



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR MAY 11, 2009

NATURAL GAS MARKET NEWS

Cheniere Energy urged the FERC to approve a request to export LNG from its Sabine Pass terminal in Louisiana. The company said that it has had several significant commercial LNG opportunities that it has had to forego due to the delay in issuance of the order authorizing it to perform export services. The FERC has already approved construction of similar modifications to allow exports of LNG from Freeport LNG terminal. Both terminals are currently import facilities.

According to Britain's port authority, the Al Shamal LNG tanker is due to arrive at Britain's new South Hook LNG terminal in Wales on Friday. The tanker is one of the largest tankers, known as Q - Max, which can typically carry up to 217,000 cubic meters. The world's largest tanker, Qatar's Mozah, was berthed at South Hook on Monday.

Gas production at Centrica Plc, a UK utility, fell by 39% between January and April of this year. This is compared to the same time frame last year. Performance had been helped by a combination of cold weather, which raised gas and power demand in the UK and North America, and by falling wholesale commodity prices.

Generator Problems

SERC – Farley's 851 Mgw nuclear power station in Alabama ramped up to 70% by early Monday from 34% Friday after exiting a refueling outage last week.

Southern Co's 876 Unit 1 nuclear power station in GA shut by early Monday. The unit was operating at 1% Friday as it started to exit an outage. The unit shut by May 4 due to a problem with a safety relief valve.

TVA's 1,148 Mw Unit 1 at the Sequoyah nuclear power station exited an outage and returned to full power by early Monday. The unit shut May 6 due to a valve failure.

Dominion Resources Inc's 799 Mw Unit 1 nuclear power station started to exit a refueling outage and ramped up to 1% by early Monday. The unit shut for refueling on April 19.

FRCC – FPL Group Inc's 693 Mw Unit 3 at the Turkey Point nuclear power station exited a refueling outage and ramped up to 57% by early Monday. The unit was stopped during start up last week, to fix a main steam isolation valve problem.

WSCC – Energy Northwest's 1,131 Mw Columbia nuclear power station shut by early Monday from 87% power early Friday. The company planned to shut the unit on May 9 for planned month – long refueling outage.

Dynergy Inc's 510 Mw Unit 2 at the Moss Landing natural – gas – fired power station in CA shut by Sunday afternoon for planned maintenance. Dynergy's 2,498 Mgw Unit 1 exited an outage by Sunday afternoon. The company shut it by April 26 for unplanned reasons.

SCE's 472 Mgw Unit 3 at the Mountainview natural gas – fired power station in returned to service by Sunday afternoon. The unit shut for planned reasons by April 30.

PG&E Corp's 404 Mw Units 1 and 2 at the Helms pumped storage hydropower station in CA returned to service by Sunday afternoon. The units shut by May 7 for planned work involving the removal of water from a storage tank.

Calpine Corp's 811 Mgw Delta natural gas – fired power station in CA experienced reduced output to about 606 Mgw by Sunday afternoon for planned and unplanned reasons.

The NRC reported this morning that 8,170 Mw of nuclear generation capacity was on line, down 1.3% from yesterday and up 7.6% from the same time a year ago.

Algeria's Mourad Didouche LNG tanker arrived at Britain's Isle of Grain terminal on Sunday. The tanker can carry 126,000 cubic meters of super-cooled gas.

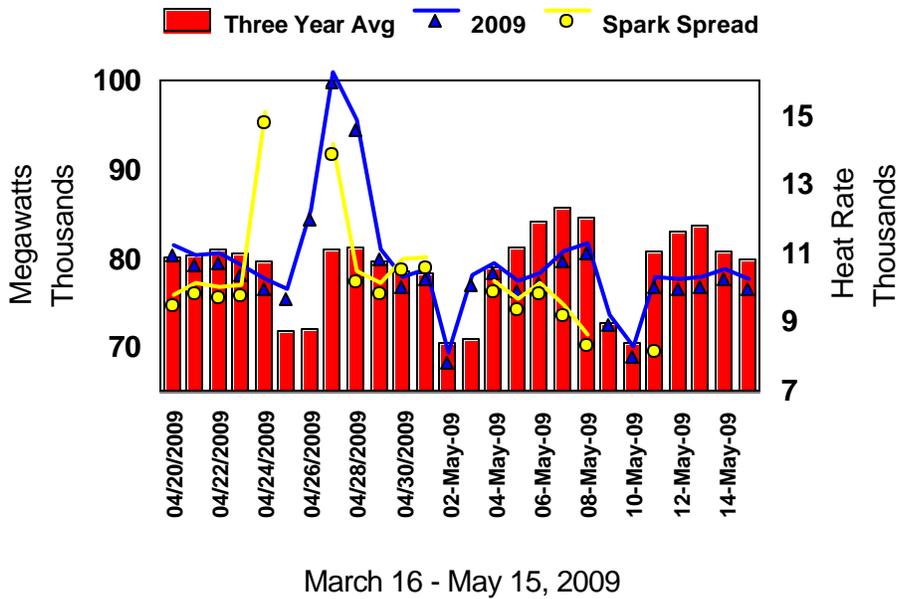
Generator Problems – Continued

MISO – Xcel's Monticello reactor has exited its refueling outage.
 NPCC – OPG's Nanticoke #3 and #4 coal fired units as well as its Pickering #5 nuclear unit returned to service

Statoil Hydro's chief financial officer, Eldar Saetre said on Monday that short-term European gas demand remains uncertain due to the economic slump. Saetre said that although Statoil Hydro has retained its 2009 equity output target of 1.96 million barrels of oil equivalent, "there are some uncertainties relating to gas markets in the short term.

