



## ***ENERGY RISK MANAGEMENT***

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### **POWER MARKET REPORT FOR DECEMBER 13, 2004**

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

The Climate Prediction Center this morning reported that for the week ending December 11, 2004, the nation saw some 141 heating degree-days on a gas home heating customer weighted basis. This was some 24.2% less than normal and some 23.8% less than the same week a year ago. For the current week ending December 18<sup>th</sup> the CPC is predicting 188 HDD some 5.5% warmer than normal and some 7.4% less than the same week a year ago.

ChevronTexaco and Cheniere Energy finalized their 20-year agreement to give ChevronTexaco 700 Mmcf/d of capacity at the proposed LNG facility at Sabine Pass in Louisiana. The agreement also includes options to reduce or expand capacity.

BP said Monday that its oil and natural gas production at its deepwater Gulf of Mexico Holstein development field began initial output last week. At peak production, the facility is expected to produce more than 100,000 b/d and 90 Mmcf/d of gas. The company said that one of the 15 wells began production on December 9<sup>th</sup> and that peak production should be reached in 12 months.

PECO Energy said that that recent EIA storage report error cost the company some \$8 million dollars.

Crosstex Energy LP announced today that it has entered into agreements with

#### **Generator Problems**

**ERCOT** – The 528 Mw coal fired Unit #2 at the Welsh Power Plant was undergoing repair work including work on emissions control equipment that was going to reduce airflows from Monday morning through Friday. The unit's boiler was expected to be restarted this afternoon after recent maintenance on the boiler.

The Harrington Station Power Plant saw the 360 Mw coal fired unit #2 taken off line today for a couple of days for operators to repair a gasket in the balance line.

**FRCC** – Florida Power and Light increased output 42% at its 693 Mw Turkey Point #3, returning it to full power after repairing a condenser tube leak on the secondary, non-nuclear side.

**MAAC** – Exelon increased output 25% at its 875 Mw Three Mile Island #1, returning it to full power. The unit was at 75% on Friday, not reason is available.

PSEG began warming up its Salem #2 unit this morning offline at 2% following an oil spill on the Delaware River. #1 remains shut, but that unit #1 would be restarted sometime this week as well.

**MAIN** – Nuclear Management Co. ramped production 35% to 90% at its 574 Mw Kewaunee plant. The unit was at half power last week after it came off a refueling.

Exelon increased power at its Dresden plant. The #2 800 Mw unit climbed to 79% after a generator shaft problem was fixed, and the #3 800 Mw ramped to 96% as it continued to exit a refueling.

**MAPP** – Nebraska Public Power continues to prepare its 800 Mw Cooper nuclear unit for a refueling, and reduced power 1% to 94%.

**SERC** – Entergy restarted its 966 Mw River Bend nuclear plant at 68% after it unexpectedly scrambled shut on Friday. The unit shut when “an automatic actuation of the reactor protection system (RPS) occurred resulting in a reactor scram.” The RPS went off after a compressor failed that provided power to the feed water control system.

producers in the Fort Worth Basin that would support a major pipeline project to bring Barnett Shale gas out of the basin. The proposed pipeline would feed into major pipelines that serve markets in Texas and the Midwestern and Eastern U.S.

The U.S. Minerals Management Service reported this afternoon that USG producers have made no progress in returning shut in production from Hurricane Ivan since Thursday. The agency reported that some 151,777 b/d of crude production remains shut in while 594.29 Mmcf/d of gas output also remains off line.

**PIPELINE RESTRICTIONS**

Natural Gas Pipeline Co of America is at capacity for gas received upstream of Compressor Station 155 in Wise County, Texas in Segment 1 going northbound. Capacity is available for deliveries to ANR South Joliet #2 in Will County, Illinois (Segment 33). Deliveries to Florida-Jefferson are at capacity. Capacity is available for gas received on the Arkoma Line (Segment 16). In the Louisiana Line, Segment 25 in the Texok-Gulf Coast Zone going eastbound from station 302 in Montgomery County, Texas is at capacity. Segment 23 in the Louisiana Zone going eastbound through Station 342 in Cameron Parish Louisiana and Segment 24 in the Louisiana Zone going eastbound through Station 346 in Cameron Parish Louisiana are also at capacity. NGPL is at capacity for transportation going northbound through and downstream of Compressor Stations 109 and 110 (Segment 14) and through Compressor Station 801 (Segment 15).

