



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR APRIL 27, 2009

NATURAL GAS MARKET NEWS

The U.S. Federal Trade Commission announced today that Spectra Energy Partners plan to acquire all of Atlas Pipeline Partners' stake in the NOARK Pipeline system for \$300 million poses no antitrust concerns. As a result Spectra expects to complete the deal in the second quarter. The FTC also approved Atlas Pipeline's and Williams proposal to form a joint venture to manage and possibly expand natural gas gathering and processing system in the Marcellus Shale area.

BG Group's Bluesky LNG tanker was expected to arrive at the Eba Island terminal on Monday. Previous estimates had the tanker arriving on Wednesday.

GreatPoint Energy and Dow Chemical Company today announced the signing of an agreement giving Dow the option to purchase natural gas from GreatPoint Energy-developed facilities. GreatPoint Energy is a leading developer of proprietary hydromethanation technology to convert coal, petroleum coke and biomass into natural gas while enhancing the capture and sequestration of CO₂ in the process. The contract projects a 15-year contract term with the pricing arrangement based on cost factors determined by both companies. GreatPoint Energy plans to build, own and operate large scale natural gas production facilities strategically located at the intersection of natural gas pipelines and low cost

Generator Problems

NPCC – OPG's 490 Mw Nanticoke #5 coal fired power plant was shut for short term maintenance today.

PJM – Exelon's 619 Mw Oyster creek nuclear plant was shut early Monday. The unit had been at full power on Friday.

MISO – Exelon's 867 Mw Dresden #3 nuclear unit has exited its recent outage and was up to 80% power this morning. The unit had been shut last Thursday to replace a valve.

Exelon's 867 Mw Quad Cities #1 nuclear unit was shut early Monday. The unit had been at 95% power on Friday.

Exelon's 1152 Mw Braidwood #2 nuclear unit has exited its recent outage and was up to 92% of capacity early Monday. The unit had shut on April 24th during an instrument calibration.

ERCOT – Luminant's 750 Mw Martin Lake #1 coal unit was expected to be restarted Monday night. The unit had been restarted several times on Sunday but kept tripping off line due to an assortment of problems.

WSCC – Intermountain Power Agency reopened its 900 Mw Unit #1 at the coal fired power station in Utah. The unit had been off line for a month long maintenance outage.

FRCC – FPL's 839 Mw Saint Lucie #2 nuclear unit was off line Monday. The unit had been at 85% capacity and was coasting down from last week. The unit had been at 85% power on Friday.

SERC – TVA's 1118 Mw Browns Ferry #2 nuclear unit was shut Monday possibly for a planned maintenance outage. The unit had been at full power on Friday morning.

Duke Power's 846 Mw Oconee #2 nuclear unit was off line Monday for what appeared to be seasonal maintenance. The unit had been at full power on Friday.

The NRC reported this morning that 77,891 Mw of nuclear generation capacity was on line, down 0.2% from yesterday and off 0.8% from the same time a year ago.

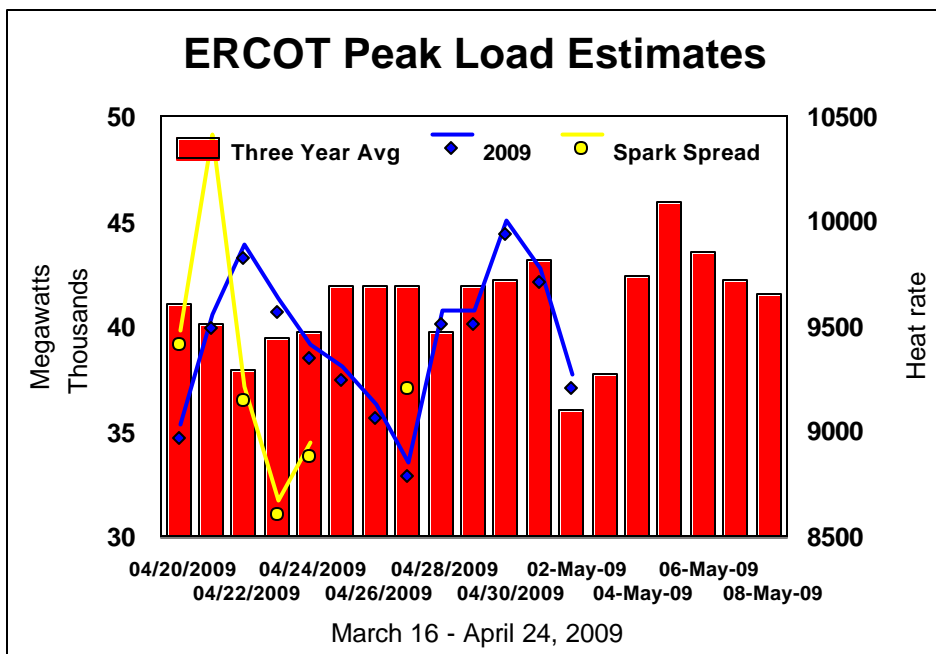
feedstock, as well at locations where CO2 produced and captured in its process can be geologically sequestered. The company claims its cost of production will be significantly lower than current prices of new drilled natural gas and imported LNG. The natural gas produced through hydromethanation, called bluegas, meets all natural gas quality specifications and can be transported through existing pipelines.

