



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR NOVEMBER 13, 2009

NATURAL GAS MARKET NEWS

Anadarko Petroleum said today that production at the Independence Hub in the Gulf of Mexico had ramped up to pre-shut in levels of about 700 MMcf/d following tropical Storm Ida.

Baker Hughes reported today the number of drilling rigs search for natural gas in the United States stood at 728, down 6 rigs from last week. This was the first weekly decline in four weeks.

Enbridge said it is holding a binding open season through November 23rd for its proposed LaCrosse Pipeline, which is designed to transport natural gas from Carthage, Texas to multiple delivery points in southeastern Louisiana. Construction of the proposed 340-mile pipeline will occur in two phases. The first phase will be to place into service 42-inch and 36 inch diameter pipeline segments from the Enbridge Carthage Hub to Point Coupee Parish, Louisiana and a 24 inch segment extending from Point Coupee Parish to the Choctaw Storage facility in Iberville Parish. The storage facility will be operational by May. Phase 2 will be when Enbridge will construct and place into service the pipeline segment from Point Coupee Parish to an interconnection with SONAT at Washington parish. The planned in service dates will be phased to meet customer needs starting January 2012 through March 2013.

Qatar said Friday it would supply China National Offshore Company with an additional 3 million tones of long-term LNG supplies starting 2013. The two sides were also considering the sale and purchase of an additional 2 million tones per year of LNG. These volumes combined with an existing 2 million per year supply deal signed in 2008 will potentially increase the total volumes of the LNG supply from

	EIA Weekly Report			
	11/06/2009	10/30/2009	Change	11/06/2008
Producing Region	1199	1189	10	960
Consuming East	2093	2085	8	2037
Consuming West	521	514	7	467
Total US	3813	3788	25	3463

*storage figures in Bcf

Generator Problems

NPCC – NextEra Energy said its 1244 Mw Seabrook nuclear unit was at 49% capacity this morning up 23% from yesterday .

PJM – PSE&G's 1130 Mw Salem #2 nuclear unit was at 82% power, up 25% from Thursday.

MISO – DTE Energy's 1122 Mw Fermi #2 nuclear unit ramped up to 95% power, up 70% from Thursday.

SERC - Southern's 883 mw Hatch #2 nuclear unit was at 73% power, down 16% from Thursday due to testing.

WSCC – PG&E's 1118 Mw Diablo Canyon nuclear power plant had ramped up to 73% power early Friday, up 25% from yesterday.

Energy Northwest's 1131 Mw Columbia nuclear power station started to exit its outage and ramped up to 20% power this morning. The unit was shut on November 7th due to a turbine problem.

The NRC reported today that 76,779 Mw of nuclear generation was on line this morning, up 1.4% from yesterday, but some 8.9% less than the same time a year ago. This was the highest level since October 11th.

Qatargas to CNOOC to 7 million tones per year.

Waterborne Energy reportedly has estimated that the United States could see LNG imports in November reaching 50 bcf, up from some 30 bcf imported during

October, as a result of Qatari LNG volumes finding their way to the U.S.

The Anchorage Daily News reported that ConocoPhillips and BP told state legislators that they have had talks with potential gas suppliers and plan to begin publishing shipping rates and seeking supplier contracts next year for their proposed Denali pipeline. The companies outlined plans for a multi-billion dollar gas treatment plant, which would be the largest of its kind, and maintained that extended forecast for gas prices have not changed much in the past six months. Still the companies noted that the recent price volatility and the potential for abundant gas supplies in the lower 48 “has highlighted the market risk” for the project. It is unclear if the Denali open season will come before or after the 90-day summer open season planned by the competing TransCanada led pipeline project.

