



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR NOVEMBER 19, 2009

NATURAL GAS MARKET NEWS

The National Oceanic and Atmospheric Administration this morning released their temperature outlook for the nation for December as well as for the longer-term period of January through March. Forecasters noted that they look for El Nino, now at maximum strength, would persist into the 2009/10 winter. As a result while the NOAA is looking for December to see below normal temperatures for the Gulf Coast states, it expects to see above normal temperatures for much of the north central part of the country. For the January through March period the government forecasters look for the North Central states to remain warmer than normal but below normal temperatures would expand from the Gulf Coast to include much of the Mid Atlantic and southeastern states as well.

Dr. Gray's forecasting team at Colorado State University, said that the current hurricane season slated to end on November 30th, will go into the record books as the quietest hurricane season since 1997, due in large part to the El Nino phenomenon, which created strong

EIA Weekly Report

	11/13/2009	11/06/2009	Change	11/13/2008
Producing Region	1208	1199	9	972
Consuming East	2101	2093	8	2041
Consuming West	524	521	3	472
Total US	3833	3813	20	3486

*storage figures in Bcf

vertical wind shear across the Caribbean and the Gulf of Mexico. So far there have been nine named storms and for the second year in a row no storm reached Category 5 strength. The group last December had expected an above average year with 14 named storms. The forecasting group noted that over the past 11 years its forecasts have correctly predicted above normal or below normal activity 62% of the time, with an accuracy rate of over 80% basis its June forecast update.

The FERC said today that it was investigating whether three interstate natural gas pipelines "are over-recovering costs, causing rates to be unjust and unreasonable." The rates being

Generator Problems

NPCC – Energy's 620 Mw Vermont Yankee nuclear unit returned to full power by early Thursday, up 33% from yesterday.

Dominion's 882 Mw Millstone #2 nuclear unit has exited its recent refueling outage and was up to 42 power by early Thursday. The unit had been shut on October 7th and has been in hot standby since November 15th.

MISO – NPDD said its 791 Mw Cooper nuclear unit was back to full power this morning, up 17% from yesterday.

FPL's 513 Mw Point Beach #1 nuclear unit was at 75% power this morning, up 10% from yesterday.

Exelon's 912 Mw Dresden #3 nuclear unit was at 87% power this morning, down 12% from Wednesday.

FRCC – FPL's 864 Mw St Lucie #1 nuclear unit was at 80% power, up 13% from yesterday.

ERCOT – STP Nuclear's 1280 Mw South Texas #1 nuclear unit has exited its refueling outage and ramped up to 37% this morning. The unit had been off line since October 1st.

The Monticello Steam Electric Station saw maintenance operations again. This morning maintenance work was scheduled on the esp at Unit #1.

