



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JANUARY 10, 2008

NATURAL GAS MARKET NEWS

The NOAA said that it expects the current La Nina to last through spring, causing higher precipitation in the northern Rockies and continuing dry conditions in the Southeast. NOAA also said that after record-breaking warmth in several Northeast U.S. cities earlier this week, temperatures are expected to return to normal January 15 to 23. In much of New York state and northern New England, including Maine, Vermont, New Hampshire and most of Massachusetts, the forecast shows an equal chance of normal, above-normal or below-normal temperatures in the month.

Spectra Energy is holding an open season to solicit participation in holding capacity on its proposed Bronco Pipeline that will move natural gas from growing supply basins in the Rocky Mountains to Western markets in the Pacific Northwest and California. The proposed 650-mile 1 Bcf/d is expected to cost \$3 billion and enter service in 2011.

PIPELINE MAINTENANCE

Alliance Pipeline said that corrective maintenance will require the Morinville Compression Station to be offline for 12 hours starting at 9:00 AM tomorrow. System throughput will be affected and will be posted at 15% for the gas day. During the outage the lateral system will see increased pressures as a result.

EIA Weekly Report

	01/04/2008	12/28/2007	Net chg	Last Year
Producing Region	864	922	-58	934
Consuming East	1511	1604	-93	1716
Consuming West	375	395	-20	382
Total US	2750	2921	-171	3032

*storage figures in Bcf

Generator Problems

MAIN – Exelon’s 912 Mw Dresden #3 nuclear unit shut for work on a feedwater heater. Dresden #2 is operating at 97% power.

Exelon’s 1,120 Mw Braidwood #1 nuclear unit decreased power to 39%. The unit was operating at 70% capacity. Braidwood #2 continues to operate at full power.

SERC – Tennessee Valley Authority’s 1,100 Mw Browns Ferry #3 nuclear unit has shut from 12% power. Browns Ferry #1 and #2 continue to operate at full power.

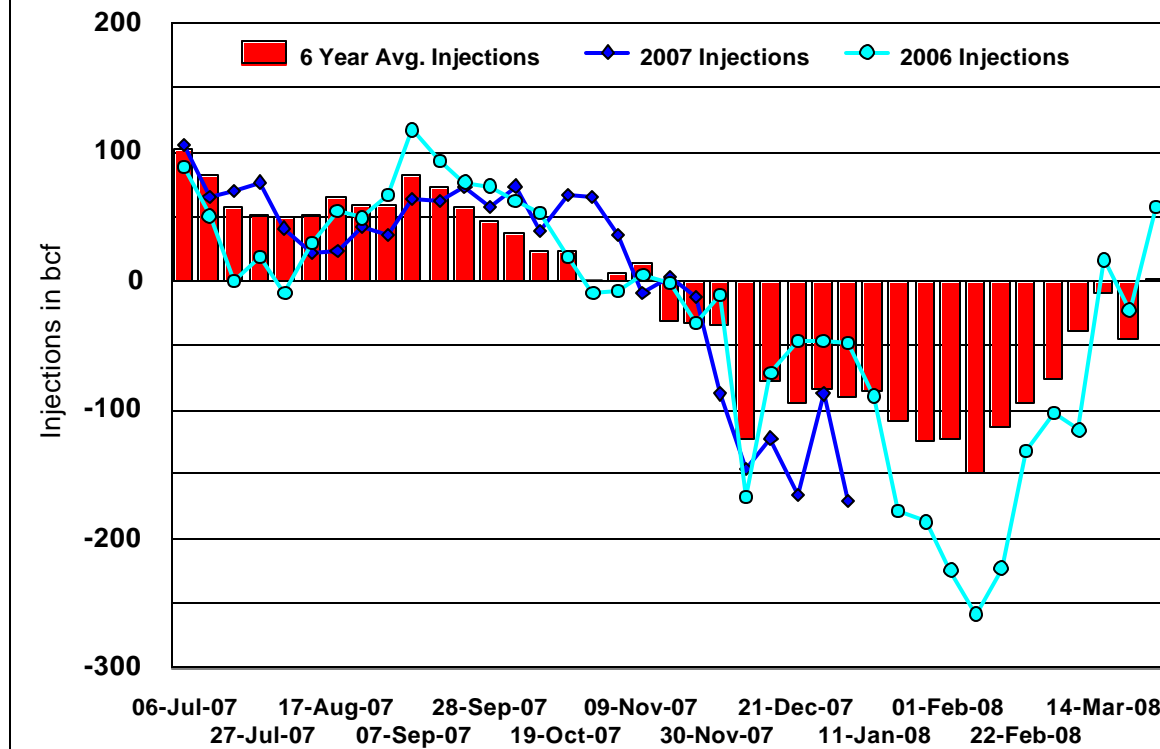
The NRC reported that 91,438 Mw of nuclear capacity is online, down .65% from Wednesday, and down 5.55% from a year ago.

ANR Pipeline Company said that it began unplanned engine repairs at its Joliet Compressor Station located in Illinois in the Northern Fuel Segment (ML-7), which will reduce the total NGPL-Joliet Interconnect capacity to 90 MMcf/d available for the gas day through January 18. Based on current nominations, it is anticipated that the above reductions will result in the curtailment of IT and FIRM Secondary nominations.

