



ENERGY RISK MANAGEMENT

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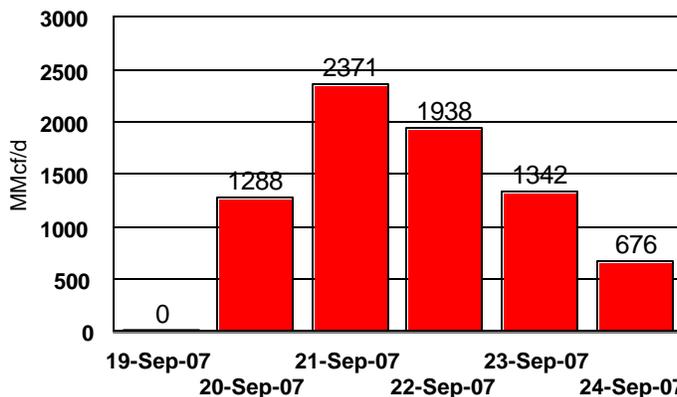
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POWER MARKET REPORT FOR SEPTEMBER 24, 2007

NATURAL GAS MARKET NEWS

The National Hurricane Center continues to report on uncertainty in the tropics. According to their 11:30 am report, thunderstorms have increased in association with a small area of low pressure over the southwestern Gulf of Mexico. Upper levels winds are currently not favorable for significant development, though this system has some potential for tropical cyclone formation as it drifts slowly and erratically over the next day or two. Elsewhere, an area of low pressure associated with a tropical wave located about 150 miles east of the southern Windward Islands has potential to become a tropical depression during the next day or two as it moves northwestward at about 15 mph. Also, a tropical wave about 730 miles west-southwest of the Cape Verde Islands continues to show signs of organization and intensification and

USG Offshore Nat Gas Production Shut-ins
Total 7615 MMcf Shut In



this may also become a tropical depression at some point today or tomorrow. This system has the least amount of wind shear of the three systems making conditions favorable over the next few days. Trajectory models differ for this system, with the GFS model forecasting that it will track north of the islands this weekend and eventually move out to sea. The NOGAPS model stalls this system between 40 and 50 West Longitude. The UKMET model turns this system to the north before it reaches the islands this weekend in response to a trough of low pressure to the north of the storm. The European model forecasts that this system will bend to the north in response to a passing trough of low pressure this weekend into early next week. However, it also forecasts a bend back to the west by about next Tuesday due to a building high pressure system, so that by next Wednesday, it is forecasted to be just northeast of the Leeward Islands tracking towards the west.

Generator Problems

ERCOT – Xcel Energy's 346 Mw Harrington #1 coal-fired power station shut for a planned overhaul and maintenance. The unit will remain shut until about November 23.

AEP's 675 Mw Pirkey coal-fired power station restarted following planned boiler work.

PJM – FirstEnergy's 861 Mw Beaver Valley #1 nuclear unit has started a planned refueling outage. Beaver Valley #2 continues to operate at full power.

Exelon's 1,116 Mw Peach Bottom #2 nuclear unit shut for a planned refueling and maintenance outage. Peach Bottom #3 continues to operate at full power.

SERC – TVA's 1,100 Mw Browns Ferry #3 nuclear unit shut as part of a planned outage to inspect pressure boundary leakage. Browns Ferry #1 and #2 remain at full power.

WSCC – Calpine's 724 Mw Pastoria natural gas-fired power station shut over the weekend for planned and unplanned work.

Dynegy's 510 Mw Moss Landing #1 natural gas-fired power station over the weekend.

Canada – Ontario Power Generation's 515 Mw Pickering #7 nuclear unit shut for short-term maintenance.

