



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR APRIL 26, 2010

NATURAL GAS MARKET NEWS

The CFTC announced today that of the 24 contracts on the Intercontinental Exchange, the Natural Gas Exchange and the Chicago Climate Exchange that it had proposed it could increase federal oversight on, it has chosen seven contracts all on ICE it would do so. These contracts are as follows: AECO Financial Basis, NWP Rockies Financial; HSC Financial Basis; PG&E Citygate Financial Basis; Waha Financial Basis; Chicago Financial Basis and Socal Financial Basis. The CFTC also noted that the carbon market owned by the Chicago Climate Exchange did not meet the criteria for additional oversight.

The restart of Britain's North Sea Elgin-Franklin gas field was reported to be ongoing, but Total the field producer declined to comment on when normal production levels might be reached. The field produced 6.6 mcm/d in April 2009.

Eni SpA said it expects natural gas spot prices to remain depressed for another one or two years as the gas market demand is not forecast to recover to 2008 levels before 2013, and thus it may not be able to meet obligations to buy minimum amounts in its long term supply contracts. Gazprom and Sonatrach are among the company's biggest suppliers of long-term gas supplies.

Turkish Energy Minister Yildiz said today that the state owned pipeline and gas company Botas and the state oil company of Azerbaijan, Socar have agreed in principle on the transportation of Azeri gas through Turkey to western markets.

Kuwait Petroleum said today that it has signed an agreement with Royal Dutch Shell for the purchase of LNG from 2010-2013.

Chevron and its partners in the Gorgon LNG venture in Australia have awarded some \$19 billion in construction contracts on the project that hopes to begin export operations by 2014.

Generator Problems

PJM – Operators at PPL's Susquehanna nuclear station continue to ramp up production at both units. Unit #1 was at 31% power this morning, up 2% from yesterday, while Unit #2 was at 73% power up 58% from yesterday.

ERCOT – Luminant's 1150 Mw Comanche Peak #1 power unit has started to exit a refueling outage and was at 1% power this morning. The unit has been shut since April 3rd.

Luminant planned to shut its Unit #3 at the coal fired Monticello power plant today to fix a boiler control valve.

SPP – Entergy's 836 Mw Arkansas Nuclear One Unit #1 nuclear unit was restarted and was at 22% capacity this morning.

SERC – Dominion Power's 917 Mw North Anna #2 nuclear unit was at 47% power this morning, up 35% from Monday.

The 938 Mw Brunswick #1 nuclear unit was at 21% power this morning, up 15% from yesterday

Duke Energy's 846 Mw Oconee #2 nuclear unit was at 59% power this morning up 58% from yesterday.

MISO – DTE's 1122 Mw Femi #2 nuclear unit was at 85% power this morning down 15% from Monday.

WSCC – SGE's 1080 Mw San Onofre #3 nuclear unit was at 81% this morning, up 5% from yesterday.

The NRC reported that there was some 77,406 Mw of nuclear power generated today, down 2.6% from yesterday and off 1% from a year ago.

An analyst at Sanford Bernstein said today that the lack of land based drilling rigs along with limited access to hydraulic rock fracturing technology will cap any potential for shale gas production to be profitable in Europe. While there are 1500 land rigs in the United States there are currently only 74 land based rigs that are accessible in Europe.

The Conference Board reported that US consumer confidence increased in April for the second consecutive month to 57.9 from a downwardly revised 52.3 in March. The expectations index increased to 77.4 in April, the highest level since October 2007 from a revised 70.4 in March. The present situation index increased to 28.6, the highest level since May 2009. Its "jobs hard to get" index fell to 45% from 46.3%, while the "jobs plentiful" index increased to 4.8% from 4%.

