



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR FEBRUARY 14, 2008

NATURAL GAS MARKET NEWS

Looking to capitalize off of the Millennium Pipeline entering service later this year, NiSource Gas Transmission & Storage (NGT&S) on Thursday launched an open season for the potential construction of the New Penn Pipeline system and associated firm transportation, which would offer customers increased access to Northeast and Mid-Atlantic markets.

The energy industry's race to keep up with the global demand for natural gas is "as tight a race as the U.S. presidential campaign," a Royal Dutch Shell plc executive said Wednesday. The difference, said Linda Cook, "is that this is not a zero-sum game with only one winner. This is a race all of us must win."

ConocoPhillips announced that it is reassessing how best to advance the Alaska North Slope gas pipeline project as a result of the lack of engagement by the State of Alaska on the company's proposal submitted November 30, 2007. ConocoPhillips remains dedicated to developing Alaska's North Slope gas resources as they re-evaluate the best path forward for advancing this pipeline project.

Generator Problems

ECAR – FirstEnergy's 898 Mw Davis-Besse Nuclear unit restarted and is warming up offline at 5% capacity.

MAIN – AmerGen's 1,022 Mw Clinton nuclear unit increased output to 96% power. Yesterday, the unit was operating at 74% power.

Exelon's 855 Mw Quad Cities #1 and #2 curtailed output, lowering production to 84% and 87% respectively. Both units were operating near full power yesterday.

PJM – Exelon's 1,143 Mw Limerick #2 nuclear unit restarted and ramped up to 25% power. Limerick #1 continues to operate at 95% power.

WSCC – Southern California Edison's 1,070 Mw San Onofre #2 nuclear unit increased output to 98% power. Yesterday, the unit was operating at 90%.

The NRC reported that 90,070 Mw of nuclear capacity is online, up .46% from Wednesday, and down 5.44% from a year ago.

EIA Weekly Report

	02/08/2008	02/01/2008	Net chg	Last Year
Producing Region	643	670	-27	686
Consuming East	1072	1138	-66	1173
Consuming West	227	254	-27	267
Total US	1942	2062	-120	2125

*storage figures in Bcf

NOAA and the Shell Oil Company have signed a cooperative agreement to place meteorological and oceanographic observation sensors on seven Shell oil platforms in the Gulf of Mexico. Once installed, the suite of observation equipment will become a vital component of the Integrated Ocean Observing System, providing valuable data for use in hurricane research, forecasting, and coastal resource management.

Price discussion for spot LNG cargoes to Asia weakened further during the past week as buyers displayed little urgency for additional cargoes despite colder-than-usual winter weather. While spot trade for February arrival cargoes was largely over, there were still few signs of active buying of March shipments. Buyers in north Asia, where temperatures are described as lower than usual, were holding their ground and refusing to pay above \$13-\$14/MMBtu for March delivery cargoes, down from \$18-\$20/MMBtu which was the highest paid for several January/February shipments. Seller's offers for March have also softened to somewhat over \$15/MMBtu or lower, from around \$17/MMBtu earlier this month.

PIPELINE RESTRICTIONS

Northern Natural Gas Company said that an SOL with 0% allowable SMS is being called due to extremely cold temperatures forecasted for February 15 gas day.

