



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR MARCH 11, 2010

NATURAL GAS MARKET NEWS

The US Labor Department reported that the number of initial claims filed for unemployment benefits in the week ending March 6th fell by 6,000 to 462,000, from a downwardly revised 468,000 in the prior week. It reported that the four week average increased by 5,000 to 475,500 from the previous week's revised level of 470,500. The number of continuing claims increased by 37,000 to 4,558,000 from the preceding week's revised level of 4,521,000. The unemployment rate for workers with unemployment insurance for the week ending February 27th was 3.5%.

The Commerce Department reported that the US trade deficit unexpectedly narrowed in January as oil import volumes reached their lowest level in more than a decade. The US deficit in international trade of goods and services fell 6.6% to \$37.29 billion from a revised \$39.90 billion the month before. US exports fell by 0.3% to \$142.66 billion from a revised \$143.15 billion the previous month while imports fell by 1.7% to

Generator Problems

PJM - Exelon Corp's 1,179 Mw Limerick 2 nuclear unit ramped up its output to 91% of capacity on Thursday, up from 20% on Wednesday. Exelon took the unit offline early Tuesday and removed its generator from service for planned maintenance on the unit's stator water cooling system. Meanwhile its 1,179 Mw Limerick 1 nuclear unit continued coasting down and was operating at 95% of capacity on Thursday, down from 96% on Wednesday. The reactor is expected to shutdown around March 21st for a regularly scheduled refueling outage. The outage should last about 25 days.

MAIN - Exelon Corp's 1,043 Mw Clinton nuclear unit ramped up its power to 97% on Thursday, up from 92% on Wednesday.

SERC - Duke Power's 1,100 Mw McGuire 1 nuclear unit is operating at 99% of capacity and is expected to shutdown for a regularly scheduled spring refueling and maintenance outage on March 13th. The outage is expected to last about 34 days.

Wolf Creek Nuclear Operating Corp's 1,170 Mw Wolf Creek nuclear unit resumed full operations on Thursday. The unit was operating at 18% of capacity on Wednesday after the unit experienced two manual reactor scrams in less than one week.

Entergy Corp's 1,207 Mw Grand Gulf nuclear unit was warming up offline at 1% on Thursday. The unit was shut on March 8th when it experienced an automatic reactor scram due to a low reactor water level.

WSCC- The San Onofre #3 nuclear unit cut its power further to 50% of capacity on Thursday, down from 57% on Wednesday. It will hold power at the reactor at 50% of capacity for 45 days to ensure adequate fuel supply during peak demand months from July to September.

The NRC reported that there was some 83,321 Mw of nuclear power generated today, up 2.1% from Wednesday and 5.34% lower than a year ago.

EIA Weekly Report

	03/05/2010	02/26/2010	Change	03/06/2009
Producing Region	548	580	-32	693
Consuming East	789	861	-72	716
Consuming West	289	296	-7	289
Total US	1626	1737	-111	1697

*storage figures in Bcf

\$179.95 billion from \$183.05 billion in December. It reported that the US bill for crude imports in January fell to \$18.12 billion from \$20.28 billion in December. Crude import volumes fell to 245.27 million barrels, the lowest level since February 1999 from 277.07 million in December.

A technical problem that delayed the restart of Royal Dutch Shell Plc's Norway Ormen Lange field has been resolved and full production is being restored. Production at the Ormen field, which has a capacity of 70 million cubic meters of gas/day was interrupted Wednesday after a brief power outage. The company began to ramp output back up to normal levels Wednesday night but experienced a subsequent technical problem during the process Thursday morning.

