



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JANUARY 24, 2008

NATURAL GAS MARKET NEWS

U.S. natural gas prices in 2008 were expected to climb about 5% from last year's levels, but comfortable end-winter inventories and rising domestic production could limit the gains, according to a Reuters poll. The Reuters poll of 23 industry experts showed expectations for spot prices in 2008 at Henry Hub averaged \$7.30, up from a \$6.95 average last year but off slightly from estimates last quarter.

Sen. Bill Nelson (D-FL), a foe of drilling offshore Florida, has asked President Bush not to renew an international agreement that allows for oil and natural gas drilling in Cuban waters within 50 miles of the Sunshine State's coastline.

Pacific Gas and Electric Co. (PG&E) Thursday issued a request for information (RFI) to identify partners for a demonstration project reviewing technologies to produce biomethane. The cow dung-to-usable gas process can produce pipeline-quality natural gas, according to PG&E.

Generator Problems

SERC – Entergy's 1,207 Mw Grand Gulf #1 nuclear unit ramped output to 96% power. The unit was operating at 91% power yesterday.

TVA's 1,100 Mw Browns Ferry #3 nuclear unit ramped up to full capacity. Yesterday, the unit was operating at 85% power. Browns Ferry #1 and #2 continue to operate at full power.

WSCC – Southern California Edison's 1,080 Mw San Onofre #2 nuclear unit trimmed power to 64% after one of the unit's two feedwater pumps tripped. San Onofre #3 continues to operate at full power.

The NRC reported that 93,073 Mw of nuclear capacity is online, down .15% from Wednesday, and down 2.76% from a year ago.

EIA Weekly Report

	01/18/2008	01/11/2008	Net chg	Last Year
Producing Region	809	858	-49	861
Consuming East	1402	1482	-80	1596
Consuming West	325	351	-26	326
Total US	2536	2691	-155	2783

*storage figures in Bcf

China imported 2.91 million metric tons of LNG last year, suggesting an average utilization rate of around 78% at its sole operating import terminal in the southern Guangdong province. It paid between \$3.16/MMBtu and \$8.60/MMBtu for a mix of term and spot cargoes. The volume imported in 2007 was more than three times the amount imported in 2006. Of the total, around 85% or 2.48 million mt

came from term supplier, Australia's North West Shelf venture. The country imported 435,409 mt of spot LNG supplies last year from Oman, Algeria and Nigeria.

Canadian Gas Association

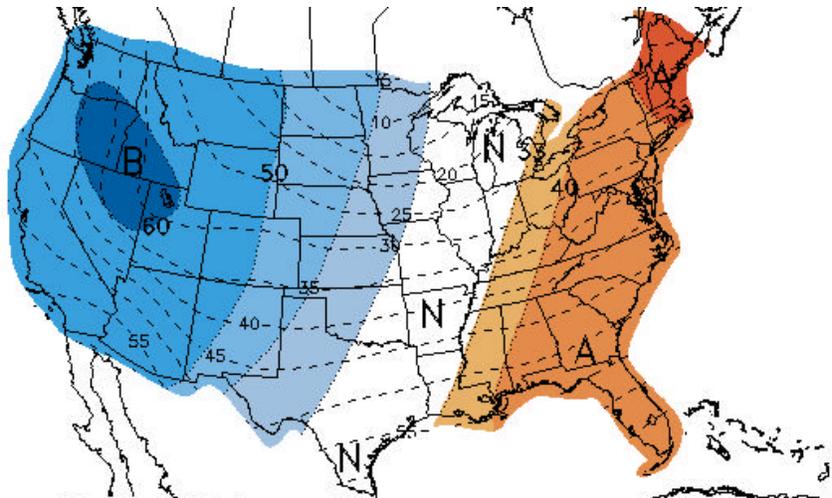
Weekly Storage Report

	18-Jan-08	11-Jan-08	19-Jan-07
East	177.7	187.9	209.0
West	242.4	255.5	167.2
Total	420.1	443.4	376.2

storage figures are in Bcf

PIPELINE RESTRICTIONS

Florida Gas Transmission said that current weather forecasts show near freezing weather in northern Florida tonight. Therefore, for the today's gas day, FGT is notifying customers in FGT's Market Area that it is issuing an Overage Alert Day at 25% tolerance. FGT will not interrupt previously scheduled Market Area ITS-1 service below the elapsed prorated scheduled quantity.



