



## ENERGY RISK MANAGEMENT

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### NATURAL GAS & POWER MARKET REPORT FOR NOVEMBER 24, 2009

#### NATURAL GAS MARKET NEWS

The economic news remained mixed today. While the consumer confidence index released at mid morning showed an unexpected increase to 49.5 in November up from a slightly revised lower number for October at 48.7. Meanwhile the U.S. Commerce Department reported earlier in the morning that they were revising lower its estimate for the third quarter GDP, due to strong imports and weak investment in nonresidential structures. The 3Q2009 GDP was estimated at 2.8% growth, rather than the 3.5% pace of growth it had been estimated at in October. But this was still the fastest pace of economic expansion since the third quarter of 2007.

Private weather forecaster WSI Corp said today that they see the next three months as being cooler than normal in the East and South Central U.S. with above normal temperatures dominating the West and North Central states. Overall the forecasters were looking for natural gas heating demand to be basically the same as last year.

#### Generator Problems

**NPCC** – OPG's 494 Mw Lambton #4 coal fired unit returned to service this morning.

**PJM**- FirstEnergy's 846 Mw Beaver Valley #2 nuclear unit was in hot shutdown this morning. It appeared the unit, which had been off line since October 12 for refueling had been close to returning to service before a leak was discovered in the coolant system.

**SERC** – Southern's 883 Mw Hatch #2 nuclear unit ramped up to 94% power early Tuesday, up 34% from yesterday.

**ERCOT** – Luminant's 750 Mw Martin Lake #3 coal fired unit was expected to be restarted today following its shutdown late last week due to a malfunction with a boiler tube leak.

**MISO** – The Wolf Creek nuclear unit ramped up to 95% power this morning up, up 46% from early Tuesday.

Xcel Energy's 538 Mw Prairie Island #1 nuclear unit was ramping up to 28% power this morning, after being restarted yesterday.

Exelon's 1138 Mw LaSalle nuclear #1 unit was back at full power this morning. This was up 9% from yesterday.

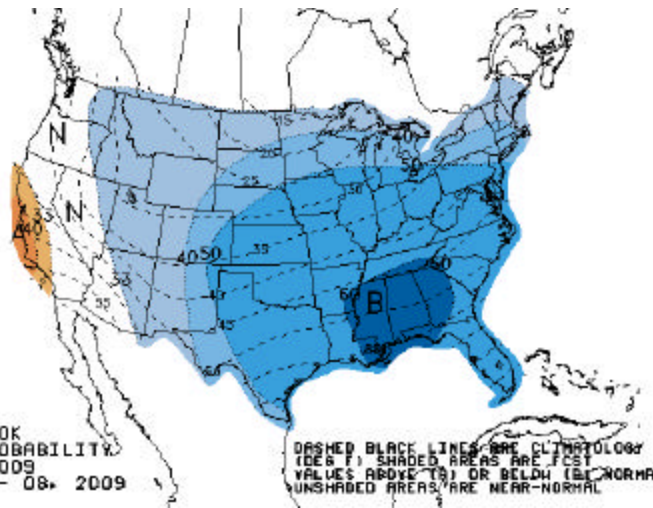
**The NRC reported today that 83048 Mw of nuclear generation was on line this morning, up 1.4% from yesterday, and off some 6.13% less than the same time a year ago.**

The Al Aamriya LNG tanker is expected to arrive at Belgium's Zeebrugge terminal on December 9<sup>th</sup> coming from Qatar.

Bloomberg reported that Gazprom may have to divert "significant" finances to cover Russian customs payments amid a dispute over new rules on declaring gas exports. Since April

Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
<u>Location</u>	<u>Traded</u>	<u>Price</u>		(As of 12:30 PM)		<u>Moving Avg</u>
Henry Hub	626,400	\$3.625	(\$0.161)	(\$0.786)	(\$0.163)	(\$0.713)
Chicago City Gate	627,400	\$3.797	(\$0.164)	(\$0.613)	(\$0.106)	(\$0.667)
NGPL- TX/OK	610,500	\$3.545	(\$0.170)	(\$0.865)	(\$0.112)	(\$0.888)
SoCal	696,400	\$3.808	(\$0.100)	(\$0.602)	(\$0.043)	(\$0.634)
PG&E Citygate	545,200	\$4.574	(\$0.193)	\$0.164	(\$0.135)	\$0.012
Dominion-South	299,200	\$3.818	(\$0.259)	(\$0.592)	(\$0.201)	(\$0.630)
USTrade Weighted	18,188,000	\$3.723	(\$0.221)	(\$0.687)	(\$0.16)	(\$0.713)

custom inspectors have required declarations for gas supplies at the border, rather than upon final delivery to Europe. Inspectors have demanded full payment based on the so-called temporary declarations and charged penalties since September. If the new rules stand Gazprom would have to pay an additional \$13.2 billion in customs duties and fines this year and next.



8-14 DAY OUTLOOK  
TEMPERATURE PROBABILITY  
MADE 24 NOV 2009  
VALID DEC 02 - 08 2009

**PIPELINE MAINTENANCE**

SONAT said that there will be no outage at the receipt point Petronova-Wattsville on its Gadsen Branch 10 inch line.

Tennessee Gas Pipeline said the emergent repair required to remove liquids from station

703A in Mansfield, Louisiana has been resolved and the station has returned to normal operating conditions.

Dominion Transmission reported that it expected the Corwell facility, which has been down since April, will remain offline through December as operators work on replacing the plant's main bearings.

**PIPELINE RESTRICTIONS**

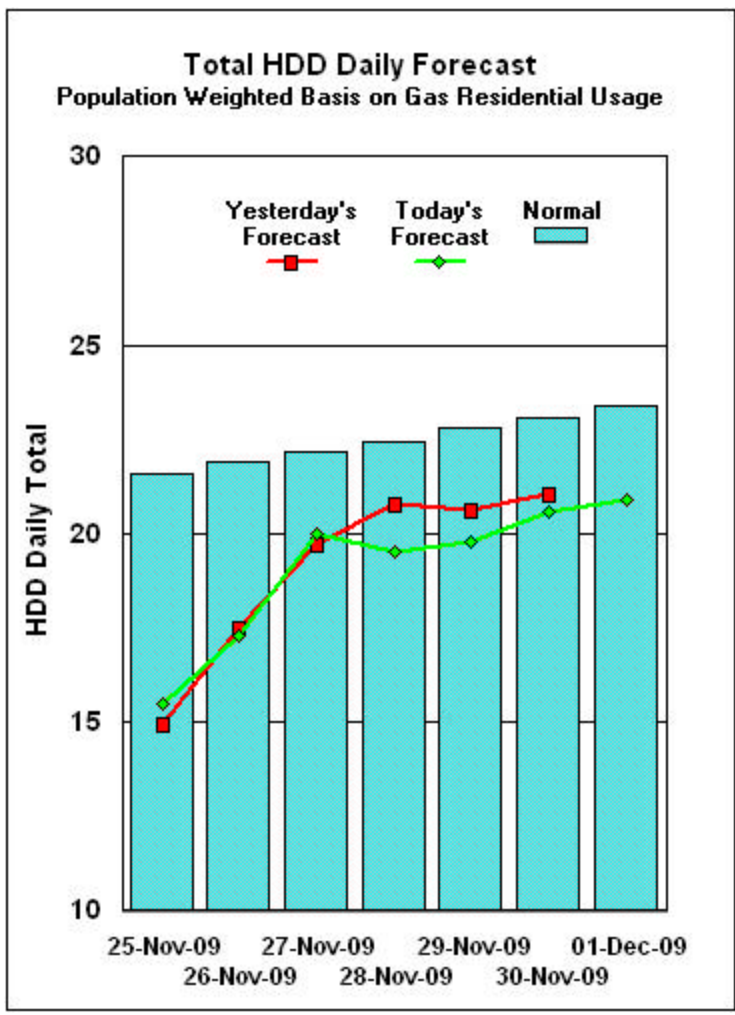
Southern California Gas declared an OFO for today which will limit all receipt point nominations for Intraday 1 and 2. A 10% tolerance was set.

