



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR NOVEMBER 23, 2009

NATURAL GAS MARKET NEWS

The start-up of the Royal Dutch Shell Qatargas 4 LNG plant has been delayed by 10 months the company said today. The unit is now not expected to begin operations until the end of 2010, with the first export cargo scheduled possibly for early 2011. It appears the delay was caused by contractors' delays in construction. The project will produce 7.8 million tones of LNG per year. The gas is slated to be exported to the United States and China.

Two LNG tankers over the past two days have arrived at the British South Hook terminal, with another scheduled for today at the Isle of Grain terminal. Two more LNG tankers are scheduled this week to arrive in Britain, one at the Dragon terminal and the other at Milford Haven.

Royal Dutch Shell said Monday that gas output from its joint venture in Nigeria's western Niger Delta, the SPDC joint venture produced a total of 512 MMcf/d of gas on November 18th, significantly higher than the previous average production levels of 300 million cf/d. The production levels have been able to be increased in the area due to the decline of militant activity following the recent amnesty program. The gas output has been used for domestic power generation and manufacturing.

Staoil's LNG plant Snoehvit restart has been delayed by another two weeks due to electrical problems. The unit has been basically off line for various repairs since August.

The Russian President said today that Russia would sell natural gas to Belarus at a discount of 30-40% in 2010. The price is some 42% cheaper than the price the Ukraine pays for its supplies of Russian gas.

Generator Problems

NPCC – Entergy's 620 Mw Vermont Yankee nuclear unit was back to full power this morning. Operators had reduced capacity to 89% on Friday.

OPG's 494 Mw Unit #4 at the Lambton coal fired power station was shut early Monday

SERC – Progress Energy's 900 Mw Harris nuclear unit exited its outage and ramped up to 99% power this morning. The unit had been shut on November 16th.

ERCOT – STP Nuclear's 1250 Mw South Texas #2 nuclear unit was at 97% power this morning up 20%.

AEP's 528 Mw Welsh #2 coal fired power plant was expected to be restarted this week following maintenance work last week.

The Martin Lake coal fired Unit #3 tripped off line this morning during its planned start up, due to the malfunction of the boiler water circulation pump.

MISO – Xcel Energy's 551 Mw Unit #1 at the Prairie Island nuclear power station was finally being restarted today. The unit has been off line since September 11th for refueling.

NextEra Energy's 514 Mw Point Beach #1 nuclear unit dropped to 43% power on Monday, down 31% from Friday.

The 1170 Mw Wolf Creek nuclear unit has been restarted and has ramped up to 49% power this morning. The unit was shut in mid-October for a regularly scheduled refueling and maintenance outage.

Exelon's 1138 Mw La Salle #1 nuclear unit was at 91% power this morning down 9% from Friday.

The NRC reported today that 81,907 Mw of nuclear generation was on line this morning, up 1% from yesterday, and off some 7.43% less than the same time a year ago.

The FERC late last week approved Northwest Pipeline's Sundance Trail Expansion, which will move gas from the Piceance Basin to the Opal Hub area. The line will have a capacity of 150,000 Dth/d.

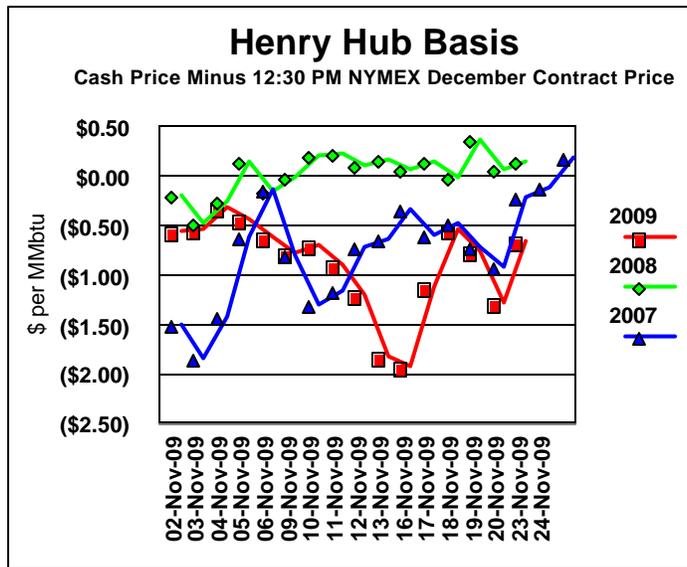
PIPELINE RESTRICTIONS

Dominion Transmission announced that effective November 26th it will institute the south to north transportation restriction at Valley Gate.

