



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR APRIL 30, 2009

NATURAL GAS MARKET NEWS

The Economic Cycle Research Institute said today that the current U.S. recession would probably end before the end of this summer. The group based its forecast on a number of its key gauges have turned upward to indicate with certainty that a recovery is coming. Meanwhile the Institute of Supply Management said today its business barometer increased to 40.1, the highest level since September, up from last month's 31.4. Readings below 50 though signal contraction. In addition the Federal Reserve Bank of Kansas City's monthly manufacturing index was -6 in April versus -21 in March.

The EIA late Thursday released its Natural Gas Monthly Report for February. It showed that domestic production of natural gas after being relatively flat for several months posted another strong growth spurt, growing by 1.2% over January levels and some 3.9% higher than a year ago as it reached 58.2 bcf/d. Net imports were estimated at 8.4 bcf/d, up 7.5% from January but still behind a year ago levels by 1.1%. Much of the boost in imports came from LNG, which saw a jump of 14.5% in volumes as it moved back to 1 bcf/d. The last time LNG imports were at 1+ bcf/d was in September of last year. Consumption on the month averaged 80.6 bcf/d some 6% less than a year ago. Demand was down across all sectors, with residential and commercial demand down 8.1% and 7.3% respectively, but industrial and electric generation demand declines were in double digits.

Generator Problems

MISO – The 1170 Wolf Creek nuclear plant was off line this morning. The unit experienced an automatic reactor trip yesterday afternoon.

Detroit Edison's 1122 Mw Fermi #2 nuclear unit has been restarted and was at 10% this morning. The unit was restarted on Wednesday evening.

Entergy's 789 Mw Palisades nuclear plant again failed to be restarted yesterday and was at 0% this morning.

AEP has restarted its 1090 Mw Cook #2 nuclear unit and the unit was at 4% capacity this morning. The unit has been off line since March 25th for regularly scheduled maintenance.

SERC – Progress Energy's 937 Mw Brunswick #2 nuclear unit was at 36% capacity, up 15% from Wednesday.

The NRC reported this morning that 78,515 Mw of nuclear generation capacity was on line, up 0.3% from yesterday and off 2.5% from the same time a year ago.

The EU said Thursday it does not intend to alienate Russia from its plans with Ukraine to modernize

EIA Weekly Report

	04/24/2009	04/17/2009	Change	Year ago
Producing Region	805	779	26	527
Consuming East	710	668	42	644
Consuming West	308	294	14	187
Total US	1823	1741	82	1359

*storage figures in Bcf

the Ukraine's natural gas pipeline system. While Putin on Wednesday called for the creation of an international consortium to manage and upgrade Ukraine's gas pipeline network with the help of Russia, Ukraine and European partners. The consortium would lease the Ukrainian transport system and share all of the risks connected with the system

Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
Location	Traded	Price		(As of 12:30 PM)		Moving Avg
Henry Hub	913,100	\$3.247	(\$0.187)	(\$0.111)	(\$0.136)	(\$0.158)
Chicago City Gate	580,000	\$3.165	(\$0.134)	(\$0.193)	(\$0.051)	(\$0.166)
NGPL- TX/OK	578,100	\$2.996	(\$0.166)	(\$0.362)	(\$0.083)	(\$0.304)
SoCal	460,500	\$2.865	(\$0.163)	(\$0.493)	(\$0.080)	(\$0.501)
PG&E Citygate	558,400	\$3.217	(\$0.170)	(\$0.141)	(\$0.087)	(\$0.095)
Dominion-South	428,800	\$3.489	(\$0.200)	\$0.131	(\$0.117)	\$0.278
USTrade Weighted	19,008,000	\$3.107	(\$0.219)	(\$0.251)	(\$0.14)	(\$0.158)

upgrade, but the pipelines would still be owned by the Ukraine. EU officials though today said the issue is much more complex.

