



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR AUGUST 10, 2009

NATURAL GAS MARKET NEWS

The National Hurricane Center was closely watching an area of showers and thunderstorms within a broad area of low pressure located just to the southwest of the Cape Verde islands. Forecasters feel that there is a 30-50% chance that this system as it moves westward could become a tropical depression within the next 48 hours and possibly become the first named storm of this year's Atlantic hurricane season. Typically there are two named storms by this time in the season. The system has already been designated as Invest 99-L. The GFS long-range model has this storm becoming a strong hurricane but it will eventually veer northward and out to sea near Bermuda. The European model though has this storm staying on a more westward path moving just north of the Leeward Islands and be near the Bahamas by a week from Wednesday.

Generator Problems

NPCC – OPG's coal fired Nanticoke #7 generating unit was shut down for short term maintenance, while Unit #4 returned to service.

MISO- Exelon's 1166 Mw Braidwood #2 nuclear unit was back to full power this morning, the unit had been at 78% capacity on Friday.

AEP has restarted its 1090 Mw Cook #2 nuclear unit on Saturday, and the unit was back to full power this morning. The unit tripped off line on July 27th.

WSCC – PG&E has curtailed its 1122 Mw Diablo Canyon #1 nuclear unit to 85% of capacity. down 10% from Sunday.

ERCOT & SPP – Luminant's 575 Mw Big Brown Unit #1 was expected to be shut down to fix a boiler tube leak once again. The unit had just returned to service over the weekend after the unit was taken last Thursday and Friday to fix a tube leak.

Luminant's Monticello #1 coal fired unit was being restarted following a short outage to fix a tube leak.

NRG Energy planned to restart the 836 Mw Limestone #1 coal fired power plant over the weekend, but the company had not confirmed its restart.

The NRC reported this morning that 96,258 Mw nuclear generation capacity was on line, up 0.3% from yesterday and up 2.7% from the same time a year ago.

Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	Volume Traded	Avg Price	Change	Basis (As of 12:30 PM)	Change	Basis 5-Day Moving Avg
Henry Hub	778,700	\$3.552	(\$0.016)	(\$0.156)	\$0.027	(\$0.228)
Chicago City Gate	539,900	\$3.565	(\$0.025)	(\$0.143)	\$0.010	(\$0.184)
NGPL- TX/OK	765,800	\$3.441	(\$0.051)	(\$0.268)	(\$0.016)	(\$0.304)
SoCal	436,600	\$3.541	(\$0.028)	(\$0.167)	\$0.007	(\$0.237)
PG&E Citygate	593,200	\$3.810	(\$0.032)	\$0.102	\$0.003	\$0.003
Dominion-South	294,000	\$3.790	\$0.021	\$0.082	\$0.056	(\$0.057)
USTrade Weighted	17,869,400	\$3.558	(\$0.008)	(\$0.150)	\$0.03	(\$0.228)

Some forecasters though feel the greater threat could come from a tropical disturbance just now coming off the coast of Africa. Most forecasting models have this system developing into a

tropical storm by late this week. The GFS model is looking for this system becoming a formidable

hurricane by this weekend while other models a more modest storm. At midday forecasters were also saying there was a slight chance (less than 30%) that a small area of low pressure associated with a tropical wave near the Windward Islands could form into a tropical cyclone during the next 48 hours.

EarthSat said that it looks for above normal temperatures to cover an area stretching along the east coast from New York to Washington for much of the next week

The governor of Oregon said today a draft environmental impact statement prepared by the FERC staff for the Ruby Pipeline is "incomplete in a number of respects". He said he is open to the project but must be supported by a comprehensive review of all potential impacts, including impacts on wetlands, archaeological impacts and landslide protection. The project seeks to move some 1.5 bcf/d of gas from the Rocky Mountains to the Pacific Northwest.

