



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR MARCH 25, 2010

NATURAL GAS MARKET NEWS

Qatar's energy minister said today that Qatar does not plan to cut output in a bid to support global gas prices, despite recent comments from Algeria that major exporters should consider restricting natural gas production to support prices. Qatar said its gas "projects are long term, between 20-25 years and they are linked to oil prices." He noted Qatar couldn't reduce the quantities contracted and that Qatar is in the process of ramping production up since it sees a global gas shortage in several years and as a result continues to invest in gas supply. The Qatari Prime Minister said Thursday that Qatar would raise its LNG production capacity to 77.4 million tones per year by 2011 from 56 million tones currently. Officials confirmed that the Rasgas LNG Train #7 would reach full capacity at the end of the 3rd quarter of 2010.

Reuters reported today that according to legislative sources, ConocoPhillips, Shell Oil and BP reportedly have had contact with Senators Kerry, Lieberman and Graham on what they would like to see in the proposed climate change legislation. The industry would like to keep the

EIA Weekly Report

	03/19/2010	03/12/2010	Change	03/19/2010
Producing Region	581	562	19	707
Consuming East	760	770	-10	666
Consuming West	285	283	2	280
Total US	1626	1615	11	1654

*storage figures in Bcf

Generator Problems

NPCC – OPG's 494 Mw Lambton #3 coal fired unit was shut early this morning for short-term maintenance.

Constellation Energy's 1140 Nine Mile Point #2 nuclear unit is expected to be shut on April 3 for planned refueling and maintenance. The unit was at full power today.

FRCC – FPL's 853 Mw St. Lucie #1 nuclear unit is expected to go offline on April 3rd for a planned 38-day maintenance and refueling outage. The unit has been slowly coasting down. The unit was at 85% power this morning, down 2% from yesterday.

PJM – PSEG Nuclear's 1174 Mw Salem #1 nuclear unit was at 90% power this morning. Operators though are expected to take the unit down on April 3rd for planned maintenance.

Constellation Energy's 890 Mw Calvert Cliffs #1 nuclear unit was at 83% power this morning, up 23% from yesterday.

MISO – Entergy's 798 Mw Palisades #1 nuclear unit was at reduced power this morning, at 80% power, down 17% from yesterday.

SERC – Southern Nuclear's 876 Mw Hatch #1 nuclear unit was at 63% power this morning, up 20% from yesterday. The reactor had been restarted on March 19th after being shut since February 7th.

ERCOT – Luminant's Comanche Peak #1 nuclear unit is expected to be taken off line for planned maintenance and refueling on April 2nd. The unit, which was at full power this morning, is expected to be off line for 17 days.

STP Nuclear's 1250 Mw South Texas #2 nuclear unit which is at full power this morning is expected to be taken off line for a 34 day planned refueling and maintenance outage beginning March 28th.

The NRC reported that there was some 82,435 Mw of nuclear power generated today, up 0.2% from yesterday and 3.3% lower than a year ago.

regulation of hydraulic fracturing, or "fracking" for natural gas in the states hands and not the federal government. The energy industry also would like to see an expansion in offshore drilling. They would like to see states given the opportunity to say whether they wanted to have new offshore drilling from their coasts up to 35

miles out, with a second level of offshore exploration that could be vetoed by the states from 35 to 75 miles offshore.

Philadelphia government officials on Thursday asked the Delaware River Basin Commission to deny a drilling permit to Stone Energy Corp, a Louisiana based oil and gas company and any other exploration firm that is seeking to use fracking to extract gas in the watershed that supplies the city with its drinking water. Stone Energy was looking for a permit to extract

Canadian Gas Association

Weekly Storage Report

	19-Mar-10	12-Mar-10	20-Mar-09
East	79.1	75	61.9
West	192.6	191.4	129.9
Total	271.7	266.5	191.8

