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NATURAL GAS & POWER MARKET REPORT FOR NOVEMBER 15, 2010

NATURAL GAS MARKET NEWS

Enterprise Products Partners said Monday that its Independence natural gas platform in the Gulf of Mexico had been shut over the weekend for scheduled maintenance. The work is slated to last five days. The company said gas flows through the pipeline had been averaging 500 and should be back in operation by Wednesday. The company gave no details on the type of work being done

The National Hurricane Center this afternoon noted it was watching an area of showers and thunderstorms in the southwestern Caribbean. Forecasters said though that the system remained disorganized and if any further development is possible it would be slow to occur as it drifts west-northwestward over the next day or two.

Private weather forecaster EarthSat at midday noted that as a result of the midday computer model runs it appears to be pointing toward a strong cold air mass from Canada migrating over the eastern half of the U.S., bringing widespread much below to strong below normal temperatures from the Plains eastward. This forecast change though had a very low confidence factor. Meanwhile Joe Bastardi at AccuWeather today was warning that he sees the current warmer than normal conditions across much of the nation evaporating and turning to a much colder than normal period for late November and into December for the nation from the Northeast into the Midwest.

Generation Update

NPCC – Atco/OPG's 570 Mw Brighton Beach gas fired power plant returned to service early Monday. The unit had been shut since November 5th.

OPG's 490 Mw Units #1 and #2 at the Nanticoke coal fired power plant were shut early Monday.

OPG's 535 mw Lennox #1 oil and gas power plant was shut early Monday.

Entergy's 620 Mw Vermont Yankee nuclea rplant returned to full power on Monday, up 26% from Friday's levels.

Constellation's 621 Mw Nine Mile Point Unit #1 has exited its recent outage and ramped up to 96% by early Monday. The unit tripped last week.

PJM – PSEG's 1161 Mw Hope Creek nuclear unit has exited its outage and ramped up to 89% power this morning. The unit had been at 18% power on Friday.

Exelon's 1112 Mw Peach Bottom #3 nuclear unit was shut for operators to replace one of the main power transformers.

SERC – TVA's 1123 Mw Watts Bar #1 nuclear unit was shut early Monday down from full power on early Friday.

WECC – APS 1317 Mw Palo Verde #3 nuclear unit returned to full power early Monday. The unit had been at just 25% power on Friday.

PG&E 's 1122 Mw Diablo Canyon #1 ramped up to 48% power this morning after exiting its recent outage over the weekend. The unit had been shut since October 3rd for refueling.

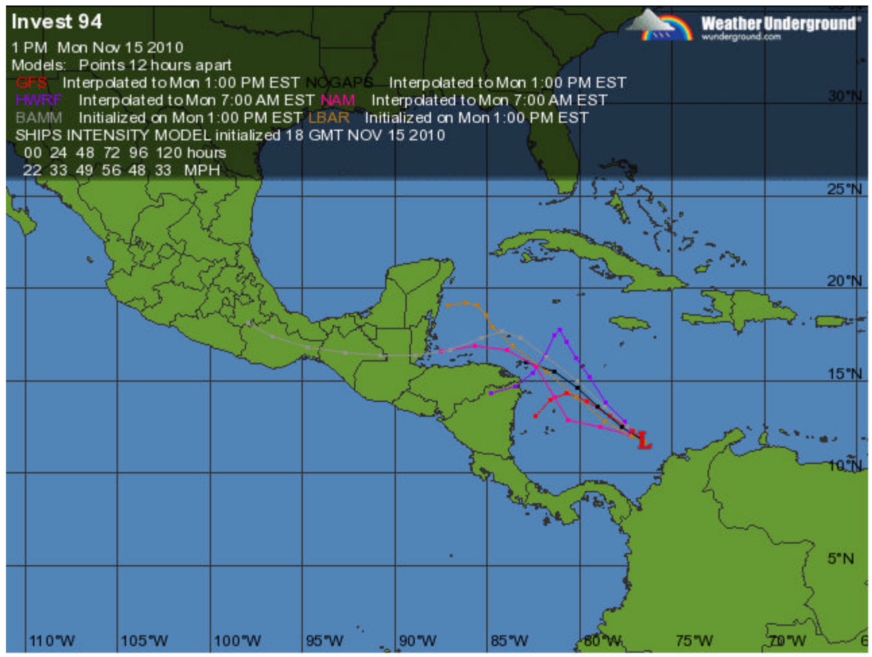
MRO - AEP's 1009 Mw Cook nuclear unit returned to full power on Monday. The unit was basically at 50% power on Friday.

