



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR MARCH 27, 2009

NATURAL GAS MARKET NEWS

Dominion announced today that its Dominion Cove Point Expansion project went into full commercial service on Thursday. Output capacity for the LNG facility has increased by 80% to 1.8 million dekatherms per day while LNG storage capacity was nearly doubled to 14.6 bcf.

The Federal Reserve Bank today released their revised estimates for industrial production. It now estimates that U.S. industrial production in February fell by 1.5%, down from its earlier estimate of a 1.4% contraction, while it sees January production off 2.0% revised down from

Generator Problems

NPCC –

FRCC –FPL reduced further operations at its 864 Mw St. Lucie #2 nuclear unit, down 5% from yesterday and now at 85% of capacity.

WSCC – APS’s 1311 Mw Palo Verde #1 nuclear unit dropped from full power it was operating at yesterday to only 11% capacity today and was off line.

PG&E’s 1122 Mw Diablo Canyon #1 nuclear unit was at 50% capacity this morning up 7% from Thursday.

SERC- Both units at TVA’s 2274 Mw Sequoyah nuclear power station were shut on Friday due to the loss of an off site power source. At the time of the shut down Unit #1 was at 97% capacity and Unit #2 was at full power.

Southern’s 920 Mw Farley #1 nuclear unit was expected to be taken down over the weekend for its refueling and maintenance outage. The unit was at 95% of capacity this morning down 2% from yesterday.

SPP – Operators at AEP’s 528 Mw Welsh #2 coal fired unit originally had planned to take the unit down for a five day maintenance outage yesterday. But now operators have told regulators the outage beginning today will last for a month.

ERCOT – NRG said it planned to restart its 864 Mw limestone #2 coal unit

TMPA said its 462 Mw coal fired Gibbons Creek power station would return to service late Friday after a brief outage from earlier in the day.

Luminant’s 565 Mw Monticello coal fired Unit #1 was expected to be take off line for maintenance.

The NRC reported this morning that 81,821 Mw of nuclear generation capacity was on line, down 4.1% from yesterday and down 1% from the same time a year ago.

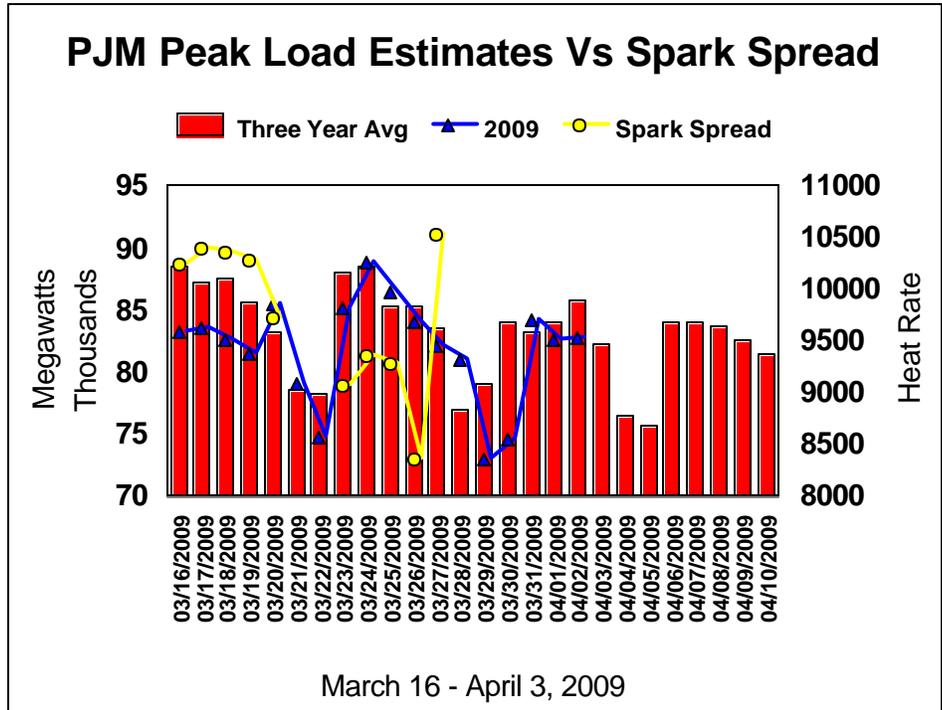
Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	Volume Traded	Avg Price	Change	Basis (As of 12:30 PM)	Change	Basis 5-Day Moving Avg
Henry Hub	761,100	\$3.733	(\$0.431)	\$0.038	(\$0.116)	(\$0.451)
Chicago City Gate	894,400	\$3.149	(\$0.244)	(\$0.546)	\$0.030	(\$0.836)
NGPL- TX/OK	788,700	\$2.840	(\$0.212)	(\$0.855)	\$0.062	(\$1.184)
SoCal	138,100	\$3.047	(\$0.111)	(\$0.648)	\$0.163	(\$0.947)
PG&E Citygate	407,400	\$3.778	(\$0.352)	\$0.083	(\$0.078)	(\$0.099)
Dominion-South	343,400	\$3.935	(\$0.483)	\$0.240	(\$0.209)	\$0.177
USTrade Weighted	14,555,700	\$3.426	(\$0.390)	(\$0.269)	(\$0.12)	(\$0.451)

