



## ***ENERGY RISK MANAGEMENT***

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### **POWER MARKET REPORT FOR NOVEMBER 9, 2007**

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

Baker Hughes reported that the number of rigs searching for oil and gas in the U.S. rose by six to 1,801 in the week ending Friday. The number of rigs searching for oil rose two to 337 while the number of rigs searching for gas rose four to 1,459.

The U.S. CFTC announced that it has entered into a consent order of permanent injunction with defendant Paul Atha of Dunwoody, Georgia, settling charges that he falsely reported and attempted to manipulate natural gas prices. The order requires Atha to pay a \$200,000 civil monetary penalty and permanently prohibits Atha from applying for registration with the CFTC, engaging in any activity requiring such registration, or acting as a principal as defined by the NFA.

Japan's utility Tokyo Electric Power Company said that last month it raised its LNG purchase outlook to more than 20 million tonnes this business year to March, up from 18.8 million tonnes projected in July.

Marathon Oil said that repairs which halted output at its new 3.4 million tonne LNG plant in Equatorial Guinea would last until mid-November or early December

#### **Generator Problems**

**ECAR** – American Electric Power's 1,107 Mw Cook #2 nuclear unit ramped up to 83% power today. Yesterday, the unit was operating at 48% power. Cook #1 continues to operate at full power.

**MAPP** – Xcel Energy's 600 Mw Monticello #1 nuclear unit decreased output to 75% power today. Yesterday, the unit was operating at full power.

**The NRC reported that 81,589 Mw of nuclear capacity is online, up .36% from Thursday, and up 2.65% from a year ago.**

#### **PIPELINE MAINTENANCE**

Gulf South Pipeline said that unplanned maintenance at Clearance Compressor Station Units #3 and #6 began late November 8 were expected to last through today. Capacity through the Clearance Compressor Station

could be reduced by as much as 100 MMcf/d.

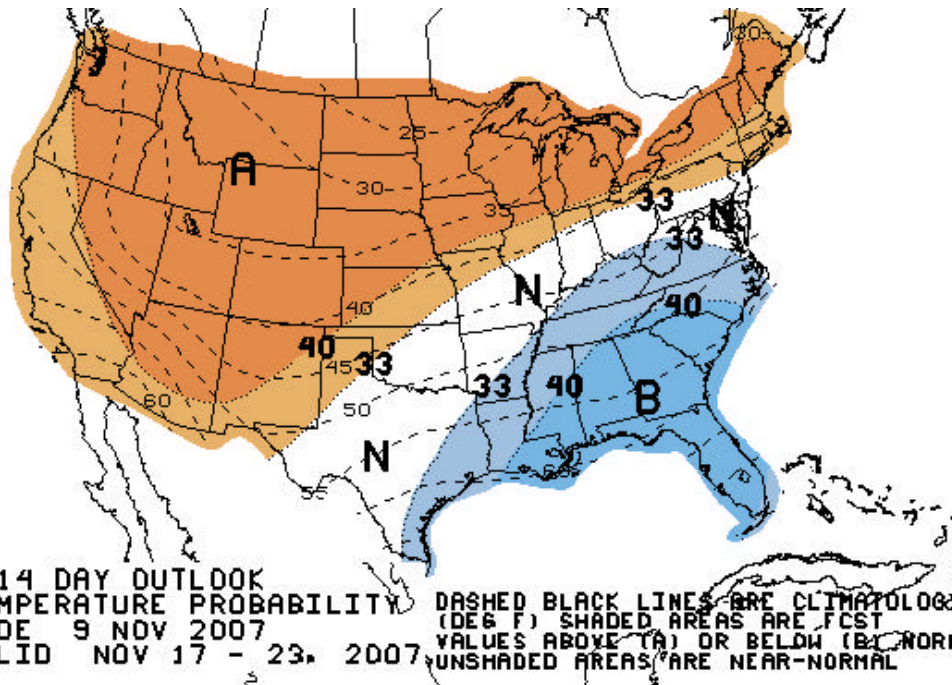
Questar Pipeline Company said that a mechanical failure occurred at the Greasewood #1 unit November 8. Efforts to repair the unit are currently underway, though the estimated

return to service date has not been established at this time. During the outage, Questar will reduce the delivery to TransColorado to 25 MMcf/d.

