



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JANUARY 9, 2008

NATURAL GAS MARKET NEWS

Sempra Energy continues to actively seek long-term supply deals that will allow it to begin construction of its proposed liquefied natural gas (LNG) receiving terminal on part of the 2,900 acres it owns at Port Arthur, TX. But currently there is nothing to announce in regard to a pending contract(s), a San Diego-based Sempra spokesperson told *NGJ* Wednesday.

Escondido Gas Storage announced a non-binding open season for its proposed 18 Bcf working capacity Escondido Gas Storage Project, located approximately 55 miles southeast of San Antonio, Texas. The open season for firm and interruptible storage service begins January 9 and continues through 5:00 PM CT February 15.

Generator Problems

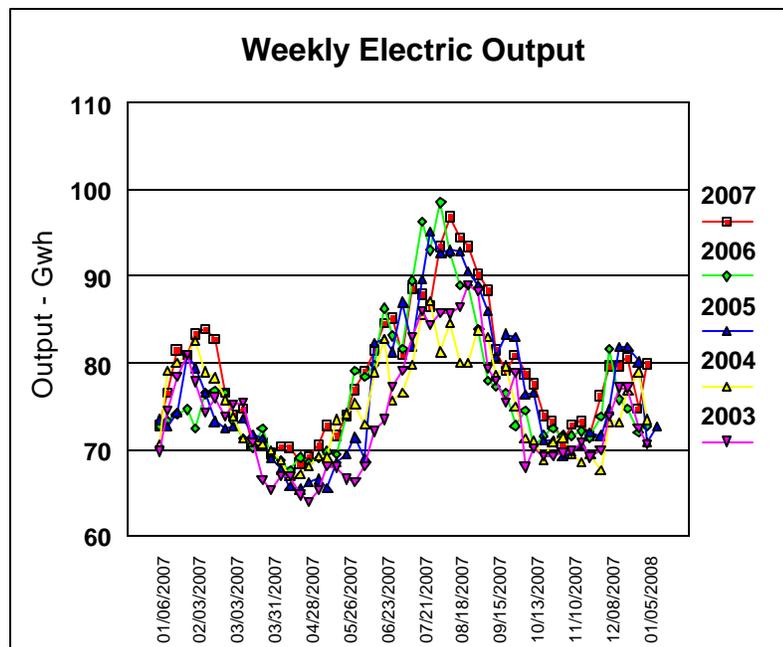
MAIN – Exelon Corp.'s 867 Mw Dresden #3 nuclear unit reduced output to 17% and took the unit offline to work on a feedwater heater. The unit was operating at 99% power yesterday. The unit is expected to return within a week. Dresden #2 continues to operate at 97% power.

Exelon's 1,120 Mw Braidwood #1 nuclear unit decreased output to 70%. The unit was operating at full power yesterday. Braidwood #2 continues to operate at full power.

SERC – TVA's 1,155 Mw Browns Ferry #3 nuclear unit has delayed its return to service due to a grid problem. Browns Ferry #1 and #2 continue to operate at full power.

The NRC reported that 92,037 Mw of nuclear capacity is online, down 1.06% from Tuesday, and down 5.46% from a year ago.

Contango Oil & Gas said it has agreed to sell to an unidentified "major Asian utility company" its 10% stake in a LNG import terminal near Freeport, Texas, for about \$68 million. Freeport LNG Development is developing an LNG receiving and gasification terminal on Quintana Island, near Freeport.