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	1,205,400	\$2.514	(\$0.722)	(\$1.850)	(\$0.692)	(\$1.116)
Chicago City Gate	863,500	\$2.447	(\$0.860)	(\$1.917)	(\$0.760)	(\$1.120)
NGPL- TX/OK	642,600	\$2.374	(\$0.738)	(\$1.990)	(\$0.638)	(\$1.269)
SoCal	393,500	\$2.681	(\$0.671)	(\$1.683)	(\$0.571)	(\$1.104)
PG&E Citygate	677,400	\$3.224	(\$0.870)	(\$1.140)	(\$0.770)	(\$0.425)
Dominion-South	255,700	\$2.373	(\$0.933)	(\$1.991)	(\$0.833)	(\$1.046)
USTrade Weighted	20,354,700	\$2.496	(\$0.792)	(\$1.868)	(\$0.69)	(\$1.116)

Copano Energy and Morgan Energy Partners announced a joint venture in building the New Eagle Ford Shale pipeline project. The pipeline will have an initial

capacity of 350MMcf/d and will run for 22 miles and be completed by the middle of next year. The pipeline will originate in LaSalle County, Texas and terminate in Duval County, Texas

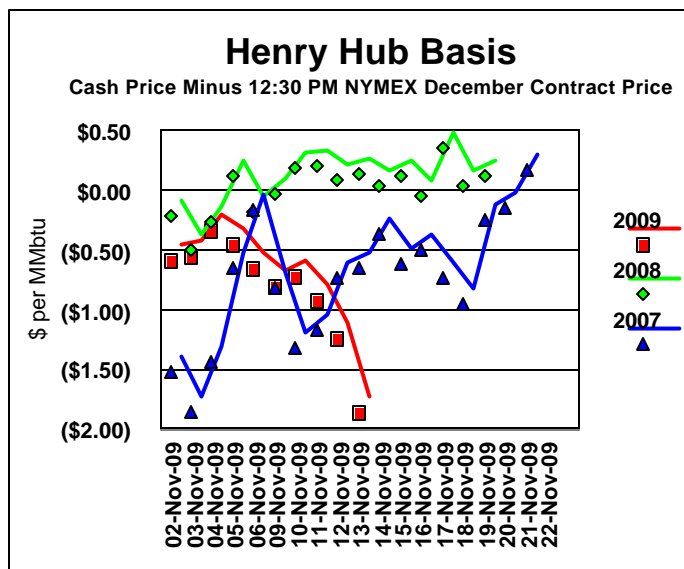
Northern Border Pipeline has proposed constructing a nine-mile lateral originating in Kasbeer, IL and terminating at Central Illinois Light’s facilities near Princeton, Illinois. The FERC has approved the pre-filing request yesterday. The company asked the FERC to issue a certificate by September 2010. The utility would agree to contract for the entire capacity of 120 MMcf/d for 10 years at a negotiated price. Construction would begin in November 2010 and be in service by January 2011.

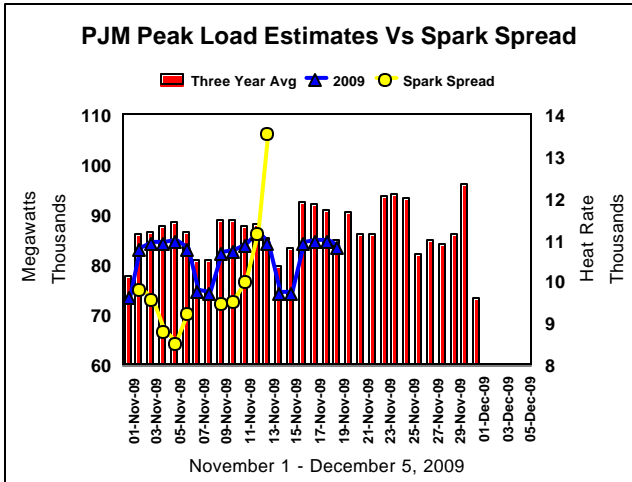
India’s Petronet LNG said it expects the first LNG shipment of a 50% increase in term imports of LNG from Qatar’s RasGas to arrive in early January. Currently, Petronet imports 5 million tonnes of LNG every year from RasGas. Originally the company had expected the increased purchases would begin in November.

Saudi Oil Minister Naimi said on Friday that the country’s natural gas output will rise 40% by 2014 to 4.5 bcf/d.

Statoil said it expected to restart production of LNG at its Snoehvit plant shortly. The company said it could not give precise timing for the restart but was in the final phase of repairs. The plant was “temporarily shut for a “couple of days” last Sunday due to restart problem following a longer maintenance outage.