Canadian Gas Association

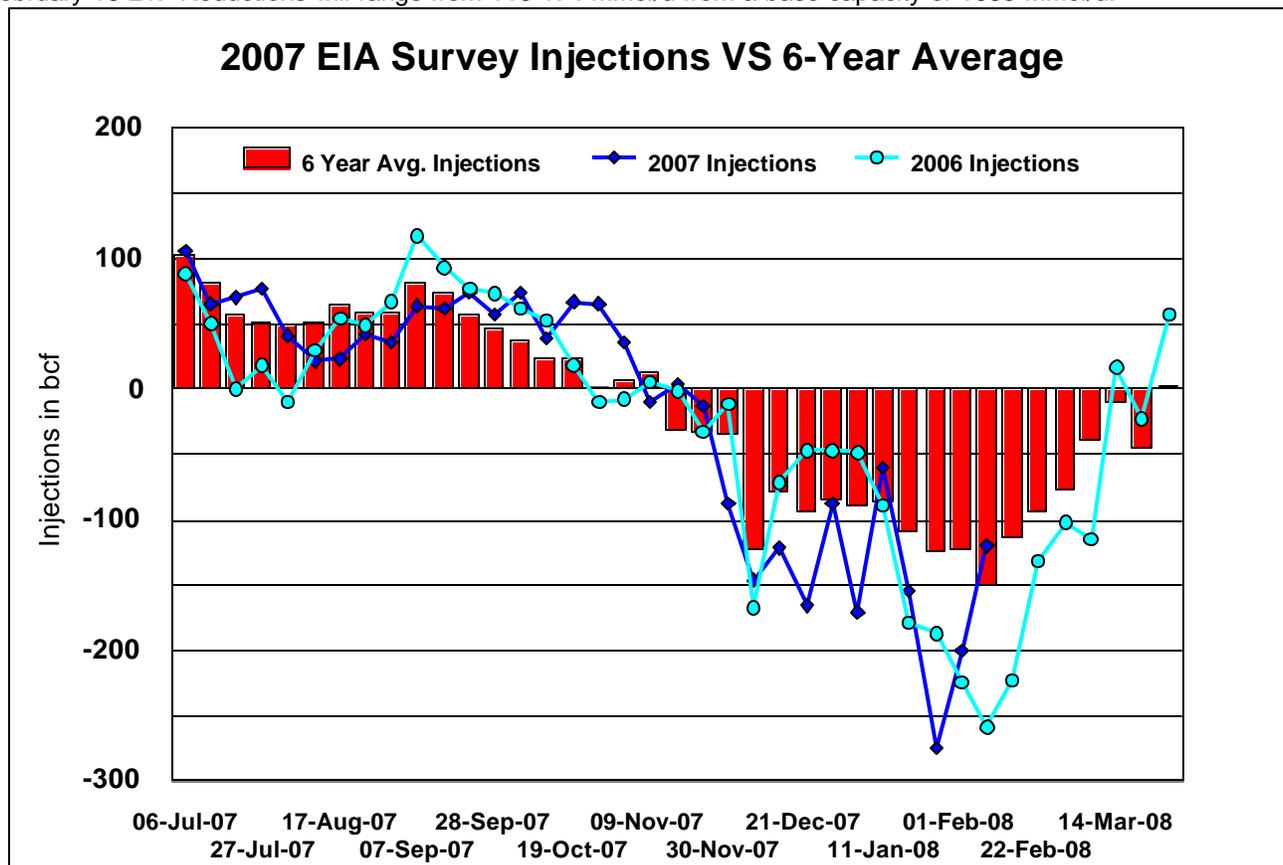
Weekly Storage Report

	08-Feb-08	01-Feb-08	09-Feb-07
East	126.6	137.3	142.0
West	177.4	196.2	133.6
Total	304.0	333.5	275.6

storage figures are in Bcf

PIPELINE MAINTENANCE

El Paso Natural Gas Company said in North Mainline maintenance, Leupp 10A and Window Rock 5A will undergo mechanical inspections February 18-20; Hackberry #2 will undergo hot gas path February 25-26; Hackberry #1 will have a liner check February 27-28; Line 1204 will have immediate remediation pressure restriction through February 16; Line 1204 will have a pipe replacement February 17-21. From an estimated base capacity of 2351 MMcf/d on the North Mainline, the estimated capacity reductions are: through February 16, 117 MMcf/d; February 17-21, 196 MMcf/d. In South Mainline maintenance, Cornudas C will undergo ESD/DOT checks/inlet air filters/inlet scrubber filters February 18-21. Reductions will range from 116-174 MMcf/d from a base capacity of 1685 MMcf/d.

