



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 APRIL 17, 2009

NATURAL GAS MARKET NEWS

Chesapeake Energy Corp said on Thursday that it would proceed with making deeper cuts to its production levels due to the current low prices. About 400 million cf/d or 13% of the company's gross capacity will be curtailed. On March 2nd the company had announced it was reducing 200 Mmcf/d. The company said "...we believe substantially lower drilling activity and natural reservoir depletion will work to rebalance U.S. natural gas markets by late 2009. The company said the wells that have been curtailed are primarily located in the Mid-Continent and Texas Barnett Shale regions.

Baker Hughes reported that for the week ending April 17th showed that the number of

Generator Problems

NPCC – Entergy's 1025 Mw Indian Point #3 nuclear unit was at 70% power on early Friday,

Entergy's 685 Mw Pilgrim nuclear unit is being prepared to be shut down on April 17th.

PJM – FirstEnergy's 849 Mw Beaver Valley #1 nuclear unit was at 82% capacity, down from 96% capacity on early Thursday.

Exelon's 619 Mw Oyster creek nuclear unit was cut by 10% and stood at 90% power this morning.

SERC – TVA's 1114 Mw Browns ferry #3 nuclear unit was back to full power Friday, up 30% from the prior day.

CP&L is preparing to shut down the 900 Mw Harris #1 nuclear unit on April 18th.

MISO – Exelon's 867 Mw Quad Cities #2 nuclear unit was at 32% power on Friday down from 97% capacity on Thursday.

Operators at Dominion's 556 Mw Kewaunee nuclear unit manually shut down the unit late Thursday and the unit remained off line Friday.

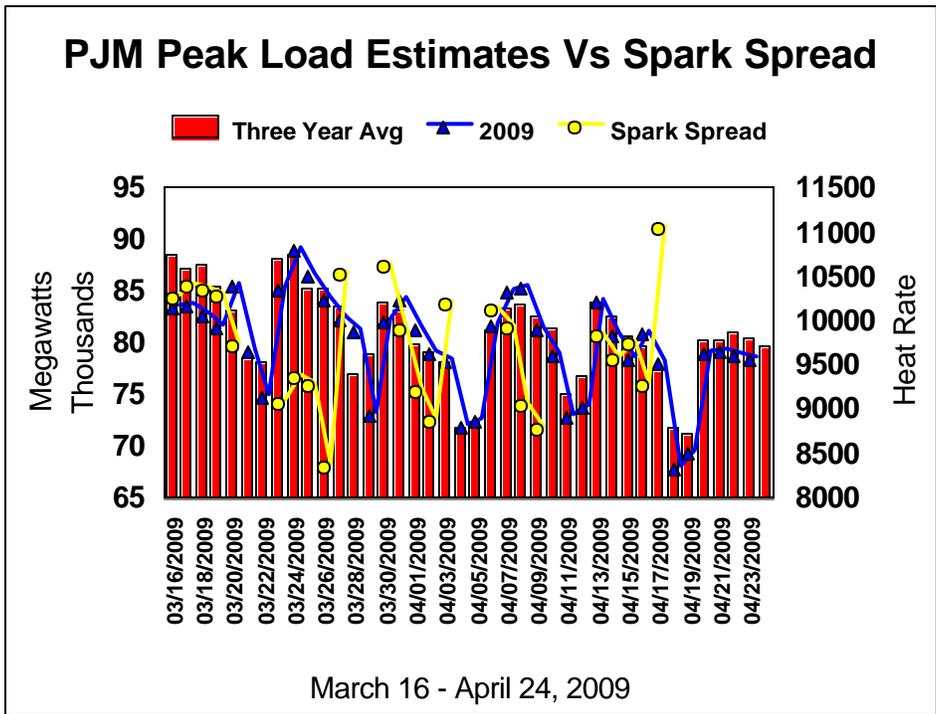
WSCC – Energy Northwest's 1131 Mw Columbia nuclear unit was at 61% capacity early Friday, down 33% from yesterday .

