



## ***ENERGY RISK MANAGEMENT***

Howard Rennell, Pat Shigueta &  
Zachariah Yurch

**(212) 624-1132 (888) 885-6100**

**www.e-windham.com**

---

### **POWER MARKET REPORT FOR NOVEMBER 3, 2006**

---

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

With prospects rapidly improving to produce and transport oil and natural gas from the deepwater, energy companies are expected to spend between \$3.4-5 billion on subsea processing systems worldwide between now and 2015, according to a joint study conducted by energy analysts Douglas-Westwood Ltd. and technology specialists OTM Consulting.

Oklahoma City-based Gulfport Energy Corp. reported late Thursday that a portion of the company's production has been restored at the West Cote Blanche Bay field in southern Louisiana following a tug boat and barge accident last month that ruptured a natural gas pipeline and killed four people.

Baker Hughes reported that the total rig count in the United States fell five to a total of 1,739 rigs. The number of rigs searching for natural gas fell 7 to 1,443, while the number of rigs searching for oil rose 2 to 291.

Enron announced today that it has reached an agreement with Barclays to settle Barclays portion of the Enron bankruptcy litigation. According to the terms of the agreement, Barclays will pay Enron \$144 million in cash and Enron will allow Barclays claims filed in the bankruptcy totaling \$310 million.

#### **PIPELINE RESTRICTIONS**

Columbia Gulf Transmission's leak on Line 100 of the West Leg of the Bluewater Project near the interconnection assembly with Bois D'Arc, CGT, and Tennessee Gas Pipeline in Vermilion 127 is shutting-in 12 MMcf/d. Degassing operation began yesterday and will continue until the line pressure is reduced to a level that permits divers to enter the water safely. Depending on the extent of the leak, operations could return to normal as soon as November 8.

Transcontinental Gas Pipeline said that from 8:00 AM CT today until 3:00 PM CT November 15, Transco will receive requests for firm Part 284 transportation service for up to 3.4 MMcf/d on Transco's Leidy Line from the interconnection between the facilities of National Fuel Gas

#### **Generator Problems**

**ECAR** – Allegheny Energy shut one unit at its 1,933 Mw Harrison coal-fired power station.

**MAAC** – Exelon's 810 Mw Three Mile Island #1 nuclear unit automatically shut yesterday due to an invalid low condenser vacuum signal. The unit was operating at full power prior to the shut down.

Exelon's 1,100 Mw Salem #2 nuclear unit ramped up to 82% capacity. The unit was operating at 64% yesterday. Salem #1 remains at full power.

**MAIN** – Exelon's 1,152 Mw Braidwood #2 nuclear unit exited a refueling outage and ramped up to 48% power. Braidwood #1 continues to operate at full power.

Exelon's 912 Mw Dresden #2 nuclear unit decreased output to 88% capacity as it coasts down for a refueling outage. Dresden #3 is operating at 99% capacity.

**MAPP** – Dominion Resources' 591 Mw Kewaunee nuclear unit ramped up to 98% capacity today. Yesterday, the unit was operating at 57% power.

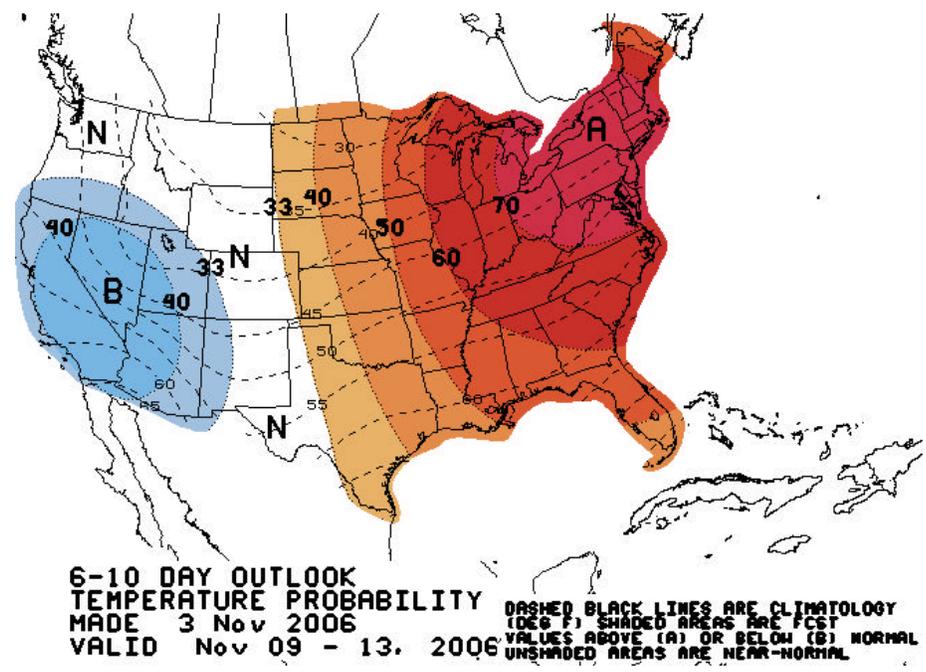
**SERC** – Progress Energy's 938 Mw Brunswick #1 nuclear unit started to shut yesterday due to a transformer problem. The unit is operating at 81% capacity today. Brunswick #2 shut November 1 due to the loss of off-site power.