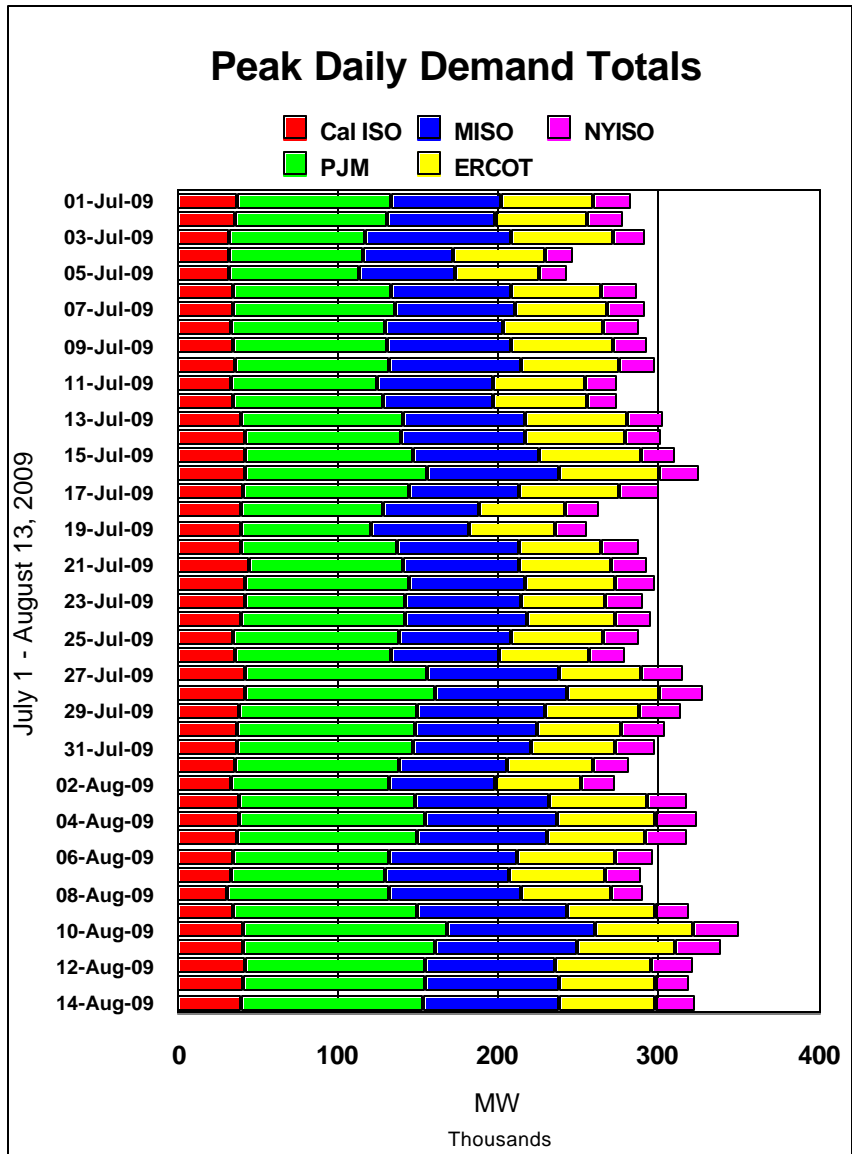
Washington Gas Light's plans for a new LNG storage facility in Chillum, Maryland have been pushed back a year because of ongoing regulatory and legal challenges. The company still

plans to construct the LNG peaking plant in Price Georges County, Maryland to support customer growth and maintain the pressure requirements of its distribution system. The facility was expected to be completed and in service by 2012-2013 heating season.

Chevron received final environmental approval from the Western Australian state government for the \$42 billion Gorgon LNG project. Chevron expects the federal government to now proceed to finalize the environmental approval process which allows for a final investment decision by Chevron and its partners on the project.

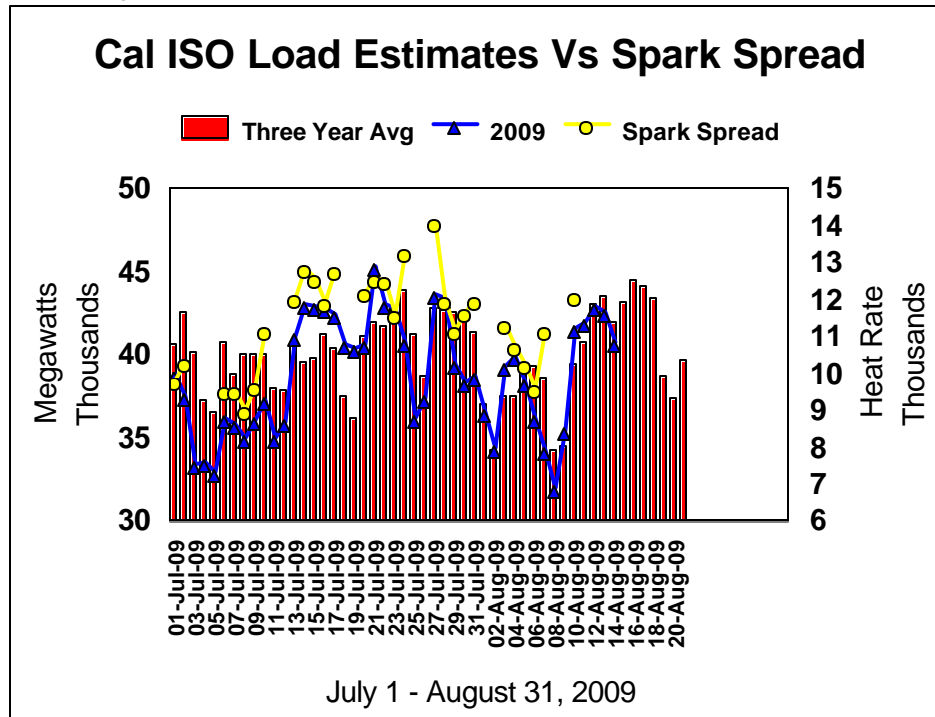
New York State Governor Patterson released a draft energy plan today that encourages production of conventional and shale natural gas in the state to reduce the state's dependence on out of state resources.