8-14 DAY OUTLOOK
 TEMPERATURE PROBABILITY
 MADE 24 JAN 2008
 VALID FEB 01 - 07, 2008
 DASHED BLACK LINES ARE CLIMATOLOGY (DEG F) SHADED AREAS ARE FCST VALUES ABOVE (A) OR BELOW (B) NORMAL UNSHADED AREAS ARE NEAR-NORMAL

Tennessee Gas Pipeline said that it has declared a force majeure event effective immediately for several meters located off the TTT Pipeline. The reason for the event is to repair a possible leak on the line. Tennessee requires that operators and producers keep physical flow and scheduled volumes at zero until further notice.

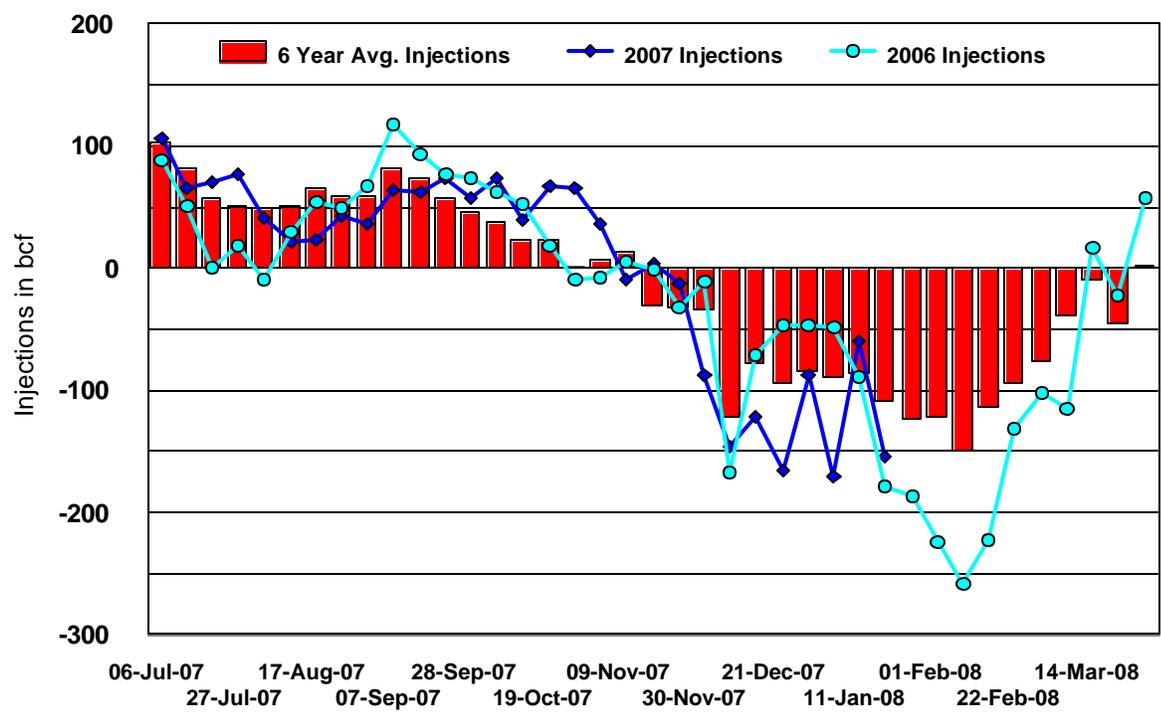
PIPELINE MAINTENANCE

Gulf South Pipeline said that it will perform scheduled maintenance on Carthage Junction Compressor Station Units 1, 2 and 3 with one unit down at a time beginning

January 25 and continuing for approximately 14 days for each unit. Capacity through Carthage Junction Compressor Station could be reduced by as much as 75 MMcf during this maintenance.