<b>Natural Gas Cash Market</b>						
<b>ICE Next Day Cash Market</b>						
<b>Location</b>	<b>Volume Traded</b>	<b>Avg Price</b>	<b>Change</b>	<b>Basis</b>	<b>Change</b>	<b>Basis 5-Day Moving Avg</b>
				<small>(As of 12:30 PM)</small>		
<b>Henry Hub</b>	1,257,400	\$6.591	(\$0.214)	(\$1.822)	(\$0.641)	(\$1.199)
<b>Chicago City Gate</b>	873,000	\$5.941	(\$0.465)	(\$1.964)	(\$0.750)	(\$1.147)
<b>NGPL- TX/OK</b>	827,700	\$5.548	(\$0.451)	(\$2.357)	(\$0.736)	(\$1.589)
<b>SoCal</b>	1,343,100	\$5.406	(\$0.861)	(\$2.499)	(\$1.146)	(\$1.432)
<b>PG&amp;E Citygate</b>	351,200	\$6.418	(\$0.330)	(\$1.487)	(\$0.615)	(\$0.902)
<b>Dominion-South</b>	465,900	\$7.042	(\$0.202)	(\$0.863)	(\$0.487)	(\$0.388)
<b>Transco Zone 6</b>	257,000	\$7.167	(\$0.409)	(\$0.738)	(\$0.694)	(\$0.064)

#### **PIPELINE RESTRICTIONS**

PG&E California Gas Transmission has announced that a system-wide operational flow order is in effect on its California natural gas pipeline system for tomorrow's gas flow due to high inventory. Tolerance is set at 5%



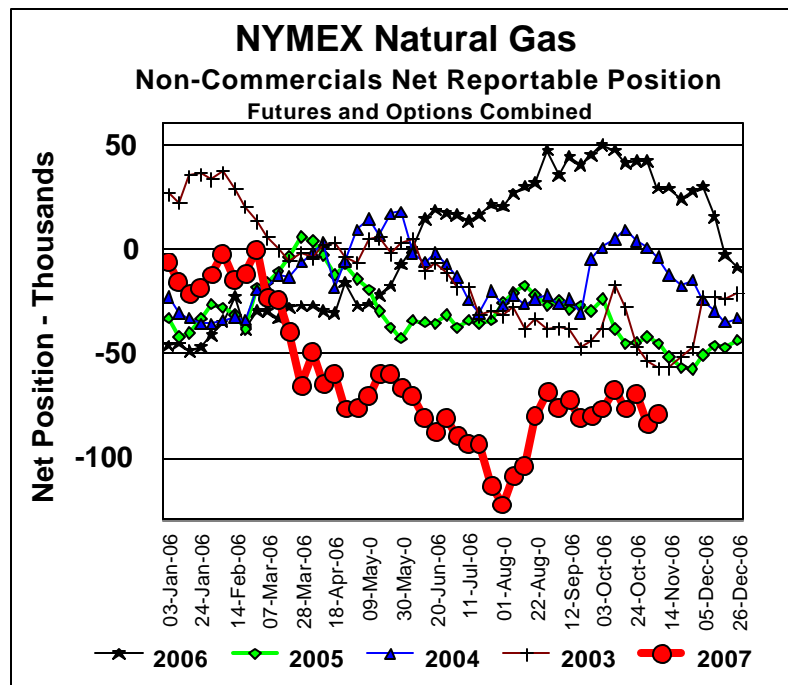
Southern Natural Gas Pipeline said that based on pressure restrictions issued by the Pipeline and Hazardous Materials Safety Administration the 20-inch Gate 6 Toca Loop Line and the 20-inch Main Pass Franklinton line may not return to service until around November 21. The lines were most recently expected to return to service by November 15.

**ELECTRIC MARKET NEWS**  
Wisconsin Public

Service has filed a request with state regulators seeking to upgrade emissions control equipment at six coal-fired electric generating units in Green Bay and Wausau. If approved, modifications will be made to the boilers that will reduce nitrogen oxides by 40%.

Genscape's weekly coal burn index was up 0.6% over last week and 2.9% over the same week in 2006. Cold weather in the west affected the figure, with generation in that region for the week ended November 7 up 0.5% over the week before and up 9.1% over the same week a year ago.

