



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,
& Karen Palladino

(212) 624-1132 (888) 885-6100

www.e-windham.com

NATURAL GAS & POWER MARKET REPORT FOR JANUARY 27, 2010

NATURAL GAS MARKET NEWS

Private weather forecasters continued to offer less than supportive temperature outlooks for the U.S. especially in the 11-15 day period. Even Accuweather, which was one of the most outspoken in issuing dire warnings of temperatures in the U.S in the February 520th period would drop into an “abyss” began to moderate their view. This morning their lead forecaster Joe Bastardi quietly said he now looks for temperatures between February 3 and February 10th will average basically normal at major population centers with the following week seeing temperatures now only 6 degrees below normal.

Generator Problems

MISO – The 1170 Mw Wolf creek nuclear unit returned to full power this morning. The unit had dropped to 88% power yesterday to facilitate an inspection.

CalISO reported this afternoon that 11,420 Mw of generating capacity was offline today. This was up 3.7% from yesterday and some 10.2% more than the same time a year ago. Some 49.2% of this off line generation today was non gas fired generation, vs 53% a year ago.

The NRC reported today that 95,668 Mw of nuclear generation was on line this morning, basically unchanged from yesterday and up some 2.4% from the same time a year ago.

The Petroleum Services Association of Canada today increased its forecast for 2010 Canadian drilling activity to 9000 wells across Canada, an increase of 1,000 wells from its previous forecast in November 2009, due to strengthening oil and gas prices. The group based its increase on average natural gas prices of C\$5.50 per mcf basis AECO and oil prices of \$74.00 basis WTI.

EIA Weekly Report

	01/22/2010	01/15/2010	Change	01/22/2009
Producing Region	807	810	-100	815
Consuming East	1334	1401	-146	1231
Consuming West	380	396	-20	355
Total US	2521	2607	-266	2401

*storage figures in Bcf

The FERC staff has approved Eastern Shore Natural Gas Company's plan to deliver an additional 1650 Dth/d of firm transportation to Chesapeake Utilities Corp Delaware Division through the construction of new mainline facilities. The expansion is slated to cost \$1.8 million and include a 1,7 mile 6 inch pipeline.

Gazprom confirmed today that late last year it signed a deal to boost gas exports to Turkey over the short to medium term. The pricing formula is linked to the oil products and also includes a take-or-pay clause.

PIPELINE MAINTENANCE

Northern natural Gas has called a system overrun limitation for January 29th, for market area zones ABC, D and EF, due to low temperatures forecasted for those areas.

ELECTRIC MARKET NEWS

ERCOT reported that it ended 2009 with 11.3% growth in installed wind capacity after posting a 66% rate of growth in 2008. Total wind capacity in the system now stands at 8916 Mw. The year also saw one new coal fired power plant added to the system, Luminant's 855 Mw Oak Grove Project. ERCOT said that it is tracking some 45,837 Mw of generation interconnection requests for wind capacity, up slightly from last month's report, but a decrease of 5980 Mw from a year ago. Generation requests for natural gas generation projects fell to 16,399 Mw, down nearly 1300 Mw from November. Generation requests from coal projects fell to 5080 Mw from 5935 mw at the end of November.