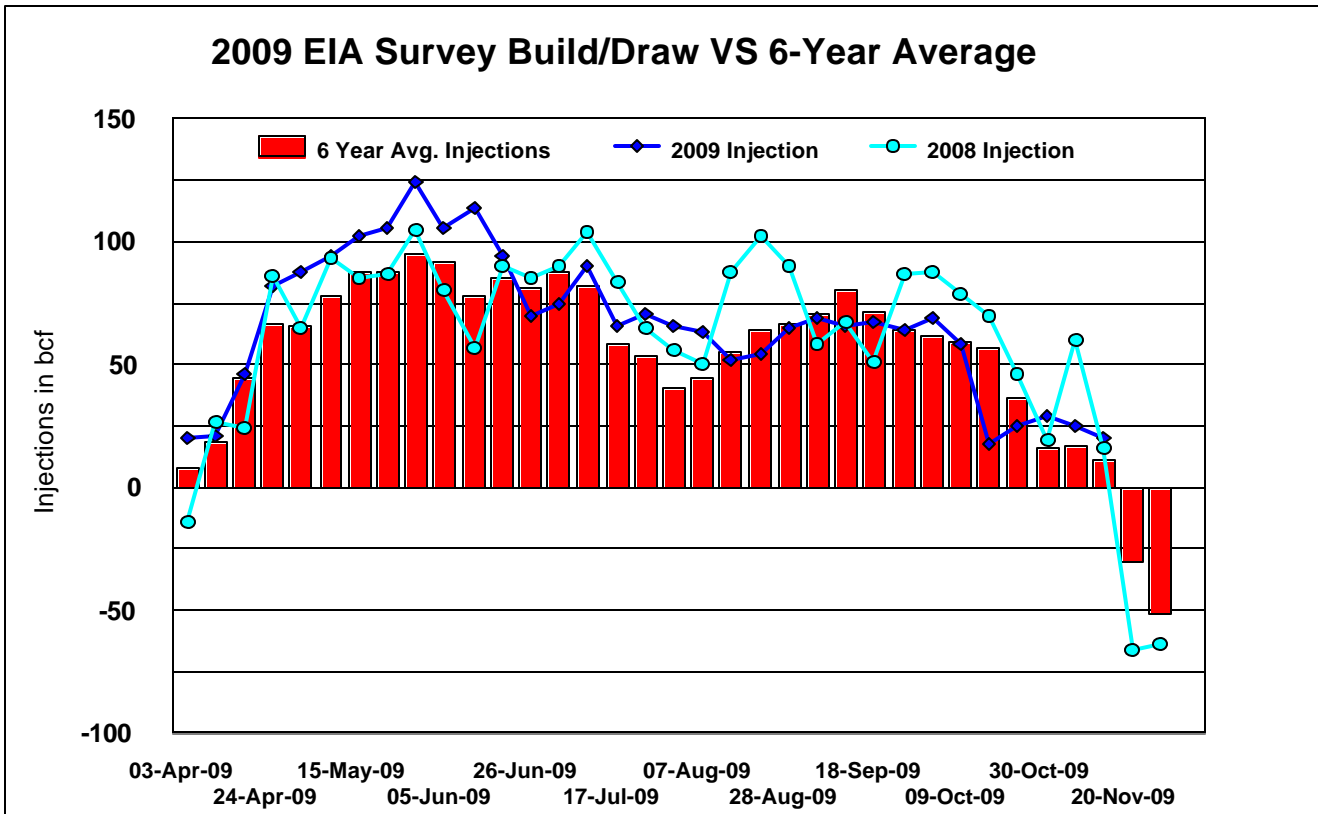
The NRC reported today that 79,594 Mw of nuclear generation was on line this morning, up 1.4% from yesterday, and off some 5.75% less than the same time a year ago.

Canadian Gas Association

Weekly Storage Report

	13-Nov-09	06-Nov-09	14-Nov-08
East	239.5	237.8	237.1
West	371.9	371.1	348.2
Total	611.4	608.9	585.3

storage figures are in Bcf

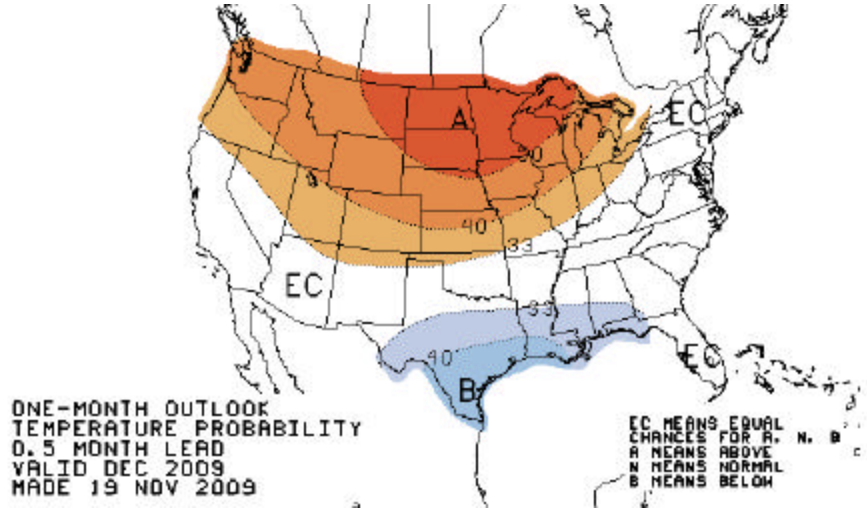


investigated are those charged by Northern Natural Gas, Great Lakes Gas Transmission and NGPL.

