



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR AUGUST 20, 2009

NATURAL GAS MARKET NEWS

The National Oceanic and Atmospheric Administration said above normal temperatures are expected in the Northeast, Southwest and West Coast of the US in September through November. It also said the weather phenomenon known as El

Generator Problems

MAIN – Exelon's 1,163 – MW LaSalle 2 nuclear unit is in the process of reconnecting to the grid, operating at 47% following an Aug. 20 turbine trip. The unit had been running at full capacity on Aug. 14 when the turbine trip occurred during testing.

The NRC reported this morning that 93,572 Mw nuclear generation capacity was on line, down 0.72% from Wednesday and down 0.44% from the same time a year ago.

	EIA Weekly Report			08/15/2008
	08/14/2009	08/07/2009	Change	
Producing Region	1074	1073	1	750
Consuming East	1681	1635	46	1530
Consuming West	449	444	5	362
Total US	3204	3152	52	2642

*storage figures in Bcf

Nino is expected to strengthen and persist into the winter and influence the forecast to as late as May 2010. Below normal temperatures are expected in the Southeast US and along the Gulf Coast from November to January and from February to April as a result of El Nino impacts.

The US National Hurricane Center said Hurricane Bill weakened on Thursday to a Category 3 storm with its winds dropping to 125 mph. However hurricane watchers said it had the potential to reach Category 4 status again. It is moving northwest at 18 mph and is expected to hold a northwesterly course for another day before turning north-northwest by late on Friday.

In economic news, the Labor Department reported that initial claims for unemployment benefits increased by 15,000 to 576,000 in the week ending August 15th. It is the highest level in three weeks. The four week average of new claims increased by 4,250 to 570,000. The report showed that the number of continuing claims increased by 2,000 to 6,241,000.

Kuwait is offloading its first imported LNG cargo in Mina Al-Ahmadi terminal. The Mina Al-Ahmadi LNG import terminal is the first in the Middle East and has a base load LNG capacity of 500 million cubic feet a day.

The Al Sadd, 210,000 cubic meters LNG tanker is scheduled to dock at Britain's South Hook terminal on Aug. 26. The tanker started its journey from Ras Laffan in Qatar.

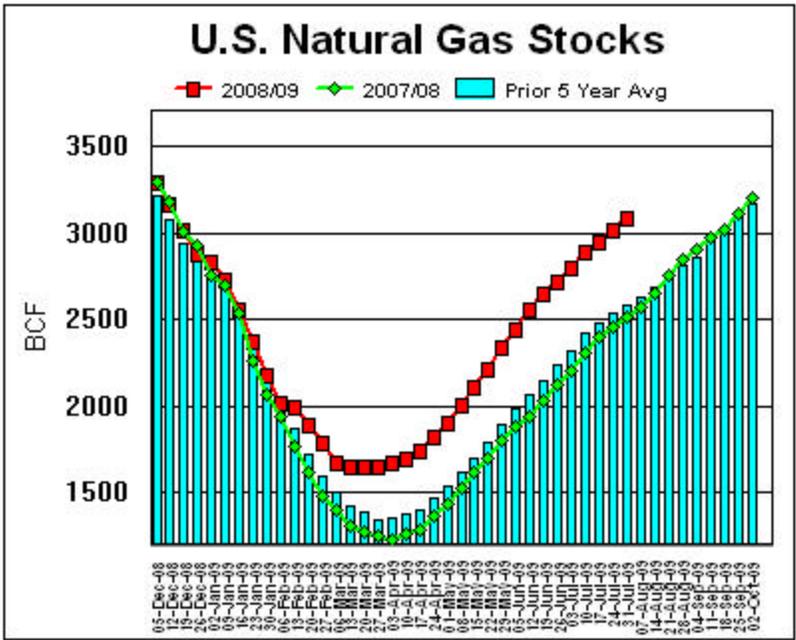
Indonesia is seeking local buyers for LNG from a 3.7 billion project in Sulawesi. The Donggi-Senoro project, which will require \$1.7 billion for upstream activities and \$2 billion for