Canadian Gas Association

Weekly Storage Report

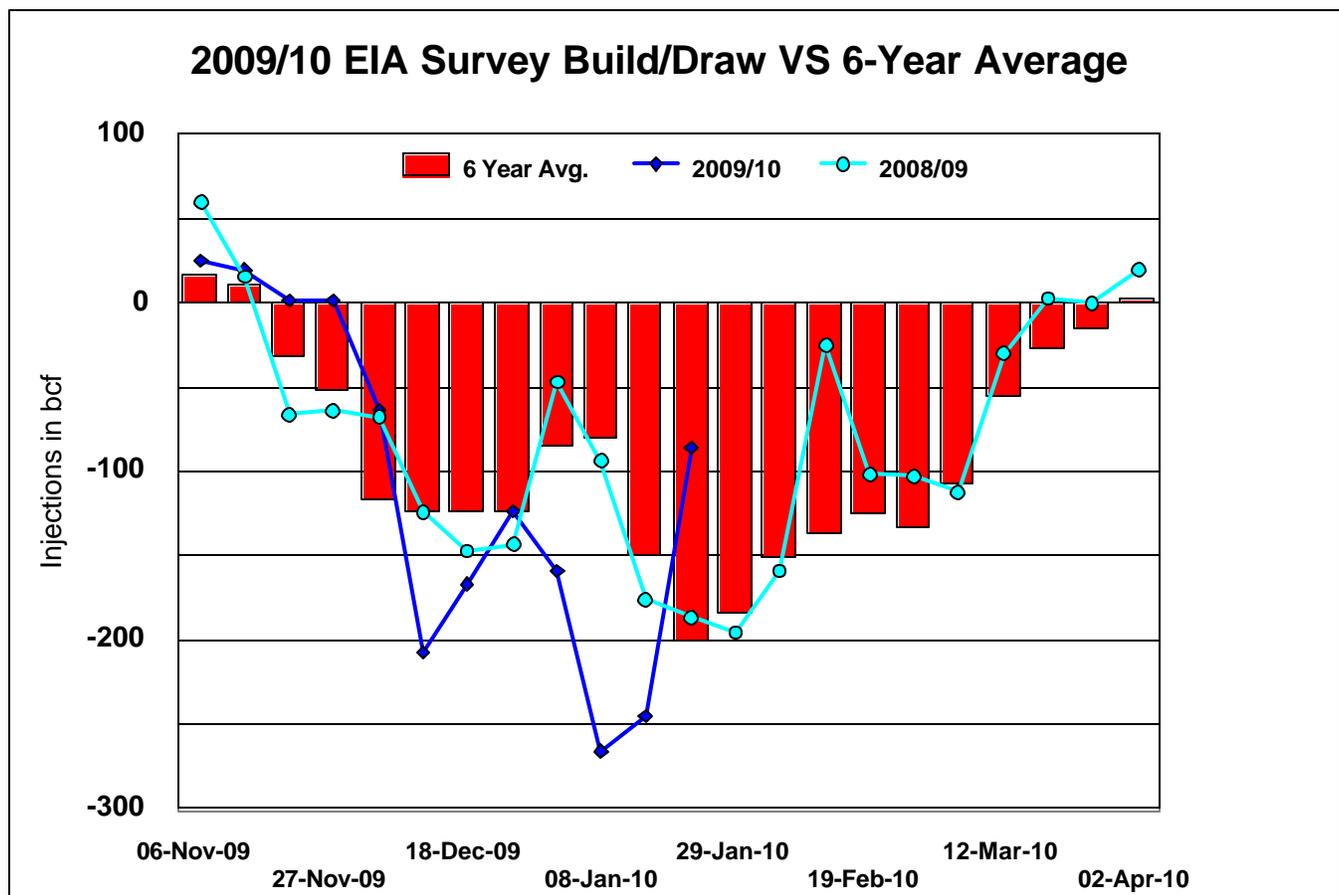
	22-Jan-10	15-Jan-10	23-Jan-09
East	151	156.6	121.1
West	253.6	264.7	226.2
Total	404.6	421.3	347.3

storage figures are in Bcf

Senators Graham, Kerry and Lieberman confirmed today that they are continuing to press forward with their effort on formulating a clean energy and climate change bill that would emphasize energy independence and be a job creation bill as well. Senator Graham said the opportunity exists in Congress this year to do something bipartisan on energy. He noted that the legislation though should include offshore exploration and

expansion on nuclear energy. Senator Graham said "that unless you price carbon in a responsible way, we will never have energy independence."

A federal judge today blocked efforts by an environmental group that was seeking a restraining order to block Xcel Energy's plans to start up its coal fired Comanche #3 power plant.



The Japanese utility, TEPCO said it is considering taking a stake in NRG Energy's proposed South Texas Project, which is seeking to build a next generation nuclear power plant in Texas. The \$10 billion plus project would start being built by 2016. The project is one four finalists expected to share in a \$18.5 billion loan guarantee program from the federal government designed to revive the nuclear industry in the U.S.

