



## ***ENERGY RISK MANAGEMENT***

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### **POWER MARKET REPORT FOR DECEMBER 18, 2006**

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

The U.S. FERC scheduled four days of hearings in New York and Connecticut in January to take public comments on a draft environmental impact statement agency staff issued last month on a proposed LNG import terminal in Long Island Sound. Broadwater Energy, a joint venture of TransCanada and Shell, in January submitted an application to FERC to build and operate a 1 Bcf/d floating import terminal and regasification unit. The company said it hopes to begin operations in late 2010.

#### **PIPELINE RESTRICTIONS**

ANR Pipeline Company said that due to unplanned engine repairs at Patterson Compressor Station, it will need to restrict the Southeast Gathering Area, Patterson to Eunice delivery capacity to 650 MMcf/d available from December 17-22. Based on current nominations for this segment, it is anticipated that the above reductions will result in the curtailment firm secondary and IT nominations. It is also anticipated that meters between Patterson and Eunice will experience lower than normal delivery pressures for the duration of this outage.

Kern River Pipeline said line pack is high across its entire system.

Natural Gas Pipeline Company said that it has limited capacity available for deliveries to ANR South Joliet #2. Limited ITS/AOR and secondary firm transports are available. ANR South Joliet is located in Will County, Illinois (Segment 33) in Natural's Iowa Illinois Receipt Zone.

#### **Generator Problems**

**ERCOT** – TXU Corp.'s 750 Mw Martin Lake #3 coal-fired power station restarted following repairs to a boiler tube leak. The unit shut December 15.

TXU Corp.'s 545 Mw Sandow #4 coal/oil-fired power unit restarted today following a boiler tube leak. The unit shut December 16 for the repairs.

American Electric Power's 528 Mw Welsh #1 coal-fired power unit is expected to restart December 17-20. The unit tripped due to a turbine control malfunction.

**MAAC** – Constellation Energy's 873 Mw Calvert Cliffs #1 nuclear unit exited an outage and ramped up to full power over the weekend. On Friday, the unit was operating at 10%. Calvert Cliffs #2 continues to operate at full power.

Exelon Corp.'s 810 Mw Three Mile Island #1 nuclear unit exited an outage and ramped up to full power by early today. On Friday, the unit was operating at 3% capacity.

**MAIN** – Exelon Generation Company's 912 Mw Dresden #2 nuclear unit increased output to 99% capacity. On Friday, the unit was operating at 72% capacity. Dresden #3 is operating at 97% up from 96% held on Friday.

**MAPP** – Xcel's 593 Mw Prairie Island #2 nuclear unit is at full capacity, up 6% from Friday. Prairie Island #1 remains at full power.

