



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,
& Karen Palladino
(212) 624-1132 (888) 885-6100

www.e-windham.com

NATURAL GAS & POWER MARKET REPORT FOR NOVEMBER 22, 2011

NATURAL GAS MARKET NEWS

North America

Cheniere Energy has signed its second LNG export deal with Spain's Gas Natural Fenosa. The \$9 billion deal calls for Cheniere to supply 3.5 mpta for 20 years starting in 2016. Cheniere is now closer to financing the Sabine Pass export terminal after reaching its contract capacity target of 7 mpta.

Cheniere will sell all the capacity at its Sabine Pass LNG plant by April, or 3% of US daily needs. The company plans to start construction on the \$5 billion LNG plant next year if it receives regulatory approval. The proposed plant would have 4 trains which would each have the capacity to export 4.5 mpta.

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	673,700	\$3.055	\$0.118	(\$0.336)	\$0.150	(\$0.131)
Chicago City Gate	819,900	\$3.350	\$0.062	(\$0.041)	\$0.074	(\$0.026)
NGPL- TX/OK	715,700	\$3.049	\$0.113	(\$0.342)	\$0.125	(\$0.335)
SoCal	591,800	\$3.509	\$0.205	\$0.118	\$0.217	\$0.082
PG&E Citygate	1,264,700	\$3.806	\$0.091	\$0.415	\$0.103	\$0.442
Dominion-South	640,500	\$3.204	\$0.137	(\$0.187)	\$0.149	(\$0.168)
USTrade Weighted	20,880,000	\$3.264	\$0.138	(\$0.127)	\$0.15	(\$0.131)

February is expected to decline 7.5% from last year but stay above the 30 year average.

Chevron Corp said it has tested propane as an agent for hydraulic fracturing of various shale gas wells in Colorado, a move that could potentially reduce the large amounts of water used to extract oil and natural gas.

International

Mitsubishi Corp plans to start exporting gas from Iraq to Japan by 2020 as a part of its joint venture with Shell and Iraq's South Gas-Co. The project is expected to export approximately 4 million tons of LNG a year. Mitsubishi owns a 5% stake in the project.

The Japan Bank for International Co-operation (JBIC) has agreed to give Kyushu Electric Power a \$780 million loan to help fund additional LNG imports. JBIC gas Kyushu Electric Power a \$400

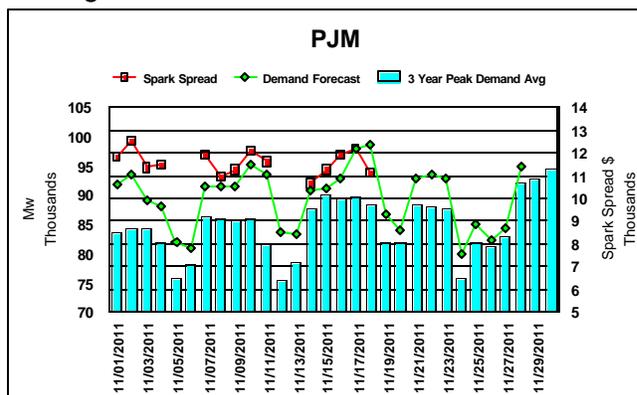
Generation Outages

ERCOT The 1290MW STP Nuclear Operating Co owned Unit 2 at the South Texas nuclear power plant started to exit an outage early on Tuesday and increased power to 15%. The unit had been shut since October 31st for planned refueling.

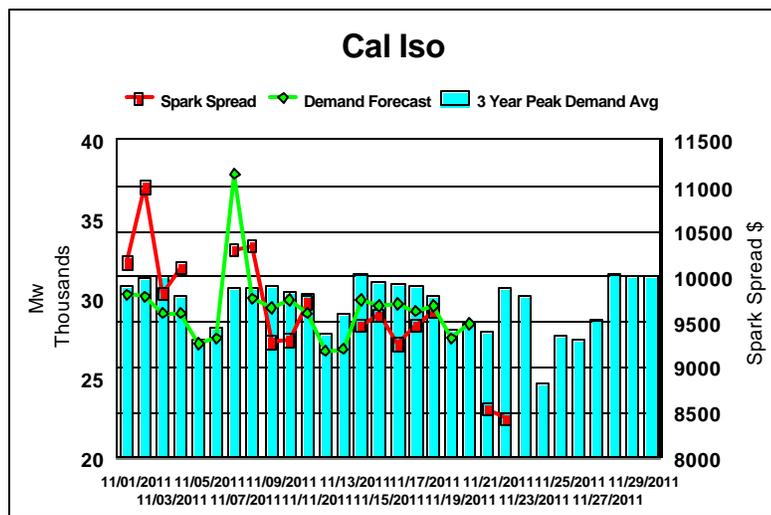
WECC- Energy Northwest's Columbia nuclear power plant ramped up to full power early on Tuesday from 85% power on Monday.

