



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR MAY 4, 2010

NATURAL GAS MARKET NEWS

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 remained at just three.

Statoil announced that it has reached a transportation deal with National Fuel Gas Supply to transport up to 3.2 bcm of gas per year from the United States to Canada. It has booked the transportation capacity for a 20-year term and expects the service to begin from mid 2012.

The Dutch BBL pipeline which transports gas to Britain, reportedly has had technical issues, which have been affecting flow levels, but total daily volumes are expected to be delivered. The disruptions are believed to be the result of safety tests at the Bacton terminal.

Gassco reported that the Norwegian Kollsnes gas processing plant was back to normal Tuesday after a small reduction in output due to field problems this past Saturday. The plant processes gas from the Troll, Kvitebjorn and Visund fields for export to Britain and Europe.

Qatargas announced it has shut its train #4 at its Qatargas 2 project for scheduled maintenance and plans to shut train #3 at Qatargas 1 project for work later in May. Qatargas 2 train #4 is a joint venture between Qatar and Exxon Mobil and can produce 7.8 million tones of LNG per year, most of which has been exported to Britain's South Hook LNG terminal. Qatargas 1 train #3, in which Total has a stake, has a capacity of 3.2 million tones per year and primarily supplies Japan and Spain.

Russia reported today that Russian natural gas production in April fell to 1.87 bcm per day down from 1.95 bcm/d produced in March. Production though was 27.3% higher than the same month a year ago.

The LNG tanker, BW GDF Suez Paris is expected to arrive at Belgium's Zeebrugge LNG terminal on may 9th. The tanker is coming from Egypt.

Generator Problems

NPCC –OPG's 490 Mw Nanticoke #8 coal fired power unit returned to service this morning. The unit had been shut since April 5th.

Constellation Energy's 1140 Mw Unit #2 at the Nine Mile Point nuclear unit was at 25% power this morning, up 23% from yesterday.

PJM – PPL's Susquehanna #1 nuclear unit ramped higher overnight and is now at 65% power, up 5% from yesterday. Unit #2 though remains unchanged at 94% power.

ERCOT – The coal fired Big Brown Unit #1 power station reportedly went into maintenance early this morning, but was expected to return to service shortly.

STP Nuclear's 1280 Mw Unit #2 at the South Texas power plant was at 77% power this morning, up 30% from Monday. The unit continues to ramp back up from its March 29th refueling outage.

SPP – Entergy's 843 Unit #1 at the Arkansas Nuclear One power plant ramped up to 88% power this morning, up 51% from yesterday.

MISO – NextEra Energy's 580 Mw Duane Arnold nuclear unit was at 84% power this morning, up 64% from yesterday, as it continues to ramp up from its maintenance outage back on April 26th.

AEP's 1020 Mw DC Cook #1 nuclear unit remained running at reduced rate of 56% of capacity.

The NRC reported that there was some 83,934 Mw of nuclear power generated today, up 2.8% from yesterday and up 3% from a year ago.

Nabucco shareholder RWE said on Tuesday that it has pushed back an expected signing of a supply deal with Turkmenistan to the second half of the year. This is viewed as a setback for the project since Turkmenistan is viewed as a potential key supplier for the pipeline project.

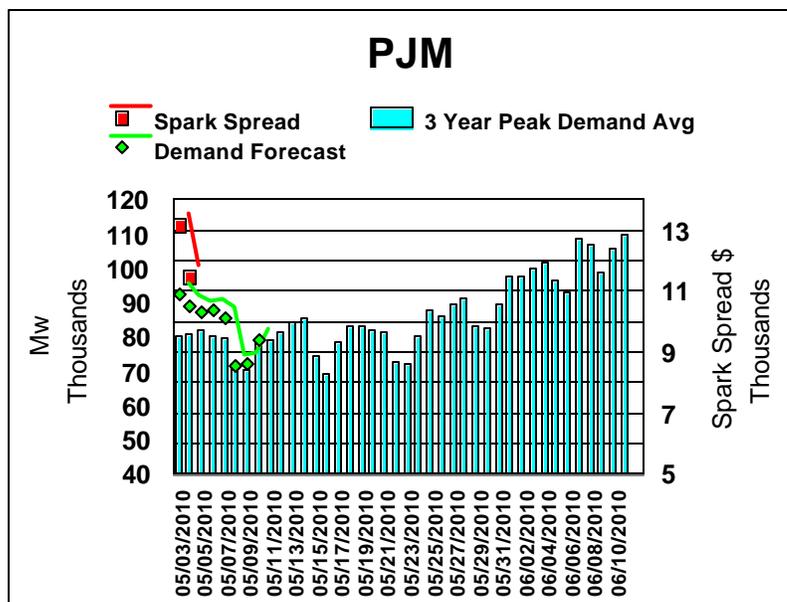
Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
Location	Traded	Price		(As of 12:30 PM)		Moving Avg
Henry Hub	956,100	\$3.959	\$0.104	(\$0.034)	\$0.148	(\$0.014)
Chicago City Gate	594,700	\$4.002	\$0.139	\$0.009	\$0.143	\$0.044
NGPL- TX/OK	634,300	\$3.877	\$0.145	(\$0.116)	\$0.149	(\$0.091)
SoCal	621,400	\$3.852	\$0.097	(\$0.141)	\$0.101	(\$0.095)
PG&E Citygate	1,431,300	\$4.268	\$0.032	\$0.275	\$0.036	\$0.338
Dominion-South	729,200	\$4.259	\$0.199	\$0.266	\$0.203	\$0.203
USTrade Weighted	23,887,100	\$3.978	\$0.144	(\$0.015)	\$0.15	(\$0.014)