Gulf South Pipeline said that scheduled pipeline maintenance on Index 816 (42-inch East Texas Expansion) has been delayed and will now begin at 9:00 AM tomorrow and continue for eight to 24 hours. Therefore, Gulf South will schedule intra-day nominations for today’s gas day based on available capacity in the East Texas scheduling group.

Natural Gas Pipeline Company has informed its shippers that the maintenance project on the Gulf Coast #2 line has been moved up to begin on January 14. Beginning Monday and continuing through February 3, NGPL will be lowering the Gulf Coast #2 mainline near Station 304 in Harrison County, Texas, located in Segment 26 of the TEXOK Receipt and Delivery zone. Two points will be unavailable during this outage, TGG Harrison and KM Tejas Harrison.

2007 EIA Survey Injections VS 6-Year Average



Transcontinental Gas Pipe Line said that it anticipates the facility modifications associated with a tap installation on Transco's Southwest Louisiana lateral in Cameron Parish, Louisiana, for the Cheniere Sabine Pass Interconnect will be completed on schedule. Therefore, nominations for the affected receipt meters will be accepted for the start of the gas day January 11.

ELECTRIC MARKET NEWS

More than 110,000 customers of Hydro One in Ontario still had no service today, a day after the area was hit by severe windstorms. At their peak, the outages affected about 140,000 customers. Hydro One serves about 1.3 million homes and businesses in the province.

Elsewhere, the windstorms left more than 125,000 customers in the dark in upstate New York yesterday and 62,000 customers without power in Ohio.

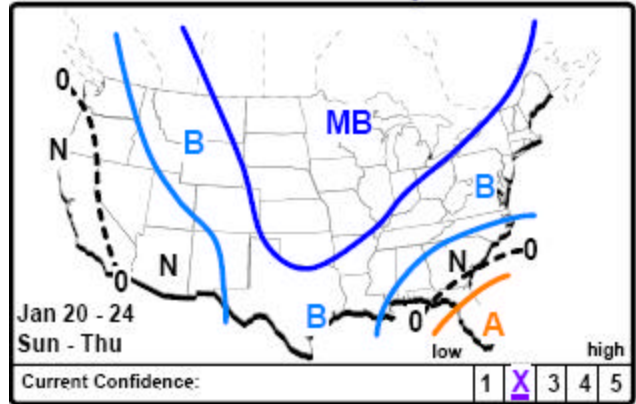
Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
Location	Traded	Price		(As of 12:30 PM)		Moving Avg
Henry Hub	1,354,900	\$7.963	\$0.079	(\$0.279)	(\$0.189)	(\$0.388)
Chicago City Gate	1,152,000	\$7.980	\$0.032	(\$0.262)	(\$0.131)	(\$0.248)
NGPL- TX/OK	596,700	\$7.559	(\$0.004)	(\$0.683)	(\$0.167)	(\$0.655)
SoCal	765,000	\$7.509	(\$0.055)	(\$0.733)	(\$0.218)	(\$0.571)
PG&E Citygate	725,300	\$7.979	\$0.002	(\$0.263)	(\$0.161)	(\$0.168)
Dominion-South	309,800	\$8.175	\$0.037	(\$0.068)	(\$0.126)	(\$0.059)
Transco Zone 6	162,300	\$8.730	(\$0.124)	\$0.488	(\$0.287)	\$0.505

A number of environmental groups said they have or will soon sue the Bush administration to block U.S. Department of Energy from establishing two vast electricity transmission corridors in the U.S. Northeast and Southwest. The Center for Biological Diversity challenged the corridor that the DOE carved out across a 70,000-square-mile area in Southern California and western Arizona. The suit said that the corridor is illegal because the DOE failed to analyze how it would affect at least 95 animals and plants that are protected under the Endangered Species Act. Meanwhile, 11 other environmental groups announced they would file a similar lawsuit over a transmission corridor that the DOE designated across a 116,000-square-mile area from Northern Virginia to New York City. This suit also takes issue with the eminent-domain aspect of DOE's corridor plan.

MARKET COMMENTARY

The natural gas market was higher ahead of the release of the EIA inventory data, as a colder forecast prompted buying. The February contract tested the 8.20 level in early trading and then backed off to 8.10 ahead of the stats. The EIA reported that 171 Bcf was drawn from storage, the upper end of expectations, and 100 Bcf more than the five-year average. The market reacted in a choppy manner and ultimately traded lower immediately following the release, to a low of 7.988. With the noon weather update coming in colder than the morning run, the natural gas market moved off support at 8.00 to make new highs above 8.20. The February contract settled up 16 cents at 8.259, but continued in after hour trading to a daily high of 8.303. The settle price was the highest since the December contract finished the November 2 session at 8.418. Also of note, a year ago on January 10, 2007, the market closed at 6.755 amid a more bearish fundamental picture.

Latest 11 to 15 Day Outlook



Total storage now stands at 2,750 Bcf, 282 Bcf below last year's levels and 122 Bcf above the five-year average

of 2,628 Bcf. Given the recent above-normal temperatures in some of the major markets, next week's storage data may well be under average and the gradually shrinking year-on-year surplus should get a reprieve. Colder weather is forecast for the final two weeks of January, supporting the market in the near term. However, above normal temperatures are still forecast for the month of February, limiting upside momentum. We see support at 8.202, 8.10-8.15, 8.00, 7.887, 7.787 and 7.70. We see resistance at 8.34, 8.417, 8.517 and 8.70-8.80.

