



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 29, 2009

NATURAL GAS MARKET NEWS

The NYMEX said Tuesday it had changed Monday's settlement price on its expired October 2009 contract from \$3.729 to \$3.73. No further information was given.

The EIA reported today that gross domestic production in the lower 48 states edged lower in July from the previous month as declines in the U.S. drilling sector cut into supplies. Gross daily production was estimated at 62.55 bcf/d, a decline of 1.1% from June and off 1.4% from the same month a year ago. The report showed that natural gas output from Wyoming declined 9% as the result of shut in wells and gas plant maintenance, while production from Louisiana climbed 3.5% as energy companies ramped up production in the Haynesville Shale. Production from the Gulf of Mexico also increased as shut in wells was brought back on line.

The tropical Atlantic basin remains extremely quiet, with not tropical development expected over the next couple of days. The GFS and

European forecasting models though do hold out a slight possibility for a tropical cyclone development in the eastern Atlantic by week's end though. The hurricane season though is quickly winding down though on a seasonal basis.

Generator Problems

NPCC – OPG's 490 Mw Nanticoke #4 coal fired power station which was off line earlier Tuesday was back in service by later in the morning.

Calpine's 1005 Mw Greenfield natural gas fired power plant in Ontario returned to service today. All units except Unit #2 were returned to service. The plant shut down units on September 26th and September 28th.

SPP & ERCOT – STP Nuclear reported that its 1250 Mw South Texas Unit #2 was at 98% capacity, up from the 20% capacity reported on Monday.

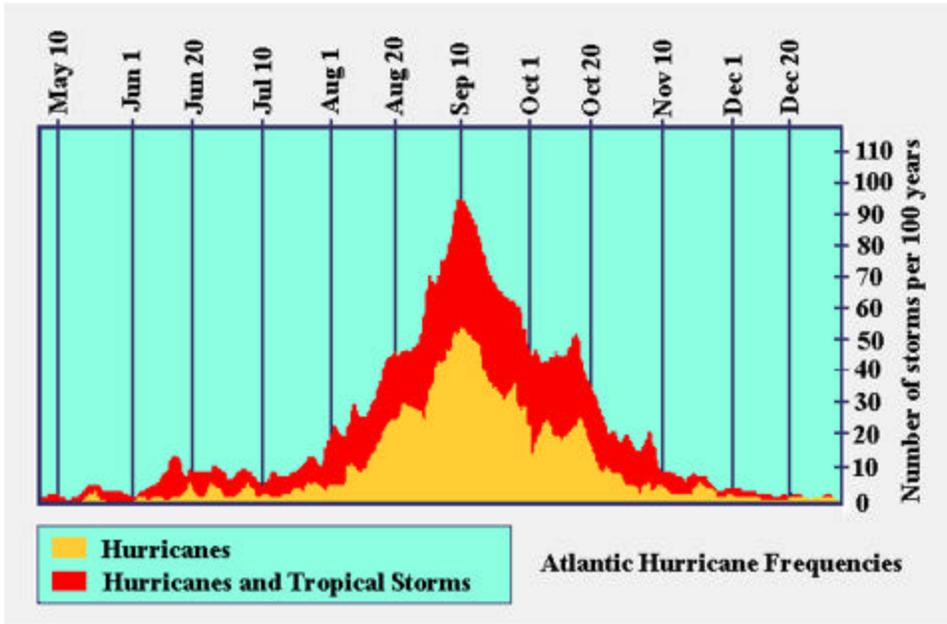
WSCC – Energy Northwest's 1150 Mw Columbia Generating station was in cold shutdown, down 14% from Monday.

TransAlta Corp's 406 Mw Sundance #4 coal fired unit was shut Tuesday.

PG&E's 404 Mw Helms 2 pumped storage unit went off line Monday for planned maintenance.

The NRC reported this morning that 82,972 Mw of nuclear generation capacity was on line, up 1% from yesterday and off 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	570,700	\$3.298	(\$0.243)	(\$1.587)	(\$1.349)	(\$0.515)
Chicago City Gate	614,200	\$3.411	(\$0.260)	(\$1.474)	(\$1.375)	(\$0.474)
NGPL- TXOK	1,008,700	\$3.260	(\$0.246)	(\$1.625)	(\$1.361)	(\$0.616)
SoCal	569,200	\$3.578	(\$0.157)	(\$1.307)	(\$1.272)	(\$0.397)
PG&E Citygate	678,000	\$4.015	(\$0.125)	(\$0.870)	(\$1.240)	(\$0.012)
Dominion-South	200,200	\$3.373	(\$0.207)	(\$1.512)	(\$1.322)	(\$0.486)
USTRade Weighted	18,964,300	\$3.370	(\$0.234)	(\$1.515)	(\$1.35)	(\$0.515)



