



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,
& Karen Palladino
(212) 624-1132 (888) 885-6100

www.e-windham.com

NATURAL GAS & POWER MARKET REPORT FOR SEPTEMBER 3, 2009

NATURAL GAS MARKET NEWS

Tropical Storm Erika this morning was found to be poorly organized as wind shear and dry air appeared to be restricting development especially along the western edge of the storm. The various computer models are far from agreement on the path of this storm or whether in fact the system will even remain a storm. By late this afternoon the National Hurricane Center actually downgraded the storm to a tropical depression and their updated forecast models were now looking for the storm to curve out to sea over the next week. Forecasters were also watching a broad area of low pressure associated with a tropical wave some 275 miles east-southeast of the Cape Verde Islands that was moving westward at 10-15 mph. Some computer models have this system becoming a tropical depression by Labor Day.

The CFTC chairman said today the CFTC may seek further authority from Congress to police markets.

The FERC in its just released "2008 State of the Markets Report" noted that natural gas prices last summer reached high levels never before experienced during the summer in the United States. "A review of the physical fundamentals during the first half of 2008 suggests that supply and demand factors alone can not alone explain why Henry Hub prices reached \$13.32 per MMBtu before falling to less than \$6.00 by the end of the year. The agency noted. The rise in natural gas prices coincided with a global increase in many commodity prices. This increase occurred as large pools of capital flowed into various financial instruments that essentially turned commodities like natural gas into investment vehicles. The FERC

EIA Weekly Report				
	08/28/2009	08/21/2009	Change	08/29/2008
Producing Region	1086	1079	7	791
Consuming East	1776	1724	52	1666
Consuming West	461	455	6	377
Total US	3323	3258	65	2834

*storage figures in Bcf

noted that financial trading in natural gas instruments while up on the year in 2008 versus 2007 did see a decline in the final two months of the year as the financial credit squeeze impacted trading. The FERC noted that for the first 10 months of 2008, the volume of trading across all natural gas products

Generator Problems

WSCC – PG&E's 1150 Mw Diablo Canyon #2 nuclear unit is expected to remain at 80% power until the unit enters into its scheduled refueling outage, which is expected to begin next month.

Energy Northwest's 1150 Mw Columbia generating unit remained at reduced levels running at 23% power.

NPCC –OPG's 490 Mw Nanticoke #3 coal fired power plant was shut early Thursday.

OPG's 494 Mw Lambton #1 coal fired unit was taken out of service this morning.

OPG's 515 Mw Pickering #4 nuclear unit returned to service this morning following its brief outage.

SERC – Duke Power's 1100 Mw McGuire #2 nuclear unit was at 89% capacity down 2% from yesterday as the unit appears to be coasting down in front of its scheduled refueling outage, set to begin on September 4th.

The NRC reported this morning that 94,219 Mw nuclear generation capacity was on line, basically unchanged from yesterday and down 1.8% from the same time a year ago.

traded on ICE was roughly 34 times larger than physical trading. By December that ratio had fallen to 22:1.

