



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR SEPTEMBER 29, 2010

NATURAL GAS MARKET NEWS

The National Hurricane Center said Tropical Storm Nicole formed over Cuba midday Wednesday. It is expected to move over the Florida straits and brush past the southeastern coast of Florida during the night. It is projected to stay well clear of the Gulf of Mexico. The system is not expected to strengthen beyond a minimal tropical storm and forecasters predicted it would dissipate into thunderstorms by Friday. Meanwhile, there is a tropical wave located 700 miles east of the eastern Caribbean Islands. The NHC expects conditions to become less favorable for development as the system moves northwest at 15-20 mph. A second wave is located about 850 miles southwest of the Cape Verde Islands. It said some slow development is possible over the next several days as it moves west at 15-20 mph.

The EIA reported that gross natural gas production in July rose 0.3 percent from June. At the same time, the EIA revised downward June production from 1.2 percent to 1.4 percent down from May.

Turkey's Prime Minister, Tayyip Erdogan said on Friday, that support agreements related to the Nabucco pipeline project are set for signing sometime in October. The pipeline will bring gas from Central Asia to Europe.

The Russian gas price to Ukraine is expected to increase on average to \$266.5 per 1,000 cubic meters in 2011 from about \$250 in the second half of 2010. Ukraine has already purchased Russian gas at \$248 per cubic meters in the third quarter. It has to import 36.5 bcm of gas from Russia in 2010.

Natural gas contracts for the second phase of production at Azerbaijan's Shah Deniz fields will be finalized by the end of the year. The contracts, which will divide up 10 billion cubic meters of gas, are key to European pipeline projects, including the Nabucco pipeline, which aims to cut Europe's dependence on Russian gas but has yet to secure any supplies.

Qatargas hopes to load LNG from its Qatargas 3 train 6 by December and from Qatargas 4 Train 7 by February. Train 7, which has capacity for 7.8 million tons per year of LNG production, when completed will make Qatar the world's largest exporter, with annual production capacity of 77 million tons per year.

ELECTRIC MARKET NEWS

Generator Problems

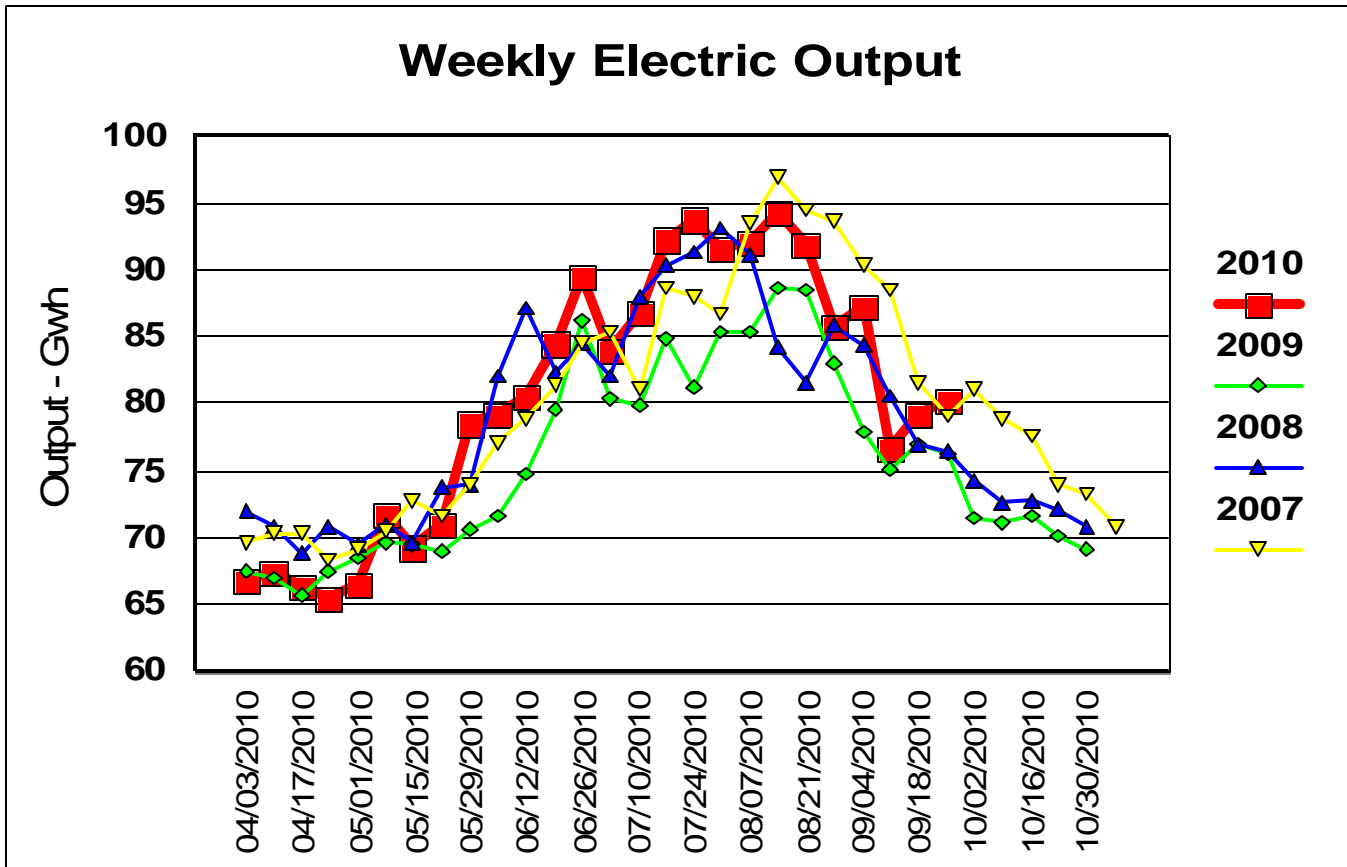
SERC- Dominion's 903 Mw Unit 2 at the North Anna nuclear power plant shut early Wednesday from full power Tuesday. Unit 1 remains shut for planned refueling since Sept 12.