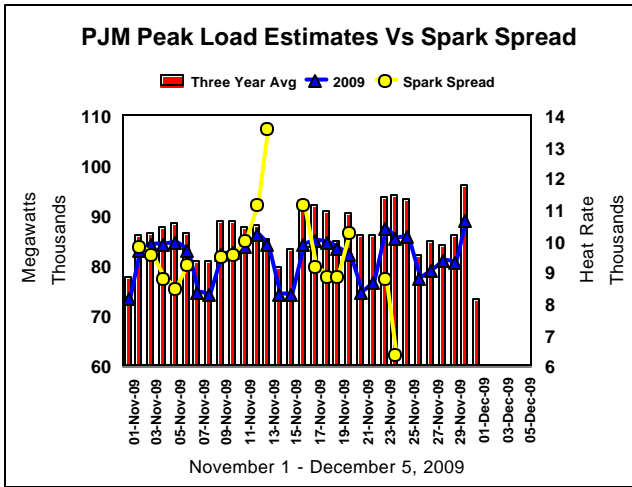
**ELECTRIC MARKET NEWS**

Coal stockpiles at U.S. power plants were estimated by Genscape to have grown 1% this week from last week and were 11.9% above year ago levels. These stocks equated to a forward supply of 71 days.

PG&E Corp said it will seek to renew licenses for its Diablo Canyon nuclear plant for an additional 20 years.

California released preliminary draft regulation for greenhouse gas cap and trade scheme. It looks to begin the program in 2012 with the largest CO2 emitters participating. The program would look to limit offsets to 4% of a facility's emissions. Regulators would look to an advisory panel to set cap and trade auctions and allowances. State officials would look for the state's plan to "join up" with an eventual federal plan. Regulators estimate that the CO2 cost would be in \$10 per ton range





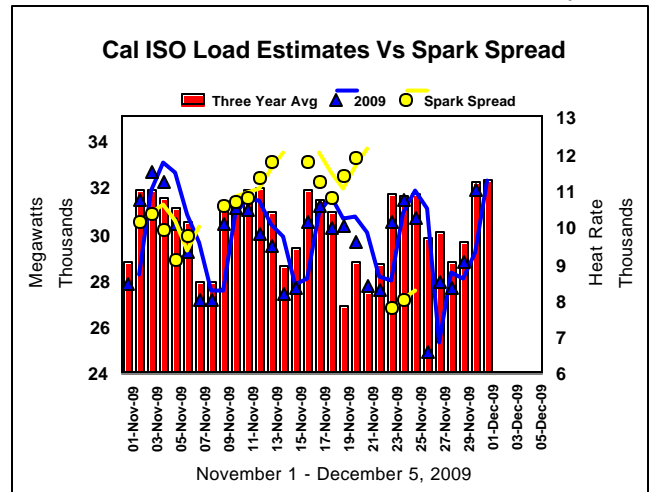
initially based on other programs.

The Department of Energy today awarded some \$620 million to projects around the country that will support a smarter and more reliable electric grid. These awards are on top of the \$3.4 billion in smart grid grants awarded last month by the Obama administration. The latest round of grants will help pay for 32 demonstration projects involving large-scale energy storage, smart meters, transmission system monitoring devices.

**MARKET COMMENTARY**

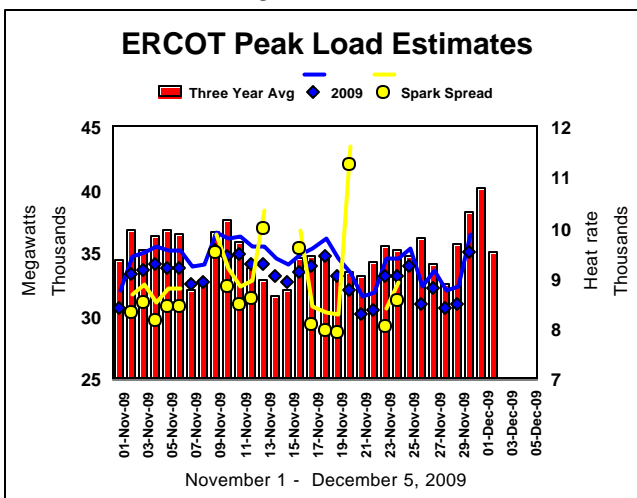
The cash market was relatively weak today as near term moderate temperatures coupled with expected poor commercial and industrial demand due to the holiday period kept many players on the sidelines. This lethargic mood seemed to spill over into the futures market which was basically in a

