



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,

& Karen Palladino

(212) 624-1132 (888) 885-6100

www.e-windham.com

POWER MARKET REPORT FOR FEBRUARY 20, 2009

NATURAL GAS MARKET NEWS

Energy Transfer Partners LP launched a binding open season to solicit market participation in its Tiger Pipeline project, an interstate natural gas pipeline that will connect to ETP's dual pipeline system near Carthage, Texas, extend through the Haynesville Shale and end near Delhi, Louisiana with interconnects to at least seven interstate pipelines at various points in Louisiana. The pipeline is expected to have an initial capacity of at least 1.25 bcf/d, which may increase to 2 bcf/d. It is expected to be in service in the first half of 2011.

Apache Corp reported that about 25% of its gross oil and natural gas production in the Gulf of Mexico remains off-line, five months after hurricanes Gustav and Ike struck the Gulf Coast.

Baker Hughes reported that the total rig count in the US fell by 39 to a total of 1,300 in the week ending February 20th. It reported that the number of rigs searching for natural gas fell by 36 on the week to 1,018 while the number of rigs searching for oil fell to 269, down 4 on the week.

Florida Governor Charlie Crist's announcement that he would veto the proposed Calypso Deep Water LNG Port has left the liquefied natural gas project's sponsor, Suez Energy North America undecided on how it will proceed. The proposed project is a deepwater LNG terminal that would be situated about 10 miles off Port Everglades, Florida. The US Coast Guard approved the final environmental impact statement in 2008 while the FERC approved the project in 2007.

Nigeria's and Algeria's governments held talks on the Trans-Saharan Gas Pipeline project that is set to transport natural gas from Nigeria to Europe across the Sahara desert. The Nigerian National Petroleum Corporation said the project should not be delayed by commercial and technical issues and urged both governments to move the project forward. The project will cost \$12 billion and will be completed between 2015 and 2017.

Generator Problems

WSCC – Southern California Edison's 1,070 Mw San Onofre unit 2 ramped up to 95% by early Friday, up from 55% on Thursday, the unit exited a mid-cycle maintenance outage begun by Dec. 28.

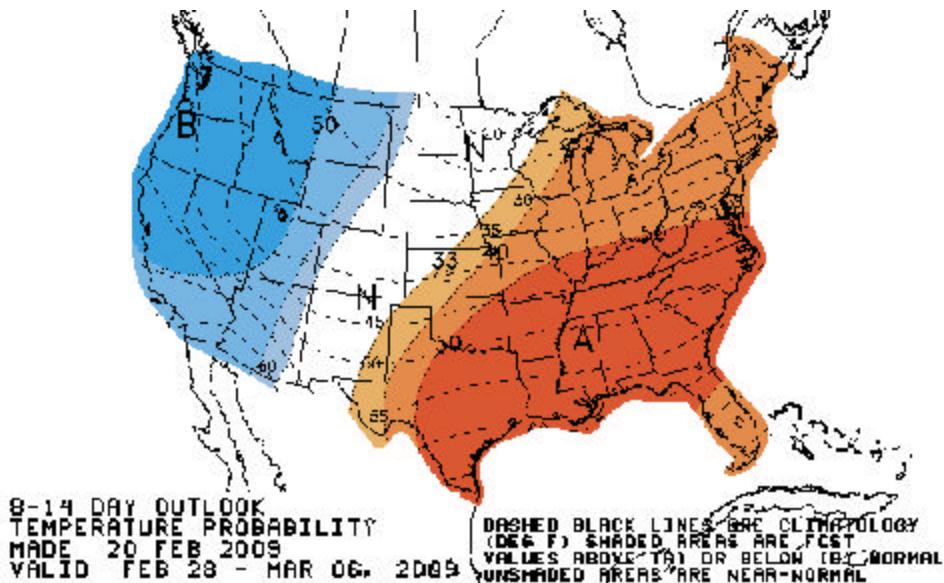
MAIN – Ameren Corp's 1,190 Mw reactor at Callaway nuclear power station in MO was shut as of early Friday. The unit was shut down early Thursday, as technically required, after a power supply failure.

ERCOT – American Electric Power Co. Inc. plans to shut the 528 Mw unit 3 at the Welsh coal-fired power station on Feb 20–24 for scheduled maintenance. The company did not say what type of work was to be done or when the unit would return to service.

Luminant's 545 Mw Unit 4 at the Sandow coal fired power station in TX was shut for scheduled maintenance on Friday.

NPCC – Ontario Power Generation's 494 Mw Lambton coal fired unit 3 is expected to shutdown by late Friday. Also its 490 Mw Nanticoke coal fired unit 3 was shut by early Friday. Two other units, 5 and 7, returned to service after short-term outages, leaving a total of four units operating and four shut for maintenance.

The NRC reported this morning that 90,253 Mw of nuclear generation capacity was on line, down 1.15% from Thursday and 1.79% lower than the same time a year ago.



has completed the selection of TransCanada Alaska Co, LLC and Foothills Pipe Lines, Ltd as the licensee under its Alaska Gasline Inducement Act program.

