



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR FEBRUARY 4, 2008

NATURAL GAS MARKET NEWS

Canada's natural gas stocks have dropped to three-year lows as winter storms and bitter cold lift demand, sparking worries that rebuilding storage supplies this summer may be an expensive struggle as production wanes. Storage levels are just above half full, and expected to drop further when fresh data is released this week.

Southern Star Central Gas Pipeline Inc. announced Monday that it will extend by two weeks the binding open season for a project to provide incremental deliveries of up to 100,000 Dth/d of Midcontinent supplies to Enogex Inc.'s East Rate Zone near the Perry Compressor Station in Noble County, OK.

Oneok Partners LP is drawing up plans to build a natural gas liquids (NGL) gathering pipeline to connect two gas processing plants in the Woodford Shale play in southeast Oklahoma to the partnership's Midcontinent gathering system.

PIPELINE MAINTENANCE

Alliance Pipeline said that several maintenance projects are set for the week. Routine inspections will require the Towner Compression Station to be offline for 8 hours on February 5. System throughput should not be affected. Routine inspections will require the Irma Compression Station to be offline for eight hours tomorrow. AOS should not be affected. Also, routine inspections will require the Alameda Compression Station to be offline for eight hours on February 7 and again, AOS should not be affected. Finally, routine maintenance requires the AB 16 Progress Meter Station to be offline for two hours

Generator Problems

ECAR – AEP's 1,060 Mw Cook #1 nuclear unit shut over the weekend due to high vibrations on the main turbine bearings. Cook #2 continues to operate at full power.

Detroit Edison's 1,100 Mw Fermi #2 nuclear unit restarted and ramped up to 35% power.

FirstEnergy's 898 Mw Davis-Besse nuclear unit restarted and is warming up offline at 19% power.

ERCOT – Luminant's 750 Mw Martin Lake #1 coal-fired power station restarted after tripping shut over the weekend.

AEP's 528 Mw Welsh #2 coal-fired power station shut for maintenance that is expected to last through March 3.

Luminant's 1,150 Mw Comanche Peak #1 nuclear unit returned to the grid and ramped up to 72% power. On Friday, the unit was operating at 12%. Comanche Peak #2 continues to operate at full power.

MAPP – FPL's 516 Mw Point Beach #1 nuclear unit restarted and is warming up offline at 1% power. Point Beach #2 continues to operate at full power.

MAIN – Exelon's 1,120 Mw Braidwood #1 nuclear unit ramped up to full capacity. The unit was operating at 21% power on Friday.

NPCC – FPL's 1,240 Mw Seabrook nuclear unit reduced power to 50% capacity. The unit was operating at 67% power on Friday.

PJM – Exelon's 1,143 Mw Limerick #2 nuclear unit shut after a turbine trip prompted an automatic reactor scram. Limerick #1 continues to operate at full power.

Exelon's 1,116 Mw Peach Bottom #3 nuclear unit reduced power to 69% capacity. The unit was operating at full power on Friday

SERC – Dominion Resources' 910 Mw North Anna #2 nuclear unit shut for a short-term planned maintenance. North Anna #1 continues to operate at full power.

Exelon's 1,162 Mw LaSalle #1 is offline as it shuts for a refueling outage. The unit was operating at 79% power on Friday LaSalle #2 continues to operate at full power.

February 7. Station capacity has been lowered for this day.

Westcoast Energy said that the two-hour hot tap maintenance has been rescheduled for February 6. Also, the 8-inch Stoddart Pipeline will begin maintenance for receiving barrel gate valve repair for eight hours February 5.

PIPELINE RESTRICTIONS

PG&E California Gas Transmission has announced that a system-wide OFO will be in effect on its California natural gas pipeline system for today's gas flow due to low inventory. Tolerance is set at 5%.

ELECTRIC MARKET NEWS

Enbridge, Canada's No. 2 pipeline operator, is leading 19 energy firms in a project to develop carbon dioxide storage in Alberta, but growing emissions from oil sands plants will not initially be part of the study. The group of companies, which includes BP, ConocoPhillips and EnCana will study over the next year possible sites for long-term storage of the greenhouse gas in deep saline aquifers.

