



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 MARCH 30, 2010

NATURAL GAS MARKET NEWS

Private weather forecaster AccuWeather today updated their long-range weather outlook. Forecaster Joe Bastardi continues to see April being relatively warm relative to seasonal averages for much of the nation especially around the Great Lakes and the Northeast. While May and June may see relatively normal temperatures, he sees the nation experiencing a much hotter than normal period this summer, especially during July and August. He noted that his forecast is counter to the long range NWS forecast and has based that on analog support in that summers coming out of El Nino periods are notoriously hot in August and September. He also noted a much more active hurricane season is on the way, more like 2008 than 2009.

The World Meteorological Organization said today that the El Nino warming of the Pacific Ocean since June of last year has peaked but is expected to influence climate patterns worldwide up until mid-year before dying out. The WMO expects that a return to normal condition should occur though by mid-2010.

Generator Problems

MISO – DTE Energy's 1122 Mw Fermi #2 nuclear unit climbed to 10% power as of early Tuesday, up 6% from Monday. The unit is returning from an outage that occurred last week.

SERC – Southern Nuclear's Farley #2 nuclear unit was at 96% power this morning down 1% from yesterday as the unit coastdowns to its scheduled April 3rd maintenance outage.

TVA's 1150 Mw Sequoyah #2 nuclear unit was operating at 59% power this morning, up 1% from yesterday.

Progress Energy confirmed today that its 710 Mw Robinson #2 nuclear unit has entered a scheduled refueling outage two weeks earlier than planned. Operators decided to keep the unit shut for refueling after an automatic reactor trip shut the unit over the weekend. The unit had been slated for an April 17th shutdown.

WSCC – Energy Northwest's Columbia nuclear unit was at 81% power this morning, down 1% from Monday.

Operators at the 1070 Mw San Onofre #2 nuclear unit have begun to prepare bringing the unit back up. The recent outage at the unit has lasted twice as long as originally expected. The unit has been shut since September 2009.

FRCC – FPL's 853 Mw St Lucie #1 nuclear unit was at 76% power this morning down 2% from yesterday as it appeared operators were coasting the unit down in front of the planned April 5th maintenance outage.

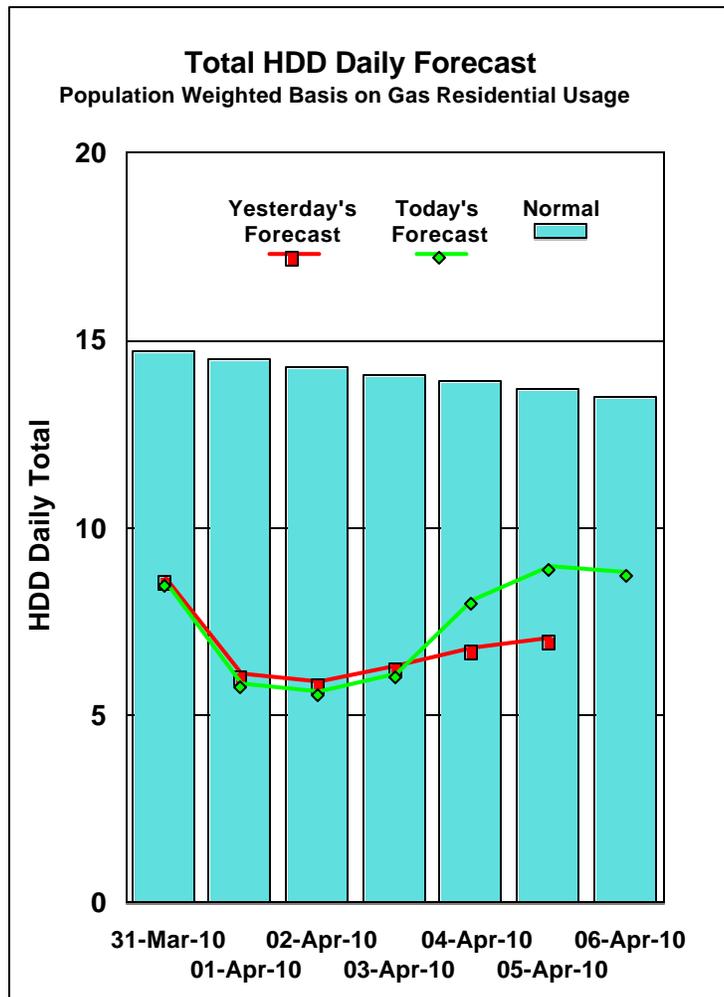
The NRC reported that there was some 79,925 Mw of nuclear power generated today, basically unchanged from yesterday and off 3.1 % from a year ago.