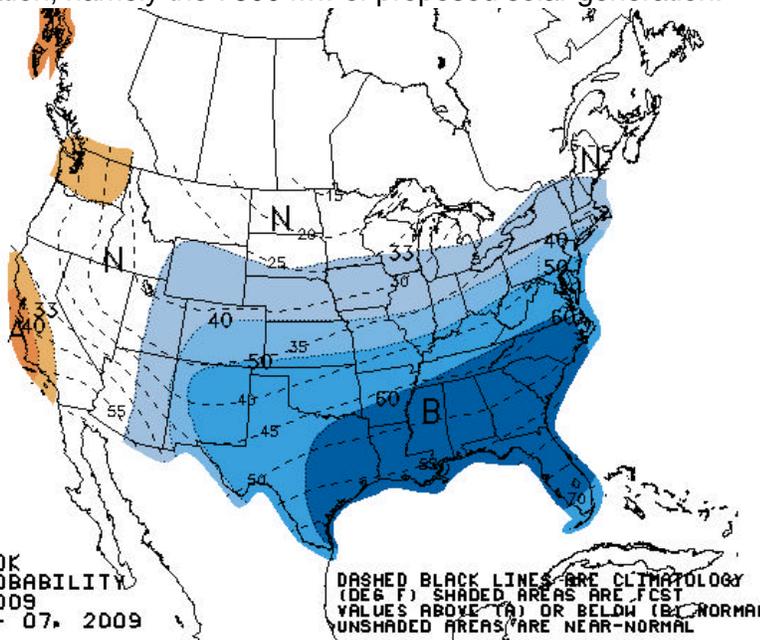
SoCalGas declared an OFO for Cycle 2 for today.

ELECTRIC MARKET NEWS

ERCOT said last week that at the end of October the grid operator set a record for wind power generation with more than 6,223 Mw produced out of a total of 35,713 Mw. Later that day wind generation supplied a quarter of the total power demand at the time. ERCOT has an installed wind capacity of 8916 Mw as of the end October.



The California Public Utilities Commission approved Southern California Edison's petition to build in-state portion of what was to be the Devers-Palo Verde 2 transmission line so it will still cross nearly the entire southern width of the state, but will not continue into Arizona. Although Arizona regulators blocked the project from extending to the Palo Verde energy hub in their state, California regulators have now determined that the California only part of the project is justified to interconnect with renewable generation, namely the 7800 Mw of proposed solar generation.



Genscape reported this morning that U.S. power output for the week ending November 19th rose 0.9% from the prior week but was down 8.2% from the same week a year ago.

The U.N. World Meteorological Organization said today that concentrations of green houses gases are at their highest level ever recorded

and are still climbing, and is a strong reason for immediate global action.

Federal officials today are investigating a small radiation leak that was reported over the weekend at the Three Mile Island nuclear power plant. Investigators were trying to determine the cause of the radiological contamination inside the nuclear facility's containment building. No radiation was detected outside the building. The containment building has been shut down since October 26th for maintenance and refueling.

Progress Energy's Crystal Rive nuclear power station current outage could be extended possibly for "months" as the utility deals with a crack discovered in a wall of the containment building. The 838 Mw unit was shut back on September 26th.

MARKET COMMENTARY

Despite short-term weather forecasts this morning that were a bit more moderate than

Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
Location	Traded	Price		(As of 12:30 PM)		Moving Avg
Henry Hub	838,800	\$3.785	\$0.692	(\$0.683)	\$0.750	(\$0.750)
Chicago City Gate	540,100	\$3.961	\$0.817	(\$0.508)	\$0.743	(\$0.711)
NGPL- TX/OK	576,500	\$3.715	\$0.704	(\$0.753)	\$0.630	(\$0.936)
SoCal	597,700	\$3.908	\$0.711	(\$0.560)	\$0.637	(\$0.688)
PG&E Citygate	971,700	\$4.766	\$0.972	\$0.298	\$0.898	(\$0.014)
Dominion-South	230,700	\$4.077	\$0.903	(\$0.391)	\$0.829	(\$0.690)
USTrade Weighted	18,731,400	\$3.944	\$0.824	(\$0.524)	\$0.75	(\$0.750)

late last week's expectations, the natural gas futures market today, basically staid in positive terroty throughout the day. It appeared that traders still expected colder than normal temperatures to finally take hold over much of the eastern two thirds of the nation by the end of this week and well into next week. It will be interest to see how spot prices and futures converge tomorrow as the December contract is set to expire. While cash prices posted a strong bounce back from Friday's depressed levels, Henry Hub cash prices were still running some 68 cents below the December futures contract.

We still look for weather to be the key for this market especially with the holiday shortened workweek for most traders. We do not look for too many traders willing to short this market into the weekend, especially with the discussion of the 11-15 day forecast talking about artic air make its way southward from Canada and into the Plains. But on any significant rally in the January contract up to \$5.10-\$5.20 we feel should be viewed as a selling opportunity given the current storage levels.

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