The NRC reported this morning that some 84,885 Mw of nuclear generation was online, up 0.94% from yesterday and down 3.31% from the same day a year ago.

A milder winter in the US is expected to weaken demand for natural gas. Both private weather forecasting services, WSI and CWG released revised warmer than normal forecasts in the past 24 hours. Demand for heating from December through



million loan on November 15th to help the company finance its investment in the Wheatstone LNG project.

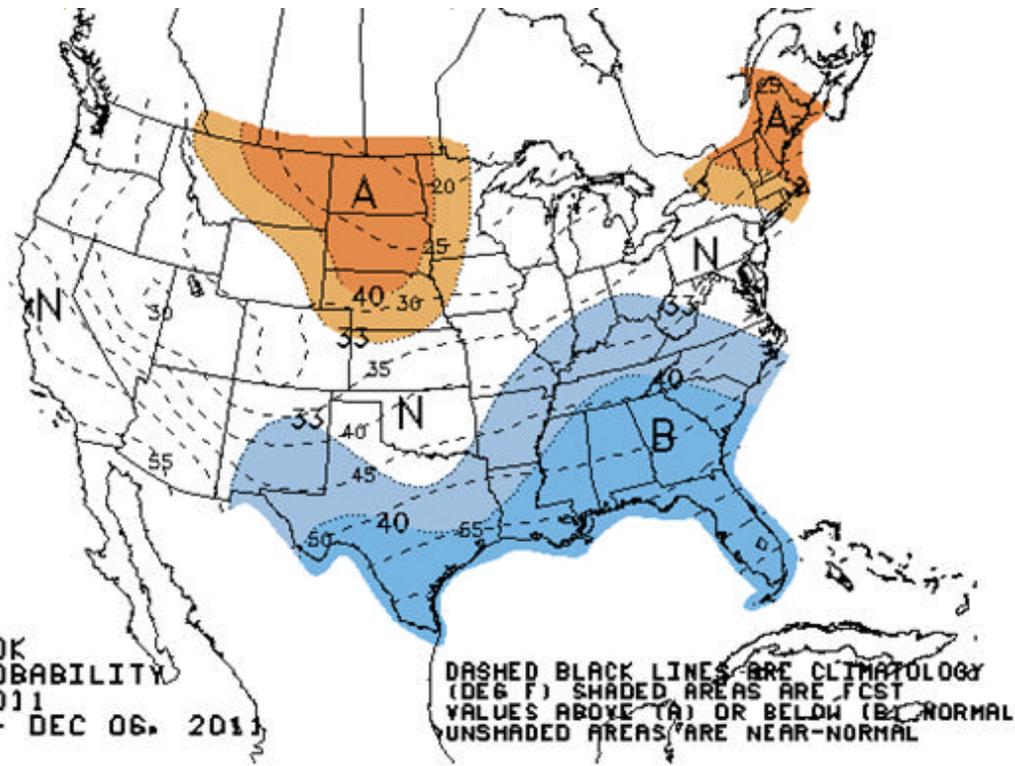


PetroVietnam’s gas unit PV Gas is looking to import LNG supplies from Queensland and Qatargas. PV Gas is expected to sign a deal with the Queensland state government so secure supplies in December. PV gas is planning to build a 1 million mt/year LNG import terminal that is expected to open in 2014 and a 3 million mt/year facility that is expected to open in 2014.

Egypt’s East Mediterranean Gas Company (EMG) resumed natural gas deliveries on Monday nine days after deliveries were stopped due to an attack on pipelines in northern Sinai.

Electric Market News

The NRC cited safety issues at Entergy Corp Nuclear plants in Louisiana and Massachusetts on Monday. The company’s Waterford station was cited for problems stemming from an unplanned radiation exposure to workers in 2009. The NRC plans to determine appropriate follow-up actions to make sure the issue does not arise again. The company’s Pilgrim plant in Massachusetts was cited after in incurred a problem during its start up in May. The NRC’s findings determined that it was human



error and finalized its ‘white’ inspection findings.