S&P analysts today said that while the U.S. exploration and production sector this year has shown few signs of pulling out of its drilling decline, the rapid and steep drop in natural gas and oil prices though appears to be “near or at a trough.”

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	600,100	\$3.189	(\$0.119)	(\$0.040)	\$0.034	(\$0.181)
Chicago City Gate	480,900	\$3.066	(\$0.030)	(\$0.164)	\$0.058	(\$0.227)
NGPL- TX/OK	702,300	\$2.925	(\$0.069)	(\$0.304)	\$0.019	(\$0.362)
SoCal	471,700	\$2.732	\$0.022	(\$0.497)	\$0.110	(\$0.521)
PG&E Citygate	656,500	\$3.124	(\$0.127)	(\$0.105)	(\$0.039)	(\$0.140)
Dominion-South	275,500	\$3.596	(\$0.051)	\$0.367	\$0.037	\$0.320
USTRade Weighted	17,716,600	\$3.100	(\$0.054)	(\$0.129)	\$0.03	(\$0.181)

FBR Capital Markets in a research note today predicted that up to 2 bcf/d of LNG imports would move into the United States this summer and this should squeeze domestic producers further as price pressure could continue.

The U.S. Coast Guard on Friday issued a form of a security clearance to the backers of a LNG terminal near the mouth of the Columbia River on the Skipanon Peninsula in Warrenton, Oregon. The proposed terminal has a \$1.3 billion price tag.



Reuters reported that Qatarigas train four was expected to start again in the middle of May, more than a month after its “official” inauguration. The plant was shut down for more commissioning work in March after the facility shipped its first cargo to India. Qatar officially inaugurated the plant on April 6th, but has yet to ship a second cargo. The plant has capacity to produce 7.8 million tones of LNG per year.

BP’s British Emerald LNG tanker berthed on Saturday at the Isle of Grain terminal in Britain. The tanker was carrying LNG from Trinidad.

Belgium’s Zeebrugge LNG import terminal reportedly will be unable to take delivery of any LNG during its planned maintenance period of May 3-May 12th.

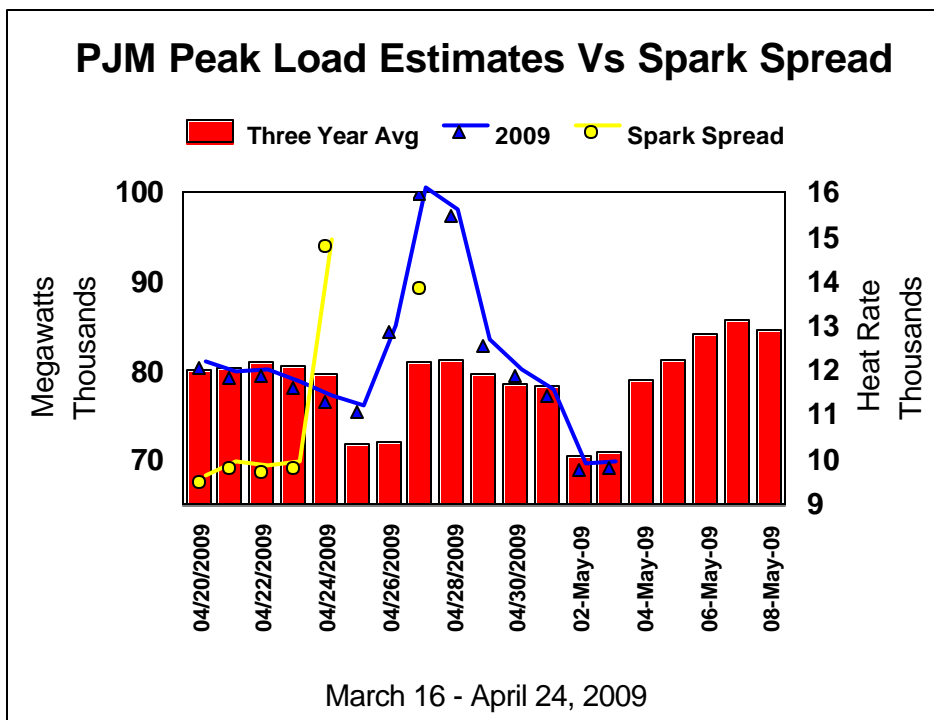
Ukrainian officials again confirm that their nation would build their underground gas reserves. The Prime Minister today said that while consumption of gas is down amid the economic crisis, it intends to pump 19.5 billion cubic meters of gas into underground storage. This would be nearly 15% higher than the record inventories that country had last year that helped it weather the supply/pricing dispute with Russia. Officials though declined to say where the funds would come from to purchase the gas.

