



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR DECEMBER 10, 2009

NATURAL GAS MARKET NEWS

Baker Hughes reported this morning that the total number of drilling rigs operating in the United States looking for natural gas stood at 757, up 9 rigs.

NGI reported that the first LNG tanker for re-export of LNG arrived Wednesday morning at the Freeport LNG terminal.

The Canadian National Energy Board reported that the recent long decline in Canadian natural gas exports might be ending. It reported that for the first time in 18 months exports deliveries in September increased.

The FERC has given its approval for Blue Sky Gas Storage to move forward on construction and operation a 4.4 bcf natural gas storage field and associated pipelines in Colorado.

The CEO of Italy's Eni said today that he expects France's EDF could take a stake of as much as 20% in the South Stream pipeline's underwater segment.. But no agreement has been reached between Eni and Gazprom over which current partner would reduce their equity share in order to grant EDF a stake.

Generator Problems

MISO – NextEra continues to ramp up its 518 Mw Point Beach #2 nuclear unit from 84% to 97%.

SERC – SCE&G's 986 Mw Summer nuclear unit was back online at 29% power this morning, up 28% from yesterday.

Southern's 1200 Mw Vogtle #1 nuclear unit has been restarted and was at 4% power this morning.

WSCC – APS has ramped production to full capacity at its 1270 Mw Palo Verde Unit #3, up from 18% power yesterday. The sister unit, Unit #2, remained curtailed at 60% capacity.

ERCOT & SPP – AEP's Pikey power plant has begun to be restarted today.

Entergy's 858 Mw Arkansas Nuclear One Unit #2 reconnected to the grid this morning and was at 70% power, up from 20% from yesterday.

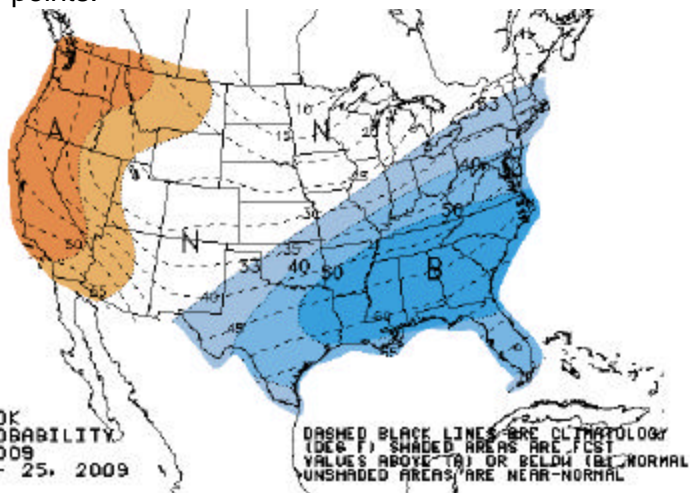
The NRC reported today that 88,313 Mw of nuclear generation was on line this morning, up 2.1% from yesterday, and off some 3.9% from the same time a year ago.

PIPELINE MAINTENANCE

Northern Natural gas said a residual problem, following repairs of an unexpected mechanical failure of its dehydration

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	635,500	\$5.209	\$0.189	(\$0.059)	\$0.059	\$0.170
Chicago City Gate	642,800	\$5.504	\$0.156	\$0.236	\$0.157	\$0.296
NGPL- TX/OK	555,100	\$5.191	\$0.264	(\$0.077)	\$0.265	(\$0.089)
SoCal	441,100	\$5.449	\$0.115	\$0.181	\$0.116	\$0.286
PG&E Citygate	490,500	\$5.832	\$0.186	\$0.564	\$0.187	\$0.647
Dominion-South	454,400	\$5.652	\$0.051	\$0.384	\$0.052	\$0.338
USTRade Weighted	18,480,100	\$5.345	\$0.058	\$0.077	\$0.06	\$0.170

system on its onshore facilities near Tivoli, Texas, is resulting in a halting of deliveries to many of the MOPS delivery points.



Rockies Express Pipeline said it was calling a force majeure due to repairs that will begin on December 12th on the facilities in the vicinity of its Wamsutter compressor station. The company is expecting a 48-hour outage.

PIPELINE RESTRICTIONS

Tennessee Gas Pipeline said that effective December 11th, due to reduced nominations, it will accept increases for

nominations pathed for delivery to the Leidy Delivery Meters. The company estimates available capacity at 11,000 Dth/d.