The NRC reported this morning that 80,129 Mw of nuclear generation capacity was on line, down 1.17% from yesterday and up 4.7% 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	740,300	\$3.470	(\$0.067)	(\$0.241)	(\$0.217)	(\$0.281)
Chicago City Gate	741,900	\$3.189	(\$0.120)	(\$0.522)	(\$0.230)	(\$0.309)
NGPL- TX/OK	685,400	\$3.038	(\$0.115)	(\$0.673)	(\$0.225)	(\$0.469)
SoCal	335,700	\$2.826	(\$0.210)	(\$0.885)	(\$0.320)	(\$0.653)
PG&E Citygate	854,100	\$3.337	(\$0.107)	(\$0.374)	(\$0.217)	(\$0.228)
Dominion-South	429,100	\$3.846	(\$0.036)	\$0.135	(\$0.146)	\$0.265
USTRade Weighted	16,883,900	\$3.268	(\$0.107)	(\$0.443)	(\$0.22)	(\$0.281)

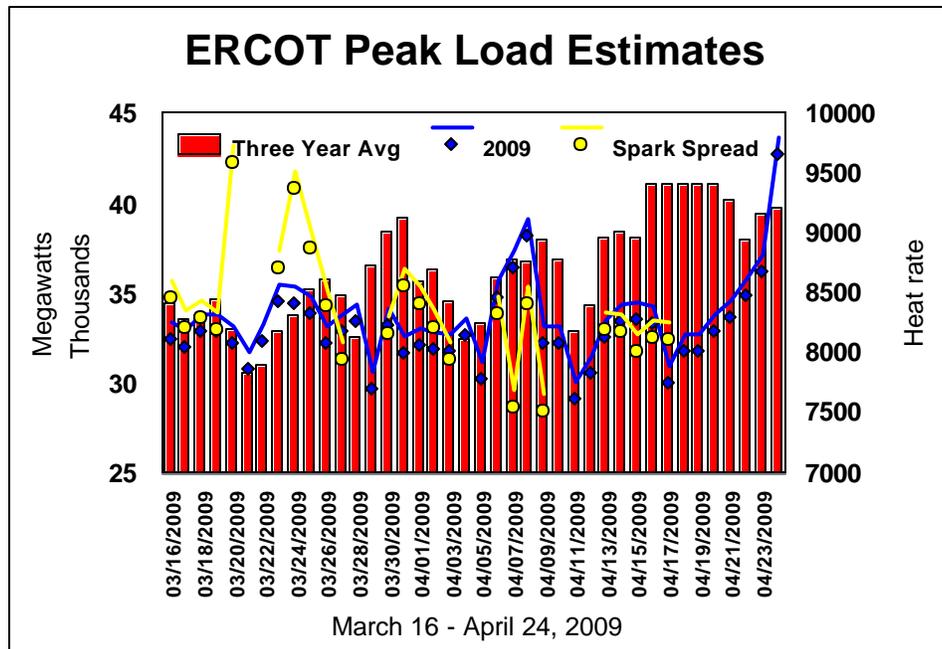
drilling rigs search for natural gas stood at 760, down 30 from the previous week and some 701 below the level recorded a year ago. Today's level is the lowest level in more than six years.

The Federal Trade Commission today formally sought public comment on its revised proposed rule that would prohibit market manipulation in the oil market. The revised proposed rule would prohibit anyone from engaging in fraud or deceit in wholesale petroleum markets or misleading any person by omitting important information from statements that might distort petroleum markets because of the omission. Specific examples include false public announcements of planned pricing or output decisions, false statistical or data reporting, and wash sales intended to disguise the actual liquidity or price of a particular product or market for that product. The revised proposed rule also would prohibit material omissions from a statement that, although otherwise literally true, are misleading under the circumstances.



The FERC Friday issued a favorable draft environmental review of FGT's proposal to construct 483 miles of pipeline facilities in Alabama, Mississippi and Florida to meet expanding gas fired power generation demand in Florida.

Repsol Energy North America said that the 1 Bcf/d Canaport LNG facility in Saint John, New Brunswick should receive its commissioning cargo sometime during the second quarter. The company then expects the facility will start to immediately begin ramping up operations. The company feels that its initial 6.6 bcf of on site storage that will eventually be increased to 10 bcf will help meet natural gas demand from power plants in the Northeast U.S. despite any disruption that may come from the Sable Offshore Energy Project.



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Platts reported today that LPG market saw increased buying interest from petrochemicals as ethane has clearly become the preferred feedstock in

terms of cost and five ethylene crackers returned to service last month. Ethane prices this week were some 2-cent better than the average first quarter price.

The Russian Government continues to work on scuttling the Nabucco pipeline project. Russian President Medvedev met with the Azerbaijani leader today to push negotiation along on a deal in which Gazprom would source natural gas from the Caspian Sea nation from 2010 onwards. The Nabucco pipeline project is based on the economics of sourcing both Azerbaijani and Turkmen gas to move to Europe by bypassing Russian control.

Reuters reported that two LNG tankers were expected to arrive in the UK this Saturday.

PIPELINE RESTRICTIONS

Panhandle Eastern Pipeline said that due to system operations, secondary nominations at the Michigan Consolidated Gas Interconnect and the Southern Station, Flat Rock Interconnect may be limited beginning April 17th and until further notice.