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	418,200	\$3.785	(\$0.046)	(\$0.168)	(\$0.118)	(\$0.026)
Chicago City Gate	498,200	\$3.896	(\$0.074)	(\$0.057)	(\$0.141)	\$0.078
NGPL- TXOK	796,800	\$3.683	(\$0.057)	(\$0.270)	(\$0.124)	(\$0.151)
SoCal	358,300	\$3.789	(\$0.100)	(\$0.164)	(\$0.167)	(\$0.001)
PG&E Citygate	860,200	\$4.358	(\$0.027)	\$0.405	(\$0.094)	\$0.460
Dominion-South	731,200	\$3.913	(\$0.074)	(\$0.040)	(\$0.140)	\$0.084
USTrade Weighted	18,472,100	\$3.810	(\$0.051)	(\$0.143)	(\$0.12)	(\$0.026)

But it left open the possibility of the El Nino pattern though could still persist beyond mid-year. The agency said that a La Nina condition could also start in the middle of the year but that

scenario is deemed less likely.

The EIA this week announced that it has conducted a full review of the methodology used in its EIA-914 natural gas production monthly production report. Starting in April 2010, when it reports on February 2010 production levels it will implement its new methodology. It will utilize a new sampling and estimation process that will have three main changes. The monthly sample will be updated every month using more recent information; estimation of production of non-sampled companies will use data that is 6-18 months old rather than the previous practice that used data that was 2-7 years old and the calibration of the numbers will be updated monthly. The agency felt that these changes will better reflect the evolution in the market, such as the growth of shale gas production in a much more timely way.



Algeria's Energy Minister Chakib Khelil reiterated on Tuesday that he would propose cuts to natural gas supply to prevent lower prices. He noted that the current natural gas market situation is not a sustainable situation given the markets weak price. He also blamed volatility in the oil markets mostly to speculation and said there was excess oil supply due to high inventories.

China Petroleum & Chemical Corp has started operating its \$9.2 billion Sichuan-East China natural gas transmission project. The project has a design capacity of 12 bcm

per year and will move gas from Sinopec's largest gas field, Puguang to major energy consumers in the eastern provinces. Sinopec produced 4 bcm of gas from the field in 2009.

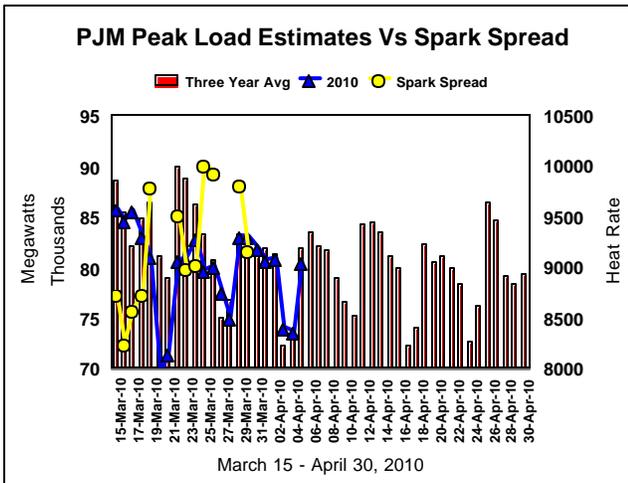
Japanese Saibu Gas announced today that it would build a large-scale LNG receiving terminal in Kitakyushu in western Japan. The project has a projected cost of \$757 million. Construction is expected to begin by June of this year and be operational by November 2014.

The Conference Board said its index of consumer attitudes increased to 52.5 in March from an upwardly revised 46.4 in February. The expectations index increased to 70.2 from a revised 62.9. The present situation index increased to 26, the highest level since May 2009, up from a revised 21.7 in February.

The Standard & Poor's/Case-Shiller home price indexes released on Tuesday showed prices of US single family homes increased in January. The S&P composite index of 20 metropolitan areas unexpectedly increased by 0.3% in January, seasonally adjusted. On an unadjusted basis, prices fell 0.4% in January.