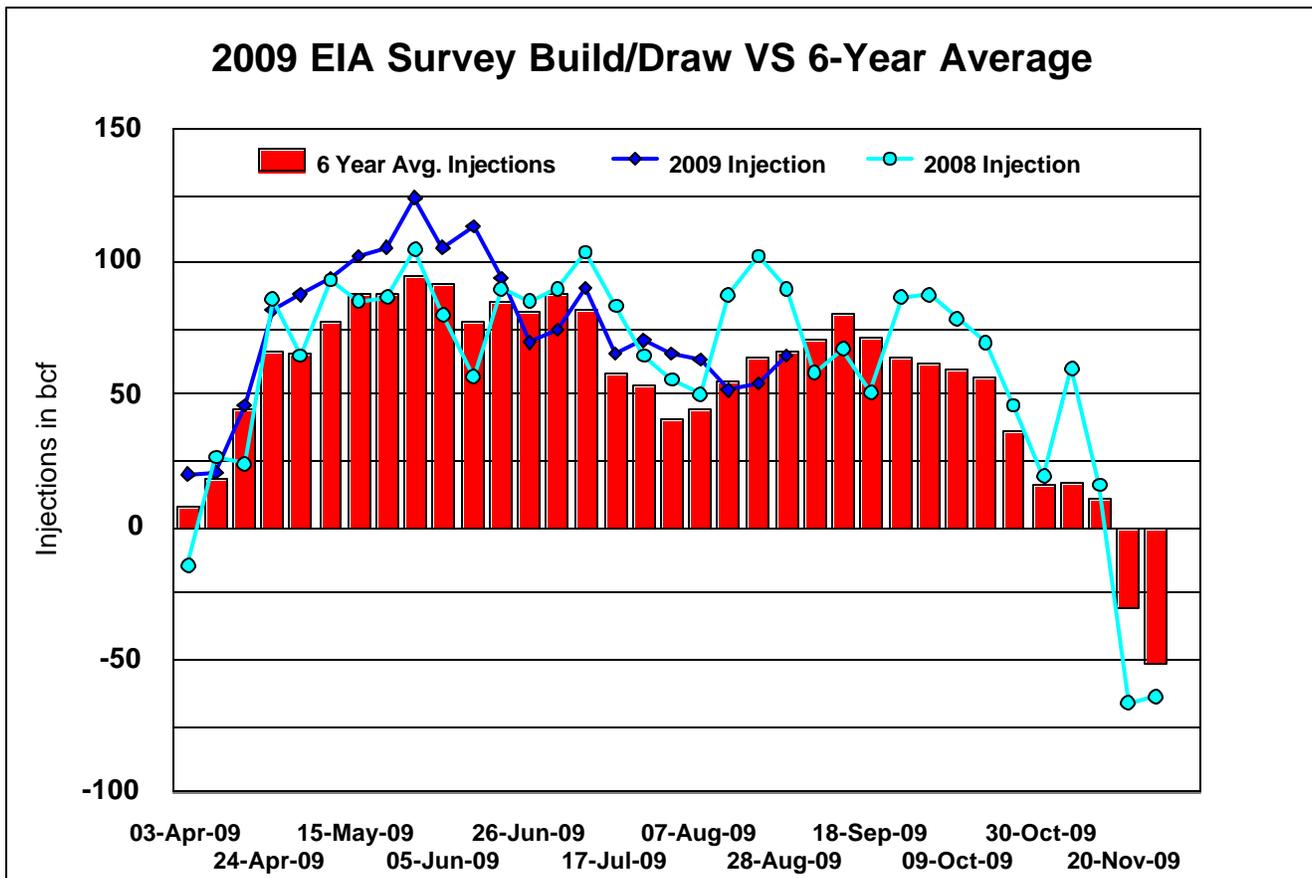
Atlantic LNG, the LNG producer in Trinidad, said that it plans to conclude planned maintenance at production trains 1-4 by the end of September. The maintenance work, which has been staggered across each train has been on-going since July and has not disrupted planned annual production rates.

Canadian Gas Association			
Weekly Storage Report			
	28-Aug-09	21-Aug-09	29-Aug-08
East	219.6	217.2	196.7
West	336.8	332.4	298.3
Total	556.4	549.6	495

storage figures are in Bcf

The Indonesian government approved Japan's Inpex Holding's development plan to build a multi billion dollar floating LNG plant that is expected to be operational by 2016 with a production capacity of 4.5 million tones per year. The plant would be located at the Abadi field in the Timor Sea, which has estimated reserves of 10 tcf.

BP's Indonesian unit said it now plans to only ship just 16 cargoes of LNG in 2009, well short of its original estimate of 56 cargoes. The Tangguh LNG plant, which started up earlier this year was shut in August in order to resolve technical problems. The plant shipped just two cargoes before being shut last month. BP confirmed the plant remains shut for maintenance.



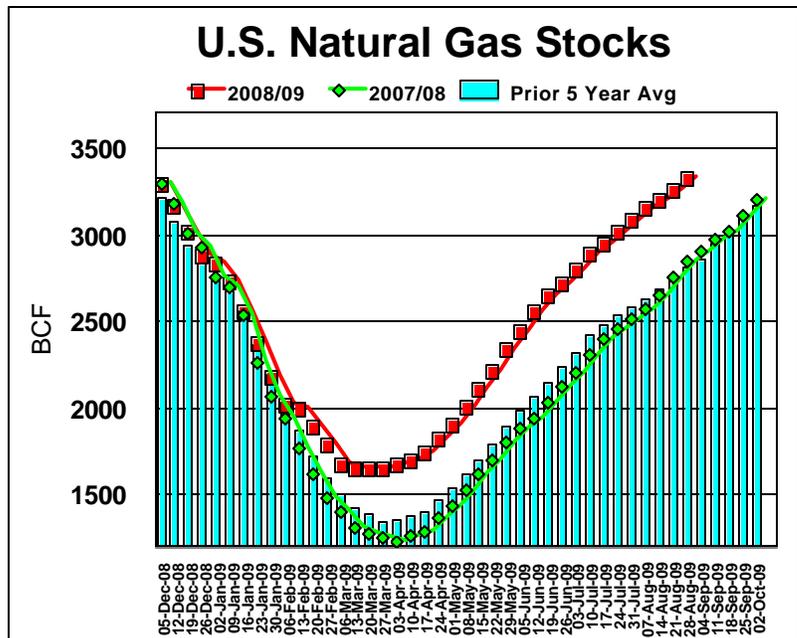
Reuters reported that gas storage levels rose across Europe for the week ending August 31st. British storage levels were at 98% capacity versus 99% a year ago at this time.

