



## **ENERGY RISK MANAGEMENT**

Howard Rennell, Pat Shigueta,  
Karen Palladino & Zachariah Yurch  
**(212) 624-1132 (888) 885-6100**

**www.e-windham.com**

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

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

FERC Friday issued a favorable final environmental review of Colorado Interstate Gas Co.'s (CIG) proposed expansion of its system to serve growing natural gas demand along the Colorado Front Range, particularly in the Denver metropolitan area.

Questar's Overthrust Pipeline notified FERC Thursday that it has completed construction of its entire Wamsutter Expansion Project in Wyoming and the facilities are now available for service.

The Commodity Futures Trading Commission (CFTC) got a \$14 million hike in its budget for fiscal year (FY) 2008 in the omnibus spending bill that President Bush signed into law Wednesday.

Baker Hughes reported that total rigs in the United States searching for oil and gas dropped 27 from last week to 1,782, though that is 72 more than last year at this time. There were a total of 1,452 searching for natural gas, down 9 from last week and 325 searching for oil, down 18 from last year.

#### **Generator Problems**

The NRC reported that 94,025 Mw of nuclear capacity is online, down .11% from Thursday, and down .27% from a year ago.

#### **EIA Weekly Report**

	12/21/2007	12/14/2007	Net chg	Last Year
<b>Producing Region</b>	938	985	-47	946
<b>Consuming East</b>	1657	1757	-100	1777
<b>Consuming West</b>	413	431	-18	404
<b>Total US</b>	3008	3173	-165	3128

\*storage figures in Bcf

#### **PIPELINE MAINTENANCE**

Southern Natural Gas Pipeline Co. said that as previously posted on December 24 Southern experienced an unscheduled outage on the 24-inch 2<sup>nd</sup> North Main Line upstream of Tarrant Compressor station located in north central Alabama. SoNat anticipates putting the line back in service today.

Colorado Interstate Gas Company said in Wyoming, one unit at Wamsutter Compressor Station will be out of service January 1 through January 16. In Colorado, the Greasewood Compressor Station will be out of service January 15. Capacity will be reduced from 195 to 140 MMcf/d. None of the planned maintenance in Utah, Kansas and South of Springfield, Colorado is expected to impact service.

