure declaration at: Lake Ronel; Louisiana Gas System Inc; Texaco PL/Citgo; and Jefferson Island/Henry Hub. Conditions of force majeure continue in effect for all remaining points until further notice. Due to the unavailability of compression at the Henry Hub complex, nominations for receipts and deliveries will be accepted only to the extent that gas can be received and delivered without additional compression.

The Minerals Management Service reported that today's shut-in natural gas production in 6.628 Bcf/d. That is equivalent to 66.28% of the daily natural gas production in the Gulf of Mexico.

The National Hurricane Center said that as Tropical Storm Tammy weakens onshore in northern Florida, it is now monitoring two more systems for possible development, one in the northwest Caribbean and one in the far Atlantic. The system in the western Caribbean is poorly organized and not expected to develop further. The system that is in the Atlantic is located 1,300 miles east of the southern Windward Islands and is moving westward at about 20 mph. This system continues to gradually organize and upper level winds are conducive for additional development.

#### **PIPELINE RESTRICTIONS**

Gulf South Pipeline 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.

#### **EIA Weekly Report**

	09/30/2005	09/23/2005	Net chg	Last Year
<b>Producing Region</b>	787	783	4	880
<b>Consuming East</b>	1733	1698	35	1799
<b>Consuming West</b>	409	404	5	401
<b>Total US</b>	2929	2885	44	3080

\*storage figures in Bcf

#### **Generator Problems**

**NPCC**— Entergy Corp.'s 985 Mw Indian Point #3 exited an outage and ramped up to 30% of capacity by early today. The unit shut October 1 to fix a dropped control rod and inspect the clamps holding up the other control rods. Indian Point #2 continues to operate at full power.

**The NRC reported that U.S. nuclear generating capacity was at 82,403 Mw up .38% from Wednesday and down 3.21% from a year ago.**

Kern River Pipeline said that linepack over the entire system is currently low.

Panhandle Eastern Pipe Line Company said that due to increased pipeline utilization, transportation

service with out-of-path deliveries being made on a secondary basis downstream of Tuscola may not be scheduled by Panhandle. Effective immediately, shippers with receipt points in the field zone and primary delivery points upstream of Tuscola are encouraged to utilize the primary path of their transportation service.

**Canadian Gas Association  
Weekly Storage Report**

	30-Sep-05	23-Sep-05	01-Oct-04
<b>East</b>	233.6	226.4	268.8
<b>West</b>	245.2	242.0	214.2
<b>Total</b>	478.8	468.4	482.9

storage figures are in Bcf

Texas Eastern Transmission Corp. said that STX and ETX have been restricted to capacity. M1 24-inch and M2 24-inch have been restricted to capacity through the Batesville compressor station. Nomination increases sourced between the Mt. Belvieu compressor station in STX and the Batesville compressor station in M2 24-inch will not be accepted.