NGPL said it will have limited capacity on several lines beginning April 17th and continuing until further notice. The company said Segment 17 is at capacity. ITS/AOR and Secondary out of path Firm transports are at risk of not being fully scheduled. The company also reported that Florida Vermillion, Centerpoint-MRT Harrison are at limited capacity.

Tennessee Gas Pipeline has restricted through approximately 43% of Supply to market Secondary out of the Path nominations for meters located on the Carthage Line Lateral.

El Paso Natural Gas said currently the probability of declaring a Strained Operating Condition or Critical Operating Condition has been set to moderate due to High Line pack conditions.

Sonat is currently conducting a shut in test at the Muldon Storage Field through April 20th. This shut in test constitutes an event of force majeure and will continue through April 27th when the Bear Creek shut in test begins after the Muldon test is completed.

ELECTRIC MARKET NEWS

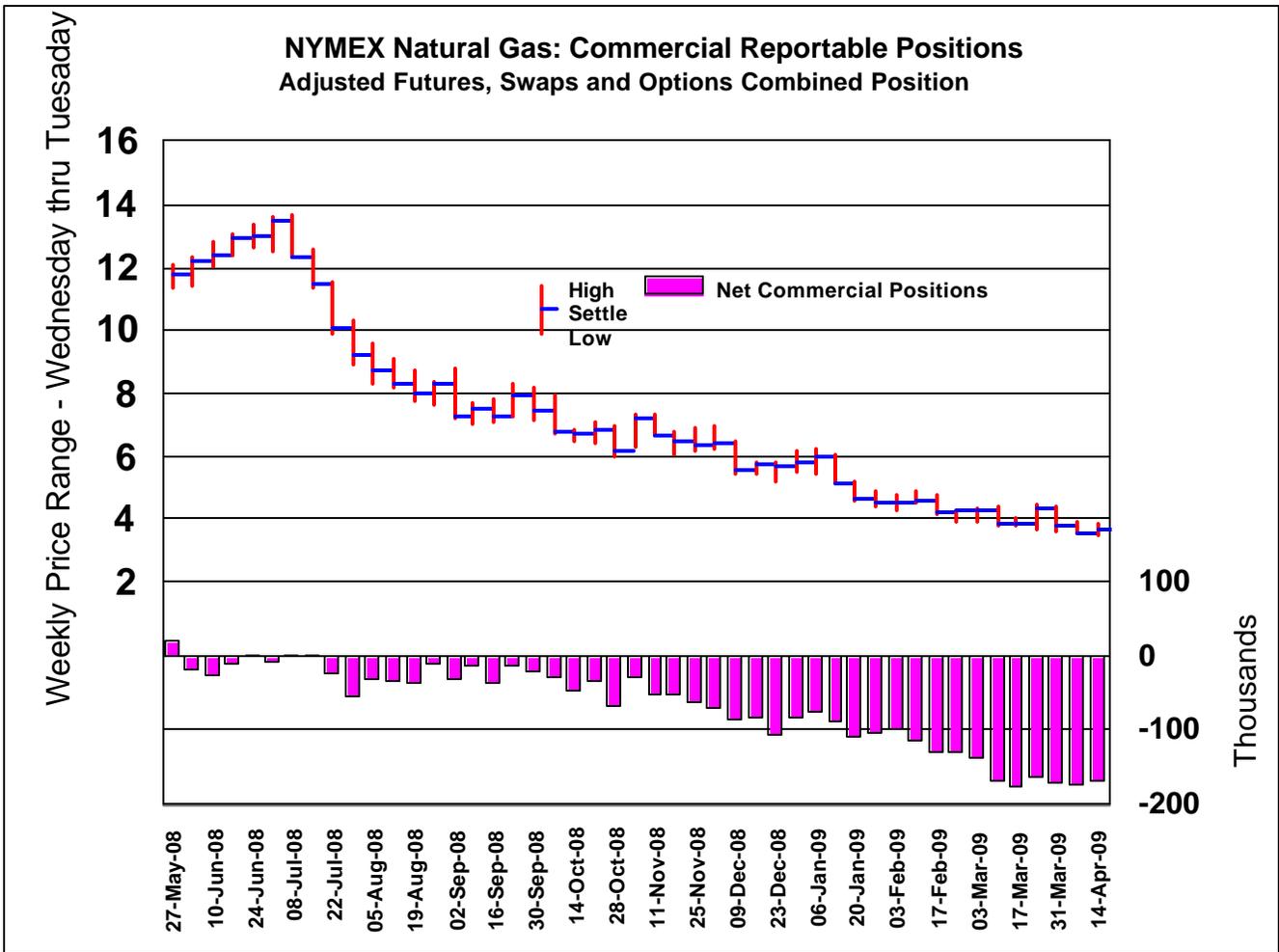
The EPA said Friday that it has determined that six greenhouse gases pose a threat to public health and welfare. These include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride. This finding triggers a regulatory process under the Clean Air Act that could lead to the first mandatory federal controls of GHG.

