



## **ENERGY RISK MANAGEMENT**

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### **POWER MARKET REPORT FOR NOVEMBER 21, 2007**

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

Baker Hughes reported that the number of rigs searching for oil and gas in the United States fell by four to 1,797 in the week ending Friday. During the same week last year there were 1,696 rigs active. The number of rigs searching for oil was flat at 337 while the number of rigs searching for gas fell four to 1,455.

Weather during the coming winter months will be mild but active, with above-normal temperatures across the deep South, Mid Atlantic and New England regions, according to forecasters at WxRisk.com.

TransCanada Corp. subsidiary NOVA Gas Transmission Ltd. filed an application Wednesday with the Alberta Energy and Utilities Board to build a major expansion of the northern section of the Alberta pipeline system consisting of 300 Km 42-inch pipeline and 26 Mw of additional compression. The estimated capital cost of this expansion is \$983 million.

#### **PIPELINE MAINTENANCE**

Gulf South Pipeline said that it will be performing scheduled maintenance on Goodrich Compressor Station Unit #6 beginning 7:00 AM on November 26 and continuing for approximately 30 days. Capacity through the Goodrich Compressor Station could be reduced by as much as 50 MMcf during this maintenance.

#### **PIPELINE RESTRICTIONS**

East Tennessee Natural Gas said that it is continuing to experience high due shipper imbalances on its system. ETNG does not have the operational flexibility to continue to manage these imbalances. Therefore, in order to maintain the operational integrity of the system, ETNG is issuing an Action Alert Operational Flow Order. Depending on ETNG operating conditions, ETNG may be required to expand the customer specific OFO to a system-wide OFO.

#### **EIA Weekly Report**

	11/16/2007	11/09/2007	Net chg	Last Year
<b>Producing Region</b>	1071	1063	8	1015
<b>Consuming East</b>	1991	2002	-11	1964
<b>Consuming West</b>	478	471	7	470
<b>Total US</b>	3540	3536	4	3449

\*storage figures in Bcf

#### **Generator Problems**

**MAIN** – Exelon's 912 Mw Dresden #2 nuclear unit reduced output to 20% power. Yesterday the unit was operating at 27% power. Dresden #3 continues to operate at 99% power.

**NPCC** – Constellation Energy's 1,120 Mw Nine Mile Point #2 nuclear unit reduced output to 95% power. The unit was operating at full power yesterday. Nine Mile Point #1 continues to operate at full power.

**PJM** – PSEG's 1,050 Mw Hope Creek nuclear unit increased output to 95% power. Yesterday, the unit was operating at 87% power.

Exelon's 875 Mw Three Mile Island #1 nuclear unit restarted and is warming up offline at 15% power.

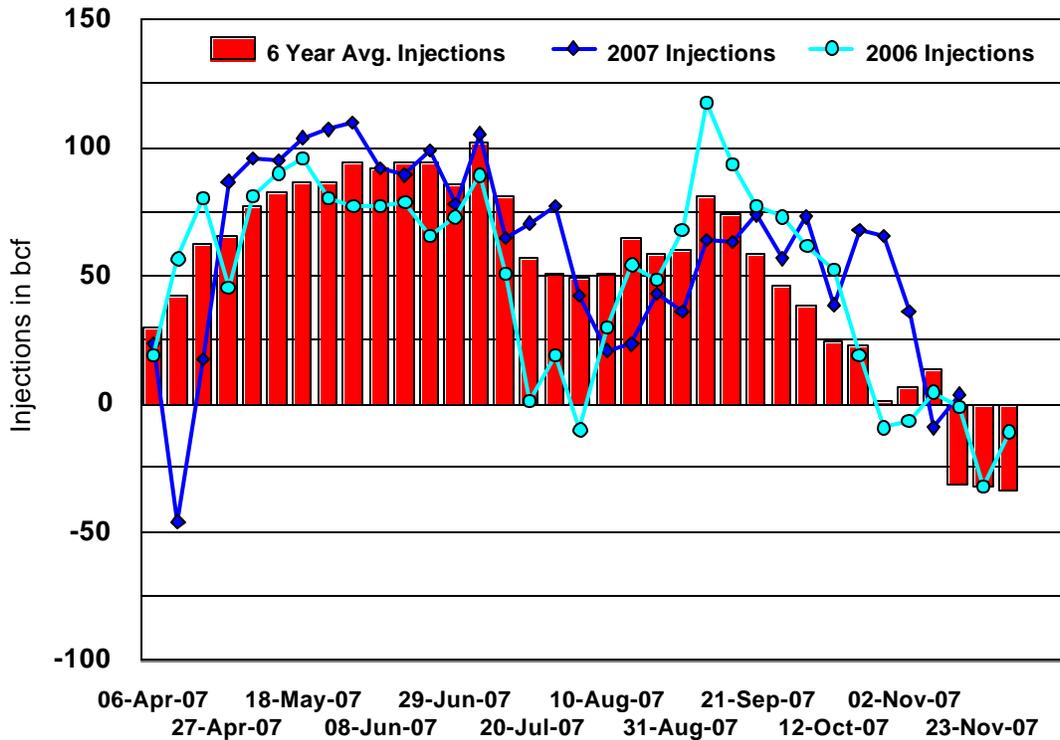
**SERC** – TVA's 1,125 Mw Sequoyah #1 nuclear unit increased output to 98% power. Yesterday, the unit was operating at 73% power. Sequoyah #2 continues to operate at full power.