ELECTRIC MARKET NEWS

Genscape reported that coal stocks at U.S. power plants rose 2.2% this week but were 2.6% smaller than the same time a year ago.



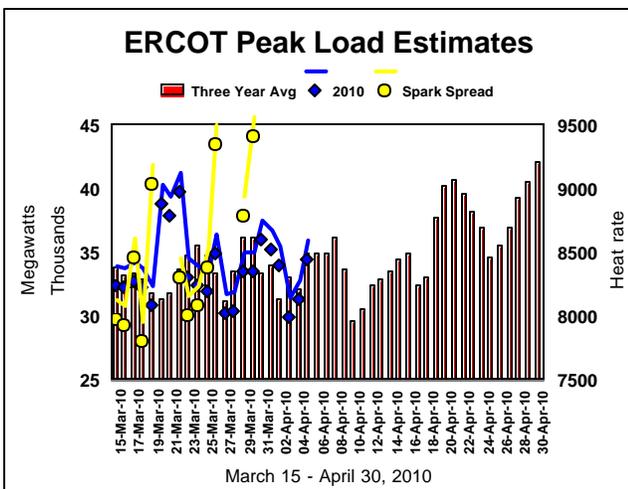
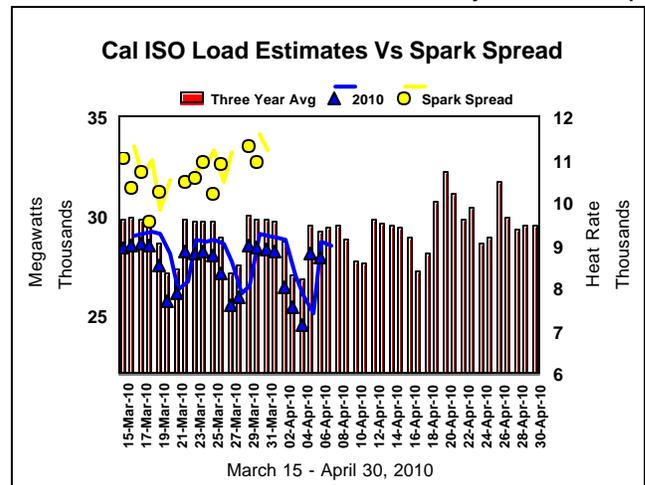
The Northwest River Forecast Center today revised upward their outlook for water flows at many locations in the region. Water flows at the Dalles Dam in April through September were revised upward by 3% from last week's forecast estimate to 69% of normal. Water flows at the Grand Coulee Dam were seen at 71% of normal up 2% from last week.

The U.S. EPA said today that it has proposed rescinding pollution control regulations that it had implemented in the waning days of the Bush administration that gave companies a way to avoid seeking a new pollution control permit when

making facility upgrades. By allowing companies to avoid considering the cumulative effect of upgrades, companies could remain below emissions thresholds that would have triggered new permit requirements under prior regulations. While the last minute rule change never took hold because the EPA froze the regulation when the Obama Administration took office, the EPA on Tuesday went a step further and proposed rescinding the Bush era rule.

MARKET COMMENTARY

While the day following a contract expiration tends to be a bit more subdued with a smaller trading range and volume, that was not the case today as the May contract saw a trading range that was greater than the prior two sessions as well as seeing a traded volume that was nearly identical to yesterday's active session with over 75,800 lots booked via Globex today. The May contract made a run at yesterday's April contract low at \$3.822 but fell short of posting a viable challenge on this support level reaching a low for the day of \$3.847. The market some 30 minutes later appeared to



receive a boost from the positive consumer confidence report, which allowed the market to move into positive territory and remain there for the remainder of the trading session. The market ended the day in positive territory for the first time in five trading sessions.

The price move today appears to have moved some trend indicators into an upward price move bias. The 9-day daily stochastics rolled over and pointed higher today, registering its strongest level since March 10th. The 9-day average RSI indicator appears ready to move off its recent three day lows of being at just 6!

We continue to look for this market to be ripe for an

upward price correction and in our mind it is critical for prices to breach initial resistance at \$4.046 followed by the next major area of resistance at \$4.234 in order to gain any significant momentum for a true price correction. Additional resistance we see at \$4.337 \$4.653, \$4.69 and \$4.902. Support we see at \$3.847-\$3.822, \$3.68-\$3.66 and \$3.22.

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