Pipeline Restrictions

Florida Gas Transmission is issuing an Overage Alert Day for Friday at a 25% tolerance due to cold temperatures expected for a large part of Florida. It will not interrupt previously scheduled Market Area ITS-1 service below the elapsed prorated scheduled quantity.

Tennessee Gas Pipeline is issuing an operational flow order effective Sunday, February 22 for all LMS-PA Balancing Parties, LMS-MA, and LMS-PL Balancing Parties with meters located in zones 4, 5 and 6 due to anticipated colder temperatures.

Natural Gas Pipeline Co has limited capacity for deliveries to Trunkline-Lakeside effective for Friday's gas day and until further notice. ITS/AOR and Secondary Firm transports are available. Meanwhile, NGPL said it ANR South Joliet #2 has capacity available for deliveries effective Friday and until further notice. It also stated that Centerpoint-MRT Harrison has capacity available for deliveries.

Northern Natural Gas Co issued a SOL for Zone E/F for Saturday's gas day due to temperature forecasts near or below zero.

Colorado Interstate Gas will cancel the underperformance cap at the Table Rock Residue location effective for Timely Cycle, Gas Day February 21. It however will continue the underperformance caps on the Saddle Draw and Desert Springs interconnects until further notice.

Pipeline Maintenance

KM Interstate Gas Transmission will perform maintenance at its Casper Compressor Station starting Tuesday, March 3rd through Friday, March 13th. Capacity through Segments 45 and 730 will be limited to 178,000 Dth/d during the maintenance period. It does not anticipate any impact to shippers based on current level of nominations. It will also perform maintenance at its Herndon Compressor Station (Segment 775) from Monday, March 23rd until Thursday, March 26th. Nominations through Segment 775 will be limited to 220,000 Dth/d. KMI GT will perform a tie-in on the Rockport Lateral on Tuesday, March 24th. During the work, there will be no flow on the Rockport Lateral in either direction.

The FERC submitted to Congress its seventh report to Congress on the progress made in licensing and constructing the Alaska Natural Gas Pipeline. The report states that the Denali partnership of BP and ConocoPhillips has continued with its FERC pre-filing process, performed some fieldwork and hired a contractor to evaluate the major gas treatment plant planned on the North Slope. It also states that Alaska

TransColorado Gas Transmission Co LLC will perform maintenance at its Whitewater Compressor Station starting on Tuesday, March 17th until Thursday, March 19th. Capacity through Segment 230 will be limited to 382,000 Dth/d while capacity through Segment 240 will be limited to 412,000 Dth/d. AOR/IT, secondary and primary FT quantities are at risk of not being fully scheduled. It will also perform maintenance at its Redvale Compressor Station on Wednesday, March 25th. Capacity through Segment 230 will be limited to 362,000 Dth/d and capacity through Segment 240 will be limited to 412,000 Dth/d.

