



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR MARCH 8, 2010

NATURAL GAS MARKET NEWS

The National Iranian Offshore Oil Co said a European company has agreed to invest in Iran's Lavan gas field. The managing director of the company did not name the company but said a delegation will visit Iran soon to finalize the negotiations.

PetroChina's planned liquefied natural gas terminal in Shenzhen city in southern China may be relocated to another site. The terminal, provisionally due to be operational in 2011, is due to serve as a backup gas source for the second West-East gas pipeline that will start transporting gas to Guangdong province in 2011. PetroChina is building two other LNG terminals that it hopes to bring on line during 2011.

The main Alberta pipeline system ran at 14.46 billion cubic feet, 270 mmcf below the target set by TransCanada Corp. Producers delivered 9.69 bcf to the system and 585 mmcf was injected from storage facilities in the province. It was the third consecutive day of injections into storage, a mark not set until March 22nd last year.

Colorado's largest utility, Xcel, agreed to replace some coal-fired

Generator Problems

NPCC – Energy's 1030 Mw Indian Point #2 nuclear unit continued coasting down to its planned outage on March 10th. The unit was at 97% power this morning, down from 99% on Friday.

Dominion Resource's Millstone #2 nuclear unit resumed full power on Monday, up from 99% on Friday.

PJM - The Three Mile Island #1 nuclear unit was restarted over the weekend and resumed full power as of early Monday. The unit was shut on March 4th for maintenance on two coolant pumps.

MAIN – The 855 Mw Quad Cities 2 nuclear unit is scheduled to shutdown around March 15th for planned maintenance and refueling. The outage is expected to last about 26 days. As of Monday, the unit was running at 95% capacity, down from 96% on Friday.

Exelon Corp's 1,133 Mw LaSalle 1 nuclear unit was restarted over the weekend and is operating at 80% of capacity as of Monday. The unit was shut on February 8th for a refueling and maintenance outage.

SERC – The Catawba #1 nuclear unit returned to full power early Monday, up from 95% on Friday. The unit reduced its power on March 5th for unknown reasons.

Southern Nuclear's 1,149 Mw Vogtle nuclear unit 2 was offline as of early Monday for a refueling outage, down from full power on Friday. The outage is expected to last 26 days.

Southern Nuclear's 851 Mw Farley nuclear unit 1 cut its output to 85% on Monday, down from full capacity as of March 5th. A reason for the reduction in output at the reactor remains unknown.

Wolf Creek Nuclear Operating Corp's 1,170 Mw Wolf Creek nuclear unit was restarted and was operating at 44% of capacity as of early March 8th. The unit was shut as of March 3rd after a reactor trip caused by the loss of the A Main Feed Pump.

WSCC- The San Onofre #3 nuclear unit cut its power further to 73% on Monday, down from 97% on Friday.

Arizona Public Service Co's 1,270 Mw Palo Verde 2 nuclear unit was offline on Monday. The unit was shut due to an electrical fault on Sunday.

The NRC reported that there was some 85,897 Mw of nuclear power generated today, down 0.67% from Friday and 3.27% lower than a year ago.

power plants with facilities fueled by natural gas and other sources.

PIPELINE RESTRICTIONS

Tennessee Gas Pipeline Co started the process of reducing the pressure on the “TTT” Line in order for divers to begin repairing a leak. The process to reduce pressure is expected to take two to three days.

Gulf South said it will limit capacity through the Bayou Sale to Napoleonville scheduling group to 250,000 Dth/d to reduce pipeline pressure to facilitate the repair on Index 130. It anticipates the reduction to continue for about two weeks. Gulf South also said Carthage Junction Expansion Compressor Station maintenance on unit T5 and T6, scheduled to begin on March 10th has been rescheduled. The work will begin on March 16th and is expected to continue for about two days.

MARKET COMMENTARY

The natural gas market continued its downward slide during today’s session after the market posted a mostly neutral trading session on Friday. The market remains pressured amid the moderating weather forecasts. Private weather forecasts are calling for warmer than normal temperatures across parts of the Northeast and Midwest from March 13th to March 17th. Planalytics is forecasting a prolonged period of moderate temperatures in the eastern US. The natural gas market opened lower on Globex and sold off to a low of \$4.458 ahead of the open outcry session early today. The market retraced some of its losses ahead of the close and settled down 6.6 cents at \$4.527. The natural gas market later continued to trade higher and posted a high of \$4.572 in late afternoon trading on Globex.

Technically, the natural gas market is seen further retracing some of its recent losses after its daily stochastics crossed back to the upside. The market is seen finding support at \$4.471, its low of \$4.458, \$4.416 and \$4.373. Resistance is seen at \$4.575, \$4.569, \$4.612, \$4.626 and \$4.667. More distant resistance is seen at \$4.72-\$4.738 and \$4.79.