Quicksilver Resources reported today that its total natural gas volumes jumped by 40% in the second quarter of this year versus the same time a year ago. Production for the Barnett Shale helped to



support this increase in overall production levels. Service costs, meanwhile fell by a third from a year ago to \$1.05/Mcfe

Enterprise Products said the High Island Offshore System has continued the force majeure at its HIA-264 compressor station in the Gulf of Mexico.



Central Valley Gas Storage last week requested authorization for the California Public Utilities Commission to build and operate an underground natural gas storage facility north of Sacramento with an initial capacity of 5.5 bcf, with an expandable capacity to 8 bcf.

The first commissioning cargo has arrived at Italy's off-shore Adriatic LNG terminal. The 8 billion cubic meters annual capacity is expected to start commercial operations later this year.

PIPELINE RESTRICTIONS

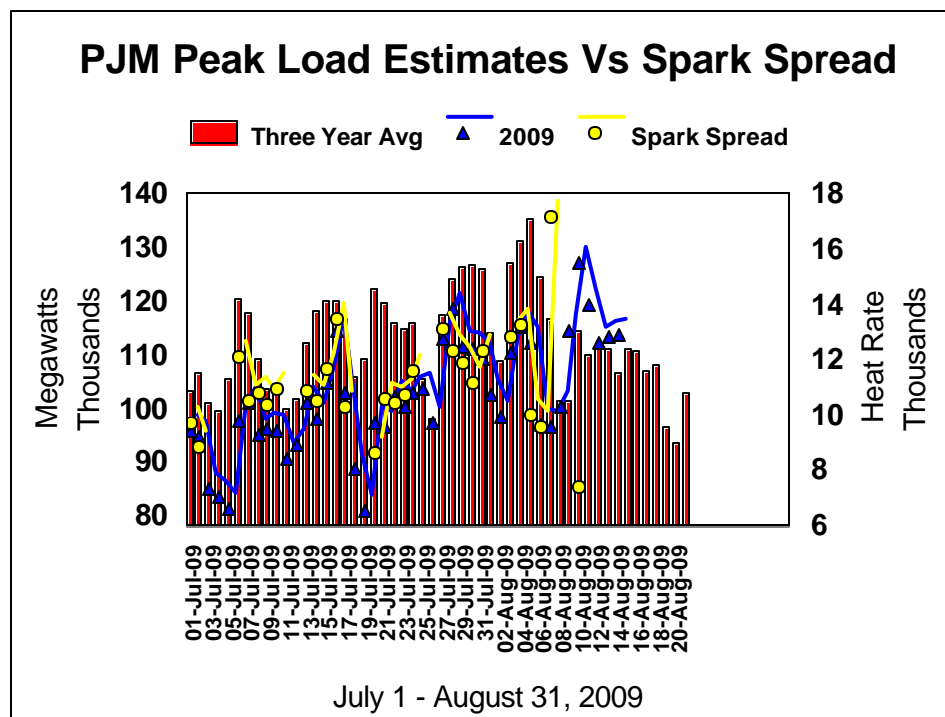
After further analysis, TransCanada Pipeline has determined that the capability of Segment 1 (Upper Peace River Mainline) is 3800 MMcf/d, an increase of 300 MMcf/d from the initial estimate of 3500 MMcf/d. As a result, this additional capability is available for firm service transfers and new firm service requests. This revised capacity is expected to remain in effect at least through the upcoming winter.

Tennessee Gas Pipeline said that for today it was not required to restrict any pipeline points or locations.

