



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR DECEMBER 3, 2009

NATURAL GAS MARKET NEWS

Spectra Energy's Maritimes U.S. and Maritimes Canada subsidiaries notified customers late Thursday that natural gas production from the Sable Offshore Energy Project had been decreased. The pipelines though on Friday notified customers that production was expected to return to near normal levels later on Friday. ExxonMobil the operator of the project had not commented on the matter. The project produces between 400-500 million cf/d and 20,000 barrels per day of NGLs.

Baker Hughes reported this afternoon that for the week Ending December 4th, the number of drilling rigs searching for natural gas in the United States stood at 748 unchanged from last week.

The U.S Department of Labor this morning surprised the market by reporting that the U.S. unemployment rate decline by 0.2% on the month falling to 10%. It estimated that non-farm payrolls contracted by only 11,000 versus a market expectation of a 130,000 jobs loss. The Department of Labor also revised last month's job loss to just 111,000 jobs versus its original estimate of 190,000. Meanwhile the Commerce

Generator Problems

NPCC –OPG's 490 Mw Units #2 and #3 at the Nanticoke coal fired power plant were shut early Friday, while Unit #6 returned to service. Unit #6 had been out of service since October 23rd.

PJM – PPL Corp has returned production to 89% power at its 1150 mw Susquehanna #2 nuclear unit. The unit was at 80% power yesterday.

FRCC – FPL continues to warm up its 693 Mw Turkey Point #4 nuclear unit. The unit was at 3% power up 1% from yesterday.

MISO – Exelon's 912 Mw Dresden #2 nuclear unit has reconnected to the grid and was at 24% power up 3% from yesterday.

WSCC – TransAlta 406 Mw coal fired Unit #5 at the Sundance power plant returned to service on Thursday.

APS was forced to shut down its 1270 Palo Verde #3 nuclear unit Thursday after an equipment fault caused a manual trip. The unit had been at full power.

ERCOT & SPP – Entergy's 1218 Mw Waterford nuclear unit remained offline but was at 16% power this morning. Yesterday the unit was at just 1% power.

Luminant's 575 Mw Big Brown #2 coal fired unit was expected to be restarted today.

The NRC reported today that 86,034 Mw of nuclear generation was on line this morning, down 0.2% from yesterday, and off some 6.1% from the same time a year ago.

Department reported that new factory order increased by 0.6% in October. Market expectations had been for this to remain unchanged. In addition the government

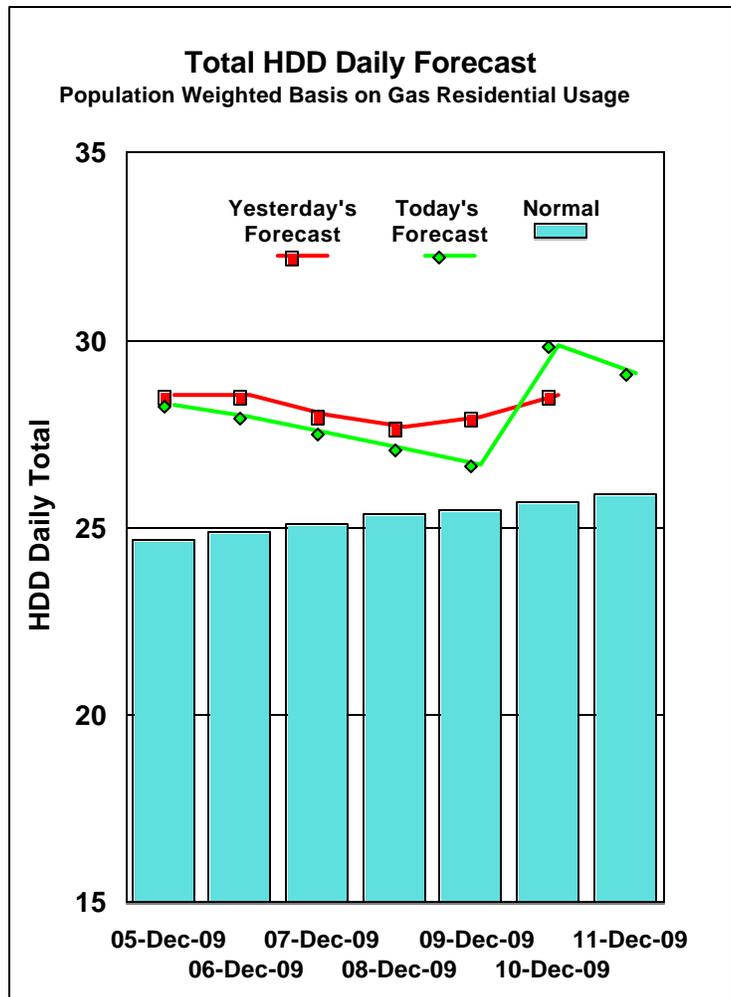
Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
Location	Traded	Price		(As of 12:30 PM)		Moving Avg
Henry Hub	762,600	\$4.530	(\$0.497)	(\$0.094)	(\$0.116)	(\$0.017)
Chicago City Gate	699,900	\$4.779	\$0.011	\$0.155	(\$0.136)	\$0.069
NGPL- TX/OK	557,500	\$4.487	(\$0.013)	(\$0.137)	(\$0.160)	(\$0.197)
SoCal	690,800	\$4.840	(\$0.018)	\$0.216	(\$0.165)	\$0.183
PG&E Citygate	612,800	\$5.243	\$0.011	\$0.619	(\$0.136)	\$0.627
Dominion-South	223,000	\$4.801	\$0.136	\$0.177	(\$0.011)	\$0.017
UStTrade Weighted	19,562,700	\$4.683	\$0.031	\$0.059	(\$0.12)	(\$0.017)

