



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR SEPTEMBER 24, 2009

NATURAL GAS MARKET NEWS

The US National Hurricane Center said a low pressure system in the eastern Atlantic Ocean near the Cape Verde Islands is producing disorganized shower activity. It said some slow development is possible over the next day or two as it moves west-northwest at 10-15 mph but gave the system a low chance, less than 30%, of becoming a tropical cyclone during the next 48 hours.

The US Labor Department said initial claims for unemployment benefits fell by 21,000 to 530,000 in the week ending September 19th. The four week moving average of initial claims fell by 11,000 to 553,500 from the previous week's revised figure of 564,500. In the Labor Department's report, the number of continuing claims fell by 123,000 to 6,138,000 from the preceding week's revised level of 6,261,000. The unemployment rate for workers with unemployment insurance for the week ending September 12th was 4.6%, down 0.1% from the prior week's unrevised rate of 4.7%.

Canadian natural gas exports to the US fell by 13% in the first two thirds of the current international contract year ending October 31st. The National Energy Board said that in combination with a 43% drop in prices, the decline cut export revenues by 50%.

Gazprom has signed a memorandum of understanding with South Korean state-owned KOGAS to build a liquefied natural gas plan in Russia's Far East.

Royal Dutch Shell's CEO, Peter Voser said that Shell is prepared to study the feasibility of a project to produce LNG in the northern Russian region of Yamal.

	EIA Weekly Report			
	09/18/2009	09/11/2009	Change	09/19/2008
Producing Region	1126	1110	16	807
Consuming East	1917	1876	41	1799
Consuming West	482	472	10	409
Total US	3525	3458	67	3016

*storage figures in Bcf

According to Russia's Economy Minister, Elvira Nabiullina, Russia could increase its world market share for LNG to 20 percent and beyond in the long term.

Generator Problems

ERCOT – AEP plans to restart its 528 Mw coal-fired Unit 3 on Sept 24 – 29. The unit had shut for scheduled maintenance.

OPG's 494 Mw Lambton #4 coal-fired power station returned to service early Thursday after being shut on Wednesday.

WSCC – PG&E's 1122 Mw Diablo Canyon #1 nuclear unit ramped up to full power early Thursday, up from 78% on Wednesday. The unit went off line back on Monday.

SERC – TVA's 1,105 Mw Unit 3 at Browns Ferry nuclear power station in AL was at 85% capacity early Thursday. The unit was at full power on Wednesday.

The NRC reported this morning that 85,064 Mw of nuclear generation capacity was on line, up 0.09% from yesterday and off 1.78% from the same time a year ago.

Energy Corp is near completion of its \$100 million transmission project to toughen the utility's electric grid against powerful coastal storms. This will provide new lines and new power poles rated to withstand 140-mph winds and half an inch of ice. Energy has also completed a new substation and upgraded other substations.

Canadian Gas Association

Weekly Storage Report

	18-Sep-09	11-Sep-09	19-Sep-08
East	232.2	227.4	212.5
West	347.7	343.3	320.8
Total	579.8	570.7	533.3

