



## ***ENERGY RISK MANAGEMENT***

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### **POWER MARKET REPORT FOR OCTOBER 10, 2005**

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

The Republican-led House approved by a two-vote margin Friday a bill that, among other things, would give FERC the authority to monitor non-jurisdictional natural gas gathering in federal waters and would spur the construction of a long-line transportation system from Alaska to the Lower 48 states.

The Federal Energy Regulatory Commission Friday and the Port of Long Beach issued a favorable joint draft environmental impact statement (DEIS) for the controversial liquefied natural gas (LNG) terminal planned for the Port of Long Beach, CA. The California Public Utilities Commission (CPUC) signaled earlier in the week that it is prepared to push FERC for an evidentiary hearing as part of the DEIS review.

As tropical storms continue to pop up in the Atlantic, the National Oceanic and Atmospheric Administration's (NOAA) National Hurricane Center (NHC) said Monday that if the final storm name of the season -- Wilma -- is used up, the Greek alphabet will then kick in with Alpha, Beta, Gamma and so forth.

#### **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.

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

Texas Eastern Transmission Corp. said that due to the previously posted pipeline cleaning project, receipt points on the 20-inch line between Joaquin and Longview have been restricted to zero. Nominations for receipts on the 20-inch line between Joaquin and Longview will not be accepted. The cleaning project will last through Monday, October 10. Zones M1 24-inch and M2 24-inch have been restricted through the Batesville compressor station. No increases in receipts between Longview and Batesville, for delivery outside that area will be accepted. Zones

#### **Generator Problems**

**ERCOT**— TXU Corp.'s 1,084 Mw Comanche Peak #1 nuclear unit shut by early today for a month-long refueling outage. The unit was operating at 98% on Friday. Comanche Peak #2 continues to operate at full power.

**MAIN**— Exelon Corp.'s 864 Mw Quad Cities #2 nuclear unit ramped up to 96% of capacity by early today. The unit was operating at 65% on Friday to test for a possible defect in reactor fuel. Quad Cities #1 continues to operate at 97%.

**SERC**— Progress Energy's 938 Mw Brunswick #1 nuclear unit dipped to 69% of capacity by early today, and then returned to full power after control rod adjustments were made. On Friday the unit was operating at full power. Brunswick #2 continued to operate at full power.

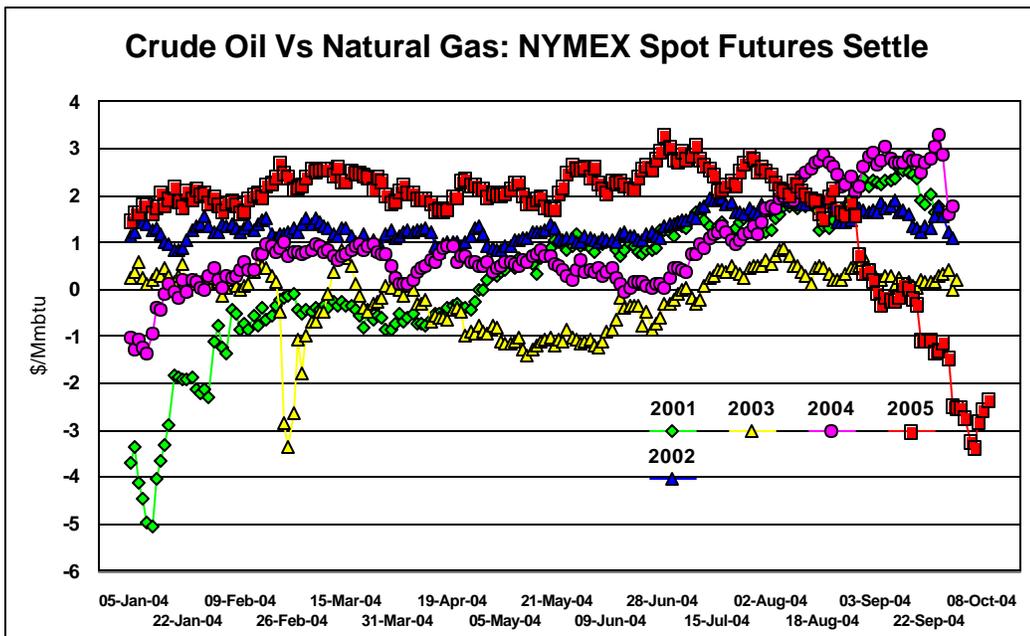
**WSCC**— Arizona Public Service's 1,243 Mw Palo Verde #1 nuclear unit shut for a refueling outage early today and will likely remain shut for the rest of the year. Palo Verde #2 continues to operate at full power, and Palo Verde #3 ramped up to 99%.

Southern California Edison's 790 Mw Mohave #2 Coal-fired unit shut for unplanned work yesterday.

STX and ETX have been sealed to capacity. No increases in physical supply between Mt. Belvieu and Little Rock for delivery outside that area will be accepted.

**PIPELINE MAINTENANCE**

Alliance Pipeline said that scheduled maintenance will require the Alameda Compression Station to be offline for 12 hours starting at 7:00 AM MT October 12. System throughput will be affected and will be determined closer to the outage date. The Alameda Compressor is located in Saskatchewan.



El Paso Natural Gas Company said that the Keystone Mainline Station will be down for annual Department Of Transportation inspections and other maintenance November 1-4. Keystone Station is located in Winkler County, Texas, on El Paso's Permian Low Pressure system. During the shutdown, the pipelines between Keystone and Eunice Stations will be shutdown and modified to make them piggable, reducing the amount of gas that can be moved

through Eunice by approximately 250 MMcf/d. Also, El Paso said that the Washington Ranch dehydration plant has been repaired. The storage facility is now capable of withdrawals of about 110 MMcf/d. Also, Washington Ranch #2 compressor remains down for scheduled maintenance through October 17, limiting injections to approximately 75 MMcf/d. While the compressor maintenance continues operational flexibility is somewhat limited.

Natural Gas Pipeline Company of America said on October 25 and 26, it will be performing maintenance at Station 302 in Montgomery County, Texas. This compressor station is at the intersection of Natural's South Texas Zone and Texok Zone. The scheduled work will impact eastbound capacity through station 302 into Segment 25 of Natural's Texok Zone. Receipts of gas from the South Texas Zone, or transports southbound through Segment 26 for delivery into Segment 25 and the Louisiana Zone, will be impacted. Nominations from receipt points in Segments 25, 23 or 24 will not be impacted. For gas days October 25 and 26, this scheduled maintenance will result in a reduction of available capacity through the affected area.

**MARKET COMMENTARY**

The natural gas market opened 34.6 cents lower as the market continues to return hurricane premium. The market picked up where it left off last week, selling. The market took out the 13.00 support level in overnight trading, and continued on the day session today by selling down to 12.70 by the mid morning. The market moved sideways through the afternoon and rallied before the close, posting a high of 13.03 on the day before settling down 25.1 cents at 12.975 on a light 56,000 contracts.

Aside from fresh bullish news, the market is content to inch its way back to pre-hurricane levels, as it waits for the heating season to kick in. The premium that natural gas has had over crude has begun to shrink from a high of \$3.36/MMBtu to \$2.32/MMBtu as natural gas is coming off of its highs. With no real fundamental news, the market will be technically driven, and after crossing below the 20-day moving average, \$12.20, the low following Rita, is the next downside target. We see support first at \$12.60, followed by \$12.20, and \$12.00. We see resistance at \$13.51, \$13.75 and \$14.00.