



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR NOVEMBER 25, 2009

NATURAL GAS MARKET NEWS

The Commerce Department reported this morning that U.S. durable goods orders fell an unexpected 0.6% in October versus a market expectation of a gain of 0.5%. Meanwhile U.S. consumer spending rose 0.7% in October versus a 0.6% decline in September.

The Department of Labor reported that initial claims for jobless benefits declined by 35,000 to 406,000 in the week ending November 21st, with the prior week's level being revised downward by 4,000 to 501,000. This week's number is the first time since January that initial claims have fallen below 500,000 on a weekly basis.

ConocoPhillips said this morning it is finalizing plans to re-export a cargo of LNG from the Freeport LNG terminal in Texas sometime in early December. Later in the day Citigroup confirmed it had purchased a cargo of LNG from ConocoPhillips which will be loaded and re-exported from the Freeport terminal next month. One of the two cargoes expected to be exported next month.

Chesapeake Energy and its joint venture partners Statoil and Sasol said today that they had launched an effort to explore for shale gas in the Karoo Basin in South Africa.

EIA Weekly Report

	11/20/2009	11/13/2009	Change	11/20/2008
Producing Region	1211	1208	3	966
Consuming East	2099	2101	-2	1997
Consuming West	525	524	1	468
Total US	3835	3833	2	3431

*storage figures in Bcf

the Cameron LNG terminal in Louisiana from Qatar on Thursday. The Methane Nine Eagle LNG tanker was expected to arrive at the Elba Island terminal later today from Egypt.

Baker Hughes reported this afternoon that for the week ending November 25th the number of rigs looking for natural gas in the United States jumped by 22 rigs to 748. This was the highest level since April 17th.

Generator Problems

SERC – TVA's 1126 Mw Sequoyah #2 nuclear unit exited its refueling outage and was at 24% power this morning. The unit has been off line since October 26th.

ERCOT – Luminant's 750 Mw coal fired Unit #2 at the martin Lake power plant was expected to be restarted late this morning and potentially be back on line by this evening. The company also planned to restart the 750 Mw Unit #3 by November 25th.

MISO – Xcel Energy's 551 Mw Prairie Island #1 nuclear unit ramped up to 64% power by early Wednesday. The unit had been at 28% power yesterday.

NextraEra Energy's 514 Mw Point Beach #1 nuclear unit returned to full power this morning, up 50% from yesterday.

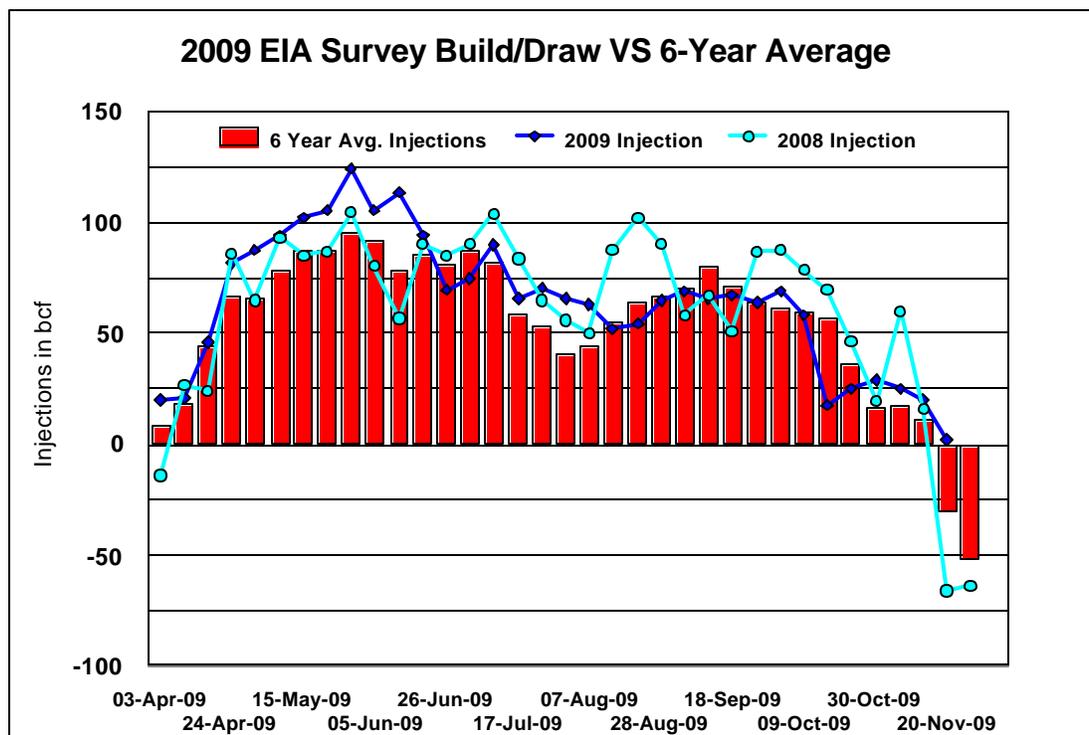
The NRC reported today that 83,792 Mw of nuclear generation was on line this morning, up 0.9% from yesterday, and off some 6.8% less than the same time a year ago.

