



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR AUGUST 12, 2010

NATURAL GAS MARKET NEWS

Enterprise Products Partners has returned non-essential workers to offshore infrastructure after evacuating them on Tuesday. It said operations in the Gulf have returned to normal. It had evacuated two non-essential workers from its offshore Viosca Knoll 817 natural gas gathering platform.

Suncor Energy Inc agreed to sell its natural gas assets to Direct Energy for \$358.5 million. The sale includes Wildcat Hills near Cochrane, in Alberta, where current production is about 80 million cubic feet of natural gas and natural gas equivalent/day.

The restart of the Swiss-Italian Transitingas pipeline, shut for work to carry out more pipeline protection work to prevent damage from falling rocks, has been delayed to late August from the expected August 13th date after more measures were needed. The work is expected to take a further two weeks, although bad weather may hamper schedules and delay the restart further.

The Iraqi Oil Ministry said Iraq will allow the construction of a pipeline through its territory that would transport Iranian natural gas to Syria. Iran will use its sixth transnational gas pipeline network, segments of which are still under construction for the exports. The pipeline has a capacity of 110 million cubic meters/day, of which 50 million are earmarked for domestic consumption, leaving about 60 million for export.

Tradition Energy is the latest analyst to cut its outlook for natural gas prices, projecting sub-\$5/mmbtu for the second half of 2010. It revised down its forecast to \$4.85/mmbtu from a prior forecast of \$5.25/mmbtu due to the poor prospect of economic growth in the second half of the year.

PIPELINE MAINTENANCE

Gulf South has rescheduled planned maintenance on Index 11 on the Longview Palestine line in Rusk County near Overton, Texas from August 17 to August 30. The work is expected to start at 8 am and last about 10 hours. Capacity on Index 11 could be reduced by as much as 10,000 Dth for the

EIA Weekly Report

	08/06/2010	07/30/2010	Change	08/06/2009
Producing Region	970	979	-9	1072
Consuming East	1536	1493	43	1627
Consuming West	479	476	3	444
Total US	2985	2948	37	3143

Generator Problems

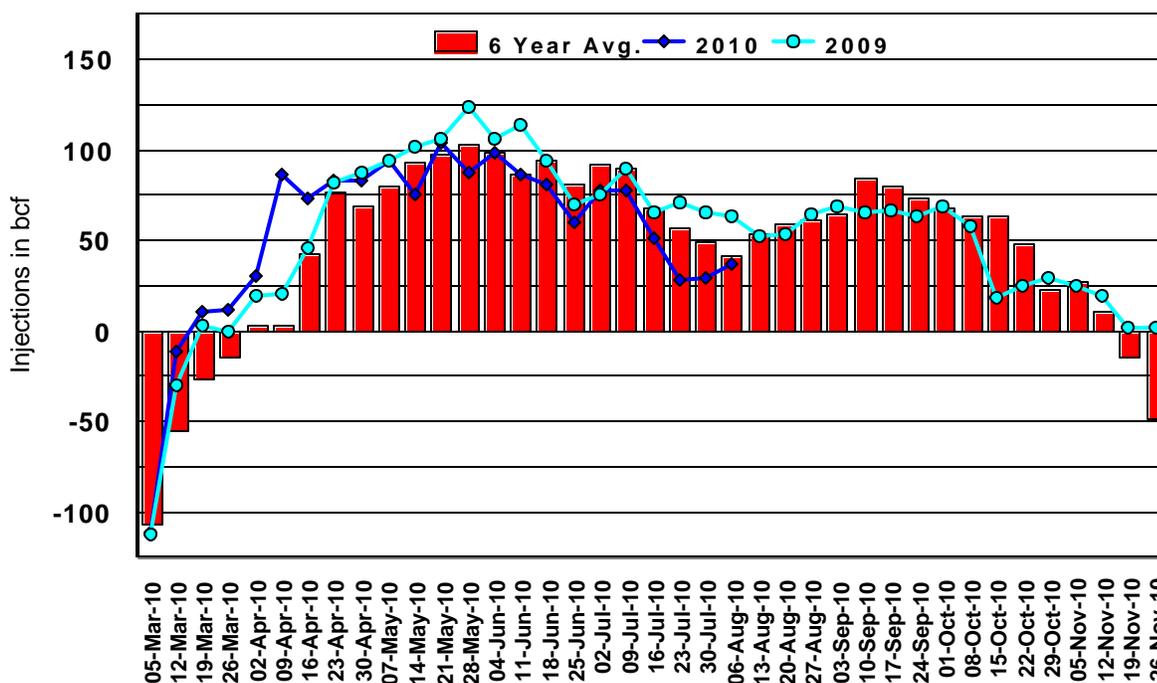
MAPP- Exelon Corp's 867 Mw Quad Cities unit 1 automatically shut early Thursday during planned work on the condenser. Exelon did not specify when the unit would resume operations.