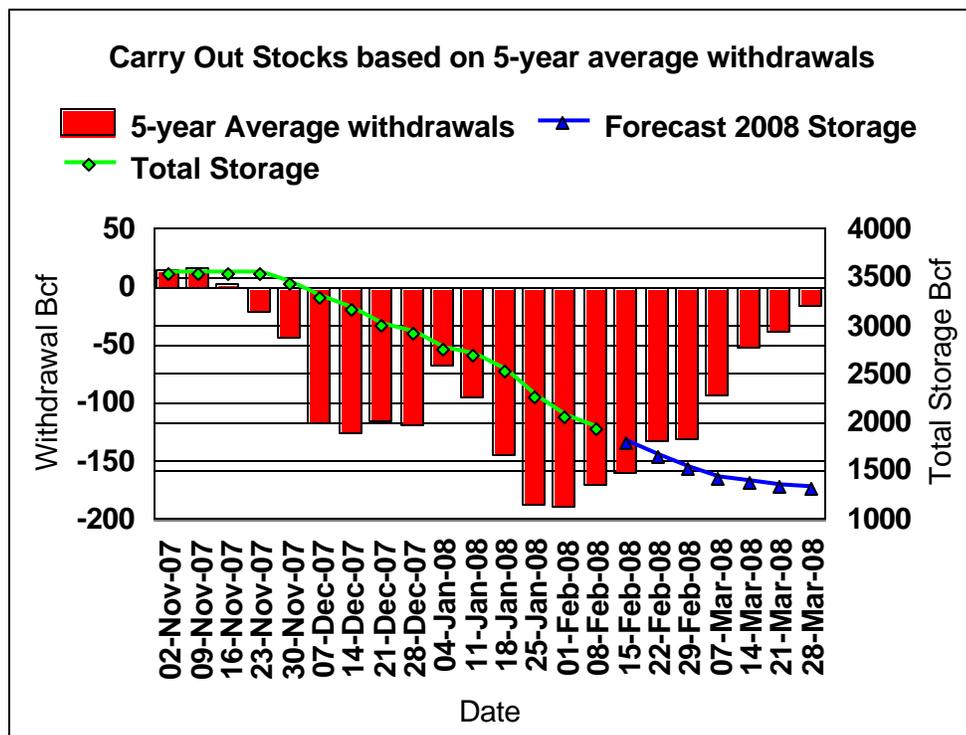


ELECTRIC MARKET NEWS

The Ameren Illinois Utilities have restored power to nearly 14,000 of the 18,400 AmerenCIPS customers who lost power as a result of the ice storm that struck Southern Illinois earlier this week.

Consultant New Carbon Finance said in a report that the U.S. will be home to a \$1 trillion carbon emission market by 2020 if federal and state policymakers continue on their current path toward a comprehensive cap-and-trade program confined to the domestic market. The report, which analyzes the 13 climate-change bills under consideration by Congress, also found that a cap-and-trade system that permits only domestic trades will produce a carbon price of \$40/metric ton as early as 2015, resulting in a 20% increase in retail electricity prices, a 10% hike in natural gas costs and a 12% increase in gasoline prices. The researchers added that they believe

an economy-wide cap-and-trade system for U.S. greenhouse gases is “inevitable” in the next four to five years, adding that it will dwarf the European carbon market.



MARKET COMMENTARY

The natural gas market confirmed its desire for the upside. Supported this morning by a slightly colder forecast, the market opened up over 10 cents higher. After the EIA reported an expected below average draw of 120 Bcf, the market paused briefly before exploding to the upside, not even pausing at the recent highs from earlier in the week. The March contract traded to a high of 8.802 today, before settling up 38.4 cents at 8.772 its highest level since the 8.844 close on November 1, 2006, besting even the 8.637 close from November

1, 2007.

For the week ending February 8, total storage stands at 1,942 Bcf, 183 Bcf below last year’s levels and 109 Bcf above the five-year average of 1,833 Bcf. The year-on-year deficit really took a hit today, as after last week’s report it stood at 317 Bcf. The five-year surplus also gained some ground today, but that bearish news was not enough to settle the market. Short covering was all traders could think about today. Also affecting the natural gas market is news that a non-commercial trader has experienced significant losses in natural gas and has liquidated, adding to the market’s volatility and exuberance. We have called the market’s move to the upside, as nuclear outages and strength in the coal sector have raised the floor for natural gas, and colder temperature revisions did the rest to boost the market. But now as the market is at the upper end of our range, we will cautiously look to sell the market, keeping in mind that if further positions need to be unwound that could support the market further. Also, with expiration at the end of the month further short covering may support the market. Yet natural gas has risen roughly 5.5% this week and some profit taking from short term longs ahead of the long weekend may calm the bulls. We see support at 8.675, 8.62, 8.50-8.48, 8.35, 8.00 and 7.62. we see resistance at 8.80, 8.83, 9.00, 9.05, 9.122 and 9.44.