Shareholders of the EnCana Corp overwhelmingly approved the split of the company into separate oil and natural gas businesses.

Reuters was reporting this morning the Al Oraiq LNG tanker was expected to arrive at

The Al Kharaitiyat LNG tanker is scheduled to arrive at Britain's South Hook terminal on December 1st.

Eni said today that it was interested in a project to build a pipeline that would carry gas from Turkmenistan through Afghanistan to India and Pakistan. But currently there is no aggressive plan to pursue it.

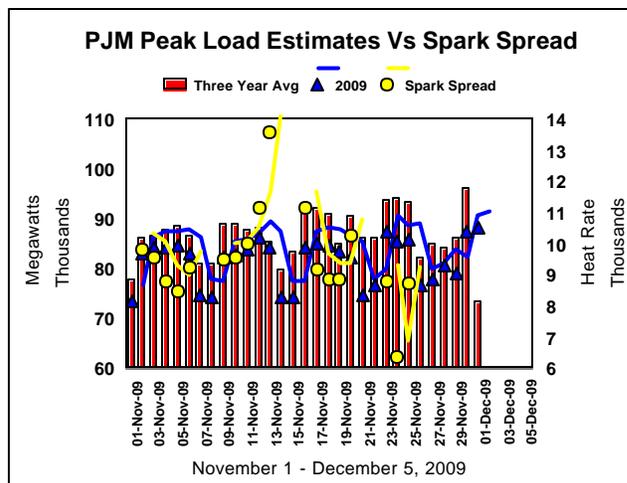


India reported that its October natural gas production reached 4,082 billion cubic meters, up 44.2% from a year ago.

The Chinese government announced that the industrial city of Wuhan will invest \$29.29 million to build a LNG storage facility in response to the gas

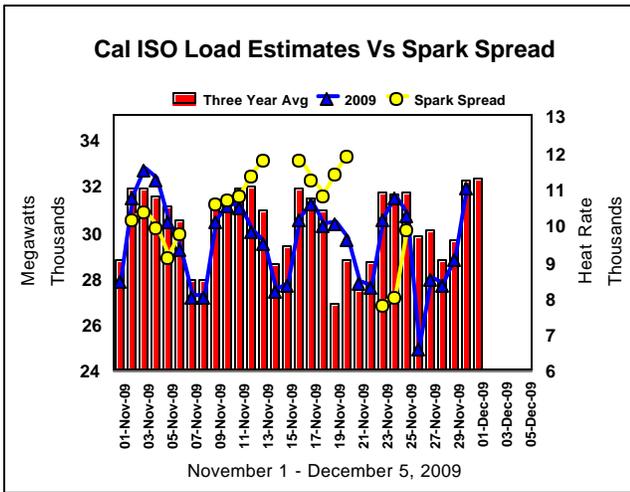
shortages that have plagued the area. The facility would have the ability to supply 20 million cubic meters of gas or around 10 days of average consumption. Officials hoped to bring the facility on line before the summer of 2010. Construction is expected to begin in mid-February 2010. Government officials are also starting to plan a second phase of the project, which would boost capacity to 40 mcm and would be operational by next winter.

The head of Austria's OMV AG said today he does not see the pricing and transit dispute between Russia and the Ukraine will be settled before final investment decisions are made on competing pipeline projects such as the South Stream and Nabucco pipelines are announced. And construction has started. He noted that Russian Prime Minister Putin's suggestion that Western Europe pick up the Ukraine's unpaid gas bills offers no solution to the problem between the two countries. He said that once the Ukraine has to fight for its market share of the transit gas will the issue be finally solved. He noted that gas transit makes up a considerable part of the Ukraine's gross domestic product.



Australia's Woodside Petroleum said yesterday that they see demand for LNG in Asia-Pacific region picking up and it expects the recovery in demand will outstrip the pace of supply growth in the region. It sees the market will be rebalanced and significantly tighten after 2012.

The Chinese National Development and Reform Commission has notified Chinese domestic natural gas producers to operate at high rates and increase imports of natural gas to help ease a shortage of natural gas for the country. Supplies have been depleted by the cold snap that hit much of the country this month. Residences will get access to the gas first followed by industrial customers China National Petroleum said it is looking to buy at least 500,000 metric tons of LNG in the global spot market or eight cargoes, more than the 433,946 imported last month.



