



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 SEPTEMBER 10, 2007

NATURAL GAS MARKET NEWS

PEMEX reported this morning that several explosions caused by sabotage hit several of its natural gas pipelines on the Gulf of Mexico. The blasts in the state of Veracruz caused four fires which were brought under control this morning. The worst damage was done to two natural gas pipelines; one a 48-inch line running between Zempoala to Santa Ana and the other a 30 inch gas line from Minatitlan to Mexico City. Pemex said that businesses in Veracruz and neighboring states would suffer losses of natural gas supplies. A leftist rebel group that was responsible for the bombing of pipelines in July, claimed responsibility for these blasts this morning. In addition a 30-inch crude oil line was attacked as well along with two LPG lines.

The National Hurricane Center Monday morning noted that a broad area of low pressure associated with a tropical wave was located about 900 miles west-southwest of the Cape Verde Islands, and was moving west-northwestward at 10-15 Mph. The NHC sees the system gradually becoming better organized and has the potential to develop into a tropical depression in the next day or two. Three out of five weather models show the system nearing the islands in the Eastern Caribbean in about five days. Elsewhere there was flaring up of shower activity in the south central Gulf of Mexico and in the eastern Caribbean but both were not expected to develop into tropical systems, but by late this afternoon forecasters felt the system in the Gulf of Mexico could see some additional development as upper level winds become a bit more favorable.

A large explosion some 3 miles inside Turkey occurred along the natural gas pipeline that carries Iranian natural gas to Turkey on Sunday. Officials hoped to have the line back into service by Tuesday. While no official cause for the blast

Generator Problems

NPCC – OPG's 490 Mw Nanticoke #6 coal fired unit was shut early Monday

Entergy's 535 Mw Vermont Yankee nuclear plant was down to 44% off 1% from Friday.

PJM – Exelon's 1116 Mw Peach Bottom #2 nuclear was continuing to ramp higher and was at 80% capacity this morning up 19% from Friday. Unit #3 dropped 1% today and was at 89% of capacity.

MAIN – Exelon's 867 Mw Quad Cities #1 nuclear unit was off line this morning after running at 98% capacity on Friday. The unit was taken off line on Saturday for valve maintenance.

ECAR – Entergy has shut its 778 Mw Palisades nuclear power station for its planned refueling outage.

AEP's 1020 Mw Cook #2 nuclear unit began coasting down over the weekend and was at 90% of capacity. The unit is expected to be off line by September 15th for scheduled refueling.

SERC – As expected Dominion Resources had taken off line its 924 Mw North Anna #1 nuclear unit for refueling. The unit had been operating at 95% of capacity on Friday.

Progress Energy's 938 Mw Brunswick #1 nuclear unit was shut Monday morning after running at full power on Friday.

ERCOT Luminant Energy's 575 Mw Big Brown #1 coal fired unit was taken down for repair work and was not expected to be back in full service until late Tuesday.

Luminant Power's 565 Mw Monticello #2 coal fired power plant was being restarted this morning. The unit was taken off line Friday and Saturday to fix a tube leak.

The NRC reported that 92,551 Mw of nuclear capacity is on line, down 3.18% from Friday, and down 1.92% from a year ago.

was given, it was believed to be sabotage by Kurdish militants. But Gazprom, the Russian gas export monopoly said it will increase gas deliveries to Turkey by 50% until Iranian supplies are restored.

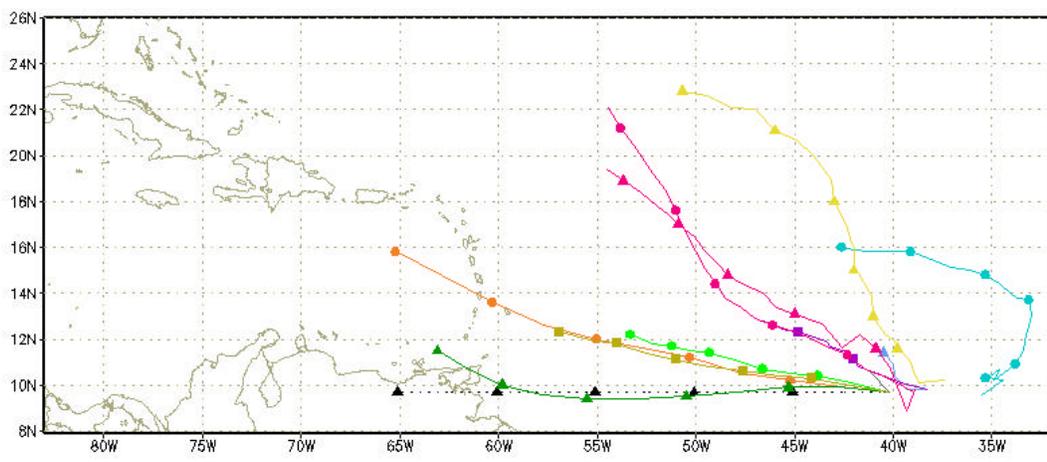
PIPELINE MAINTENANCE

Alliance Pipeline announced several maintenance projects that are scheduled to begin this week. Scheduled maintenance will require Unit #2 at the Whiecourt Lateral Meter/Compressor Station would be