El Paso Natural Gas Company said in San Juan Basin and San Juan Mainline maintenance, there will be line remediation during the month on the following lines: Line 3201: February 11-15; Line 1200: February 16-19; Line 1201: February 20-29. Capacity reductions will range between 107-124 MMcf/d. In North Mainline maintenance, capacity reductions will be light, ranging from 14-88 MMcf/d. In Hackberry maintenance, capacity reductions will range from 62-155 MMcf/d. In South Mainline maintenance, capacity reductions will range from 116-134 MMcf/d. In Eunice maintenance, capacity reductions will be 42 MMcf/d.

2007 EIA Survey Injections VS 6-Year Average

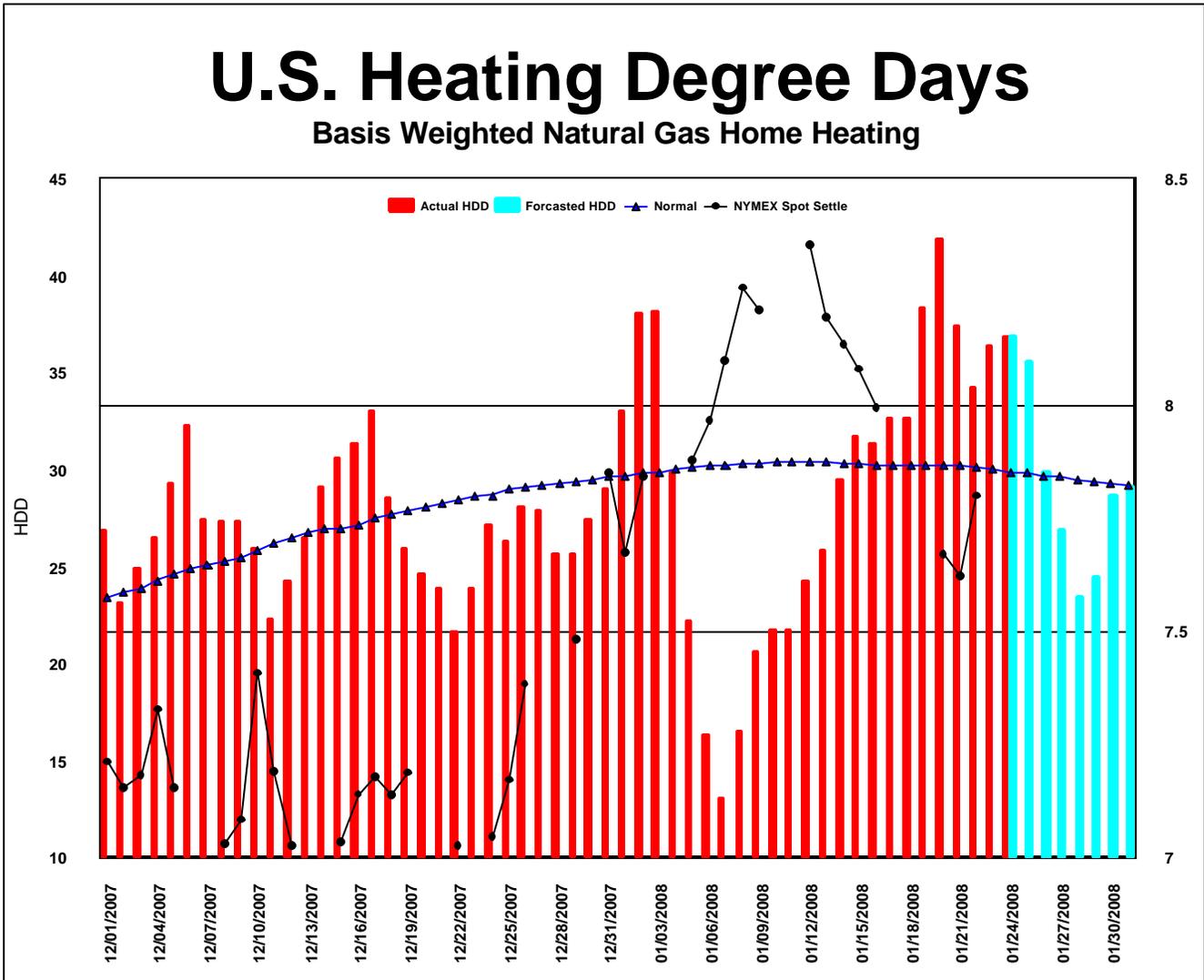


ELECTRIC MARKET NEWS

Entergy Corp. was fined \$650,000 for failure to put in place and operate a new emergency notification system with backup power at the Indian point nuclear power plant near New York City. This is a backup for the alarm system that would alert people in a 10-mile radius of a radiation accident at Indian Point.

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	1,088,400	\$7.853	\$0.014	\$0.065	(\$0.174)	\$0.464
Chicago City Gate	968,600	\$7.866	(\$0.198)	\$0.078	(\$0.399)	\$0.507
NGPL- TX/OK	961,300	\$7.525	(\$0.023)	(\$0.263)	(\$0.224)	(\$0.137)
SoCal	793,000	\$7.622	(\$0.016)	(\$0.166)	(\$0.217)	(\$0.072)
PG&E Citygate	887,500	\$7.786	(\$0.011)	(\$0.002)	(\$0.212)	\$0.101
Dominion-South	298,400	\$8.416	(\$0.068)	\$0.628	(\$0.269)	\$0.735
Transco Zone 6	124,300	\$14.413	\$1.037	\$6.625	\$0.836	\$4.230

The Associated Press reported that nuclear reactors across the Southeast could be forced to throttle back or temporarily shut down later this year because drought is drying up the rivers and lakes that supply power plants



with the awesome amounts of cooling water they need to operate. South Carolina Electric & Gas announced however that the drought has not impacted the safe and reliable operation of its Summer nuclear plant.