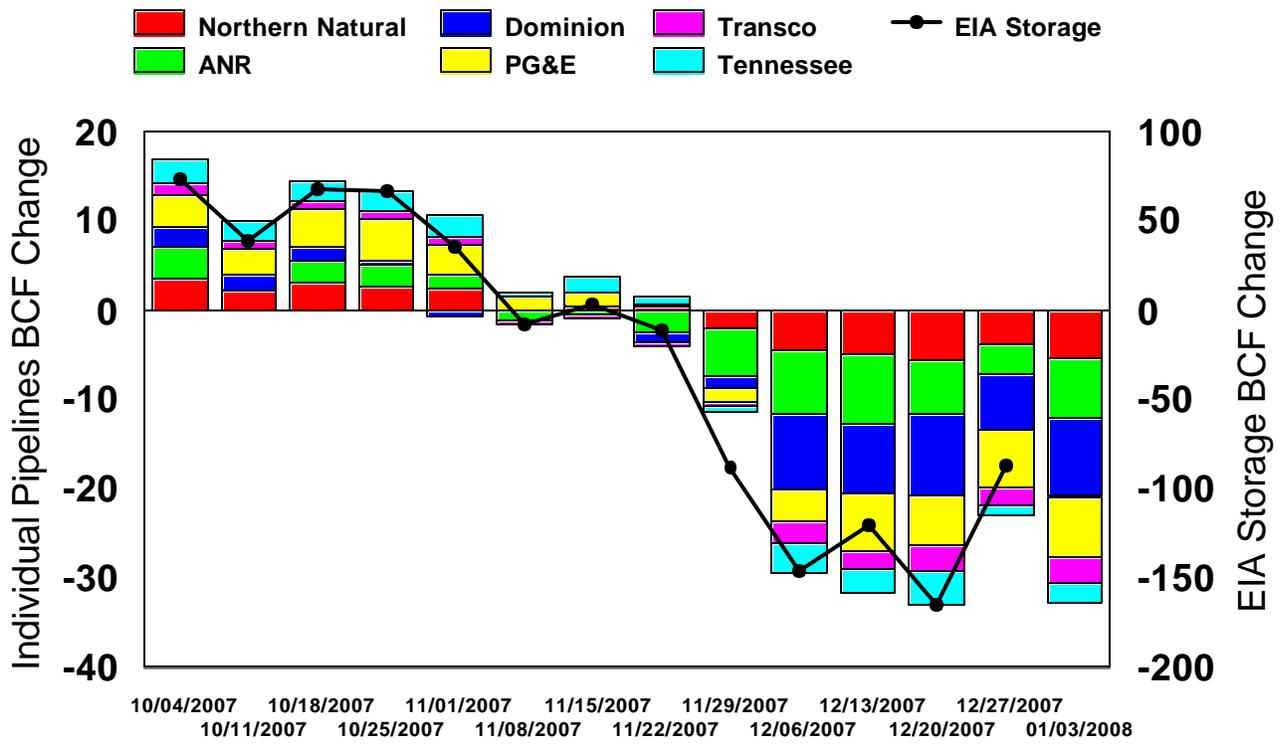


The U.S. Coast Guard expects to finish by the end of January preparations for start-up of Exelerate Energy's offshore LNG terminal near Boston. Construction of the \$300 million terminal, twin submergible buoys located in Massachusetts Bay 13 miles south of Gloucester and connected to a pipeline to shore, was finished late last year.

PIPELINE MAINTENANCE

ANR Pipeline said that it began unplanned engine repairs at its Shelbyville Compressor Station along the SE Mainline located in Indiana in ANR's Southeast Central Fuel Segment (ML-3). The total

Weekly Change In Nat Gas Stocks



SEML capacity will be reduced by the following: 150 MMcf/d through January 11. Based on current nominations, it is anticipated that the above reductions will result in the curtailment of interruptible services.

Trunkline Gas Company said that it has completed maintenance at the Kaplan Compressor Station. The project had been ongoing since October 2007

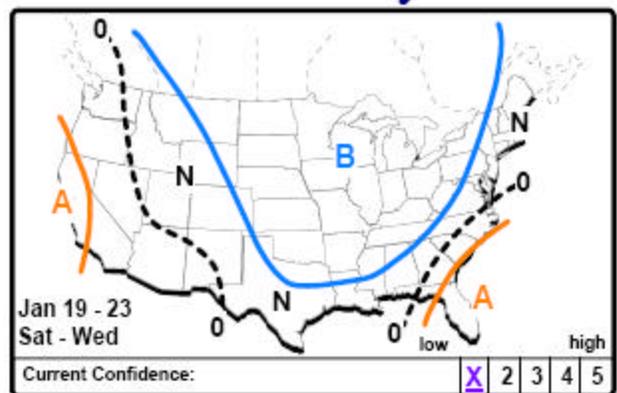
ELECTRIC MARKET NEWS

The Edison Electric Institute reported that electricity demand in the continental U.S. was 9.8% higher compared with the same week last year. U.S. consumers used 79,986 GWh of electricity in the week ending January 5, about 6.4% more than the previous week.

Thirty-one new coal-fired plants totaling about 24,250 Mw were canceled or delayed in 2007 because of rising construction costs and concerns over greenhouse gas emissions. Strong public opposition, combined with uncertainty over the future costs of complying with carbon dioxide emission caps and concerns about global warming's environmental and economic impacts, forced many utilities to cancel, or regulators to reject, plants from Florida to Washington.

Four west coast power buyers filed briefs with the Supreme Court arguing that the U.S. FERC ignored its legal responsibility to ensure just and reasonable rates when it refused to modify or void a handful of long-term power contracts signed during the 2000-2001 Western energy crisis. In a pair of December 2006 rulings, the U.S. 9th

Latest 11 to 15 Day Outlook



Circuit Court of Appeals ordered FERC to review the contracts for their justness and reasonableness under the Federal Power Act, with consideration of whether their prices exceeded a “zone of reasonableness” or were unfairly influenced by market dysfunction.

MARKET COMMENTARY

The natural gas market continued its climb, breaching the 8.00 level in early hour trading as some of the 11-15 weather forecasts showed expanding cold weather into the eastern portion of the country. The February contract reached a high of 8.20 before the open of the NYMEX, as short covering persisted. Throughout the session, the market consolidated back toward 8.00, but held, managing to settle up 13.2 cents at 8.099.

Expectations for tomorrow's EIA inventory report point to a draw of between 130 and 173 Bcf with many forecasters focusing on a pull of around 160 Bcf, well above the 63 Bcf five-year average withdrawal for this week as well as the even smaller 49 Bcf full reported for the corresponding week in 2007. Our model calls for a pull of between 150-156 Bcf. The frigid temperatures seen in the eastern two-thirds of the U.S. last week will likely translate into a natural gas withdrawal well above normal for this time of year, though this week's recent warmth could reverse that course in the subsequent report. We see resistance at 8.25, 8.34-8.36, 8.50 and 8.70-8.80. We see support at 8.00, 7.957, 7.80, 7.70 and 7.45.