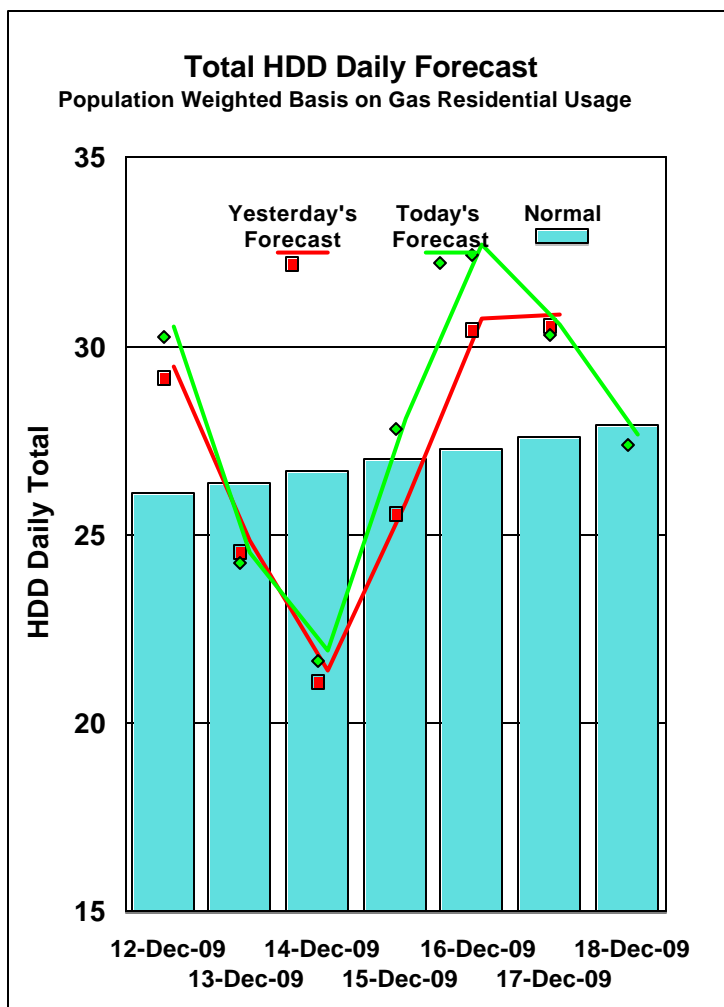
KMIGT said that effective Friday and until further notice its Adams delivery point is at capacity for deliveries. Interruptible transportation service /authorized overrun and secondary firm transports are at risk of not being fully scheduled. The company also reported that due to a forecast of moderating temperatures an on-system loads it was lifting its critical time OFO for December 12th and until further notice.

El Paso Natural Gas said the probability of declaring a strained operating condition or critical operating condition has been set to high due to low line pack condition.

ELECTRIC MARKET NEWS

Legislation proposed today by Senators Cantwell and Collins would require regulated companies to buy carbon dioxide emission permits from the government, with 75% of the revenue divided among taxpayers and 25% going to fund clean energy research and development. Their legislation would limit trading of permits or carbon shares to companies required to hold them, such as utilities and oil refineries. Securities firms and hedge funds would be barred from trading in the carbon markets. Legislation passed by the house earlier this

year would allow Wall Street firms to participate in the cap and trade program. Their plan calls for a reduction of 20% in GHG emissions by 2020 from 2005 levels and a 83% drop by 2050.



Genscape reported today that U.S. coal consumption during the past week rose by 11% from the previous week but was off 1% from the same week a year ago. Genscape noted that this rebound was the result of colder temperatures as well as the restart of all but four of 18 coal plants that were down for maintenance.

Societe Generale said today that the company was raising its carbon price forecast for 2010 and beyond as economic recovery should spur industrial companies to stock up on carbon permits rather than sell them. By the 4Q2010 the bank estimates that EU Emission allowances should rise to 19 euros a tonne, up 3 euros from its previous estimate.

