



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 14, 2007

NATURAL GAS MARKET NEWS

The National Hurricane Center reported that tropical depression #8 has been upgraded to the ninth named system of 2007, Tropical Storm Ingrid. Ingrid is located about 800 miles to the west of the Lesser Antilles and is moving west-northwest at about 7 mph. This system is not expected to intensify much more and in fact may gradually weaken, as it is due to encounter an above normal sheared environment. However, a new system of energy in the southern Caribbean poses a threat. The European model forecasts a weak low will form next week and move into the Western Caribbean. Current forecasts call for a tropical storm to form next weekend in the Southern Gulf.

Also, AccuWeather announced that there is a possibility for now-Tropical Depression Humberto to reverse course and head back over the Florida Panhandle into the Gulf of Mexico.

The National Energy Board has approved an application by EnCana Corporation to build a 176 Km long underwater pipeline off the coast of Nova Scotia. The \$234 million Deep Panuke Pipeline will connect the proposed Deep Panuke Offshore Gas Development Project with markets in the Maritimes and Northeastern U.S.

U.S. industrial production rose by a smaller-than-expected 0.2% in August as both manufacturing and mining output fell, but utility output surged.

PIPELINE MAINTENANCE

ANR Pipeline Company said that it will continue the unplanned engine repairs at its Bridgman Compressor Station in Michigan. Total capacity will be reduced by 150 MMcf/d for September 11-18. Based on current nominations along the Michigan Legs, it is anticipated that the reductions will result in the curtailment of IT and Firm Secondary nominations.

National Fuel Gas said that compressor maintenance will shut down Unit #3 at the Knox Station starting September 17 for one week. Producers are required to cut production of gas into these lines by 50%, no later than 7:00 am on Monday.

Generator Problems

ECAR – AEP's 1,020 Mw Cook #2 nuclear unit reduced output to 70% as it prepares for a refueling outage. Yesterday, the unit was operating at 74% power. Cook #1 continues to operate at full power.

SERC – Entergy's 858 Mw Arkansas #2 nuclear unit ramped output to full power today. Yesterday, the unit was operating at 85% power. Arkansas #1 continues to operate at full power.

TVA's Browns Ferry #1 nuclear unit ramped up to 73% capacity today. Yesterday, the unit was operating at 55% power. Browns Ferry #2 and #3 remain at full power.

Progress Energy's 938 Mw Brunswick #2 nuclear unit reduced output to 74% power. Yesterday, the unit was operating at full power.

Duke Power's 1,129 Mw Catawba #2 nuclear unit reduced output to 94% power as it prepares for a refueling outage. Catawba #1 remains at full power.

TVA's 1,125 Mw Sequoyah #1 nuclear unit reduced output to 91% power as it prepares for a refueling outage. Sequoyah #2 remains at full power.

The NRC reported that 91,957 Mw of nuclear capacity is on line, up .05% from Thursday, and down 1.18% from a year ago.

Northern Natural Gas Company said that the Earlville, Iowa Compressor Station will be down from September 17 through September 1 for compressor maintenance and inspections. Deliveries east of Earlville may be impacted depending on total quantities nominated. Inlet pressures at delivery stations will fluctuate, and may be lower than normal. Lower than normal delivery pressures may also be experienced. Firm deliveries could be affected up to 70,000 dth/day.

PIPELINE RESTRICTIONS

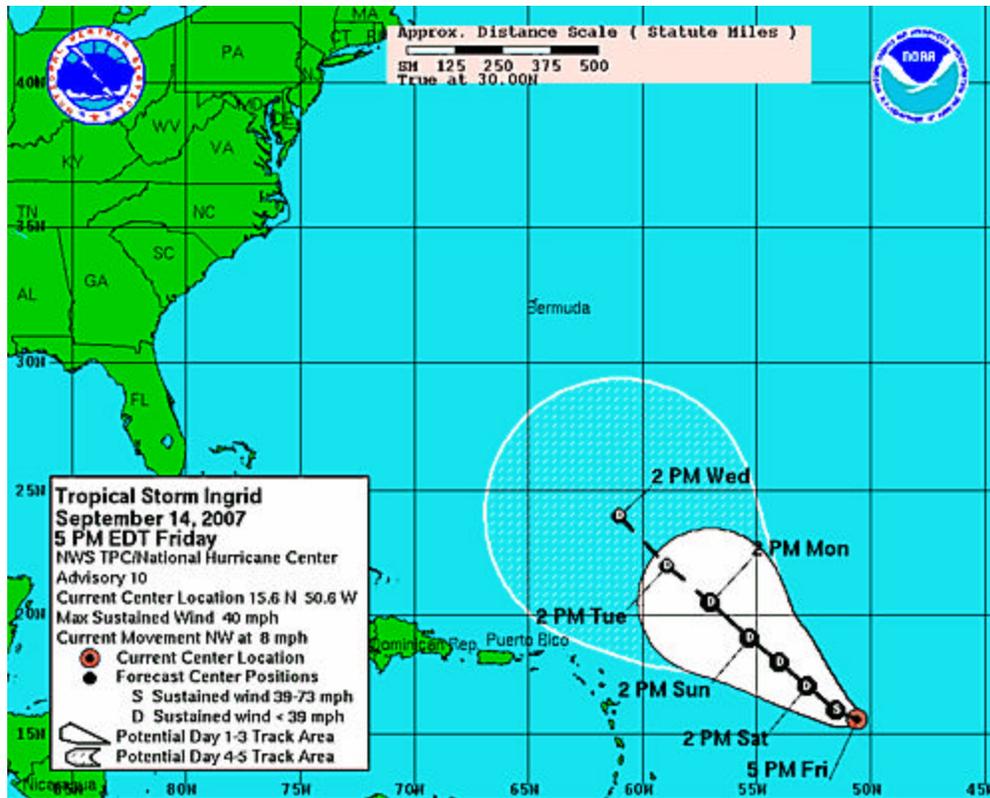
Florida Gas Transmission said mid-90 degree weather is forecasted for Florida for today. Therefore, FGT has issued an Overage Alert Day for FGT's Market Area at 25% tolerance. FGT will not interrupt previously scheduled Market Area ITS-1 service below the elapsed prorated scheduled quantity.