WSCC – RRI Energy Inc's 741-Mw Unit 1 at the Ormond Beach natural gas-fired power plant returned to service Tuesday afternoon.

Dynegy's 754 Mw Unit 6 at the Moss Landing natural gas-fired power plant shut for unplanned reasons Tues. afternoon.

The NRC reported this morning that some 91,300 Mw of U.S. nuclear generation capacity was online this morning down 1.14% from Tuesday and some 11.66% higher than the same time a year ago.

According to Edison Electric Institute, power production in the continental U.S. rose to 8,303 gigawatt hours for the week ending September 25, up 5.2 percent from the same period last year. The largest gain was seen in the South Central part of the U.S, which jumped 16.4 percent. For the 52 weeks ended September 25, power production was up 2.8 percent from the corresponding period in 2009 at 4,046,252 gigawatt hours.



Expected Tanker Arrivals and Destinations

LNG TANKER	CAPACITY (CUBIC METRES)	EXPECTED ARRIVAL	FROM	DESTINATION
BRITAIN				
Al Shamal	217,000	Sep 30	Qatar	Isle of Grain
Rasheeda	268,000	Oct 1	Qatar	South Hook
Al Gharrafa	216,000	Oct 4	Qatar	Milford Haven
Belgium Zeebrugge				
Simaisma	145,000	Sep 29	Qatar	
Golar Maria	143,000	Oct 1	Unknown	
Rasgas Asclepius	145,000	Oct 5	Qatar	
Trinity Glory	154,200	Oct 8	Qatar	
Al Jassasiya	145,000	Oct 21	Qatar	Brazil

MARKET COMMENTARY

The November natural gas traded without definitive direction ahead of tomorrow's storage release. With the lack of fresh news to motivate this market, traders appear to be stepping to the sidelines. Hurricane season has yet to materialize threatening conditions and producers have been reluctant to

ramp up production under weak demand. We will have to have a wait and see approach to this market in regards to production ahead of the upcoming winter heating season. Current production indicates that producers are awaiting better economics as stocks sit below year-ago levels. With the lack of significant influences, natural gas should remain within a sideways trading pattern that has been established since mid-August. This range is set between \$4.375 and \$3.620.

Market expectations for tomorrow's EIA Storage Report range from 62 bcf to 90 bcf builds, with most estimates at 69 bcf. During the same week last year, stocks built by 65 bcf and the five year average injection was 67 bcf.

The natural gas market is seen finding support at \$3.938, \$3.917, its low of \$3.903, \$3.871 and \$3.84. Meanwhile, resistance is seen at \$3.98, \$3.994, \$4.01, \$4.025 and \$4.071.