



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 19, 2007

NATURAL GAS MARKET NEWS

U.S. heating demand is expected to be about 16% below normal in the week ending November 24 as mild weather persists over much of the country. Last week, heating demand was 14.8% below normal. Heating demand for natural gas is expected to average 15% below normal and heating demand for electricity about 20% below normal. Demand for heating oil is expected to average 8.2% below normal after running near-normal last week on seasonal temperatures in the U.S. Northeast.

Monroe Gas Storage will be launching a binding open season for firm, high deliverability storage capacity at its proposed 12 Bcf Monroe Gas Storage facility being developed near the city of Amory, Mississippi. The Monroe facility is being converted from a depleted natural gas reservoir into a multi-cycle natural gas storage system with a maximum injection capability of 445,000 Mcf/d and maximum withdrawal capability of 465,000 Mcf/d. Monroe expects the facility to be in partial and full service by the third and fourth quarters of 2008, respectively. Upon completion, Monroe will have direct interconnects with Texas

Generator Problems

ECAR – DTE's 1,100 Mw Fermi #2 nuclear unit restarted and ramped up to 40% power over the weekend.

ERCOT – Luminant's 575 Mw Big Brown #2 coal-fired power unit shut to fix a boiler tube leak. The unit is expected to return in few days.

MAIN – Exelon's 912 Mw Dresden #2 nuclear unit started to exit an outage and is warming up offline at 3% power. The unit shut October 27 for a refueling outage. Dresden #3 continues to operate at full power.

NPCC – Entergy's 825 Mw FitzPatrick nuclear unit ramped up to full power today. Yesterday, the unit was operating at 65% power.

Constellation Energy's 1,120 Mw Nine Mile Point #2 nuclear unit reconnected to the grid and ramped up to 93% power over the weekend. Nine Mile Point #1 remains at full power.

PJM – PSEG's 1,050 Mw Hope Creek nuclear unit ramped up to 70% power as it comes back from a refueling outage. On Friday, the unit was operating at 24% power.

SERC – TVA's 1,100 Mw Browns Ferry #1 nuclear unit returned to full power today. The unit was operating at 70% power on Friday. Browns Ferry #2 and #3 continue to operate at full power.

Duke Power's 1,129 Mw Catawba #2 nuclear unit ramped up to full power. The unit was operating at 20% power on Friday after restarting following a refueling outage. Catawba #1 continues to operate at full power.

Southern Nuclear's 888 Mw Farley #1 power unit ramped up to full power. The unit was operating at 84% power on Friday. Farley #2 continues to operate at full power.

TVA's 1,125 Mw Sequoyah #1 nuclear unit has reconnected to the grid and increased output to 48% power. Sequoyah #2 continues to operate at full power.

WSCC – Southern California Edison's 1,070 Mw San Onofre #2 nuclear unit reduced power to 97% as it prepares for a refueling outage scheduled to start November 26.

Canada – OPG's 881 Mw Darlington #4 nuclear unit returned to service today.

OPG's 490 Mw Nanticoke #2 coal-fired power unit shut today.

The NRC reported that 90,265 Mw of nuclear capacity is online, up 4.66% from Friday, and up 7.56% from a year ago.

Eastern Transmission and Tennessee Gas Pipeline.

BP announced that natural gas production from the Mango field, offshore Trinidad, began this weekend. The field in the South East Galeota Block was first discovered in 1971 and further appraised in 2000. The field has been developed using a single unmanned platform with a capacity to produce from nine wells. Gas is exported through a new subsea four-mile 26-inch pipeline tied into the current Cannonball pipeline and then to the Cassia B gas processing hub. Gas from Mango will supply Atlantic LNG's liquefaction plant for export as LNG to international markets, as well as the domestic market.

