



ENERGY RISK MANAGEMENT

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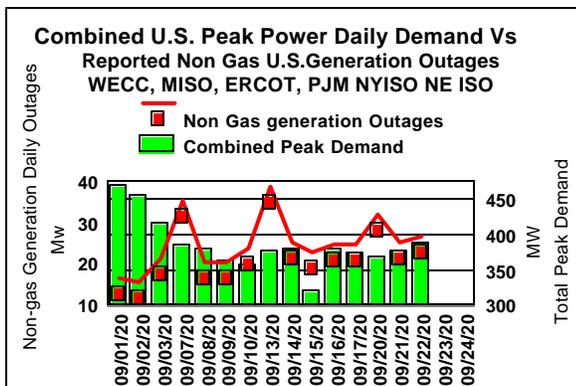
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NATURAL GAS & POWER MARKET REPORT FOR SEPTEMBER 22, 2010

NATURAL GAS MARKET NEWS

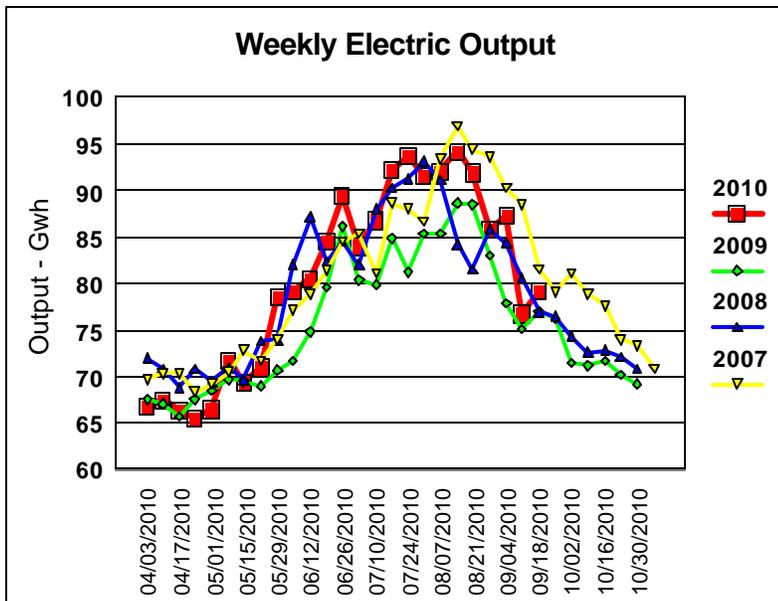
The National Hurricane Center this morning confirmed that Invest 95-L has formed an area of low pressure over the south central Caribbean Sea. Forecasters are looking for it to become a tropical depression either later today or tomorrow as it moves westward at 15 mph. The GFS and European models have this system making a landfall in Honduras and Nicaragua on Saturday before it turns northward into the northwestern Caribbean early next week. Both these models then have this system making an impact on the Florida Peninsula by the end of the month. While the Canadian model is similar in its initial path of the storm it has it coming ashore eventually along the Mississippi and Alabama coast. By this afternoon it appeared the consensus of these models though was pointing away from the Gulf of Mexico oil and gas production areas being at significant risk next week.

The NRC reported this morning that some 91.931 Mw of U.S. nuclear generation capacity was online this morning down 0.2% from yesterday but some 8.2% higher than the same time a year ago.



Private weather forecaster, WSI Corp said yesterday that it was raising the total number of intense hurricanes for this season by one more as a result of favorable conditions for tropical development that it sees lasting through the end of the hurricane season. The private forecaster now sees 6 major hurricanes (those with winds exceeding 111 mph), one more than its August forecast. The forecaster though kept unchanged its call for 18 named storms with 10 becoming hurricanes. The company noted that we have seen five major hurricanes occurring in the last three

weeks, a historically unprecedented event. They noted that conditions in the Atlantic mean the U.S. Northeast coast remained at twice the average risk of getting hit. Meanwhile the forecaster sees temperatures for the October through December period running above average in the U.S. Northeast while the Southeast and Pacific Northwest should see below normal temperatures. It estimates that heating demand nation wide should result in 1776 gas weighted heating degree-days, within 1-2% of both last year and the 1971-2000 mean.



Gassco reported today that the Norwegian gas processing plant Kollsnes is set to return to service on September 27th as planned. The plant has been shut since September 13th.

Gazprom said today that it was close to signing a more detailed agreement with China National Petroleum over gas shipments starting in 2015.

Gas supplies via the Inter Gas Central Asia pipeline in Kazakhstan were halted overnight after two explosions occurred in the Mangistau region of the country.

ELECTRIC MARKET NEWS

The Edison Electric Institute reported that for the week ending September 18th power production in the United States reached 79,338 Gwh up 3.3% from the previous week and some 3% higher than the same week a year ago. Year to date power production has been averaging 4.4% more than a year ago.

Suncor Energy said today that construction on its Wintering Hills wind power project began in July and is expected to be completed by July of next year. The 88 Mw wind farm is near Drumheller, Alberta and is a joint venture with Teck Resources. Suncor will own a 70% stake in the project and will operate the project while Teck will own the remaining 30% share.

The NYISO said today that New York State's power supplies should meet demand over the next decade if existing plans for new power plants and efficiency programs move forward. The grid operator warned though the potential shutdown of the state's largest nuclear power plant could threaten reliability

ECONOMIC NEWS

The US Federal Housing Financing Agency's home price index in July fell by 0.5% to 192.4 following a fall of 1.2% in June to 193.4.