#### **Canadian Gas Association**

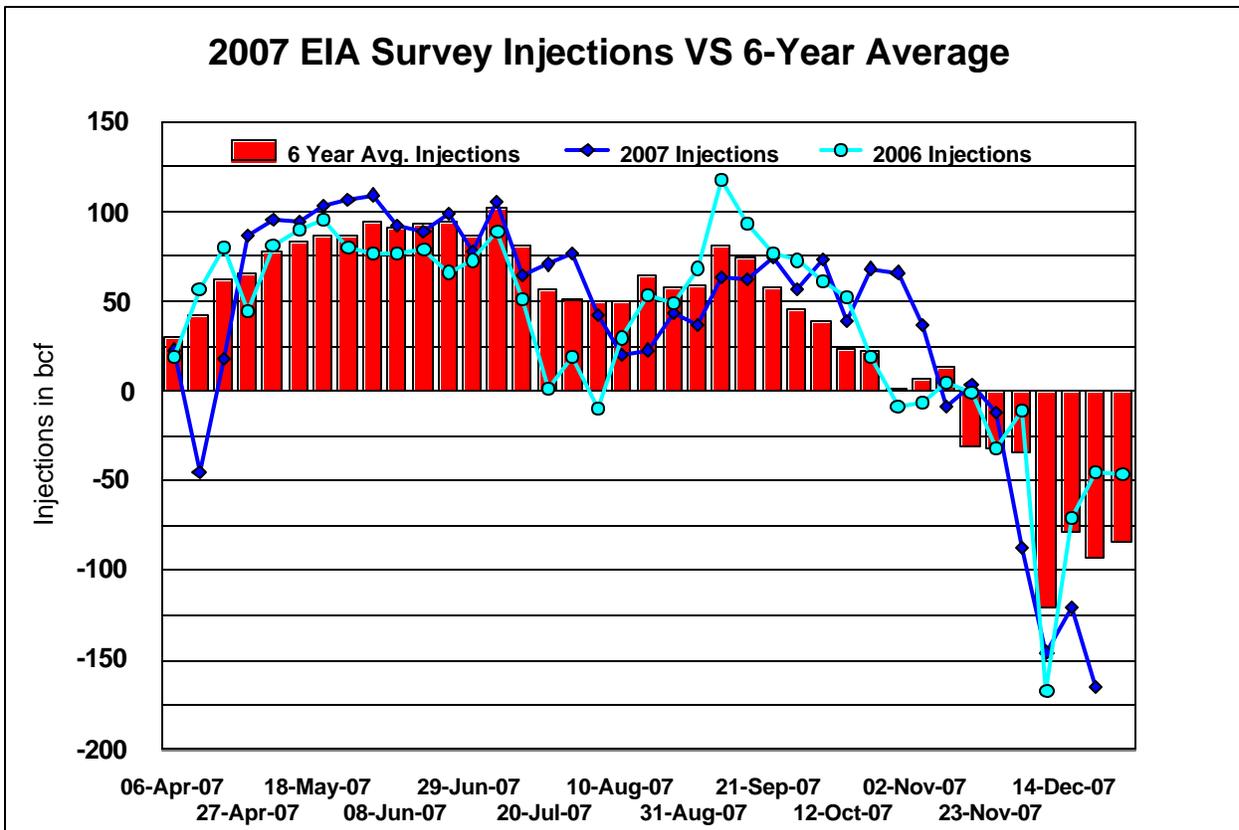
##### **Weekly Storage Report**

	21-Dec-07	14-Dec-07	22-Dec-06
<b>East</b>	198.8	211.2	229.5
<b>West</b>	283.2	296.3	189.9
<b>Total</b>	482.1	507.5	419.4

storage figures are in Bcf

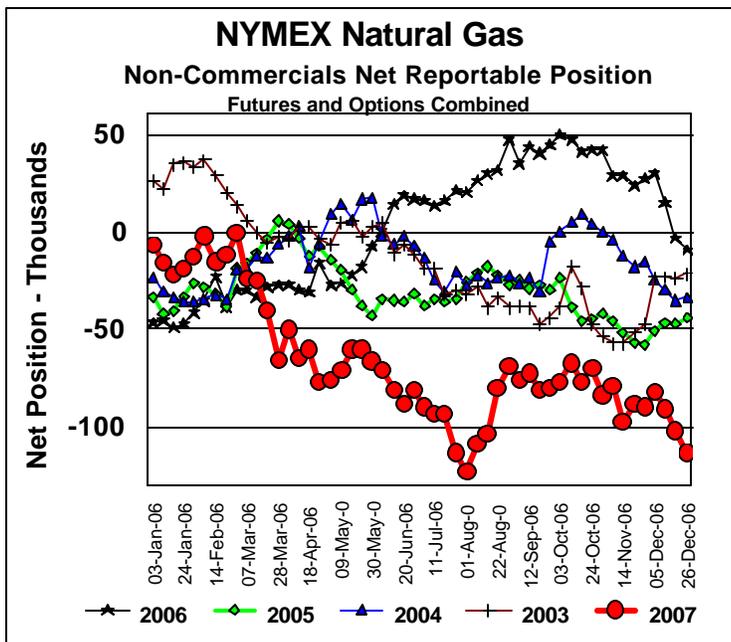
#### **ELECTRIC MARKET NEWS**

As estimated by the EIA from data on railroad car loadings, U.S. coal production totaled approximately 22.0 million short tons during the week ended December 22. This production estimate is less than 1% lower than last week's estimate, and almost 5% lower than the estimate reported for the comparable week in 2006.



Genscape's U.S. coal burn index slipped 0.5% this week from the week before. For the week ended December 27, the index nationwide was up 6.9% from the same week a year ago.

The NRC will continue to conduct additional inspections at the Indian Point nuclear power plant throughout 2008 to ensure issues associated with on-site groundwater contamination and the facility's new siren system are being properly addressed.



#### MARKET COMMENTARY

The natural gas market traded in positive territory all session, supported initially by firm cash prices as some cold is seen in key consuming regions and most price points trading for Tuesday-Wednesday delivery were higher. The Henry Hub was up 30 cents, Transco Zone 6 was up 5.27, and the Midcontinent was up 53 cents. The market received its second boost from the EIA inventory report, which showed that a larger than expected 165 Bcf was taken from storage for the week ending December 21. The February contract debut saw an initial spike to 7.35 after the EIA release and then sideways trading on either side of 7.25 until a final hour short covering rally lifted prices to the day's high of 7.405. The market ultimately settled up 18.6 cents at 7.386.

Total natural gas storage now stands at 3,008

Bcf, 120 Bcf below last year's levels for the same week and 220 Bcf above the five-year average of 2,788 Bcf. With over 3 Tcf in the ground ahead of the New Year, the storage picture remains a bearish fundamental and we feel that any short-term demand rally's should be sold. Until we see a sustained cold snap or a drastic change from above average temperatures in the forecasts, this market will maintain its bearish bias. We see support at 7.25, 7.00, 6.91, 6.80 and 6.64. We see resistance at 7.40, 7.55, 7.60-7.64 and 8.00.

