



## ***ENERGY RISK MANAGEMENT***

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### **POWER MARKET REPORT FOR NOVEMBER 14, 2005**

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

Enterprise Products Partners said repairs to its Toca natural gas processing facility in Chalmette, Louisiana, would be completed this week and the plant would return to service next week. The Toca plant was damaged by hurricanes Katrina and Rita in August and September.

The Minerals Management Service reported that shut-in natural gas production in the Gulf of Mexico is 3.742 Bcf/d. This is equivalent to 37.42% of the daily gas production in the Gulf of Mexico.

Four major producers have called on FERC to reject a tariff proposal by Williams Co.'s Transcontinental Gas Pipeline Corp. to significantly increase penalties for unauthorized daily overruns and daily operational flow order (OFO) imbalances on its system.

Despite a 30% increase in domestic natural gas drilling over the past two years, the decline in U.S. gas output continues, and much like the 1970s, when oil output continued to fall, gas production may be nearing "if not at" a similar crossroads, according to analysts at Raymond James. Adjusting for the hurricanes, the analysts estimated 3Q2005 domestic gas output fell 5.4% from 3Q2004 and 6% sequentially from 2Q2005. Those predictions far exceed predictions of other industry experts.

#### **PIPELINE RESTRICTIONS**

El Paso Natural Gas Company said that through a combination of receipt

#### **Generator Problems**

**ECAR**— AEP's 1,077 Mw Cook #2 nuclear unit exited an outage and ramped up to full power by early today. On Friday, the unit started to exit the outage and ramped up offline to 7%. Cook #1 continues to operate at full power.

CMS Energy's 767 Mw Palisades nuclear unit dipped to 53% of capacity by early today and has since increased to about 65%. The unit was reduced to clean leaves, branches and other debris from the screens protecting one of the cooling towers following a windstorm over the weekend. The unit was operating at full power over the weekend.

**ERCOT**— TXU's 1,150 Mw Comanche Peak #1 nuclear unit increased power to 88%. On Friday, the unit was operating at 77%. Comanche Peak #2 continues to operate at full power.

**FRCC**— FPL Group's 693 Mw Turkey Point #4 nuclear unit exited an outage and ramped up to 29% of capacity by early today. Turkey Point #3 returned to full power last week, while unit #4 has remained shut since Hurricane Wilma struck.

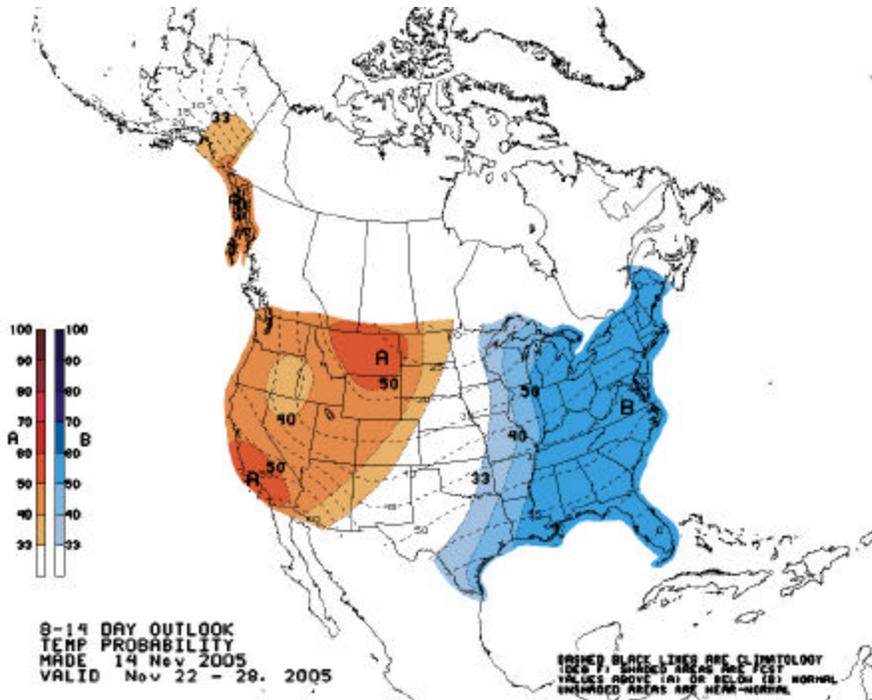
**NPCC**— Entergy Corp.'s 506 Mw Vermont Yankee nuclear unit exited a refueling outage and ramped up to 92% of capacity by early today. The unit shut October 24 for the planned refueling.

**SERC**— Entergy Corp.'s 1,089 Mw Waterford #3 nuclear unit shut late Friday evening due to the loss of all condenser circulating pumps, which pull in water from the Mississippi River to cool the steam after it passes through the turbines.

**WSCC**— PG&E's 1,087 Mw Diablo Canyon #1 nuclear unit had to plug more than 1% of the steam generator tubes. The company said it found the tubes were defective during an inspection as part of the ongoing refueling outage. Diablo Canyon #2 continues to operate at full power.

**Canada**— Ontario Power Generation's 490 Mw Nanticoke #2 coal-fired power unit shut by early today for a planned maintenance outage.

**The NRC reported that U.S. nuclear generating capacity was at 82,070 Mw up 3.73% from Thursday and up 3.17% from a year ago.**



quantities in excess of nomination and takes that are significantly below nomination, its transmission system is being packed significantly. Washington Ranch Storage facility injection is at maximum capacity. Shippers are urged to bring their supplies in balance with their takes. If the situation fails to improve, a declaration of Strained Operating Conditions may be required.