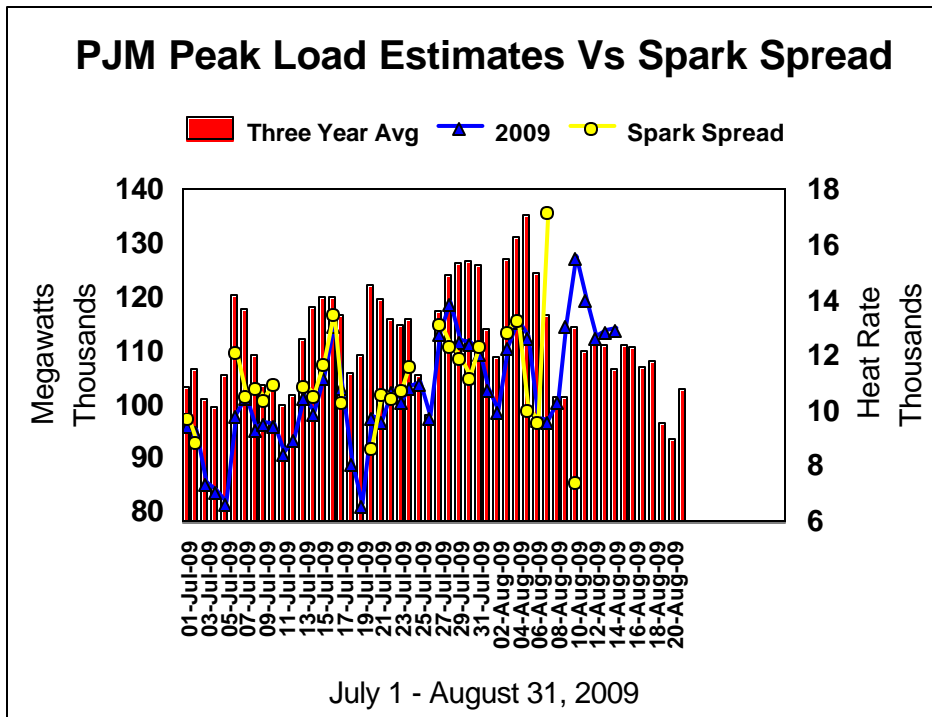
Wyoming Interstate Company said it would be placing an underperformance cap warning at the Dullknife interconnect.

PIPELINE MAINTENANCE

Gulf South said it would be performing system maintenance on the



Whistler Junction Turbine unit beginning the morning of August 11th and lasting for 12 hours. Capacity in the Kiln to Mobil east Area could be reduced by as much as 75,000 Dth during the work.



Trailblazer Pipeline said it would perform Station calibrations and electrostatic discharge tests on all units at Station 602, located in Lincoln, Nebraska. The work will require the reduction in capacity through Segment 20 impacting Trailblazer's shippers interruptible storage/authorized overrun service and firm secondary out of path transports will not be available.

ELECTRICITY MARKET NEWS

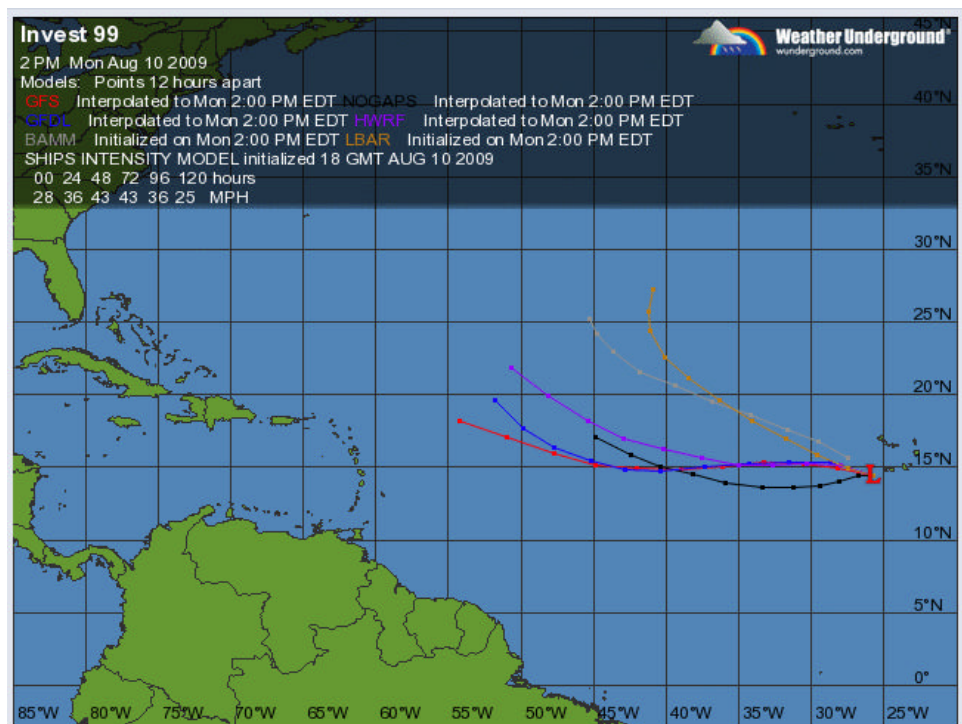
Genscape reported today that U.S. power output for the week ending August 6th fell 0.9% from the week