storage figures are in Bcf

PIPELINE MAINTENANCE

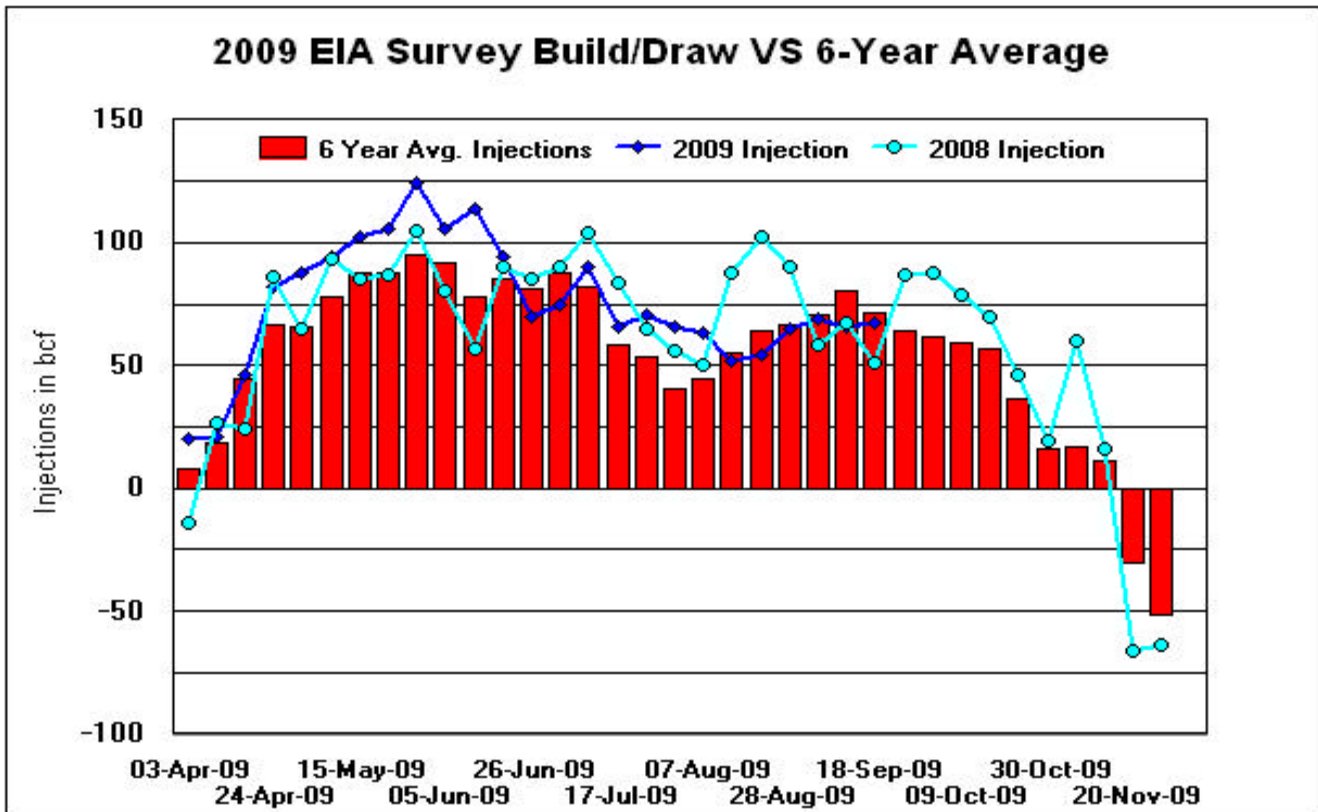
Questar said the maintenance currently in progress at Oak Spring is going as scheduled. The company expects the ML 104 capacity to be back to normal for gas day September 25th.

Gulf South will perform planned pipeline maintenance on Index 381 from the Pearl River, Mississippi crossing to Jackson, Mississippi beginning October 7th and continuing for five days. Gulf South does not anticipate any service interruptions or capacity constraints during this maintenance.

ELECTRICITY NEWS

FirstEnergy Corp said its plan to finish a natural gas fired plant in Fremont, Ohio by the end of 2010 is back on. It had previously shelved plans in December 2008 in response to the recession and subsequent lower power market. FirstEnergy estimates completion of the three-turbine, 707 Mw plant will cost about \$200 million.

Senate Democrats on Thursday blocked a Republican amendment to a spending bill that would have postponed for one year the Environmental Protection Agency's regulations for greenhouse gas emissions from stationary sources to give Congress additional time to work on climate change legislation.



MARKET COMMENTARY

The natural gas market traded lower as traders took some profits ahead of the release of the EIA natural gas storage report following Wednesday's rally. The market traded to a low of \$3.732 before it quickly bounced off that level following the release of the EIA storage report. Even though the EIA report was mostly neutral with a build of 67 bcf, the market rallied over 20 cents as it traded above the \$3.90 level. It traded mostly sideways before further buying pushed the market to a high of \$3.99 in afternoon trading. The natural gas market settled up 9.5 cents at \$3.955.

The natural gas market on Friday will likely retrace today's gains. While the natural gas market continues to trend higher, holding its support line at \$3.65, the market's gains are seen limited. As mentioned previously, storage is at record highs and there are no storms to threaten production in the Gulf Coast to support further gains. The natural gas market is seen finding resistance at its high of \$3.999, \$4.059, \$4.162 and \$4.326. Support is seen at \$3.91, \$3.835, \$3.792 and \$3.732. Further support is seen at \$3.65, \$3.628, \$3.525 and \$3.50.

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