



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 28, 2008

NATURAL GAS MARKET NEWS

U.S. natural gas demand is expected to rise by 1.3 Bcf/d and reach a new decade high this year, driven by normal weather and a combination of environmental and structural factors, which in turn will place a bigger burden on domestic output and imports, according to Credit Suisse.

Russian gas export monopoly Gazprom plans to increase its presence in the British commercial gas market tenfold to 15% by 2011, with an eye on further expansion. Gazprom currently supplies the British market with 4 billion cubic meters.

Iran has restarted gas exports to Turkey three weeks after it halted supply but at a sharply reduced rate. Iran resumed gas exports at a rate of between 1.5-2.0 million cu m/d. Iran had been supplying Turkey with around 29 million cu m/d via a pipeline completed in 2001 under an agreement signed in 1996, which would see Turkey taking a maximum of 10 million cu m/year. However Iran, faced with a shortage of gas after the interruption of Turkmen gas exports, in late December reduced gas exports to Turkey to around 5 million cu m/d. Iran, which has experienced one of the coldest winters on record, has said that it may be forced to cut Turkey's supply again as a second wave of freezing weather sweeps into the country.

Taiwan's LNG gas imports rose 0.9% in December, bringing purchases for 2007 to the highest since shipments began in 1990. LNG purchases climbed 6.8% to 18.14 million kiloliters in 2007, according to government data. The island spent \$4.28 billion last year, more than the \$3.68 billion for 16.99 million kiloliters in 2006.

PIPELINE MAINTENANCE

Alliance Pipeline said that maintenance and inspections will require the Alameda Compression Station to be offline for 10 hours January 29. System throughput (AOS) will be affected. Also, Windfall Unit #1 will be unavailable for six hours January 30 to perform routine maintenance and inspections. As Windfall station is equipped with redundant compression, system throughput (AOS) will not be impacted.

Gulf South Pipeline said that it will perform scheduled pipeline maintenance on Index 816 (42-inch East Texas Expansion) at Hall Summit beginning at 7:30 AM January 29 and continuing for 12 hours. Expansion locations will be shut-in and unavailable for service for the duration of the maintenance. Gulf South anticipates scheduling capacity at the conclusion of the maintenance effective for the Intra-day 2 cycle.

Generator Problems

MAIN – Exelon's 1,162 Mw LaSalle #1 nuclear unit reduced output to 55% capacity as it coasts down for a refueling outage. The unit was operating at 78% power on Friday. LaSalle #2 continues to operate at full power.

NPCC – Entergy's 825 Mw FitzPatrick nuclear unit reduced power over the weekend to 65% but increased it to 85% by today. The unit was operating at full capacity on Friday.

WSCC – Energy Northwest's 1,200 Mw Columbia nuclear unit reduced output over the weekend to 66% capacity to conduct a variety of safety and operational tests, and repair minor steam leaks. The unit returned to full power by today.

Canada – Bruce Power's 822 Mw unit #7 and 795 Mw unit #8 nuclear units shut. Unit #7 shut for a two month planned maintenance, but unit #8 shut for unplanned reasons. Unit #8 is expected to return in a couple days.

Ontario Power Generation's 490 Mw Nanticoke #3 coal-fired power station shut for short work. The unit is expected to return to service in about a week.

The NRC reported that 92,308 Mw of nuclear capacity is online, down .23% from Friday, and up 1.16% from a year ago.

Natural Gas Pipeline Company has updated the maintenance schedule for its Louisiana Expansion work. Commissioning at Station 343 is still ongoing and the anticipated completion date is January 31. Effective gas day February 1 expansion shippers will be scheduled to 85% of contract MDQ in Segments 23, 24 and 25. The expansion work at Stations 302 and 342 is still ongoing and the anticipated completion date is February 8. Effective gas day February 9 expansion shippers will be scheduled to 100% of contract MDQ in Segments 23, 24 and 25.