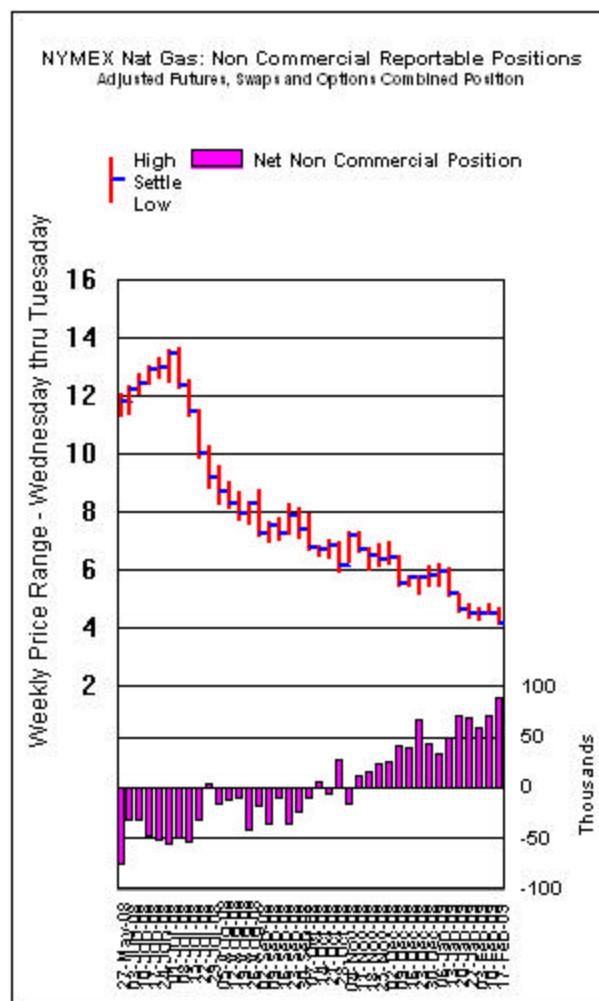
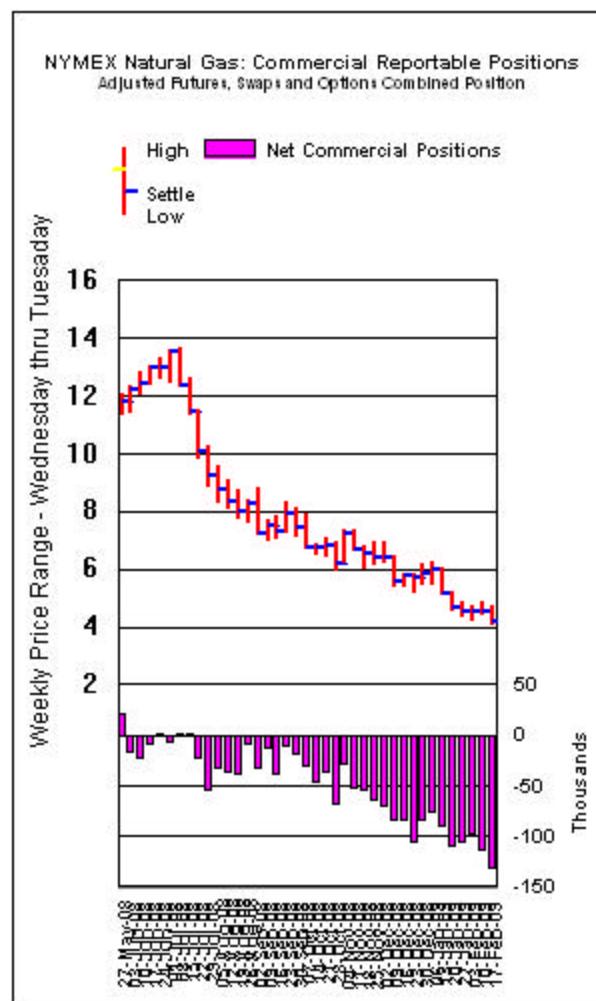
Rockies Express Pipeline will perform quarterly maintenance on its Lost Creek booster station on March 24 and March 25. Available capacity at the Lost Creek Sweetwater receipt point will be limited to 110,000 Dth/d. AOR/IT, Secondary in-path and Secondary out-of-path quantities are at risk of not being fully scheduled.

ELECTRIC MARKET NEWS

The EIA reported that US coal production totaled about 22.573 million short tons in the week ending February 14th. The production estimate is about 5% higher than last week's level and about 1.05% higher than last year's level.

Genscape's US coal burn index in the week ending February 19th increased by 4% on the week but fell by 4% on the year to 20.15.

The BPA has decided to build a major new transmission project, the McNary-John Day 500 kv



transmission line. The transmission line will allow BPA to provide transmission service to more than 870 Mw, including service for more than 700 Mw of new wind energy. Work on the transmission line will begin this spring and is expected to start operations in late 2012. Its plans were energized by an additional \$3.25 billion in borrowing authority from the US Treasury for capital projects in the American Recovery and Reinvestment Act signed into law earlier this week by President Barack Obama.

US Interior Secretary Ken Salazar outlined some federal areas his department would likely be considering for renewable energy lease sales when the agency finalizes its rules. He noted the Atlantic coast has a potential for offshore wind energy production.

PECO delivered more than 3.6 billion kilowatt hours of electricity in January, up from 3.4 billion kwh in December. It reported that its suburban gas customers used 15.3 bcf of natural gas in January, up 28% on the month and 19% on the year.

MARKET COMMENTARY

The natural gas market on Friday continued to trend lower in light of Thursday's bearish EIA natural gas stock report and concerns over demand as sentiment was dented by sharp declines in the equities markets. The natural gas market, which posted a high of \$4.078 in overnight trading, sold off sharply and breached the \$4.00 level. It posted a low of \$3.921, the lowest level seen since November 2002. The market retraced some of its losses ahead of the start of the open outcry session and traded back above the \$4.00 level to \$4.036 early in the session. The market, in choppy trading, traded within a 6 cent trading range during the remainder of the session and settled down 7.2 cents at \$4.006.

The natural gas market remains in its downward trend and any rallies above \$4.50 should be seen as selling opportunities. While the market may retrace some of its sharp losses, its gains are seen limited amid the lack of any supportive weather forecasts and further deterioration in industrial demand due to the weakening economy. The market is seen finding resistance at \$4.045, \$4.078, \$4.082 and \$4.112, basis its downward channel. Further resistance is seen at \$4.159 and \$4.239. Support is seen at \$3.921, \$3.845 and \$3.766, basis its downward channel.

This afternoon's Commitment of Traders report showed that on a net adjusted basis, commercials and non-commercials increased their positions in the week ending February 17th. The commercials increased their net short position by 16,525 contracts to 130,618 contracts while non-commercials increased their net long position by 16,673 contracts to 88,353 contracts.