



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR NOVEMBER 6, 2009

NATURAL GAS MARKET NEWS

While Hurricane Ida sprung to life over the weekend, the storm though as it headed northward today towards a landfall expected somewhere on the Florida Panhandle to Alabama was downgraded this morning to a tropical storm as wind shear began to take a toll on the organization of the storm. The storm though still forced precautionary shut in's of some offshore production platforms, with the largest being the Independence Hub. Enterprise confirmed Monday morning that the platform had been shut as well as the Viosca Knoll and West Delta 68 platforms. By this afternoon the U.S. Minerals Management Service reported that about 29.6% of oil production and 27.5% of the natural gas produced in the United States Gulf of Mexico federal waters had been shut in due to the approach of Tropical Storm Ida. This translates to 384,642 b/d of oil production and 1.925 bcf/d of natural gas production.

The Climate Prediction Center this morning estimated that the current week ending November 14th would see some 91 heating degree days on a gas home heating weighted basis, 29% less than normal and 24% less than the same week a year ago.

Sempra Energy's CEO said today despite the current depressed levels for wholesale natural gas prices, the new gas plays in North America will require new pipeline and storage facilities to be built in order to meet the changing marketplace. He also outlined that commodity trading is central to the company's

Generator Problems

NPCC – Entergy's 1020 Mw Indian Point #2 nuclear unit returned to full power by early Monday, up 48% from Friday.

OPG's 515 Mw Pickering 4 nuclear unit returned to service Monday. The unit had been shut since October 8th.

OPG's 490 Mw Nanticoke #1 coal fired power plant was shut Monday.

Sithe reported that Units #2, 3 and 5 at its natural gas fired 880 Mw Goreway power plant returned to service early Monday. The units had been taken off line on November 2nd.

MISO – Exelon's 867 Mw Dresden #3 nuclear unit exited its outage and was at 18% power this morning. The unit was shut on Friday to fix a valve.

NPPD's 758 Mw Cooper nuclear unit was restarted and was at 3% power this morning. Operators last week had restarted the unit and it had reached 20% power on Friday before it was re-shut due to a leak on a turbine. The unit had gone down for scheduled refueling on September 28th.

WSCC – Energy Northwest reported that it has shut the 1131 Mw Columbia nuclear unit due to a main turbine control leak. The unit had been at 52% on Saturday.

PG&Es Helms hydro units returned to service today

SERC – Southern's 860 Mw Farley #2 nuclear unit started to exit its outage and ramped up 12% power by early Monday. The unit was shut on November 5th to fix a transformer in the plant's low voltage switchyard.

Progress Energy's 710 Mw Robinson #2 nuclear unit dropped to 66% power by early Monday. The unit had been at full power on Friday.

Southern's 883 Mw Hatch #2 nuclear unit was at 64% power, up 2% from Friday. Power had been reduced on Friday for testing associated with fuel reliability

Duke Energy's 1129 Mw Catawba #1 nuclear unit was shut down for refueling. The unit had been at 96% capacity on Friday.

The NRC reported this morning that total U.S. nuclear generation stood at 72,178 Mw up 1.1% from yesterday but down 10.6% from a year ago.

overall operations. As a result it will considering looking for an appropriate joint partner to replace the Royal Bank of Scotland, but if none can be found it would look to take back most of the current trading operations done by the current joint venture.

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	959,400	\$3.777	(\$0.169)	(\$0.802)	(\$0.154)	(\$0.550)
Chicago City Gate	667,100	\$3.727	(\$0.241)	(\$0.851)	(\$0.230)	(\$0.475)
NGPL- TX/OK	628,300	\$3.583	(\$0.247)	(\$0.995)	(\$0.236)	(\$0.663)
SoCal	368,100	\$3.651	(\$0.194)	(\$0.927)	(\$0.183)	(\$0.578)
PG&E Citygate	371,900	\$4.346	\$0.127	(\$0.232)	\$0.138	(\$0.110)
Dominion-South	350,600	\$3.892	(\$0.242)	(\$0.686)	(\$0.231)	(\$0.316)
USTRade Weighted	18,737,800	\$3.723	(\$0.165)	(\$0.855)	(\$0.15)	(\$0.550)

A project spokesman for the Medgaz Pipeline said the commercial start up of the 8 bcm pipeline which would move gas from Algeria to Southern Spain has been delayed until June 2010.

The pipeline has originally been scheduled to begin commercial operations in the fourth quarter of this year. The spokesman said that 90% of the work on the line has been completed to date and testing on the line should begin in March.