Coal jumped to records at South Africa's Richards Bay and Australia's Newcastle port as production was curbed by power cuts and flooding, while snowstorms disrupted mining and transportation in China. Coal at Richards Bay rose \$12.20, or 12%, to \$111.30 a metric ton. Prices at Newcastle climbed \$23.09, or 25%, to \$116.44 a ton in the week ended February 1.

SERC (cont'd) – Southern Nuclear's 862 Mw Hatch #2 power station shut over the weekend. Hatch #1 continues to operate at full power.

South Carolina Electric and Gas Co.'s 1,000 Mw Summer nuclear unit returned to full power.

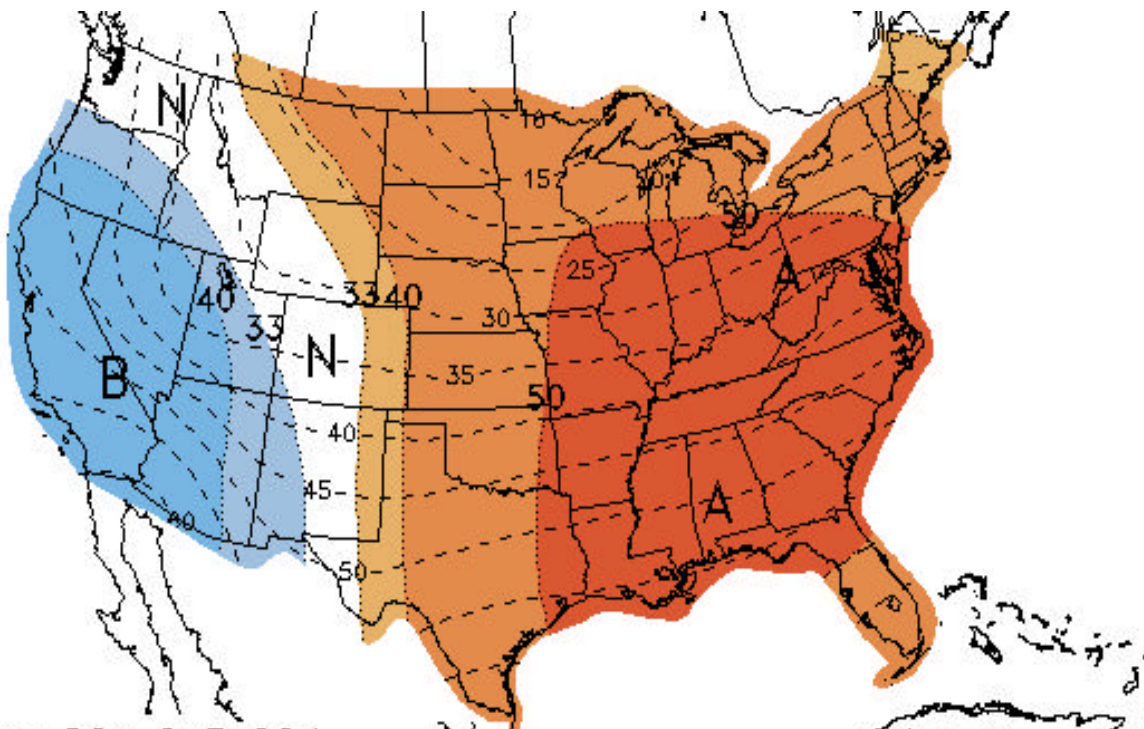
WSCC – Southern California Edison's 1,080 Mw San Onofre #3 nuclear unit reduced output to 65% power.

PG&E's 1,118 Mw Diablo Canyon #2 nuclear unit shut for a refueling outage.

Elk Hills 525 Mw natural gas-fired power station returned to service over the weekend.

Canada – Ontario Power Generation's 490 Mw Nanticoke #1 and #4 coal fired units returned to service.

The NRC reported that 85,960 Mw of nuclear capacity is online, down 4.25% from Friday, and down 9.78% from a year ago.



