



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR APRIL 19, 2010

NATURAL GAS MARKET NEWS

AccuWeather in its updated temperature outlook for May 2010 sees the month being warmer than normal for much of the nation from the Plains eastward, as they look for the El Nino condition to collapse in coming weeks.

The private forecaster, WSI said today that it looks for the upcoming period, June through August to see above normal temperatures in the entire eastern U.S. and central and southern Plains, with below normal temperatures seen for parts of the northern Plains, Rockies and the Southwest. The forecasting service noted that by late summer, as impacts of a newly forming La Nina event become more firmly established and the persistent negative phase of the North Atlantic Oscillation fades, it expects widespread heat across the northern U.S. and Plains. Overall for the country WSI sees

Generator Problems

NPCC- OPG's 881 Mw Darlington #4 nuclear unit returned to service early Monday. The unit had been shut since February 5th for planned maintenance.

OPG's 490 Mw Nanticoke #4 coal fired unit was shut early Monday.

Sithe Global Power's 880 Mw Goreway natural gas fired power station was shut early Monday.

PJM - PPI's 1149 Mw Susquehanna #1 nuclear unit started to exit its refueling outage and was at 1% power this morning. The unit has been off line since March 2nd.

FirstEnergy Nuclear's 821 Mw Beaver Valley 1 nuclear unit cut its power to 82% of capacity, down from 100% on April 18th. A reason for the reduction is not yet known.

MISO – Exelon's 867 Mw Unit #2 at the Quad Cities nuclear unit started to exit its refueling outage and ramped up to 17%.

Xcel Energy's 545 Mw Prairie Island #2 nuclear unit was shut early Monday for a planned refueling outage. The unit had been at 80% power on Friday.

Entergy's 778 Mw Palisades nuclear unit returned to full power on Monday. The unit had been at just 35% power on Friday. Operators had reduced power last week in order to repair a steam leak on a feed water heater.

Exelon's 1136 Mw Bryon #2 nuclear unit was taken off line for planned maintenance.

Ameren's 1190 Mw Callaway nuclear unit was shut for planned refueling this morning. The unit had been at 99% power on Friday.

ERCOT & SPP Entergy's 843 Unit #1 at the Arkansas Nuclear One power station was shut today, down 11% from Sunday. The unit had been in restart from its recent refueling outage.

AEP planned to restart the 528 Mw Welsh #3 coal fired power plant from April 19th through April 27th. The unit has been shut since March 26th for repairs.

Luminant's 545 Mw coal fired Unit #4 at the Sandow power station was restarted on Sunday following a shutdown that had been caused by a lightning strike.

SERC – Southern's 883 Mw Hatch #2 nuclear unit exited its recent outage and has ramped up to 45% power. The unit was at only 3% power on Friday.

Duke Energy's 846 Mw Oconee #3 nuclear unit was shut Monday due to a tube leak.

Duke Energy's 1100 Mw McGuire #1 nuclear unit started to exit from its recent refueling and maintenance outage and was at 1% power. The unit has been off line since March 15th.

WSCC – SoCal Edison's 1,172 San Onofre 2 nuclear unit ramped up its output to 98% capacity on Monday, up from 90% held on Friday.

The NRC reported that there was some 75,799 Mw of nuclear power generated today, down 3.08% from Friday and off 4.16% from a year ago.

cooling degree days on a population weighted basis will be 2% warmer and 3-4% warmer than a year ago.

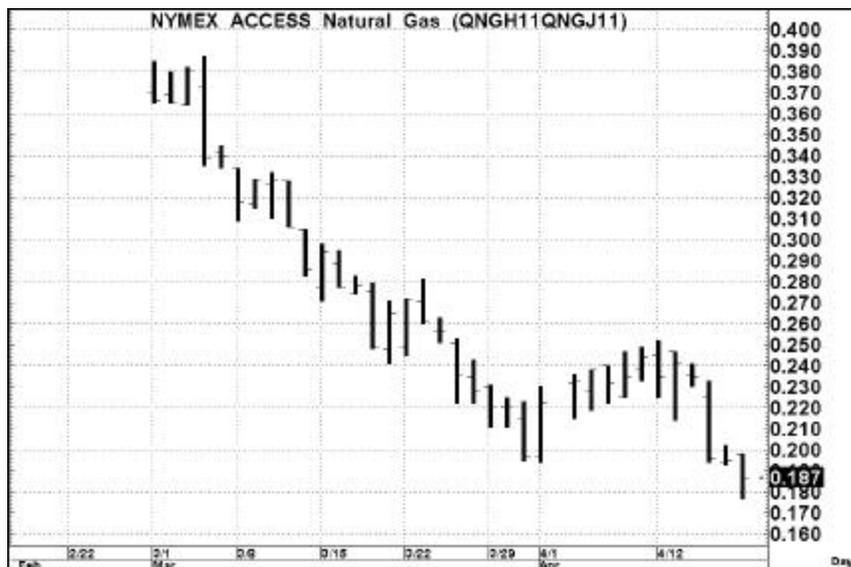
Qatar and Russia in a joint statement at the Gas Exporting Countries Forum said that gas prices are currently far too cheap and consuming countries should give suppliers more certainty about their future demand as well as price stability. The two gas exporters also noted that gas is undervalued and should be priced at least at parity with oil. The two countries also agreed to further develop their cooperative

