



ENERGY RISK MANAGEMENT

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

www.e-windham.com

POWER MARKET REPORT FOR OCTOBER 8, 2008

NATURAL GAS MARKET NEWS

The Minerals Management Service reported that 16,081 bpd of crude production returned to the market, leaving a total of 565,793 bpd of crude production still shut in the Gulf of Mexico as of Wednesday. In regards to natural gas production, there was no improvement in the amount of production coming back online with 2.86 bcf/d of natural gas production still shut in.

Rockies Express Pipeline L.L.C. said in a shipper notice that the opening of its eastern leg, from Audrain County, MS to Lebanon, OH has been postponed by about five months to the middle of June 2009 due to delays in obtaining construction permits and regulatory approvals.

According to Accuweather, the eastern US could see its coldest, snowiest winter since at least 2003-2004. Elsewhere in the country, the winter should be less severe this year than last, with the Midwest getting less snow and the West mostly warmer. It said the Northwest could see above average snowfall. Accuweather's Joe Bastardi said the winter will start early this year, with December bringing the most severe weather of the season. He added that

Generator Problems

NPCC – Ontario Power Generation's 490 Mw Unit 3 at the Nanticoke coal fired power station in Ontario was shut by early Wednesday, the Independent Electricity System Operator reported. Unit 2 shut by Aug 26 and will likely return in early Nov. Unit 6 shut by Sept. 29 and will likely return by late Oct.

SERC – TN Valley Authority's 1,155 Mw Unit 2 at the Browns Ferry nuclear power station started to exit an outage and ramped up to 19% power by early Wednesday, the U.S. NRC reported. The unit has been shut since Oct. 4 due to a generator malfunction likely related to a problem with the voltage regulator.

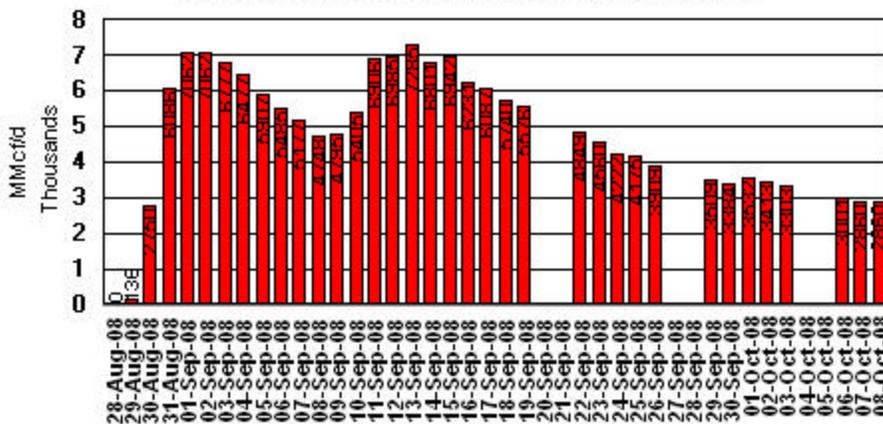
MRO – Exelon's 1163 Mw LaSalle #1 nuclear unit ramped up its power to full capacity on Wednesday, up 16% from Tuesday's level.

Exelon's 912 Mw Dresden #3 nuclear unit was operating at 91% of capacity, down 1% on the day.

Exelon's 855 Mw Quad Cities #2 nuclear unit increased its operations by 1% to 98% of capacity on Wednesday.

According to the NRC some 83,896 Mw of generating capacity was in operation in the U.S. this morning, up 0.46% from Tuesday and 2.34% higher than the same time a year ago.

