



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR NOVEMBER 5, 2009

NATURAL GAS MARKET NEWS

The National Hurricane Center upgraded the tropical system in the southwest Caribbean this morning to Hurricane status just before the system came ashore in eastern Nicaragua. The storm was downgraded to Tropical Storm Ida by midday though and further weakening was expected as it moved into Honduras during the next two days. The storm though was expected to regain strength after it moves back over the Caribbean Sea on Friday and could enter the Gulf of Mexico next week. One forecasting model had this storm reaching Category 3 strength as it enters the Gulf of Mexico, but most forecasters appeared to be discounting that model. In addition it appears the general consensus is that as the storm moves into the central gulf next week it would eventually begin to curve northeastward and would possibly make landfall toward the Florida panhandle.

Generator Problems

NPCC – Entergy's 1020 Mw Indian Point #2 nuclear unit was warming up at 14%.

OPG's 494 Mw Lambton #1 coal fired power plant returned to service early Thursday. The unit had been off line since November 4th.

OPG's 535 Mw Unit # 4 at the Lennox oil and natural gas fired power plant returned to service on Thursday. The unit has been of line since October 30th.

PJM – FirstEnergy's 1231 Mw Perry nuclear unit was at 77% power this morning, up from 73% recorded on Wednesday.

MISO – NPPD's 791 Mw Cooper nuclear unit is warming offline at 1% power this morning. The unit has been off line since September 26th for maintenance.

ERCOT & SPP – Luminant's 1150 Mw Comanche peak #2 was at full power this morning, up 12% from yesterday.

The NRC reported this morning that total U.S. nuclear generation stood at 74,896 Mw up 1% from yesterday and down 5.6% from a year ago.

The International Energy Agency said "global gas markets have evolved from a sellers market, driven by tight supply and demand, to a buyers market as demand weakens while new supplies comes on-stream." The IEA expects overcapacity of LNG terminals and gas pipelines to reach at least 250 billion cubic meters by 2015, over 4 times the spare capacity of just two years ago. Thus projected global demand points to significant under utilization of inter-regional pipeline and LNG capacity around the world. "This looming glut could have far reaching effects on gas pricing."

EIA Weekly Report

	10/30/2009	10/23/2009	Change	10/31/2009
Producing Region	1189	1188	1	939
Consuming East	2085	2058	27	2009
Consuming West	514	513	1	461
Total US	3788	3759	29	3409