The Chairman of the House Energy and Commerce Committee said today that he would not compromise on his proposed 20% reduction in GHG over the next decade when compared to 2005 levels, despite criticism by some opponents that the economy would suffer. Congressman Waxman said he expected his climate bill to clear the House before August.

The FERC has dismissed a complaint filed by Interstate Power and Light against ITC Midwest. IPL filed a complaint back in November seeking relief from the inclusion of certain costs in ITC Midwest's formula rate for FERC jurisdictional transmission service for 2009.

The EIA reported that for the week ending April 11th, U.S. coal production was 129.991 million tons, down 3% from last week and year to date is off 4.6% year to date from the same time a year ago.

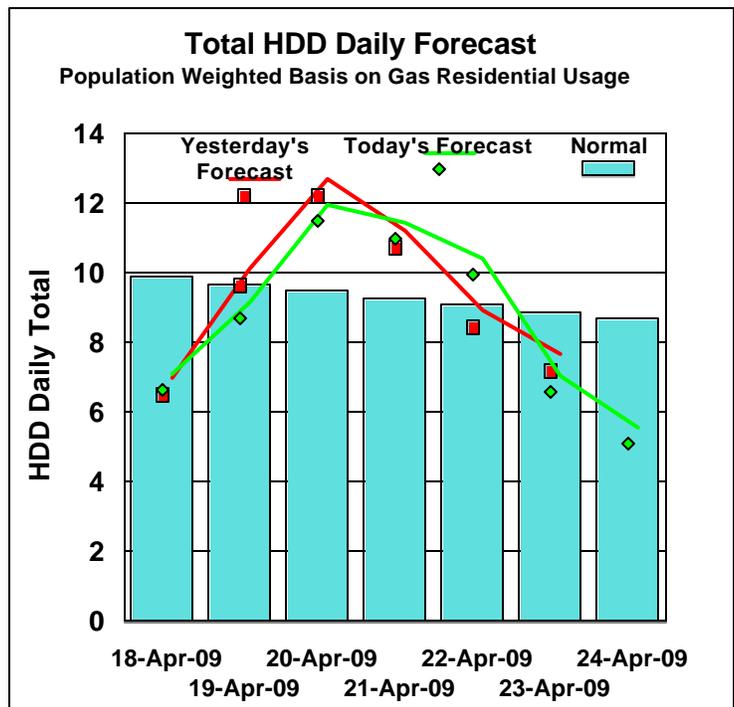
CenterPoint Energy said it will seek recovery of \$677.8 million in costs to restore power to its southeast Texas customers following Hurricane Ike. The filing comes a day after Texas Governor Rick Perry signed legislation to allow electric utilities to accelerate cost-recovery process by selling bonds.



Genscape's U.S. national coal burn index for last week was 6% less than the same week a year ago although it went up 1% from the previous week.

MARKET COMMENTARY

The natural gas market today posted a surprising large trading range for a Friday as the May contract saw 25 cent plus trading range. The market overnight held yesterday's lows and throughout the morning ground higher, finishing the week at its highest level in the May contract since April 6th. It appeared that this market got a psychological boost from the news that not only is the number of drilling rigs continuing to fall quickly in the United States, but that producers like Chesapeake are continuing to shut in some production assets. The NYMEX reported at midday that open interest in the Henry Hub futures and swaps continues to increase for the 12th consecutive trading session, growing Thursday on a strong pace of over 11,100 contracts on a combined and adjusted



basis. This appears to us that new longs have continued to come into the market. If one tries to decipher the Commitment of Traders Report released this afternoon, for the period ending April 14th, it could in fact be commercials that may be behind this buying, as they increased their total long position by 17,868 lots versus a gain of 11,959 lots in their reportable short positions.

We continue to feel though the general economic malaise coupled with some moderating temperatures next week could prevent this market from basically breaking out of its congested trading pattern of the past three weeks. We see resistance at \$3.78-\$3.82 with more significant resistance at \$3.872, \$3.986 and \$4.08-\$4.10. Support we see at \$3.534 followed by \$3.431 and \$3.35-\$3.32.

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