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	1,046,700	\$4.023	\$0.057	\$0.086	\$0.191	(\$0.031)
Chicago City Gate	765,700	\$4.080	\$0.054	\$0.143	\$0.200	\$0.014
NGPL- TX/OK	724,200	\$3.908	\$0.046	(\$0.029)	\$0.192	(\$0.134)
SoCal	504,300	\$3.975	\$0.081	\$0.038	\$0.227	(\$0.067)
PG&E Citygate	978,700	\$4.497	\$0.052	\$0.560	\$0.198	\$0.447
Dominion-South	318,400	\$4.238	\$0.038	\$0.301	\$0.184	\$0.198
USTRade Weighted	21,242,900	\$4.000	\$0.045	\$0.063	\$0.19	(\$0.031)

efforts including joint implementation of the integrated project to develop the gas reserves of the Yamal peninsula.

Algeria's energy minister today noted that new natural gas production from shale in the United States has led to an excess of capacity in LNG. The Russian natural resource minister noted that U.S natural gas production from shale poses a threat to Gazprom as it causes a change in the structure of the global gas markets.

Dominion Resources announced a Marcellus natural gas gathering, processing and transportation project. The company said the project will be phased in, providing 45,000 mcf per day of service initially that will ultimately be expanded to 300,000 mcf per day.



The CEO of ExxonMobil said today that he welcomes EPA's investigation into hydraulic fracturing and also urged broader disclosures of fracturing fluids ingredients. He also said that U.S policy discussions should center on energy security, not energy independence.

Members of the Gas Exporting Countries Forum meeting today have unanimously agreed to work to boost gas prices to levels comparable to the equivalent of

oil. The group's members hold 70% of the world's conventional gas reserves, met today in Algeria. The group's target would mean seeing global gas prices climbing to \$11 per Mmbtu, despite spot prices trading around \$4.00 in the U.S. and around \$5.00 in Britain. The group also expressed it was "very concerned" about the impact of stricter environmental controls on carbon emissions in some countries which could affect gas consumption. The group however did not formally discuss cuts in gas output.

JP Morgan Chase and Cheniere announced that they have entered into a multi year agreement whereby the two firms will utilize their combined expertise in the global LNG market. The agreement is for two years with an option for both companies to pull out after one year. It appears that Cheniere's

trading team would act as “scouts” for cargo deals to recommend to JP Morgan for financing. It is believed the agreement calls for profit sharing for cargoes, which are brought into its terminal.



Azerbaijan’s gas output rose by 9.6% in January-March 2010 year on year to 5.1 bcm.

The U.S. Commerce Department reported this morning that its Leading Economic indicators for March increased by 1.4%, some 0.4% better than market expectations and its reading for February was revised higher as well by 0.3% to a 0.4% increase.

PIPELINE MAINTENANCE

Gulf South will perform system maintenance on unit 2 at the Hall Summit Compressor Station starting April 20th at 8am CT and

continuing for about four hours. The company does not anticipate any impact to shippers utilizing the Hall Summit Compressor Station.

PIPELINE RESTRICTIONS

Southern Natural Gas said the Bear Creek shut-in test will start on Tuesday, April 20th and continue through Monday, April 26th. The shut-in test constitutes an event of force majeure.

Tennessee Gas Pipeline Co is requesting that customers match physical flow with scheduled quantities to prevent imbalances from occurring in zones 0,1,L, 2 and 4 upstream of station 219 that would threaten the system’s operational integrity. It said that due to mild weather, Bear Creek storage field-testing and high utilization through Station 219, it does not have the ability to absorb imbalances caused by over-deliveries by receipt point operators into the system and under-takes from the system by delivery point operators. Tennessee Gas also restricted through about 11% of market to supply secondary out-of-the path nominations pathed through the Niagara Spur Backhaul point and 100% of supply-to-market interruptible service nominations pathed through Station 307.

ELECTRIC MARKET NEWS

Genscape reported that US power output in the week ending April 15th fell by 1.8% on the week but increased 4.8% on the year.

MARKET COMMENTARY

The natural gas market started out the day in positive territory supported by slightly firmer cash values, positive economic news and a bullish summer time weather forecast. With relatively light traded volume it looked as if the market could start out the week as an inside trading day. But prices breached a three week support trend line by mid morning and as a result prices dropped to their lowest level since April 8th and the market basically remained on the defensive for the remainder of the session, settling below the \$4.00 level for the second time out of the last three trading sessions.

We feel that while this market has been struggling to build a base of support it is critical to watch and see if this market can hold the next two main levels of support at \$3.857 and \$3.81. But if the oil market continues to grind lower we feel the bearish price pressure could bleed into this market and

finally push this market lower. Judging by the price action in the Oct-Jan and March-April spreads today it appears that there could be a bearish bias building in this market this week.

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