



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR MARCH 31, 2009

NATURAL GAS MARKET NEWS

Continental Resources has asked the Oklahoma Corporation Commission to order the state's natural gas producers to reduce their output in order to relieve the oversupplied domestic gas market.

The EIA, which released its Annual Energy Outlook today, raised its projection for domestic natural gas production and demand in the coming decades, citing the continued rapid growth in gas shale development and demand for gas by power generators. The EIA also predicted a smaller role for imports of LNG in the years ahead.

Nigeria LNG Limited began receiving natural gas production from one of Royal Dutch Shell's feeder plants this week after being shutdown for nearly four months. Shell had declared force majeure in November on its gas supplies to Nigeria LNG, which supplies 10% of the world's LNG. Shell had shut down its Soku gas plant for repairs after it found thieves had tapped into the pipelines. Gas production reportedly started yesterday and is ramping up quickly. Nigeria LNG estimated that production was around 65% capacity

Generator Problems

NPCC – OPG's Lennox #4 oil and gas fired generating unit was shut.

PJM - PSEG's 1174 Mw Salem #1 nuclear unit was at 85% power Tuesday, up 36% from Monday. Operators had taken the unit off line on March 27th to fix the chemistry of water in the condenser.

WSCC – PG&E 112 Ms Unit #1 at the Diablo Canyon nuclear power station ramped up to 100% power on Tuesday, up from 93% on Monday. The unit had been at 50% on Friday.

APS's 1311 Mw Palo Verde #1 nuclear unit has returned to 100% on Tuesday. The unit had been at 11% capacity on Friday.

SERC- TVA's 1126 Mw Sequoyah #2 nuclear unit ramped up to 75% of capacity this morning from 47% power yesterday as the unit continues to rebound after exiting an outage over the weekend.

Southern's 900 Mw Farley #2 nuclear unit has ramped to 12%, up from 1% power Monday.

ERCOT – NRG Energy's 749 Mw Unit #1 at the Cedar Bayou natural gas fired power station was called back into service yesterday, March 30th. The unit had been off line since March 17th due to load conditions.

The NRC reported this morning that 82,495 Mw of nuclear generation capacity was on line, up 1.2% from yesterday and up 7.97% from the same time a year ago.

currently. Force majeure though remained in place

Gazprom said Tuesday that it expected its gas exports to fall by 22% this year from last year and total 140 billion cubic

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	1,108,500	\$3.585	(\$0.045)	(\$0.129)	\$0.072	(\$0.346)
Chicago City Gate	791,800	\$3.194	\$0.008	(\$0.520)	\$0.045	(\$0.632)
NGPL- TX/OK	773,400	\$3.055	\$0.246	(\$0.659)	\$0.283	(\$0.940)
SoCal	401,000	\$3.016	\$0.006	(\$0.698)	\$0.043	(\$0.790)
PG&E Citygate	794,700	\$3.689	\$0.160	(\$0.025)	\$0.197	(\$0.045)
Dominion-South	502,500	\$4.018	\$0.164	\$0.304	\$0.201	\$0.231
UTrade Weighted	18,621,600	\$3.379	\$0.035	(\$0.335)	\$0.07	(\$0.346)

meters, with an average price of \$260 per tcm.

Russian President Medvedev told reporters today that it is difficult for Russia to give financial credits to the Ukraine until its dispute with the Ukraine over gas transportation is resolved. Medvedev also said Russia has to be part of the talks on a deal between the Ukraine and the European Union on upgrading the Ukraine gas pipeline network.

Cadeville Gas Storage LLC, a wholly – owned subsidiary of Cardinal Gas Storage Partners LLC, announced that it intends to hold a 30 - day non-binding open season at a planned natural gas

Largest Source of U.S. Natural Gas Supply Is Unconventional Production

Figure 66. Natural gas production by source, 1990-2030 (trillion cubic feet)