The European Commission said Euro zone consumer confidence improved marginally in September. It said consumer confidence in the 16 country currency area increased to -11.2 in September from an upwardly revised -11.4 in August. In the wider, 27 country European Union, consumer sentiment worsened to -11.8 from -11.2.

The Securities and Exchange Commission said the new market for swaps trading would benefit from the competition, access, liquidity and transparency established in the cash equities market. The SEC and CFTC will need to decide how to define swap execution facilities, or SEFs, and how the new market will work once far more of the complex products are forced through transparent venues and clearinghouses.

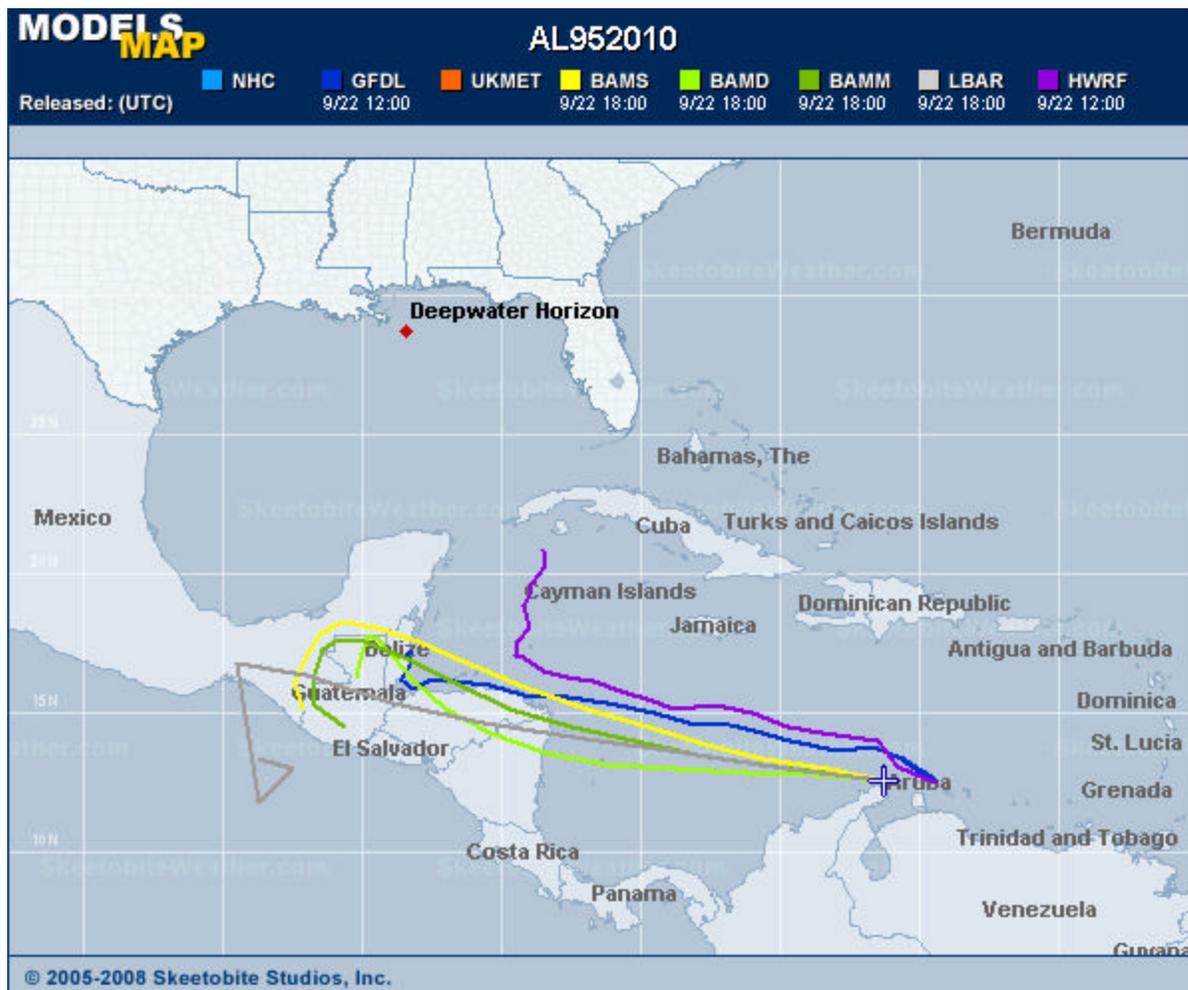
The IntercontinentalExchange will introduce about 100 new over-the-counter energy contracts by mid-2011. The new products will include oil swaps, energy options and coal contracts. Separately, the ICE said its Brent crude oil futures contract was gaining further traction as a global benchmark, particularly in developing Asian markets. It said Brent is the only truly global crude oil benchmark.

MARKET COMMENTARY

The natural gas market basically saw half the trading range of the prior two sessions as traders found little new weather news to trade off of as well as moving to the sidelines awaiting tomorrow's EIA storage report. Volumes were also lower today with the spot contract posting its smallest trading volume September 8th.

Market expectations for tomorrow's EIA Storage Report appear to be running between a 70-100 bcf build with most estimates falling in around a 80 bcf build. A year ago stocks rose an adjusted 66 bcf while the five year seasonal average is for an increase of 70 bcf.

We see this market continuing to move in a sideways fashion and it needs to probably break either through \$4.4045 and \$4.112 in order to generate excitement to the upside, while a breach of \$3.838 and \$3.70-\$3.69 will be needed to spark new shorts to run back into this market.



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