raised its estimate for September, showing 1.5% improvement versus a 0.9% gain originally reported.

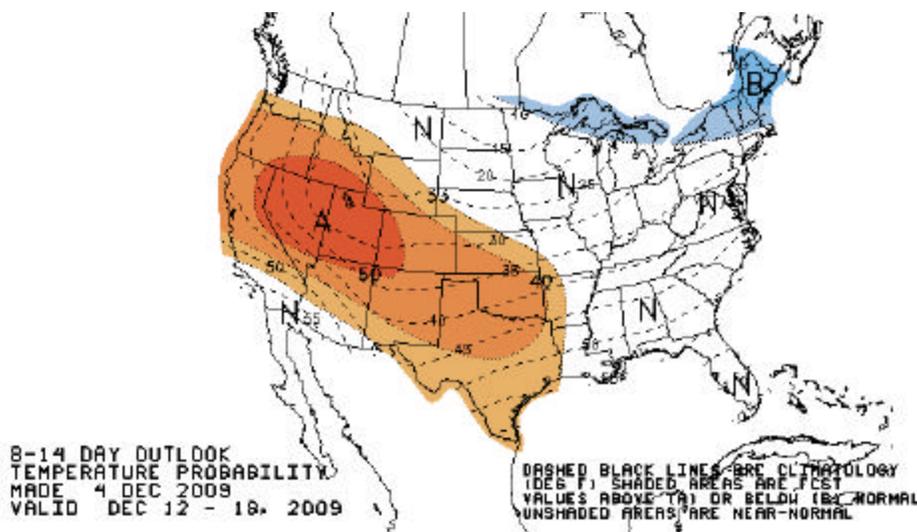
The FERC yesterday authorized Port Dolphin Energy to construct and operate a 3.93-mile onshore pipeline that would carry regasified LNG from its proposed deepwater LNG port 28 miles offshore Tampa Bay.

Qatar's oil Minister said today the Gas Exporting Countries Forum meeting next week will discuss ways of stabilizing natural gas prices. He noted though that limiting the supplies in most of the contracts is impossible because they are long-term contracts.

Enterprise Product Partners said that it is moving forward with the construction of two pipeline projects that are expected to provide more than 200 MMcf/d of incremental transportation capacity for natural gas production from the Eagle Ford Shale formation in the first quarter of next year. The company sees that NGP production from the Eagle Ford Shale will place additional price pressure on the NGL market in South Texas. The company said the project is on pace to be in operation by the 2Q2010.