PG&E California Gas Transmission has called a system-wide operational flow order on its California natural gas pipeline system for Saturday's gas flow due to high inventory. Tolerance is set at 16%.

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	1,477,600	\$6.131	\$0.156	(\$0.436)	(\$0.297)	(\$0.206)
Chicago City Gate	588,600	\$6.044	\$0.109	(\$0.150)	(\$0.248)	(\$0.002)
NGPL- TX/OK	490,800	\$5.832	\$0.086	(\$0.362)	(\$0.271)	(\$0.180)
SoCal	1,073,700	\$5.807	(\$0.020)	(\$0.387)	(\$0.377)	(\$0.168)
PG&E Citygate	654,100	\$6.180	\$0.093	(\$0.014)	(\$0.264)	\$0.151
Dominion-South	299,400	\$6.243	\$0.090	\$0.049	(\$0.267)	\$0.223
Transco Zone 6	152,400	\$6.538	\$0.091	\$0.344	(\$0.266)	\$0.525

ELECTRIC MARKET NEWS

Consumers Energy has selected its Karn/Weadock Generating Complex near Bay City as the site for construction of an 800 Mw clean coal power plant, the start of a new generation of power for Michigan. The utility's plans call for 500 Mw of the plant's output to be used to help serve its 1.8 million electric customers with 300 Mw going to other owners. The new plant is expected to cost in excess of \$2 billion and the plant is expected to be in operation in 2015.



American Electric Power released the results of a technical study evaluating the feasibility of extending AEP's existing 765 Kv transmission infrastructures through Michigan to enhance reliability and support a more efficient generation marketplace. The study results recommend building three segments of extra-high voltage 765 Kv regional transmission in PJM Interconnection and Midwest ISO that would extend AEP's existing 765-Kv transmission system in the southwest corner of the lower peninsula of Michigan east across Michigan and south to the existing 765 Kv infrastructure in Ohio. If built as recommended,

the project would total approximately 700 miles, about 420 miles in Michigan and 280 miles in northern Ohio. The entire project were built as proposed, it would cost an estimated \$2.6 billion and would take approximately eight years to complete.

OG&E Electric Services announced today it plans to construct the Oklahoma portion of a new 345 Kv transmission line from north-central Oklahoma to a substation near Wichita, Kansas as part of the expanded Regional Planning Process under the direction of the Southwest Power Pool. The line is expected to cost \$40 million and be completed by 2010.

MARKET COMMENTARY

The natural gas market traded just above the 6.00 level through the overnight session until gaining a boost with the 6 am tropical update. Forecasters reported that a piling of energy in the southern Caribbean threatens to organize into a tropical storm by the end of next week. October natural gas reversed yesterday's price action by rallying back to its recent highs, trading to a high of 6.498 today. The market trekked higher in the first half of the session, but as traders looked to balance books ahead of the weekend, natural gas pulled off from its highs into the close, settling at 6.279, up 25 cents on the day. However, in after hour trading the market again resumed its uptrend, finding comfort at the 6.40 level.

This market remains at the will of tropical forecasts and with the quickness in the development of Humberto, market players are reluctant to leave themselves open to considerable upside risk. The burgeoning storage facilities remain a beacon for the bears, as supplies are currently sufficient to handle any late season cooling demand or tropical related supply disruption. However, with the tropics still active and new areas of interest popping up with frequency, volatility in natural gas will remain high. We see resistance at 6.50, 6.785, 6.884 and 6.989. We see support at 6.00, 5.93, 5.797, 5.37 and 5.25.

