



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR MAY 6, 2009

NATURAL GAS MARKET NEWS

Devon Energy Corp reported that its North American natural gas production in the first quarter rose nearly 10% from a year ago after production records from the Barnett Shale and Powder River Basin were recorded.

British UK natural gas prices firmed today as news of supply into Britain fell as a result of maintenance along the Norwegian export pipeline, the Langeled pipeline as well as reports from National grid that supplies from the Bacton SEAL terminal was temporarily stopped for several hours today.

ExxonMobil said today that it has not yet agreed to sell gas from its Sakhalin-1 project to Gazprom, denying earlier media reports that a deal had been reached. ExxonMobil said that negotiations were still underway but no agreement had been reached.

PIPELINE MAINTENANCE

Panhandle Eastern said late yesterday that it has experienced a line break on the 200 line, downstream of the Montezuma Compressor Station. Based on current nominations though there is no expected impact to Shipper nominations.

Kern River Gas transmission said injection capacity will be reduced to 350,000 Dth/d beginning cycle 2 for May 6th due to a mechanical failure reported by Questar at Kastler compressor station.

PIPELINE RESTRICTIONS

NGPL said starting for today and until further notice it has capacity available at Cheyenne Plains Ford receipt point. ITS/AOR and Secondary transports are available as well.

Gulf South said it anticipates scheduling only primary firm capacity to deliveries on Index 300 downstream of the Kiln Compressor Station beginning May 5th and until further notice, based upon primary utilization and operating conditions.

Generator Problems

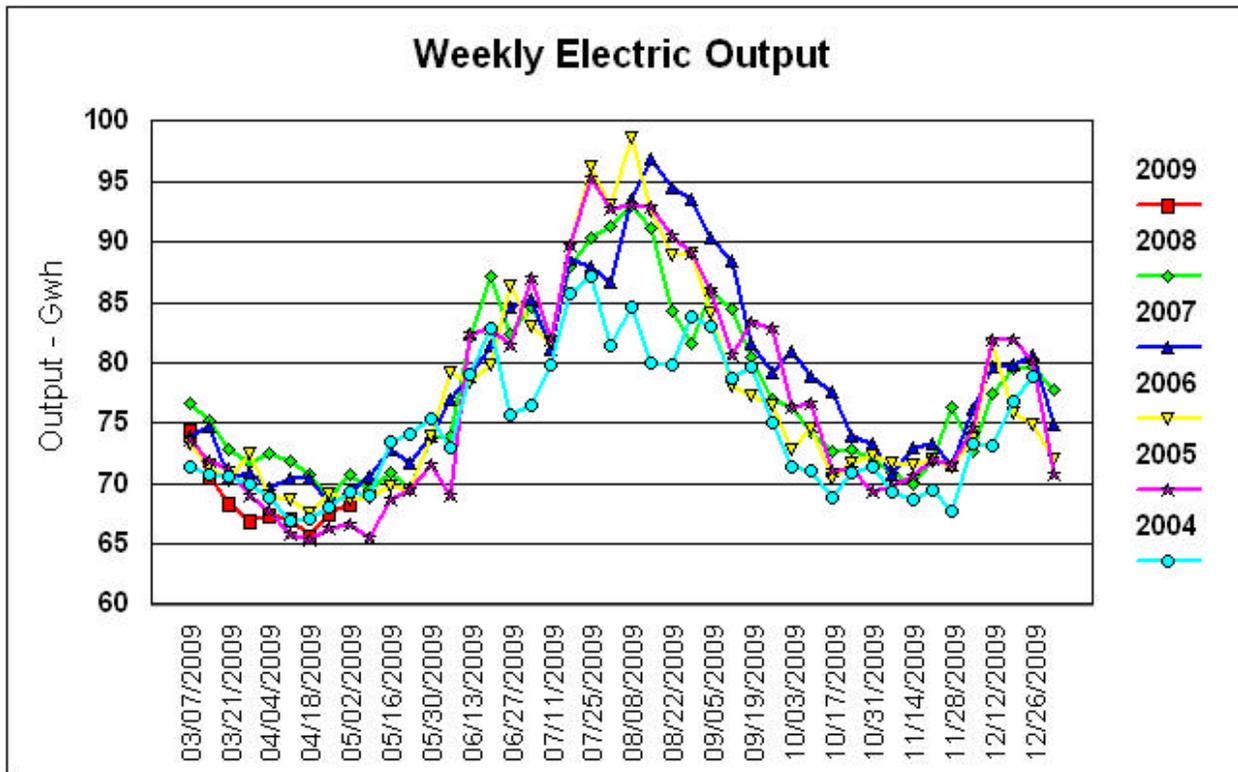
NPCC – OPG's 490 Mw Nanticoke #7 coal fired power plant returned to service early Wednesday. The unit had been off line since April 30th.

PJM – PSEG Nuclear's 1120 Mw Hope creek nuclear unit, was at 50% capacity, up 15% from yesterday.

MISO – AEP's 1090 Mw Cook #2 nuclear unit remains off line and at only 3% power this morning. Operators have been trying to restart the unit since April 30th.

