



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR FEBRUARY 12, 2008

NATURAL GAS MARKET NEWS

The EIA Short-Term Energy Outlook for February 2008 reported that total natural gas consumption is expected to increase by 0.9% in 2008 and by 1% in 2009. Total U.S. marketed natural gas production is expected to increase by 2.2% in 2008 and by 0.8% in 2009. Projected growth in 2008 is primarily due to the start-up of new deepwater supply infrastructure in the Gulf of Mexico and continued production growth from unconventional reserve basins in the lower-48 onshore region. The EIA slashed its forecast for 2008 LNG imports by almost 16% from January's report. The EIA said that 2008 LNG imports would hit 788 Bcf, down from the previous forecast of 937 Bcf. This reflects a downward revision from the January Outlook due to the expectation of continued demand strength in Asia and Western Europe. The EIA reported that the Henry Hub spot price averaged 8.25 in January, .92 more than the average December spot price. The expectation of continued cold, but near normal, weather through the remainder of the first quarter this year is projected to keep prices high relative to the first quarter of 2007. The Henry Hub spot prices is expected to average 8.18 during the first quarter of 2008 compared to 7.41 during the corresponding period in 2007. On an annual basis, the Henry Hub spot price is expected to average about 7.83 in 2008 and 7.93 in 2009.

Generator Problems

MAIN – AmerGen's 1,022 Mw Clinton nuclear unit restarted and is warming up offline at 3% capacity.

The NRC reported that 89,502 Mw of nuclear capacity is online, up 1.20% from Monday, and down 5.36% from a year ago.

TEPPCO Partners announced the start of a binding open season to seek shipper support for a proposed expansion of its 845-mile natural gas liquids pipeline originating in the Permian Basin of West Texas and eastern New Mexico. The expansion project is designed to increase annual average system capacity by approximately 15,000 barrels per day or 20,000 BPD depending on shipper response to the open season.

Spectra Energy has proposed to expand its natural gas gathering system to accommodate growing production in the Grizzly Valley area of northeastern British Columbia. The proposed project is part of a third phase of expansion related to its Pine River facility, and would allow for the transport of incremental raw gas to its Pine River Processing Plant near Chetwynd, B.C. The project will involve approximately 17 Km of pipeline, running parallel to existing lines and will add gathering capacity in excess of 40 MMcf/d.

ConocoPhillips has entered into an agreement with Suez LNG Trading SA, which provides ConocoPhillips with long-term access to the Northwest Europe LNG market through Suez's regasification capacity at the Zeebrugge LNG terminal in Belgium starting in October.