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 on Sarepta to

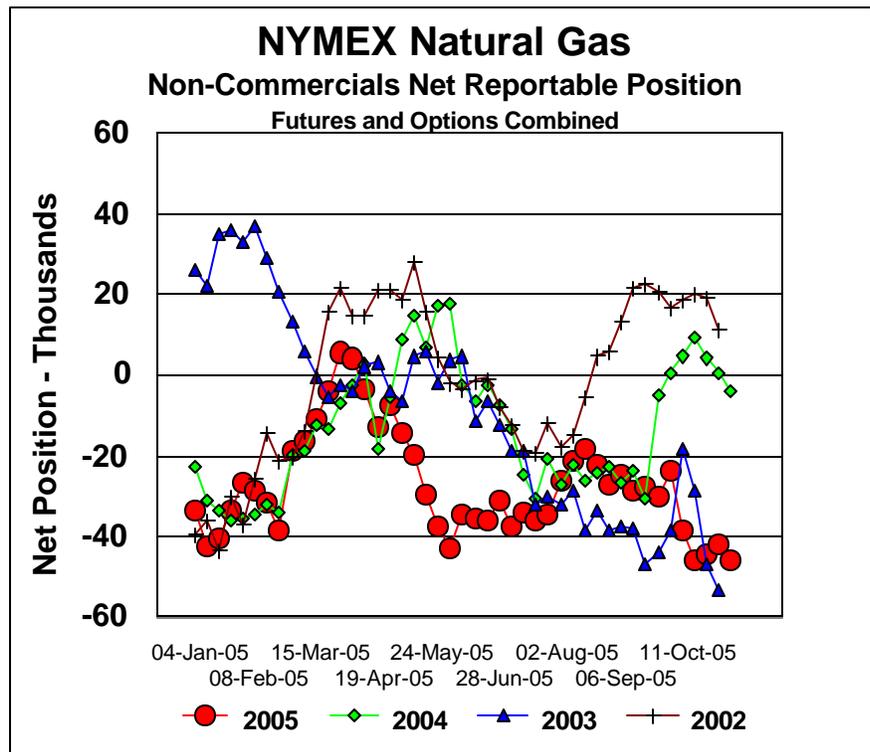
Sterlington 18-inch Index 250; Lake Charles Receipts Capacity Allocation Area 6; Tyler 12-inch Index 8 / Palestine 8-inch Index 11 & 70 / Dallas 18-inch Index 1; Hall Summit; Koran Station; West 30 North; Barron (To Columbia Gulf); Bayou Sale to Napoleonville; Montpelier to Kosciusko, and Kiln to Mobile.

KM Interstate Gas Transmission said that Williston Basin Bridger is at capacity for delivered volumes. Based on the current level of nominations, interruptible flow, authorized overrun and secondary volumes are at risk of not being scheduled.

National Fuel Gas said that the Ellisburg unit 5 is currently out of service. However, it does not anticipate any services to be affected.

Natural Gas Pipeline Company of America said that it has limited capacity available for deliveries to Midwestern Kankakee. Limited interruptible flow, authorized overrun, and secondary firm transport volumes are available. Midwestern Kankakee is located in Kankakee County, Illinois (Segment 34) in Natural's Iowa Illinois Receipt Zone.

Texas Eastern Transmission said that Zones STX and ETX have been sealed to capacity. No increases in receipts between Mt. Belvieu and Little Rock for delivery outside that area will be accepted. Long TABS-! Pools in ETX have



been forced-balanced. Zones M1 24-inch and M2 24-inch have been scheduled to capacity flowing through Batesville. Receipts between Little Rock and Batesville for delivery outside that area will not be accepted.

Williston Basin Interstate Pipeline Company said that 019 Madden – Worland and 020 Worland – Lovell are in pipeline Capacity Constraint for Timely Cycle Gas Day November 14. Penalties will be imposed.

**PIPELINE MAINTENANCE**

Iroquois Gas Transmission System said on November 2, it issued a notice announcing that there was a possibility that its Boonville Compressor Station could be offline for a period of up to 10 days in late November and/or early December. Iroquois said that it has been working aggressively with Siemens, the compressor

manufacturer, to accelerate the schedule of the Boonville Compressor overhaul. At this point in time, Iroquois is planning to take the Boonville Compressor Station offline beginning 5:00 AM ET today, and lasting for a period of up to 10 days. If Iroquois is able to begin the installation next week as currently planned, based on current nominations, it may be possible to complete the outage with little or no restriction of firm service.

**MARKET COMMENTARY**

The natural gas market opened 12.8 cents higher as forecasters are calling for a mid-week cooling. Overnight, the market traded above the 12.00 level for the first time in 2 weeks, however during the day session, the market was only able to reach 11.90 right after the open before it came under pressure and quickly dropped 40 cents to a low of 11.35. The market spent the rest of the session chewing back its decline, managing to recover to the 11.60 level, where it remained till the close. December Natural Gas settled down 10.5 cents at 11.607. The back months, January, February and March, saw modest gains on the day, 4-9 cents.

The front month natural gas contract has been caged within a wide \$11.00-\$12.06 range over the past weeks and the weather is not providing the adequate momentum to break above. Physical prices have been sagging, adding downward pressure on the futures, and are at some receipt points physical prices are \$2.00 or more below the front month.

The Commitments of Traders report showed that non-commercial traders increased their net short positions by 4,850 contracts, and in the combined futures and options report, non-commercial traders increased their net short positions by 3,844 contracts. We see support initially at \$11.37, \$11.10 and \$11.00. Further support we see at \$10.88 and \$10.65. We see resistance at \$12.06, \$12.87 and \$13.00.