*storage figures in Bcf

Canadian Gas Association

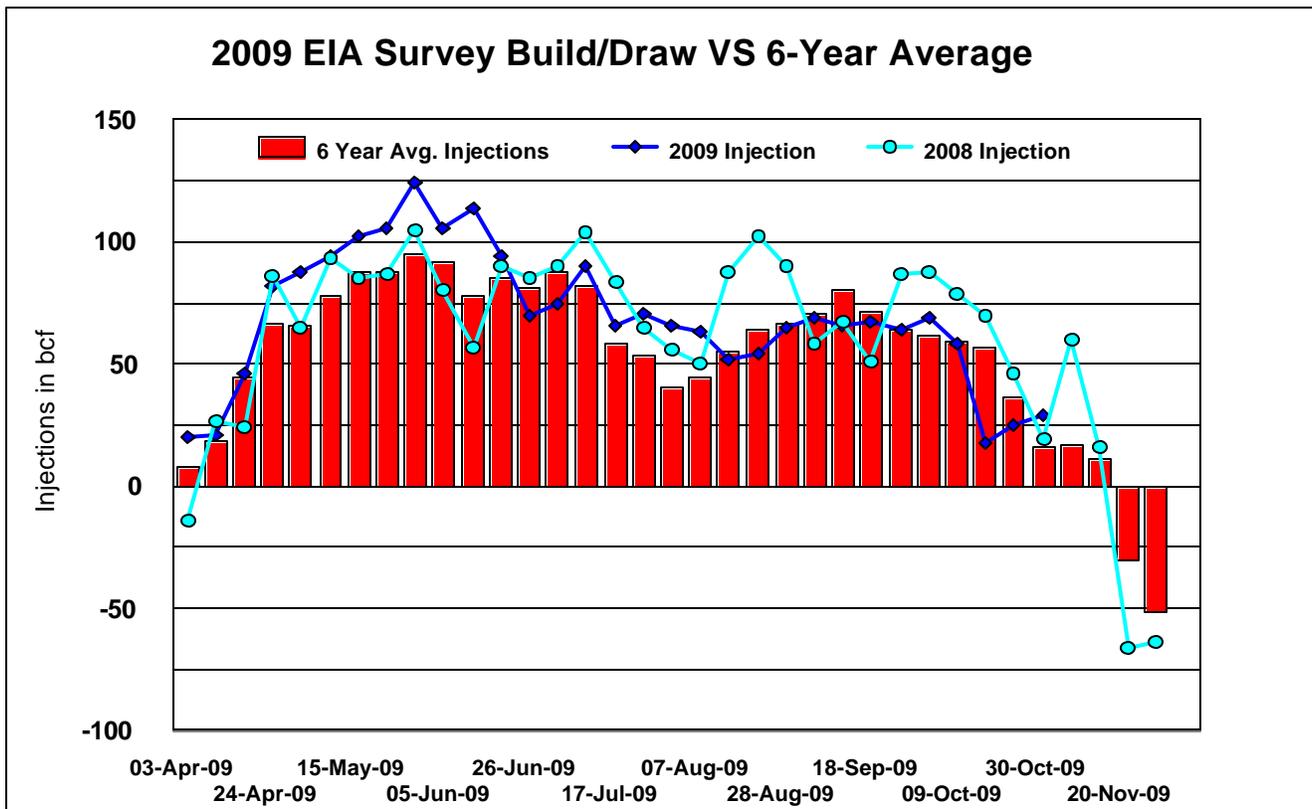
Weekly Storage Report

	30-Oct-09	23-Oct-09	31-Oct-08
East	236.3	233	233.6
West	369.8	367.5	339
Total	606.1	600.5	572.6

storage figures are in Bcf

Canadian Natural Resources said its natural gas output should reach its lowest level by the end of next year and then begin to climb again in 2011. The company had been shifting spending recently out of gas and into higher return oil project. The company's president said on Thursday that he expected North

American natural gas markets to remain weak next year, as supplies of unconventional gas will likely increase quickly if there are any more price hikes.



The Canadian National Energy Board said in its Winter Outlook released yesterday that they expect Canadians can expect to see natural gas prices ranging between \$4.00 and \$5.50 Mmbtu over the winter. Sustained cold weather or a strong economic recovery could push prices above that range. They expect the recent decline in production in Canada and the U.S. should help to slowly rebalance the market possibly by late 2010. They also look for LNG imports to remain restrained and will only be slightly above year ago levels.



The European Commission President Barroso urged the Ukraine Thursday to prevent any delays in payments for Russian gas that might affect gas flows to EU citizens. The president expressed concern that the IMF's program for financial support to the Ukraine was not on track and said this could adversely affect Ukraine's economic stability.

Hoegh LNG said it has postponed making a final investment decision on Britain's Port Meridian LNG import facility until the middle of next year because of the current weak energy market. Despite the delay project planners said the project could still

become operational by the end of 2013. The project calls for a floating regasification unit with two unloading buoys and a subsea pipeline to onshore facilities. The project could handle 1 bcm a year.

Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
Location	Traded	Price		(As of 12:30 PM)		Moving Avg
Henry Hub	881,000	\$4.296	(\$0.191)	(\$0.451)	(\$0.186)	(\$0.498)
Chicago City Gate	816,900	\$4.392	(\$0.263)	(\$0.356)	(\$0.194)	(\$0.400)
NGPL- TX/OK	833,500	\$4.194	(\$0.224)	(\$0.553)	(\$0.155)	(\$0.640)
SoCal	592,500	\$4.232	(\$0.371)	(\$0.515)	(\$0.302)	(\$0.469)
PG&E Citygate	522,900	\$4.779	(\$0.149)	\$0.032	(\$0.080)	(\$0.021)
Dominion-South	369,600	\$4.573	(\$0.218)	(\$0.174)	(\$0.149)	(\$0.270)
USTrade Weighted	20,426,800	\$4.297	(\$0.255)	(\$0.450)	(\$0.19)	(\$0.498)

The NordStream Pipeline project received a major boost forward today as the pipeline project received governmental approvals from Sweden and Finland, with final

