



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 JANUARY 8, 2008

NATURAL GAS MARKET NEWS

The EIA Short-Term Energy Outlook for January 2008 reported that natural gas consumption is estimated to have increased by 6% in 2007, compared to 5% reported last month. The forecast of near-normal weather in 2008 and 2009 is projected to lower the annual increase in total consumption to 0.6 and 1% respectively, for those two years. Total U.S. marketed natural gas production is estimated to have increased by 2.5% in 2007, with increases in onshore lower-48 production offsetting declines in the offshore Gulf of Mexico. In 2008, total marketed production is expected to increase by 1.6% primarily because of the start-up of new deepwater Gulf of Mexico supply infrastructure, which is expected to increase Gulf production by 7.9% for the year. Lower-48 onshore production in 2008 is expected to rise by 0.5%. In 2009, the anticipated 2.8% decline in production from the Gulf of Mexico due to steep decline rates in the offshore fields is expected to be partially offset by production growth of 0.8% in the lower-48 onshore region, resulting in a net decline in total marketed production of 2.0%. LNG is estimated to have reached about 781 Bcf in 2007, a 34% increase over 2006. Annual import volumes are projected to reach about 937 Bcf and 1,179 Bcf in 2008 and 2009 respectively. The EIA said the Henry Hub spot price averaged 7.32 in December and it is projected to average slightly over 8.00 in both January and February. On an annual basis, the Henry Hub spot price is projected to average 7.78 in 2008 and 7.92 in 2009.

Generator Problems

SERC – The Tennessee Valley Authority's 1,100 Mw Browns Ferry #3 nuclear unit remains offline at just 12% capacity, down marginally after restarting over the weekend. Browns Ferry #1 and #2 continue to operate at full power.

The NRC reported that 93,023 Mw of nuclear capacity is online, down .30% from Monday, and down 4.49% from a year ago.

Connecticut Attorney General Richard Blumenthal has urged New York state regulators to reject the proposed Broadwater liquefied natural gas (LNG) facility in Long Island Sound, claiming that a recently proposed alternative would be safer and cause less environmental damage while providing more natural gas.