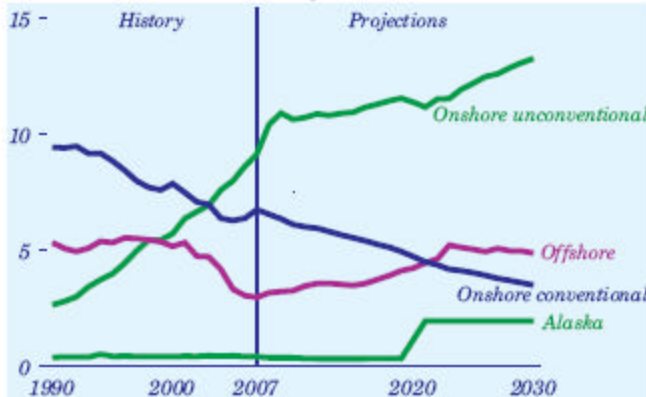
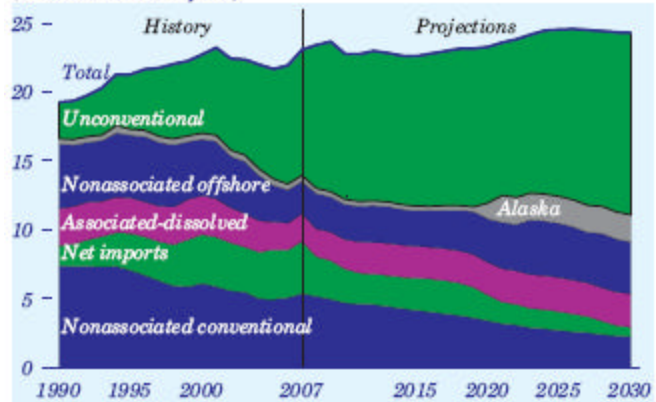


Figure 2. Total natural gas supply by source (trillion cubic feet)



storage facility to be located in Ouachita Parish. Commercial storage services are scheduled to commence in 2011. The facility is being designed to provide a peak deliverability of 420 MMcf/d and a peak injection of 420 MMcf/d. The facility may have the ability to interconnect to Tennessee Gas Pipeline Line 100, Gulf South's Middle 30, Gulf South's 42" East Texas to Mississippi Expansion, Texas Gas Transmission, CenterPoint Energy Line CP, the Perryville Hub (via CenterPoint Energy's Lind CP), the proposed Tiger Pipeline and the proposed ANR Haynesville Lateral.

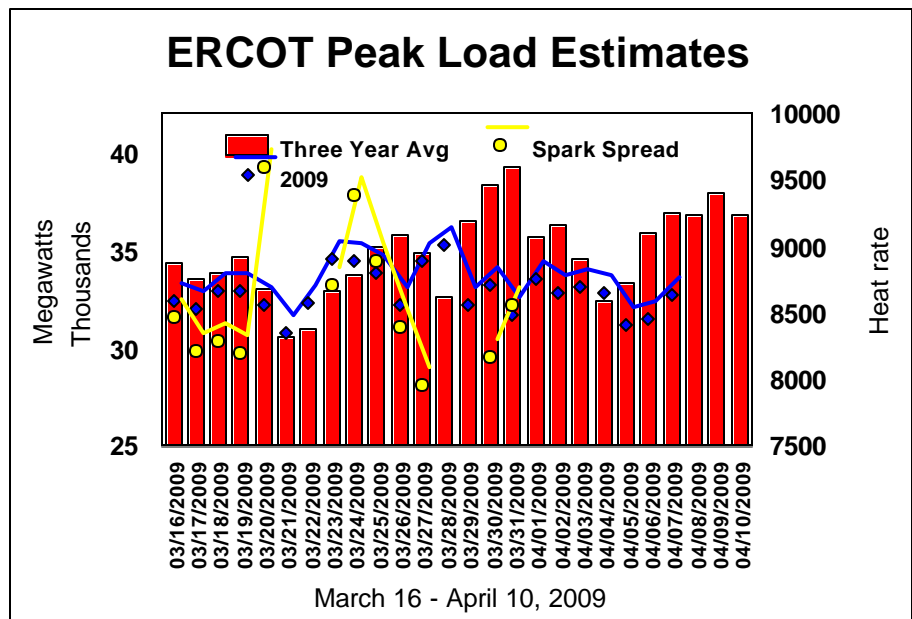
PIPELINE MAINTENANCE

Midstream Partners, LP has announced that its Discovery offshore gas gathering system and Wyoming gas gathering system have both been returned to full service. Discovery's offshore