The UK is expected to see three LNG tankers arrive between November 14th and November 16th, The Neo Energy, Al Sahla and Al Sheehaniya. Meanwhile the BW Suez Everett LNG tanker has been moored at Belgium’s Zeebrugge LNG terminal since Thursday.





A senior Russian gas official appealed to the European Union on Friday to enact “preemptive measures” to prevent another gas crisis in Ukraine this winter. These measures should include financial assistance, to ensure uninterrupted transit of energy resources through the Ukraine. He noted that the Ukraine has gas reserves stored underground that are almost as large as the total reserves of all EU countries combined, but questioned whether Kiev would use those reserves to ensure uninterrupted transit to Europe.

PIPELINE MAINTENANCE

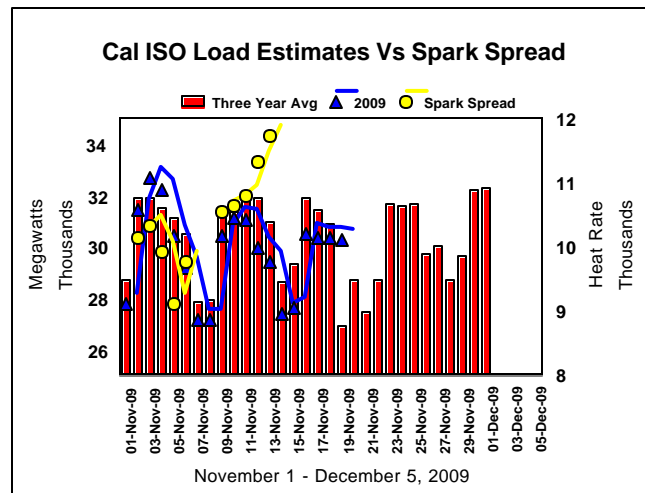
Enterprise Field Services has scheduled maintenance on the Hilltop Compressor from

November 17th through November 18th. Enterprise is not asking producers to shut in any wells, but all operators should monitor wellhead pressures as needed.

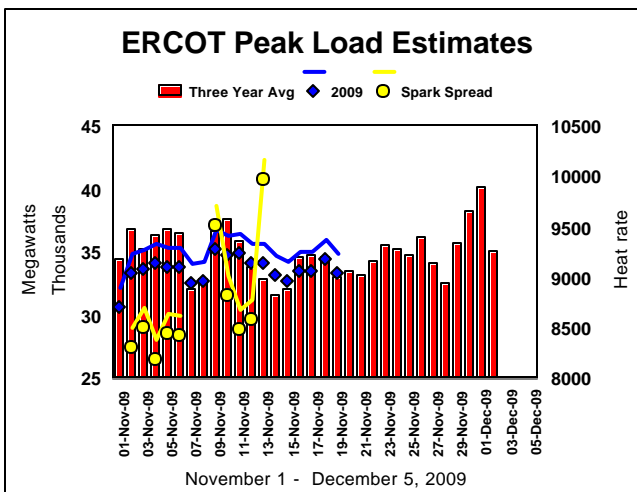
Midcontinent Express Pipeline has postponed the maintenance project at Centerpoint Delhi Richland expected to begin November 17th until sometime in December.

PIPELINE RESTRICTIONS

Rockies Express Pipeline said it will perform maintenance at its Arlington compressor station on November 17th. Capacity through Segment 150, will be limited to 1600 MDth/d during this outage. Based on the level of nominations, authorized overrun/interruptible transport, secondary and primary quantities are at risk of not being fully scheduled. The company also said it was informed by Questar Overthrust Pipeline that it will be performing maintenance on November 17th, that will have direct impacts on REX’s capacity lease on Overthrust. REX shippers nominating receipts on the leased capacity Segment 650 through Wamsutter will be



scheduled to zero during the maintenance.