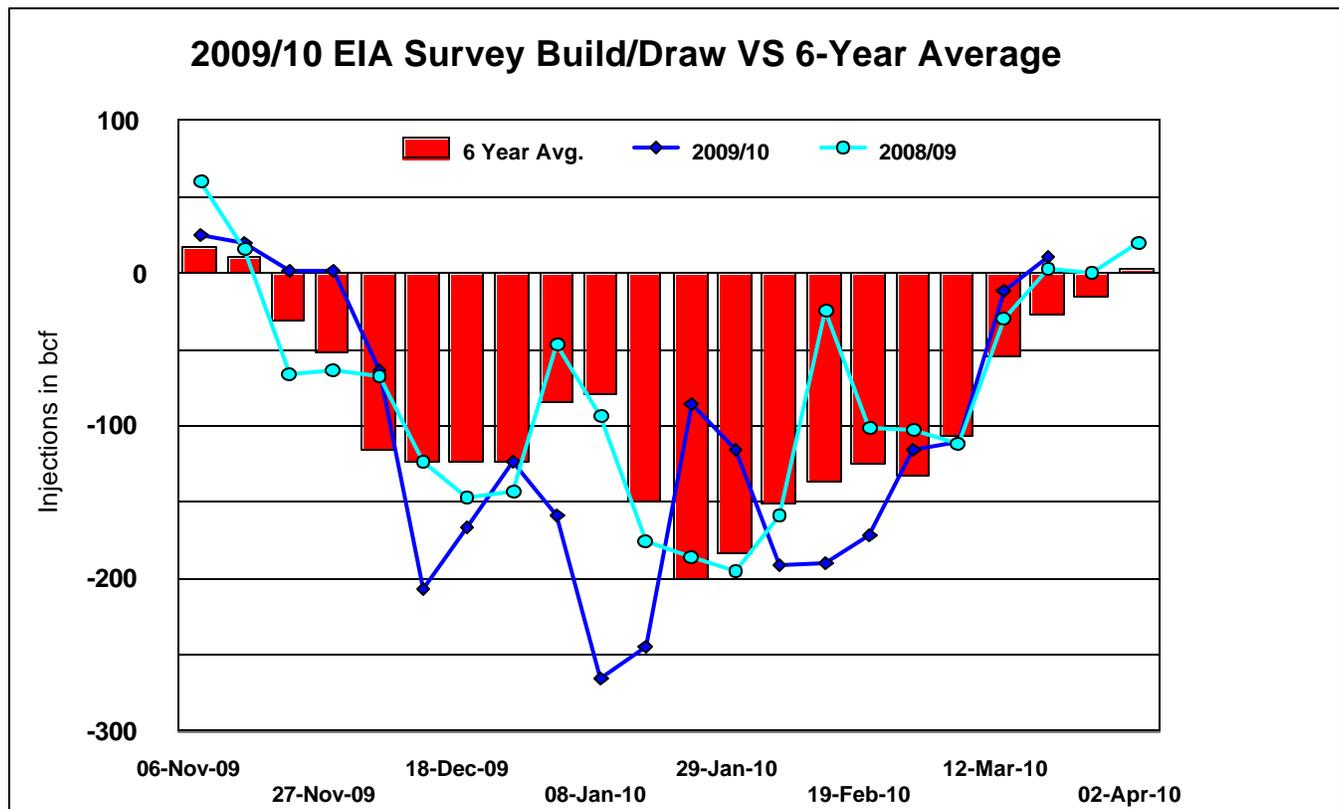
storage figures are in Bcf

water it needs from a tributary of the river in Northeastern Pennsylvania.

Tokyo Gas Company said today that it plans to buy 12.678 bcm of LNG in the new fiscal

Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	Volume Traded	Avg Price	Change	Basis (As of 12:30 PM)	Change	Basis 5-Day Moving Avg
Henry Hub	608,100	\$4.011	(\$0.012)	\$0.040	\$0.150	(\$0.033)
Chicago City Gate	551,200	\$4.177	\$0.029	\$0.206	\$0.168	\$0.076
NGPL- TX/OK	994,200	\$3.927	\$0.002	(\$0.044)	\$0.141	(\$0.154)
SoCal	402,800	\$4.123	\$0.016	\$0.152	\$0.155	\$0.010
PG&E Citygate	581,800	\$4.532	\$0.014	\$0.561	\$0.153	\$0.418
Dominion-South	520,300	\$4.169	\$0.019	\$0.198	\$0.158	\$0.043
USTRade Weighted	18,065,000	\$4.065	\$0.011	\$0.094	\$0.15	(\$0.033)

year starting in April, up 1.4% from a year ago. The company had underestimated this year's purchases by 1.3%.



The consortium behind the planned Nabucco gas pipeline said today that the pipeline would be ready for operation from 2014 as previously announced. This announcement from the group comes following a recent comment by the European Union energy commissioner as saying the completion of the

pipeline will be delayed to at least until 2018. The consortium noted there must be a misunderstanding since they see their pipeline reaching its maximum capacity by 2018.

Gazprom said it would not lower gas prices for the Ukraine in exchange for a stake in a consortium that would manage and operate the Ukraine's gas pipeline system. Meanwhile Russian Prime Minister Putin said that Russia is willing to discuss gas prices with the Ukraine, but the existing supply contract is fair and urged the Ukraine's "strict compliance" with all gas agreements. Meanwhile Gazprom said today that Russia might fully liberalize domestic natural gas prices by 2014, ending Soviet-era subsidies.