A Repsol YPF LNG tanker with capacity of 138,000 meters is expected to arrive at the Cove Point terminal in Maryland on Monday. The tanker, which sailed from Trinidad and Tobago, was last seen on Monday anchored off the Virginia coast, south of the terminal. This will be the third tanker to arrive at the terminal this month. Cove Point is scheduled to receive an increase in imports in the coming weeks as stronger gas prices on the U.S. East Coast compared with Britain help to attract Atlantic Basin suppliers. The terminal could import up to six cargoes in May.

PJM Peak Load Estimates Vs Spark Spread



New Brunswick Minister of Energy on Monday called on Canadian utility regulators to bring about an expansion of the country's natural gas distribution system, especially in the Atlantic Canadian provinces further east than the present end point in Quebec.

ExxonMobil on Friday reached agreement with India's Petronet LNG to sell its share in the Gorgon project, off western Australia, under a 20-year contract to be finalized next month. The contract will be for 1.5 million metric tons

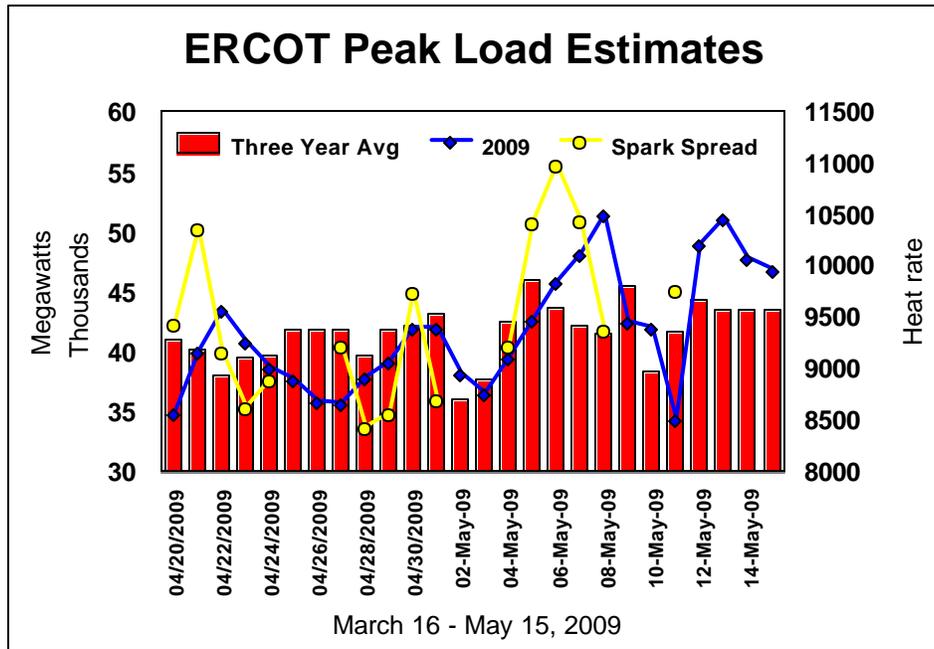
annually.

Maryland's Attorney general has filed a suit in federal district court challenging the Department of Commerce's decision overriding the state's efforts to block AES Sparrows Point proposed 1.5 bcf/d LNG import terminal and pipeline east of the Port of Baltimore.

PIPELINE MAINTENANCE

Southern Natural Gas Pipeline said it removed from service a portion of its 24-inch north main line for repairs. The section of the line is between Providence and Tarrant compressor stations in northern Alabama. While the outage had not impacted operations and was not likely to impact firm transportation on the line, the company said there could be an impact to some interruptible service and peak hourly capacity at points downstream of the Providence station.

Gulf South Pipeline said it has completed maintenance on the Goodrich Compressor station Unit #5. The unit was taken down on April 27th for expected three weeks of work.



ELECTRIC MARKET NEWS

U.S. power output increased 0.17% in the week ended May 7th but was 3.73% below the same week a year ago.