The delay was caused by ongoing "political talks". Turkmenistan is seeking guarantees that its gas can transit through Azerbaijan and Georgia. OMV said its participation in the South Stream gas pipeline project does not put the Nabucco project at risk.

Reuters reported that according to ship trackers, it appears that four LNG tankers that are loaded with LNG are headed towards Kuwait. Its Mina Al Ahmadi terminal has the capacity to deliver more than 500 mmcf/d.

The government reported this morning that U.S. factory orders in March improved by 1.3%, with February orders being revised upward as well to 1.3% versus a previous report of a 0.6% gain. Market expectations had been for the March number to be off 0.1%.

The National Association of Realtors said the index for pending sales of used homes increased by 5.3% to 102.9. Year over year, the index was 21.1% above its level of 85 in March 2009. It projected existing home sales of 5.38 million this year and 5.66 million in 2011. It also reported that the median price for an existing home is estimated at \$176,900 in 2010 and \$183,400 in 2011.



PIPELINE RESTRICTIONS

PG&E has issued a system wide OFO for May 5th due to anticipated high inventory levels. The company set a 5% tolerance.

Tennessee Gas Pipeline has restricted through approximately 57% of market to supply secondary out-of-the-path nominations pathed through the Niagara Spur Backhaul point.

ELECTRIC MARKET NEWS

Genscape reported this morning that it estimates that coal stockpiles at U.S. power plants rose 1.3% this week but were 0.8% smaller than the same time a year ago. The company estimates that these current stockpiles equate to 63 days of forward supply.