PIPELINE MAINTENANCE

Questar Pipeline said it has completed compressor maintenance at Clay Basin. As a result daily injection capacity is 350,000 Dth, daily park and loan injection capacity is 25,000 Dth and total daily injection capacity is 375,000 Dth.

ANR Pipeline said due to a possible leak it will continue unplanned maintenance at its EI 30 located in the Southwest Area Fuel Segment. Effective immediately EI 30 will be shut in until further notice.

WIC said parts have been ordered for the failed unit at its Douglas Compressor Station and repairs are expected to be completed by May 2nd. Until then a force majeure will remain in effect and capacity at the Medicine Bow Lateral will remain at 1220 MMcf/d.



SONAT said divers conducting an investigation into a leak at West Delta 105 pipeline resulting in a force majeure confirmed the leak is not on the WD 105 pipeline. As a result the company is in the process of restoring the pipeline and once flow is completed each platform will be contacted to resume flow. The combined flows from the various affected points was approximately 42,000 mcf/d.

Alliance Pipeline reported today that it carry out routine inspections at its Carson Creek Unit #1 compressor that will require the unit to be off line for eight hours on April 27th. Station capacity will be lowered to 360 e3m3. On April 28th maintenance work on the Oliva Compression Station will begin and require the unit to be off line for 36 hours. The impact on system capacity will be determined closer to the outage. The company also reported that maintenance work at the Blueberry Hill Compression Station Unit #1 would go off line for four hours on April 29th for minor inspections and maintenance.

PIPELINE RESTRICTIONS

Tennessee Gas Pipeline said that effective today and until further notice it has restricted the Carthage Line Lateral through approximately 74% of Supply to Market Secondary Out of Path nominations pathed from meters located on the line.

NGPL said that effective April 28th and until further notice the company will schedule IBS Banks or Take Paybacks or LPS Parks or Loan Paybacks in the market delivery zone (both Amarillo and Gulf Coast Systems).

Midcontinent Express Pipeline said it has firm transportation capacity for interim service from NGPL Lamar or HPL Lamar for May to Columbia Gulf Perryville Madison (310,000 Dth/d), Texas Gas Perryville Ouachita (250,000 Dth/d), ANR Perryville Richland (250,000 Dth/d) and NGPL Atlanta (250,000 Dth/d.)

El Paso Natural Gas said the probability of declaring a Strained Operating Condition or Critical Operating Condition has been set high due to a High Linepack condition.

ELECTRIC MARKET NEWS

Genscape reported today that it estimates U.S. power output rose 3.23% in the week ending April 23rd, but was 5.37% below the same week a year ago.