**Generator Problems-continued**

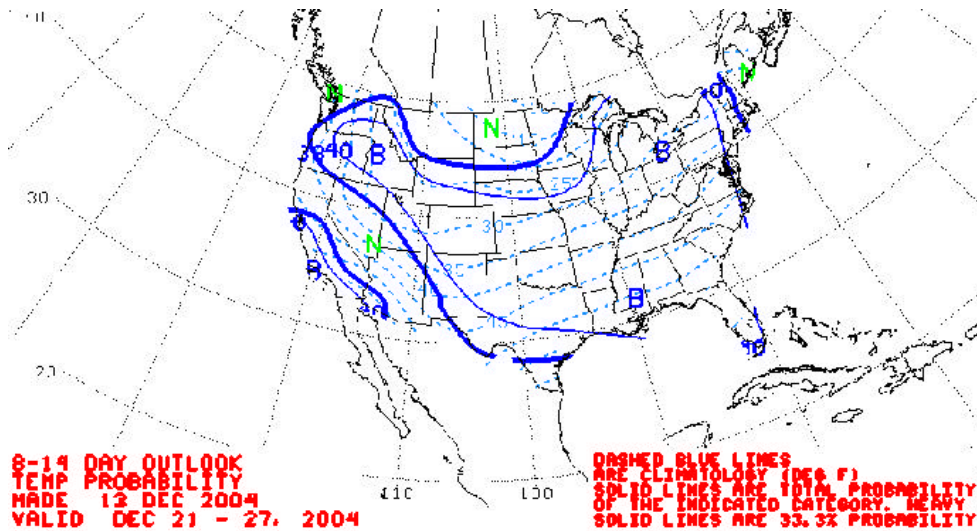
**WSCC** – Pacific Gas and Electric restarted its 1,100 Mw Diablo Canyon #2 nuclear unit, warming it up offline at 8% as it returns from a refueling. It will remain at this level for 48 hours as additional maintenance is done on secondary systems. The #1 unit is operating at full power.

Arizona Public Service boosted production 30% operating its 1,270 Mw Palo Verde #3 at full capacity as it returns from a refueling. #1 and #2 are operating at full power.

The 790 Mw Unit #2 at the Mohave Power Plant had been shut since late Friday.

**The NRC reported that U.S. nuclear generating capacity was at 90,149 Mw today up 1.82% from Friday.**

**The Cal ISO reported that 10,131 Mw of generation capacity was off line early Monday, down 1282 Mw from late Friday.**



Texas Eastern Transmission Corp.'s Monroe Line has been nominated to capacity. No physical increases can be accepted from the following meters: Gulf South West Monroe, Reliant Energy West Monroe, and Duke Energy Field Services – Ouachita Parish, La. Also nominated to capacity, receipts between Mount Belvieu in STX and Fergus in M1 24-inch, including zone ETX. No increases in physical receipts will be accepted between the

Mount Belvieu and Fagus compressor stations.

East Tennessee Natural Gas reports that the following restrictions are in place on the East Tennessee system: Secondary receipts out of path upstream of station 3104; secondary receipts out of path upstream of station 3205; and secondary deliveries downstream of station 3313 on the 8 inch 3300 line between Rural Retreat and Roanoke. Also, ETNG will institute its Maximum Allowable Delivery Service.

**PIPELINE MAINTENANCE**

Florida Gas Transmission said that current weather forecasts indicate the potential for freezing temperatures to move into the northern half of Florida tonight. FGT would like to alert their customers in its Market Area that FGT may issue an Overage Alert Day to ensure linepack does not drop to lower levels.

Southern Natural Gas Pipeline Co. said it is implementing an OFO Type 6 for short imbalances on its contiguous pipeline system effective for the start of Tuesday Dec. 14.

Alliance Pipeline identified a situation that will require them to shut the Irma Compression Station in order for them to correct it. The correction will require 30 hours to perform and will impact the system throughout for Dec. 14. It is anticipated that AOS levels will return to the forecasted Dec. Level on Dec. 15.

#### **ELECTRIC MARKET NEWS**

Officials with the U.S. power sector and the Department of Energy today signed an agreement designed to guide voluntary reductions in greenhouse gas emissions intensity over the next 10 years. The agreement looks to reduce greenhouse gas emissions intensity in the U.S. economy or GDP by 18% by 2012.

#### **MARKET COMMENTARY**

The natural gas opened stronger this morning supported by growing calls for colder temperatures to finally envelop much of the eastern half of the nation by next week. While the National Weather Service this morning appeared to revise downward its temperature outlook for this week, traders remained focused on the discussion of the weather pattern changing and that significantly colder temperatures would sweep across much of the nation next week. As a result prices gapped higher this morning and remained above the \$7.00 price level throughout the day, despite traders finding little traction to push prices outside of a relatively tight trading range of 16 cents. Final volume on the day was not noteworthy as just 55,000 futures traded.

Weather remains the key to this market and given tonight's NWS 8-14 day temperature outlook which calls for almost all of the nation to see below normal temperatures for next week should keep the bears on the defensive, at least until the EIA storage report is released later this week. We would look for \$7.22 as initial resistance tomorrow followed by \$7.365, \$7.40, \$7.62, \$7.77-\$7.785, \$7.875 and \$7.96. Support we see at the gap created this morning at \$7.06-\$7.03, followed by \$6.95, \$6.875, \$6.80, \$6.54 and \$6.505.

***FYI The holiday trading schedule for the NYMEX for this year and next can be found at [www.nymex.com/jsp/resources/holida\\_schedu.jsp](http://www.nymex.com/jsp/resources/holida_schedu.jsp)***