before and was 5.3% less than the same week a year ago.

The TVA said on Friday that it is preparing a supplemental filing with the NRC to update the potential environmental impacts of its proposal to add a new nuclear unit at its Bellefonte Nuclear project in Hollywood, Alabama. The company expects to finalize the impact statements by 2010.

Southern California Edison said it is considering development of an advanced coal power plant to be built in Emery County, Utah with carbon capture. The plant would have a projected 500 Mw capacity.

The U.S. Court of Appeals has overturned the FERC approval of PJM regional rate design for new transmission lines operating of 500-kV or more. In a split decision, the majority of the court held that allowing PJM to allocate the costs of the new high-voltage transmission

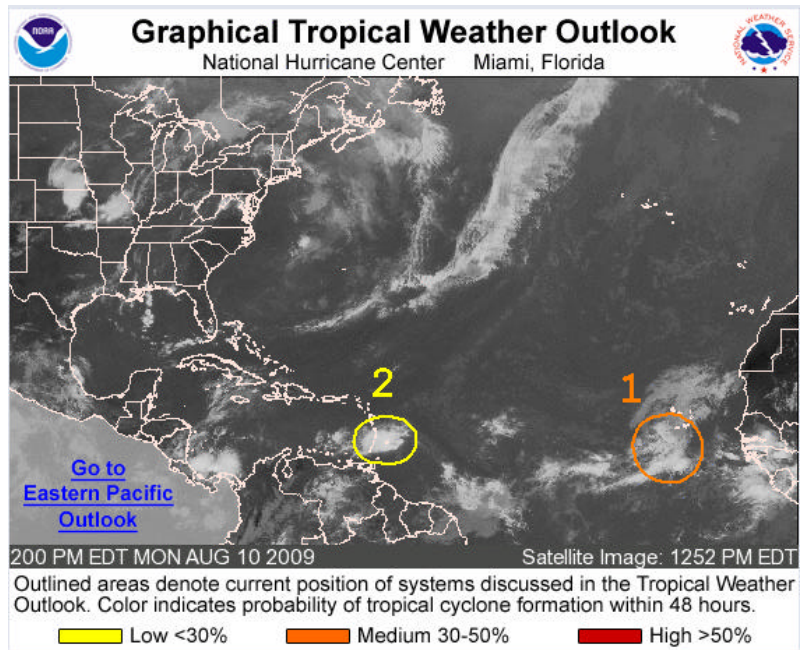


facilities on a region wide basis violated cost-causation principles because the FERC failed to consider the disproportionate impact of the policy on utilities in western PJM and to detail the benefits those utilities will receive.

Dynergy said today it has entered into a definitive agreements with LS Power Group to sell LS Power five peaking and three combined-cycle power plants as well as the remaining interests in an under-construction plant in Texas to LS Power in exchange for \$1.03 billion in cash and 245 millions of its class B shares.

MARKET COMMENTARY

The natural gas market ended the day mixed with the front two months in negative territory while the back months are slightly firmer. The market was overall stronger this morning supported by stronger generating loads expected this week and the outlook for potentially the season's first named storm forming later this week in the Atlantic basin. But as the midday forecasts were released and the risk of Invest 99-L threatening the U.S. mainland appeared to be lessening, prices basically eroded. Pressure on prices also seemed to come from weaker equity and oil markets.



We look to remain patient and on the sidelines looking for a tropical threat to possibly provide a price spike to once again sell this market. We see support in this market tomorrow at \$3.529 followed by \$3.459 and \$3.366. Resistance we see at \$3.8223, \$3.887 and \$3.952. More significant resistance we see at \$4.075, \$4.162, \$4.261 and \$4.624.

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