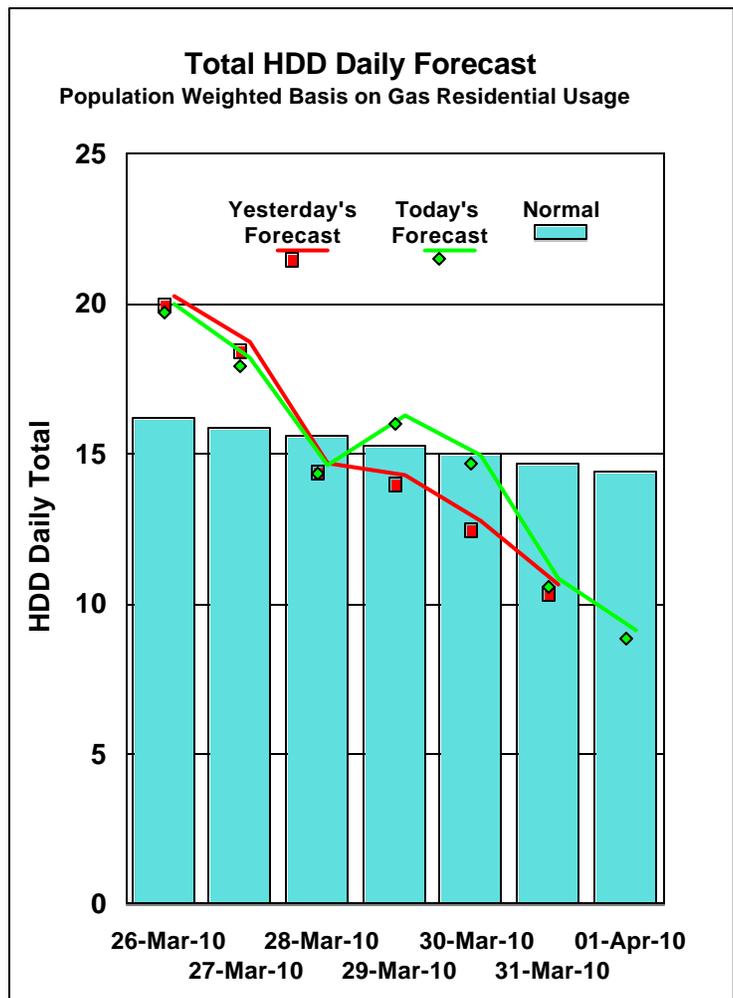
The Ukrainian prime minister today said he guaranteed payment for March gas supplies from Russia but still did not consider the contract fair.

Port authorities at Milford Haven reported that a LNG tanker was expected to arrive at the Dragon LNG terminal on April 1st.

El Paso Pipeline Partners agreed to acquire a 51% interest from its parent in the Southern LNG company, which owns and operates the Elba Island LNG terminal and El Paso Elba Express, which owns a recently opened 190 mile interstate gas pipeline.

Indonesia's energy watchdog BPMIGAS, urged state oil company Pertamina to build a LNG receiving terminal in Arun LNG plant in Aceh province. The group noted that given the existing facilities at the site, such as storage tanks only a small investment would be needed for building receiving terminals. The group said it is needed as the province was expected to grow in the future, especially for fertilizer plants and power plants. The Arun plant has formally 6 trains to process gas into LNG. The plant currently operates only two trains as natural gas reserves have been depleted. The plant is expected to be closed in 2014 when the reserves are finally depleted.

The Labor Department reported that the number of initial claims for unemployment benefits in the week ending March 20th fell by 14,000 to 442,000. The previous week's level was revised to 456,000 from 457,000. The number of initial claims fell more than expected. Economists expected initial claims to fall by 7,000. The four week moving average fell by 11,000 to 453,750 from the previous week's revised average of 464,750. It is the lowest level since September 13, 2008. The number of continuing claims in the week ending March 13th fell by 54,000 to 4,648,000 from the preceding week's revised level of 4,702,000. The unemployment rate for workers with unemployment benefits in the week ending March 13th was 3.6%, unchanged from the previous week.



PIPELINE MAINTENANCE

Questar said today it would perform line work on JL 25 during the week of April 12 through April 16th. To facilitate the work, production on the segment will be shut in from April 12-16th.

Gulf South has extended the system maintenance on Unit #2 at the Harrisville Compression Station through March 31st. The work began on March 22nd and had been scheduled to last 72 hours. The company does not anticipate any impact to its shippers utilizing the Harrisville Compressor Station.

