



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JANUARY 11, 2008

NATURAL GAS MARKET NEWS

Canada's federal government and the Canadian Energy Research Institute (CERI) have joined the chorus predicting a long-range, irreversible decline in pipeline exports of natural gas to the United States.

Houston-based Falcon Gas Storage Co. this week was awarded a lease by the state of Alabama for three depleted gas reservoirs, allowing it to move forward with its MoBay Storage Hub project.

FERC, the U.S. Coast Guard, the U.S. EPA, the U.S. Army Corps of Engineers, NOAA, National Marine Fisheries Service; and the New York Department of State has prepared a final Environmental Impact Statement for a LNG import terminal and natural gas pipeline proposed by Broadwater Energy and Broadwater Pipeline. The proposed LNG terminal would be located in New York State waters off Long Island Sound, approximately 9 miles from the nearest shoreline of Long Island, and about 10 miles from the nearest shoreline in Connecticut. The terminal consists of a floating storage and regasification unit that would be attached to a yoke mooring system, which includes a mooring tower embedded in the seafloor. The floating storage and regasification unit would look like a marine vessel and would remain moored in place

for the duration of the project (expected to be 30 years or more). During the Environmental review, FERC identified procedures that would avoid, minimize, and mitigate environmental impacts that would result from construction and operation of the project. FERC recommended that these mitigation measures be attached as

Generator Problems

FRCC – FPL's 760 Mw Turkey Point #3 nuclear unit has made necessary repairs to avoid a forced outage for the unit. Both reactors are operating at full power.

MAIN – Exelon's 1,120 Mw Braidwood #1 nuclear unit increased output to 77% power. Yesterday, the unit was operating at 77% power. Braidwood #2 continues to operate at full power.

PJM – Exelon' 619 Mw Oyster Creek nuclear unit reduced output to 70% to investigate and fix a service water leak near the cooling water intake. Yesterday, the unit was operating at 92% power.

Canada – Bruce Power's 822 Mw unit 5 nuclear unit increased output 3% to 822 Mw. Units #6 and #7 are also operating at 822 Mw.

The NRC reported that 91,897 Mw of nuclear capacity is online, up .50% from Thursday, and down 4.01% from a year ago.

conditions to any authorization issued by the commission.

Governor Palin of Alaska sent a letter to ConocoPhillips this week calling the company's proposal to build a long-sought natural gas pipeline "critically short of meeting the state's objectives."

Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	Volume Traded	Avg Price	Change	Basis (As of 12:30 PM)	Change	Basis 5-Day Moving Avg
Henry Hub	1,361,900	\$8.126	\$0.163	(\$0.019)	\$0.230	(\$0.358)
Chicago City Gate	829,600	\$8.064	\$0.084	(\$0.081)	\$0.181	(\$0.205)
NGPL- TX/OK	870,400	\$7.650	\$0.091	(\$0.495)	\$0.188	(\$0.611)
SoCal	912,300	\$7.611	\$0.101	(\$0.534)	\$0.198	(\$0.570)
PG&E Citygate	765,100	\$8.064	\$0.084	(\$0.082)	\$0.181	(\$0.150)
Dominion-South	354,900	\$8.363	\$0.189	\$0.218	\$0.286	(\$0.003)
Transco Zone 6	175,900	\$8.958	\$0.228	\$0.813	\$0.325	\$0.537

Alaska's main criticism of ConocoPhillips' proposal was a request that state taxes be fixed on the project for decades.

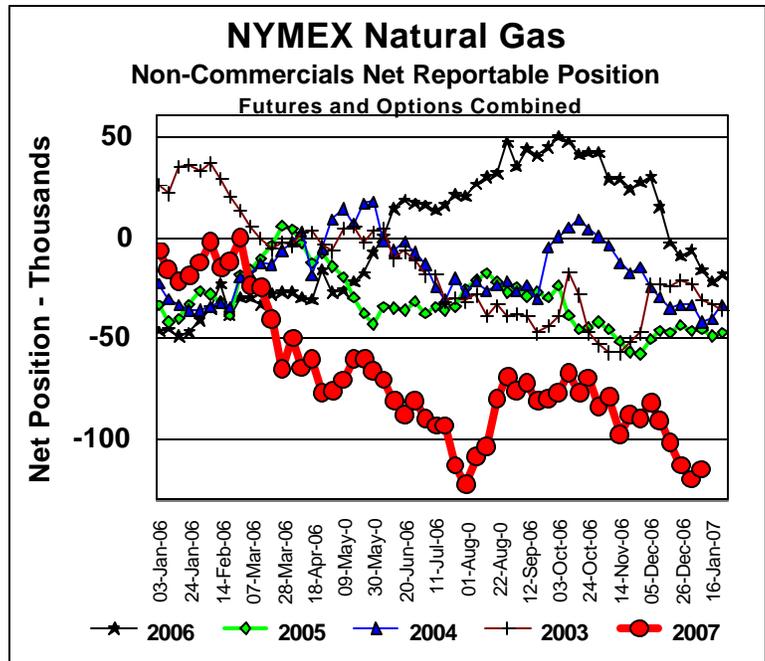
Baker Hughes reported that the number of rigs searching for oil and natural gas in the U.S. dropped by 30 to 1,744. The number of rigs searching for oil rose 11 to 327, while the number of rigs searching for gas fell 41 to 1,409.