Southern California Edison's 1,070 Mw San Onofre #2 nuclear unit reduced output to 97% power as it coasts down for a scheduled refueling outage.

**The NRC reported that 92,081 Mw of nuclear capacity is online, up .43% from Tuesday, and up 6.45% from a year ago.**

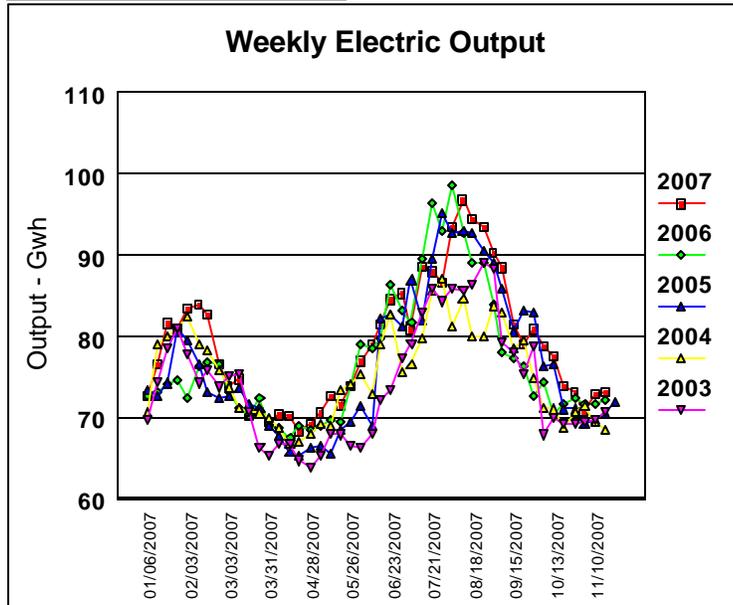
Southern Natural Gas Pipeline said that the White Castle Compressor Station, which is located on the west leg in South Louisiana, is not anticipated to return to service before November 30 following the unscheduled engine outage November 15 that brought force majeure. Until the repair is

## 2007 EIA Survey Injections VS 6-Year Average



completed, SoNat said that capacity in the South Louisiana Supply Area on the west leg will be reduced by an additional 35 Mmcf/d effective with the timely and evening cycles today and until further notice.

### ELECTRIC MARKET NEWS



The Edison Electric Institute reported that for the week ended November 17, total electricity demand was 73,355 GWh, .55% more than last week. Compared to the same week last year, demand is some 1.82% greater.

### MARKET COMMENTARY

The natural gas market extended its slide in early trading today, trading to a low of 7.42 in anticipation of a bearish inventory report and moderating temperatures in the 11-15 day forecast. The market recovered above the 7.50 level ahead of the inventory release, as traders looked to square up some of their net-short positions. The EIA reported that 4 Bcf was injected into the ground, resulting in little reaction from the market. The December contract traded to a high of 7.683 on continued short-covering, but as the session wound down, the market slid below 7.60 to settle at 7.55, up 7.3 cents on the session.

Total storage now stands at 3,540 Bcf, 91 Bcf above last year's levels for the same week and 284 Bcf above the five-year average of 3,256 Bcf. With the December options and futures expiring Tuesday and Wednesday of

next week respectively, we feel that more short-covering is due and if the 11-15 day forecast shows a swing to cool temperatures this market will move higher toward the middle of its range. We see support at 7.42, 7.25, 7.156 and 7.00. We see resistance at 7.814, 8.00, 8.25, 8.34 and 8.70.