



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR APRIL 29, 2009

NATURAL GAS MARKET NEWS

The NYMEX is scheduled to launch UK/US gas swap futures and options contracts starting Tuesday May 10th. The contracts, based on the UK NBP and the U.S. Henry Hub prices will be available over the ClearPort system. The option will be listed on both Clearport and on the trading floor. The first listed month will be June and monthly contracts will be listed for 16 consecutive months through September 2010, with an additional three consecutive months to be listed at the end of each quarter. The NYMEX hopes that the contract will appeal to the developing LNG arbitrage market especially in the Atlantic Basin.

The head of the U.S. Energy Information Agency said yesterday that the natural gas industry would emerge as a major winner over the next 20 years if the administration's cap-and-trade program is successfully implemented. He expects that coal's share of the electric generation market, which currently is 50%, would fall by 10% to below a 40% market share. He noted that the official EIA long-term outlook does share these same opinions since EIA analysts are not allowed to speculate about possible legislation.

Baker Hughes reported Wednesday that the pace of

Generator Problems

NPCC – OPG's 490 Mw Units #4 and #7 at the Nanticoke coal fired power station returned to service by early Wednesday. The units had been shut since April 28th and March 9th respectively.

MISO – Wolf Creek Nuclear Operating Company's 1166 Mw Wolf Creek nuclear unit was taken off line yesterday and remained off line this morning. The company noted that its staff was "trouble-shooting" some problems.

Entergy has restarted its 789 Palisades nuclear power plant. The unit was shut down on March 22nd for scheduled refueling and maintenance. The unit was at 1% power this morning.

SERC – TVA's 1150 Mw Sequoyah #1 nuclear unit was still off line after experiencing a manual reactor trip late Tuesday, April 28th. AT the time of the event, operators were raising power and had reached 18% of capacity.

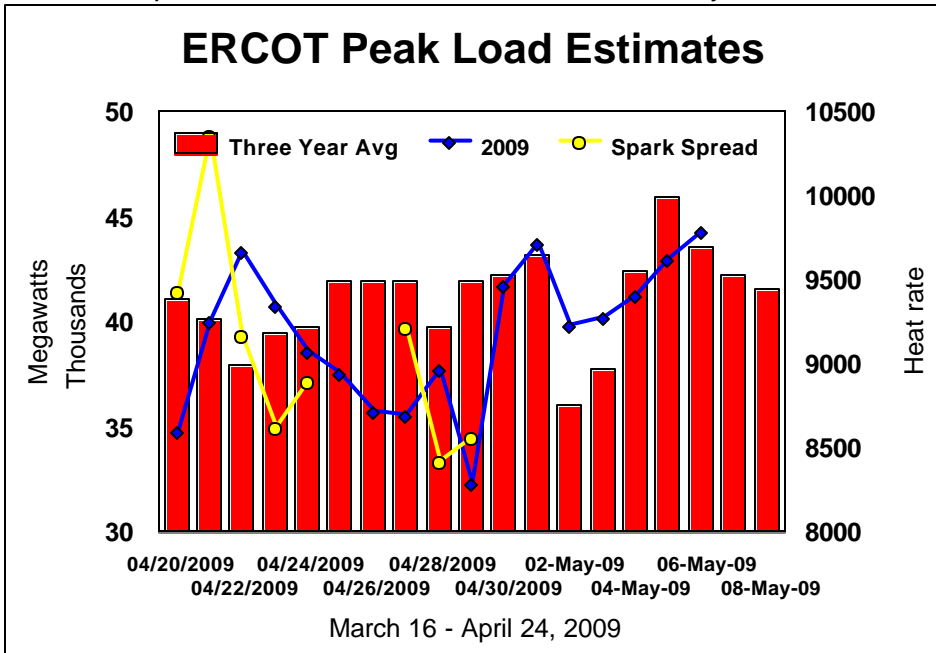
Progress Energy's 937 Mw Brunswick #2 nuclear unit ramped up only by 2% over the past 24 hours and was reported to be at 21% capacity.

The NRC reported this morning that 78,287 Mw of nuclear generation capacity was on line, up 0.2% from yesterday and off 3% 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	526,700	\$3.434	\$0.143	(\$0.007)	\$0.018	(\$0.138)
Chicago City Gate	524,000	\$3.299	\$0.107	(\$0.142)	(\$0.034)	(\$0.171)
NGPL- TX/OK	786,400	\$3.162	\$0.113	(\$0.279)	(\$0.028)	(\$0.304)
SoCal	278,400	\$3.028	\$0.220	(\$0.414)	\$0.079	(\$0.499)
PG&E Citygate	679,600	\$3.387	\$0.196	(\$0.054)	\$0.055	(\$0.088)
Dominion-South	457,000	\$3.689	\$0.073	\$0.248	(\$0.068)	\$0.319
USTRade Weighted	16,474,100	\$3.326	\$0.159	(\$0.115)	\$0.02	(\$0.138)

contraction in drilling activity in the United States and Canada has been faster than any other cyclical contraction post 1986 and sees little chance of recovery in 2009.