Canadian Gas Association

Weekly Storage Report

	14-Aug-09	07-Aug-09	15-Aug-08
East	217.8	216.6	182.7
West	327.4	321.8	279.9
Total	545.2	538.4	462.6

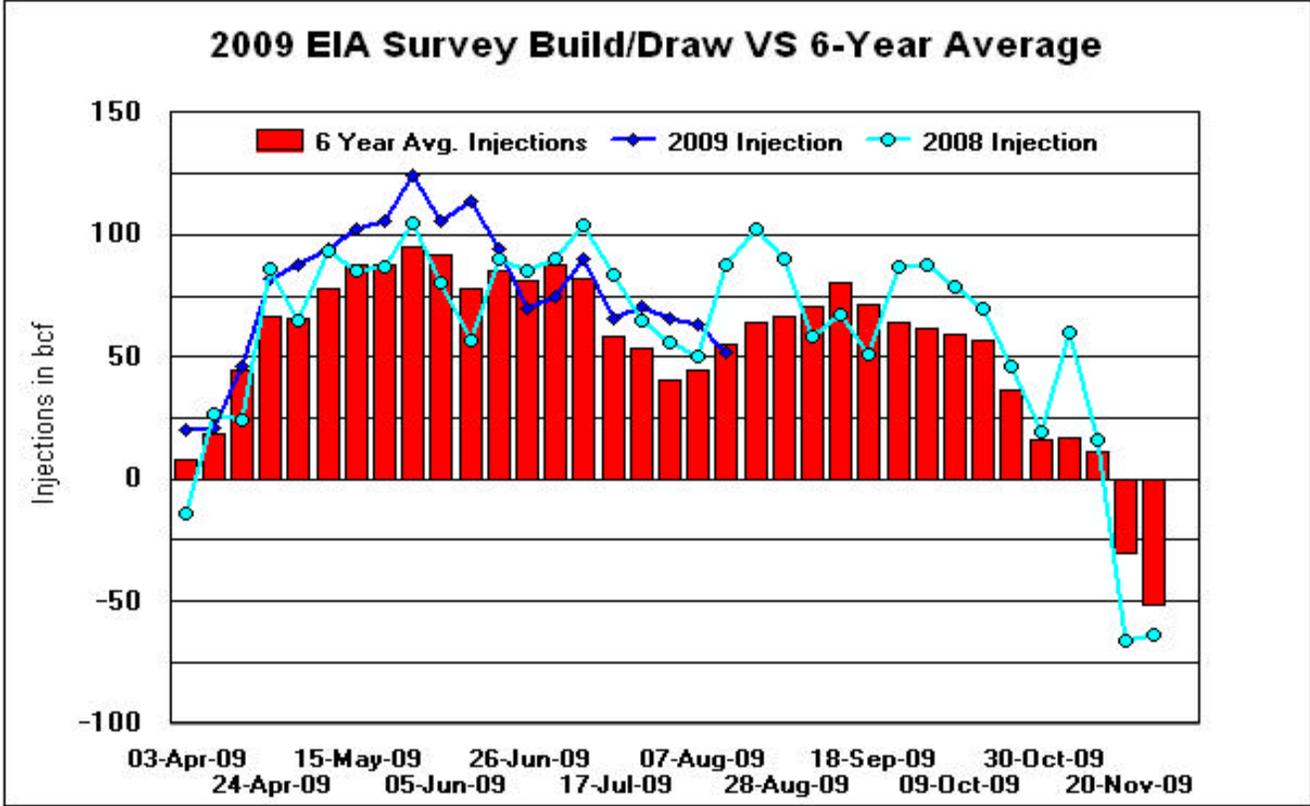
storage figures are in Bcf



downstream, has been under threat since Vice President Jusuf Kalla said in June gas from the project should be sold to the domestic market. Pertamina, the state owned oil firm, Indonesia's PT Medco Energi International and Japan's Mitsubishi Corp. had agreed to build the plant, which will have a capacity of 2 million tons per year. There are potential buyers in the domestic market, but the price of the gas may be an issue along with the huge investment, making it difficult to reach a deal.

