

# W The Windham Group



## ***ENERGY RISK MANAGEMENT***

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### **POWER MARKET REPORT FOR NOVEMBER 20, 2006**

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

Following Nymex Holdings Inc.'s extremely successful initial public offering (IPO) late last week, the company's chairman left the field open, responding that future mergers were not out of the question, possibly even with its largest rival Atlanta-based Intercontinental Exchange (ICE).

FERC on Friday gave the environmental green light for Sempra Energy's Cameron LNG expansion project that would add 1.15 Bcf of sendout capacity to the company's import terminal currently under construction in Hackberry, LA.

FERC said in a preliminary report that the proposed Broadwater LNG terminal to be located in New York State waters of Long Island Sound has moved a step closer to final approval after government energy experts said the project would do little harm to the environment.

#### **PIPELINE RESTRICTIONS**

El Paso Natural Gas Company said that one of the two injection units at the Washington Ranch Storage Facility has experienced a mechanical failure. Due to unavailability of parts, the unit will be out of service for a minimum of two weeks. As a precautionary measure, the other unit has been taken out of service to perform a thorough inspection to determine its suitability for operation. It is anticipated that one unit will be available of injection on or before November 22. Until that time, no injection capacity exists. The storage facility has full withdrawal capability.

#### **Generator Problems**

**ECAR** – AEP's 1,060 Mw Cook #1 nuclear unit ramped up to full power as it returns from a refueling outage. Cook #2 is operating at full power.

FirstEnergy's 946 Mw Davis-Besse nuclear unit shut for a brief maintenance outage.

**ERCOT** – TXU Corp.'s 750 Mw Martin Lake #2 coal-fired power station restarted after fixing a boiler tube leak.

TXU Corp.'s 545 Mw Sandow coal/oil-fired power station restarted after fixing a boiler tube leak.

**MAAC** – FirstEnergy's 864 Mw Beaver Valley #2 nuclear unit increased output to 99%. The unit was operating at 40% on Friday as it returns from a refueling outage. Beaver Valley #1 remains at full power.

**MAIN** – WE Energies' 516 Mw Point Beach #2 nuclear unit is back at full power following a refueling outage. Point Beach #1 remains at full power.

**NPCC** – Dominion Energy's 866 Mw Millstone #2 nuclear unit increased output to 52% as it returns from a refueling. Millstone #3 remains at full power.

Entergy's 535 Mw Vermont Yankee nuclear unit decreased production to 87% as repairs are made on a transmission line.

The New York Power Authority restarted three of the 264 Mw units at the Blenheim-Gilboa pumped storage hydro power station in New York over the weekend.

**SERC** – Progress Energy's 937 Mw Brunswick #2 nuclear unit exited an outage and ramped up to 40%. Brunswick #1 reduced output to 65% capacity.

Dominion Resources' returned both 925 Mw North Anna power stations to full power

Duke Power's 1,100 Mw McGuire #2 nuclear unit increased output to 93%. Unit #1 continues to operate at full power.

**WSCC** – APS' 1,270 Mw Palo Verde #1 nuclear reached full power following a refueling outage.

Complete Energy's La Paloma natural gas-fired power station returned units #3 and #4 to service.

Kern River Pipeline said that linepack continues to be high everywhere but the Common Facility.

Texas Eastern Transmission Corp. said that it has restricted to capacity deliveries downstream of Castor on the Castor lateral. No increase of deliveries downstream of Castor on the Castor lateral will be accepted.

Tetco has scheduled to capacity all receipts sourced between Little Rock and Batesville for delivery downstream of Batesville. No increase of receipts between Little Rock and Batesville for delivery downstream of Batesville will be accepted. Tetco has restricted receipts sourced between Mt. Belvieu and Little Rock for delivery outside of that area.

Williston Basin Interstate Pipeline Company said that several points and line sections are in pipeline capacity constraint for today's timely cycle. Penalties will be imposed at the following line sections: Dickinson-Bismarck; Bismarck-Cleveland; Cleveland-Grafton; Williston-Bismarck; Cleveland-Mapleton; Portal-Tioga.

**WSCC** – Calpine Corp's 750 Mw Pastoria natural gas-fired power station cut output by 670 Mw for planned and unplanned maintenance.

**Canada** – Ontario Power Generation's 490 Mw Nanticoke #2 coal-fired power station shut for short-term work by early today. The unit had just exited an outage.

Bruce Power's 790 Mw Bruce #8 nuclear unit returned to service yesterday after a maintenance outage.

**Mexico** – Sempra Energy's 600 Mw Termoelectrica de Mexicali natural gas-fired power station reduced output by 480 Mw for planned and unplanned reasons over the weekend but has since returned to full power.