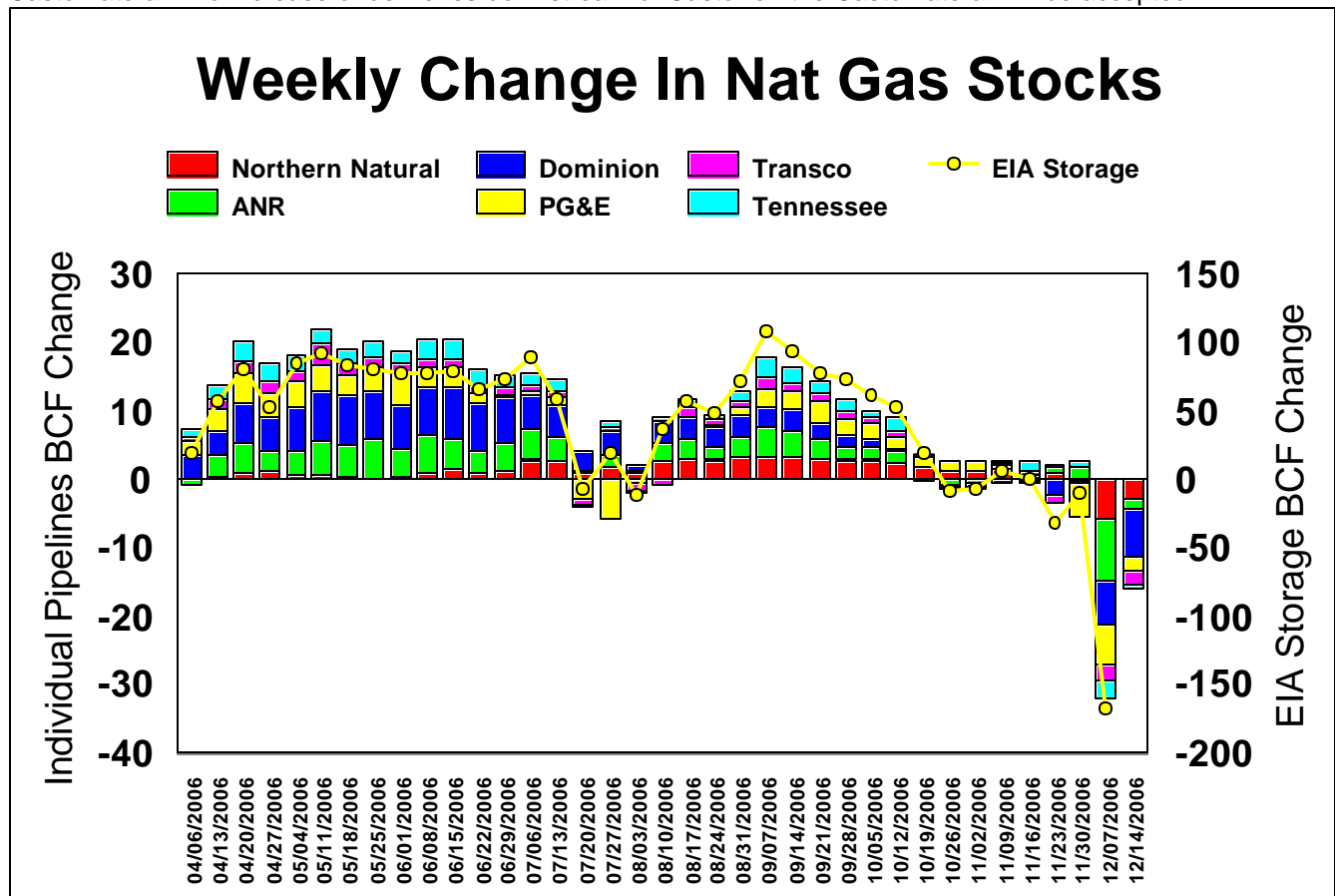
**SERC** – Duke Energy's 846 Mw Oconee #1 nuclear unit ramped up to 50% of capacity. On Friday, the unit was operating at 20% power after exiting a refueling outage. Oconee #2 and #3 continue to operate at full power.

**WSCC** – PG&E's 1,100 Mw Diablo Canyon #2 nuclear unit ramped up to 54% capacity. On Friday, the unit was operating at 46%. Diablo Canyon #1 is operating at full power.

Southern California Edison's 1,080 Mw San Onofre #3 nuclear unit ramped up to 79% capacity as it makes its way back from a refueling outage. On Friday, the unit was operating at 9%. San Onofre #2 remains at 99% capacity.

**The NRC reported that 91,827 Mw of nuclear capacity is on line, up 3.85% from Friday, but .92% lower from a year ago.**

Texas Eastern Transmission Corp. said that it has scheduled to capacity deliveries downstream of Castor on the Castor lateral. No increase of deliveries downstream of Castor on the Castor lateral will be accepted.



Williston Basin Interstate Pipeline Company said that a number of line sections are in pipeline Capacity Constraint. Penalties will be imposed for all those mentioned below. Line Sections include: Cabin Creek-Dichinson; Dickinson-Bismarck; Bismarck-Cleveland; Cleveland-Grafton; Williston-Bismarck; Belle Fourche-Recluse; Cleveland-Mapleton; Portal-Tioga; and Belle Creek-Manning.

### **PIPELINE MAINTENANCE**

Alliance Pipeline said that regular scheduled maintenance will require the Albert Lea Compression Station to be offline for four hours on December 19. System throughput should not be affected for the gas day of December 19.

Gulf South Pipeline said that scheduled maintenance on all units at Jackson Compressor Station has been extended through December 23. Repairs began December 11. Capacity through the Jackson Compressor Station could be affected by as much as 125 MMcf/d for the duration of this maintenance.

PG&E California Gas Transmission has scheduled annual maintenance at the Kettleman Compressor on January 15-19. Capacity on the Baja Line will be reduced to 1,050 MMcf/d, roughly 92% of capacity.

Trailblazer Pipeline said that January 3 it will be installing a new hot tap at the Cheyenne Hub for Rockies Express Pipeline. Trailblazer does not anticipate any impact to transport scheduling for this work.

Williston Basin Interstate Pipeline said that planned maintenance will be performed at the Fort Peck Compressor Station through December 27. Maximum capacity at the Fort Peck Compressor Station will be approximately 22.6 MMcf during the work.