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	1,501,400	\$5.560	\$0.027	(\$0.320)	(\$0.081)	(\$0.186)
Chicago City Gate	432,400	\$5.532	\$0.120	(\$0.116)	(\$0.008)	\$0.010
NGPL- TX/OK	512,600	\$5.377	\$0.134	(\$0.271)	\$0.006	(\$0.163)
SoCal	1,121,800	\$5.375	\$0.157	(\$0.273)	\$0.029	(\$0.186)
PG&E Citygate	759,600	\$5.660	\$0.029	\$0.012	(\$0.099)	\$0.150
Dominion-South	537,700	\$5.798	\$0.176	\$0.150	\$0.048	\$0.205
Transco Zone 6	189,400	\$6.100	\$0.168	\$0.452	\$0.040	\$0.534

unavailable for 60 hours beginning today. Station capacity will be reduced to 396 e3m3/day for today and tomorrow and 593 e3m3/day for Wednesday. Maintenance on the Whiecourt Meter Station will take the unit offline for four hours Tuesday and reduce capacity to 3523 e3me/day. Inspections, upgrades and maintenance will require the Fairmount Compressor Station and the Loreburn Compression Station to be offline for 30 hours and 80 hours respectively starting Tuesday. System capacity (AOS) will be impacted but yet to be determined. Scheduled maintenance will require AB 21 Teepee Creek lateral Meter/Compressor Station to be unavailable for nine hours on Tuesday. Station capacity will be reduced to 923 e3m3/day. Routine maintenance will require the Gold creek compressor station to be off line for nine hours on Wednesday, with capacity being reduced to 750 e3m3. Scheduled maintenance at the Whiecourt Lateral Unit #1 will be offline for five hours Thursday and as a result will have a capacity of only 750 e3m3.

- ▲-- XTRP 10/1800Z
- ▲ BAMD 10/1800Z
- ▲ GFDL 10/1200Z
- ▲ AVNO 10/1200Z
- ▲ GMC 10/1200Z
- CONU 10/1800Z
- BAMB 10/1800Z
- UKM 10/1200Z
- AEMN 10/1200Z
- LGEM 10/1800Z
- NHC Not Avail
- BAMS 10/1800Z
- NGPS 10/0000Z
- HWRP 10/1200Z
- CLPS 10/1800Z



Gulf South Pipeline said that it will perform scheduled maintenance on the Hall Summit Compressor Station Unit #3 for four hours Tuesday, with capacity being reduced by as much as 100,000 Dth.

Northern Natural Gas Company said Friday that it had declared a force majeure due to a leak at its Kansas Gas/NNG valve casing. The point capacity will be zero through Wednesday.

storm_91
sfwmd.gov
 weather@sfwmd.gov
 GRADS: COLA/IGES

NHC Advisories and County Emergency Management Statements supersede this product. This graphic should complement, not replace, NHC discussions. If anything on this graphic causes confusion, ignore the entire product. For full info, see <http://my.sfwmd.gov/sfwmd/common/images/weather/plots.html>