PIPELINE RESTRICTIONS

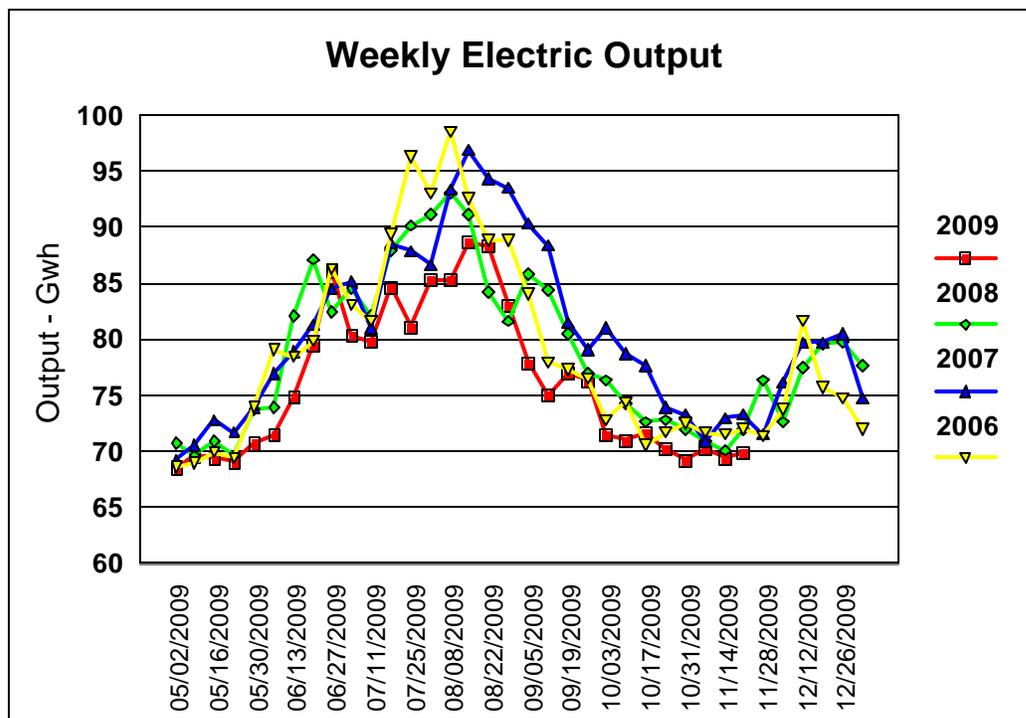
NGPL said that effective for the gas day November 25th and continuing until further notice NNG Mills is at capacity for deliveries. Interruptible transportation service/authorized overrun and secondary firm transports are at risk of not being fully scheduled.

Sonata said that based on current supplies and anticipated demand it expects storage requirements Thursday to exceed storage injection capacity by 200,000 Dth/d. The company said that unless it sees a significant reduction in supply on the timely cycle for Thursday, it will implement a Type 6 OFO for long imbalance. It also said that based of forecasts for this weekend, it was highly likely it could implement a Type 6 OFOF for long imbalances starting on Thursday as well.

PG&E has issued a system wide OFO for November 25th due to high inventory. The company set a 5% tolerance.

ELECTRIC MARKET NEWS

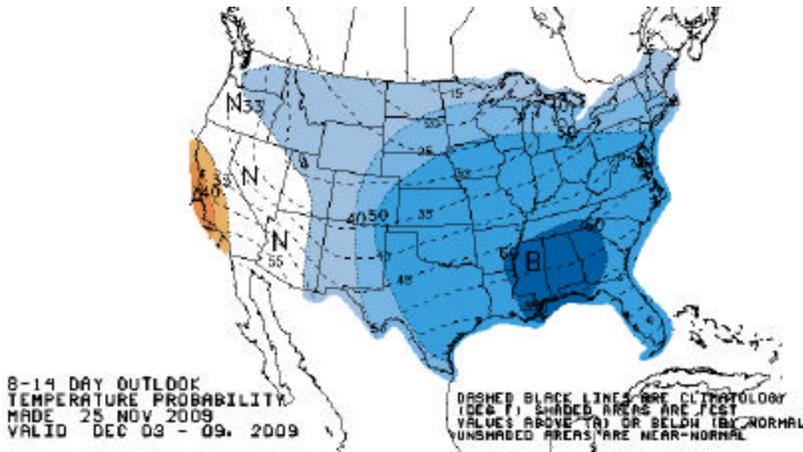
The IEA said the planned CO2 emissions cuts by the United States are a step in the right direction, but more needs to be done. The U.S. is expected to offer a 17% reduction in green house gas emissions by 2020 from 2005 levels when it attends the UN Climate Change conference at Copenhagen in December.



The Edison Electric Institute reported that U.S. power production for the week ending November 21st stood at 69,972 Mw, up 0.8% from the previous week by 9.2% less than the same week a year ago.

The EIA reported that U.S. coal production for the week ending November 20th reached 20.9 million short tons. This was 1.7% higher than the prior week but some 9.5% lower than the same week a year ago.

NRC approved PPL's request to extend the license for Units #1 and #2 at the Susquehanna nuclear power plant.



MARKET COMMENTARY

The natural gas market saw steady price inflation throughout the trading day. This morning when prices were able to finally breach the upper trend line of the downward channel at \$4.816 it sparked a steady pace of buying throughout the trading session as it appeared nervous shorts were exiting positions in front of a long holiday weekend during which forecasters were calling for colder temperatures to finally to begin to return to the nation. Today's price rally came within a few pennies of the 38% retracement of the whole sell off of the past month.

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Given the extent of today's rally we feel that the January contract maybe can continue it rebound early next week as well and as a result would hold off buying put spreads or establishing an outright short until prices have moved into the \$5.50-\$5.60 level.

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