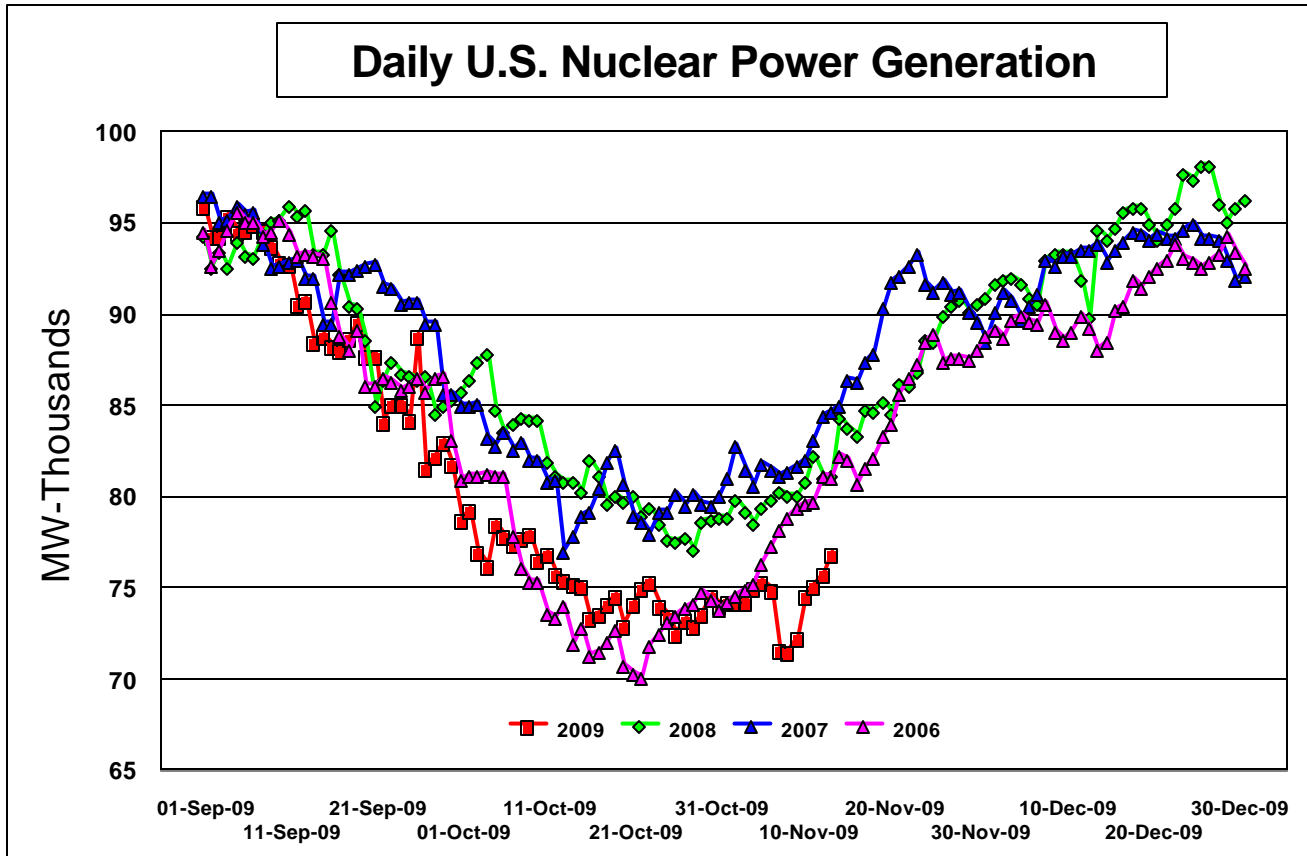


ELECTRIC MARKET NEWS

The California Energy Commission staff recommended approval of the NRG Energy’s plan to replace three 1950’s era units at the Encina power plant in California with a new 558 Mw plant. The new facility could be in service by 2013. The company would retire 3 of the fiver oil and gas burning units and but keep two to operate as needed to support regional demand.