USG Offshore Nat Gas Production Shut-ins

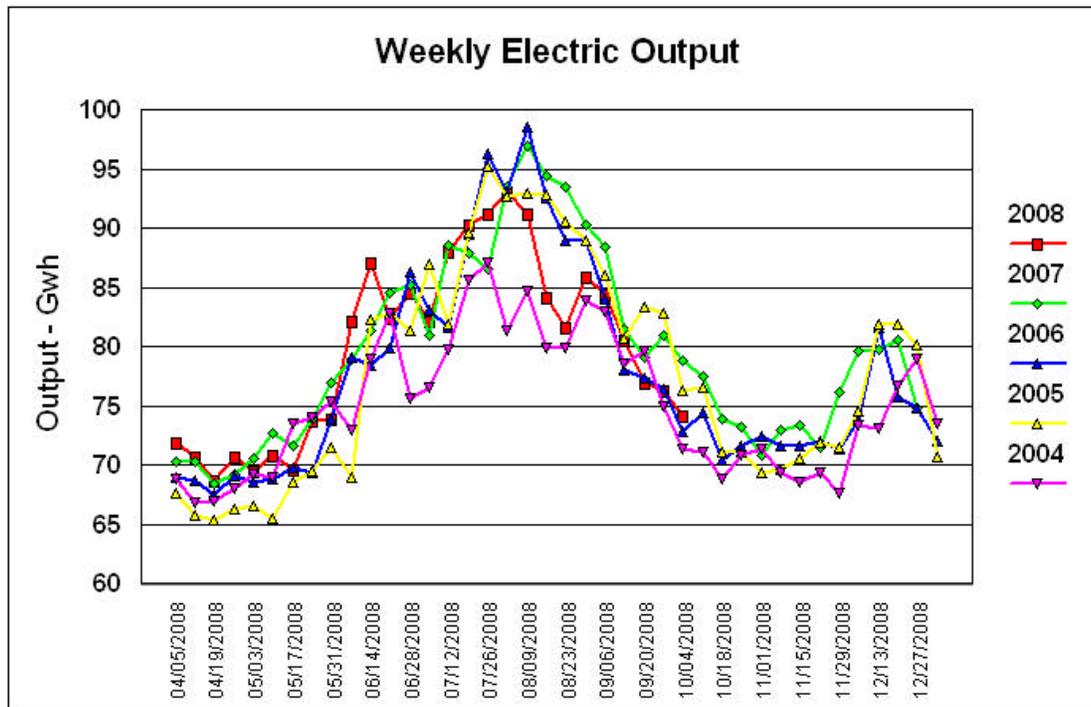


January is expected to be warmer followed by another bout of severe weather in late January or early February.

The widely held belief that natural gas would transition to a crude oil-like global market in the near future appears to be overstated. Goldman Sachs analysts stated that higher than expected US production levels will likely

prolong the winter disconnect between US and international natural gas prices through and possibly beyond 2009.

Marathon Oil Corp said third quarter oil and natural gas sales increased by 4% to 384,000 bpd of oil equivalent, up from 371,000 boe/d last year.



PIPELINE MAINTENANCE

Gulf South, a unit of Boardwalk Pipeline, said that it would be performing scheduled pipeline maintenance on Index 266 near Keatchie, DeSoto Parish in LA beginning at 9:00 AM on Saturday, Oct 11. The work is expected to continue until 9:00 Monday, Oct 13. Reduced capacity out of East Texas/Area will be required for the duration of the maintenance.

Unscheduled maintenance is currently underway at the Sharon Compressor Station, according to Texas Gas Transmission, L.L.C., a unit of Boardwalk Pipelines. Completion is expected by Oct. 17th. During the work, capacity at the Sharon Carthage Segment and the TX Eastern Sharon location will be reduced from 531,595 to 500,000 MMBtu.

A contract to build 200 MW of new peaking generation at NRG's existing site in Middletown, CT. has been awarded to GenConn Energy L.L.C., a subsidiary of UIL Holdings Corp and NRG Energy, Inc. The units will provide power to CT homes and businesses during peak electric energy usage periods in the summer and winter months and are expected to be on line June 2011.

ELECTRIC MARKET NEWS

The Edison Electric Institute reported that power production in the US in the week ending October 4 fell by 5.9% on the year and by 2.85% on the week to 74,224 Gwh.

The Delaware Public Service Commission approved three Delmarva Power contracts that will see the utility buy up to 170 Mw of power from onshore wind farms in Maryland and Pennsylvania. The contracts include a 20 year arrangement to buy up to 100 Mw of power and the renewable energy credits from two wind farms under development. The wind farms are expected to begin operation in 2009 and 2010. The PSC also approved a 15 year Delmarva Power contract with AES for up to 70 Mw of power and the renewable energy credits from a wind farm in Pennsylvania scheduled for completion in 2009.

Analysts stated that the world economic crisis is adding to uncertainty for power and gas companies but should stem the rise in project costs seen over the last few years. Industry analysts said difficulties in the financial sector could have serious repercussions for renewable energy and nuclear projects. Some expect the focus to shift back to more traditional sources of energy like natural gas in the medium term.

MARKET COMMENTARY

The natural gas market on Wednesday remained pressured after it settled below the \$7 level for two consecutive sessions. Early in the session, it tumbled to a low of \$6.51, a low not seen since late September 2007. The market was also pressured amid the softer cash prices amid the mild autumn weather. It however bounced off its low and traded back towards \$6.80 and settled in a 20 cent trading range. The natural gas market later traded to a high of \$6.834 in afternoon trading and settled down 2.6 cents at \$6.742 as traders positioned themselves ahead of Thursday's release of the EIA's natural gas report.

Market expectations for Thursday's EIA natural gas storage report is a build of 86 bcf, with a range from 78 bcf to 95 bcf. For the same week last year, stocks rose an adjusted 68 bcf, while the five year average build for the week was 69 bcf.

The natural gas market is seen continuing its downtrend on the continuing global financial crisis, the expected build in inventories and sluggish demand. The market is seen finding support at its remaining gap from \$6.51-\$6.474, basis its spot continuation chart, \$6.371, \$6.233 and \$6.131. Resistance is seen at \$6.834, \$6.881, \$7.019 and \$7.205.