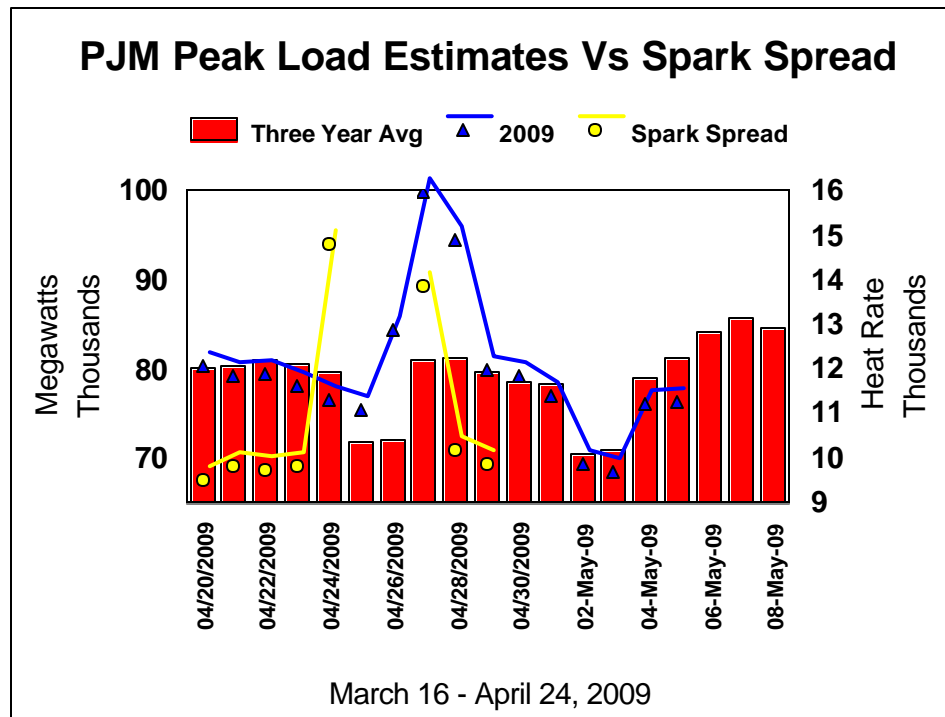
PG&E's California Gas Transmission said yesterday it is making preparations for three tranches of firm transportation service. In the open season the company will allow interested parties to request firm service on its Baja Path for terms from one to fifteen years with estimated contract start dates of June 1, 2011; January 1, 2013 and January 1, 2014.

The Commerce Department reported this

morning that the U.S. GDP dropped by 6.1% in the first quarter of this year after shrinking by 6.3% in the fourth quarter. This was significantly larger than the 4.9% contraction that many market analysts had been expecting. This report notes the U.S. economy suffering from the worst recession in 50 years. But on the bright side consumer spending, which accounts for over two thirds of U.S. economic activity, rose 2.2% in the quarter after collapsing in the second half of last year.

Enel SpA, the Italian utility, has extended to May 8th the deadline for exclusive talks with investment fund F2i to sell its gas distribution network as part of an asset-disposal program. Enel is seeking to sell some 10 billion euros of assets by 2010 to help it reduce its debt and maintain its credit ratings.

