



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR MARCH 9, 2009

NATURAL GAS MARKET NEWS

ExxonMobil's CEO said the global LNG market is going to be challenging for the next year or so due to the weak economy and new production streams coming on line. He noted that Exxon has stakes in projects that are set to double Qatar's production capacity of LNG in 2009 to 62 million tons. He noted that Qatargas Train 4 has begun liquefying gas and it is "imminent" that the first cargo is scheduled to be loaded. He noted that despite the huge volume of new production capacity globally of LNG, Qatar as a cheap producer was well placed to adapt to the changes in the LNG market. He also noted that the South Hook LNG terminal in Britain which was built by Exxon and Qatar to receive Qatari gas will start up within a few weeks. The Adriatic LNG terminal is also scheduled take its first load of LNG before the end of June. The terminal is currently undergoing testing. Separately, a Qatar energy official said Qatargas will start its fifth LNG production facility in late 2009. It will have the capacity to produce 7.8 million tons of LNG per year.

A BP LNG executive said the world liquefied natural gas market may be oversupplied for a few years as new production facilities open at a time of weak demand. He expects about 70 million tons of new LNG production to come online in the next two years. Cargoes that until last autumn were bought by buyers in Asia could increasingly be diverted to the developed gas markets of the US and Britain as sellers look to unload their cargoes anywhere they can.

BG Group's Maran Gas Asclepius liquefied natural gas tanker is set to arrive at the Elba Island LNG terminal in Georgia on March 16. The 145,700 cubic meter tanker came from the Idku LNG plant in Egypt and was last seen on March 8 off southern Spain. It follows another BG tanker, the Methane Jane Elizabeth, which is expected to arrive at Elba Island on March 10.

Generator Problems

NPCC – OPG's 490 Mw Units 3 and 7 at the Nanticoke coal fired power station were shut early Monday.

MISO – FPL's 580 Mw Duane Arnold nuclear unit ramped up to 96% power this morning, up 79% from Friday.

PJM – Dominion Resources 903 Mw North Anna #1 nuclear unit was shut early Monday in what was believed to be a scheduled refueling outage. The unit had been at full power on Friday.

FRCC- FPL's 839 Mw St. Lucie #2 nuclear unit was at 92% power on Monday, up 30% from Friday.

WSCC – TransAlta 406 Mw Sundance coal fired Unit #4 was shut on March 7th.

Intermountain Power Agency's 900 Mw coal fired Unit #2 was shut for planned maintenance on Sunday.

SERC – Duke Energy's 1129 Mw Catawba #2 nuclear unit was shut early Monday for expected refueling and maintenance. The unit had been at 91% capacity on Friday.

Dominion Resources Inc's 903 Mw North Anna #1 nuclear unit was shut on Saturday for a refueling outage. On Friday the unit was operating at 100% capacity.

The NRC reported this morning that 88,801 Mw of nuclear generation capacity was on line, down 1.31% from Friday and up 2.35% from the same time a year ago.

GDF Suez's head of global LNG said Monday one LNG tanker was scheduled to be loaded in Australia in April for delivery to Britain's Isle of Grain terminal. Meanwhile National Grid reported that two LNG tankers have arrived at the Isle of Grain facility.

The Ukrainian President's office said today that the Ukrainian security service has not seen any evidence to back up Naftogaz's claim that it legally acquired 6.3 billion cubic meters of natural gas previously owned by RosUkrEnerg. Government officials have refused to show investigators contracts related to the acquisition. Government investigators are focusing on the January 19th contracts between Gazprom and Naftogaz, according to which Gazprom allegedly sold RosUkrEnerg's gas at below the market price to Naftogaz.

Dolphin Energy, a gas supply venture led by Abu Dhabi, is seeking commitments from existing lenders to refinance a \$3.45 billion loan. The company supplies natural gas from Qatar to the UAE and Oman, with the capacity for 2 bcf/d to fuel power plants, aluminum smelters and households.

