



## ENERGY RISK MANAGEMENT

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### POWER MARKET REPORT FOR NOVEMBER 27, 2007

#### NATURAL GAS MARKET NEWS

Canadian Natural Resources Ltd. blamed Alberta's new royalty regime for its decision to slash capital spending by one-third in 2008, which will result in a double-digit drop in forecasted natural gas production.

U.S. natural gas exports to Canada are up 12.5% this year, adding on average more than 170 MMcf/d of gas flowing north versus a year ago, while Canadian imports -- forecast to be sharply down -- are flat, according to an analysis by Bentek Energy LLC.

The NYMEX announced margin changes for its natural gas future contract and mini contract. Margins for the first and second months of the natural gas futures contract will remain the same at \$8,775. The margins for the third month will decrease to \$8,100 from \$8,775 for customers. Margins for the fourth to ninth months will decrease to \$6,750 from \$7,425 for customers. Margins for the first and second months of the mini natural gas contract will remain the same at \$2,194. Margins for the third month will decrease to \$2,025 from \$2,194 for customers. Margins for the fourth to ninth months will decrease to \$1,688 from \$1,856 for customers.

#### Generator Problems

**MAIN** – Exelon's 912 Mw Dresden #2 nuclear unit ramped up to 97% power today. Yesterday, the unit was operating at 89% power. Dresden #3 continues to operate at 98% power.

**SERC** – TVA's 1,100 Mw Browns Ferry #2 and #3 are back at full power. Browns Ferry #1 continues to operate at full power.

**WSCC** – Southern California Edison's 1,070 Mw San Onofre #2 nuclear unit shut for an extended refueling and maintenance outage. The unit was operating at 97% power yesterday. San Onofre #3 continues to operate at full power.

**The NRC reported that 91,104 Mw of nuclear capacity is online, down .70% from Monday, and up 4.09% from a year ago.**

#### PIPELINE MAINTENANCE

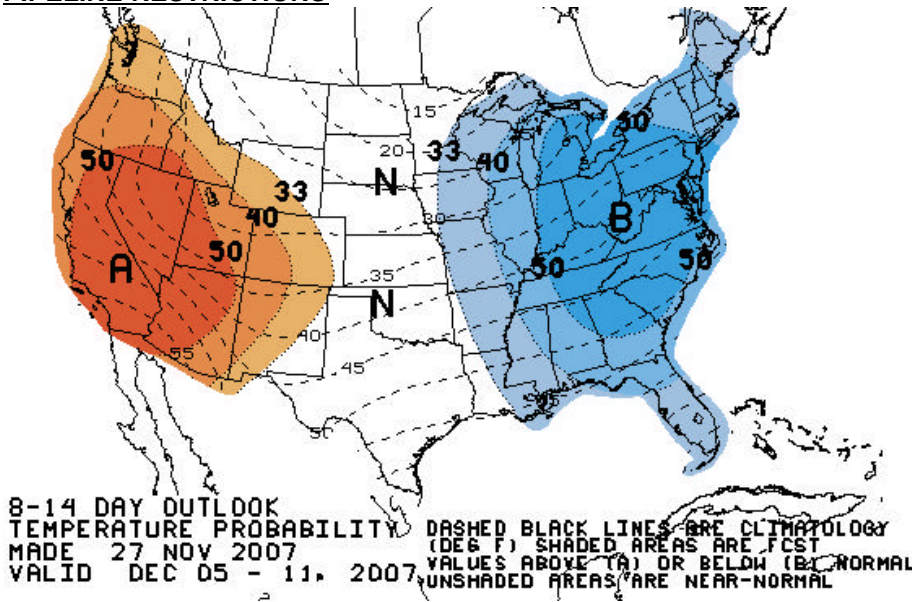
Natural Gas Pipeline Company said that it will be performing two hot taps near Station 110 today and continuing through November 28. Station 110 is located in Henry County, Illinois, in segment 14 of Natural's Iowa-Illinois zone. Natural does not anticipate that this work will affect customers.

Transcontinental Gas Pipe Line said that it will be completing work related to the Leidy-to-Long Island expansion project, which is scheduled to be in-service in December. A portion of the construction includes looping a segment of Transco's Pipeline between Compressor Station 505 and the mainline. Tie-in work will require

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	1,473,900	\$7.416	(\$0.114)	(\$0.142)	\$0.146	(\$0.816)
Chicago City Gate	839,600	\$7.646	(\$0.004)	\$0.088	\$0.212	(\$0.732)
NGPL- TX/OK	847,700	\$6.951	(\$0.153)	(\$0.607)	\$0.063	(\$1.333)
SoCal	1,184,800	\$7.284	\$0.095	(\$0.274)	\$0.311	(\$1.468)
PG&E Citygate	698,800	\$7.712	(\$0.112)	\$0.154	\$0.104	(\$0.239)
Dominion-South	454,000	\$7.956	(\$0.086)	\$0.398	\$0.130	(\$0.070)
Transco Zone 6	185,000	\$8.284	(\$0.051)	\$0.726	\$0.165	\$0.187

that Transco take a section of its Leidy Line out of service for approximately five days, beginning gas day Thursday and extending through gas day December 3. During this period, Transco will be required to limit the availability of some interruptible services in Zone 6. The following constraint locations will be limited to zero interruptible services for the time period identified above: Compressor Station 180; Compressor Station 190; Compressor Station 505; Compressor Station 520; Linden Regulator Station. Additionally, the interconnection between Transco and Texas Eastern Transmission Company at Lambertville will not be available for receipt or delivery.