Transco natural gas pipeline said today it had placed into service its Sentinel expansion project. The project, which was done in two phases, saw the second phase placed into service this week. The first phase, increased capacity by 40,000 Dth/d back in December 2008. The second phase placed 62,000 dth/d of additional pipeline capacity into service bringing total system capacity to approximately 8.6 bcf.d.

EI Paso Corp said that over the last 18 months it has taken several steps to limit any potential financial risk facing the company as it seeks to expand its pipeline infrastructure and develop its exploration and production assets. The company noted that its pipeline division has hedged its steel commodity exposure as well as hedging its exposure to natural gas prices by exploration and production group. The E&P group has taken significant hedged positions, through a significant use of options and costless collars, by hedging their production well into 2011.

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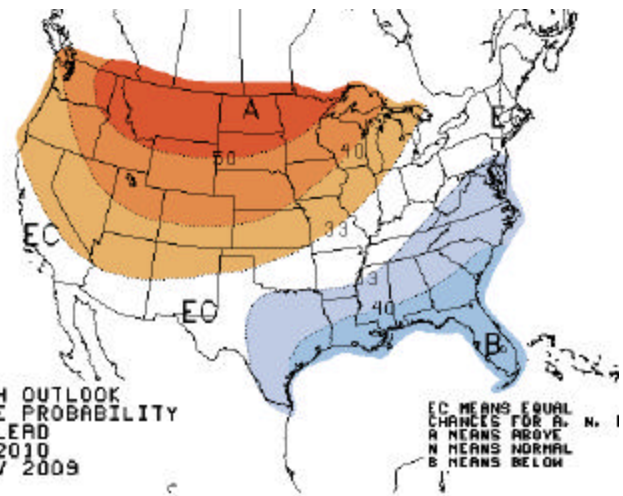


The FERC today approved FGT's \$2.45 billion Phase VIII Expansion Project to serve gas fired power generators and utilities in Florida. The project will add more than 483 miles of pipeline loops, laterals and mainline and install 213,600 hp of compression at eight existing and one new compressor station. It will also create 820,000 Mmbtu per day of

capacity on the line from Alabama to Florida. FGT is slated to initiate service in two phases, with the first phase scheduled to begin service on July 1, 2010, involving construction and operation of the Manatee Lateral with phase two service scheduled for April 1, 2011 and it involves the construction and operation of the remaining Phase VIII expansion project facilities.

The United States Commodity Funds LLC said Wednesday that it had completed a 28-month process to launch its United States 12-Month Natural Gas (UNL) exchange traded product. Unlike its sister United States Natural Gas (UNG) fund offering, the new ETF focuses on replicating the price change in the first 12 months NYMEX natural gas strip.

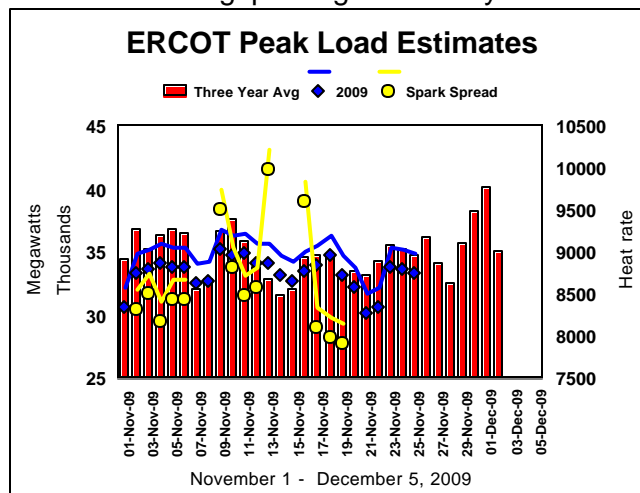
Regency Energy Partners this morning reported that it would begin building the second phase of its Logansport Gathering System expansion in December to serve the growing Haynesville Shale natural gas production area. The cost of the second phase of the project is estimated at \$40 million, which will transport gas gathered from producer's acreage in DeSoto