Gazprom said today that it expects gas transit fees via the Ukraine to rise by up to 59% in 2010, versus the Ukraine's expectation of a 60% increase.

Gazprom reported that it has reopened its Yamal-Europe gas line late Wednesday after maintenance work had been completed over the prior 30 hours. The company also announced it would shut the Soyuz gas pipeline to Europe for maintenance starting on September 22nd. Gas supplies to customers would be provided by the redirection of gas flows.

The proposed Iranian oil minister today pledged to parliament that he would seek to boost Iranian natural gas and petrochemical production using the latest modern technologies.

Despite the Labor Day Holiday, the EIA weekly natural gas storage report is still scheduled to be released on Thursday, September 10th at 10:30 am EDT.



PIPELINE RESTRICTIONS

Based on forecasted supply and historically low demand for the upcoming holiday period Southern Natural Gas said it is implementing an OFO for long imbalances on its pipeline system from September 4th and until further notice.

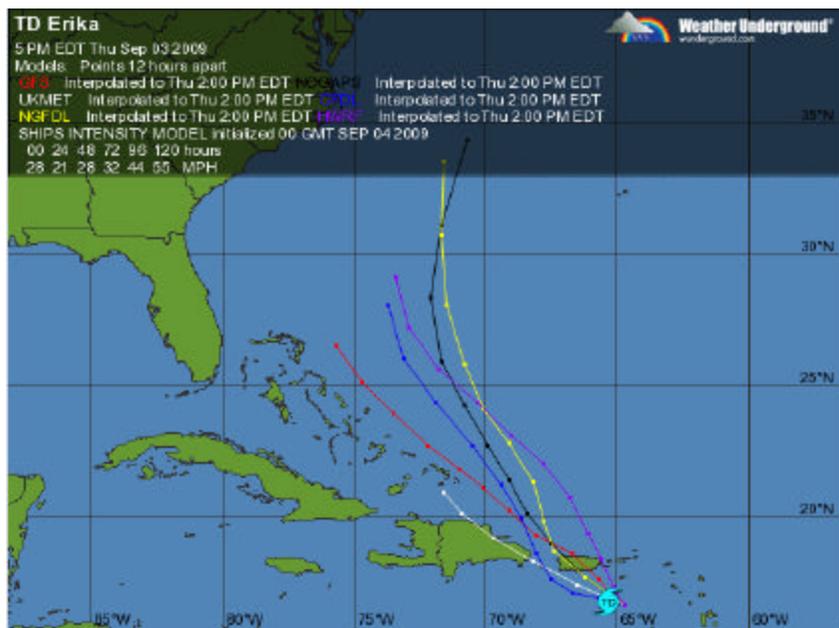
CGT has issue a system wide operational flow order effective September 3rd due to low inventory. A 5% tolerance was set.

PIPELINE MAINTENANCE

Transco Pipeline said it would be performing facility modifications on the “C” line of the Southeast Louisiana Lateral near Gibson, Louisiana. The work will require that the company shut in several locations for the duration of the work, which is expected to run from September 8th through the 19th.