its prior estimate of a 1.9% contraction.

Baker Hughes reported this afternoon that for the week ending March 27th, the number of natural gas rigs

operating in the United States fell 47 to 810. This was the lowest level since April 2003.

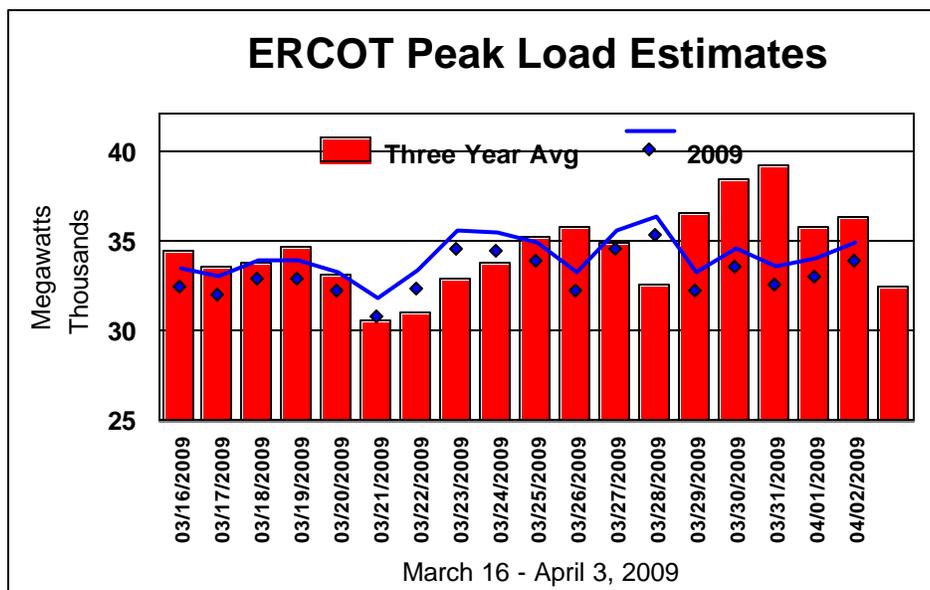
The first commissioning cargo of LNG is scheduled to be delivered to Britain's Dragon LNG import terminal within three months a spokeswoman for the facility said today. The facility had been originally scheduled to open last year, but delays with contractors had forced the time scheduled to be pushed back. The facility is a joint venture with BG Group, Petronas and the Dutch firm 4Gas.



The first delivery of LNG from the BP Tangguh project in Indonesia's Papua may be delayed beyond its earlier target start date of May, the Indonesian Energy Minister said today. The \$5 billion project had been slated to delivery two cargoes of LNG to China in May but now may make delivery of just one test cargo to China as the Chinese also are still working to make their Fujian receiving terminal operational.

