



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 14, 2008

NATURAL GAS MARKET NEWS

Rockies Express Pipeline said it began service on the REX-West portion of its huge natural gas pipeline, delivering about 1.4 Bcf/d of gas from the Cheyenne Hub in Weld County, Colorado, to a delivery point in Brown County, Kansas. The Segment is the second to begin service on the 1,678-mile, \$4.4 billion Rockies Express pipeline. The remaining 213-mile section of REX-West, which will continue eastward to Audrain County, Missouri, is slated to begin service in early February, bringing total capacity of the segment to 1.5 Bcf per day.

Florida Gas Transmission (FGT) is considering boosting capacity on its mainline to provide additional firm service to Florida, the company said Monday. An open season for FGT's proposed Phase VIII expansion in Mississippi, Alabama and Florida is under way through Feb. 15.

The trends that have driven the recent rise in natural gas prices could reverse course going into spring, according to energy analysts with Raymond James & Associates Inc.

Mild weather and below average demand has put pressure on British natural gas prices. Centrica, the operator of Britain's largest natural gas storage facility in Rough, said it had lifted restrictions on how much gas could be injected into the site, so users could take advantage of the mild weather to refill it.

PIPELINE MAINTENANCE

Alliance Pipeline said that minor maintenance requires the Aitken Creek meter station to be offline for five hours today. Station capacity has been lowered to 3812 e3m3. Also, the AB38 Two Creeks Meter Station will be unavailable for six hours today to allow for maintenance to be performed. Station capacity will be lowered to 467 e3m3 for the day.

Generator Problems

ECAR – Entergy's 778 Mw Palisades nuclear unit shut over the weekend due to the loss of a main feedwater pump. The unit was operating at full power. The unit is expected to return within a week.

MAIN – AmerGen Energy's 1,022 Mw Clinton nuclear unit shut for a scheduled refueling and maintenance outage. The unit was operating at 88% on Friday.

Exelon's 1,120 Mw Braidwood #1 nuclear unit increased output to full power. The unit was operating at 77% power on Friday. Braidwood #2 continues to operate at full power.

MAPP – Wolf Creek's 1,166 Mw nuclear unit shut over the weekend after routine tests found gas in a pipe that carries water to keep the reactor core cool during emergencies. The gas has been vented and the unit is expected to return to service as early as tomorrow.

SERC – Entergy's 1,266 Mw Grand Gulf nuclear unit shut over the weekend due to degraded cooling to main transformers. The unit was operating at 98% power.

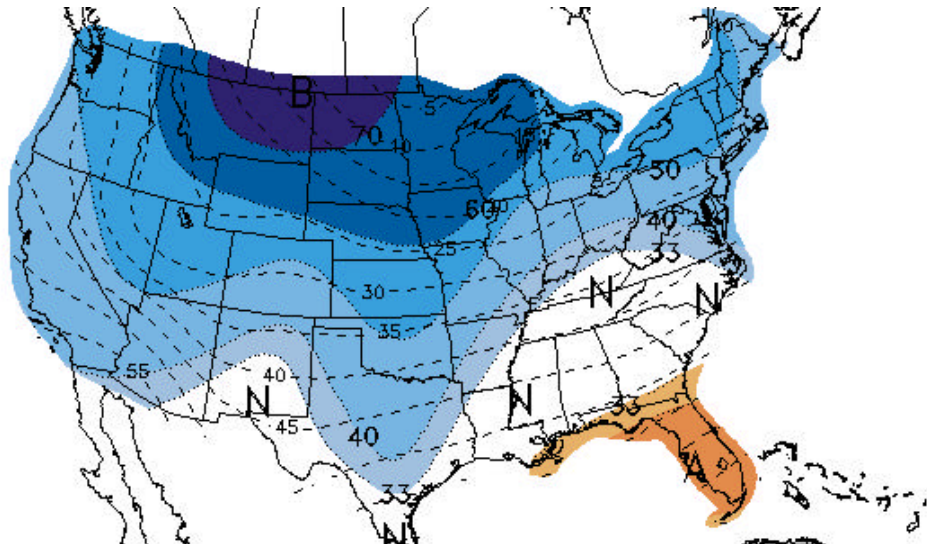
Canada – Ontario Power Generation's 535 Mw Lennox #4 oil and natural gas-fired power station returned to service by early today. The unit shut August 30 for major maintenance.

Ontario Power Generation's 515 Mw Pickering #6 nuclear unit returned to service by early today. The unit shut January 10.

Two units at TransAlta's 2,071 Mw Sundance coal-fired power plant in Alberta shut by early today.

The NRC reported that 88,095 Mw of nuclear capacity is online, down 4.14% from Friday, and down 8.40% from a year ago.