Xcel Energy 572 Mw Monticello nuclear power plant dropped to 37% to 11% of capacity Monday morning.

The NRC reported today that some 81,250 Mw of generating capacity was online today, up 0.2% from Friday and 2% higher than the same day a year ago.

Williams Cos reported today that it had agreed to acquire 86,000 acres in the oil rich Bakken shale for $925 million, as the company sought to minimize the impact of weak natural gas prices on its bottom line.

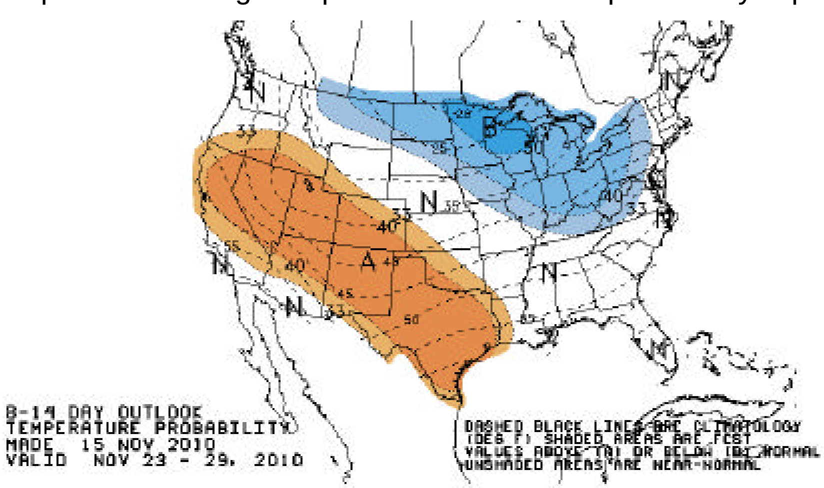
According to the International Energy Agency, low natural gas prices in the U.S. due to abundant shale gas supplies are delaying investment in relatively expensive but cleaner energy such as wind, solar and nuclear power, and the same might happen in China and elsewhere. Extracting and burning shale gas results in less carbon emissions than exploiting fossil fuels like coal, and although this helps in efforts to combat climate change, shale gas should be used in conjunction with carbon capture and storage systems if it is to be a good and sustainable alternative. There are abundant reserves of shale gas, and it is relatively cheap to exploit compared, for example, to building nuclear power plants.



Russia's gas export monopoly Gazprom may sell a 9.4 percent chunk of its stake in independent gas producer Novatek, leaving it with 10 percent. Gazprom is due to start a road show to market a $1 billion Eurobond.

Gazprom, which supplies a quarter of Europe's gas, trimmed its outlook for 2010 gas production by nearly 1 percent on Monday as weak economies cut demand for the fuel. After originally targeting 519 billion cubic meters, Gazprom plans to produce 515 billion cubic meters. Gazprom says its production levels are dependent upon Europe's supply balance and Germany's market leader, Ruhrgas, which has a small stake in Gazprom, said last week that Europe had a current gas overhang of 30-40 bcm.

Gazprom's natural gas exports to Western Europe—its key export market—fell 26% from a year earlier to 20.24 bcm. In addition to weaker demand, the inflow of alternative energy sources such as LNG as well as Algerian and Norwegian natural gas. It has said in the past that it will aim to produce 528 bcm in 2011 and said Monday its existing Siberian resources would ensure supply in the medium term and the launch of the giant Bovanenko field was on track for 2012.



According to AIS live ship tracking data on Reuters, the Galicia Spirit LNG tanker, which can carry up to 145,000 cubic meters of super-cooled natural gas, and the Al

Thakhira LNG, which can carry up to 143,517 cubic meters, are expected to arrive at Belgium's Zeebrugge terminal on November 22 and December 1 respectively.