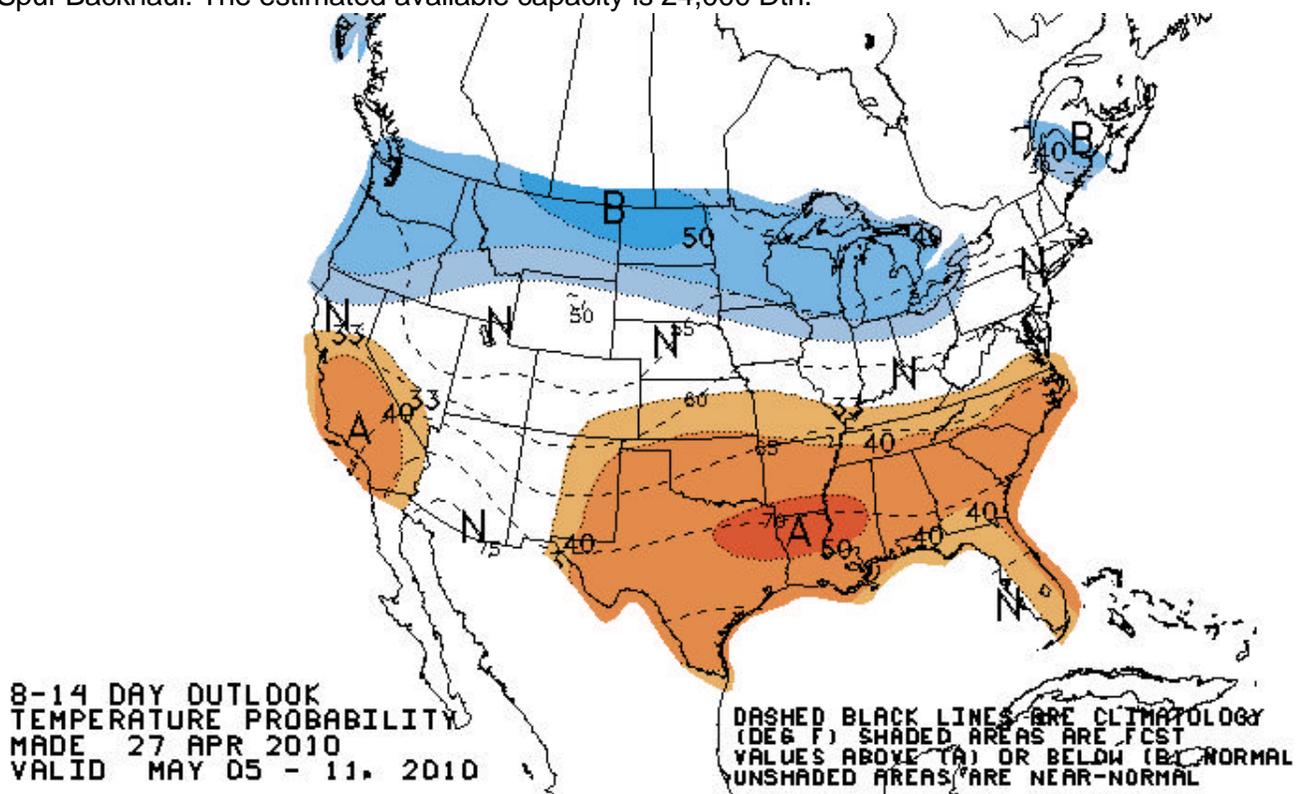
PIPELINE MAINTENANCE

Gulf South said it would perform pigging maintenance on Index 8-18 beginning May 17th and continuing for approximately 30 days.

Transco reported that a leak on its South Texas Mainline in Kleberg County, Texas that has forced the shut in of several receipt points until the damage can be fully accessed and repairs completed.

PIPELINE RESTRICTIONS

Tennessee Gas Pipeline said that effective for today it would accept nomination increases at Niagara Spur Backhaul. The estimated available capacity is 24,000 Dth.



Midcontinent Express Pipeline has been notified by Enogex of a change in timing on some upcoming outages. The capacity available on MEP's pipeline lease was reduced beginning April 6th and will continue through gas day May 19th. The direct impact will only be to MEP shippers that have contracted firm capacity through the Enogex lease portion on MEP. Other MEP shippers will not be directly impacted during this outage.

ELECTRIC MARKET NEWS

TransAlta and Washington State agreed to enter formal talks to significantly reduce greenhouse gas emissions from the 1,376 Mw Centralia coal fired power plant and to provide replacement capacity by 2025. Since the power plant is a merchant power plant, TransAlta, which acquired the plant in 2000, cannot simply pass on the cost of environmental and other upgrades to customers. The plant provides some 10% of the state's power.

Germany's leading meteorologist said Tuesday that climate change is showing no signs of slowing despite the recent hard winter Germany experienced this past year, which has lowered public concerns about the threat of global warming.

Genscape reported today that coal stockpiles at U.S. power plants rose 1.5% this week, but were some 1.4% smaller than last year at this time.

The Northwest River Forecast Center released their updated water flow forecast and it looks for water flows at the Dalles Dam during the April-September period to be 66% of normal, up 3% from last week. Water flows at the grand Coulee Dam saw a 3% jump as well from last weeks forecast, now estimating a water flow of 60%.

MARKET COMMENTARY

The natural gas market remained pinned near the \$4.25 price level for much of the day today as the natural gas options expired. The market failed to gain traction in either price direction and as a result posted its second straight inside trading session, as positive economic news appeared to be offset by moderate temperatures, coupled with increasing nuclear generation levels and declining oil prices.

With the tendency for the natural gas market to post an expanded trading session following not only one inside trading session, but two in a row, coupled with tomorrow being the expiration day for the May futures contract this market could post a volatile trading session. We would look for key resistance for the May contract at \$4.325-\$4.334 followed by \$4.483 and \$4.691. Support we see at \$4.174, \$4.00 and \$3.895.

We feel though that this market in general will not make a significant move especially to the upside until after Thursday's storage report and the release of the revised EIA's monthly estimates for natural gas production.

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