Naftogaz said it has paid on time and in full its bill for Russian gas imports in November. The bill was for \$770 million. Meanwhile the Ukrainian president said today the Ukraine would ensure that Russian gas flow to the European Union this winter.



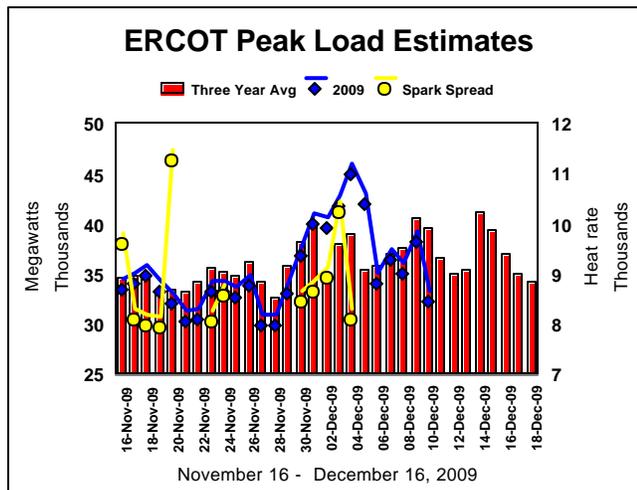
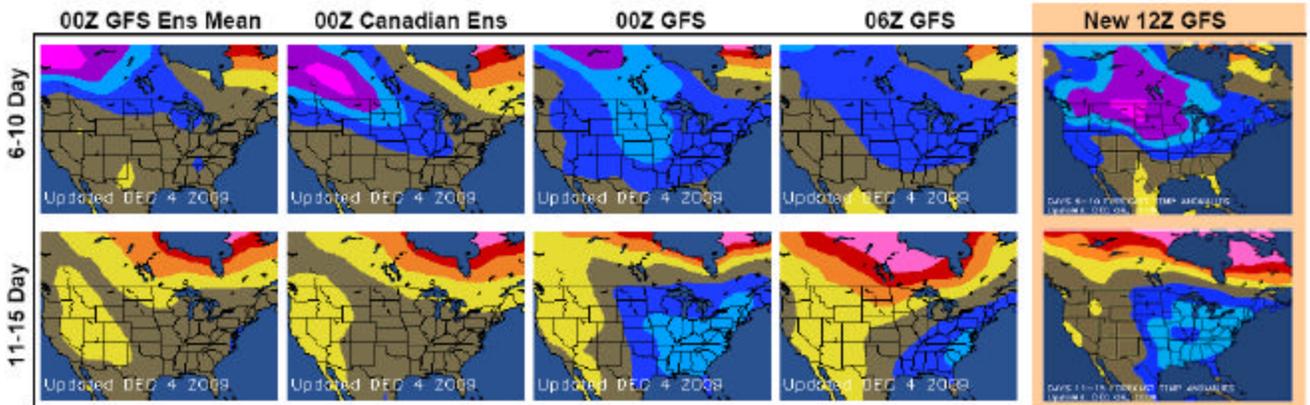
PIPELINE MAINTENANCE

TransCanada announced an investigation of the NPS 20 Peace River Mainline pipeline between the Dryden and Meikle compressor stations is required. Effective December 15th at 8 am MST, the Segment 1 capability will be restricted to 3500 MMcf/d, which would be 88.7% of the firm service. The completion of the work is expected by December 17th, but could last longer, the company warned.

PIPELINE RESTRICTIONS

FGT said it is not accepting delivery of gas from Northern Natural Gas Pipeline at their Refugio point due to high moisture content. The delivery point with Houston pipeline is not affected by the high moisture gas and continues to be available for nominations.

Forecast Model Comparison



less than a year ago.

