



## ***ENERGY RISK MANAGEMENT***

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### **POWER MARKET REPORT FOR NOVEMBER 28, 2007**

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

Williams Cos. said today a fire at a cooling tower shut the Ignacio natural gas processing plant in Colorado. There were no injuries to plant personnel at the facility, which has the capacity to process up to 450 MMcf/d of natural gas, as well as 24,000 bpd of natural gas liquids.

El Paso Corporation announced today a subsidiary of the company has entered into an agreement to acquire a 50% interest in the Gulf LNG Clean Energy Project, a planned LNG terminal in Pascagoula, Mississippi. A subsidiary of El Paso will operate the facility and will manage its construction. The terminal is expected to be placed in service in late 2011 at an estimated cost of \$1.1 billion. The project includes construction of two storage tanks with a combined capacity of 6.6 Bcf; 10 vaporizers, providing base send-out capacity of 1.3 Bcf/d; and five miles of 36-inch pipeline, connecting the terminal to the Gulfstream, Destin, Florida Gas Transmission, and Transco pipelines.

French President, Nicolas Sarkozy is considering a proposal to freeze the price of natural gas to protect household purchasing power. France's dominant gas provider, Gaz de France, has the right to ask permission to raise prices from January 1. The company was preparing to ask for an increase of less than 10%. The government refused Gas de France a price rise in June this year.

Nigeria's second main oil union will call a nationwide strike next week unless the government resolves labor disputes at the Nigerian LNG company. The union, NUPENG wants the LNG company and its contractors to recognize it and reinstate members who were sacked because they had formed a workers' union.

#### **PIPELINE MAINTENANCE**

Colorado Interstate Gas Company has issued an updated maintenance schedule for the remainder of November. One unit at the Elk Basin Compressor Station will be out of service through November 30. The capacity through ELK will be reduced from 105 to 70 MMcf/d. The Lost Creek Meter Station will be out of service through November 30. Volume at LCW will go to zero during this outage.

El Paso Natural Gas Company has released its preliminary maintenance schedule for December. Various points along North Mainline will under go maintenance all month, with capacity reductions ranging from 15-246 MMcf/d. In San Juan Crossover maintenance, capacity will be reduced by 32 MMcf/d December 3-6. In South Mainline maintenance, December 10-13 will have a capacity reduction of 54 MMcf/d. In Havasu Crossover maintenance, the estimated capacity reduction is 158 MMcf/d from December 10-13. Finally, in Topock Mojave maintenance, December 2-6 will see a capacity reduction of 75 MMcf/d.

Enbridge Offshore Pipelines said that its Stingray unit plans to make piping repairs at its Station 509 offshore compressor station December 3. These repairs will take place over several days. At this time, no service interruption is anticipated, but there is a possibility that the repairs could cause the 509 compressor station to

#### **Generator Problems**

**Canada** – Ontario Power Generation's 515 Mw Pickering #6 nuclear unit returned to service by early today. The unit shut September 15 for maintenance.

**The NRC reported that 91,194 Mw of nuclear capacity is online, up .10% from Tuesday, and up 4.35% from a year ago.**

shut-in for a day or more causing the station to operate in by-pass mode effecting pressures on the pipeline system.

Gulf South Pipeline said that it will be performing scheduled pipeline maintenance at the Baxterville Junction beginning tomorrow and continuing for approximately two days. Gulf South also said it will perform scheduled maintenance at the Carthage #2 Compressor Station on all units, on at a time, beginning December 4 and continuing for two days. Capacity through Carthage #2 Station could be reduced by as much as 50 MMcf/d. Finally, Gulf South will be performing scheduled maintenance on Kiln Compressor Station Units #1 and #2 beginning December 6 and continuing for eight hours. Capacity through Kiln Compressor Station could be reduced by as much 150 MMcf/d during this maintenance.