U.S. based Exceleerate Energy is expected to deliver the first commercial cargo of LNG to its UK Teesside facility around April 10th. The cargo is expected to come from Trinidad.

Gazprom said Friday that it is in talks with Azerbaijan's state energy company Socar on buying Azeri gas from 2010 for export to Europe. The companies will also assess potential gas swap operations. Azerbaijan is planning to significantly increase its gas output after 2013, when it will start the second phase of its Shakh-Deniz field.



Russia sent its first scheduled cargo of LNG to Japan's Tokyo Gas Company.

PIPELINE MAINTENANCE
Williams Partners announced its 18-inch Discovery Lateral that was damaged by Hurricane Ike has been repaired and is back in service. The line's offshore gathering system was severed during the storm from its connection to the 30-inch mainline. The

30-inch mainline was repaired and placed back in service in January. With the 18-inch lateral back in service, the entire Discovery system is now full operational and flowing at approximately 400 million cf/d through the onshore Larose natural gas processing plant.

Alliance Pipeline said inspections and maintenance requires the Alameda Compression Station to be offline for 120 hours starting April 4th. System throughput (AOS) will be affected but will be determined closer to the outage date.

NGPL said it will be performing unplanned maintenance on its Louisiana #1 Line in Liberty County, Texas on March 31st. The work is expected to take one day and will require a temporary reduction in operating pressure resulting in a capacity reduction in Segment 25 of the Louisiana Line. ITS/AOR, Firm Secondary out of path transports will not be available.

FGT said it will continue performing maintenance on one of three units at Station 7. This maintenance is scheduled to continue through the end of April. During the work FGT will schedule up to 375,000 Mmbtu/d through Station 7 some 80% of normal.

The Rockies Express Pipeline has again revised its expected in service date for the REX-Eastern interim service as a result of recent rains and flooding in the new service area. The start up date has been moved to late April or early May.

PIPELINE RESTRICTIONS

NGPL said effective for today's gas day and until further notice it has limited capacity available for northbound flow through Segment 13 in Mills County, Iowa and Segment 18 located in the South Texas Zone. Limited ITS/AOR and Secondary out of path Firm transports are available.

Wyoming Interstate Company said it has seen an improvement in performance at the Powder River Lateral and Medicine Bow Lateral interconnects and has released the weather related underperformance caps at these points. Due to the persistent cold weather in the region, the company has placed Powder River lateral and medicine Bow Lateral interconnects on the underperformance warning list for Friday.

Cheyenne Plains Gas Pipeline said that due to cold temperatures it has issued cold weather alerts for Friday.

ELECTRIC MARKET NEWS

The EIA reported that for the week ending March 21st, some 22.376 million tons of coal was produced in the United States, down 1.2% from the previous week and some 1.5% less than the same week a year ago. Year to date production is some 1.9% less than at the same time a year ago.

Genscape reported that its U.S. coal burn index was down 1% this week from the previous week and was 7% less than the same week a year ago.

MARKET COMMENTARY

The April natural gas contract expired Friday on the defensive as the spot price fell to its lowest level in six and a half years as the bulls from last week's rally appeared to run to the exits following yesterday's bearish storage report and the poor industrial production numbers released this morning appeared to throw cold water on their premature bullish technical rally. Based on this week's Commitment Of Traders Report, which reflects trading through Tuesday it appears that the small or non-reporting trading sector were the new longs that came into the market over the last week as this group saw their net long position increase by over 11,600 lots.

While we continue to feel that this market has a supply overhang, the near term market should receive a boost next week if nuclear generation levels remain seasonally depressed as unexpected outages could prompt some short utility buying for generation needs. But if crude oil prices move back below \$50.00 we feel that the May natural gas contract may have a hard time sustaining itself above the \$4.00 level. We see additional resistance at \$4.117, \$4.23-\$4.25 and \$4.36-\$4.38. More distant resistance we see at \$4.468 and \$4.754. Support we see at \$3.724, \$3.628, \$3.52 and \$3.35-\$3.31.

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