**PIPELINE RESTRICTIONS**



Florida Gas Transmission said that its linepack is lower today. Therefore, customers in FGT's Market Area are notified that there is the potential that FGT may issue an Overage Alert Day on one of the upcoming gas days. If an Overage Alert day is issued, FGT believes there is a low probability for the need to interrupt previously scheduled Market Area ITS-1 service. Any actual interruptions will be posted as part of FGT's transactional reporting. FGT will continue to monitor hourly and daily takes.

Panhandle Eastern Pipe Line Company said that based on the investigation related to the

rupture downstream of the Haven Compressor Station that required a section of the 400 Line to be shut-in for repairs, Panhandle has determined that the rupture, and subsequent outage, on the 400 Line downstream of the Haven Compressor Station is a force majeure event. As indicated, effective for today's gas day, Panhandle will begin to limit nominations through Haven to 1,150 MMcf/d until further notice.

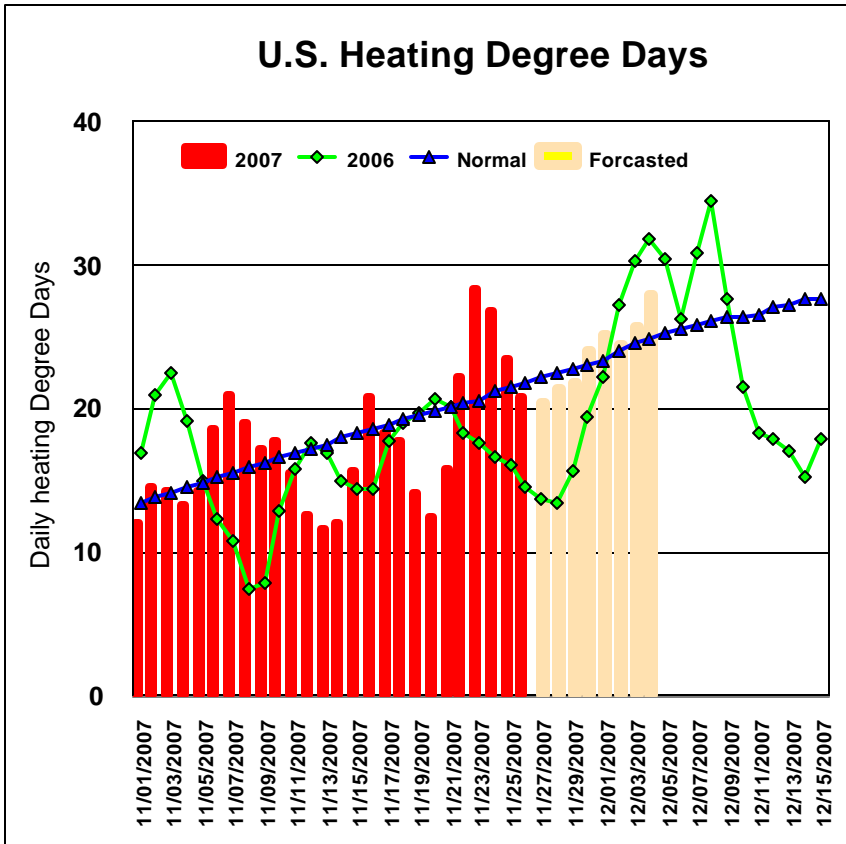
**ELECTRIC MARKET NEWS**

Operators at Byron Generating Station Unit 1 declared an Alert at 9:15 Am CT today because of an inadvertent nitrogen release in a pump room that made the room temporarily uninhabitable. The event was terminated at 11:03 AM CT when the room was ventilated and oxygen levels returned to normal levels. Byron workers were using nitrogen while performing maintenance work in the room. Both units remained at full power throughout the event.

Google today announced a new strategic initiative to develop electricity from renewable energy sources that will be cheaper than electricity produced from coal. The newly created initiative, known as "Renewable Energy Cheaper Than Coal," will focus initially on advanced solar thermal power, wind power technologies, enhanced geothermal systems and other potential breakthrough technologies. In 2008, Google expects to spend tens of millions of dollars on research and development and related investments in renewable energy. As part of its capital planning process, the company also anticipates investing hundreds of millions of dollars in breakthrough renewable energy projects, which generate positive returns.

**MARKET COMMENTARY**

The natural gas market fell today as the 11-15 day forecast showed further moderation. Also aiding the bears, was a \$3.00 sell off in crude oil. The December contract traded to a low of 7.52 on its last day as the spot contract, while the January contract traded to a low of 7.777, the respective lows of the market's over two-month range. The December options expired today, which drew attention to the 7.50 strike, but the market failed to penetrate, as that level has held for the past two months. The December contract settled down 16.6 cents at 7.557 and the January contract settled down 20.4 cents at 7.817.



The December January calendar spread continued to tighten, as traders roll their last contracts out of the December contract, where open interest was reported today at 27,808. With the market at its range low, the market will have to be monitored closely for a break, given the moderating weather in the 11-15 day period. However, with a draw of 15-20 Bcf expected this week and something in the range of 70-80 Bcf next week, coupled with potentially the coldest temperatures of the season for the first week of December, it is likely that the market will hold its low range here. We suggest looking for a dip to establish a short-term long position. We see support at 7.50, 7.435, 7.356 and 7.20. We see resistance at 7.70, 7.85 and 8.00.