NiSource Inc's Columbia Gulf Transmission unit said it will hold a binding open season in order to gauge interest on pipeline capacity available to Florida Gas Transmission to serve increasing demand for natural gas in the Southeast US. Columbia Gulf has 105,000 dekatherms of open capacity available for delivery as of April 1 to Florida Gas near Lafayette, Louisiana. The open capacity is in addition to 195,000 dekatherms/d already subscribed.

PIPELINE RESTRICTIONS

NGPL said that effective until further notice, ANR South Joliet #2 has limited capacity available for deliveries. The company also reported that it has limited capacity available for northbound flow through Segment 13 and for gas going eastbound through the end of Segment 17. Limited ITS/AOR and Secondary Firm transports are available.

CIG said because operational pressures on CIG at Beaver improved, scheduling increased the limit at BEA back to 118,000 Mcf

PIPELINE MAINTENANCE

Alliance Pipeline said its Blueberry Hill Compression Station Unit #2 was taken offline for approximately six hours today for minor maintenance. Capacity at Constraint point #2 was not expected to be restricted. The company also reported that a routine scheduled maintenance and repairs will require Unit #1 at the Carson Creek Meter/Compression Station to be unavailable for 10 hours today. The company also reported that it will be performing minor maintenance on its Estlin compression station on March 10th. System throughput (AOS) will likely not be impacted.

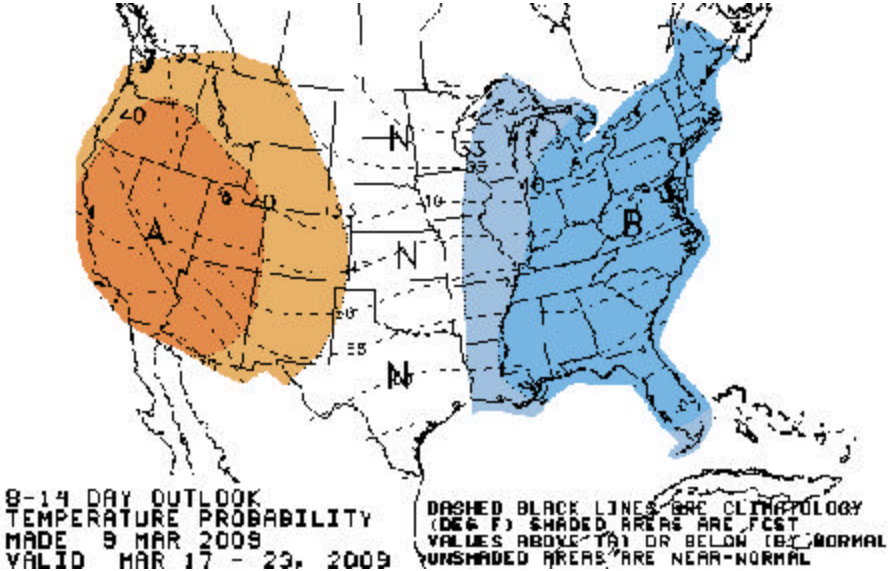
SonNat said it has completed repairs after unscheduled engine outage at the Bienville Compressor Station and the unit is now operational.

MARKET COMMENTARY

The natural gas market continued on its downward trend and settled in negative territory for the third consecutive session. The market posted a high of \$3.965 early in the session amid the strength in the oil market. However the market gave up its early gains amid mild temperatures and soft cash prices. It extended its losses to 13.6 cents as it traded to a low of \$3.809, a level not seen since November 14, 2002, when the market posted a low of \$3.78. The market later retraced some of its losses and remained rangebound ahead of the close. The natural gas market settled down 8 cents at \$3.865.

The National Weather Service forecast for March 17-23 is calling for below normal temperatures across much of the East and mostly above seasonal readings expected. Even though the weather

forecasts show below normal temperatures, the market's gains will remain limited as the winter winds down. The market will also remain pressured amid the lack of industrial demand due to the weak economy. The natural gas market is still seen trending towards the \$3.50 level. We see support at its low of \$3.809, \$3.794, \$3.724, \$3.638 and \$3.631, basis its downward channel. Resistance is seen at \$3.95, \$3.965, \$4.036 and \$4.106.



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