The California Energy Commission released a staff report and it noted that the U.S. natural gas commodity market would continue to experience periods of price spikes and volatility, making

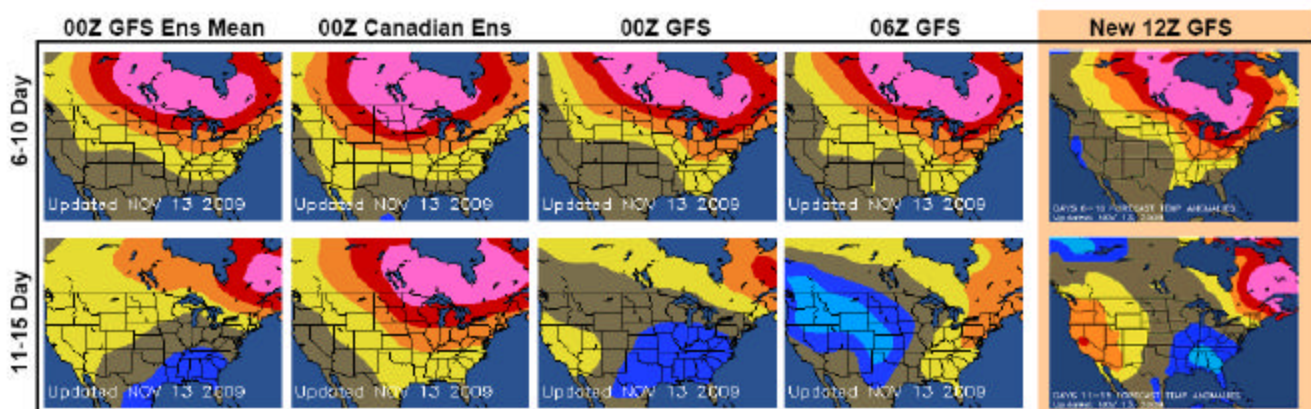
accurate date-specific forecasts of the future market difficult if not infeasible. The staff report noted that recent natural gas price volatility is at least partially explained by evolving, less traditional financial market factors, which are complicating efforts to accurately forecast gas prices. The financial factors include speculative commodity trading from nontraditional participants, such as pension funds,



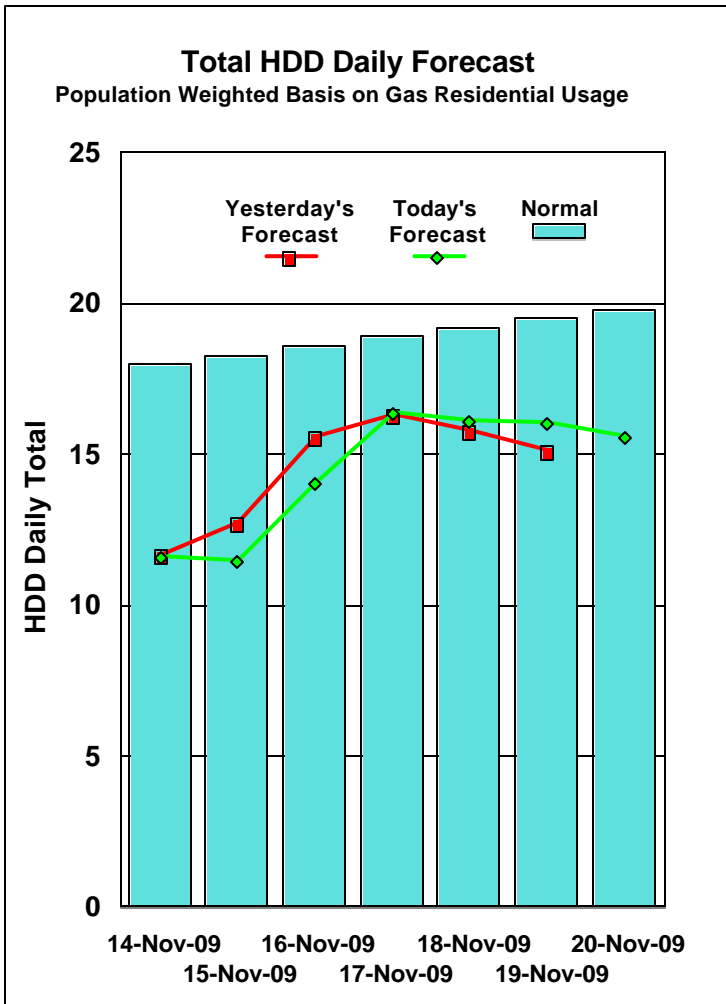
university endowments, hedge funds and index portfolios. In addition with the U.S. continuing to move to a carbon-constrained existence, future greenhouse gas policies will further complicate these efforts in forecast prices. As a result the staff noted this price uncertainty and volatility increases the risks for investment in gas-fired power plants.