The FutureGen Alliance is on track to name a site for its \$1.5 billion, clean coal-fired power plant next month, after getting clearance from the U.S. Department of Energy. All four finalist sites, two in Texas and two in Illinois, were cleared to move forward in a final environmental impact statement from the DOE. The public-private venture is working to design and test technology required to turn coal into a gas that can be stripped of harmful emissions, then burned to produce electricity and hydrogen. It will also capture carbon dioxide, widely blamed for global warming, and store it underground permanently. The plant is expected to be online in 2012.



## MARKET COMMENTARY

The natural gas market picked up where it left off yesterday, rebounding from an over sold condition and off of key support at 7.50. The December contract trekked to a high of 7.96 supported by some firming in crude oil and some weather forecasts that call for below to seasonal temperatures for the Midwest and Northeast. The market finished the session off its highs, perhaps on some profit taking from the day traders, to leaving the market to

NYMEX Nat Gas Options Most Active Strikes for November 9, 2007								
Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LN	7	8	C	10	06/25/2008	0.4361	6,925	36.32
LN	1	8	C	9	12/26/2007	0.3726	5,925	52.23
LN	1	8	C	10	12/26/2007	0.1879	5,865	56.59
LN	1	8	C	12	12/26/2007	0.0433	4,250	61.10
LN	3	8	C	20	02/26/2008	0.02	3,500	70.91
LN	4	8	C	10	03/26/2008	0.2552	3,225	41.77
LN	4	8	C	8	03/26/2008	0.7218	3,100	35.43
LN	12	7	P	7	11/27/2007	0.0499	2,775	50.10
LN	2	8	C	10	01/28/2008	0.3585	2,750	54.58
LN	4	8	C	9	03/26/2008	0.4297	2,400	39.24
LN	5	8	C	8	04/25/2008	0.791	2,399	33.04
LN	12	7	P	7.5	11/27/2007	0.1677	2,125	51.22
LN	12	7	C	8	11/27/2007	0.2963	2,085	48.57
LN	3	8	C	12	02/26/2008	0.1732	2,030	55.96
LN	12	7	C	8.5	11/27/2007	0.1439	1,825	51.10
LN	7	8	C	8.65	06/25/2008	0.7476	1,500	32.46
LN	9	8	C	8.65	08/26/2008	0.9906	1,500	33.75
LN	3	8	P	8	02/26/2008	0.7792	1,475	55.16
LN	4	8	P	7.7	03/26/2008	0.6966	1,300	46.87
LN	12	7	C	9	11/27/2007	0.0662	1,300	53.41
ON	12	7	C	8	11/27/2007	0.296	1,159	49.20
LN	1	8	C	11	12/26/2007	0.0911	1,150	59.22
LN	12	7	C	10	11/27/2007	0.0142	1,050	58.37
LN	1	8	P	5.75	12/26/2007	0.0111	1,000	53.06
LN	3	8	C	12.5	02/26/2008	0.1423	1,000	56.91
LN	1	8	P	7	12/26/2007	0.1241	900	52.18
LN	12	7	C	9.25	11/27/2007	0.0449	900	54.66
LN	12	7	C	8.25	11/27/2007	0.2084	898	49.89
LN	5	9	P	6	04/27/2009	0.2361	850	34.67
LN	3	8	P	7.5	02/26/2008	0.5183	850	52.68
LN	5	9	P	8	04/27/2009	0.9913	850	38.81
LN	3	8	P	6.5	02/26/2008	0.1886	800	50.50
LN	2	8	C	12	01/28/2008	0.131	800	58.67
LN	5	8	P	6	04/25/2008	0.1465	750	43.44
LN	3	8	C	15	02/26/2008	0.057	750	60.89

settle at 7.897, up 18.4 cents.

With the market in the middle of its range, weather forecasts will dictate to which extreme it moves next. Clearly the fundamental picture is bearish, but with crude oil approaching the psychological \$100 level, and the brunt of winter ahead of us, a break to the downside below key support is unlikely. The more likely scenario for next week is an assessment of weather and if a hint of cold exists in the 11-15 period, the market will make its way toward the upper end of the range. With the bit of cold that we have had recently, we expect to see a more normal inventory report this week and possibly a little draw. We see support at 7.755, 7.50, 7.20 and 7.00. We see resistance at 8.00, 8.14, 8.325, 8.40 and 8.60.

The Commitment of Traders Report showed that non-commercial traders increased their net short futures position by 4,269 lots to 54,566 contracts and that they decreased their combined futures and options position by 4,336 lots to 79,655 contracts.