



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,
Karen Palladino & Zachariah Yurch
(212) 624-1132 (888) 885-6100

www.e-windham.com

POWER MARKET REPORT FOR JANUARY 25, 2008

NATURAL GAS MARKET NEWS

ConocoPhillips said it was surprised and disappointed by Alaska Governor Palin's negative response to its proposal to build a long-sought natural gas pipeline and urged her to reconsider. Conoco has proposed to build a \$30 billion pipeline that would move about 4 Bcf of natural gas per day from Alaska's North Slope region to southern markets. It offered to make significant investments, without state matching funds, to advance the project, but said the proposal was contingent on establishing the new fiscal framework for natural gas producers. Palin sent Conoco a letter earlier in the month calling the proposal "critically short of meeting the state's objectives."

The IEA said setting up an OPEC-style group to control natural-gas supplies and prices would be a mistake because utilities might increase electricity production from other sources of energy.

Up to 99% of tanker deliveries to Canada's first liquefied natural gas (LNG) import terminal on the Atlantic Coast will be re-exported to the United States, sending up to a Bcf/d into New England, New York and New Jersey, possibly by late this year, according to new filings with Canada's National Energy Board (NEB).

Generator Problems

ERCOT – Xcel's 346 Mw Harrington #1 coal-fired power station will shut for five days for maintenance. The unit will remain shut until about January 30.

SERC – South Carolina Electric & Gas Company's 1,000 Mw Summer nuclear unit was forced shut after the failure of a feedwater control valve. The unit is likely to return to service in the next few days.

Entergy's 1,207 Mw Grand Gulf #2 nuclear unit ramped up to full power today. The unit was operating at 96% power yesterday.

WSCC – Arizona Public Service's 1,270 Mw Palo Verde #3 nuclear unit reached full power today after completing an extended refueling and maintenance outage.

Southern California Edison's 1,070 Mw San Onofre #2 nuclear unit ramped up to 100% power today. The unit was operating at 64% yesterday during repairs of two feedwater pumps.

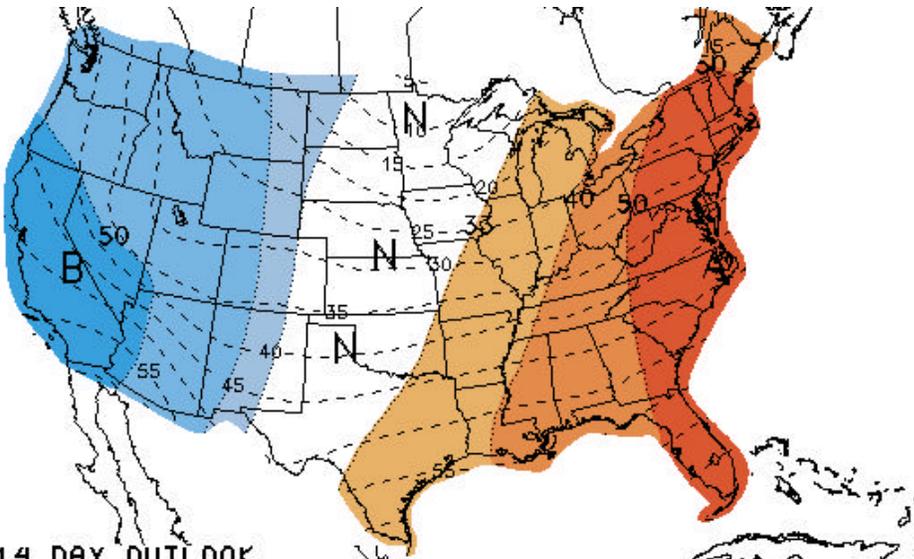
Canada – Ontario Power Generation's 490 Mw Nanticoke #4 coal-fired power station returned to service today.

The NRC reported that 92,523 Mw of nuclear capacity is online, down .59% from Thursday, and down 2.43% from a year ago.

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	702,900	\$7.799	(\$0.054)	(\$0.135)	(\$0.494)	\$0.440
Chicago City Gate	621,000	\$7.817	(\$0.049)	(\$0.116)	(\$0.194)	\$0.432
NGPL- TX/OK	431,600	\$7.454	(\$0.071)	(\$0.479)	(\$0.216)	(\$0.184)
SoCal	672,800	\$7.574	(\$0.047)	(\$0.359)	(\$0.192)	(\$0.101)
PG&E Citygate	381,300	\$7.875	\$0.089	(\$0.058)	(\$0.056)	\$0.097
Dominion-South	407,300	\$8.117	(\$0.299)	\$0.184	(\$0.444)	\$0.701
Transco Zone 6	387,800	\$8.036	(\$6.377)	\$0.103	(\$6.522)	\$4.034

Alberta-based Alton Natural Gas Storage LP Thursday proposed building a natural gas pipeline between central Nova Scotia and the northeastern United States.

