



## **ENERGY RISK MANAGEMENT**

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### **POWER MARKET REPORT FOR NOVEMBER 22, 2006**

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

New York-based hedge fund Third Point LLC, which last year became the biggest shareholder in Western Gas Resources before its high-profile acquisition by Anadarko Petroleum Corp., on Tuesday announced it had purchased a 7.2% stake in independent producer Pogo Producing Co. Third Point also holds options to purchase another 200,000 shares.

#### **PIPELINE RESTRICTIONS**

Florida Gas Transmission said that it is issuing an Overage Alert Day at 25% tolerance due to colder weather and low linepack.

PG&E California Gas Transmission has called a system-wide operational flow order on its California natural gas pipeline for today's gas flow. PG&E issued the restriction because of high gas supplies on its system.

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.

#### **EIA Weekly Report**

	11/17/2006	11/10/2006	Net chg	Last Year
<b>Producing Region</b>	1015	1015	0	896
<b>Consuming East</b>	1964	1962	2	1938
<b>Consuming West</b>	470	473	-3	440
<b>Total US</b>	3449	3450	-1	3275

\*storage figures in Bcf

for the duration of this maintenance.

#### **Generator Problems**

**MAAC** – Constellation's 835 Mw Calvert Cliffs #2 nuclear unit returned to full power. The unit was warming up offline at 10% following a refueling. Calvert Cliffs #1 is operating at full power.

**MAPP** – Nebraska Public Power District's 800 Mw Cooper nuclear unit restarted following a refueling outage and is warming up offline at 3%.

**MAIN** – Dominion Resources' 591 Mw Kewaunee nuclear unit reduced output to 90% from 99% for some tests following recent outage.

**SERC** – Progress Energy's 938 Mw Brunswick #2 nuclear unit reduced output to 81% capacity. Brunswick #1 remains at 80% power.

South Carolina Electric & Gas Company's 1,000 Mw Summer nuclear unit exited a refueling outage and is warming up offline at 3%.

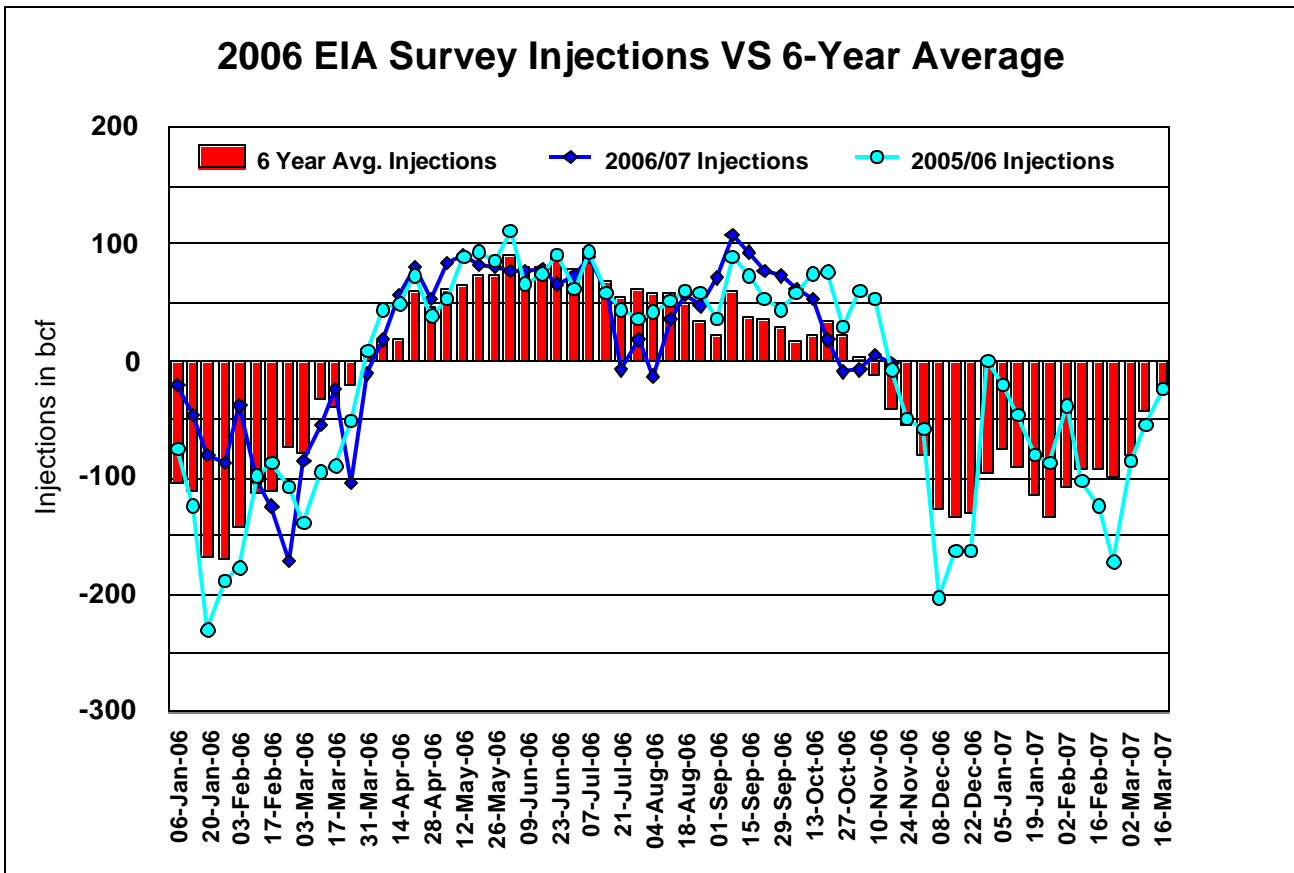
Dominion Resources' 800 Mw Surry #1 nuclear unit ramped up to 64% capacity as it returns from a refueling. Surry #2 continues to operate at full power.