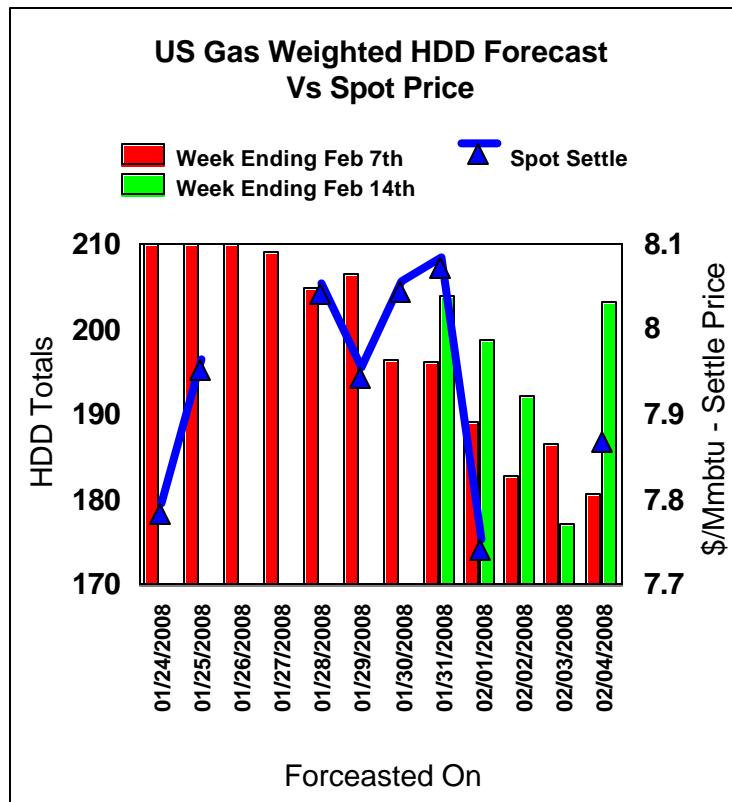
**8-14 DAY OUTLOOK
TEMPERATURE PROBABILITY
MADE 4 FEB 2008
VALID FEB 12 - 18, 2008**

**DASHED BLACK LINES ARE CLIMATOLOGY
(DEG F) SHADED AREAS ARE FCST
VALUES ABOVE (A) OR BELOW (B) NORMAL
UNSHADED AREAS ARE NEAR-NORMAL**

MARKET COMMENTARY

The natural gas market opened lower continuing Friday's sell off, as weather reports to start the week show no change in moderating temperatures. Weak cash prices also helped to lead futures lower as the market traded to key support at the 7.60 level but it did not stay there long. A combination of fog closing the Houston Ship Channel and boosting crude oil and the technical significance of the 7.60 level, march natural gas short covered frantically to a high of 8.011. But just as quickly as crude oil rallied on news, the reopening of the channel later in the session dropped the market by a 1.00 and natural gas followed, returning back below 8.00. The March natural gas contract finished the surprise session up 12.9 cents at 7.869.

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	970,500	\$7.561	(\$0.325)	(\$0.230)	(\$0.266)	\$0.042
Chicago City Gate	886,300	\$7.689	(\$0.297)	(\$0.102)	(\$0.293)	\$0.207
NGPL- TX/OK	1,249,400	\$7.281	(\$0.280)	(\$0.510)	(\$0.276)	(\$0.266)
SoCal	760,100	\$7.509	(\$0.215)	(\$0.282)	(\$0.211)	(\$0.094)
PG&E Citygate	824,900	\$7.853	(\$0.159)	\$0.061	(\$0.155)	\$0.206
Dominion-South	330,100	\$7.902	(\$0.307)	\$0.111	(\$0.303)	\$0.452
Transco Zone 6	91,000	\$8.221	(\$0.348)	\$0.430	(\$0.344)	\$1.002



Continuing above-average temperatures in the forecast past the middle of the month is seen as unsupportive by most, though today's turnaround is a sign that volatility, along with a magnetic crude contract, can create rallies as well as sell-offs. Some forecasters have increased their heating degree day forecast for the middle of February and that will make bears hesitant. The strong coal price is also supportive to natural gas, as it serves to raise the floor of natural gas and where generation switching takes place. We see resistance at 8.011, 8.123, 8.263, 8.48-8.50 and 8.70-8.60. We see support at 7.83-7.80, 7.60, 7.50, 7.401 and 7.25.