Hydro-Quebec is in formal talks with Prince Edward Island on power supply. This follows two weeks after the utility said it would buy New Brunswick Power's assets for C\$4.75 billion. The utility has said it

Forecast Model Comparison



Morning Forecast Model Spread



is seeking to sell power into PEI as well as Nova Scotia.

Genscape reported today that U.S. coal consumption during the past week was unchanged from the previous week due largely to coal to gas fuel switching and was 4% less than the same week a year ago.

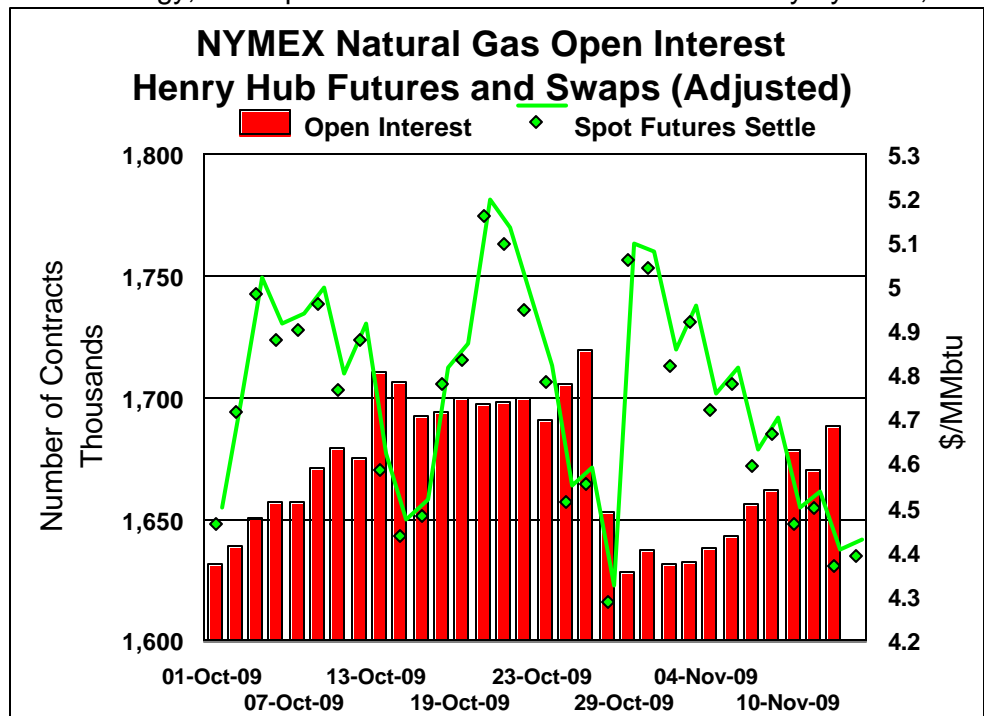
The NY State Public Utilities Commission has approved a plan for Iberdrola SA to sell five fossil fueled power plants as part of its deal to acquire Energy East Corp. The plants include the proposed Russell repowering project and associated retired coal plant structures; the 62 Mw combined cycle natural gas fired Allegheny station; two 18 Mw combustion turbine peaking units all owned by RG&E and the 63 Mw combined cycle gas fired Carthage Energy station owned by Cayuga Energy. The generation assets will be sold at auction in two stages.

According to a report from the U.S. Offshore Wind Collaborative, wind resources along the nation's ocean and Great Lakes coasts are capable of providing 900,000 Mw of electricity. The report noted that these potential generating resources are attractive especially since their close proximity to population centers. According to the DOE,