**The NRC reported that 83,918 Mw of nuclear capacity is on line, up 3.01% from Friday, but off 4.71% from a year ago.**

**PIPELINE MAINTENANCE**

Alliance Pipeline said that scheduled maintenance will require Unit #1 at the Carson Creek Meter/Compressor Station to be unavailable for six hours on November 23. Station capacity will be reduced to 17.2 MMcf for this gas day. The Carson Creek Station is located in Alberta. Alliance also said that Windfall Unit #3 will be unavailable for 96 hours starting on November 20 to perform maintenance. As Windfall Station is equipped with redundant compression, system throughput (AOS) will not be impacted. The Windfall Station is located in Alberta.

Gulf South Pipeline said that the current scheduled compressor maintenance on the Jackson Compressor Station Unit #1 will continue through November 22. Repairs began on September 12.

**Natural Gas Cash Market**

ICE Next Day Cash Market

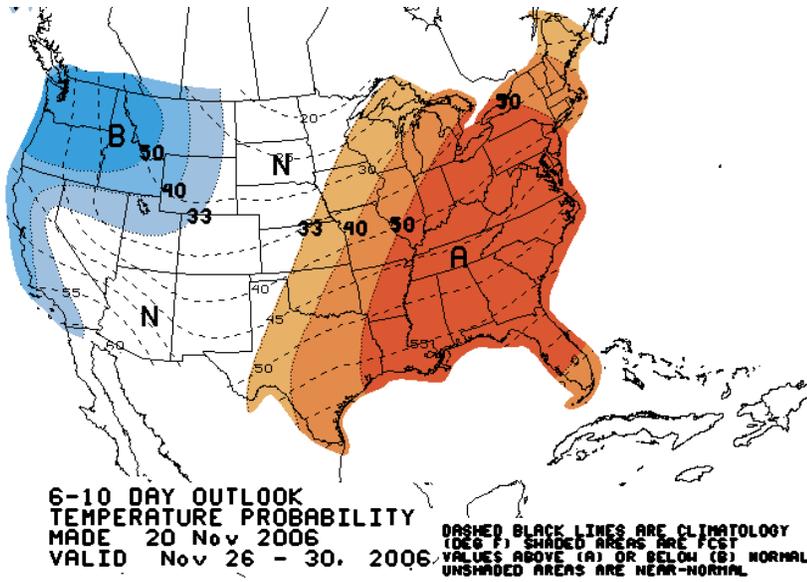
<u>Location</u>	<u>Volume Traded</u>	<u>Avg Price</u>	<u>Change</u>	<u>Basis</u> <small>(As of 12:30 PM)</small>	<u>Change</u>	<u>Basis 5-Day Moving Avg</u>
Henry Hub	793,700	\$7.785	\$0.552	(\$0.234)	\$0.712	(\$0.515)
Chicago City Gate	714,700	\$7.529	\$0.303	(\$0.446)	\$0.419	(\$0.593)
NGPL- TX/OK	567,600	\$7.101	\$0.398	(\$0.873)	\$0.514	(\$1.100)
SoCal	904,000	\$6.841	\$0.787	(\$1.133)	\$0.903	(\$1.553)
PG&E Citygate	466,000	\$7.534	\$0.419	(\$0.440)	\$0.535	(\$0.705)
Dominion-South	246,800	\$8.192	\$0.517	\$0.217	\$0.633	(\$0.185)
Transco Zone 6	194,600	\$8.388	\$0.567	\$0.414	\$0.683	(\$0.016)

**ELECTRIC MARKET NEWS**

Privately owned Tenaska Power Fund has received U.S. antitrust approval to acquire six natural gas-fired power plants from Constellation Energy Group. The \$1.6 billion cash deal includes 3,145 Mw worth of power generation plants in Illinois, West Virginia, Virginia, Texas and California from Constellation.

**MARKET COMMENTARY**

The natural gas market opened 7 cents lower to start an inside trading session as traders mull moderating forecasts and the holiday weekend. December natural gas trekked to 8.18 early in the session, but as forecasts call for milder late-week weather, the bulls stepped back and natural gas slid below the 8.00 level to a low of 7.91. The front month contract managed to scrape back above 8.00 to settle down 16 cents at 8.019, with roughly 76,000 contracts trading hands between the floor and Globex.



Despite a 5% run up in gas last week, many traders remain skeptical of the upside, expecting moderate weather, record high storage and the end of nuclear plant maintenance to temper buying until a broad-based cold front arrives. The market remains very much weather driven and as the nuclear units come back online, demand for gas-fired replacement power is slipping and without colder weather, the market will continue to slip to the lower end of its broad 7.00-8.25 range. Early expectations for Wednesday's EIA inventory report range from flat to a draw of 10 Bcf. Our heating degree model calls for an 10 Bcf draw, while our pipeline model is looking for a 3-4 bcf build. We

see support at \$7.90, \$7.60, \$7.50, \$7.38-\$7.40 and \$7.06. We see resistance at \$8.25, \$8.45, \$8.54, \$8.619 and \$9.00.

## Weekly Change In Nat Gas Stocks

■ Northern Natural    ■ Dominion    ■ Transco    ● EIA Storage  
■ ANR    ■ PG&E    ■ Tennessee