Britain's National Grid said today that it has revised

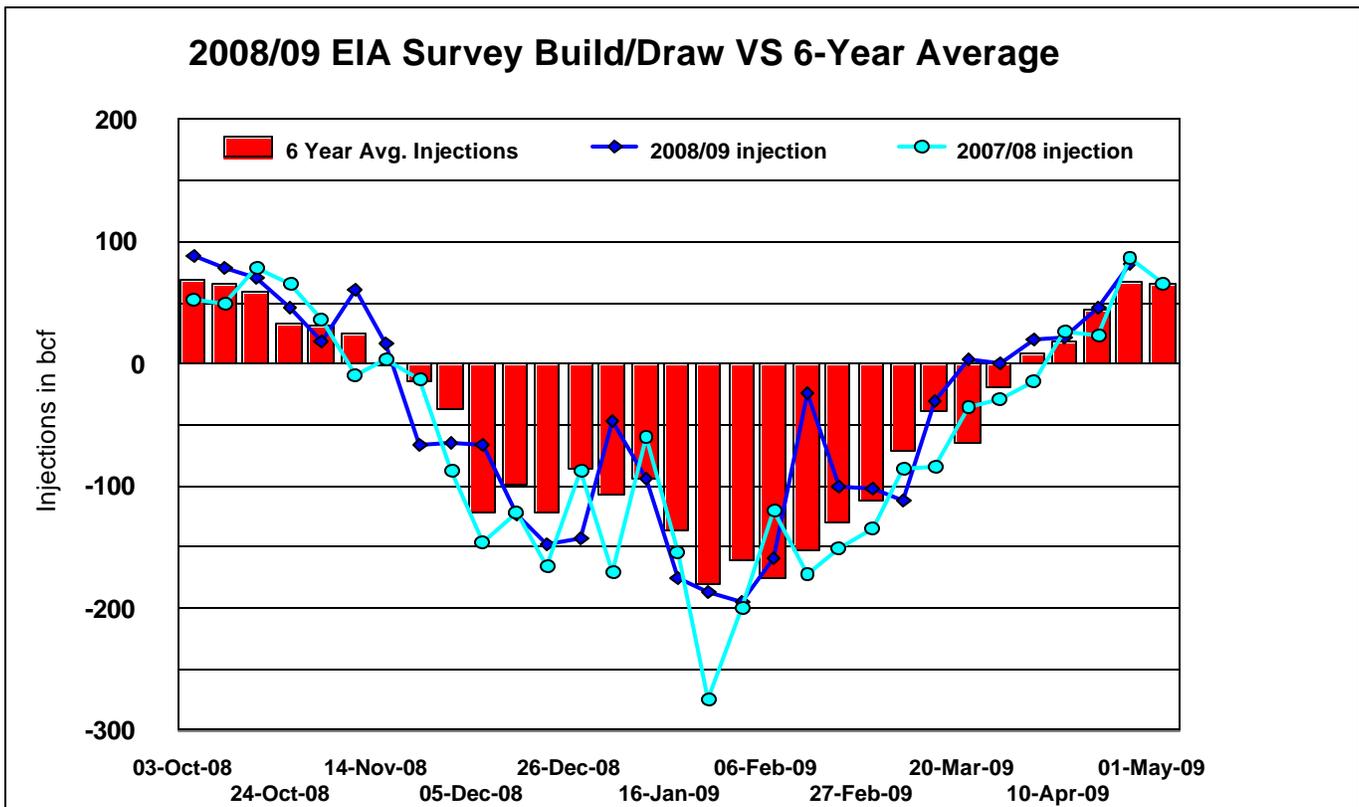
downward its winter peak demand forecast for 2009-2010 from 56.7 Gw to 56.2 Gw because of the ongoing economic recession.

The Qatari LNG tanker that is scheduled to arrive at Britain's new South Hook facility reportedly is only half full, carrying 135400 cm versus the ships capacity of 266,000 cm.

Platt's reported today that Asian spot LNG prices continued to fall over the last week as the loss of Indian demand weighed on prices despite reports of several suppliers cutting production. Platts' June Japan Korea Marker was assessed at \$3.80 Mmbtu, down 30 cents from the week earlier.

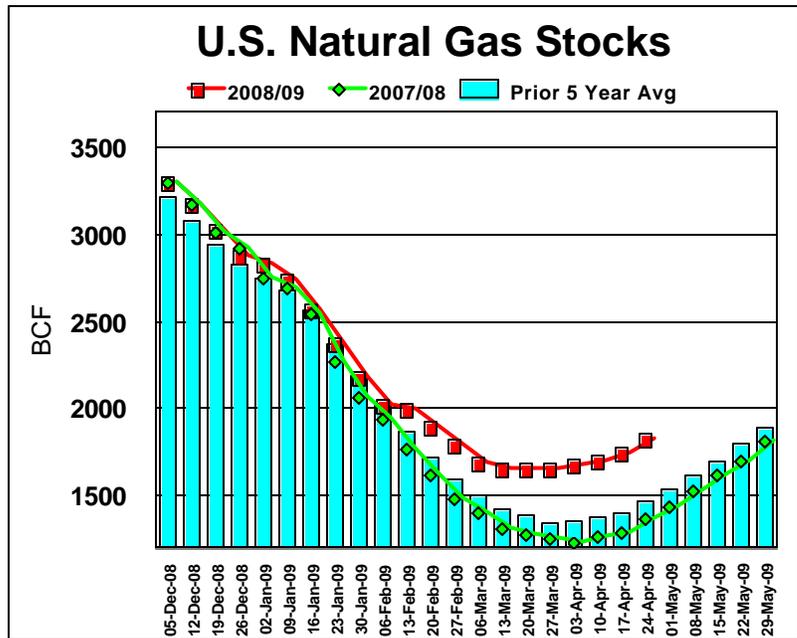
Williams announced today that it would build a 261-mile pipeline to transport NGLs and olefins from its extraction plant in Fort McMurray, Alberta, to its processing facility in Redwater, Alberta. The company hopes to begin construction on the 43,000 b/d pipeline in 2010 and begin operation in 2012.

