



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR MAY 3, 2010

NATURAL GAS MARKET NEWS

The National Weather Service reported this morning that for the week ending May 1st the nation saw just 10 cooling degree days on a population weighted basis some 9% less than normal and 55% less than the same week a year ago. For the current week ending May 8th the NWS sees 26 CDD, some 86% higher than normal and 23% more than the same week a year ago.

The U.S. Coast Guard reported this morning that the total number of offshore natural gas production platforms shut in the Gulf of Mexico due to the oil spill stands at three, unchanged from the weekend. One of these platforms was evacuated as a safety precaution. Production shut in so far has been relatively minor with just 6.2 MMcf/d shut in. But the Department of Interior has announced it is sending SWAT teams to the Gulf to inspect all platforms and rigs.

Reuters reported today that four traders have left Citigroup's LNG trading desk in Houston. The bank said the traders would be replaced and it remains active in the LNG market.

Reuters reported Monday afternoon that U.S. LNG terminals in the Gulf of Mexico were all reporting to be functioning normally, as they are west of the current oil spill location. Of the three terminals, only the Lake Charles terminal is scheduled to receive a cargo in the near term. The Lake Charles terminal is

Generator Problems

NPCC – OPG reported that two of the 490 Mw Nanticoke coal fired units, Units #3 and #4 returned to service while Unit #2 was shut.

PJM – Constellation Energy's 1140 Mw Unit #2 at the Nine Mile Point nuclear unit started to exit from its recent refueling and maintenance outage and was at 2% power.

Exelon's 619 Mw Oyster Creek nuclear plant has exited its maintenance outage and was back to full power this morning. The unit was taken off line back on April 28th for work on a feed water heater.

PSEG's 1174 Mw Hope Creek #1 nuclear unit returned to full power today, up 38% from Friday's levels.

PPL's Susquehanna nuclear power station saw operations increase over the weekend. The 1149 Mw Unit #1 was at 60% power up 25% from Friday, while the 1140 Mw Unit #2 was at 94% power up 18% from Friday.

ERCOT – STP Nuclear Operating's 1280 Mw Unit #2 started to exit its recent refueling and maintenance outage and was at 47% power this morning.

Luminant's Comanche Peak #1 nuclear unit was back at full power this morning, up 6% from Friday.

AEP's 690 Mw Oklaunion coal fired power plant was shut over the weekend and will remain off line for maintenance work until May 6th.

SPP – Entergy's 843 Mw Unit #1 at the Arkansas Nuclear One power plant dropped to 37% by early Monday, down from 92% early Friday.

MISO – AEP's 1009 Mw Cook #1 nuclear unit dropped to 54% power this morning. The unit had been at full power last week.

NextEra Energy's 580 Mw Duane Arnold nuclear power station has exited its outage and ramped up to 20% power on early Monday.

Dominion's 556 Mw Kewaunee nuclear power station returned to full power on Monday up from 65% from Friday.

WSCC – SCE's 1080 Mw San Onofre #3 nuclear unit was at 98% power up 11% from Friday.

SERC – Dominion's 903 Mw North Anna #2 nuclear unit was at 98% power this morning, up 28% from Friday.

The 938 Mw Brunswick #1 nuclear unit was back at full power, up 13% from Friday.

The NRC reported that there was some 81645 Mw of nuclear power generated today, up 0.5% from yesterday and up 1.4% from a year ago.

reportedly scheduled to receive a cargo on May 14th from Nigeria.

The Commerce Department reported this morning that U.S. construction spending in March rose for the first time in five months, increasing by 0.2% as the commercial sector offset continued weakness in the residential housing sector. Market expectations had been for a 0.2% decline. But the government also revised downward the February numbers from a 1.3% decline to a 2.1% decline.

The US Commerce Department reported that US consumer spending increased twice as fast as income in March as savings fell to its lowest level in 18 months. It reported that personal income increased by 0.3% in March as a weak labor market continued to halt wage growth. The Commerce Department also reported that consumer spending increased by 0.6%. The core price index for personal consumption expenditures advanced 0.1% in March. On a year on year basis, it stood at 1.3%.

Iran reported over the weekend that gas production at Iran's South Pars natural gas will rise to 175 million cubic meters per day within the next two years.

PIPELINE MAINTENANCE

Gulf South has rescheduled the pipeline maintenance at Index 130 on the Kosciusko 30-inch pipeline in Lawrence County, MS from the previously scheduled April 14th date to now begin on May 17th. The work is expected to last for three days, but the company does not expect any impact on customers.

ELECTRIC MARKET NEWS

Genscape reported today that it estimates U.S power generation for the week ending April 29th rose 0.7% from the prior week but was 1.5% less than the same week a year ago.

MARKET COMMENTARY

While the natural gas posted its first positive day in three trading sessions, helped in part by the news of some natural gas platform shut ins in the USG (albeit small production loss) coupled with a steady stream of positive economic news, the market still recorded an inside trading session in relatively light to moderate volume. While it appeared cooling demand for this week would be slightly above normal, this appeared to be offset by rebounding nuclear generation levels which today were more than 8% higher than a week ago and some 1.4% better than the same date a year ago. As a result we still feel that this market will remain moired in a relatively sideways trading pattern through the first part of this week.

We see support at \$3.882 followed by \$3.81 with minor resistance at \$4.091, \$4.155 and \$4.218. More significant resistance we see at \$4.424.

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