Three major natural gas trade associations told the FERC today that natural gas will provide more than 100 years of stable energy for the nation's electrical system and will help integrate wind and solar onto the nation's electrical

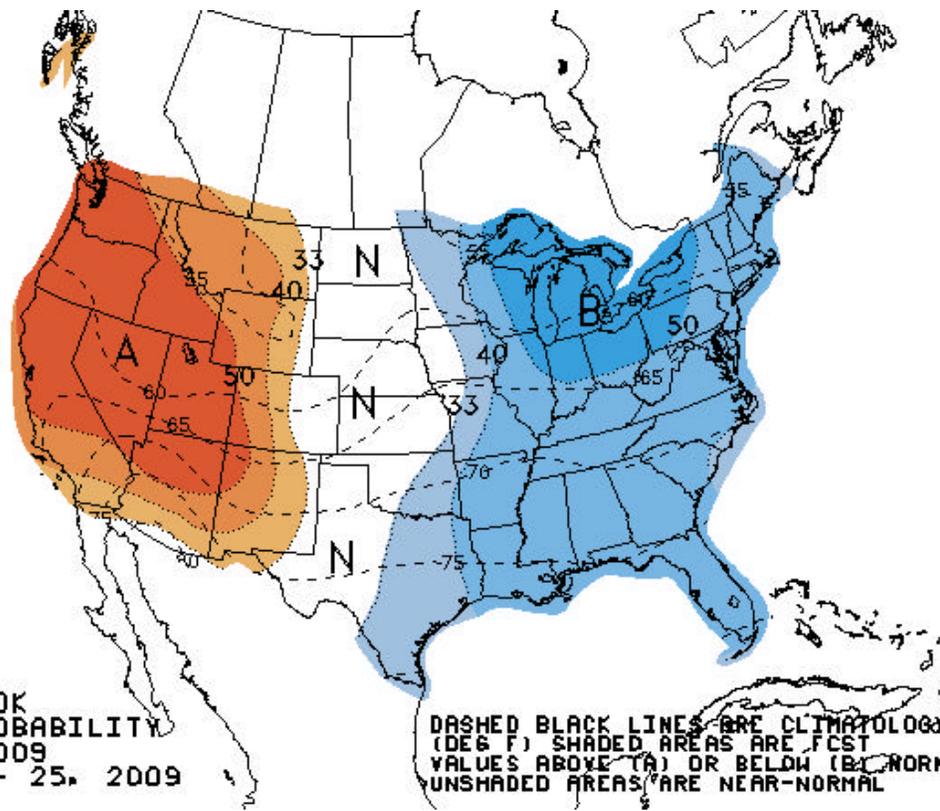
grid. The groups called on the FERC to support policies that allow natural gas to realize its potential in meeting our long-term energy goals, including reliably integrating renewable energy sources into the electric grid and ensuring sufficient power generation for the future. The groups said natural gas is a low carbon complement to renewable energy.

MARKET COMMENTARY

The natural gas market today basically took a breather. While prices early this morning pushed higher by less than a penny over Friday's high following on the coat tails of stronger oil prices the market failed to gain much traction and as a result slipped back at mid morning. While prices seesawed the remainder of the day, the daily trading range was 35% less than Friday and prices finish the trading session lower on the day for only the second time out of the last seven trading sessions. While power demand in the Northeast was seen lagging behind seasonal levels the heat in the southwest has for the near term expanded into the south central U.S. and appears to have helped support natural gas values through this area. But given the latest 8-14 day forecast it

Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
<u>Location</u>	<u>Traded</u>	<u>Price</u>		(As of 12:30 PM)		<u>Moving Avg</u>
Henry Hub	980,200	\$4.243	\$0.080	\$0.015	\$0.141	(\$0.212)
Chicago City Gate	528,200	\$4.245	\$0.140	\$0.017	\$0.162	(\$0.149)
NGPL- TX/OK	626,100	\$4.040	\$0.165	(\$0.188)	\$0.187	(\$0.336)
SoCal	350,900	\$3.943	\$0.177	(\$0.285)	\$0.199	(\$0.446)
PG&E Citygate	664,100	\$4.216	\$0.211	(\$0.012)	\$0.233	(\$0.175)
Dominion-South	159,700	\$4.563	\$0.113	\$0.335	\$0.135	\$0.234
UStTrade Weighted	18,529,400	\$4.126	\$0.119	(\$0.102)	\$0.14	(\$0.212)

appears generation demand for natural gas will be limited to just the west again next week and thus we feel this current futures market rally will be short lived. We would look to add to our short position once the daily stochastic cross back to the downside again possibly here in the next day or two. We see resistance at \$4.364 followed by \$4.609 and \$4.696. Support we see at \$4.195 followed by \$3.94, \$3.807 and \$3.676.



8-14 DAY OUTLOOK
 TEMPERATURE PROBABILITY
 MADE 11 MAY 2009
 VALID MAY 19 - 25, 2009

DASHED BLACK LINES ARE CLIMATOLOGY
 (DEG F) SHADED AREAS ARE FCST
 VALUES ABOVE (A) OR BELOW (B) NORMAL
 UNSHADED AREAS ARE NEAR-NORMAL

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