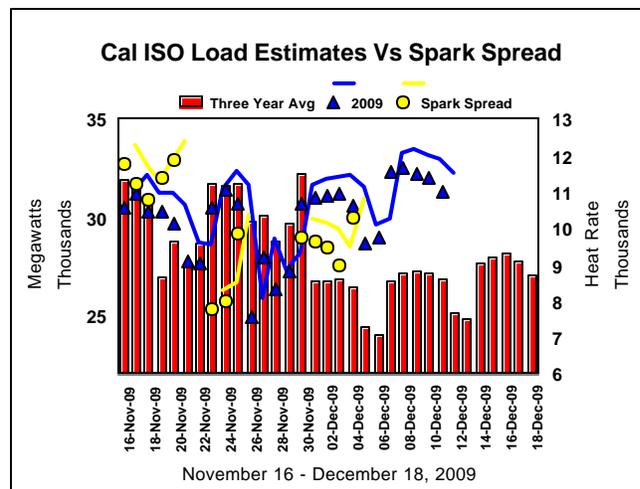
The Regional Greenhouse Gas Initiative reported that prices for utility permits to emit carbon dioxide in the U.S. east fell during its sixth quarterly auction. Emissions prices for 2009 cleared at \$2.05 per ton down 14 cents from the previous auction. Allowances for 2012, which may be sold in future auctions according to each state's regulations, sold for \$1.86 a ton down a penny from the previous auction.

The U.S. Energy Department announced today it would award up to \$979 million to three projects aimed at developing technology to capture and store carbon dioxide from three coal plants. The companies participating are AEP's Mountaineer

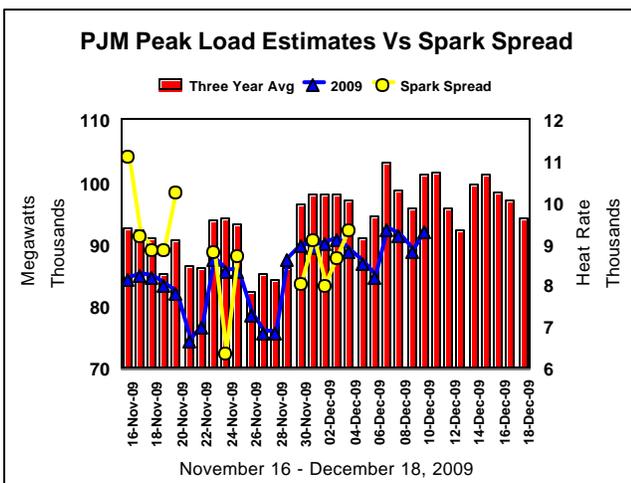
ELECTRIC MARKET NEWS

The IMF said on Friday that world governments can adopt more ambitious carbon pricing schemes to address the effects of climate change without harming the global economic recovery. It advised countries against giving away the carbon trading permits to companies as envisioned in pending U.S. legislation that would ease the initial cost of carbon pricing. At the same time the IMF said governments should proceed with caution not to disrupt the economic recovery through excessively large or unexpected increases in carbon pricing.

U.S. coal production during the week ending November 28th stood at 20.1 million short tons, down some 5.4% from the week before and 9.4%



power plant; Southern Company's Barry plant in Mobile, Alabama; and Summit Texas Clean Energy. Clean coal fired power plant to be built by Midland, Texas.