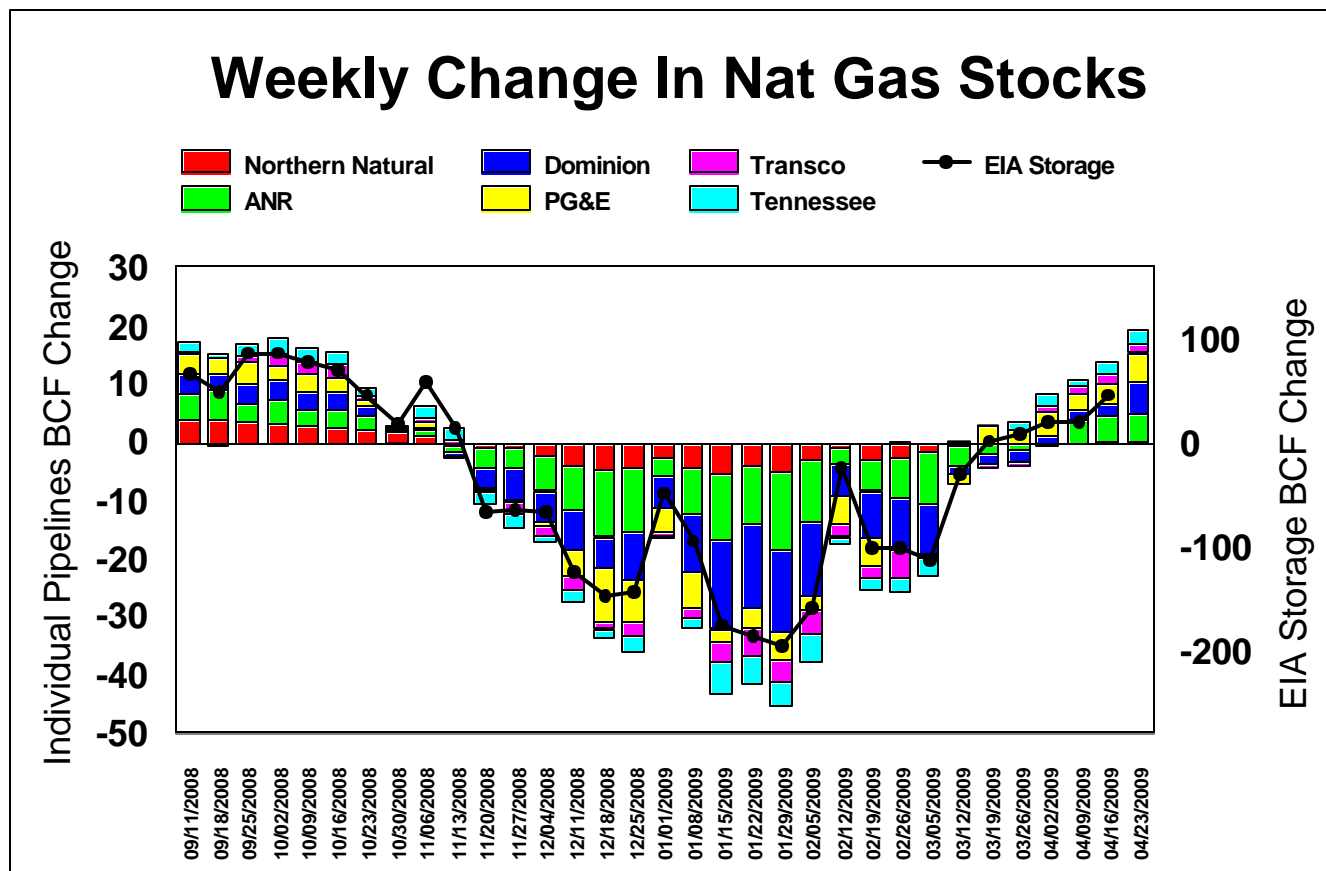
The Ukrainian prime minister said Wednesday that Gazprom could be a partner in Ukraine's gas transportation network.



Pertamina, the Indonesian state oil and gas company, said it expects the large Natuna natural gas project to come on-stream in the next 8-9 years if it gets governmental approval next year. The field has a reported 222 tcf of gas reserves and will require \$40 billion in funds for development.

The environmental regulator of Australia's Western Australia state said Thursday it would recommend the development of Chevron's Gorgon gas project if stringent environmental conditions are met.

Norway's Gassco, the operator of Norwegian North Sea gas pipelines, announced today it has suspended its \$1.5 billion Skanled pipeline project, which was slated to bring natural gas to Sweden, Denmark and possibly Poland. The decision to suspend the project came as a result of perceived



increased commercial risk combined with the global economic developments have created an uncertain view on future natural gas demand. In addition some partners were concerned about the timing of new field development that would have supplied the pipeline. The partners though left open the possibility that the \$1.5 billion project could be re-launched if commercial conditions improve.