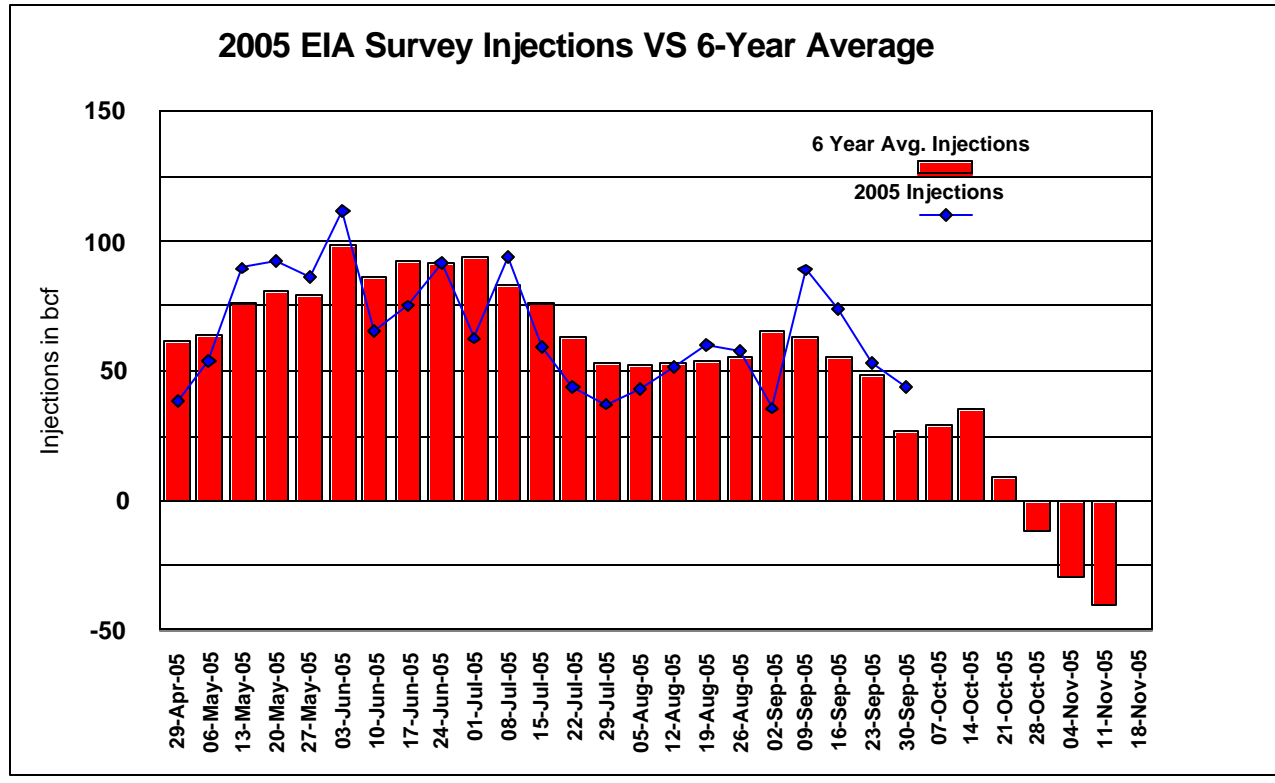
TransColorado Gas Transmission said it has capacity available for receipts from Williams Production Racoon Hollow (PIN 40412). Depending on the level of nominations, IT/AOR and secondary volumes may be scheduled.

**PIPELINE MAINTENANCE**

National Fuel Gas said that Ellisburg compressor units 6 and 9 remain down for repairs. While the units are offline NatFuel will have a reduced ability to handle excess injections into storage and transportation deliveries to Liedy and Wharton. Excess withdrawals will not be impacted.

**ELECTRICITY MARKET NEWS**

Entergy Corp. detected tritium in a monitoring well in the transformer yard at the Indian Point #2 nuclear power unit in New York. Tritium is a rare radioactive isotope of hydrogen with three times the mass of ordinary hydrogen atoms and a half-life of 12.5 years. The sample indicated a very small amount of tritium, 2.11E-4 micro curies per cubic centimeter, was in the well. Other samples from nearby wells were negative. The well, which is close to the unit 2 spent fuel pool, is likely a couple hundred feet deep. Entergy believes that the leak was probably coming from the unit 2 spent fuel pool.



**MARKET COMMENTARY**

The natural gas market opened over 31 cents lower this morning on a weakening economic environment and falling petroleum prices. The EIA storage report showed a 44 Bcf injection last week, in line with what traders and analysts had expected. This relatively neutral number allowed the pressure in the oil complex to lead the energy sector lower today. If anything, the 44 Bcf injection indicates a fair amount of demand destruction, a natural leveler to high commodity prices. The market sold off to the 13.55 level after the release of the storage report, and then traded on either side of 13.80 for the better part of the afternoon. The market moved even lower at the end of the session, with profit taking, breaking the 13.50 support level and trading down to the day's low of 13.32 right before the close. The market settled down 80.8 cents at 13.375.

Today's drop was the largest in over a year and it came a day after the market made all time highs continuing the natural gas market's volatile trend. Prices are not expected to move substantially lower, as the winter heating season is coming up, and 66% of Gulf production still remains shut-in. In the long-term view, any significant sell off will be viewed as a buying opportunity, continuing the macro bull trend of this market. We see support at \$13.12, \$13.00 and \$12.20. We see resistance at \$14.12, \$14.17 and \$14.75.