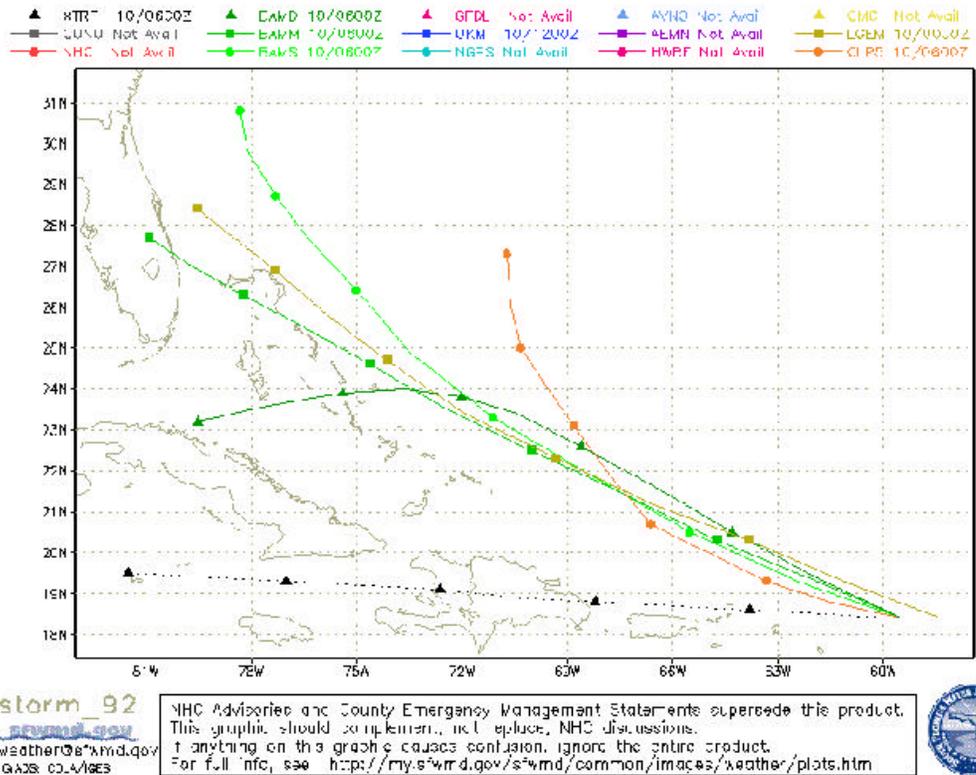


PIPELINE RESTRICTIONS

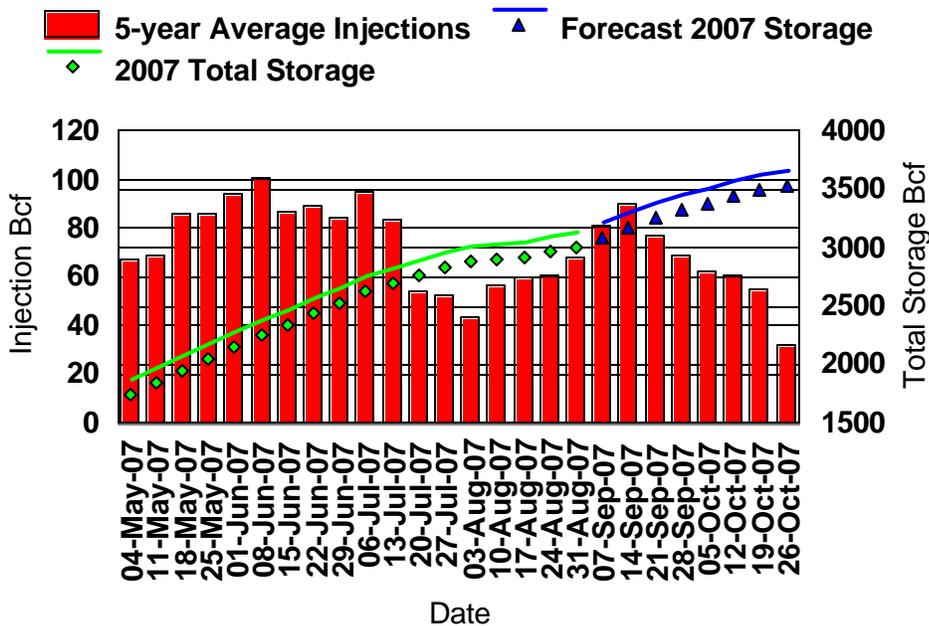
ELECTRIC MARKET NEWS

A former Clinton administration official on The White House Climate Change Task Force estimated today that it would be unlikely that Congress is unlikely to pass a carbon market legislation before 2009. He noted that part of the roadblock is the Chairman of the House Energy and Commerce Committee, who is pushing a carbon tax and green house gas cap and trade program.

Ground was broken today for a 285 Mw integrated gasification combined cycle power plant near Orlando, Florida that Southern Company will operate for a consortium of owners. The new generating facility due to be online in June 2010 will be among the cleanest, most efficient coal-fueled power plants in the world.



Carry Out Stocks based on 5-year average injections



MARKET COMMENTARY

The natural gas market opened weaker to start the week, as moderate temperatures ahead will limit cooling demand as we head into the shoulder season. With record supplies of gas in the ground, the October contract traded to a low of 5.249, but support held and forecasts of a still active tropical picture coupled with sabotage to key Mexican natural gas pipelines spurred short covering. The October contract returned to positive territory by the open of floor trading, trading to a high of 5.703. The market maintained the uptrend throughout the session as concerns about

supply disruptions from Mexico during the height of the hurricane season kept short sellers nervous. A late rally in the oil complex, which saw crude oil trade to new highs of 78.47, furthered the natural gas' short covering, boosting the October contract to 5.989. The front month settled up 39 cents at 5.891.

The front calendar spread traded in over a 20 cent range, as traders were looking to move short October positions into November. The October – November spread traded between -1.000 and -.773 strengthening as nervousness persists in the peak of Hurricane season. Stock builds were below average for August, yet if weekly injections through October match the five-year average pace, storage will begin the heating season at an all time record of 3.53 Tcf. With less cooling demand expected in the shoulder months, injections will pick up and the glut of supply will continue to keep a lid on any rumor based rally. We see support at 5.521, 5.25, 5.192 and 5.00. Further support we see 4.505 and 4.201. We see resistance at \$6.019, 6.20 and 6.261. We see further resistance at 6.635-6.705.