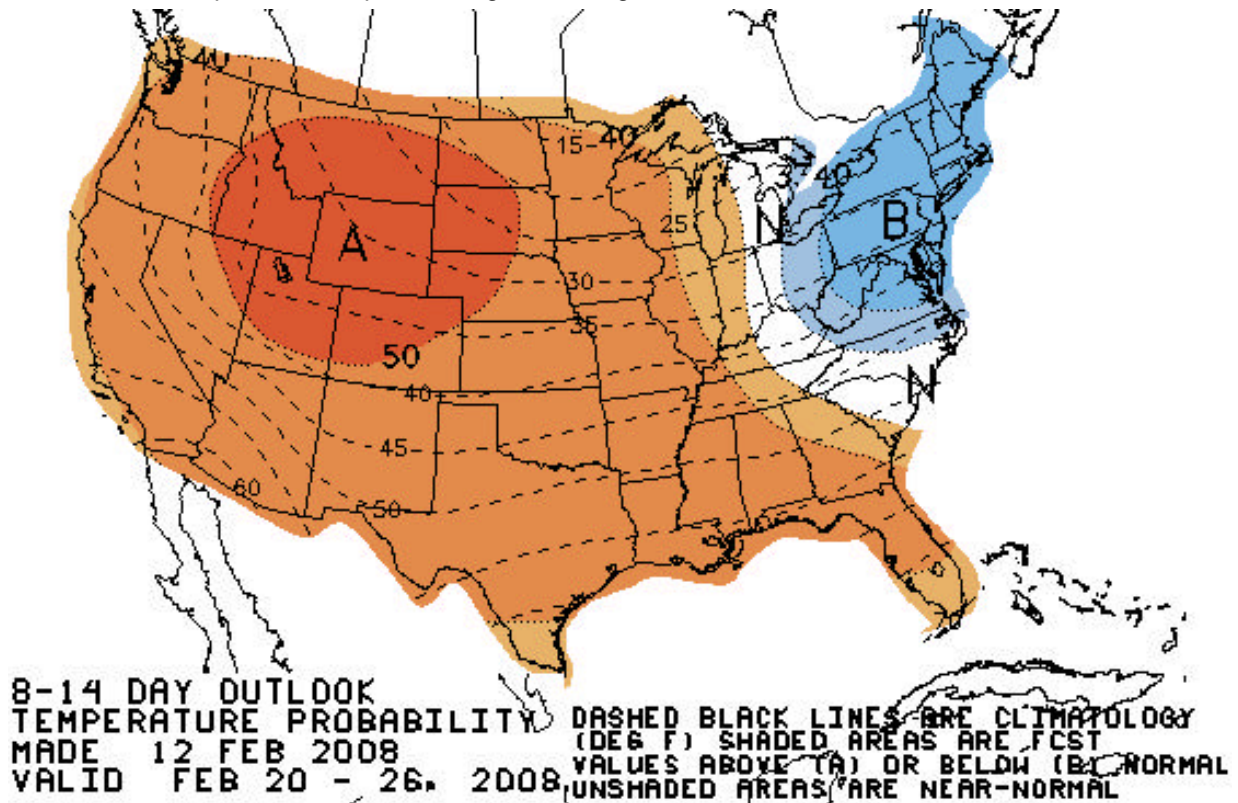
PIPELINE RESTRICTIONS

Northern Natural Gas Company said that an SOL with 50% allowable SMS is being called due to extremely cold temperatures forecasted for today's gas day.

Transcontinental Gas Pipe Line said that it is experiencing a significant decrease in flexibility in its Zone 6 market area as a result of the recent below-normal temperatures which were much colder than forecast. The decrease

in flexibility was exacerbated by shippers' non-ratable takes and use of due-to-shipper imbalance activity on gas day February 10.

MRT said that it has been informed by Trunkline Gas Company that its interconnect with MRT's East Line in Clay County, Illinois will be unavailable on February 14 and 15 so that modifications can be made to its facilities. MRT will not schedule receipts from this point during their outage.



PIPELINE MAINTENANCE

ANR Pipeline Company said that it has completed engine repairs at its LaGrange Compressor Station in Indiana, located in the Northern Fuel Segment (ML-7). All associated capacity restrictions have been lifted.

Williston Basin Interstate Pipeline Company said that unplanned maintenance unplanned maintenance will be performed on the storage compressor units at the Elk Basin Compressor Station today. Maximum capacity for aggregate storage will be approximately 337 MMcf/d during this period.

MARKET COMMENTARY

The natural gas market finally ran out of steam after six straight sessions of gains. The March contract was supported early in the session, as firm cash prices reflected the frigid cold temperatures that are blanketing the northern portion of the country. The front month contract failed to top yesterday's highs, reaching 8.619 today, and profit taking then led prices lower in choppy trading. The market finished down 9.5 cents at 8.436.

Among the chief downside drivers was the weather as temperatures in the Northeast and Midwest are seen moderating over the next few days ahead of another snap of cold weather for the East and Midwest in the weeks ahead. Expectations for this week's EIA natural gas report range between 130-150 Bcf, below the five-year average of 167 Bcf and well below the 254 Bcf pull seen for the same week in 2007. However, the current cold has helped to increase estimates for the report covering the week ending February 15, which could show a draw exceeding the 161 Bcf five-year for the week. We feel the market is establishing a range above the 8.00 level, as bullish news continues from coal prices to nuclear outages. We see support at 8.40, 8.307, 8.204, 8.05, 8.00 and 7.62. We see resistance at 8.62, 8.722, 8.80, 8.825 and 9.00.