NEW YORK MERCANTILE EXCHANGE(r)									
NYMEX OPTIONS CONTRACT LISTING FOR 04/27/2009									
				TODAY'S	PREVIOUS	ESTIMATED	DAILY	DAILY	
-----CONTRACT-----				SETTLE	SETTLE	VOLUME	HIGH	LOW	
ON	7	9	P	2	0.015	0.007	10000	0.015	0.015
LN	7	9	P	2.5	0.0532	0.0443	6570	0	0
LN	6	9	P	3	0.1152	0.1055	4614	0.1275	0.125
LN	7	9	C	4.5	0.1096	0.1154	4550	0	0
LN	6	9	C	4.5	0.0293	0.0328	2691	0	0
LN	9	9	P	4	0.748	0.7189	2500	0	0
LN	7	9	P	3.25	0.2541	0.2394	2335	0	0
LN	10	9	C	6	0.1977	0.197	2300	0	0
LN	9	9	P	3.5	0.4568	0.4347	1800	0	0
LN	8	9	C	5	0.1358	0.1394	1760	0	0
LN	10	9	C	7	0.1186	0.1167	1750	0	0
LN	7	9	P	3	0.1582	0.1504	1550	0	0
LN	3	10	C	7	0.4561	0.4709	1525	0	0
LN	6	9	P	2.75	0.0543	0.049	1514	0	0
LN	6	9	P	2.5	0.0209	0.0185	1510	0	0
LN	5	9	P	3	0	0.0035	1428	0.008	0.001
LN	9	9	P	3	0.2403	0.2252	1400	0	0
LN	8	9	C	4	0.3515	0.3635	1400	0	0
LN	10	9	C	10	0.0293	0.0281	1300	0	0
LN	6	9	C	4	0.0811	0.0894	1285	0	0
LN	5	9	P	9	5.747	5.7027	1125	0	0
LN	3	10	P	5	0.5558	0.5264	1025	0	0
LN	12	9	P	4	0.2098	0.1942	1000	0	0
LN	1	10	C	6	0.644	0.6678	970	0	0
LN	7	9	C	5	0.0557	0.0586	910	0	0
LN	7	9	C	3.75	0.2858	0.3004	875	0	0
LN	6	9	C	3.75	0.1317	0.1438	825	0	0
LN	5	9	P	3.2	0	0.0332	725	0	0
LN	5	9	C	3.25	0.003	0.0975	690	0.025	0.025
LN	10	10	C	6	1.077	1.0905	650	0	0
LN	7	9	P	9	5.4843	5.4407	625	0	0
LN	11	9	P	6	1.7459	1.692	620	0	0
LN	11	9	P	6.25	1.9527	1.8975	620	0	0
LN	1	10	P	4	0.1641	0.1504	600	0	0

Tampa Electric announced that the construction is complete on Bayside Units #5 and #6, two new 60 mw natural gas fired peaking units at the H.L. Culbreath Bayside Power Station in Tampa.

MidAmerican Energy and the Midwest Independent Transmission System Operator announced MidAmerican's intention to fully integrate into the Midwest ISO as a transmission owning member effective September 1st. The addition of MidAmerican adds some 7000 Mw of generating capacity into the Midwest ISO footprint.

MARKET COMMENTARY

The natural gas market continued its price erosion this morning as traders started the week with news of the swine flu outbreak, which could threaten to be a worldwide pandemic and thus suppress even further world economic activity. But as the U.S. equity market and the oil market began to bounce back at mid morning

it helped to drag natural gas prices off their new near term lows and thus it never challenged the \$3.00 strike despite today being an option expiration day.

Despite tomorrow being the final trading session for the May contract, we do not expect a rather explosive or volatile trading session given the relatively modest level of positions still left open in the contract, which coming into today was just 23,404 lots, some 10% less than last month and 16% less than the same time a year ago.

While we do not expect the May contract to breach the \$3.00 price level tomorrow we do not rule out the possibility that the June contract in the next couple of weeks will not make a run at it especially if imports continue to grow and the weather remains very moderate. Trader's bearish fears appear to be reflected in the options market today as the July \$2.00 and \$2.50 puts were the most active natural gas options trading 10,000 and 6750 lots respectively. We see support in the May contract tomorrow at \$3.18, followed by \$3.15, \$3.10 and \$3.06. Resistance we see at \$3.30 followed by \$3.35, \$3.40-\$3.42, \$3.471 and \$3.545.

A NYMEX official said late Friday that the New York Mercantile Exchange is considering whether to extend trading hours for its oil futures contracts. The current 2:30 pm closing would be extended to 3:15 pm in the next few months. OPIS reported Friday that Platts has proposed some changes in its U.S. oil spot pricing methodologies, including a plan to mark the U.S. futures market at 3:15 pm. Traders note that if the closing time is extended, the last two minutes of trading, from 3:13 – 3:15 pm will likely be maintained. Platts, which reportedly is in talks with the NYMEX, proposes to make its changes as of June 1st. The NYMEX session used to close at 3:10 pm prior to the September 11, 2001 attack on the World trade Center.

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