PIPELINE MAINTENANCE

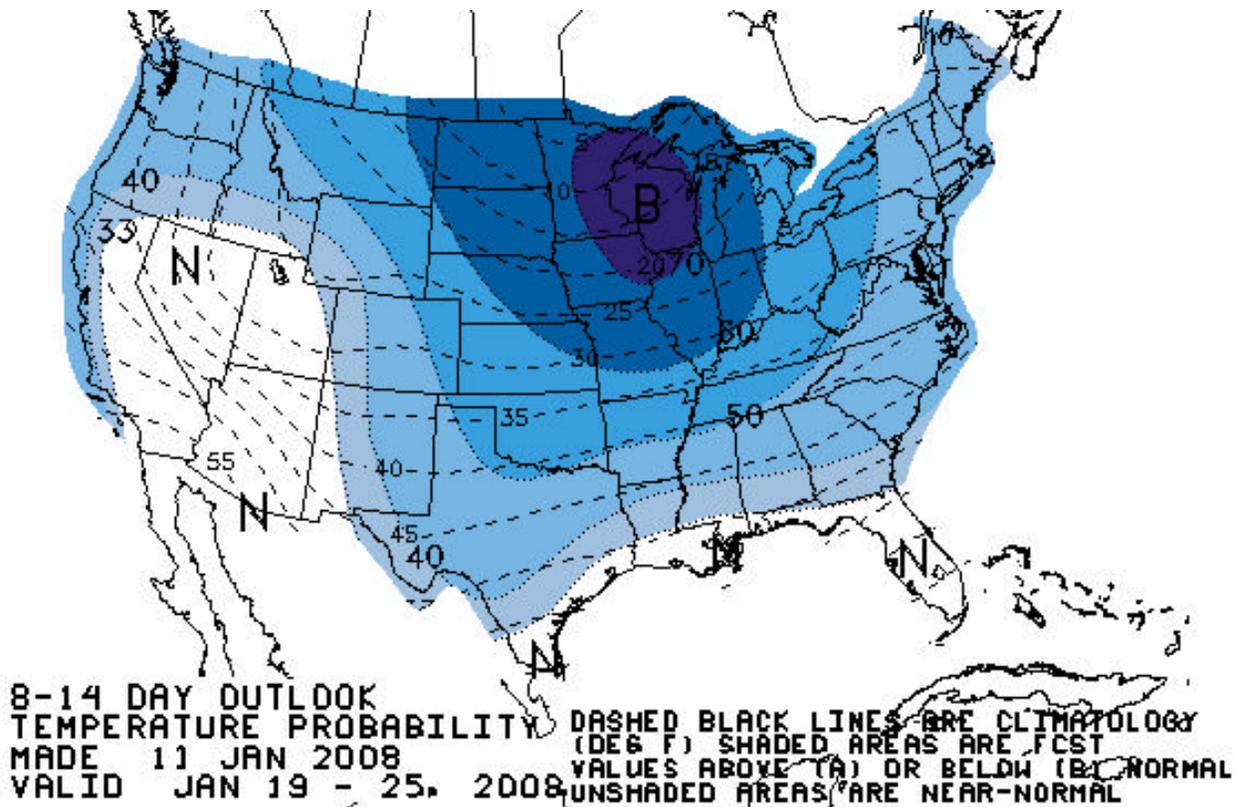
Gulf South Pipeline said that it has completed the scheduled maintenance on the Goodrich Compressor Station Unit #2 that began January 10.

ELECTRIC MARKET NEWS

Black Hills Corporation announced that its newest power plant entered into commercial service on January 1 as anticipated. The 95 Mw coal-fired base load Wygen II plant is owned by the company's Cheyenne Light, Fuel and Power Subsidiary.



As estimated by the EIA from data on railroad car loadings, U.S. coal production totaled approximately 21.5 million short tons during the week ended January 5. This production estimate is 8% higher than last week's estimate, and 3% higher than the estimate reported for the comparable week in 2007.



MARKET COMMENTARY

The natural gas market started the session higher as weather models showed more continuity for cold temps in the 11-15 day period. Weekend physical natural gas prices traded mostly higher across the board today, with the benchmark Henry Hub up 16 cents, Transco Zone 6 into the Northeast up 23 cents and the Midcontinent up 13 cents. The February contract chopped through the morning trading to a 10-week high of 8.41 where it met resistance. Speculative profit taking dropped the market a quick 30 cents in an hour around midday to a low of 8.083, as market players took some off the table despite the bullish inventory report yesterday and colder weather. The market regained some composure to finish the session at 8.21, down 4.9 cents, its first down day in just over a week.

The Commitment of Traders Report showed that non-commercial traders reduced their futures net short position by 7,224 lots to 94,117 contracts and that they reduced their net short combined futures and options position by 5,153 lots to 114,798. The prospect of another cold snap has the market on edge and the daily volatility is evidence of that. Though next week's EIA report will reflect abnormally high temperatures this past week. The market will look beyond that and focus on the colder weather ahead. Continuing to stunt this market's rally will be the weakness that crude oil is exhibiting as a result of a slowing economy. We feel that the market will look to see further confirmation of cold to come and will maintain support above 8.00. Any fault in that cold will result in the market stumbling back below 8.00. We see support at 8.10, 8.00, 7.905, 7.727 and 7.45. We see resistance at 8.41, 8.549 and 8.70-8.80. We see further resistance at 9.00.