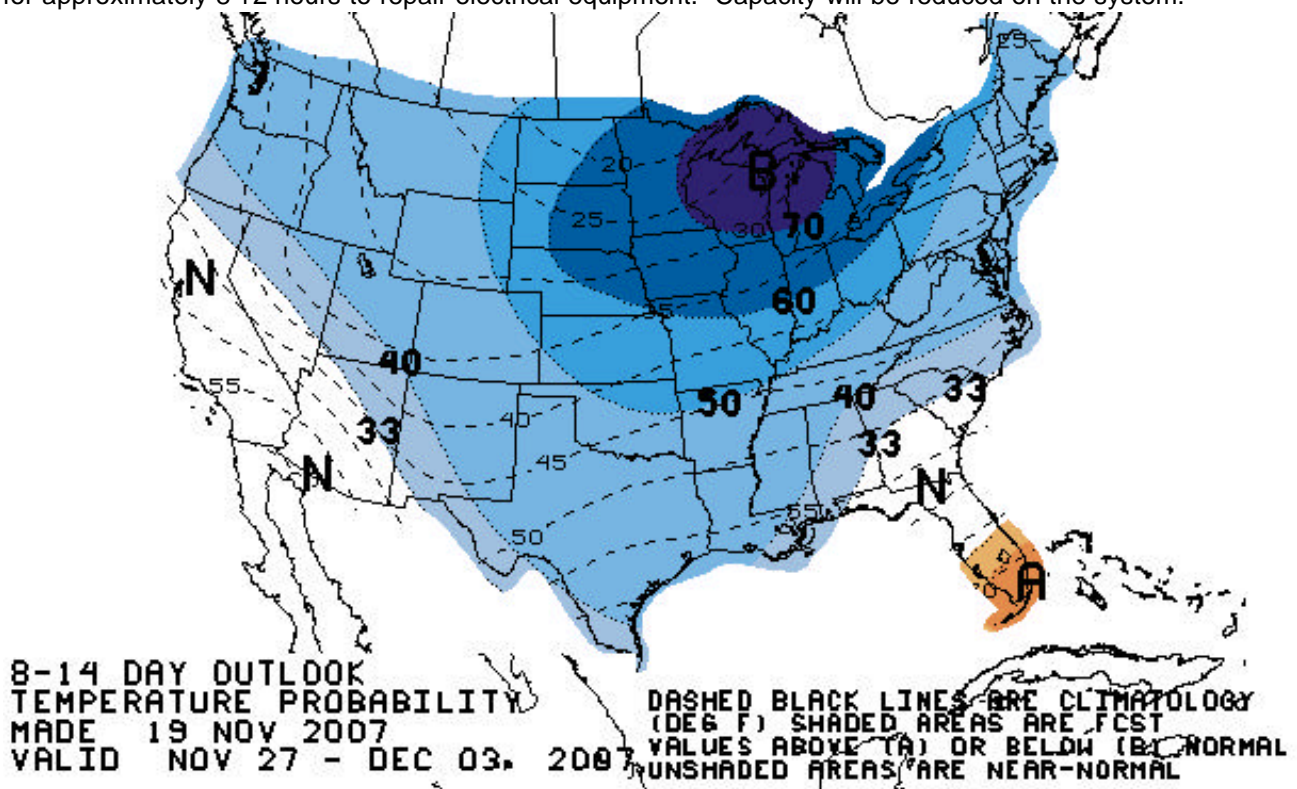
Turkey and Greece opened the Euro 300 million (\$440 million) Turkey-Greece Natural Gas Pipeline, giving Caspian gas direct access to the European Union market for the first time. The 285 – Km (180-mile) line from Karacabey in Turkey to Komotini in Greece, which will eventually have a 12 Bcm/y capacity, is intended to serve as the first part of a Turkey-Greece-Italy Interconnector. Initially, some 750 million cubic meters a year of Azerbaijani gas will be exported to Greece but this is intended to grow in steps to 3 Bcm/y.

Malaysia LNG, a subsidiary of national oil and gas company Petronas, signed a sale and purchase agreement with Japan's Osaka Gas to supply up to 920,000 mt/year of LNG for 15 years, starting April 2009. The LNG will be exported from the Petronas LNG complex in Bintulu, Sarawak, to Osaka Gas' receiving terminals in Senboku and Himeji, Japan, on a ex-ship basis by LNG tankers owned and operated by MISC, a subsidiary of Petronas.

PIPELINE MAINTENANCE

Gulf South Pipeline said that it will be performing unscheduled maintenance on Montpelier Compressor Station Unit #6 beginning immediately and continuing for approximately 48 hours. Capacity through the Montpelier Compressor Station could be reduced by as much as 75 MMcf/d.

Northern Natural Gas Company said that the PEPL outage dates have been changed. The outage previously scheduled for today has been moved to November 20. On that day, the Liberal compressor station will be down for approximately 8-12 hours to repair electrical equipment. Capacity will be reduced on the system.



TransColorado Gas Transmission said that it will be performing maintenance at its Mancos Compressor Station on gas day November 21. Capacity through Segment 220 will be limited to 365 MMcf and capacity through Segment 240 will be limited to 415 MMcf/d. Based on the current level of nominations, AOR/IT, secondary and primary FT quantities are at risk of not being fully scheduled. As this maintenance project progresses, additional scheduled quantities may become available for the Intraday 2 cycle. TransColorado will power this increase if it becomes available.

PIPELINE RESTRICTIONS

Westcoast Energy said that Kwoen Gas Plant has resolved its problems with the cooling unit on the K-100 compressor and is back to normal operation as of 2:30 AM MT today. Effective immediately, SET is removing the 90% Firm Service RGT Constraint. Shippers and Producers are reminded to follow their authorized volumes.

ELECTRIC MARKET NEWS

Ohio has become the latest state to support locating the federal FutureGen clean coal project in Illinois, joining a growing alliance of coal producing and consuming states that believe it essential to site FutureGen in a location that will maximize the transferability of the project's technology. Pennsylvania, Indiana, Kentucky and Wisconsin have previously endorsed locating the \$1.4 billion FutureGen plant in Illinois, at one of two sites.

MARKET COMMENTARY

The natural gas market drifted up to 8.13 in overnight trading on follow through buying from Friday's short-covering rally, but as we are in a bearish market, the sellers pressured the market back below the 8.00 level, focusing on lighter demand expectations with the holiday week. The December contract traded to a low of 7.744 on light volume. The front month contract settled down 21.4 cents at 7.787.

Cold weather seen through the beginning of December still offers a floor for the short term, however longer-term forecasts for yet another mild winter in the major markets adds long-term pressure. With the December options and futures expiring next week perhaps some liquidation is already underway, and given the magnitude of fund short positions confirmed by Friday's CFTC's report, we see any book squaring this week as adding a level of support to the market. We see support at 7.65, 7.50 and 7.20. We see resistance at 8.00, 8.25, 8.366 and 8.70.