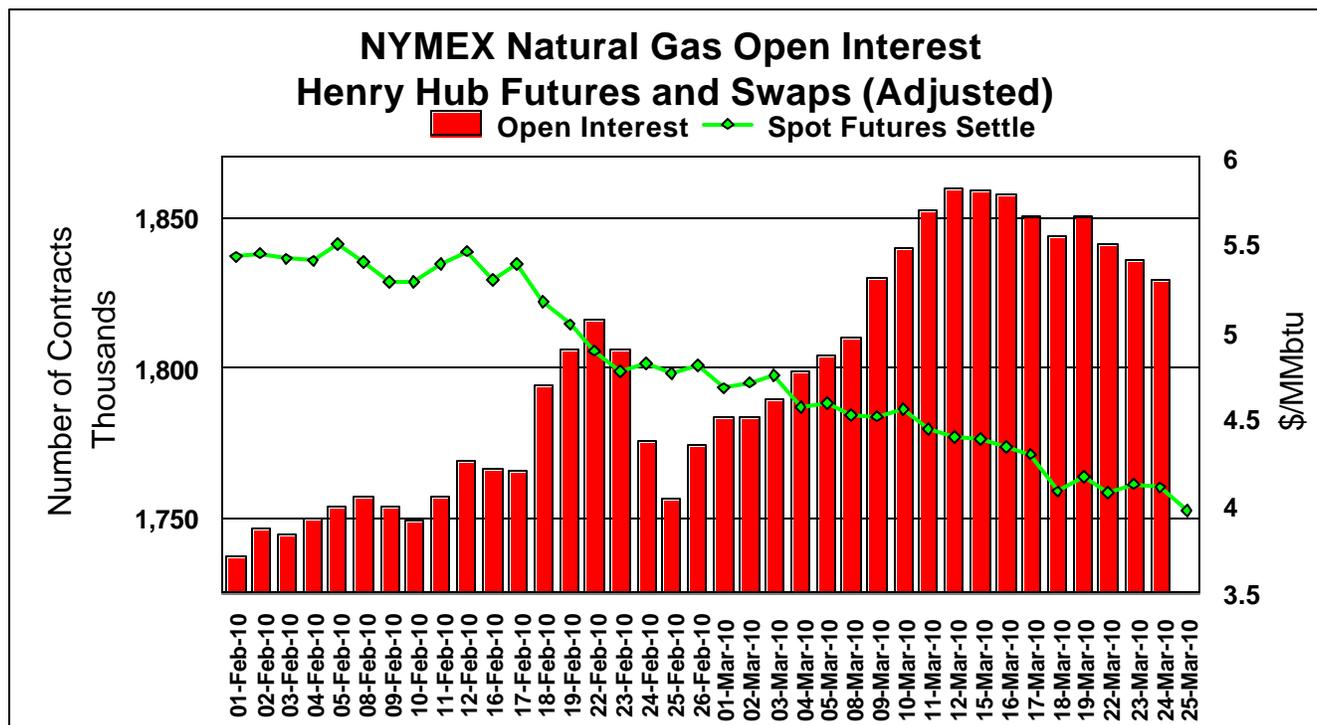
PIPELINE RESTRICTIONS

NGPL said that effective for gas day March 25th and continuing until further notice, NNG Mills is at capacity for deliveries. Interruption transportation service/authorized overrun and secondary firm transports are at risk of not being fully scheduled.

ELECTRIC MARKET NEWS

The New York Public Service Commission on Thursday rejected Entergy's proposed plan to spin off three nuclear power plants in New York to Enxus as not being in the public interest.

The International Energy Agency said today that it expects nuclear power to be a more competitive energy source than coal or natural gas when borrowing cost are low. The agency calculated that under a low discount rate case, low carbon-technologies such as nuclear energy are most competitive solution compared to coal fired power plants without carbon capture and natural gas fired combined-cycle plants for base load generation. In countries where coal is low cost, such as Australia and parts of the United States, coal may also be competitive, assuming a discount rate of 5%. When the discount rate rises to 10%, coal without carbon capture technology will be the cheapest, followed by coal with emissions trapping systems and gas plants.