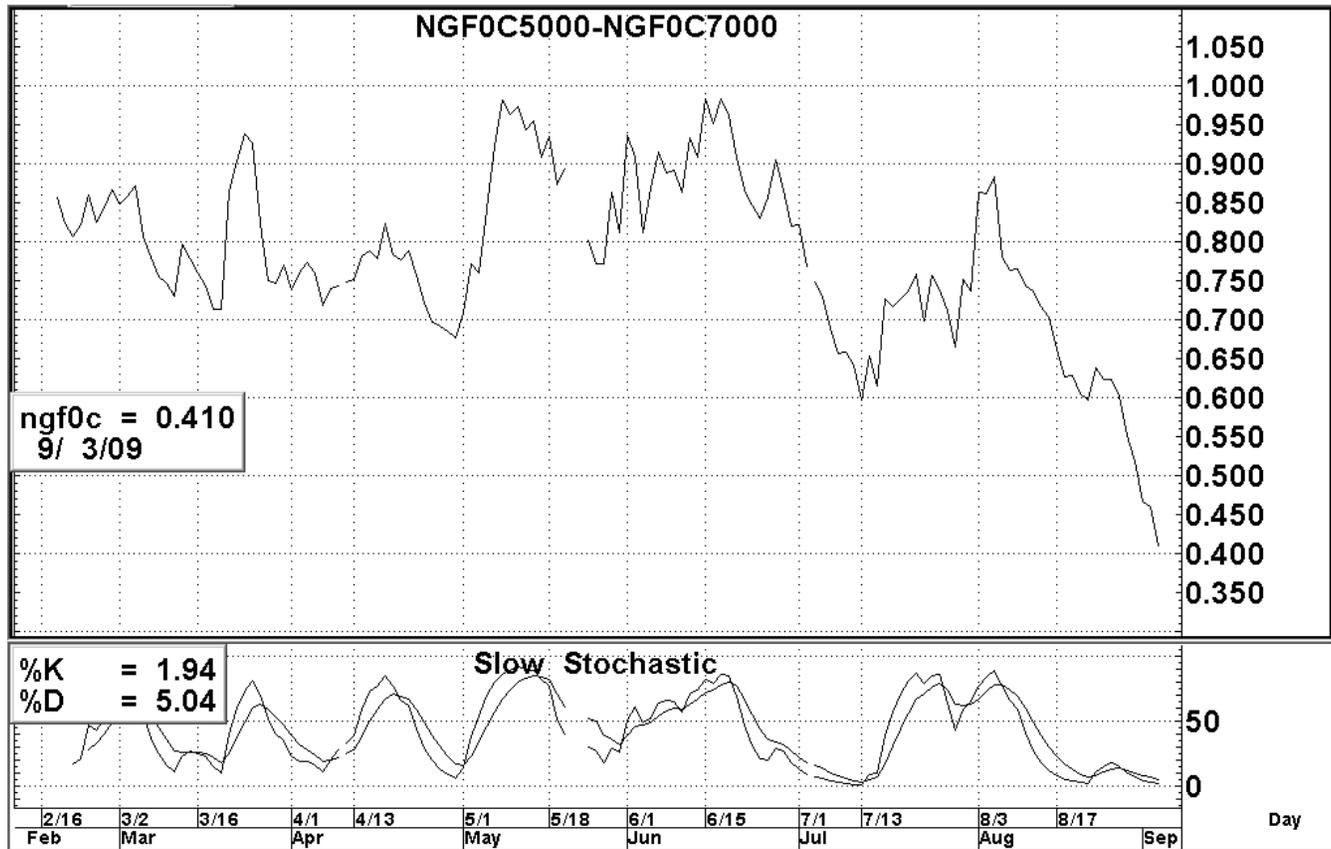
NGPL reported that for September 9th it would be performing maintenance work on a portion of the pipeline just north of Compressor Station 155 on the Wise County Lateral. The work is expect to result in a temporary reduction in operating pressure of the pipeline, but does not expect it will cause an impact on shippers.

CIG said it would perform repairs on recycle valves at its Piceance Compressor Station on September 4th. As a result capacity through Piceance Junction South will be reduced from 380 MMcf/d to 330 MMcf/d.



ELECTRICITY NEWS

The FERC in its "2008 State of the Markets Report" noted that the volume in financial electricity products trading on ICE started to drop in August 2008 relative to the previous year as well as in FTR's as financial institutions, due to the credit squeeze played a progressively smaller role as the year came to a close. The reduction in physical activity by financial institutions and energy marketers was particularly evident in the ReliabilityFirst, New England and California NERC sub regions.



MARKET COMMENTARY

Despite a storage report that fell within market expectations the market continued to decline again today settling at a new 7 and ½ year spot low as the absence of any hurricane threat to production areas kept the bears in control of this market. While the fundamentals of this market remain ugly we feel that if this market does finally breach the \$2.50 level tomorrow, the ensuing sell off may be an opportunity to step in and be a buyer of the market looking for a technical corrective bounce. We would look at the January \$5.00 calls as possibly a buying opportunity. This option settled at 53.4 cents tonight and would look at possibly selling the \$7.00 call against it, which tonight settled at 12.4 cents.

The information contained in this letter is taken from sources, which we believe to be reliable, but is not guaranteed by us as to accuracy or completeness and is sent to you for information purposes only. The Windham Group bases its market recommendations solely on the judgment of its personnel. Reproduction in whole or part or other use without written permission is prohibited.