Peabody Energy, one of the largest privately held coal companies



8-14 DAY OUTLOOK TEMPERATURE PROBABILITY
 MADE 25 JAN 2008
 VALID FEB 02 - 08, 2008
 DASHED BLACK LINES ARE CLIMATOLOGY (DEG F) SHADED AREAS ARE FCST VALUES ABOVE (A) OR BELOW (B) NORMAL UNSHADED AREAS ARE NEAR-NORMAL

in the world, is making a move into the natural gas market after agreeing Friday to become a minority investor in GreatPoint Energy Inc. GreatPoint is commercializing its "bluegas" technology to convert coal, petroleum coke and biomass into pipeline-quality gas.

Liquefied natural gas (LNG) demand and production may be slowing as a result of price and project cost increases, according to a recent study prepared for Repsol Energy North America (RENA) by

Jensen Associates. Supply and demand trends suggest a currently tight market will loosen, creating opportunities for long-range contracting as well acting as a counter to further price increases.

Swiss bank UBS will exit trading in some European power and gas markets to focus on northwest Europe and Britain. The bank announced the changes in an internal memo circulated on January 16, in which it said it would place more emphasis in its remaining gas and power coverage on client business. The bank did say it would not completely close its European proprietary energy desk.

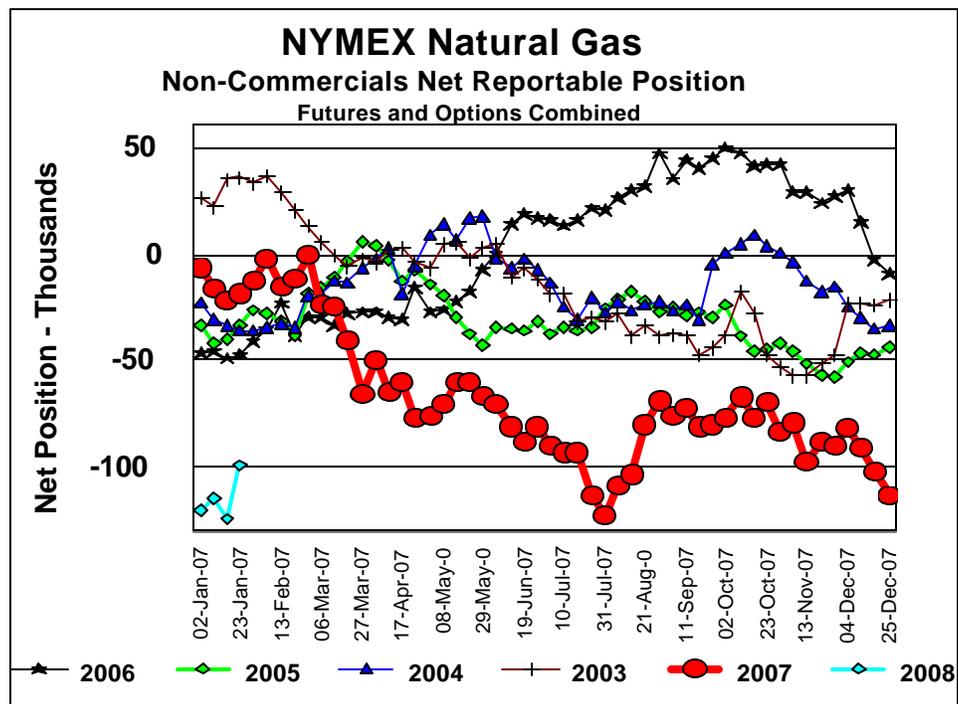
PIPELINE MAINTENANCE

Gulf South Pipeline said that the unscheduled maintenance on Montpelier Compressor Station Unit #7 that began January 22 has been extended through January 31. Capacity through Montpelier could be reduced by as much as 50 MMcf during this maintenance.

Westcoast Energy said that maintenance on the 10-inch Tommy Lakes Pipeline will begin this weekend. On January 27 production will be diverted to accommodate Hot Tap beginning at 8:00 AM MT for 24 hours. On January 28 Westcoast will divert production to accommodate SET Midstream Hot Tap for 24 hours beginning at 8:00 AM MT.

ELECTRIC MARKET NEWS

Genscape's U.S. coal burn index rose 0.07% this week



from the week before. For the week ended January 24, the index nationwide was up 0.1% from the same week a year ago.

MARKET COMMENTARY

The natural gas market exhibited follow through to the upside today backed by pre-weekend short covering and a strong run up in crude despite milder forecasts for early next week and a softer cash market. The February contract traded between 7.90 and 7.95 for most of the session before breaking to the 8.00 level ahead of the close. With expiration next week, and still a large short open interest, it was not surprising to see natural gas move higher in the face of above average temperatures that are forecast for key consuming regions. The February contract settled up 18.1 cents at 7.983.

The Commitment of Traders Report showed that non-commercial traders increased their net short futures only position by 5,534 lots to 105,752 contracts. However, the report showed that they decreased their net short combined futures and options position by 25,135 lots to 99,374 contracts. February options expire on Monday and futures the following day. We feel that the market will see some support from short covering early next week and from the expectations for perhaps a record draw from storage. However, the mild temperatures that are forecast for the first week of February will limit upside potential. We see resistance at 8.101, 8.17-8.20, 8.336, 8.48 and 8.712. We see support at 7.866, 7.701, 7.631 and 7.50.