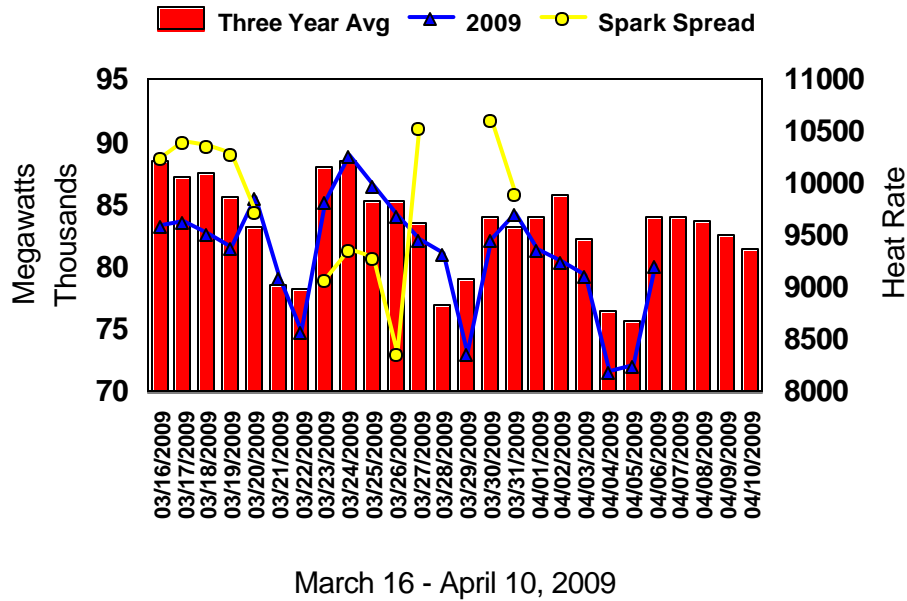
gathering system sustained damage during Hurricane Ike in September 2008, when an 18 - inch lateral was severed from its connection to the 30 inch mainline in 250 feet of water.

PIPELINE RESTRICTIONS

Natural Gas Pipeline Company, a unit of Kinder Morgan Pipeline Company has said that effective for today's gas day and until further notice, it has limited capacity for gas going northbound through Segment 18. Limited ITS/AOR and Secondary out-of-path firm transports are available. Separately, NGPL's Guardian-Will location, in Will County, IL, is at capacity for deliveries. ITS/AOR and Secondary Firm transports are at risk of not being fully scheduled.



PJM Peak Load Estimates Vs Spark Spread



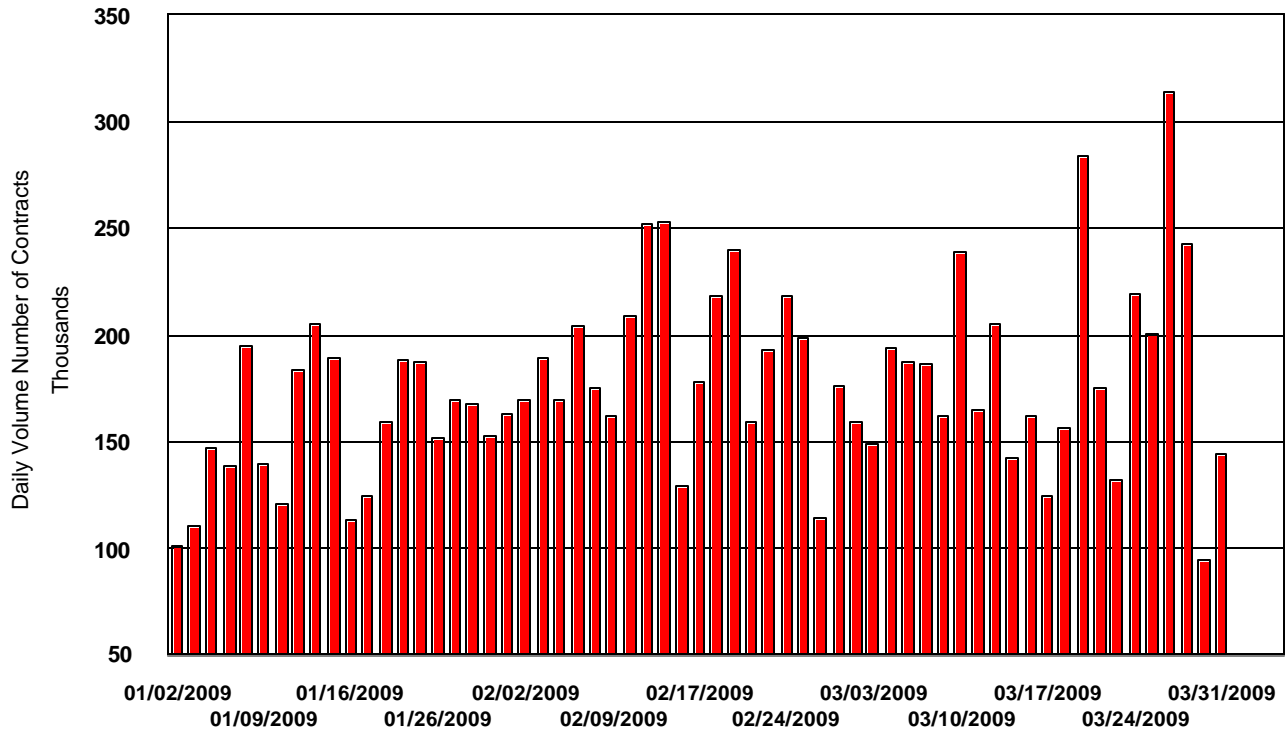
ELECTRIC MARKET NEWS

Two commissioners from the FERC on Monday warned that if Congress tries to “lump together” issues including a national renewable portfolio standard, transmission siting and a cap and trade program to reduce CO2 emissions, it could end up taking several years of legislative debate before passage of a cap and trade program.