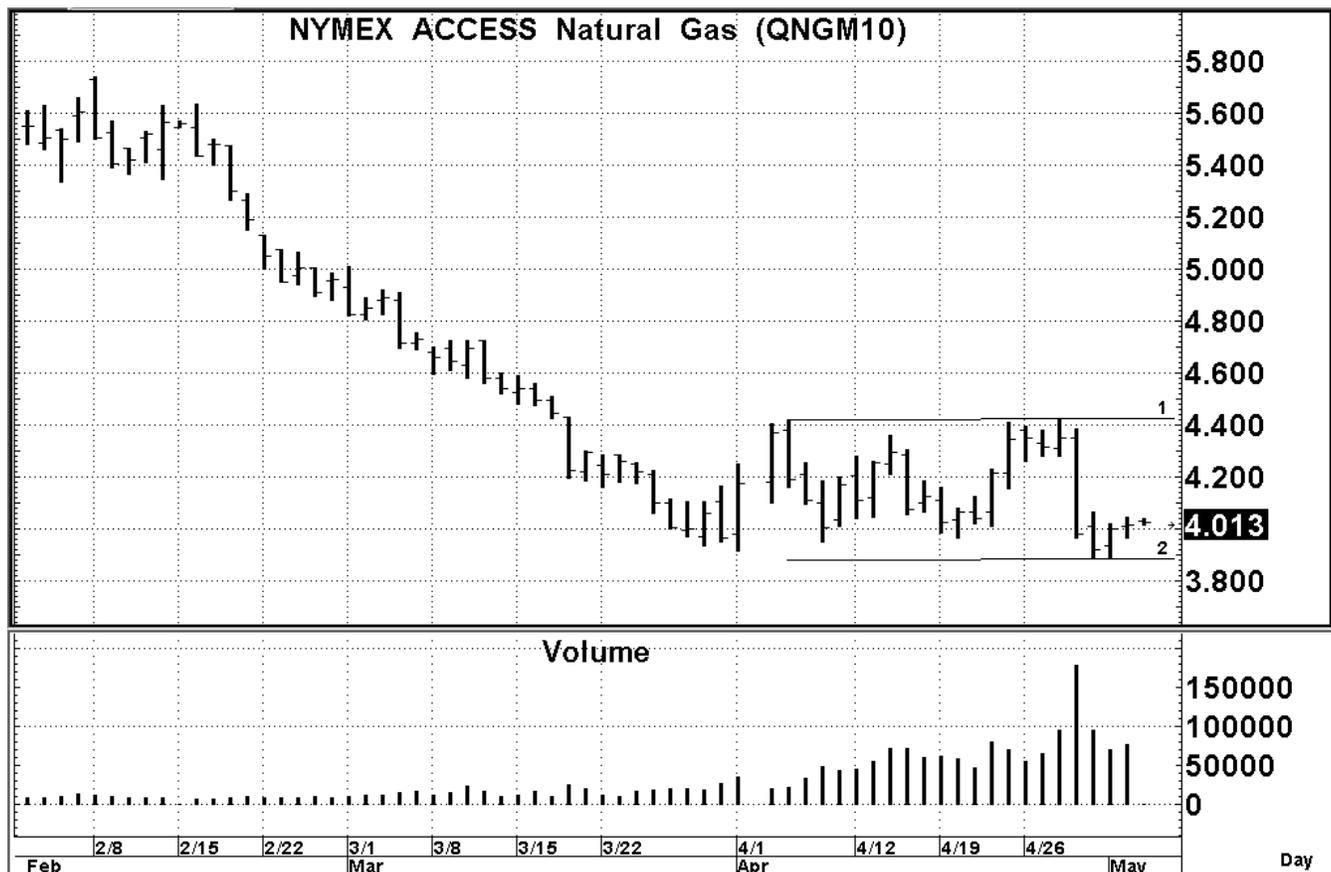
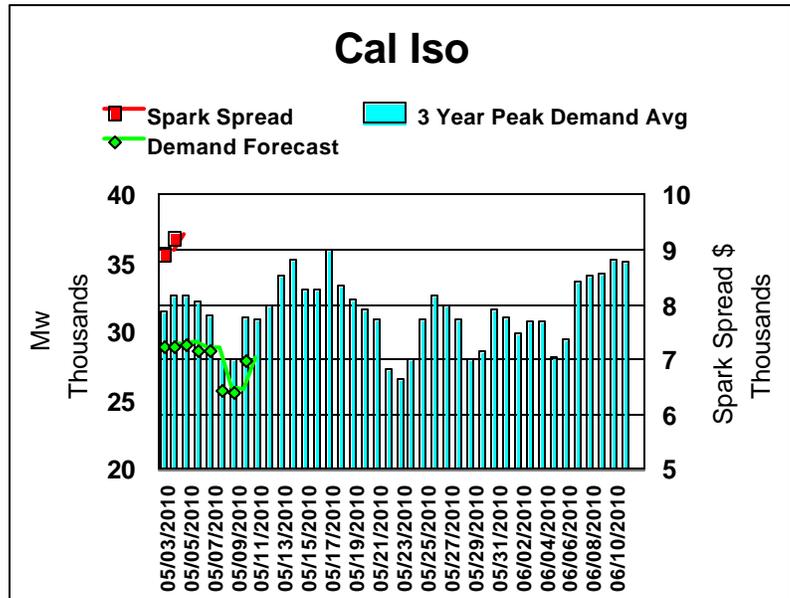
FirstEnergy said additional inspections of control rod nozzles at the Davis Besse nuclear power plant have identified more needed modifications that will keep the unit shut another two months. The plant, which was shut for maintenance and refueling back on February 28th, is now not expected back into service until July.

The U.S. Northwest River Forecast Center on Tuesday said its outlook for water flows at the Dalles Dam on the Columbia River is expected to be 69% of normal for the April-September period. This was a 3% increase in its prior forecast a week ago. Water flows at the Grand Coulee dam are estimated to be 71% of normal, up 2% from last weeks forecast.

MARKET COMMENTARY

The natural gas market while finishing back in positive territory today and back above the \$4.00 level once again, supported in part by further positive economic news, still appears to be in a sideways trading pattern, as nuclear generation levels continue to rebound with limited power demand. The June contract posted its smallest trading range since March 24th. Volume was again light to moderate throughout the day.

We continue to look for resistance in this market at \$4.091, \$4.155, \$4.218 and \$4.425. Support we see at \$3.886, \$3.81 and \$3.66.



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