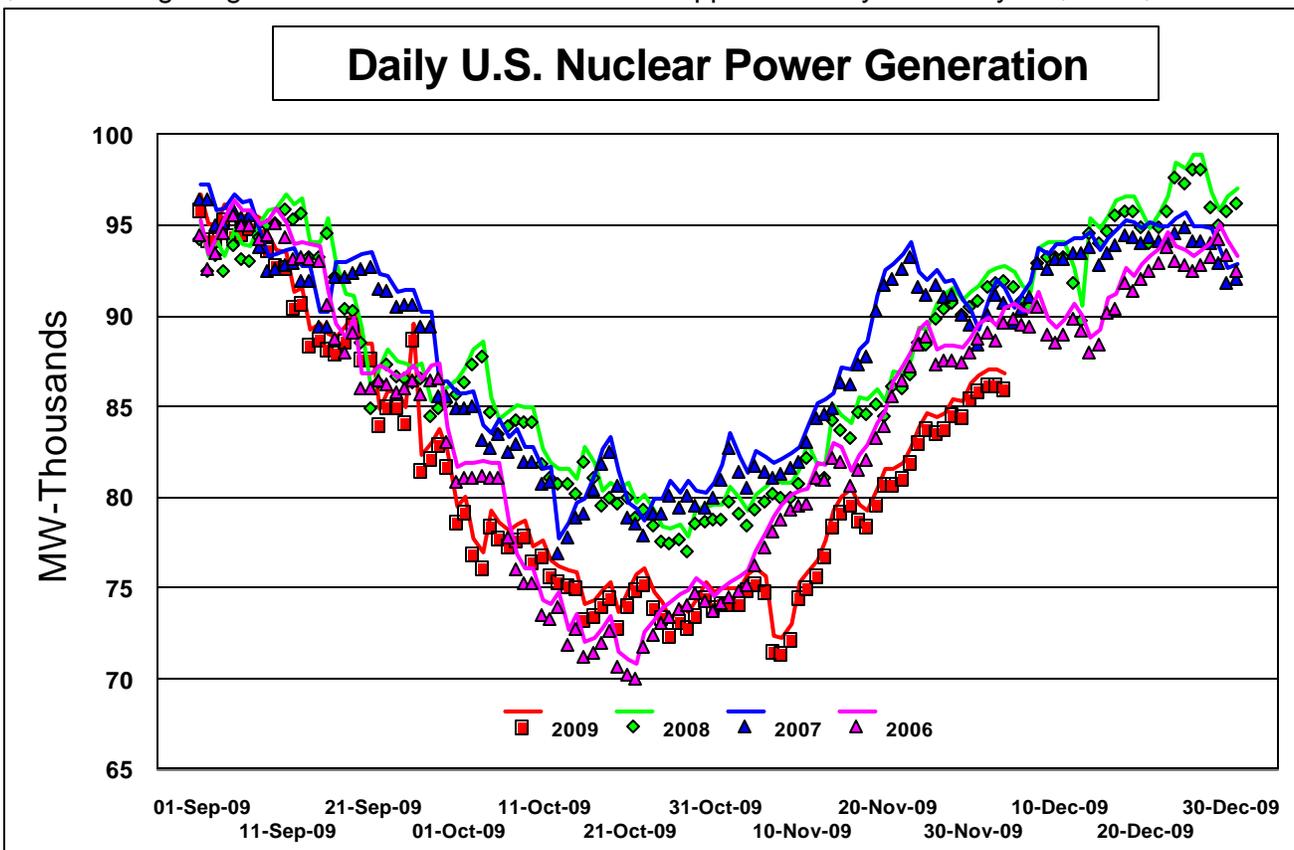


MARKET COMMENTARY

The natural gas market today was one of the few commodity markets that remained in positive territory throughout the trading session, in part due to the change in weather forecasts. Traders this morning saw not only a slight cooler outlook for the short term but the models were beginning to call for a more supportive 11-15 day period once again. By midday the computer model runs were actually looking for the eastern half of the country to see colder than normal temperatures in the 11-15 day outlook which 12 hours earlier, a consensus of forecasting models was for normal to above normal temperatures for much of the country. In the background though was another bullish

development today, that being the potential rebound in the United States industrial demand. As factory orders for the second month were stronger than expected the glimmer of hope is that this key consuming sector of natural gas may finally beginning to demonstrate some life. This coupled with nuclear generation still struggling to return to "normal" seasonal levels could help this market to work at putting in a near term bottom.

Weather remains a key next week and given the volatility in the forecasts this week, next week may be no different. But price spikes though for this market will be limited after initially short covering takes place since the storage overhang for this market remains significant. Thus we feel this winter prices will most likely will be contained in a \$4.00-\$6.00 trading range with prices remaining in the \$4.25-\$5.50 trading range for much of the time. We see support Monday at initially at \$4.58-\$4.55 followed



by \$4.45-\$4.42, followed by more distant support at \$4.338, \$4.23, \$4.07 and \$3.996.

This afternoon's Commitment of Traders Report showed that on a combined basis the Henry Hub futures, swaps and options showed that non-commercials continued to decrease their net length in the market for the fifth consecutive week, while commercial traders offset this change by decreasing their net shorts for the eight consecutive week.

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