



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR OCTOBER 13, 2008

NATURAL GAS MARKET NEWS

Goldman Sachs lowered its US and UK natural gas price forecast following downward revisions to its oil and coal outlooks. It lowered its 2008.09 winter NYMEX natural gas forecast to \$7.60/mmbtu from its previous forecast of \$9.50/mmbtu. It also lowered its 2008/09 winter, 2000 summer and 2009/10 winter UK NBP prices to \$15.35/mmbtu, \$10.60/mmbtu and \$14.20/mmbtu, respectively.

The US National Hurricane Center reported that Tropical Depression 15 formed in the Caribbean and will likely strengthen into a tropical storm. However it said it will not threaten the Gulf of Mexico as it moves toward the Atlantic. A low pressure system formed in the southwest Caribbean Sea about 100 miles east-southeast of Puerto Cabezas, Nicaragua and has a 20%-50% chance of becoming a tropical

Generator Problems

NPCC- Entergy's 852 Mw FitzPatrick nuclear unit ramped up to 97% power early Monday. This unit was operating at 20% capacity on Friday.

Dominion Resources Inc's 1,155 MW Unit 3 at the Millstone nuclear power station in CT, shut by early Monday. The unit was operating at full capacity on Friday.

Calpine's 517 Mw unit 4 at the Greenfield natural gas fired power plant returned to service on Friday afternoon. The unit was shut on Thursday, October 9.

Ontario Power Generation's unit 3 at the Lambton coal fired power station was shut by early Monday while its unit 1 exited an outage that started by October 6.

Ontario Power Generation's 490 Mw unit 4 at its Nanticoke coal fired power station was shut by early Monday while units 1 and 3 exited an outage that started on October 8.

MAPP – The 450 Mw unit 3 at the Genesee coal fired power station in Alberta was shut by early Monday.

SERC – Ameren Corp's 1,190 MW Callaway reactor was shut early Monday. It is believed that the unit was shut for planned month-long refueling and maintenance outage expected to start in mid- October.

ERCOT – The LCRA's 598 Mw unit 1 at the Fayette coal fired power plant as shut on Saturday, October 11 for maintenance. The unit is expected to remain shut until November 22.

WSPCC – Intermountain Power Project's 900 MW Unit 1, a coal fired power plant, went off-line over the weekend in an unplanned shutdown. The IPP supplies electricity to So. CA and Utah.

Southern California Edison's 1,080 Mw San Onofre nuclear unit 3 was shut by early Monday. The unit was operating at 75% of capacity during work on a water pump in the condenser.

SCE's 472 Mw Units 3 and 4 at the Mountainview natural gas fired power station returned to service by Sunday afternoon after the units were shut on October 6 for post summer maintenance.

AES Corp's 225 Mw unit 3 and its 227 Mw unit 4 at the Huntington Beach natural gas fired power station in California was shut by Sunday afternoon for unplanned reasons.

FRCC – FPL Group Inc's 693 MW nuclear Unit 4 at Turkey Point power plant in FL was shut by early Monday. The unit was operating at full capacity on Friday.

depression during the next couple of days. In the Atlantic, Tropical Storm Nana weakened to a tropical depression in the central Atlantic. The NHC does not expect Tropical Storm Nana to threaten any land as it dissipates over the next 48 hours.

According to NOAA's National Climatic Data Center, September was the 49th warmest and 38th wettest on record for the US. The average September temperature of 65.8 degrees F was 0.4 degrees above the 20th century average.

Williams said its major gathering and processing assets in the Gulf of Mexico, other than the Cameron Meadows natural gas processing plant and the Discovery offshore gathering system, are fully operational following Hurricanes Gustav and Ike. However most of the company's assets continue to run at reduced volumes as producers work to restore their operations to normal levels. The Cameron Meadows plant sustained significant damage from Hurricane Ike. Operations are suspended while the company evaluates the timing and extent of the required repairs. The Discovery offshore gathering system sustained hurricane damage and is not accepting gas from producers while repairs are made.

PIPELINE RESTRICTIONS

Northern Natural Gas Co said it will extend a force majeure issued on Saturday on the Palmyra North Nomination Group through Wednesday due to construction problems and weather delays. It declared the force majeure after a pipeline leak was found in a road crossing on the Palmyra to Hooper C-Line.

ELECTRIC MARKET NEWS

According to Genscape, US power output in the week ending October 9 fell by 4.4% on the week and by 9.82% on the year.

Competitive Power Ventures said it has reached a tentative deal with Maryland regulators that should allow it to build a proposed 640 Mw natural gas fired plant in St. Charles County. The agreement is pending approval from the Maryland PSC. CPV hopes to bring the unit online sometime in 2011.

MARKET COMMENTARY

The natural gas market remained pressured as it opened at a low of \$6.519 on Globex late Sunday. The market however bounced off its low and rallied to a high of \$6.776 earlier today as it attempted to test Friday's high of \$6.785. The market bounced higher on firmer cash prices and the strength in the oil markets. The energy complex followed the equity markets higher as the US Treasury Secretary said the US was developing plans to buy equity in financial institutions and several European governments announced rescue packages. The natural gas market however retraced more than 62% of its earlier move as the National Hurricane Center stated that any of the current tropical systems in the Caribbean are not expected to threaten Gulf of Mexico production. It later retraced some of its losses and settled up 15.3 cents at \$6.688 in light of the strength seen in the crude market. The market's price discount to crude widened to \$7.31 from Friday's level of \$6.86.

The natural gas market is seen remaining supported following today's strength in the equity markets and rest of the energy complex. The market is seen finding support at \$6.546, its low of \$6.519, \$6.404 and \$6.289. More distant support is seen at \$5.725. Resistance is seen at \$6.72, its highs of \$6.776-\$6.785, \$6.803, \$6.918 and \$7.06.