**ELECTRIC MARKET NEWS**

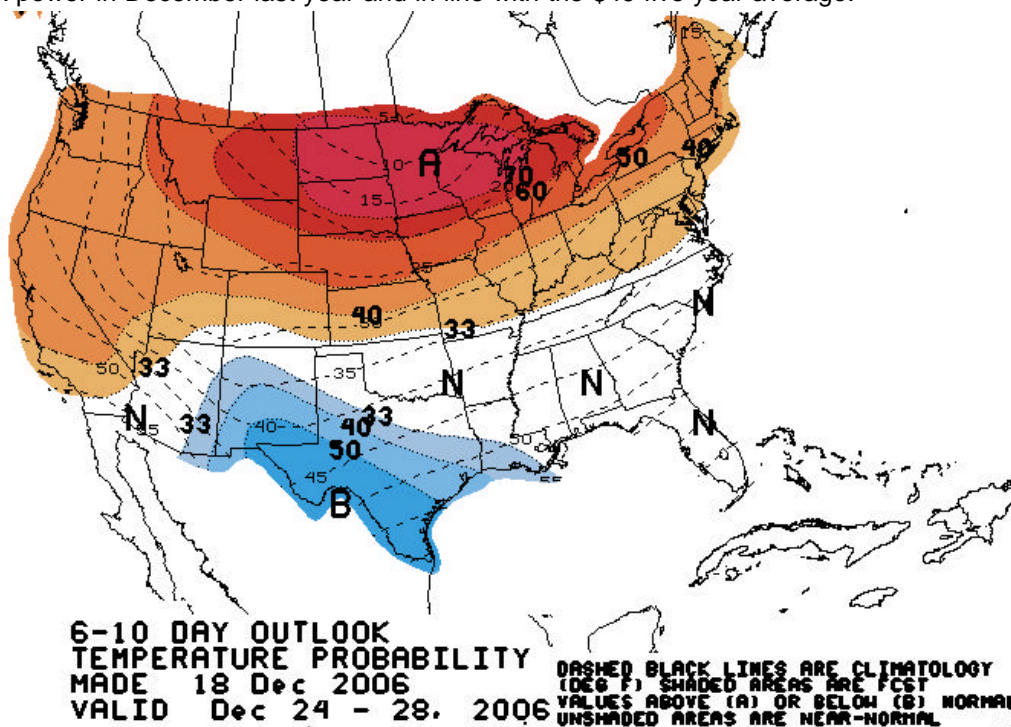
New York and 11 other states will file a lawsuit challenging a Bush Administration rule that regulates fine-particle pollution, or soot, from power plants and other sources. The states will challenge a rule the EPA issued on September 21 that they said violates the Clean Air Act by ignoring scientific evidence and setting the standards at levels that are too weak to adequately protect public health.

Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	Volume Traded	Avg Price	Change	Basis (As of 12:30 PM)	Change	Basis 5-Day Moving Avg
Chicago City Gate	584,100	\$6.694	(\$0.205)	(\$0.415)	\$0.031	(\$0.439)
NGPL- TX/OK	573,700	\$6.216	(\$0.146)	(\$0.893)	\$0.090	(\$0.913)
SoCal	625,400	\$6.840	(\$0.019)	(\$0.269)	\$0.217	(\$0.465)
PG&E Citygate	678,100	\$7.169	(\$0.137)	\$0.060	\$0.099	(\$0.057)
Dominion-South	353,600	\$6.823	(\$0.176)	(\$0.286)	\$0.060	(\$0.316)
Transco Zone 6	144,700	\$7.265	(\$0.008)	\$0.156	\$0.228	\$0.078

Electricity prices in eastern North America crawled higher on forecasts for temperatures to fall to near normal levels and give a slight boost to heating demand. In PJM, the biggest electric grid in the East, prices at the Western Hub for Tuesday gained a few dollars to \$40-\$50 per megawatt hour in weak trading. That is well below the \$98 average for on-peak power in December last year and in line with the \$49 five-year average.

**MARKET COMMENTARY**

The natural gas market gapped lower 25 cents to start the pre holiday trading week. Pressured by a continuing bearish combination of warm winter forecasts and hefty storage stocks, January natural gas slid to a low of 7.04, the market's lowest point since October 24. The front month treaded on either side of 7.10 for the majority of the session before settling down 33.4 cents at 7.075, an eight-week low.



The market remains in a downward spiral as a lack of Arctic air on the horizon puts the bears squarely in control. According to forecasters, the major gas consuming regions of the country are likely to continue to post warmer than normal temperatures through the end of the year. Those mild conditions are expected to generate significantly lower than normal storage pulls over the next two weeks, leaving little relief for market bulls. We see support at \$7.00, \$6.84-\$6.88, \$6.75, \$6.55 and \$6.25. We see resistance at \$7.20, \$7.40, \$7.87-\$7.88, \$8.00, \$8.13, \$8.29-\$8.30, \$8.70 and \$9.05.