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
Chicago City Gate	623,700	\$3.681	(\$0.307)	(\$0.661)	(\$0.357)	(\$1.097)
NGPL- TX/OK	701,200	\$3.466	(\$0.263)	(\$0.876)	(\$0.313)	(\$1.280)
SoCal	728,000	\$3.784	(\$0.252)	(\$0.558)	(\$0.302)	(\$1.008)
PG&E Citygate	531,100	\$4.211	(\$0.409)	(\$0.131)	(\$0.459)	(\$0.376)
Dominion-South	373,300	\$3.714	(\$0.258)	(\$0.628)	(\$0.308)	(\$1.109)
USTrade Weighted	19,943,300	\$3.639	(\$0.277)	(\$0.703)	(\$0.33)	(\$1.117)

Parish to Regency's Logansport Gathering system. The project is expected to be in service by the second quarter of next year.

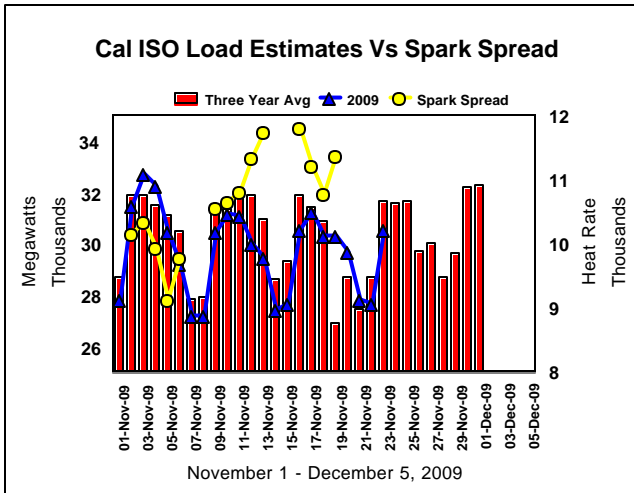
PanEurAsian Enterprises in a research study found not surprisingly a considerable under-utilization of LNG import capacity in the United States. They noted that just several years ago the National Petroleum Council was actively lobbying for expansion of these facilities, as they saw an urgent need for LNG to fill a gap being created by declines in North American natural gas production rates, At the



time the NPC was estimating that by 2010 the U.S. would need to be importing over 7.5 bcf/d of LNG to meet the shortfall from domestic production sources. It appears that in 2009 imports of LNG will average just near 1.192 bcf/d.. While the supply demand balance could quickly change once again the group said it does not seem prudent for companies to look to add to this import capacity.

Reuters reported this morning that the Seri Ayu LNG tanker is slated to arrive at Britain's Dragon LNG terminal next week

The Ukraine said it would be unable to send its stored gas to Europe if Russia completely halted

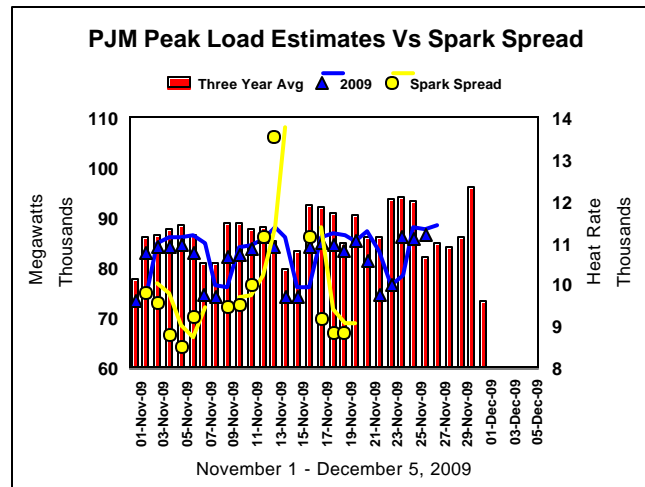


supplies. The Ukrainian ambassador to the EU did not explain why the reserves could not flow westwards in such a scenario, but some industry experts said the reserves would have to flow eastward to Ukrainian industrial customers. Meanwhile despite the Ukrainian denial that its talks with Putin this week would focus on natural gas, Moscow said the gas issue would be the center of their talks. The Kremlin today accused the Ukrainian president of blackmailing Europe on gas in response to his call for Russia to change an agreement on supplies of Russian natural gas whose terms he said were too onerous for the Ukrainian economy.