PIPELINE MAINTENACE

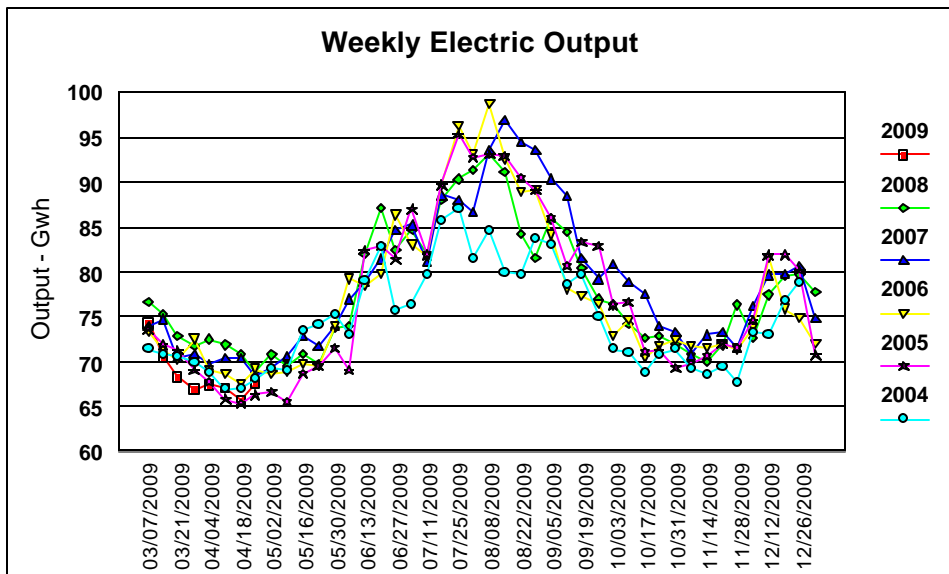
SONAT said it is in the process of abandoning its 16" Mississippi Canyon 268 Line. During this process West Delta 152 will be shut in for up to six days. No exact date was given for the work, but it is expected to be done sometime in May.

ELECTRIC MARKET NEWS

ISO New England said Wednesday that its service area should have adequate electric resources to meet consumer demand this summer. The ISO said that current economic conditions will likely keep peak power demand relatively unchanged from year ago levels. Peak demand could reach 27,875 Mw under normal weather conditions. The peak summer demand level was recorded on August 2, 2006 at 28,130 Mw. The grid operator noted that the region's power plants can supply up to 31,225 mw of electricity and demand response resources can provide more than 1900 Mw of additional megawatts when consumers either reduce consumption or turn on their own generators when needed.

NEW YORK MERCANTILE EXCHANGE(r)									
NYMEX OPTIONS CONTRACT LISTING FOR 04/29/2009									
-----CONTRACT-----				TODAY'S	PREVIOUS	ESTIMATED	DAILY	DAILY	
LN				SETTLE	SETTLE	VOLUME	HIGH	LOW	
LN	6	9	P	3	0.0911	0.0934	3250	0.08	0.08
LN	10	9	P	0.5	0.0001	0.0001	3200	0.002	0.002
LN	7	9	C	4.5	0.1056	0.1233	3025	0	0
LN	7	9	C	5	0.0519	0.0631	2650	0	0
LN	6	9	C	4	0.0753	0.0938	2625	0	0
LN	9	9	P	3	0.2273	0.2232	2050	0	0
LN	7	9	C	3.75	0.2863	0.3167	1750	0	0
LN	7	9	P	3	0.1385	0.1374	1700	0	0
LN	9	9	C	6	0.1055	0.1198	1650	0	0
LN	10	9	P	4	0.742	0.7374	1460	0	0
LN	7	9	C	4	0.2078	0.2338	1400	0	0
LN	7	9	P	3.25	0.2288	0.2252	1375	0	0
LN	3	11	P	6.75	1.24	1.2337	1350	0	0
LN	7	9	P	3.5	0.347	0.3401	1200	0	0
LN	6	9	P	3.5	0.3049	0.2983	1170	0.2675	0.26
LN	7	9	P	2.5	0.0453	0.0479	1125	0	0
LN	6	9	P	2.5	0.0134	0.015	1100	0	0
LN	6	9	C	4.5	0.0247	0.0338	1100	0.025	0.023
LN	11	9	P	3	0.1289	0.1308	1050	0	0
LN	11	9	C	6	0.3072	0.3265	1050	0	0
LN	10	9	P	3	0.2642	0.2661	1050	0	0
LN	6	9	C	3.75	0.1273	0.1517	1050	0	0
LN	9	9	C	4.5	0.3244	0.3537	1025	0	0
LN	7	9	P	2	0.0122	0.0135	1000	0	0
LN	3	11	C	6.75	1.2303	1.2434	1000	0	0
LN	4	11	P	6.35	1.0458	1.0378	1000	0	0
LN	4	11	C	6.35	1.0167	1.0281	1000	0	0

Directors of the Southwest Power Pool approved a \$700 million new high voltage transmission projects that the agency said will pay for themselves by lowering utilities electric costs across parts of nine states. The plan is for seven projects, including 600 miles of a new 345-kV line. The new lines and equipment will improve access to all types of generation, including potential wind generation, over the next few years.