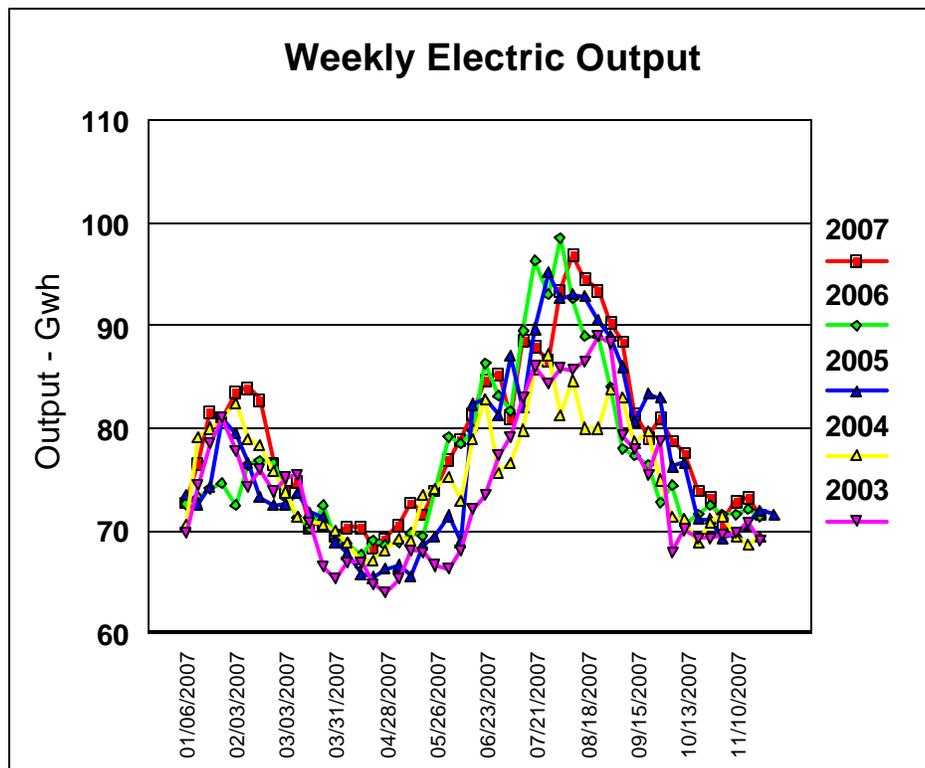
Southern Natural Gas Pipeline said that as previously posted, the company has experienced an unscheduled outage on the 14-inch Chattanooga Branch line in North Georgia. As a result of this outage, Southern may be required to allocate/limit interruptible capacity and/or limit deliveries to 6% hourly entitlement rights beginning with the intraday 1 cycle today.

### **PIPELINE RESTRICTIONS**

Questar Pipeline Company said that due to increased liquid recovery, it will increase the frequency of pigging the ML-60 line to Mondays, Wednesdays and Friday s, beginning with gas day December 3. Nominations will not be accepted to the Rifle Generation plant during each pigging operation. Nominations to RMNG will be evaluated prior to each pigging operation and may not be accepted.

### **ELECTRIC MARKET NEWS**

The Edison Electric Institute reported that power production in the continental U.S. for the week ended November 24 rose 0.3% from the same 2006 week to 71,597 GWh. Production was 2.40% lower than last week's report.

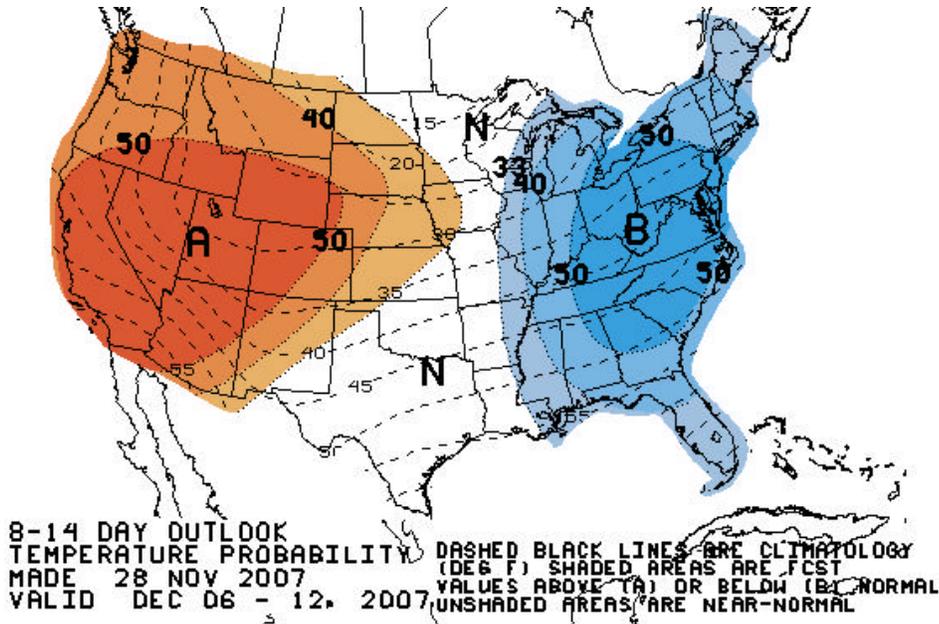


Dominion Resources has submitted an application to build a new nuclear reactor. Dominion's application is the third request by a U.S. utility to build a new nuclear reactor this year following a 30-year construction hiatus. The NRC has already approved an early site permit to allow Dominion to build a new reactor at its North Anna Power Station in Louisa County, Virginia.