PIPELINE MAINTENANCE

Rockies Express Pipeline said that effective November 19th and until further notice it has capacity available for received quantities from Enterprise Meeker. Based on the level of nominations, interruptible transportation/authorized overrun and secondary quantities may be scheduled. The company also said it has capacity available for deliveries through Segment 650 (Rock Springs to Wamsutter) effective for today and until further notice.

NGPL said that effective for today and until further notice it has limited capacity available for deliveries to ANR South Joliet #2. Limited interruptible transportation service/authorized overrun and secondary firm transport volumes are available.

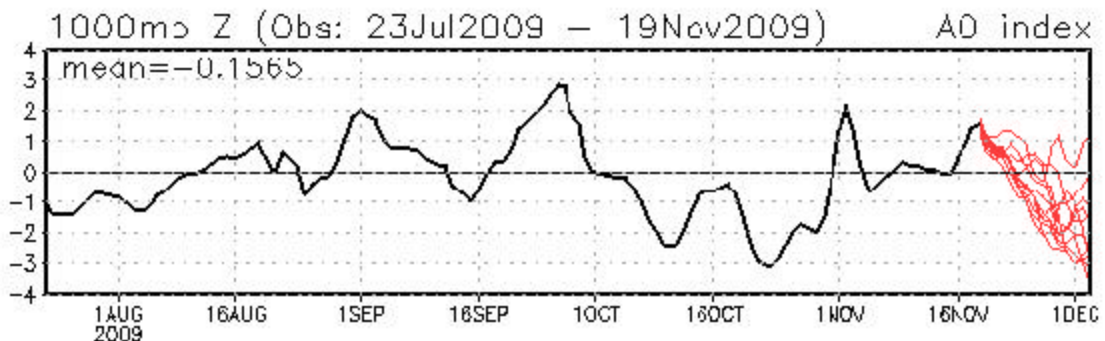


ELECTRIC MARKET NEWS

NRG Energy said today that it has applied for a patent for a new natural gas fired power plant design to make growing renewable power resources, like wind and solar more reliable. The CEO said the nation would need about 40,000 Mw of new natural gas generation to support state mandates for renewable power by 2025. Because wind and solar power are intermittent, back up generation is needed to "firm" renewable power as it becomes a larger share of the overall power supply across the country. He

estimated that about 1 Mw of firm energy capacity, like natural gas generation, is needed for every 2 Mw of generation capacity from renewable