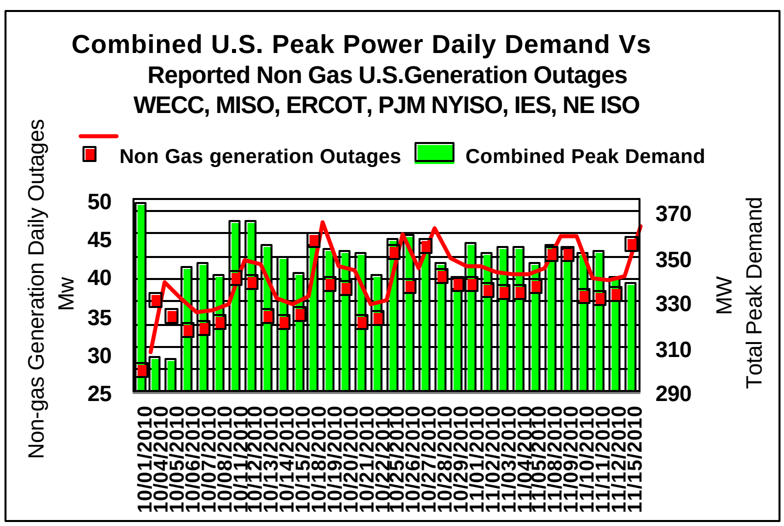
The Al Shamal LNG tanker, which can carry up to 217,000 cubic meters of super-cooled natural gas, is expected to arrive at the UK's Isle of Grain terminal on November 23. The Bu Samra, which can carry up to 266,000 cubic meters of super-cooled gas, is scheduled to arrive at Britain's South Hook on December 1.

Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	**Volume Traded**	**Avg Price**	**Change**	**Basis (As of 12:30 PM)**	**Change**	**Basis 5-Day Moving Avg**
Henry Hub	459,000	$3.564	$0.059	($0.209)	$0.143	($0.162)
Chicago City Gate	847,900	$3.747	$0.096	($0.025)	$0.154	($0.060)
NGPL- TX/OK	335,900	$3.477	$0.133	($0.295)	$0.191	($0.369)
SoCal	361,800	$3.549	$0.059	($0.223)	$0.117	($0.208)
PG&E Citygate	705,900	$4.173	$0.011	$0.401	$0.069	$0.384
Dominion-South	360,600	$3.709	$0.062	($0.063)	$0.120	($0.058)
USTrade Weighted	18,812,900	$3.632	$0.085	($0.140)	$0.14	($0.162)

The British Innovator LNG tanker, which can carry up to 136,000 cubic meters of super-cooled gas, docked on Saturday at the Isle of Grain terminal from Trinidad.

According to the AIS Live ship tracking data, the Lijmiliya LNG tanker, which can carry up to 263,000 cubic meters of super-cooled natural gas, left the Suez Canal on Monday heading for the UK LNG import port of Milford Haven. According to www.searates.com, the vessel should arrive around November 24.

The China Energy News reported, quoting a National Energy Administration official, China may be able to meet natural gas demand this winter thanks to imports from Turkmenistan via pipeline and advance purchases of LNG on the spot market. The government has asked China National Offshore Oil Corp. to take charge of LNG imports to supply to Shanghai city and has planned to divert natural gas that originally destined via pipeline for Shanghai to other areas. However, according to a PetroChina executive, Northern China—which includes Beijing,Tianjin and part of the Hebei province—could face natural gas shortages of 9 million cubic meters a day during peak winter demand. PetroChina's two Shaanxi-to-Beijing pipelines are already running at full capacity, and the company is rushing to build a third pipe to meet an expected increase in winter demand. The two pipelines have shipping capacity of 56 mcm per day and existing underground stockpiles can supply 20 mcm a day, but gas consumption could increase to 89 mcm during peak time and Beijing along will grow to 58-60 mcm per day when the weather is coldest.