Avista Utilities, which serves about 115,000 customers in north Idaho, will be looking to natural gas and renewable sources of energy for added generation over the next decade. Avista plans on

contracting with a natural gas plant near Rathdrum for 350 Mw. It also plans on adding 300 Mw from wind sources, 35 Mw from other renewable resources and 87 Mw from energy savings due to conservation measures.

The EIA released a report titled "Emissions of Greenhouse Gases in the United States 2006," which shows that total U.S. greenhouse gas emissions were 7,075.6 metric tons carbon dioxide equivalent in 2006, a decrease of 1.5% from the 2005 level. Since 1990, U.S. GHG emissions have grown at an average annual rate of 0.9%. The

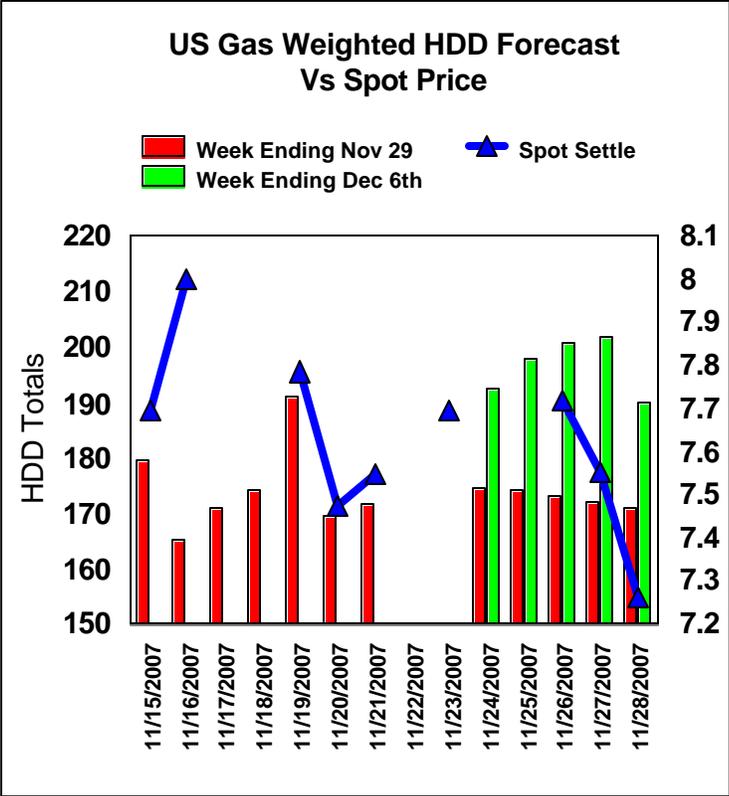


2006 emissions decrease is only the third decline in annual emissions since 1990. The report further showed that U.S. GHG emissions per unit of GDP, or "U.S. GHG-intensity," fell from 653 metric tons per million 2000 constant dollars of GDP in 2005 to 625 metric tons per million 2000 constant dollars of GDP in 2006, a decline of 4.2%. Since 1990, the annual average decline in GHG-intensity has been 2.0%. Also, emissions of carbon dioxide from energy consumption and industrial processes, which has risen at an average annual rate of 1.2% per year from 1990 to

2005, declined by 1.8% in 2006.

**MARKET COMMENTARY**

The natural gas market tumbled down the charts with the rest of the energy complex. The December contract hit expiration on the downturn, feeling the pressure of healthy storage, a mild weather outlook for mid-December and beyond, and a crashing crude market, that lost \$3.80 on the day. Natural gas broke through over two-month support at 7.50 and lost 35.4 cents on the day to go off the board at 7.203 after reaching a low of 7.183. The new spot January contract settled down 33.1 cents at 7.486 after trading between 7.47 and 7.775.



Technically, the market broke old lows on the January contract at 7.561 from September 10, and also managed to close the spot gap from the November-to-December move. If weather forecasts continue their moderating trend and we don't hold this break down, we could be looking at the \$7.00 level in the near future. Expectations for tomorrow's EIA inventory report call for a draw of between 15 and 25 Bcf with most looking for a draw of 17-20 Bcf. This will compare to a 32 Bcf draw seen last year and the five-year average draw of 30 Bcf. So if the report comes in as expected, that could creep the five-year average surplus closer to 300 Bcf, and help smooth the road to \$7.00. We see support at 7.40, 7.305, 7.25, 7.00 and 6.65. We see resistance at 7.70, 7.931, 8.00 and 8.25.