Trinidad, heading south. Since receiving its first cargo of the year at the beginning of May, the terminal, 400 miles south of Buenos Aires, has taken about 2 cargoes a month, each around 3 billion cubic feet of gas.

According to India's director at the Ministry of Coal, India is set to extract 7 million cubic meters a day of coal seam gas by 2013, as three more blocks go into commercial production. "The commercial output in Madhya Pradesh will start shortly," D.N. Prasad said, referring to one of the four flagship blocks. Of the 26 CBM blocks allotted by India, the Raniganj block has already started commercial production while three more in the Madhya Pradesh, Jharkand and West Bengal will soon follow.



PIPELINE MAINTENANCE

Questar Pipeline Co. said would be installing dry seal gas booster systems on each compressor at Oak Spring Station, as recommended by the compressor vendor. This will require taking each compressor offline for one day.

Cheyenne Plains Gas Pipeline Co. will perform Yuma Compressor Station maintenance that will result in one unit being out of service Sept. 1 through Sept. 2 to replace compressor parts. Capacity through Yuma Lateral will be reduced from 7.5 to 3.0 MMcf/d. At the time of this posting, firm capacity at YLC is fully subscribed at the 57.5 MMcf/d level. Cheyenne Plains holds 120,100 Mcf/d of west-to-east capacity on Wyoming Interstate Co. Some of the planned WIC maintenance items could affect Cheyenne Plain shippers using this off-system capacity. Harold Burrow Compressor Station work will impact CP shippers. WIC will take the station out of service Sept. 22 through Sept. 25 for an electrostatic discharge test and power turbine component exchange. Capacity through HBC will be reduced from 745.0 to 620.0 MMcf/d. Work on the Cheyenne WIC Compressor Station is also likely to impact CP shippers. On Sept. 3, WIC will perform annual ESD tests, capacity will be reduced from 793.0 MMcf/d to 605.0 MMcf/d. Additional work on WIC includes installation of a valve on the Riner Road Meter Station forcing the station to shut on Sept. 23. The Laramie Jumper Compressor Station will be shut down for checks on Sept. 11. Echo Springs WIC Compressor Station will be shutdown for checks on Sept. 11 and Colorado Interstate Pipeline Co. said the Trinidad Compressor Station would be out of service Sept. 21 through Sept. 22 for 4000-hour inspection.

On Aug. 14, Transco discovered a leak on a pipeline, which it operates in North Padre Island block 933. This section of line upstream of NPI 956 was isolated on Aug. 15. Repair options are currently being evaluated. All receipt points on the 20-inch line upstream of NPI 956 will remain shut in until repairs are complete.

PIPELINE RESTRICTIONS

Effective timely cycle, 9 a.m. Ct, for the gas day of Aug. 20, Tennessee restricted Leidy Delivery Meters. Approximately 5% of supply to market secondary in the path nominations pathed for delivery to the Leidy Meters will be restricted.

MARKET COMMENTARY

The natural gas market ended sharply lower on Thursday as it erased its previous gains and continued its downward trend. The market posted a high of \$3.169 in overnight trading before it erased its gains ahead of the release of the EIA Natural Gas Storage Report. The market initially traded back to \$3.131 following the release of the report, which showed a build of 52 bcf, below the average estimate of 56 bcf. The build lifted working gas levels to 3,204 bcf, leaving stocks 562 bcf above year-ago levels and 513 bcf above the five-year average for the same week. The market however once again sold off and posted a low of \$2.93, a low not seen since August 15, 2002, when the natural gas market posted a low of \$2.877. The natural gas market settled down 17.4 cents at \$2.945.

Given the record storage levels, weak industrial demand and lack of supportive weather conditions, the natural gas market continues to trend lower. Technically, the market is seen finding support at its low of \$2.877, \$2.86 and \$2.776. Further support is seen at \$2.759, basis its trendline, and \$2.621. Resistance is seen at \$2.98, \$3.055, \$3.099 and its high of \$3.169. More distant resistance is seen at \$3.254 and \$3.338.

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