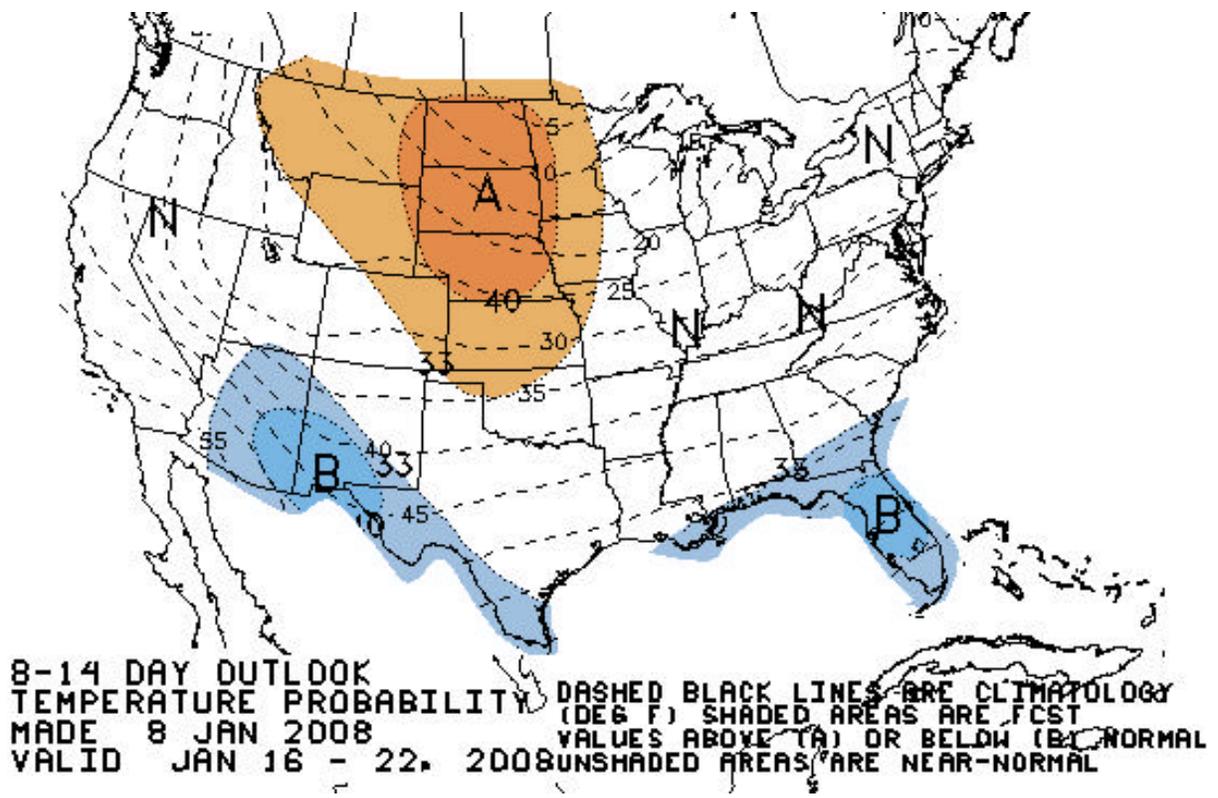
PIPELINE MAINTENANCE

Gulf South Pipeline said that it will perform scheduled pipeline maintenance on Index 816 (42-inch East Texas Expansion) at Hall Summit beginning at 9:00 AM on January 10 and continuing for 824 hours. Gulf South will attempt to flow primary firm capacity during this period up to 120 MMcf. At this time 150 MMcf of primary firm is scheduled on the expansion facilities.

Colorado Interstate Gas Company said in Wyoming, one unit at Wamsutter Compressor Station will be out of service through January 16. Also, the Dover and Bowie Station will be out of service January 9. Volumes at Bowie and Dover will have to go to zero. In Colorado, the Greasewood Compressor Station will be out of service January 15. Capacity will be reduced from 195 to 140 MMcf/d. In addition, the Aristocrat Meter Station will be out of service January 17 and volumes will go to zero. In maintenance south of Springfield, Colorado, the Mocane Compressor Station will have one unit out of service. Capacity will be reduced from 50 to 25 MMcf/d. Also, one unit will be out of service January 14-16 and capacity will be reduced from 50 to 40 MMcf/d.

ELECTRIC MARKET NEWS

Exelon Nuclear's 17 generating units produced a total of 132.3 million net megawatt-hours of electricity in 2007, highest annual production ever for the nation's largest operator of commercial nuclear reactors and enough electricity to steadily supply more than 15 million American homes. The fleet also achieved an average capacity factor of 94.5%, an all-time record for the company and the fifth consecutive year over 93%. The industry average capacity factor in 2006, the latest year for which figures are available, was 89.9%.

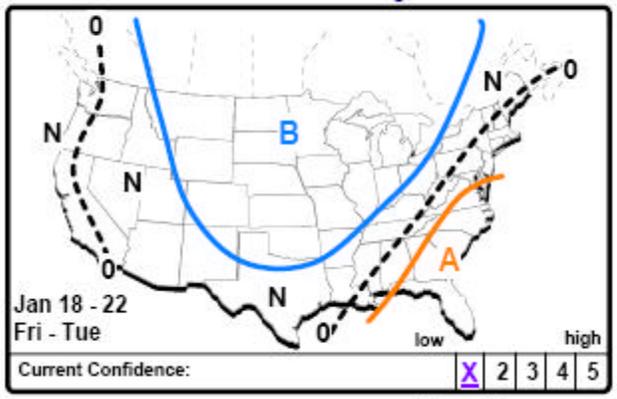


MARKET COMMENTARY

The natural gas market continued on this week's drift higher, supported by a firm crude oil market and uncertainty about the weather forecasts. Forecasts vary between seasonal temperatures and below temperatures for key consuming regions. Therefore, with such a large short open interest, traders have been covering up positions, especially at the front of the curve, as they wait and see exactly how the demand picture will turn out.

The February contract traded between 7.88 and 8.00 today in relatively quiet action. The market finished near the highs, settling up 8.8 cents at 7.967, its highest settle since November 16.

Latest 11 to 15 Day Outlook



Open interest reported today showed a net decline of 3,709 contracts, the first decline since December 26, as the market consolidates at the psychological level of 8.00. This market will remain dependent on forecasts, and as long as there is uncertainty the market will drift higher as a precaution to upside risk. With an above average withdrawal expected this week, the supply situation is supportive to the market in the near term. However, there is currently ample supply and until forecasts call for a sustained cold snap, the market is at the top of its range. We see resistance at 8.00, 8.074, 8.15, 8.34 and 8.72.

We see support at 7.90, 7.835, 7.70, 7.45 and 7.25.