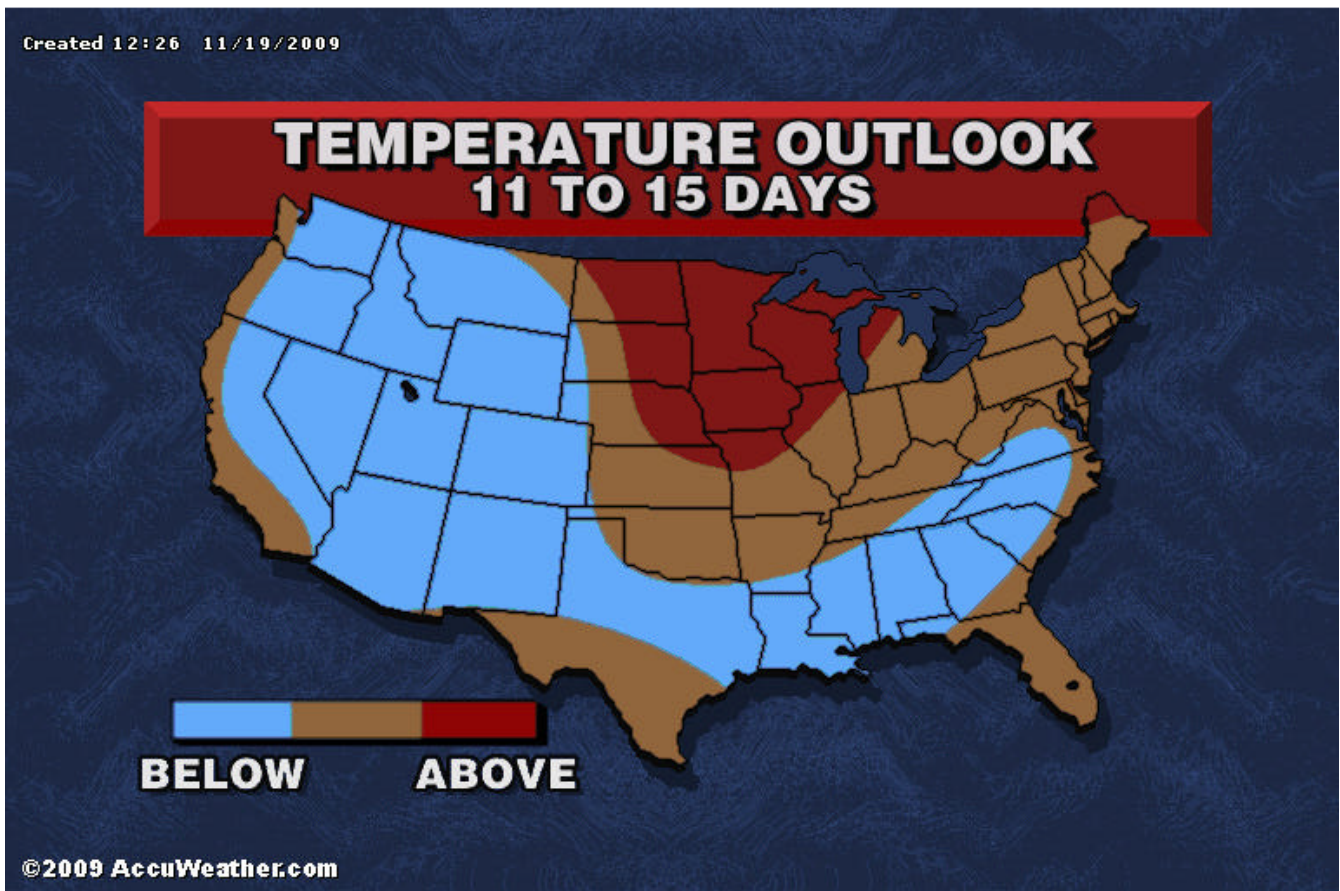
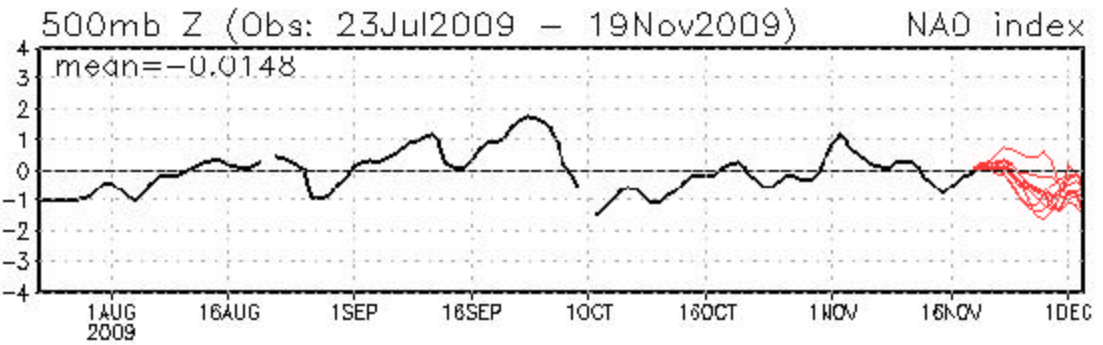
AO: Observed & ENSM forecasts



sources.

Their patent would be for a gas plant that could quickly be brought on line. He estimates their "CC-Fast" gas plant could start producing 75% of its output in just 10 minutes.

NAO: Observed & ENSM forecasts



The FERC today approved a stimulus financing agreement for the Montana-Alberta transmission line. The 230 kV line will run 214 miles from Great Falls, Montana to Lethbridge, Alberta.