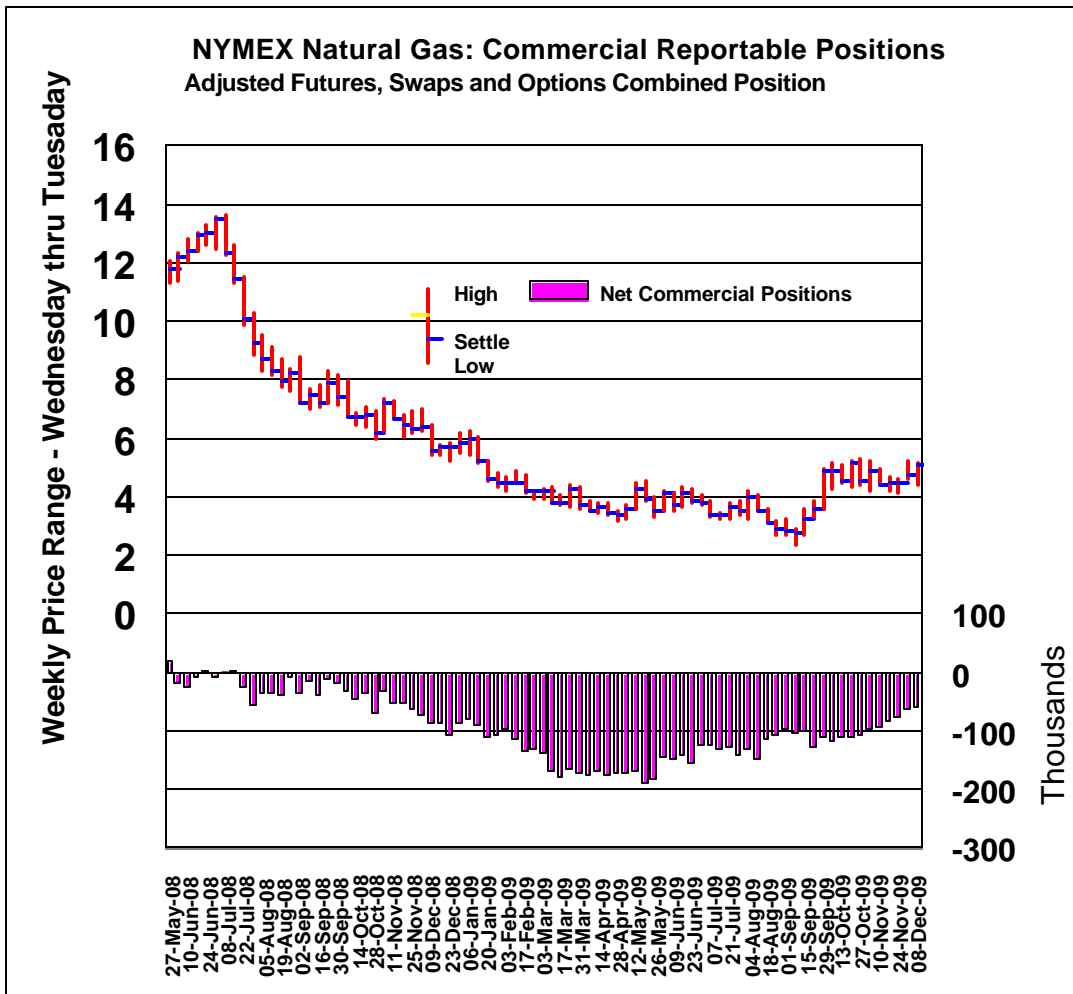
MARKET COMMENTARY

After two volatile

trading session, with Thursday's session posting a new record volume day in natural gas, Friday's session was much more subdued, with a smaller trading range and volume only 63% of Thursday's activity. While the futures market edged higher in the morning, helped in part by stronger cash market values, the inability of the natural gas futures market to gain much traction to the upside, especially with weaker crude oil prices, appeared to prompt traders to take profits on longs in the afternoon session, and as a result nearly 50% of the gains following the release of Thursday's EIA storage report were given back.

This afternoon's Commitment of Traders Report showed that for the period ending December 8th, the pattern of the past six weeks was maintained, that with commercials decreasing their net short position while non-commercials decreasing their net length. The current period saw commercials decrease their net short position on combined futures, swaps and options position by 4,186 while non-commercials decreased their net length by 2936 lots.

We continue to look for weather as the driving force for this market. If the forecasts remain supportive Monday morning for colder temperatures over much of the eastern half of the nation then we would look for the bulls to return to this market and do some buying to start the week. But we continue to look



for the upside to remain restricted and continue to look for a selling opportunity over \$5.60. We look for initial resistance at \$5.375 followed by \$5.56-\$5.57, \$5.70 and \$5.786. Support we see at \$5.064, \$5.03-\$5.01, \$4.96, \$4.904, \$4.81 and \$4.76.

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