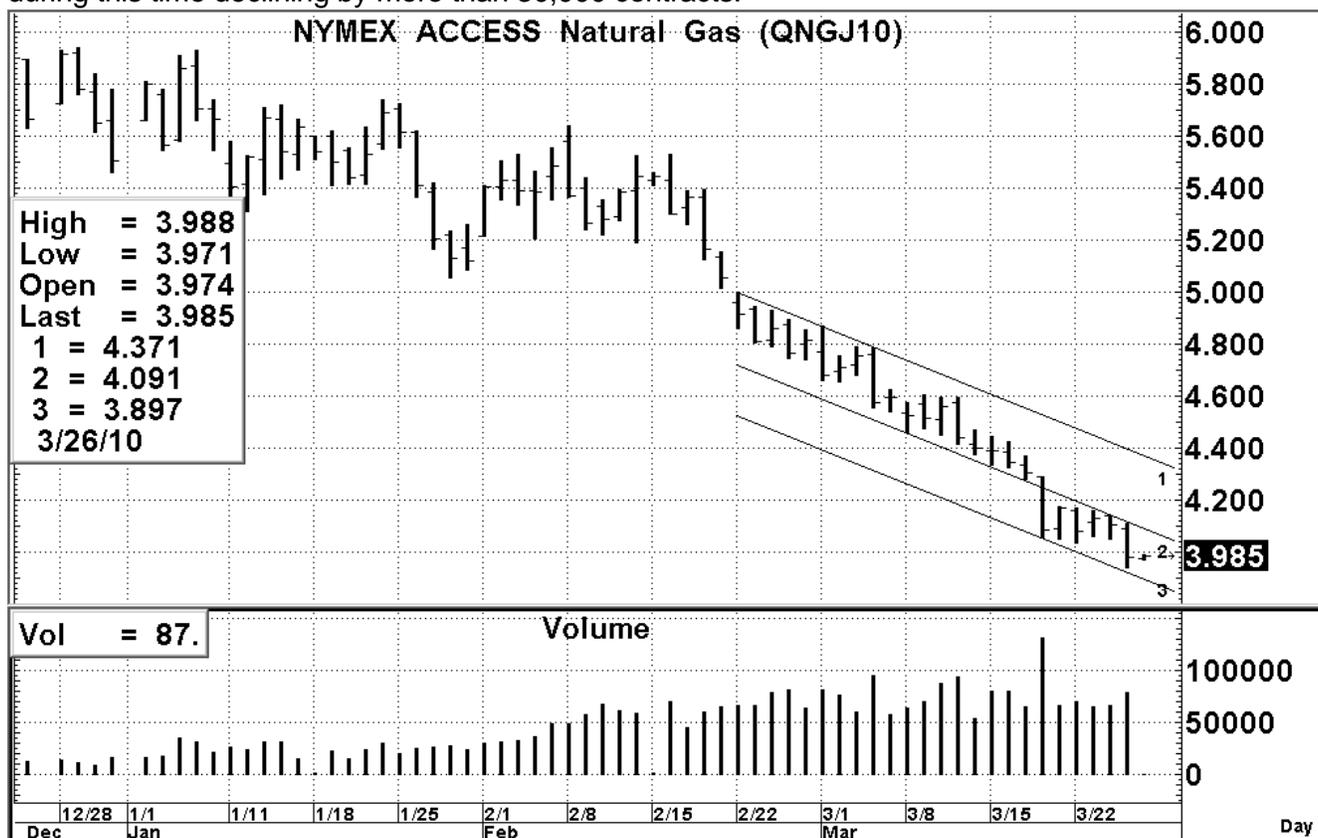


Entergy's operators at the Vermont Yankee reactor said they have found the source of the radioactive tritium leak and have begun initial work to support the remediation of soil and groundwater. The leak was discovered in January. The leak reportedly was coming from two separate pipes inside a concrete tunnel, that normally would have been recovered by normal processing from a floor drain. But due to the drain being clogged the radioactive material seeped through an unsealed joint in the tunnel

MARKET COMMENTARY

Well the natural gas market finally broke out of its trading range of the past week, but the downside move after the breach of the \$4.00 barrier was not as extreme as we had been expecting, falling only to \$3.94 before stabilizing and trading in a 3-5 cent trading range for the remainder of the session. While it may be early too early to assess this price action as part of a new price pattern it appears at first glance that today's price action could still be pointing to prices being contained within yet another downward trading channel that is only 21 to 28 cents lower than the downward channel originally booked between February 22 - March 17th.

It appears to us that despite the overwhelming bearish mood of this market as reported in the press in recent weeks the market has not fully reflected this outlook in prices, possibly in part to short covering. It is interesting to note that open interest on a combined and adjusted basis in the Henry hub futures and swaps contracts have declined seven out of the last eight trading sessions with total open interest during this time declining by more than 30,000 contracts.



With the April contract's expiration fast approaching, we would look for support in this contract tomorrow coming at \$3.897, followed by \$3.83-\$3.81, \$3.738 and \$3.587. Resistance we see initially at \$4.00 followed by \$4.09, \$4.183-\$4.20 and \$4.254.

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