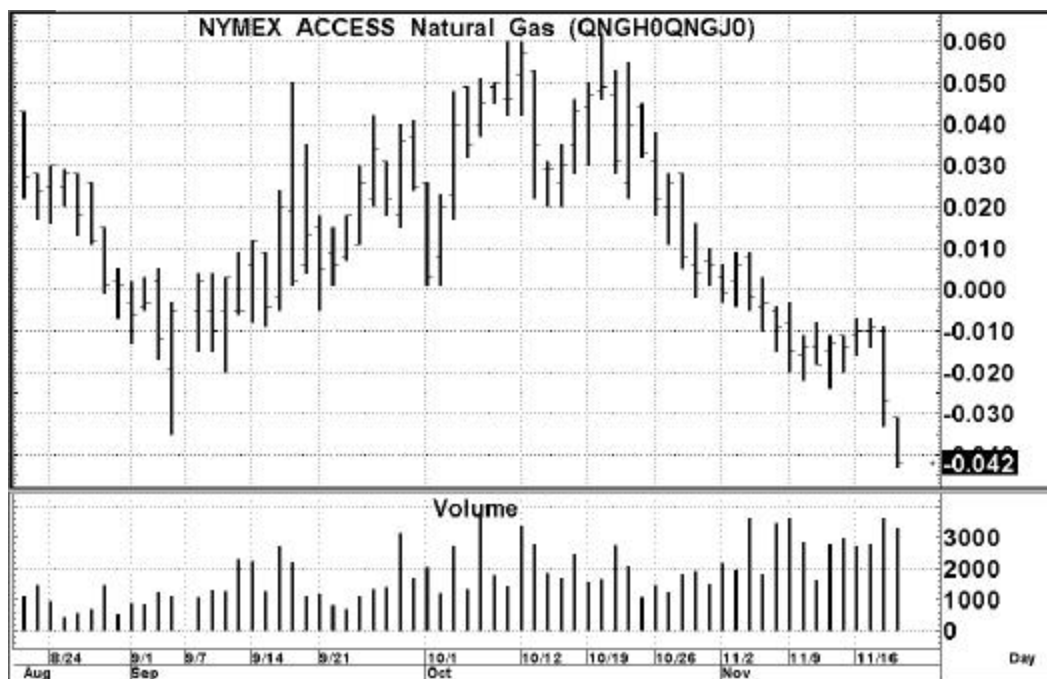
The FERC today accepted a plan by two Entergy utilities, Entergy Arkansas and Entergy Mississippi to withdraw from an operating agreement that covers five Entergy affiliates. The existing agreement seeks to equalize power production costs between the affiliates. But this became a contentious issue between state regulators in Louisiana and Arkansas several years ago when the Louisiana Public Service Commission argued successfully with the FERC that Entergy Louisiana customers were paying more for power than Entergy customers in Arkansas.

MARKET COMMENTARY

While the NOAA weather forecasts were anything but supportive, it appears the supportive forecasts coming out of Accuweather and several other private weather forecasters that starting next week colder temperatures begin to invade much of the heartland and that by December large parts of the nation could see below normal to normal temperatures, as supported by the evolving outlooks for the Arctic and North American Oscillators. While near term heating demand remains weak, as evidenced by falling cash prices at most hubs, the futures market seemed to run counter to not only the bearish move in the oil and other commodity markets, but also shook off a rather neutral to bearish inventory

report to work and finish higher on the day.

While the futures market posted gains today on a flat price basis the March 2010-April 2010 spread saw continued follow through selling of the spread pushing it down to a new contract low of a March discount of over 4 cents. Traded volume in the spread was also excellent today with over



3300 lots booked via Globex on the day.

Open interest reported at midday by the CME showed that Henry Hub futures and swaps on a combined and adjusted basis saw a decline of 7674 lots (10,000 Mmbtu size), the first decline in open interest in five trading sessions, in what can be viewed as recent longs nervously exiting the market, especially in front of today's inventory report.

We still feel that this market while over supplied is subject to the ebb and flows of the longer-range weather forecasts. We are also looking towards next week's long holiday weekend as spark for short covering by some traders. Thus we continue to look for any additional sell off in the January contract as an opportunity to be a buyer of January calls or call spreads. In the December contract we see support at \$4.21 followed by \$4.157, \$4.081 and \$4.035. More distant support we see at \$3.892. Resistance we see at \$4.364 followed \$4.418, \$4.495, \$4.536 and \$4.625. More distant resistance we see at \$4.734, \$4.857 and \$5.073.

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