Southern Nuclear's 1,215 Mw Vogtle #1 power plant returned to full power today after returning from a refueling outage. Vogtle #2 remains at full power.

Entergy's 858 Mw Arkansas Nuclear One #2 power unit increased output to 95%.

**The NRC reported that 74,797 Mw of nuclear capacity is on line, up .39% from Thursday, but 5.95% lower than a year ago.**

Supply Corporation and Transco at Leidy, located in Clinton County, Pennsylvania to New Village Meter Station in Warren County, N.J.



Williston Basin Interstate Pipeline Company said that several points are in pipeline Capacity Constraint for first intraday delivery and that penalties will be imposed. The points include: 001 Cabin Creek-Dickinson; 002 Dickinson-Bismarck; 003 Bismarck-Cleveland; 004 Cleveland-Grafton; 007 Williston-Bismarck; 014 Belle Fourche-Recluse; 024 Cleveland-Mapleton; 025 Portal-Tioga; 026 Belle Creek-Manning.

**PIPELINE MAINTENANCE**  
Gulf South Pipeline said that it will be performing scheduled maintenance at Kiln Compressor Station on Unit #1

today for approximately six hours. Capacity through the Kiln Compressor Station could be reduced by as much as 100 MMcf/d during this maintenance.

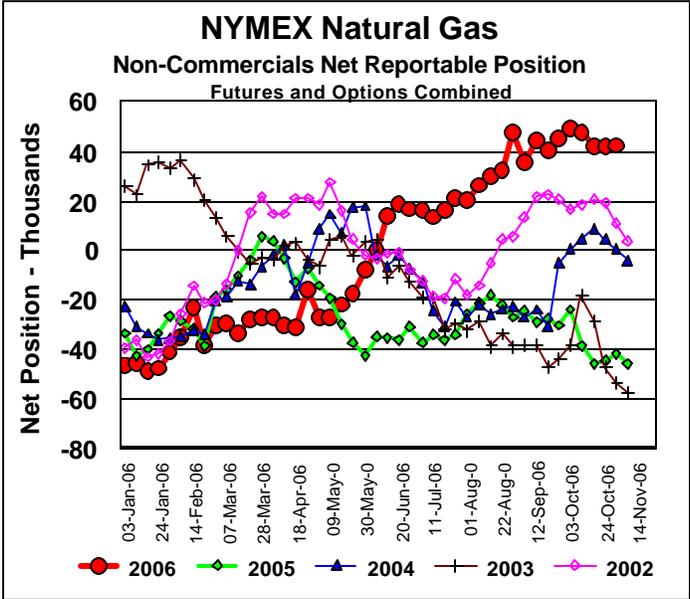
Williston Basin Interstate Pipeline Company said that planned maintenance will be performed at the Fort Peck Compressor Station November 8. At this time, restriction to the system is not anticipated.

**ELECTRIC MARKET NEWS**

Cooperative utilities are growing more quickly than other sectors of the power industry, and expect to add 4,049 Mw of new capacity by about 2012. There are 66 generation and transmission co-ops, which supply 864 local distribution co-ops, added almost 2,400 Mw between May 2004 and October 2006, but demand continues growing, requiring additional capacity. The co-ops will also need pollution control equipment, which along with the generating plants, will cost between \$28 and \$40 billion over the next decade. Cooperatives' share of the electric market has grown from 7.8% in 1994 to 11.1% in 2004.

**MARKET COMMENTARY**

The natural gas market opened 5.6 cents higher continuing its bullish tilt given the cool temperatures dipping into the Northeast over the weekend. December chopped between positive and negative territory, managing to climb as high as 8.05 before settling up 7 cents at 7.884, marking the fourth consecutive winning session for the front month contract.



marking the fourth consecutive winning session for the front month contract.

The chilly temperatures in the near term have boosted the cash market, as the thermometer plunges with much of the Southeast getting a freeze tonight and carry through the weekend with a dip in the jet stream that will remain over the eastern half of the country through the weekend. However, forecasts for next week call for moderating temperatures and with the glut of gas in the ground, the market will relax and prices will move lower. The Commitment of Traders Report showed that non-commercial traders added 6,753 lots to their net long futures position, which now totals 47,986. In the combined futures and options report, non-commercial trades added 392 lots for a total of 42,275 net long contracts. We see support at \$7.80, \$7.65, \$7.40, \$7.06 and \$7.00. We see resistance at \$8.10, \$8.20, \$8.45, \$8.54 and \$9.00.