The Senator from Delaware, Tom Carper reportedly plans to introduce a bill in the coming months that would

regulate mercury, nitrogen oxides and sulfur dioxide emissions from coal fired power plants. The Senator though has given up plans to include regulation on carbon dioxide in the same legislation.

NYMEX Natural Gas Futures and Swaps: Henry Hub Combined Adjusted Volume



MARKET COMMENTARY

The natural gas market today posted an outside trading session. Once again the bears in the morning attempted to challenge the low recorded in the spot continuation chart last week at \$3.608. While the bears were able to move below yesterday's low by 4 plus cents, the price challenge once again failed and the repeated price action of short covering allowed this market to rebound in the late morning and into in the early afternoon. The May futures contract for the fourth day in a row has settled in the mid \$3.70 level, which quite possibly could be seen as a potential price support level building. Volume in the natural gas futures was a bit better than yesterday, with 109,964 lots traded on the day, but it still was relatively light.

We think the bulls should be cautious in looking at the \$3.60-\$3.70 area as a key bottom for this market. We would recommend one being a bit cautious and wait for the daily stochastics to cross back to the upside as well as getting on the other side of this week's storage report. Likewise we feel that given the support being built

down at this level should prompt bears to begin to take profits on at least half their position and begin to move to the sidelines. We see support tomorrow at \$3.63-\$3.60 followed by minor support at \$3.55, \$3.47 and more significant support at \$3.337. Resistance we see at minor resistance at \$3.82-\$3.85, and \$3.94 with more significant resistance at \$4.06, \$4.194 and \$4.40-\$4.47.

NEW YORK MERCANTILE EXCHANGE(r)									
NYMEX OPTIONS CONTRACT LISTING FOR 03/31/2009									
					TODAY'S	PREVIOUS	ESTIMATED	DAILY	DAILY
-----CONTRACT-----					SETTLE	SETTLE	VOLUME	HIGH	LOW
LN	5	9	C	4	0.1728	0.1717	3480	0.15	0.135
LN	5	9	P	3	0.035	0.044	2675	0	0
LN	6	9	C	5	0.0897	0.0903	2475	0.09	0.0875
LN	6	9	P	3	0.0657	0.0767	2175	0	0
LN	10	9	P	3.5	0.3505	0.3676	1850	0	0
LN	5	9	C	5	0.0244	0.0269	1800	0	0
LN	5	9	C	4.5	0.0661	0.0688	1790	0	0
LN	5	9	P	3.5	0.1419	0.164	1550	0	0
LN	6	9	C	6	0.0217	0.023	1525	0	0
LN	7	9	P	3	0.0961	0.108	1175	0	0
LN	4	10	C	9	0.2003	0.1878	1125	0	0
LN	7	9	C	4	0.5003	0.4881	1075	0	0
LN	5	9	C	3.75	0.2719	0.2635	1050	0	0
LN	6	9	P	3.9	0.3643	0.395	1050	0	0
LN	4	10	C	13	0.0568	0.0531	1000	0	0
LN	7	10	C	6.5	0.7657	0.7239	1000	0	0
LN	8	10	C	6.5	0.8344	0.7879	1000	0	0
LN	4	10	C	6.5	0.5826	0.5498	1000	0	0
LN	6	9	C	3.9	0.3793	0.3691	1000	0	0
LN	5	10	C	6.5	0.6183	0.5832	1000	0	0
LN	10	10	C	6.5	1.0075	0.9558	1000	0	0
LN	9	10	C	6.5	0.9038	0.8558	1000	0	0
LN	6	10	C	6.5	0.6831	0.6435	1000	0	0
LN	9	9	C	4.15	0.6789	0.6551	1000	0	0
LN	9	9	C	8	0.0518	0.0504	1000	0	0
LN	4	10	P	5	0.6212	0.647	1000	0	0
LN	10	10	P	5	0.6611	0.6869	1000	0	0
LN	5	10	P	5	0.6159	0.6428	1000	0	0
LN	8	10	P	5	0.602	0.6278	1000	0	0
LN	6	10	P	5	0.5992	0.626	1000	0	0
LN	9	10	P	5	0.6375	0.6628	1000	0	0
LN	7	10	P	5	0.5767	0.6037	1000	0	0
LN	9	9	P	4.15	0.6094	0.6322	1000	0	0