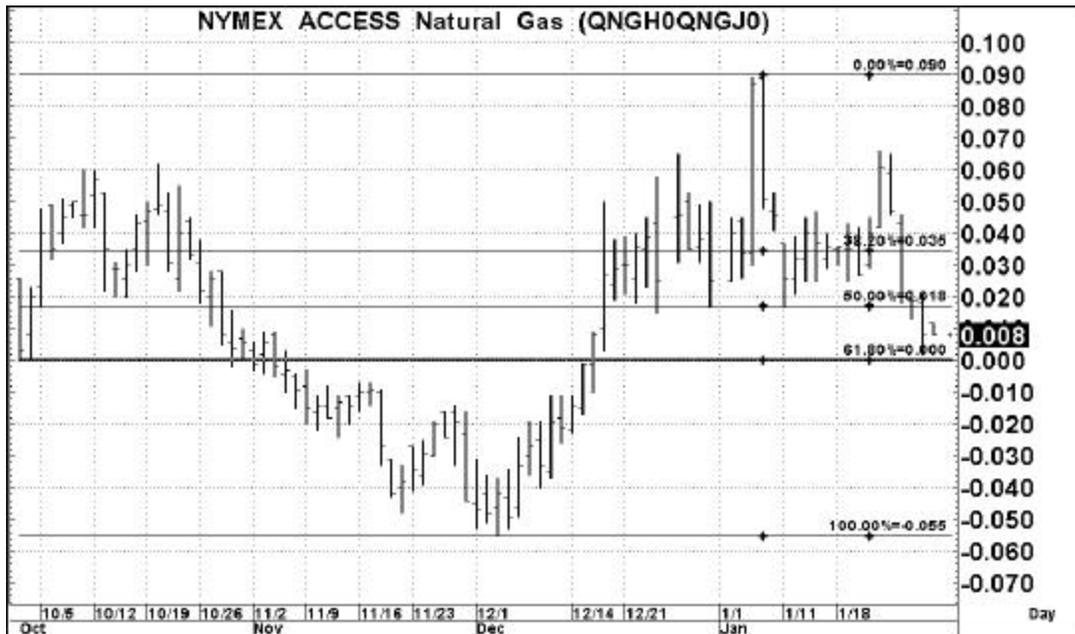
Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
Location	Traded	Price		(As of 12:30 PM)		Moving Avg
Henry Hub	855,600	\$5.320	(\$0.100)	\$0.149	\$0.089	\$0.105
Chicago City Gate	573,900	\$5.509	(\$0.160)	\$0.338	(\$0.075)	\$0.227
NGPL- TX/OK	1,113,700	\$5.184	(\$0.101)	\$0.013	(\$0.016)	(\$0.088)
SoCal	352,500	\$5.421	(\$0.141)	\$0.250	(\$0.056)	\$0.139
PG&E Citygate	350,200	\$5.623	(\$0.139)	\$0.451	(\$0.054)	\$0.374
Dominion-South	391,700	\$5.676	\$0.014	\$0.505	\$0.099	\$0.262
USTrade Weighted	21,381,300	\$5.487	\$0.004	\$0.316	\$0.09	\$0.105

The New York Power Authority said Thursday it will permanently shut the 847 Mw Poletti oil and gas fired power plant in Queens, New York.

