



## 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 FEBRUARY 29, 2008

#### NATURAL GAS MARKET NEWS

Questar Overthrust Pipeline Co. is holding an open season for a potential expansion of its system to meet growing production volumes anticipated from the Green River, Uinta and Piceance basins that will feed the next generation of Rockies export pipelines.

U.K. natural gas prices trimmed gains from near two-year highs as some North Sea supplies into the Bacton Seal terminal on England's east coast resumed after a fire at an adjacent facility late yesterday.

Taiwan's import of LNG last month fell to the lowest level since February 2007, although the volumes were up 12% from a year ago. Asia's third-largest buyer of LNG bought 1.29 million kilolitre for \$396.8 million in January, versus 1.15 million kilolitre for which it paid \$259.9 million during the same month last year. A source from the energy bureau said the 11-month low imports could be due to the lower consumption of LNG, mainly used for power generation, during the long Lunar New Year holidays.

#### PIPELINE RESTRICTIONS

Columbia Gulf Transmission Company said that it is working to restore as much capacity through the Delhi Internal Constraint as possible. The Delhi Internal Constraint is currently limited to a total capacity of 1,675 MMcf. Due to the operational issues on the pipeline, CGT continues to limit imbalance paybacks and drawdowns. At the current time, the available percentage of Firm Contract would be 75% of firm contracts MDQ. Since the Force Majeure event, daily nominations through the constraint are averaging 200 to 300 MMcf over the constraint level, requiring allocations in the timely cycle.

#### PIPELINE MAINTENANCE

Alliance Pipeline said

#### Generator Problems

**ERCOT** – Luminant shut the 545 Mw Sandow #4 coal-fired power station in Texas yesterday because the boiler tripped due to the loss of signal from the flame scanners while the unit was at reduced load to repair a condenser tube leak. The unit is expected to return to service within a week.

**FRCC** – FPL's Turkey Point nuclear station remains offline following grid disruptions.

**MAIN** – Exelon's 1,162 Mw LaSalle #1 nuclear unit ramped up to 15% power today. The unit was warming up offline at 1% following a refueling outage. LaSalle #2 continues to operate at full power.

**SERC** – Entergy's 1,207 Mw Grand Gulf #1 ramped production to 93% power today. The unit was operating at 35% power yesterday.

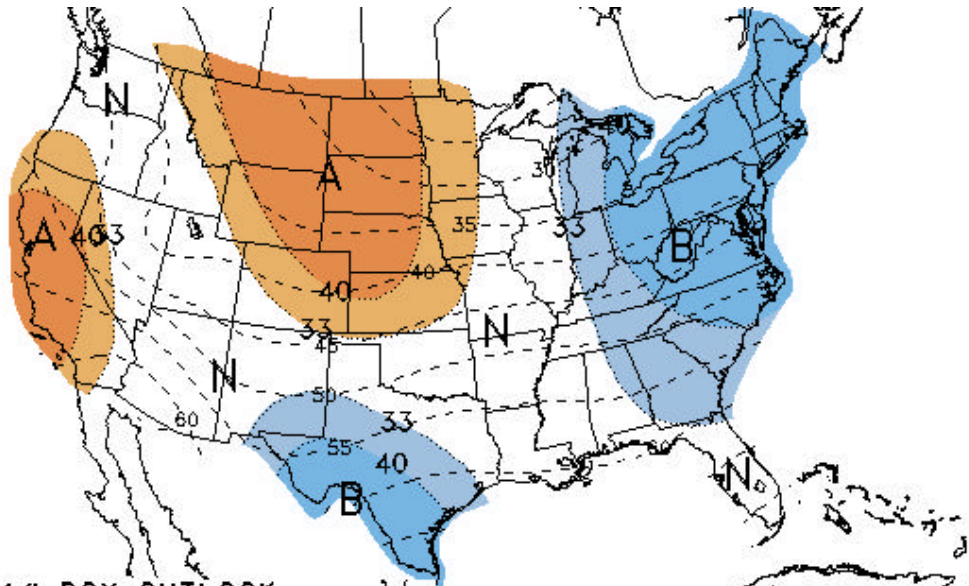
**Canada** – Ontario Power Generation's 490 Mw Nanticoke #8 coal-fired power station in shut for short work. The unit is expected to return to service within a week.

**The NRC reported that 90,140 Mw of nuclear capacity is online, up .97% from Thursday, and up 1.37% from a year ago.**

#### 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  |
| Henry Hub         | 1,515,000     | \$9.101   | (\$0.012) | (\$0.244)              | (\$0.090) | (\$0.182)   |
| Chicago City Gate | 516,400       | \$9.324   | \$0.085   | (\$0.021)              | \$0.125   | \$0.140     |
| NGPL- TX/OK       | 1,015,800     | \$8.791   | \$0.106   | (\$0.554)              | \$0.146   | (\$0.464)   |
| SoCal             | 1,080,800     | \$8.346   | (\$0.169) | (\$0.999)              | (\$0.130) | (\$0.681)   |
| PG&E Citygate     | 875,500       | \$9.034   | \$0.048   | (\$0.311)              | \$0.088   | (\$0.215)   |
| Dominion-South    | 467,700       | \$9.532   | (\$0.267) | \$0.187                | (\$0.227) | \$0.526     |
| Transco Zone 6    | 115,100       | \$10.003  | (\$2.733) | \$0.658                | (\$2.693) | \$3.328     |