The NRC reported this morning that some 95,535 Mw of nuclear generation was operating today, down 0.04% from yesterday and down 0.77% from the same day a year ago.

PIPELINE RESTRICTIONS

Tennessee Gas Pipeline Co has restricted Station 409-101 at the Donna Lateral, Leidy delivery meters and Station 245 for gas day

2010 EIA Survey Build/Draw VS 6-Year Average



August 12th. It said at Station 409A-101, nominations in excess of capacity has prompted it to restrict through about 3% of market to supply interruptible service nominations pathed for delivery to meters on the Donna Lateral. It has restricted about 68% of supply-to-market secondary out-the-path nominations pathed for delivery to the Leidy delivery meters. Additionally, due to scheduled maintenance and nominations in excess of capacity, Tennessee Gas has also restricted through 100% of supply-to-market interruptible service nominations pathed through Station 245.

Natural Gas Pipeline Co of America has limited capacity available for eastbound flow through Segment 15, at Compressor Station 801 in Carter County, Oklahoma effective gas day August 12 and continuing until further notice.

ELECTRIC MARKET NEWS

The US EPA proposed new rules to ensure factories and power plants will be able obtain permits they need to emit greenhouse gases starting next year. Earlier this year, the EPA finalized rules that require factories and power plants starting next year to get air permits for emitting greenhouse gases when they retool or add capacity. The proposed rules will help ensure those sources will be able to get permits regardless of where they are located.

PJM's market monitor said wholesale electric energy and capacity markets in PJM remained competitive during the first six months of 2010. Load weighted average energy prices in PJM increased by 7.7% to \$45.75/Mwh in the first six months of 2010 compared with \$42.48/Mwh in the first six months of 2009. Hourly average load also increased by 2.8% in the first six months of 2010 to 78,016 Mw compared with 75,993 Mw in the first six months of 2009.

ECONOMIC NEWS

The US Labor Department said the number of US workers filing initial claims of unemployment unexpectedly increased last week to the highest level in six months. Initial unemployment claims increased by 2,000 to 484,000 in the week ending August 7th.

Canadian Gas Association

Weekly Storage Report

	06-Aug-10	30-Jul-10	07-Aug-09
East	166	159.7	216.6
West	338.1	329.1	321.8
Total	504.1	488.8	538.4

Initial claims for the previous week ending July 31st were revised up to 482,000 from the originally reported 479,000. It reported that the four week moving average increased by 14,250 to 473,500. The number of continuing claims fell by 118,000 to 4,452,000 from the preceding week's upwardly revised level of 4,570,000. The unemployment rate for workers with unemployment insurance for the week ending July 31st was 3.5%, down from the prior week's 3.6%.

MARKET COMMENTARY

The natural gas market posted an inside trading day for the second time this week. It ended the session slightly lower after the EIA natural gas report showed a larger than expected build in inventory of 37 bcf compared with market expectations of a build of 34 bcf. Natural gas stocks now stand at 2.985 tcf, about 5% below last year's level. The natural gas market traded to a high of \$4.363 early in the session. However it quickly sold off to a low of \$4.264 following the release of the EIA report. The market later bounced off its low and traded in a mostly sideways trading pattern. It settled down 3 cents at \$4.296.

While storage builds have fallen short of the five year average for eight consecutive weeks, the market's upside will remain limited by the lack of supportive weather forecasts, with temperatures seen moderating next week. The natural gas market will likely see a more volatile trading session on Friday following today's inside trading day. Technically, the market is seen finding support at \$4.257, \$4.209, \$4.168 and \$4.153. Resistance is however seen at \$4.31, \$4.351, \$4.363, \$4.376, \$4.407 and \$4.45.