**The NRC reported that 86,503 Mw of nuclear capacity is on line, up 1.15% from Tuesday, but 2.28% lower from a year ago.**

#### **PIPELINE MAINTENANCE**

Gulf South Pipeline said that it will be performing scheduled maintenance on both units at the Olla Compressor Station, with one unit unavailable at a time, beginning November 27, and continuing through December 22. With only one unit available at a time, capacity through the Olla Compressor Station could be affected as much as 250,000 Mcf/d

Williston Basin Interstate Pipeline Company said that there is a potential for flow restrictions for approximately 10 hours beginning at 7:00 AM CT on December 5 as planned maintenance is performed on Line Section 20 near the Lovell Compressor Station. At this time, the company does not anticipate any restriction to the system.



**ELECTRIC MARKET NEWS**

The Edison Electric Institute reported that electricity production in the continental U.S. for the week ended November 18 edged up 0.1% from the same 2005 week to 72,042 GWh. For the first 46 weeks of the year, power production was up 0.2% from last year and for the 52 weeks ended November 18, production was up 0.6% from the corresponding period in 2005.

**ECONOMIC NEWS**

The University of Michigan's final reading of its November index of consumer sentiment fell to 92.1 from October's final reading of 93.6. Economists polled by Reuters had expected a median final November reading of 93.1.

**MARKET COMMENTARY**

The natural gas market opened 12.8 cents lower in anticipation of today's EIA storage report, which was relatively in line with expectations, showing that 1 Bcf was taken from storage. December natural gas sold off prior to the EIA release, as builds in crude oil saw oil trade tumble some \$1.50 early in the session, taking natural gas with it to a spot contract low of 7.68. Natural gas shrugged off its own report having already reacted to the oil figures and lack of supportive weather. December natural gas finished the slow session off 27 cents to settle at 7.718.

Looking forward, moderate forecasts calling for warmer than normal temperatures to dominate from Texas through New England, will give bulls little support, as the market chops in its familiar range and possibly pays a visit to the lower 7.00 range. With 3.449 Tcf of gas in the ground and winter off to a slow start, there is little reason for this market to be at the upper end of its range and the bulls will have to wait for colder forecasts

before they can get back in this game. We see support at \$7.66, \$7.60, \$7.50, \$7.38 and \$7.06. We see resistance at \$7.90, \$8.00, \$8.26-\$8.26 and \$8.54.

Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
<u>Location</u>	<u>Traded</u>	<u>Price</u>		(As of 12:30 PM)		<u>Moving Avg</u>
Henry Hub	740,500	\$7.418	(\$0.156)	(\$0.300)	\$0.114	(\$0.411)
Chicago City Gate	488,200	\$7.004	(\$0.308)	(\$0.752)	(\$0.057)	(\$0.623)
NGPL- TX/OK	500,600	\$6.175	(\$0.478)	(\$1.581)	(\$0.227)	(\$1.215)
SoCal	421,400	\$5.181	(\$1.384)	(\$2.575)	(\$1.133)	(\$1.674)
PG&E Citygate	186,500	\$7.256	\$0.037	(\$0.500)	\$0.288	(\$0.639)
Dominion-South	133,300	\$7.721	(\$0.115)	(\$0.035)	\$0.136	(\$0.086)
Transco Zone 6	120,400	\$7.893	(\$0.131)	\$0.137	\$0.120	\$0.100