**8-14 DAY OUTLOOK TEMPERATURE PROBABILITY**  
**MADE 29 FEB 2008**  
**VALID MAR 08 - 14, 2008**  
 DASHED BLACK LINES ARE CLIMATOLOGY (DEG F) SHADED AREAS ARE FCST VALUES ABOVE (A) OR BELOW (B) NORMAL UNSHADED AREAS ARE NEAR-NORMAL

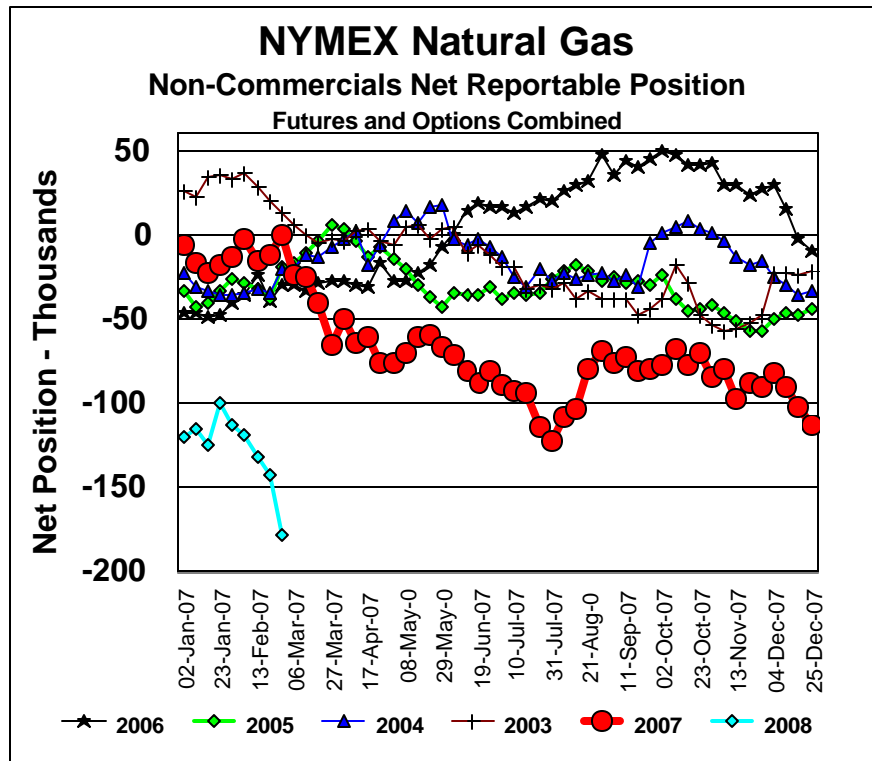
that it has planned four maintenance projects for next week. Inspections and maintenance require the Wimbledon Compression Station to be off-line for 24 hours on March 4. System throughput will be impacted but will be determined closer to the outage date. Inspections and maintenance require the Loreburn Compression Station to be offline for 24 hours on Tuesday. System throughput will be impacted but will be determined

closer to the outage date. Routine maintenance will require the Towner Compression Station to be offline for four hours on March 6. System throughput should not be affected. Routine maintenance will require the Irma Compression Station to be offline for six hours on Thursday. System throughput should not be affected.

**ELECTRIC MARKET NEWS**

As estimated by the EIA from data on railroad car loadings, U.S. coal production totaled approximately 23.2 million short tons during the week ended February 23. This production estimate is approximately 2% higher than last week's estimate, and 4% higher than the estimate reported for the comparable week in 2007.

Genscape's U.S. coal burn index for the week ended February 28 was unchanged from the previous week. The index, a gauge of power plant demand for coal, was up 0.05% from the same week last year. Coal usage rose 0.02% east of the Mississippi River and fell 0.02% in the West as cold weather fed demand in some regions and high gas prices kept coal plants running. Compared with the same week a year ago, burning of coal was 0.08% higher in the east and 0.07% lower in the west. Genscape calculations showed U.S. power plants burned 21.01 million tons of coal this week, an uptick too small to register on the index from 20.93 million tons burned the week before. Plants burned 20.07 million tons the same week a year ago.



U.S. energy regulators plan to meet April 8 to discuss bulk power system reliability activities affecting nuclear power plants, planning for new reactors and cyber security. The session will mark the fourth time members of the U.S. FERC and NRC have come together to talk about issues of mutual concern, and it underscores the commitment of the agencies to ensuring grid safety and reliability.

### **MARKET COMMENTARY**

The natural gas market was on the defensive today, with the rest of energy complex, as overall worries about the strength of the U.S. economy pressured crude oil. Moderation in the volatile weather forecast also helped to confine natural gas today. The April contract tested yesterday's highs, but only managed to trade to a high of 9.478 before falling into negative territory. Support at yesterday's breakout near 9.30 held as the April contract traded to a low of 9.302. The market moved sideways for the remainder of session, settling just above the lows at 9.366, down 7.7 on the day.

The natural gas market rose 2.3% this week and continues to hold its bull status. Despite a Commitment of Traders Report, which represents NYMEX positions only, and shows non-commercial traders increased their net short futures only positions by 20,705 lots to 98,644 contracts and increased their net short combined futures and options position by 35,415 lots to 177,691 contracts, trading on the unregulated ICE has been strong and we feel that length there is outpacing the short positions on NYMEX. Weather forecasts will be a driver to the direction of this market, and since the last few storage reports have showed a tightening of the supply and demand situation we continue to have a price target of 9.80. We see resistance at 9.454, 9.50, 9.63 and 9.80. We see support at 9.30, 9.202, 9.102, 8.62 and 8.50.