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	1,321,700	\$7.873	\$0.074	(\$0.136)	\$0.021	\$0.283
Chicago City Gate	664,900	\$8.123	\$0.306	\$0.114	\$0.230	\$0.235
NGPL- TX/OK	574,700	\$7.621	\$0.167	(\$0.388)	\$0.091	(\$0.249)
SoCal	595,800	\$7.687	\$0.113	(\$0.322)	\$0.037	(\$0.166)
PG&E Citygate	556,800	\$8.006	\$0.131	(\$0.003)	\$0.055	\$0.067
Dominion-South	276,100	\$8.217	\$0.100	\$0.208	\$0.024	\$0.559
Transco Zone 6	122,100	\$8.791	\$0.755	\$0.782	\$0.679	\$3.933

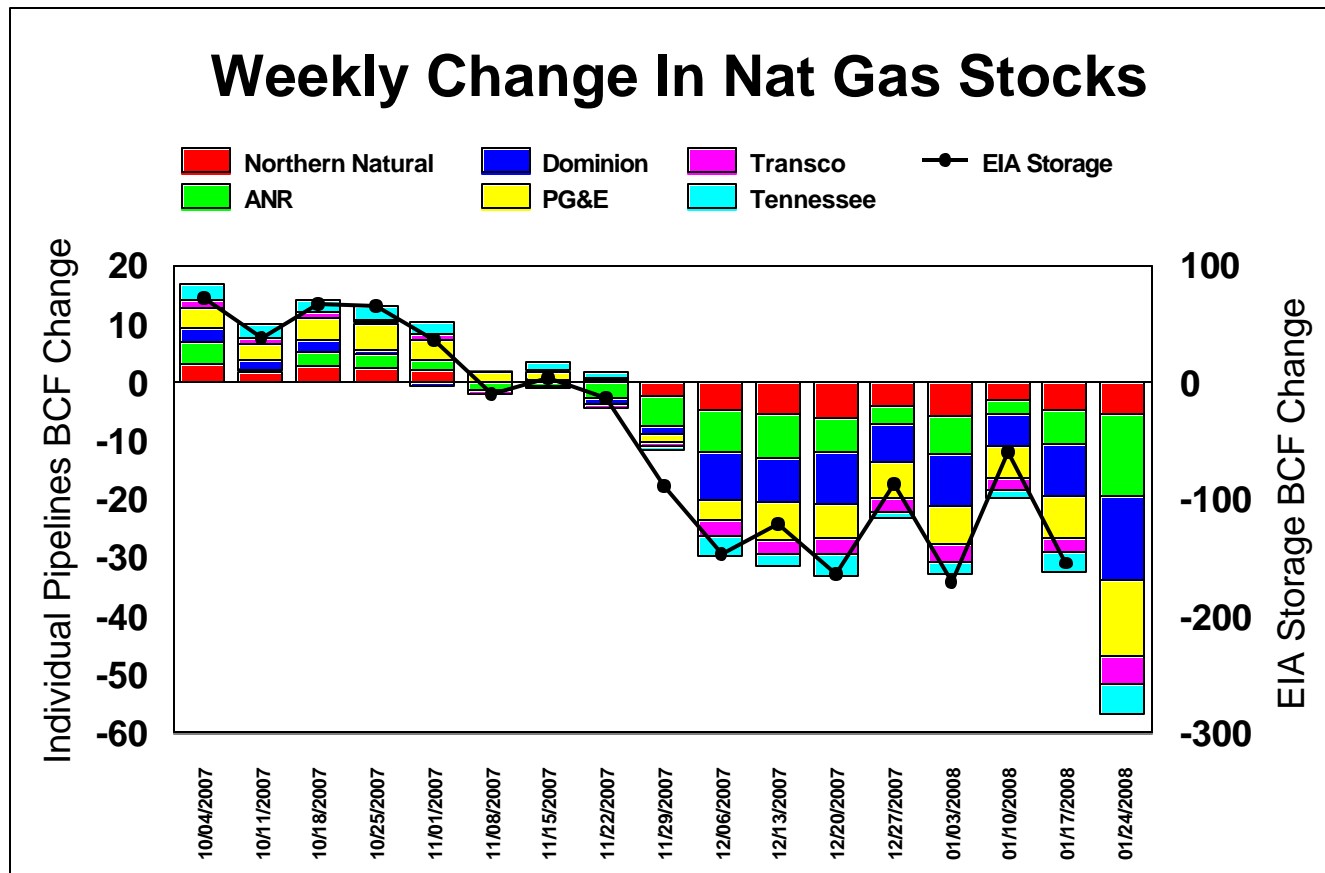
Westcoast Energy said that Hot Tap maintenance on the Fort Nelson 12-inch Gote Pipeline will be performed for two hours January 29.