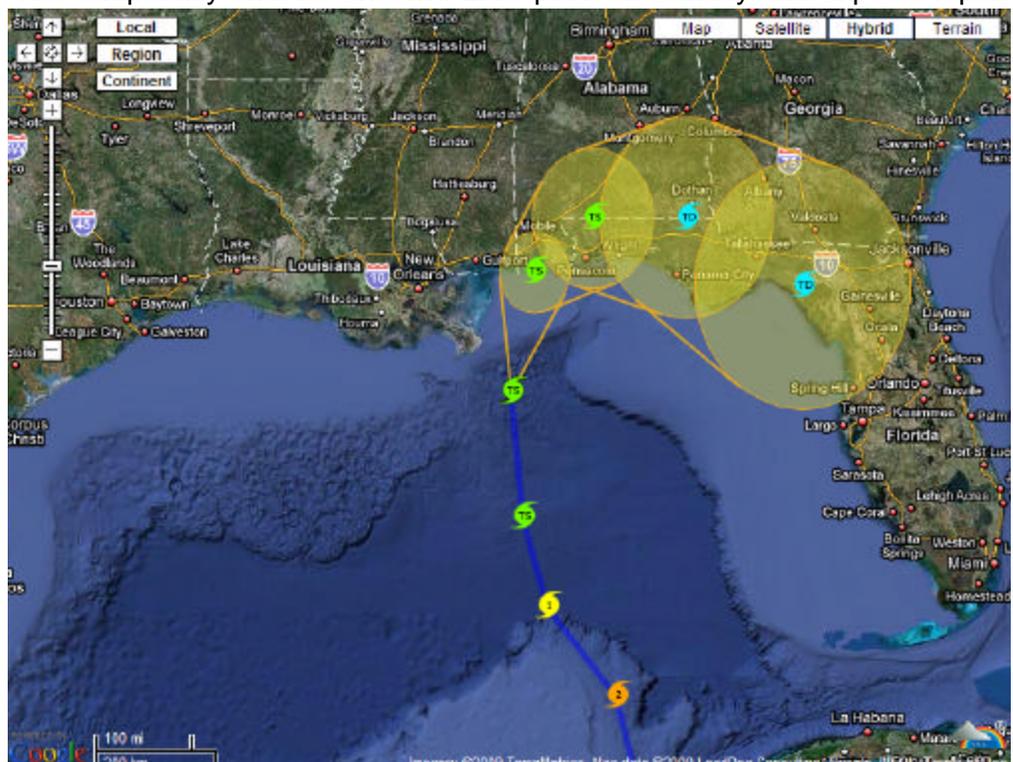
Repsol's LNG tanker Bilbao Knutsen was expected to arrive at the Canaport LNG terminal on November 13th from Trinidad.

The LNG tanker Mourad Didouche arrived at the Isle of Grain terminal on Sunday. While the LNG tanker British Ruby arrived this weekend at the Dragon LNG terminal. So far this month 5 tankers have arrived at British LNG terminals with a sixth scheduled to arrive at the South Hook terminal on Tuesday. The Al Sheehaniya LNG tanker is set to arrive at the South Hook terminal on November 16th.

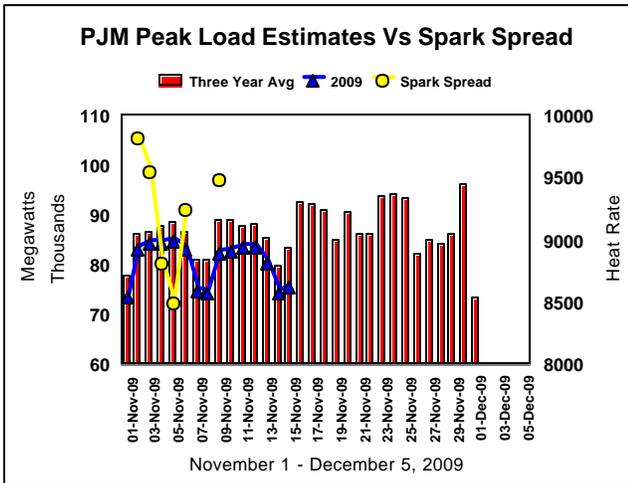
Statoil said today that it has temporarily shut its Snoehvit LNG plant on Sunday and expects repairs will take a couple of days, with full production to return in about 10 days after being restarted. The plant had been restarted on Saturday after undergoing a three month long maintenance.

Saudi Aramco said it plans to raise its daily gas supplies by 30% within five years to 8 bcf/d.

Gazprom reported today that its sales volumes to Europe and countries outside of the former Soviet Union grew by 5.4% in the second quarter over the first quarter while gas prices dropped by 26% to \$281.94 per thousand



cubic meters. Gazprom reported that its domestic sales of gas in the second quarter fell 47% from the first quarter and was off 10% from the same period a year ago. The company also confirmed today that European customers will buy 8-9 bcm of less gas than foreseen by “take or pay” contracts with Gazprom and as a result it would seek penalties.



PIPELINE MAINTENANCE

Gulf South said it would be performing system compressor maintenance at the Vixen Compressor Station on the T-1000 unit beginning November 12th and lasting for 12 hours. Based on the availability of the other unit during this work and system operations and nominations, the company does not expect any impact to shippers.

CGT said the unplanned outage at PG&E's Kettlement compressor K-3 is expected to last through November 24th. The Baja path capacity will be reduced during this period.