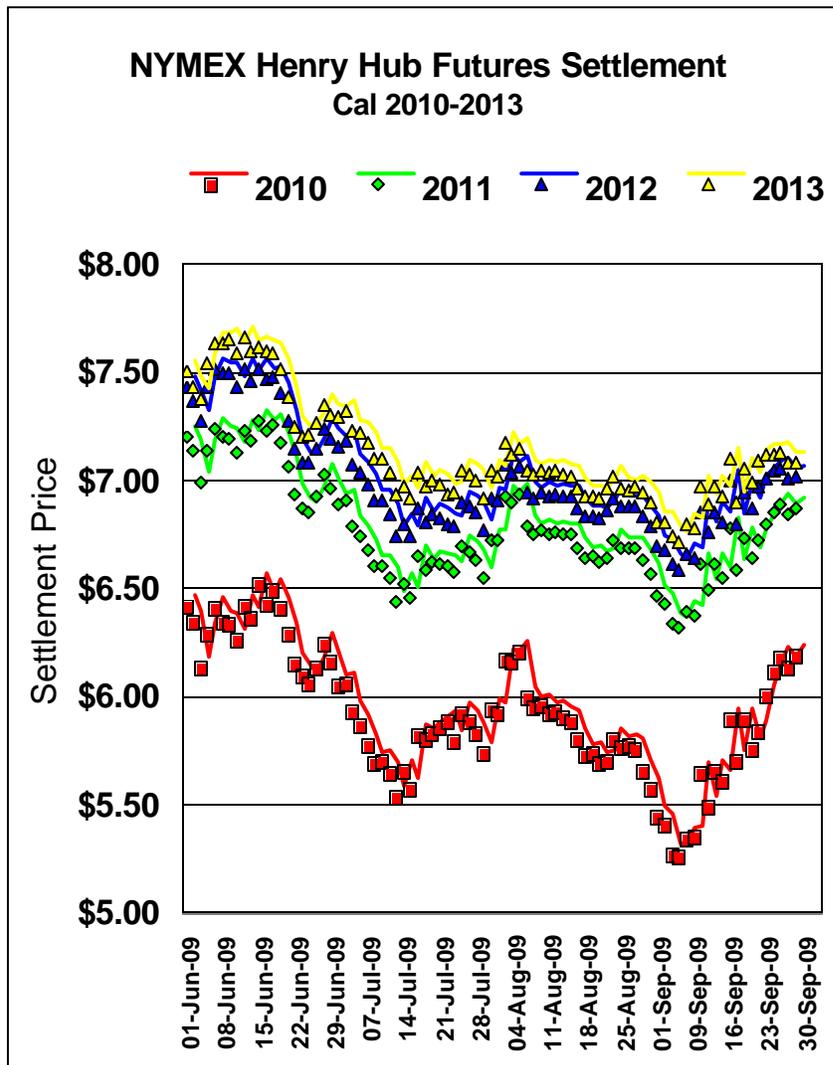
Schlumberger, the oil and gas services provider said it is pressing suppliers for permission to disclose the chemicals used in hydraulic fracturing. But the company said there would be limits on what can be revealed as chemical makers guard their trade secrets. The company has been hosting site visits for state and federal officials to demonstrate the drilling process. A board member of Southwestern Energy said that for a typical well

drilled in the Marcellus Shale formation; about 99.5% of the fluid used to fracture rocks is made up of sand and water, with the remainder including chemicals similar to those used in swimming pools and shampoos.

Taiwan's imports of LNG rose to 952,000 tonnes in August up from 928,000 tonnes in July as power generation demand increased. Imports from Indonesia increased by 25% on the month.

Iran in its dispute with the West over its nuclear ambitions, saw its rocky relationship spill over into the natural gas market, as Iran has dealt a blow to efforts to export Caspian gas to Europe by saying it will not allow a pipeline to be built under the Caspian sea from Turkmenistan to Azerbaijan.

Russian Prime Minister Putin said today that Russia will gradually liberalize its natural gas market by allowing independent producers greater access to its pipeline network, but it will maintain Gazprom's export monopoly.



Williams said its 450 MMcf/d Willow Creek natural gas processing plant in western Colorado's Piceance Basin has finally reached full operating levels. The plant began operations on August 7th.