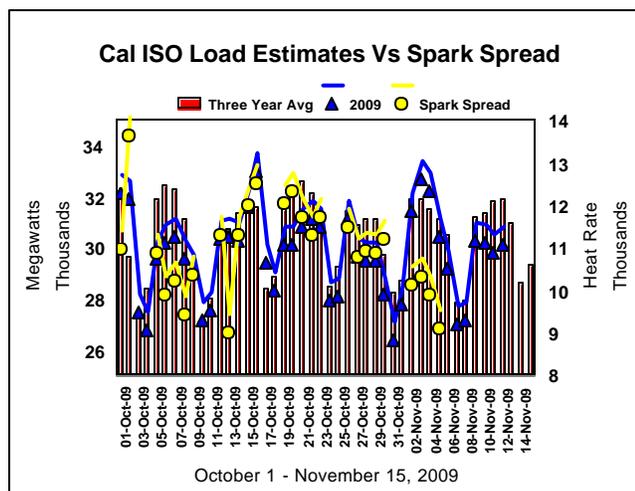
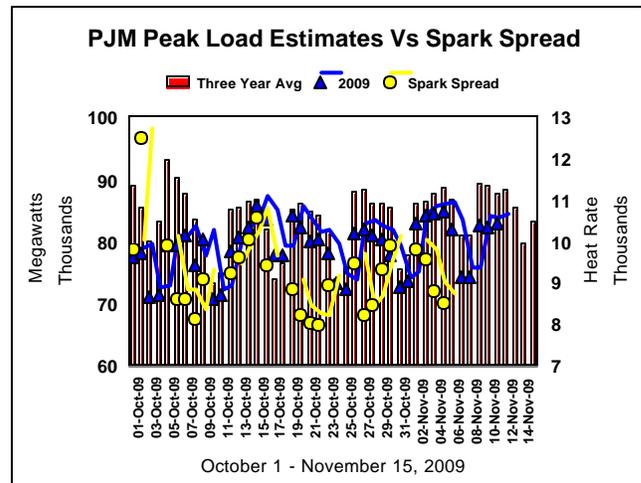
Finnish environmental approval expected by year-end. Construction remains on pace to begin in April of next year and become operational by the end of 2011. A second line could be completed in 2012.

PIPELINE MAINTENANCE

Transco said it has completed the anomaly investigations on the section of its Leidy Line in Clinton County, Pennsylvania. As a result the Cabot Clinton, Meter 3543 was able to resume flow.

MEP reported that beginning for November 9th and continuing until November 11th it will run a smart pig in Zone 1. Also on November 12th it will be performing meter station modifications at Columbia G8ulf Perryville located on Segment 150. The company does not anticipate any impact to shippers during either of these projects.

Gulf South said it has cancelled the pigging maintenance on Index 301-8-11-L slated to begin November 4th and continuing for approximately one week. The company will reschedule the work for a later date.

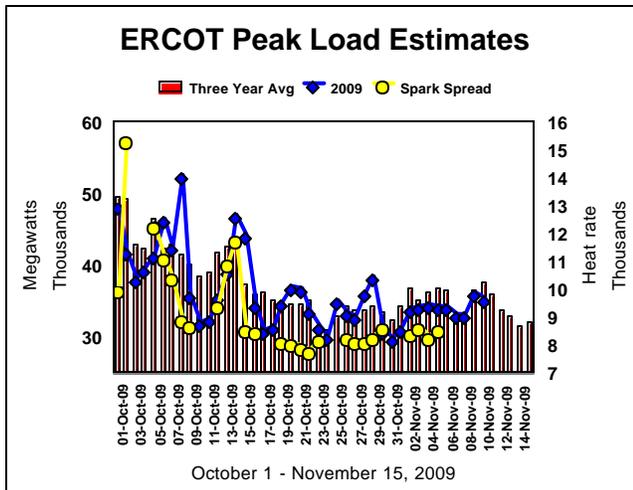


The company also said it began performing unplanned system maintenance at both the Marksville Compressor Station on Unit #4 and at the Montpelier Compressor Station on Unit #7. The Marksville work is expected to continue for 10 days forcing a reduction by as much as 150,000 Dth during the work. The Montpelier work is expected to continue for four days with a capacity reduction of as much as 50,000 Dth during the work.

PIPELINE RESTRICTIONS

Rockies Express Pipeline LLC asked the FERC for authorization to begin service on its REX-East leg between the Lebanon Hub meter station and the Clarington Hub meter station by the end of next week.

NGPL said a gas quality problem has been reported at the receipt from El Paso Moore in Moore County, Texas (Segment 10 of NPL's Midcontinent Zone). Until further notice the point will be unavailable. The company also reported that for gas day November 5th and continuing until further notice, it has limited capacity available for gas received upstream of Compressor Station 155 in Wise County, Texas going northbound. Limited interruptible transportation service/authorized overrun and secondary out of path firm transports are at risk of not being fully scheduled.