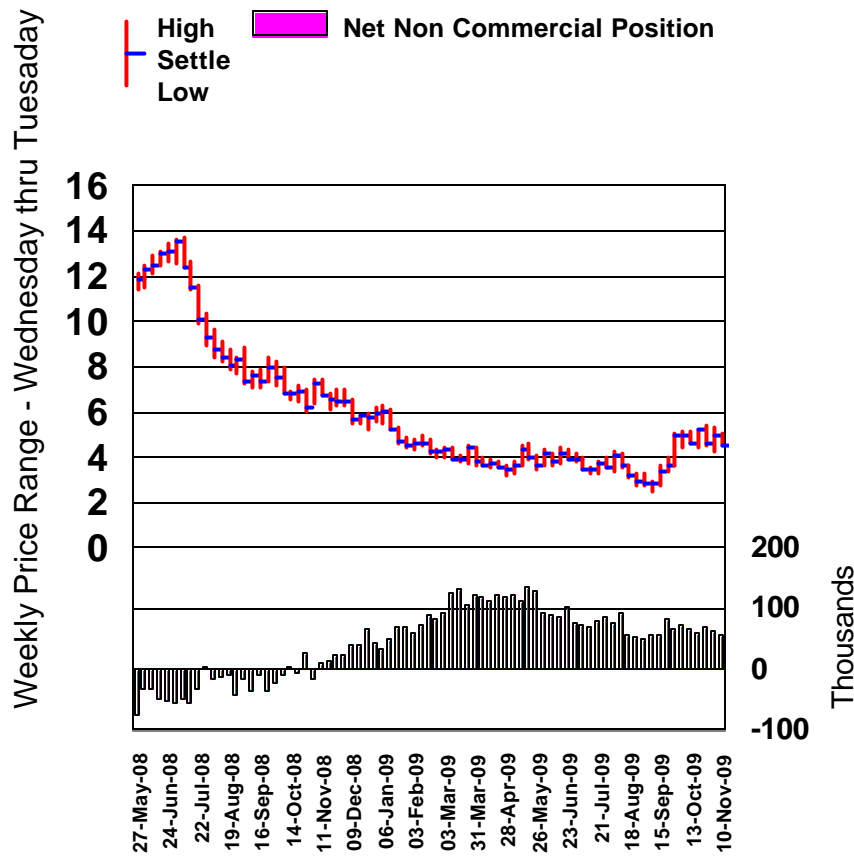
offshore wind, using current technology, could provide 54 Gw of the nation's electricity by 2030, while

others estimate this could be as high as 89 Gw. Most current estimates predict capital costs for offshore wind projects will decrease; on source predicts \$2520 per Kw through 2010, with costs decreasing by 12.5% by 2030, largely due to technological advances.

The NRC said yesterday that it plans to step up its oversight of the Ginna nuclear plant, based on NRC inspection findings



NYMEX Nat Gas: Non Commercial Reportable Positions
Adjusted Futures, Swaps and Options Combined Position



involving the performance of the turbine driven auxiliary feedwater pump.

MARKET COMMENTARY

The natural gas market saw its cash market values crumble today as many points fell below the \$3.00 price level for the first time since the beginning of October. The lighter weekend load coupled with the rebound in nuclear generation and the expectation of moderate temperatures for the next 7-10 days helped to pressure prices. But contrary to the price move in the cash markets, the futures market today settled higher, overcoming the mid morning sell off following the release of a larger than expected build in working gas inventories. Once again it appeared that the futures market was focused on the long range temperature outlook, looking at the 11-15 day outlook that finally could see the warmer than normal temperatures in the eastern half of the nation being replaced by

normal to possibly even colder than normal temperatures. This allowed possibly a second round of short covering for the week as the new shorts that appeared to return to the market on Thursday were pushed to the exits.

This evening's Commitment of Traders Report for the week ending November 10th showed that the non-commercial sector in the combined futures and options positions for Henry Hub futures and swaps decreased their net long position by 8,364 lots, dropping to their smallest net long position since mid September.

We see weather as remaining the key to this market. If in fact come Monday morning the 11-15 day forecasts are solidly in agreement that the current warm spell across much of the nation will have drawn to a close and a prolonged period of cold weather is going to establish it self over the eastern half of the nation then we could finally see a price rebound. But if in fact temperatures appear to remain just normal or slightly warmer than normal the prospects of bloated inventories coupled with nuclear generation levels that are finally beginning to rebound we think this will pressure the futures market lower and help close the basis differential that collapsed today.

We see the support next week in the December contract at \$4.287-\$4.241 followed by \$4.207, \$4.128 and \$3.976. Resistance we see at \$4.472, \$4.551 and \$4.644. More distant resistance we see at \$4.937 \$5.138 and \$5.339

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