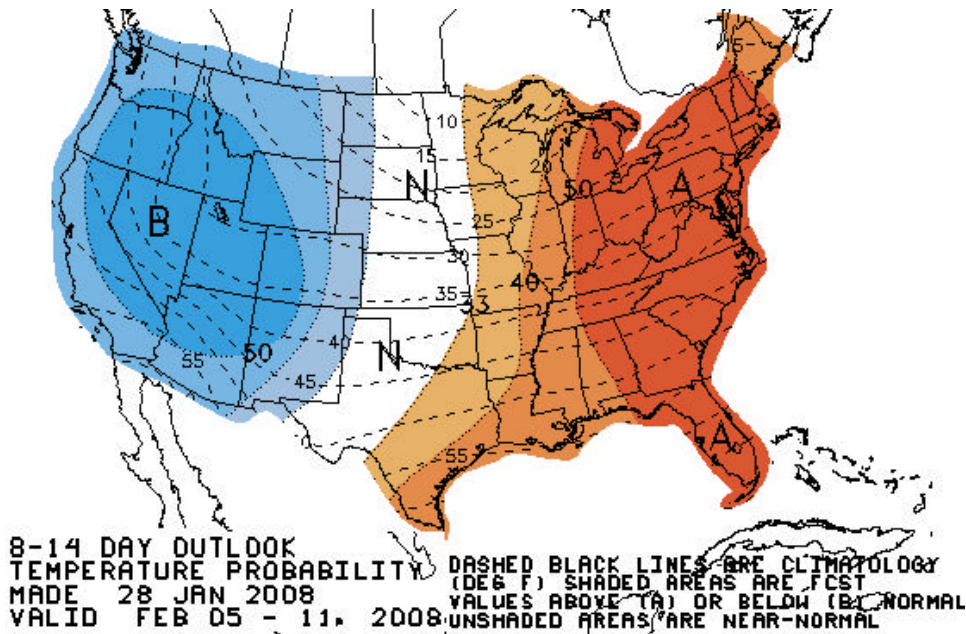
Williston Basin Interstate Pipeline Company said that unplanned

maintenance has been extended through January 30 at the Elk Basin Compressor Station. Maximum capacity at the Elk Basin Compressor Station will be approximately 195 MMcf/d.

PIPELINE RESTRICTIONS

Dominion Transmission said that it has rescinded OFO #1, Conform Transportation Services to Scheduled Nominations and OFO #2, FTNN Hourly Limit for the northern New York System.





Florida Gas Transmission said over the weekend that as mid 30-degree weather was forecasted for Northern Florida starting Sunday evening and Monday morning, customers in FGT's Market Area have been notified that there is the potential that FGT may issue an Overage Alert Day on one of the upcoming gas days.

Northern Natural Gas Company said that an SOL is being called due to drastically decreasing temperatures for January 29 gas day in all market area zones (Zone ABC 25%, Zone D 25%, Zone EF 25%).

TransCanada said that there was a line break on the NPS 16 Flat Lake Lateral Extension at 8:17 AM MT January 27. The line has been isolated. Effective 12:05 PM MT, Prosperity and Flat Lake Lateral meter stations were nilled. The typical flow from these stations is 45 e3m3/d.

ELECTRIC MARKET NEWS

A Minnesota climate change task force is recommending the state join a regional cap-and-trade carbon program and adopt strict emission limits that would essentially bar any new coal-fired power plants from being built in the state. The generation performance standard would prevent utilities from making a long-term financial commitment to baseload generation plants with CO2 emissions above 1,100 pounds of CO2/MWh.

MARKET COMMENTARY

The natural gas market remained supported by a firm cash market as cold temperatures currently cover key consuming areas. With February options expiring today and futures tomorrow, the large short interest in this market served supportive as market players covered their short positions. The February contract traded through the 8.00 level to a high of 8.112 and settled up 11.2 cents at 8.095. The upcoming March contract settled 8.8 cents higher at 8.042.

Forecasts for the 11-15 day period continue to be bearish for natural gas, calling for above normal temperatures for the eastern half of the country. However, this week's EIA storage report will reflect last week's cold that resulted in near record Heating Degree Days, therefore the market is finding some support ahead of that release. Expectations call for a draw of between 250 and 270 Bcf, with anything over 260 Bcf being a record. With crude oil and the financial markets rebounding today, that also gave natural gas some support as a strong economy boosts power demand. We feel that the February contract will be supported as it expires tomorrow and that a lack of bearish fervor will allow the upward momentum to stay in tact. Yet given the warm up coming to most of the country, we maintain our downside bias and look for prices to return to the 7.60 level. We see support in March natural gas at 8.00, 7.946, 7.81, 7.754, 7.60 and 7.50. We see resistance at 8.138, 8.194, 8.33, 8.397 and 8.48.