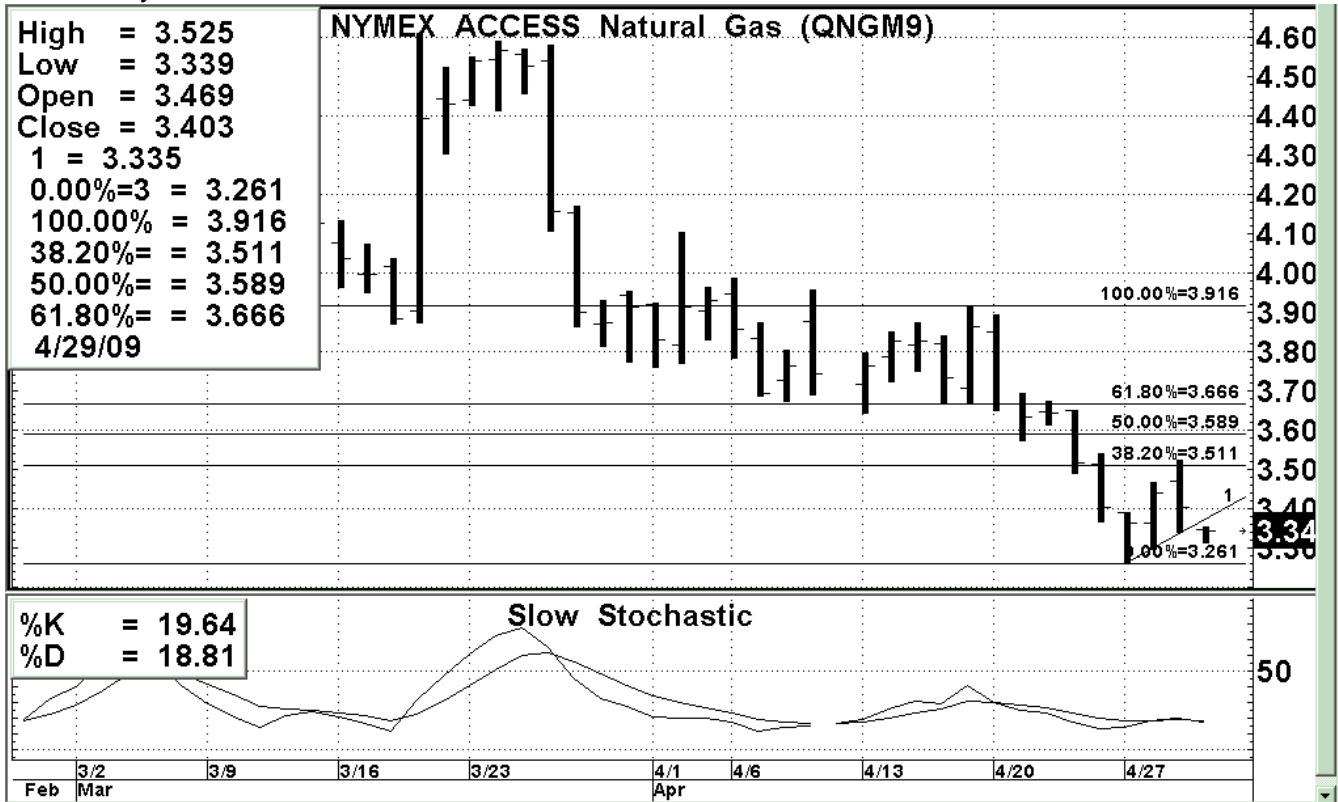


The Edison Electric Institute reported that for the week ending April 25th, power production in the United States reached 67,544 Gwh up some 2.8% from the prior week but still some 4.8% less than the same week a year ago.

MARKET COMMENTARY

The natural gas market while working higher this morning supported by firmer cash values in many trading hubs saw selling

pressure in the afternoon that erased the day's gains and saw the market finish the day off a few pennies. The market though did hold the ascending trend line drawn off the lows of the prior two trading sessions. But as this evening's trading session began prices opened below this line and it appears to have erased any positive technical base the market was trying to build over the past several days.



Market expectations for tomorrow's EIA Natural gas Storage Report appear to be running between a 65 to 95 bcf build, with an average projection of 79 bcf. Our model is suggesting a slightly smaller build of 72 bcf. A year ago stocks increased by 77 bcf while the five year seasonal average is a 69 bcf build. We would look to this report tomorrow to give the market a price direction shove.

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