Economic News

The US Commerce Department reported that corporate profits in the US increased even as the economy grew less than initially thought during the third quarter. GDP grew at an inflation adjusted annual rate of 2% in the third quarter. While still the strongest performance of the year, the Commerce Department's second estimate of GDP is lower than the previous estimate of 2.5%. A downward revision to inventory investment cut the GDP number. It also reported that the price index for personal consumption expenditures increased by 2.3% in the second quarter compared with a previous estimate of 2.4%. The core PCE Price Index increased 2% from the previous quarter. Similarly, the price index for gross domestic purchases was lowered to 1.9% from 2%. The chain weighted GDP price index was unrevised at a 2.5% gain.

The International Council of Shopping Centers and Goldman Sachs reported that US chain store sales fell 0.9% in the week ending November 19th to 517.8.

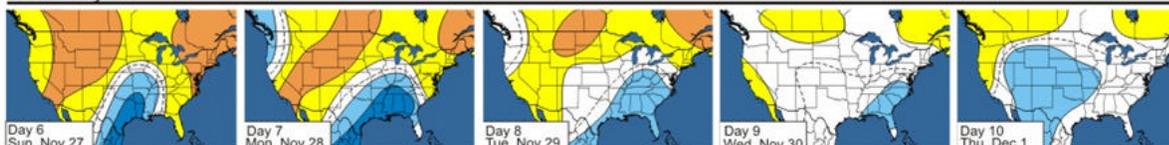


© Copyright 2011. Commodity Weather Group. All Rights Reserved.

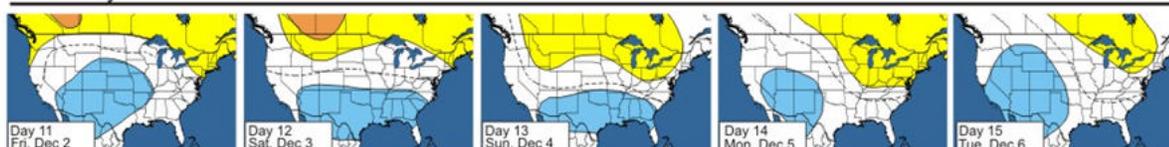
1-5 Day



6-10 Day



11-15 Day



Market Commentary

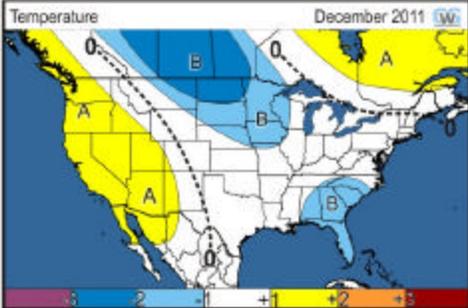
The natural gas market settled in positive territory for the second consecutive session ahead of the release of the EIA's natural gas report on Wednesday. The market traded higher early in the session to a high of \$3.455 in follow through from Monday's gains. It was supported by weather forecasts calling for cooler temperatures. Private forecaster MDA EarthSat said temperatures were likely to drop across much of the US over the next 11-15 days. The market however erased its gains and sold off to a low of \$3.362 by midday. It later bounced off its low and traded back above the \$3.40 level ahead of the close. The natural gas market settled up 1.6 cents at \$3.415.

The EIA's natural gas inventory report, due on Wednesday at noon, is expected to show a modest increase in stocks of 19 bcf. The storage estimate is above last year's 7 bcf draw in storage for the same week and a 7 bcf five year average draw for the week.

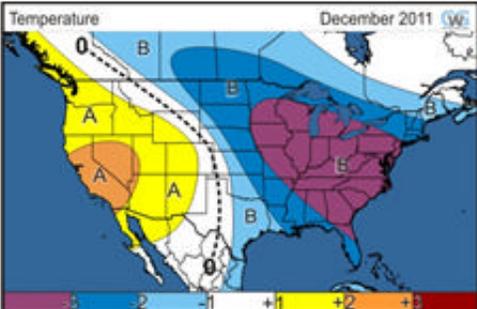
The natural gas market on Wednesday will remain range bound ahead of the report. The market's gains are seen remaining limited as temperatures are expected to remain average in the near term.

Technically, the market is seen finding resistance at its high of \$3.455, \$3.459, \$3.504 and \$3.552. Support is seen at its low of \$3.362, \$3.318, \$3.285 and \$3.273.

Latest December Forecast



Previous December Forecast



The information contained in this letter is taken from sources, which we believe to be reliable, but is not guaranteed by us as to accuracy or completeness and is sent to you for information purposes only. The Windham Group bases its market recommendations solely on the judgment of its personnel. Reproduction in whole or part or other use without permission is prohibited.