Enbridge Offshore Pipeline said that Crosstex Energy Services, the operator of the Sabine Plant, has informed UTOS that beginning today, it will begin scheduled maintenance at the Sabine Plant. Effective for Timely Cycle,



**8-14 DAY OUTLOOK
TEMPERATURE PROBABILITY
MADE 14 JAN 2008
VALID JAN 22 - 28, 2008**
DASHED BLACK LINES ARE CLIMATOLOGY
(DEG F) SHADED AREAS ARE FCST
VALUES ABOVE (A) OR BELOW (B) NORMAL
UNSHADED AREAS ARE NEAR-NORMAL

UTOS shippers are requested to nominate gas to alternative delivery points. During this time, all shippers are asked to adjust PTR nominations accordingly. Crosstex has informed UTOS that they will be working diligently with their downstream pipelines to ensure that any unprocessed gas will continue to flow.

KM Interstate Gas Transmission said that maintenance at its Casper Compressor Station (Segments 45 and 730) that began gas day January 8 was

originally scheduled through gas day January 18 however KMIG has extended this project through January 31 gas day. Based on the current level of nominations, KMIGT still believes that this outage is not expected to impact shippers. However, conditions can change which may cause a reduction to scheduled volumes.

PIPELINE RESTRICTIONS

Florida Gas Transmission said that 30-degree temperatures are forecasted for Northern Florida starting this evening and Tuesday morning;

therefore, customers in FGT's Market Area are notified that there is the potential that FGT may issue an Overage Alert Day on one of the upcoming gas days. If an Overage Alert Day is issued, FGT believes there is a low probability for the

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	1,319,400	\$8.451	\$0.325	\$0.124	\$0.284	(\$0.266)
Chicago City Gate	812,200	\$8.434	\$0.369	\$0.107	\$0.187	(\$0.126)
NGPL- TX/OK	1,052,800	\$7.985	\$0.335	(\$0.342)	\$0.153	(\$0.544)
SoCal	749,900	\$7.836	\$0.225	(\$0.491)	\$0.043	(\$0.564)
PG&E Citygate	486,000	\$8.237	\$0.173	(\$0.091)	(\$0.009)	(\$0.140)
Dominion-South	302,200	\$8.874	\$0.510	\$0.547	\$0.328	\$0.139
Transco Zone 6	144,900	\$11.857	\$2.899	\$3.530	\$2.717	\$1.191

need to interrupt previously scheduled Market Area ITS-1 service. Any actual interruptions will be posted as a part of FGT's transactional reporting.

Northwest Pipeline said that it is providing an OFO update to its shippers with Must-flow OFO obligations south through the Kemmerer Compressor Station. For today's gas day, the scheduled nominations north through the Kemmerer Compressor Station, after issuing the Realignment OFO notices, exceeded the operationally available capacity of 685 MMcf by approximately 2.3 MMcf. If primary firm nominations continue to exceed the operationally available capacity after issuing the Realignment OFO notices, Northwest will be issuing individual notices to Must-flow shippers to nominate from receipt points north of Kemmerer to delivery points south of Kemmerer beginning on January 15.

ELECTRIC MARKET NEWS

Genscape reported that power generation in the continental U.S. in the week ended January 10 fell 4.2% from the week before but was 1.09% higher than a year ago. The decrease was driven by the easing of cold weather across much of the nation.

MARKET COMMENTARY

Calls for cold across most of the lower 48 lifted natural gas in overnight trading to a high of 8.481. With below normal winter temperatures dipping down from Canada, cash prices were significantly higher to start the week, with prices at Henry Hub up 32 cents, Waha Hub in Texas up 36 cents, the Midcontinent in Illinois up 43 cents and Transco Zone 6 in New York up 2.90. February futures lost momentum and spent most of the session sinking back towards unchanged, trading to a low of 8.227. The market found support and pared some of the session's losses from the high and was able to finish the session up 14.3 cents at 8.353.

As the cold settles in ahead of the heart of winter, the year-on-year storage deficit combined with the increase in heating demand has given the market support. Temperatures mostly in the 30s this week and into the 20s and teens for next week are expected for New York City, while Chicago is looking to the 20s and teens over the same period. Since the market is still so net short, further upside risk is seen, as market players look to short cover while fresh shorts are stay away from the market. Expectations for this week's EIA report call for a small well below average draw of just 60-70 Bcf, however, we feel the market will look beyond this and focus on this upcoming cold, examining how long it will last and what degree of demand it will yield. We see support at 8.227, 8.10, 8.00-7.97, 7.70 and 7.45. We see resistance at 8.45-8.48, 8.608, 8.70-8.80 and 9.00.