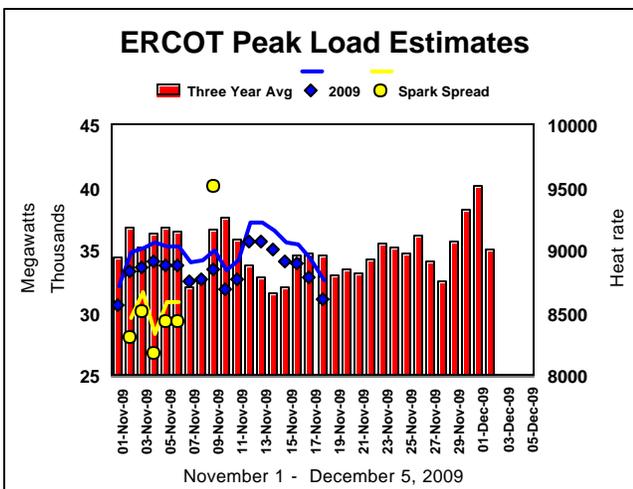
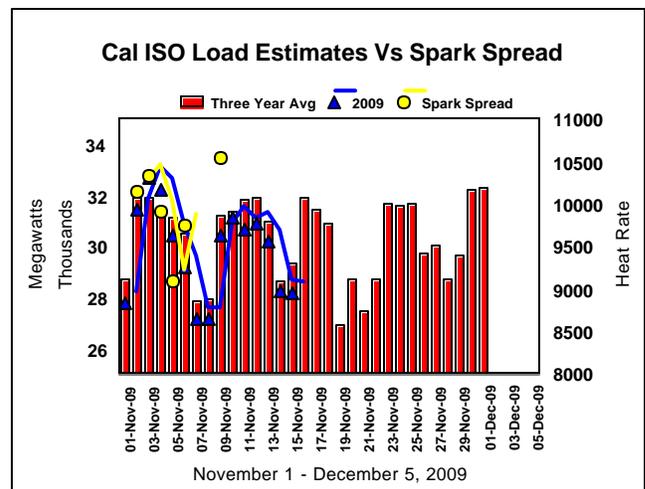
PIPELINE RESTRICTIONS

Florida Gas Transmission said that effective for November 9th it was issuing a customer overage alert day at a 15% tolerance.

BP declared a force majeure on the offshore section of its Destin natural gas pipeline in the Gulf of Mexico today.

ELECTRIC MARKET NEWS

The U.S. EPA has sent its final proposal on whether carbon dioxide and other greenhouse gas emissions pose a danger to human health and welfare to the White House review. The EPA's final finding, if it follows the agency's earlier assessment and is approved by the Office of Management and Budget, would allow the EPA to issue rules later to regulate greenhouse gas emissions, even if Congress fails to pass GHG legislation.



Genscape reported today that it estimates U.S. power output in the week ending November 5th rose 2.69% from the prior week but was still down 1.7% from the same week a year ago.

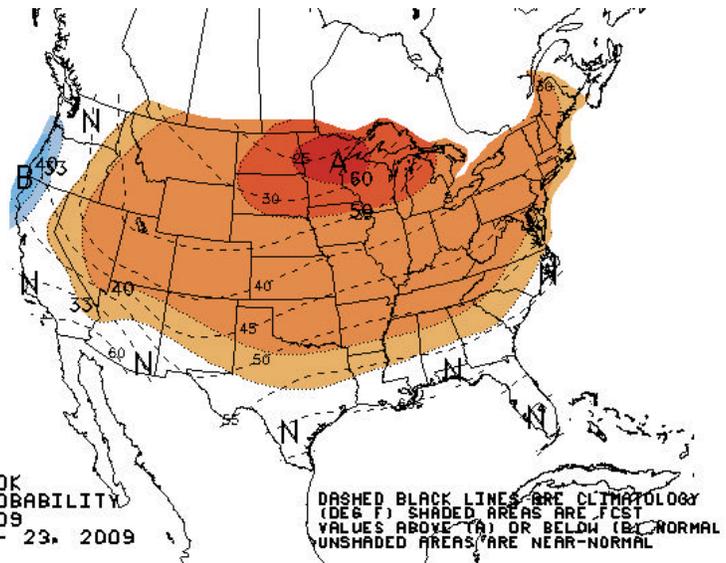
MARKET COMMENTARY

Despite the surprise development of Hurricane Ida over the weekend, the natural gas futures started the morning on the defensive as forecasters saw the storm weakening as it approached the U.S. coastline as well as its direct path to miss most of offshore production areas. This coupled with a basically warmer than normal forecast for most of the nation for the next two week period placed the cash market under pressure. But despite making a

new near term low prices stabilized and actually moved higher in the late morning and early afternoon and settled slightly higher as a result of rebounding oil and commodity prices due to the weakening U.S. dollar along with a report from the MMS this afternoon that showed that nearly 2 bcf/d of natural gas production had been shut in as a precaution.

Today's higher settlement helped the daily stochastics to roll over to the upside for the first time in nearly two weeks. But given the current bearish weather forecasts it appears this market will have a very hard time in sustaining any rally to push back above the \$5.00 price level without a change in this temperature outlook.

We see resistance starting tomorrow at \$4.75, \$4.83, \$4.97 with more significant resistance at \$5.052, \$5.231 and the gap at \$5.458-\$5.473. Support we see tomorrow at \$4.532, \$4.473, \$4.394 and \$4.34.



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