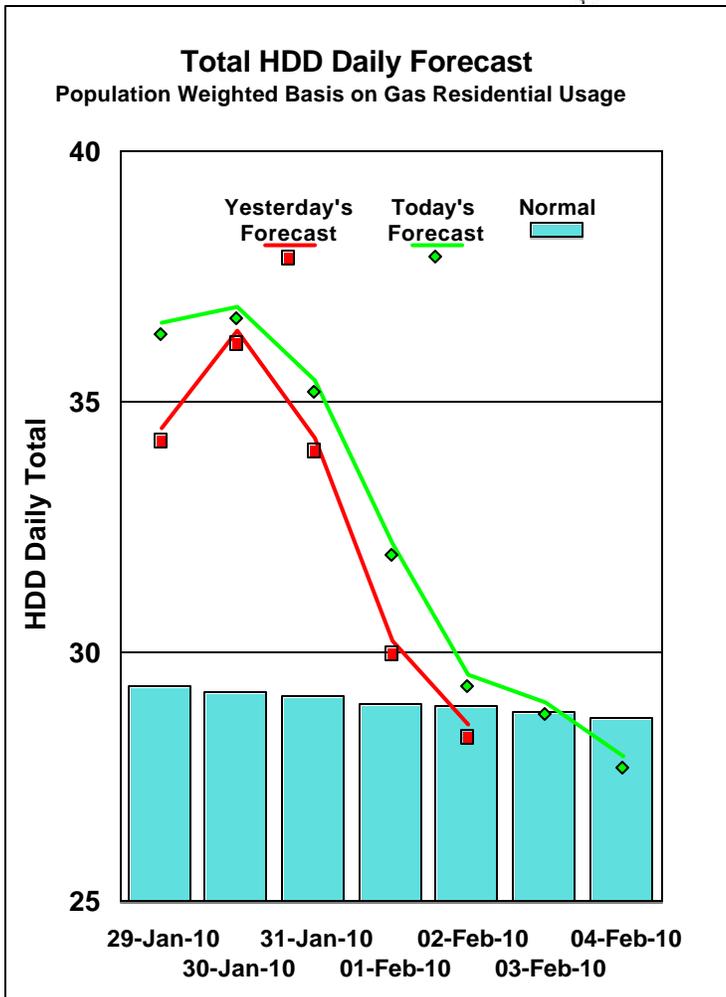
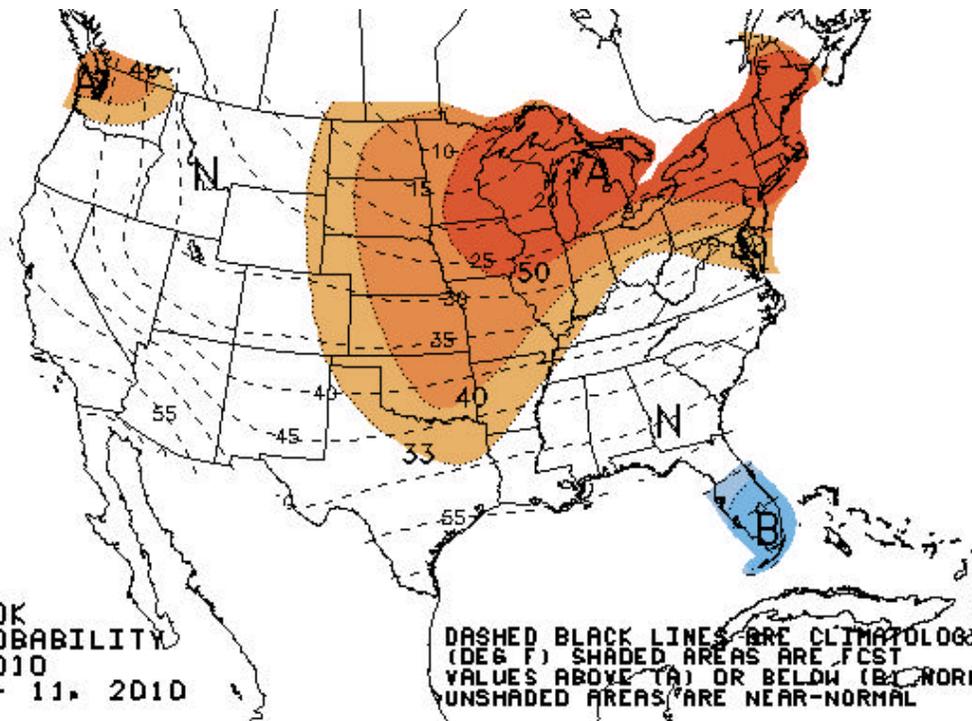
MARKET COMMENTARY

The natural gas market this morning was again on the defensive as weather forecasters continued to moderate their temperature outlook especially for the 11-15 day period, even the AccuWeather forecaster Joe Bastardi was significantly lowering his heating demand outlook, for the next three weeks. The market received an addition shove lower at mid morning as the storage report from the EIA showed a smaller than expect drawdown of just 86 bcf. This sent prices in the March contract not only through the 62% retracement of the December – January rally but down to \$5.06, the lowest level since December 10th before prices bounced back relatively quickly and spent the remainder of the trading session ranging between \$5.20-\$5.15. This sell off also sent the March - April spread down to near parity before retracing some of the losses, but it too finished the day lower for the fourth consecutive day in a row.

As the winter season continues to wind down, without a significant extended cold spell facing the nation the ability to work off the surplus of natural gas in working gas stockpiles is quickly becoming a smaller probability. This morning's report has pushed the



working gas level back above year ago levels by 120 bcf and above the 5 year seasonal average by 87 bcf. With expectations for next's report to show a 120-170 bcf draw, if realized it would add to the surplus yet again given that a year ago saw a draw down of 194 bcf. As a result with the high probability of Friday posting a usual inside trading session, it appears to us that this market is prepared to test the \$5.00 price level probably early next week if the weather forecasts continue to show this week's cold outbreak is a short isolated occurrence. We see support tomorrow starting at \$5.133 followed by \$5.06-\$5.045, \$4.95, \$4.902 and \$4.848. Resistance we see at \$5.244, \$5.35, \$5.442, \$5.706 and \$5.796.



The March April Spread we see destined to test parity next week with March eventually moving back to a discount to April by 2-3 cents.

The information contained in this letter is taken from sources, which we believe to be reliable, but is not guaranteed by us as to accuracy or completeness and is sent to you for information purposes only. The Windham Group bases its market recommendations solely on the judgment of its personnel. Reproduction in whole or part or other use without written permission is prohibited.