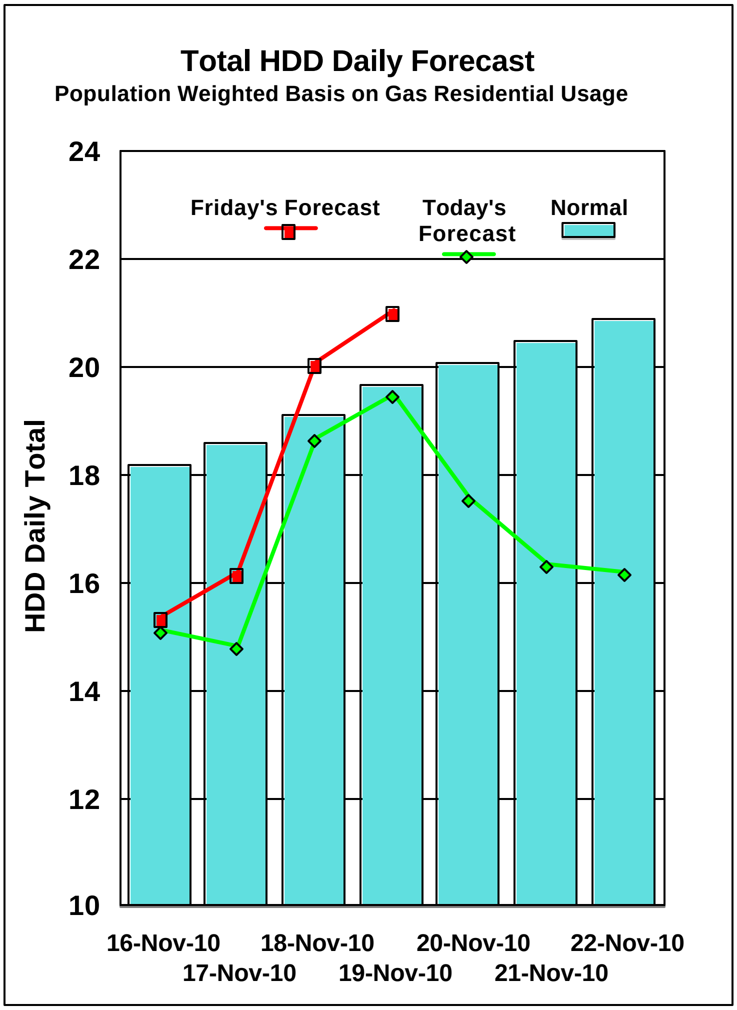


ELECTRIC MARKET NEWS

Genscape reported today that it estimates U.S. power output for the week ending November 11th jumped 0.91% from the prior week and was up 3.6% from the same week a year ago.

ECONOMIC NEWS

The Commerce Department said US retail sales increased 1.2% in October. It was the fourth consecutive increase and the largest increase since March. Retail sales in September increased 0.7%, up from a previously estimated 0.6% increase.



The Commerce Department also reported that inventories at US businesses in September increased above expectations. Inventories increased 0.9% in September to a seasonally adjusted $1.403 trillion. Inventories in August also increased 0.9%, revised up from a 0.6% increase. US business sales increased 0.5% in September to $1.101 trillion following an upwardly revised 0.3% gain in August. The report showed that at the current sales pace, businesses had enough goods on hand in September to last 1.27 months, the same level in August and below 1.3 in September 2009.

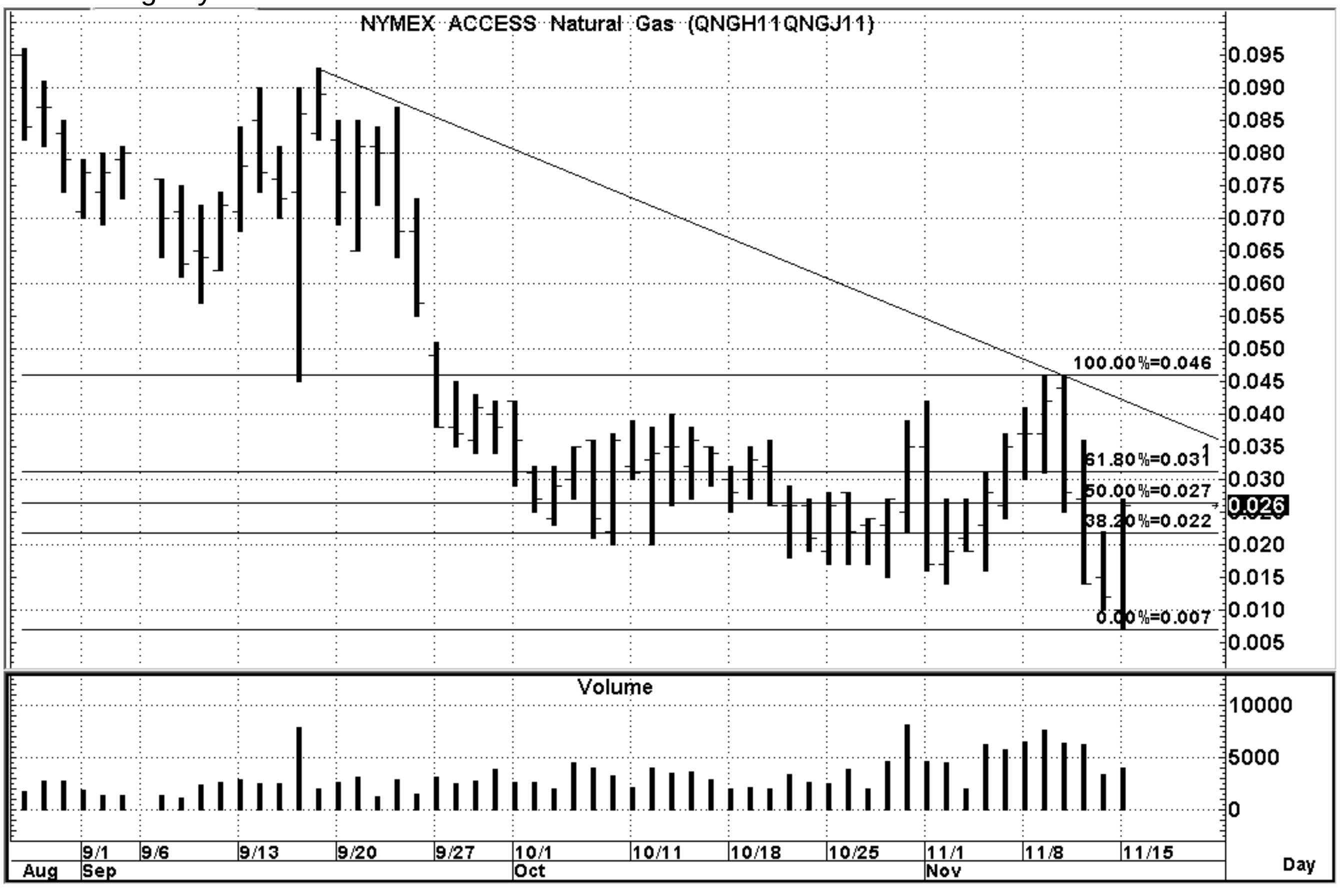
The Federal Reserve Bank of New York's monthly Empire State Manufacturing Survey said orders and shipments in New York State weakened this month for the first time since mid-2009. It said manufacturers' general business index fell 27 points to minus 11.1. The new orders index fell 37 points to minus 24.4. Unfilled orders fell 23 points to minus 24.7. The shipments index fell 25 points to minus 6.3. Its employment index remains in positive territory, at plus 9.09.