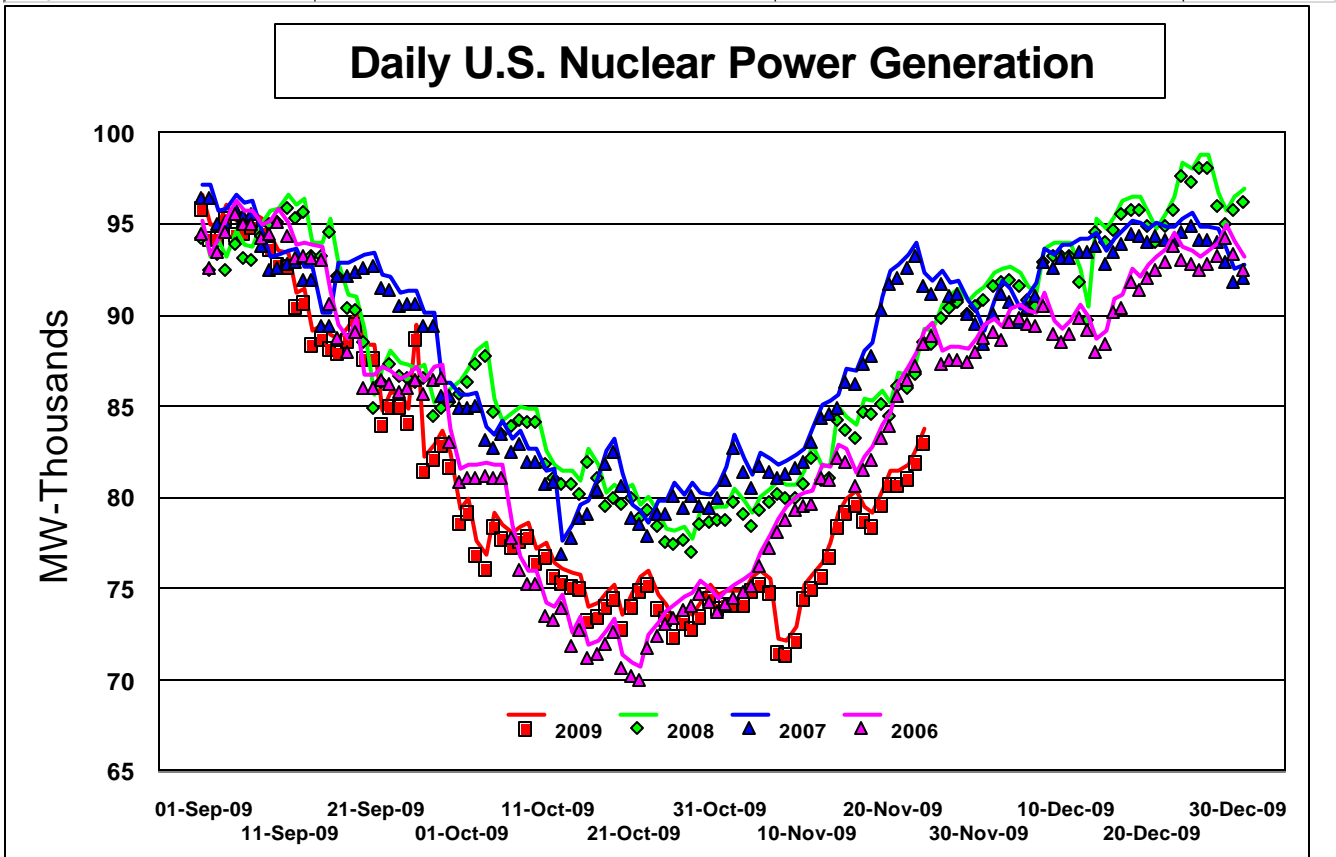
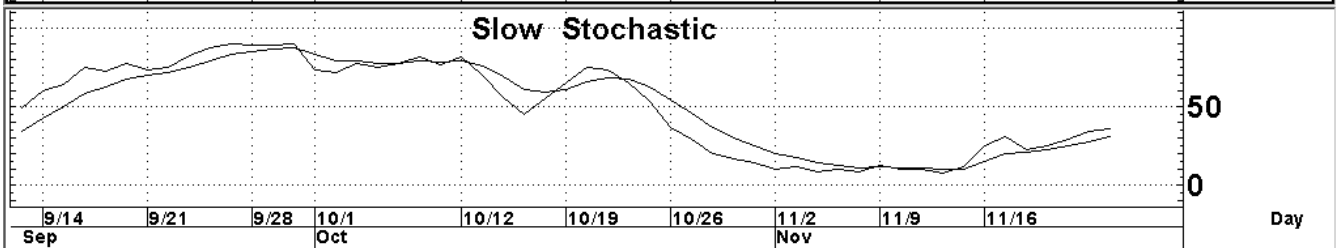
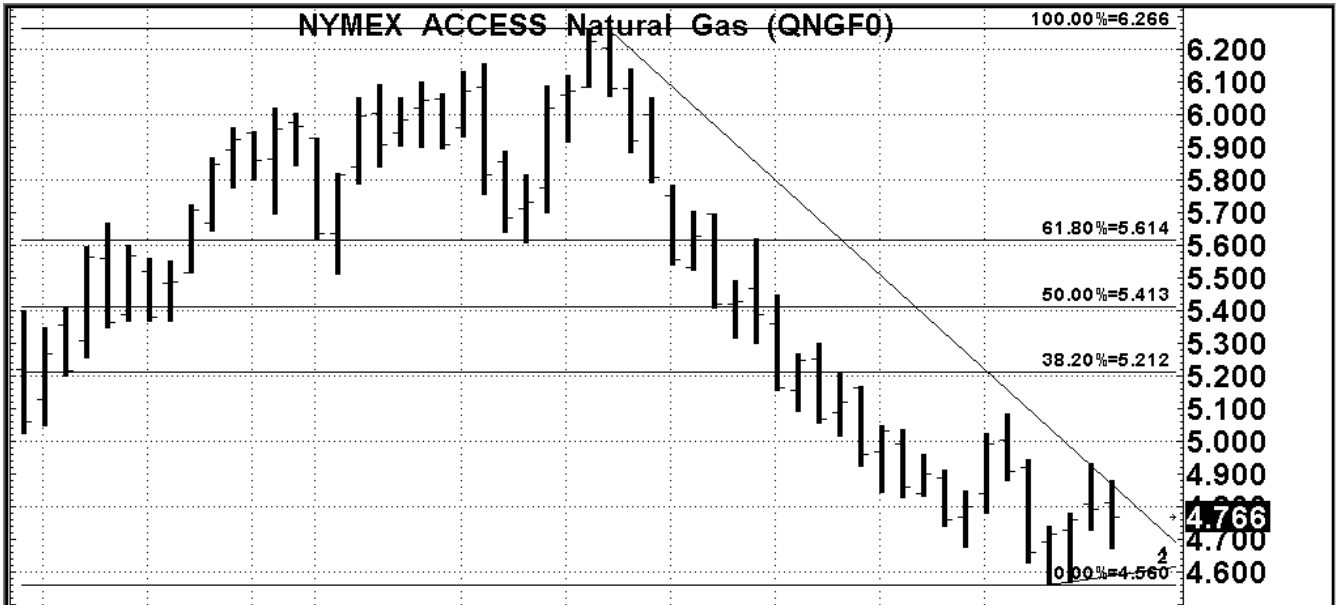
sideways 5-10 cent trading range for much of the morning and early afternoon. There appeared to be a burst of late short covering though in the final hour of trading that sent prices jumping by 15 cents only to see these gains given back by the close. The December contract finished the day up 1.3 cents while the January and nearby back months were off several cents. Speculative volumes appeared very light today as the UNG ETF saw only 16 million shares traded the lighted volume day since October 27<sup>th</sup>.



With January starting out tomorrow as the new spot contract we would look for it to be critical for the bulls to breach initial resistance at \$4.816 and allow prices to break out of the downward channel of the past month. Given the continued consensus between forecasting models that in fact colder than normal temperatures are headed towards the

eastern two thirds of the nation in the 6-10 and 11-15 day forecasts this we feel should be achievable. We would look for other key resistance points at \$5.084, \$5.15, \$5.212 and \$5.413. Support we see at \$4.596, \$4.56, \$4.157, \$4.119 and \$4.035.





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