Viking Gas Transmission said it is nearing completion of a \$14.7 million expansion of the Fargo Lateral segment, which will increase the pipeline's throughput capacity to 91 MMcf/d from 53 MMcf/d.

PIPELINE MAINTENANCE

NGPL has changed the dates for its Compressor Station 201 outage to gas days October 14th through October 21st. It had originally been scheduled for September 29th through October 6th. The work will require a total shutdown at the station.

Gulf South said it will be performing planned pipeline maintenance at its pipeline interconnect with Transco at Walthall for September 30 and October 1st. Based on the current level of nominations the company does not expect an impact to shippers.

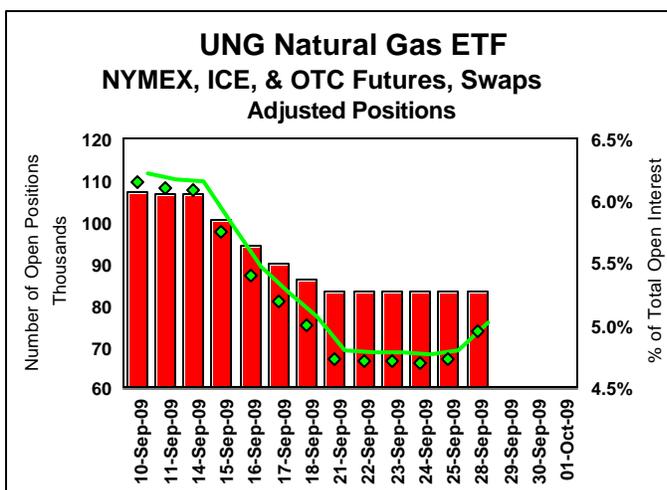
PIPELINE RESTRICTIONS

Southern Natural Gas reported that due to demand exceeding market area supply a capacity allocation would be implemented effective today and lasting until further notice for several locations.

PG&E has issued a system wide OFO for September 30th due to high inventory.

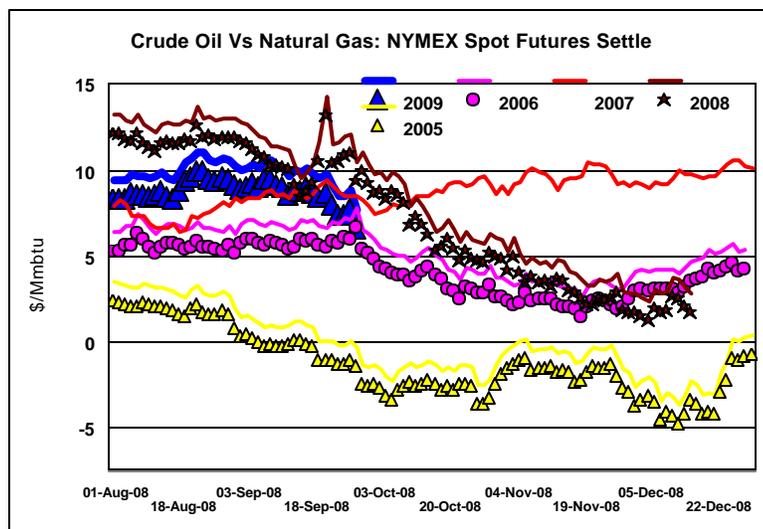
ELECTRICITY NEWS

Goldman Sachs this week upgraded U.S. independent power producers to "attractive" from neutral citing expected improvements in spot commodity prices and a continued rise in power demand.



The FERC approved ISO-NE informational filing for depreciation rates for merchant power plants.

Coal supplies at U.S. power plants rose 0.7% this week from last week and were 25.2% greater than the same week a year ago.



MARKET COMMENTARY

While the natural gas market early this morning saw selling pressure result in the breaching of a month long trend line support in the November contract, the bears did not get the follow through selling pressure that they expected. Data from the EIA today confirming the contraction of domestic natural gas production appeared to help support prices as well as rebounding oil prices at mid morning. While natural gas prices rallied back to approach yesterday's high in the November contract buying strength in the outer months was even stronger further supporting prices and setting new

near term highs.

While some traders have been looking at the anticipated return of buying by the natural gas ETF, UNG as a possible source of the recent strength in prices, we have yet to see any strong evidence of this. Based on the daily reports from the United States Natural Gas Fund outlining their position it appears to show in fact that the projected open interest in the fund basis futures and swaps has actually been flat over the past week and is lower than positions held at the start of the month and is a third lower than positions held at its peak this summer.

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.