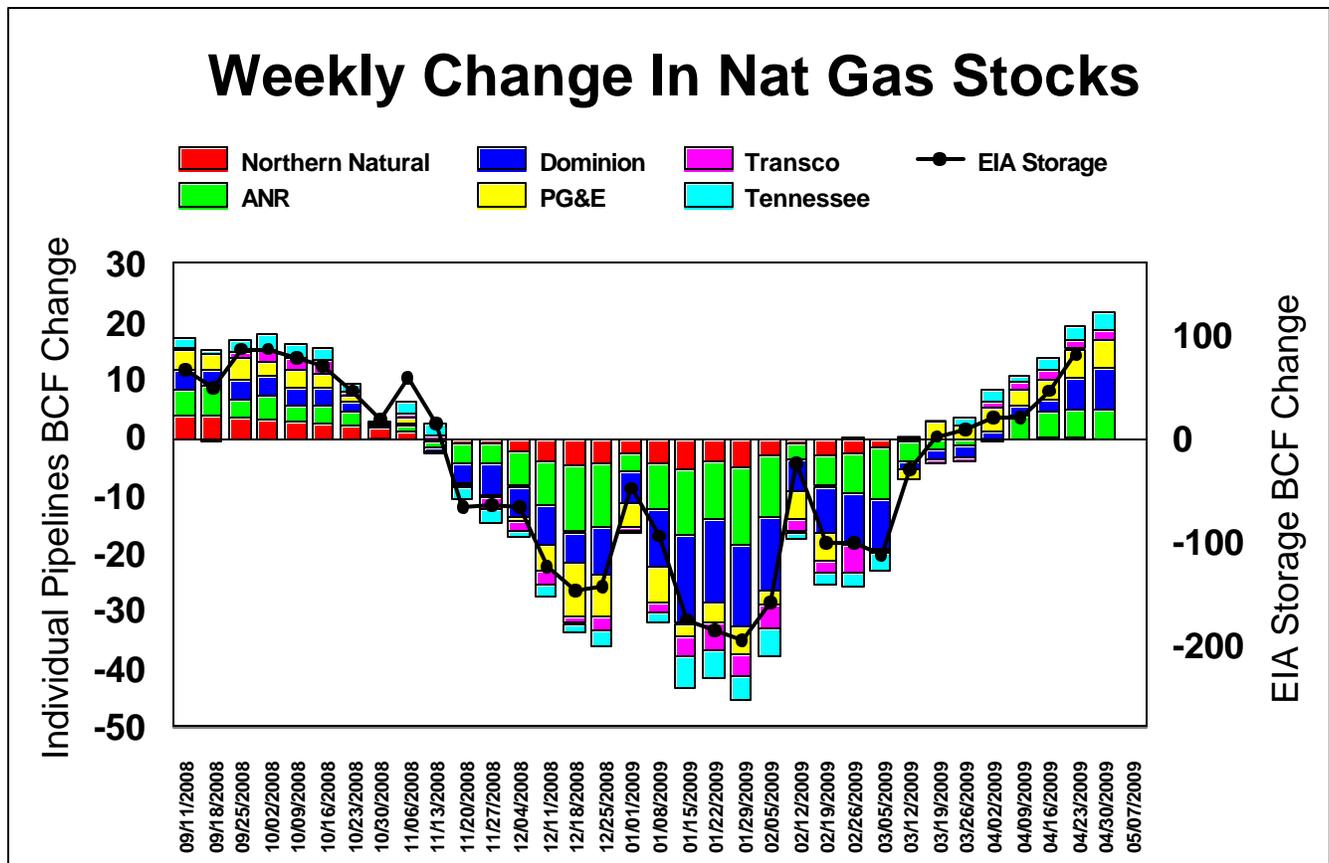
WSCC – The 1150 Mw Columbia Generating Station continues to coast down to its planned refueling outage. Scheduled to begin this weekend. The unit was at 88% capacity.

The NRC reported this morning that 81,608 Mw of nuclear generation capacity was on line, up 0.12% from Tuesday and up 4.38% from the same time a year ago.



ELECTRIC MARKET NEWS

The FERC said yesterday that Texas should consider expanding its transmission ties to other states to take full advantage of its wind generating resources. The primary Texas grid, ERCOT, is not



interconnected to the rest of the nation. Texas regulators and many industry participants have favored Texas remaining a single state “power” island since it limits the FERC’s ability to intervene in Texas power transmission and wholesale market activity.

The Edison Electric Institute reported that US electricity generation in the week ending May 2nd fell by 1.6% on the year but increased by 1.32% on the week to 68,435 Gwh. For the first 18 weeks of the year, power production totaled 1,313,596 Gwh, down 3.4% on the year.

MARKET COMMENTARY

The natural gas market ended the session sharply higher on Wednesday after it posted an inside trading day on Tuesday. The market bounced of an overnight low of \$3.596 and never looked back as it was well supported by strength in the oil market and the equities market. The markets were supported by the latest report showing the US recession may be bottoming out. The ADP Employer Services reported that U.S. private employers cut 491,000 jobs in April compared with expectations of private sector job cuts of 650,000. The natural gas market breached its previous highs and continued to trend higher finding resistance just below the \$3.90 level in afternoon trading. It settled up 27.2 cents at \$3.887. The market later posted a high of \$3.90 later in the afternoon on Globex.

Market expectations for tomorrow’s EIA Natural Gas Storage Report are between a 75 bcf and a 101 bcf injection, with an average estimate of a 92 bcf build. Natural gas stocks built by 68 bcf in the same week a year ago, while the five year average build for the week is 68 bcf.

The natural gas market on Thursday will be driven by the EIA report. Technically, the market which continues to trade within its downward trend channel is seen finding support at \$3.805, \$3.69, its low of \$3.596 followed by \$3.493 and \$3.39. Resistance is seen at its high of \$3.90, \$3.99, \$4.093 and \$4.29.

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