Tennessee Gas Pipeline said that effective for today it has restricted through approximately 31% of supply to market secondary out of path nominations pathed for delivery to the Leidy meters. The company also reported that it would not accept any nominations for interruptible storage injection services across the system. It said it would not accept transfers into interruptible storage-pooling accounts at Bear Creek Storage or into interruptible storage-management service accounts at Northern Storage.

CIG has declared a Strained Operating Condition for the transmission system for November 6th and continuing until further notice, due to unseasonably warm weather in its service territory.

Trailblazer reported a force majeure event occurred on November 3rd at its Compressor Station 602 (Segment 20) after it experienced an unexpected outage due to a mechanical failure on one of the compressor units. Effective today and until further notice, secondary firm out of path and interruptible transportation service/authorized overrun transportation will not be available for scheduling. Primary and secondary firm in-path transportation is not impacted by this outage.

ELECTRIC MARKET NEWS

U.S. Senator Schumer today called on the Obama administration to block the use of any U.S. economic stimulus funds for a wind farm project in West Texas that would use turbines built in China. The \$1.5 billion project could get an injection of \$450 million in funds from the stimulus package that Congress passed earlier this year. The Texas wind farm would have a capacity of 600 Mw.

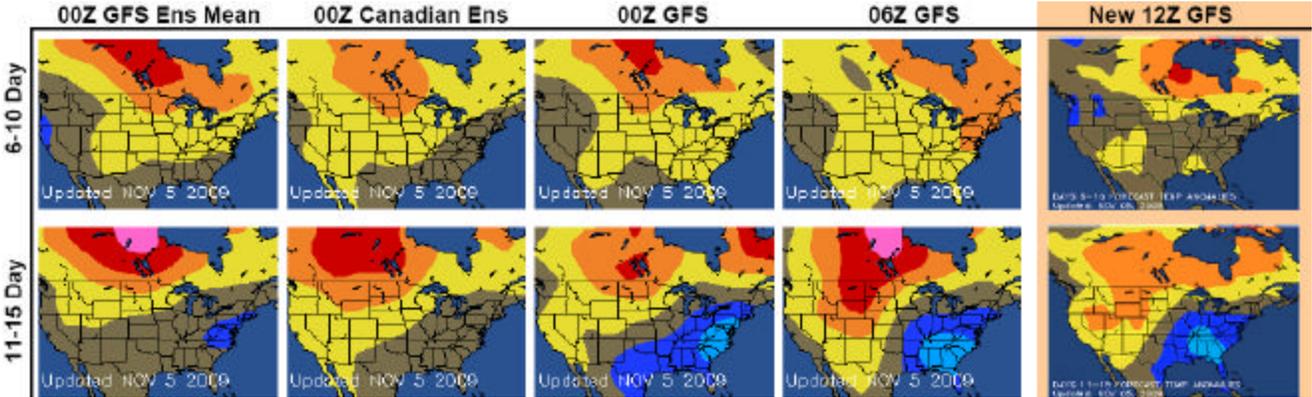
Chinese media reported today that coal stocks held by major Chinese coal fired power plants with grid connections were at 28.71 million tones at the end of October, enough to last just 15 days of generation. Current coal stocks however were still below the 32 million tones stockpile target. The government felt temporary supply tightness likely to emerge in plants in regions covered by northeastern and central grids.

MARKET COMMENTARY

This morning's EIA Natural Gas Storage Report while coming in only a couple of bcf less than most market expectations, initially helped to rally the natural gas market by over 15 cents. But this price rally as it approached the upper end of the downward trading channel of the past two weeks fizzled and by midday and prices returned to the levels where prices were trading prior to the report.

Technically this market appears to us to be seeking to find a near term bottom, as daily stochastics appear to be on the verge of crossing back to the upside for the first time in two weeks. This afternoon computer models began to point to the expected warming trend over much of the nation would begin to moderate and allow cooler than normal temperatures to return to the eastern third of the nation. In addition with the prospects of possibly the season's last tropical threat to the Gulf of Mexico at the

doorstep of the Gulf of Mexico may help to prompt some short covering in front of the weekend, especially if prices can settle above \$4.79 tomorrow. Additional resistance we see at \$4.99, and \$5.09. More distant resistance we see at \$5.178, \$5.33 and the gap at \$5.458-\$5.472. Support we see at \$4.676, \$4.574, \$4.47 and \$4.34.



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