U.S. coal production for the week ended January 19 increased to 22.811 million short tons from the prior week's production of 22.627 million short tons.

NorthWestern Corporation is considering a site east of Anaconda, Montana for a proposed natural gas-fired electric generation facility. The facility under consideration would provide regulating reserves within the company's transmission control area and must be approved by the MT Public Service Commission prior to the company committing to construction. The exact size of the proposed plant has yet to be determined pending technology and environmental evaluations, but the range under consideration is 120-220 Mw with an estimated cost in excess of \$100 million.

MARKET COMMENTARY

The natural gas market held ground today despite neutral storage data that showed an expected draw of 155 Bcf. The market traded to a low of 7.662 following the release of the number, but as financial markets were rebounding following the tumultuous start of the week, natural gas found support in the prospect that the stimulus package will help stabilize the economy. The February contract climbed as high as 7.864 and with the contract expiring next week, the large short interest will support the market into expiry. The front month settled up 18.1 cents at 7.802.

For the week ending January 18, total storage stands at 2,536 Bcf, 247 Bcf below last year's levels for the same week and 174 Bcf above the five-year average of 2,362 Bcf. Given the recent cold that has blanketed much of the country, next week's EIA report is shaping up to be perhaps one of the largest draws to date with expectations ranging between 215-270 Bcf. With that on the back of traders minds as we go into expiration, we expect to see the market rise into Tuesday, especially as cold temperatures are forecast to continue through the weekend. We see support at 7.80, 7.701, 7.60-7.58 and 7.50. We see resistance at 7.985-8.00, 8.105, 8.22 and 8.48.