Natural gas prices could remain under pressure for years to come as huge untapped reserves of shale gas become available. Recent advances in horizon fracturing techniques have made shale production more viable and helped boost reserve estimates. Previously, costly means of extracting shale gas



trapped in sedimentary beds, stood in the way of replenishing supplies as conventional onshore and shallow offshore wells declined. According to Wood Mackenzie, prices could remain low for a period of five years due to the magnitude of the resource base and the lower costs in extracting shale gas.

Frank Harris, head of global LNG at Wood Mackenzie, has said that producers of LNG are unlikely to shut in significant volumes this year despite the recession that has hammered demand and prices. Citing technical complications of shutting down a whole train and the need to pay for the investment, Harris said, "Any train that is a larger size and relatively new is going to keep going." These trains include a mega-train in Qatar, Train 4 in Trinidad, the North West Shelf Train 5 in Australia and another at Damietta in Egypt. There has not been a shut-in of an LNG production plant since the early 1980's when the U.S. stopped imports from Algeria over a price dispute, forcing the North African state to cut production.



PIPELINE RESTRICTIONS

Panhandle Eastern said that due to operating conditions, the company would not be scheduling Interruptible and Out-of-Path deliveries downstream of the Edgerton compressor station effective May 1st and until further notice.

Tennessee Gas Pipeline said effective for today it has restricted the Carthage Line Lateral through approximately 77% of Supply to market Secondary Out of the Path nominations.

NGPL said that effective May 2nd and until further notice it will not schedule IBS Banks or Take Paybacks or LPS Parks or Loan Paybacks in the Market Delivery Zone for both the Amarillo and Gulf Coast Systems.

PG&E California Gas Transmission has called a system wide OFO for today. The pipeline set a 5% tolerance due to low inventories.

PIPELINE MAINTENACE

Kern River Gas Transmission said beginning April 29th and until further notice the operational capacity at Goodsprings will be limited to 1,627,000 Dth off approximately 3% from normal levels. The company reported that a turbine engine is not performing properly and thus has been taken out of service.

Southern LNG is scheduling some critical piping tie-ins associated with the Elba III Expansion that will affect the facility capacity beginning May 30th. Beginning May 30th and lasting for 3-4 days, Southern LNG will not have the capability to send out volumes or accept ship cargoes for unloading. Following the first phase of this work for approximately two weeks Southern LNG

Canadian Gas Association

Weekly Storage Report

	24-Apr-09	17-Apr-09	25-Apr-08
East	66.9	60.1	51.1
West	166.4	154.4	124.8
Total	233.3	214.5	175.9

storage figures are in Bcf

will have the ability to accept ship cargoes but send out capability will be limited to 675 Mmcf/d.

Wyoming Interstate Company confirmed that repairs on the Douglas Compressor Station has been completed and capacity at the Medicine Bow Lateral is expected to be restored by 400 MMcf/d to 1520 MMcf/d.

Gulf South Pipeline Company said it will be performing pipeline maintenance on Index 817 and Index 818 from Tallulah to Rock Springs (Transco 85) beginning May 1st. This portion of the 42" Expansion will be shut in for approximately 31 days.

ELECTRIC MARKET NEWS

Barclays Capital in a research note to clients yesterday estimated that natural gas fired generation could displace an average of 6000 Mw of coal fired generation this year due to falling gas prices. They estimate that this should add some 750,000 Mcf of daily demand for natural gas. The analysts see the affected coal fired power plants would be in PJM, MISO and in the SERC. But despite this fuel switching Barclays did not think the higher gas demand in the power sector would be able to put a floor under natural gas prices. The note that coal prices in the West and Texas are too low to be displaced by gas and many power generators buy their coal on long term contracts that often include take or pay clauses and other provisions that prevent them from reselling the coal.

The U.S. Northwest River Forecast Center reported today that it predicted water runoff at the Dalles Dam on the Columbia River will be 87% of normal for the April-September period, unchanged from its prior forecast a week ago. A year ago water flow was 99% of normal.

MARKET COMMENTARY

The natural gas market continued to trend lower in overnight trading after breaching an ascending trend line off its recent lows on the opening. The market sold off to a low of \$3.278 in anticipation of a bearish EIA natural gas storage report. Upon the release of the EIA report, which showed a larger than expected build of 82 bcf, the market sold off even further to a low of \$3.251. The natural gas market however bounced off its low and retraced some of its losses as it posted a high of \$3.415 by mid-day. It traded mostly sideways during the remainder of the session and settled in negative territory, down 3 cents at \$3.373.

With total natural gas stocks running about 24% above its prior five-year average and declining demand, the market's gains remain limited. Technically, the market also looks set to trend lower and test its support at the \$3.00 level. Support is seen at \$3.278, its low of \$3.251, \$3.182 and \$3.114. Resistance is however seen at \$3.415, \$3.442 followed by \$3.51 and \$3.606.