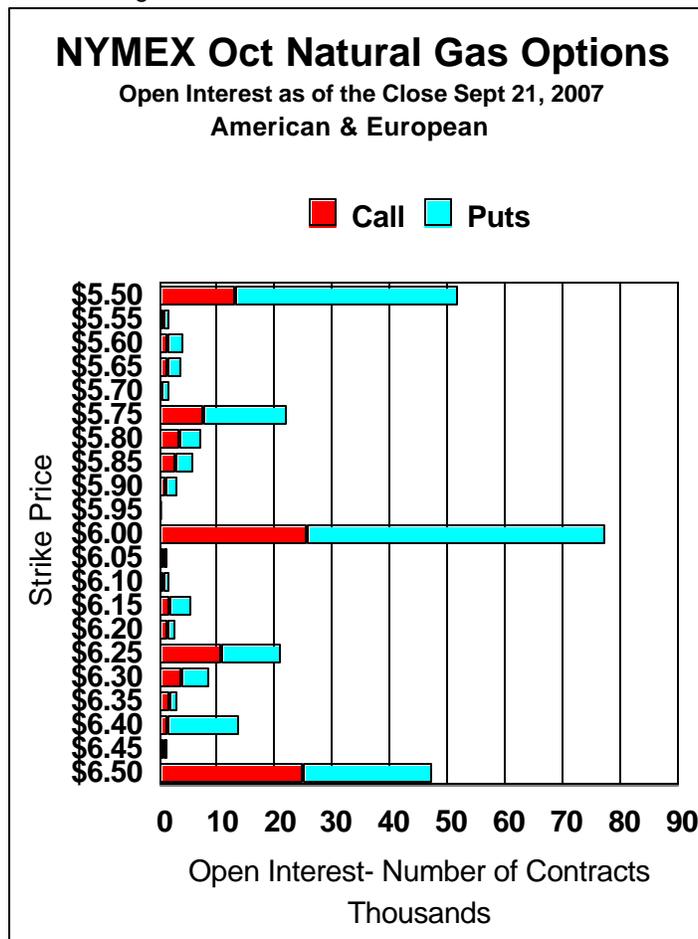
The NRC reported that 90,468 Mw of nuclear capacity is on line, down 2.42% from Friday, and up 5.22% from a year ago.

U.K. natural gas rose on forecasts for lower supplies of the fuel, after Nederlandse Gasunie NV delayed the start of Dutch exports to the U.K. via the BBL pipeline and deliveries at British sub-terminals fell. Gas for same-day delivery rose as much as 6.8% to 43 pence

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	1,337,400	\$5.962	(\$0.055)	(\$0.568)	(\$0.100)	(\$0.528)
Chicago City Gate	462,500	\$5.761	\$0.002	(\$0.311)	(\$0.038)	(\$0.355)
NGPL- TX/OK	591,200	\$5.603	\$0.036	(\$0.469)	(\$0.004)	(\$0.530)
SoCal	809,500	\$5.088	(\$0.186)	(\$0.984)	(\$0.226)	(\$0.769)
PG&E Citygate	787,500	\$5.684	(\$0.092)	(\$0.388)	(\$0.132)	(\$0.267)
Dominion-South	243,800	\$6.060	(\$0.070)	(\$0.012)	(\$0.110)	(\$0.042)
Transco Zone 6	144,600	\$6.385	(\$0.094)	\$0.313	(\$0.134)	\$0.268

a therm, that is equivalent to approximately \$8.70 mmbtu. National Grid forecast supplies of the fuel today would be 187 million cubic meters, 10% less than Friday.

The MMS reported that offshore oil and gas operators in the Gulf of Mexico are in the process of restoring oil and gas production and redeploying personnel to evacuated platforms and rigs. It is estimated that approximately 8.8% of the natural gas production in the Gulf is still shut-in, that is down from 30.8% on Friday and 17.4% early this morning.



ELECTRIC MARKET NEWS

The nation's largest consortium of nuclear power companies recently selected Grand Gulf Nuclear Station and Bellefonte Nuclear Plant as the sites it will use on applications for combined construction and operating licenses for new nuclear plants. Grand Gulf, owned by an Entergy subsidiary is near Port Gibson, Mississippi. Bellefonte, owned by the Tennessee Valley Authority is near Scottsboro, Alabama.

NRG Energy will file an application with the U.S. Nuclear Regulatory Commission to build two new nuclear reactors in Texas, the first such application in 29 years. The plan calls for two 1,350 Mw General Electric advanced water reactors to join two existing reactors at the South Texas nuclear power plant in Bay City, Texas.

MARKET COMMENTARY

The natural gas market moved higher today initially on firm cash prices, continued tropical uncertainty and unseasonably warm temperatures in the Northeast and Midwest. The market found support at the 6.00 level after trading to a low of 5.916. The continued activity in the tropics has the large net short positions covering, as a private weather forecaster sees the probability of a low pressure system in the southern Gulf developing into a tropical depression at 60% and the probability of a hurricane at 15% over the next two days. Also, a

well-organized tropical wave in the eastern Atlantic is forecast to develop into a tropical depression in the next day or two. The soon to expire October contract settled up 29 cents at 6.37.

Another factor influencing the market is the upcoming October options expiration tomorrow and futures on Wednesday, adding further volatility as traders tidy up their books. This week's EIA report is currently forecasting a near normal injection with estimates for a build between 70 Bcf and 80 Bcf, comparing with a 74 Bcf five-year average and a 79 Bcf year-ago build. We feel that high inventories and mild autumn weather will limit any upside and that market bears will step in as we approach key resistance points. We see resistance at 6.57, 6.627, 6.785 and 7.141. We see support at 6.00, 5.80, 5.37, 5.25 and 5.00.