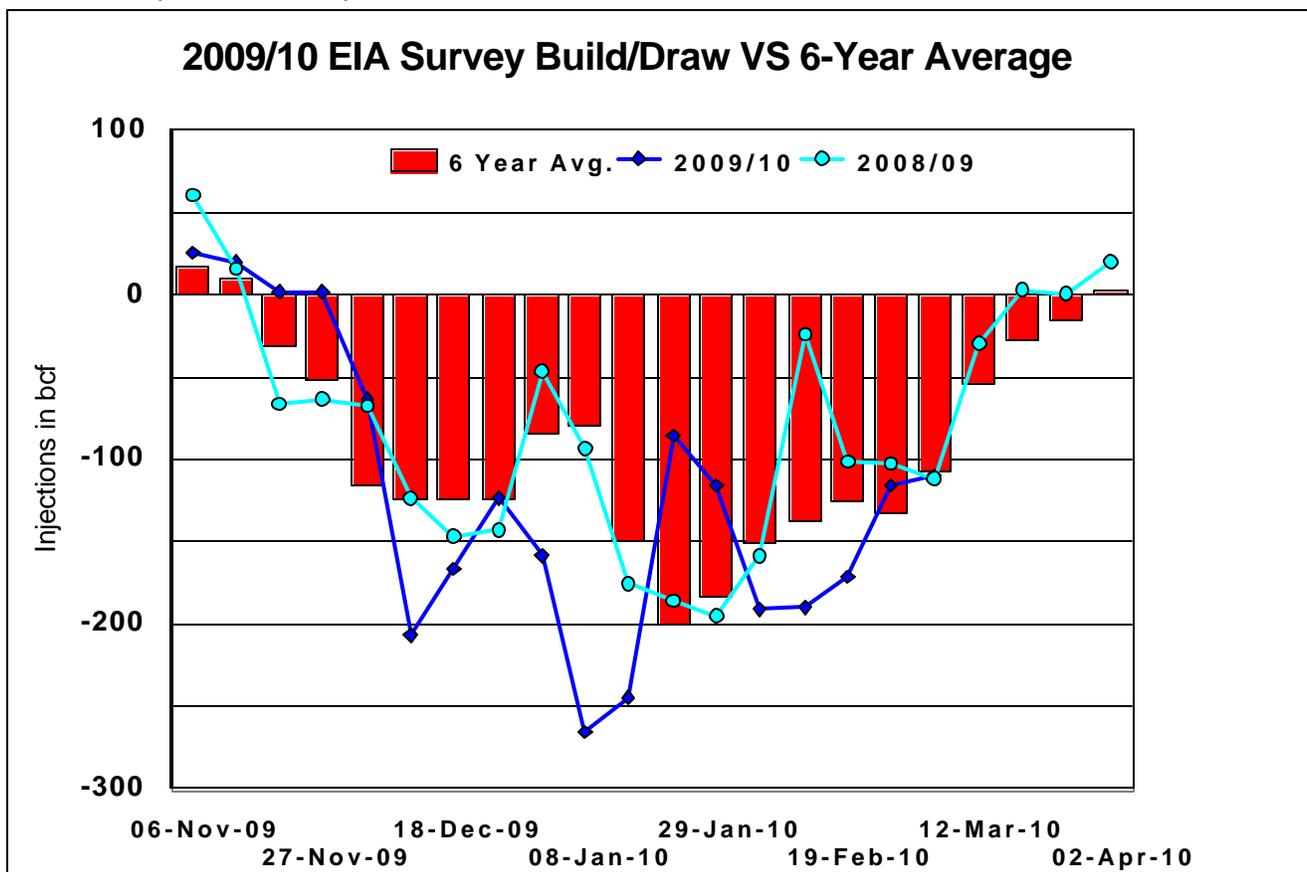
ExxonMobil Corp plans to explore the Eagle Ford shale formation for natural gas in South Texas this year and next.

Russia's OAO Gazprom is continuing constructive talks with Italy's Eni SpA on all issues related to the South Stream gas pipeline project. Gazprom was responding to some reports about disagreements between Gazprom and Eni on how France's Electricite de France SA should join the South Stream project. The South Stream pipeline is expected to run under the Black Sea from Russia to Bulgaria and then branch out in two different directions. The first branch is scheduled to be launched in 2013.

The Seri Balqis liquefied natural gas tanker, which can hold up to 154,000 cubic meters of LNG, is heading to the US Sabine Pass LNG terminal in Louisiana from Yemen. It is expected to arrive on March 23rd. It will be the third Yemeni cargo to arrive at US shores since the Middle East project began operations in October last year and the second Yemeni delivery to Sabine Pass.

The Mekaines liquefied natural gas tanker, which can hold up to 260,000 cubic meters of gas, is scheduled to arrive at an import terminal in the UK port of Milford Haven on March 18th.

Spain's Enagas said gas demand in the country increased for the third consecutive month in February by 10.5% on the year due to an increase in demand from homes. Demand from homes and industry increased by 2.9% on the year.



Canadian Gas Association

Weekly Storage Report

	05-Mar-10	26-Feb-10	06-Mar-09
East	74.5	80.6	66.3
West	191.2	193.8	147.9
Total	265.7	274.4	214.2

storage figures are in Bcf

PIPELINE RESTRICTIONS

Tennessee Gas is requesting that customers match physical flow with scheduled quantities to prevent imbalances from occurring across the system that would threaten Tennessee's operational integrity. Due to moderating weather, Tennessee Gas does not have the ability to absorb imbalances caused by over-deliveries by receipt point operators into the system and undertakes from the system by delivery point operators.

PIPELINE MAINTENANCE

Gulf South said it will perform system compressor maintenance on both units at the Kiln Compressor Station beginning at 7 am on March 30th and continuing for about 48 hours. Based on system operations and nominations, the company does not expect any impact to shippers utilizing the Kiln Compressor Station. Separately, Gulf South said it is restarting its North Terrebonne Gas Plant with hopes of having the plant lined out later in the day on Thursday. The company shut the plant to install a new motor control room.

MARKET COMMENTARY

The natural gas market traded higher in overnight trading on Globex, posting its high of \$4.593 before it erased some of its gains ahead of the open outcry session. The market continued to trade lower and was further pressured following the release of the EIA Storage Report despite the report showing a fairly neutral drawdown of 111 bcf. The draw, which was slightly higher than the expected 109 bcf draw, matched last year's draw for the week. The natural gas market sold off to a low of \$4.415, a level not seen since November 24th in afternoon trading. The market however retraced some of its losses on a late bout of short covering and settled down 11.9 cents at \$4.44.

The natural gas market will likely see some further bargain hunting on Friday as the market remains oversold and is due for a technical bounce. However the market's gains will remain limited amid the lack of supportive fundamentals. The market is seen finding support at \$4.415, \$4.372, \$4.305 and \$4.194. Resistance is seen at \$4.48, \$4.55, its high of \$4.593, \$4.661 and \$4.728.