According to the Federal Reserve Bank of Philadelphia's fourth quarter Survey of Professional Forecasters economists have cut nearly every important barometer of economic performance. Forecasters cut estimates of growth in the current quarter to 2.2% from last period's estimate of 2.8%. Forecasts of growth over coming years was also cut, with growth in 2011 estimated at 2.5% and 2.9% in 2012, down from the previous forecast of 3.6%. Unemployment is seen averaging 9.3% over 2011, 8.7% in 2012 and 7.9% in 2013. It currently stands at 9.6%. The only positive sign in the report were economists' lowering of their estimates of a double dip recession, they now see an 11% chance of a negative quarter compared with 16.8% in last quarter's survey.

The Association of American Railroads said US railroad carload traffic in the week ending October 30th fell 3.3% on the week but increased 6.3% on the year. Carload traffic for the first 43 weeks of the year was up 7.3%from the same period last year.

MARKET COMMENTARY

The weather forecasts continue to drive the natural gas markets. While the U.S. market this morning was under pressure from more moderate temperature outlooks especially the 1-7 day forecast, by this afternoon a supportive midday 11-15 day temperature forecast pulled prices off their lows for the day and allowed the market to finish on a strong note, with the December contract off settling only down some eight cents but with the rest of the winter months up 3-4 cents. Meanwhile British natural gas prices extended their recent gains as cold weather in the UK and across Europe pushed prompt natural gas prices in Britain to a 4 month high with December natural gas values reaching the equivalent of $7.81 per Mmbtu, clearly signaling that LNG imports into the United States will not be forthcoming anytime soon.



Given the very low confidence factor in the 11-15 day forecast and the outlook for moderate temperatures for the next week, coupled with a dismal Empire State Manufacturing Index released today has not moved us out of our bearish near term outlook for prices. We continue to look for lower values looking for support initially at $3.724-$3.71 with an ultimate goal of backfilling at least partially the gap in the spot continuation chart at $3.656 to $3.41. But if a firm consensus builds for a bullish 11-15 day and longer temperature forecast then we would see prices move back towards the $4.00-$4.20 price level once again. Initially we see resistance at $3.916 followed by $3.98 and $4.043. Additional resistance we see at $4.19-$4.22, $4,34 and $4.40.

The March April spread today posted an outside trading session. New spread lows were set at the opening of the overnight Globex session on Sunday evening at 0.7 cents before rebounding back to a penny premium at mid morning. But like the outright market the spread rebounded at midday following the release of the new temperature forecasts and the spread finished up the day at 2.6 cent, March premium, basically retracing 50% of the spreads losses over the past week. Volume though in the spread was relatively light, with today's trading session posting the third smallest volume for a trading session this month. We see additional resistance for this spread at 3.1 and 4.1 cents. We continue to look for this spread to move towards a March discount to the April contract in the coming weeks.