



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR FEBRUARY 19, 2008

NATURAL GAS MARKET NEWS

Legislation proposed by Rep. Mike Ross (D-AR) would promote American energy independence by opening both the Outer Continental Shelf (OCS) and the Arctic National Wildlife Refuge (ANWR) to oil and natural gas production and would create tax credits for the development of nuclear plants.

Some exploration and production (E&P) insiders are expecting 2008 oil and natural gas prices to average up to 5% higher than Wall Street's expectations, according to an informal survey by Raymond James and Associates Inc.

Enterprise Products Partners LP subsidiary Petal Gas Storage LLC has applied to the Federal Energy Regulatory Commission to further expand its gas storage facility in Petal, MS. The project would include construction of two underground salt caverns, creating 10 Bcf of working capacity, which could be completed and in service as early as the second quarter of 2010.

PIPELINE MAINTENANCE

Alliance Pipeline said that the Scotford meter station will undergo inspections and maintenance beginning today through February 21. Station capacity will be lowered to 0 for these days. The Elk Island meter station will undergo inspections and maintenance beginning today through February 21 and station capacity will be lowered to 0 for these gas days. A routine inspection will require the Carson Creek Unit #1 compressor to be offling for 10 hours today. Station capacity will be lowered to 335 MMcf for this gas day. Finally, routine inspections and maintenance will require the Gold Creek compressor station to be offline for five hours on February 21 and

Generator Problems

ECAR – FirstEnergy's 898 Mw Davis-Besse nuclear unit returned to full power over the weekend. The unit was operating at 60% power on Friday.

MAIN – Exelon's 1,120 Mw Braidwood #2 nuclear unit returned to full power. On Friday, the unit was operating at 57% power. Braidwood #1 continues to operate at full power.

AmerGen's 1,022 Mw Clinton nuclear unit ramped up to 96% power over the weekend. The unit was operating at 81% power on Friday.

PJM – Constellation Energy's 825 Mw Calvert Cliffs #1 nuclear unit reduced power to 93% power over the weekend as the unit coasts down for a refueling outage. The unit was operating at full power ahead of the weekend.

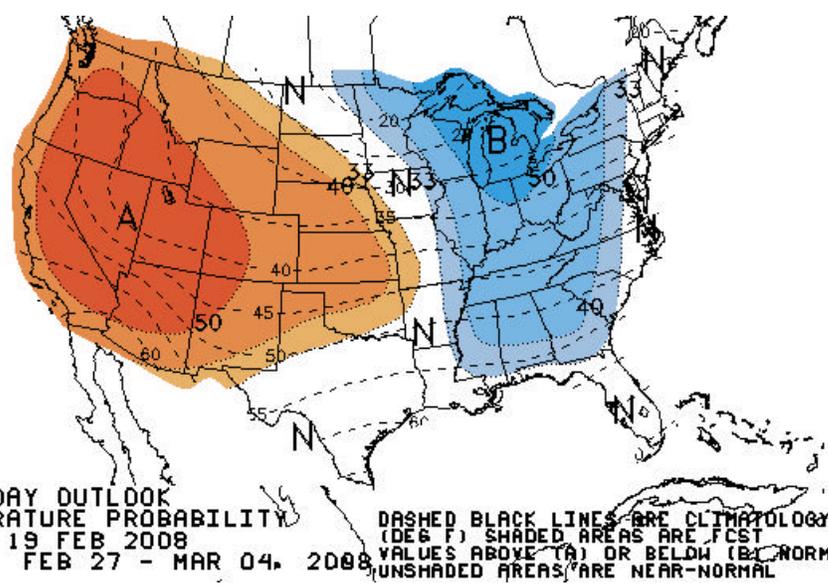
The NRC reported that 91,938 Mw of nuclear capacity is online, up .97% from Friday, and down .09% from a year ago.

station capacity will be lowered to 950 MMcf for this gas day.

Northern Natural Gas Company said that an SOL with 0% allowable SMS is being called due to extremely cold temperatures forecasted for today and February 20.

Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	Volume Traded	Avg Price	Change	Basis (As of 12:30 PM)	Change	Basis 5-Day Moving Avg
Henry Hub	1,498,400	\$8.908	\$0.181	(\$0.057)	\$0.033	(\$0.126)
Chicago City Gate	1,080,500	\$9.764	\$0.781	\$0.799	\$0.515	\$0.335
NGPL- TX/OK	857,400	\$8.621	\$0.189	(\$0.344)	(\$0.077)	(\$0.375)
SoCal	768,400	\$8.564	\$0.228	(\$0.401)	(\$0.038)	(\$0.445)
PG&E Citygate	621,900	\$8.786	\$0.111	(\$0.179)	(\$0.156)	(\$0.155)
Dominion-South	343,000	\$9.497	\$0.280	\$0.532	\$0.014	\$0.434
Transco Zone 6	96,000	\$12.467	\$1.108	\$3.502	\$0.842	\$2.335

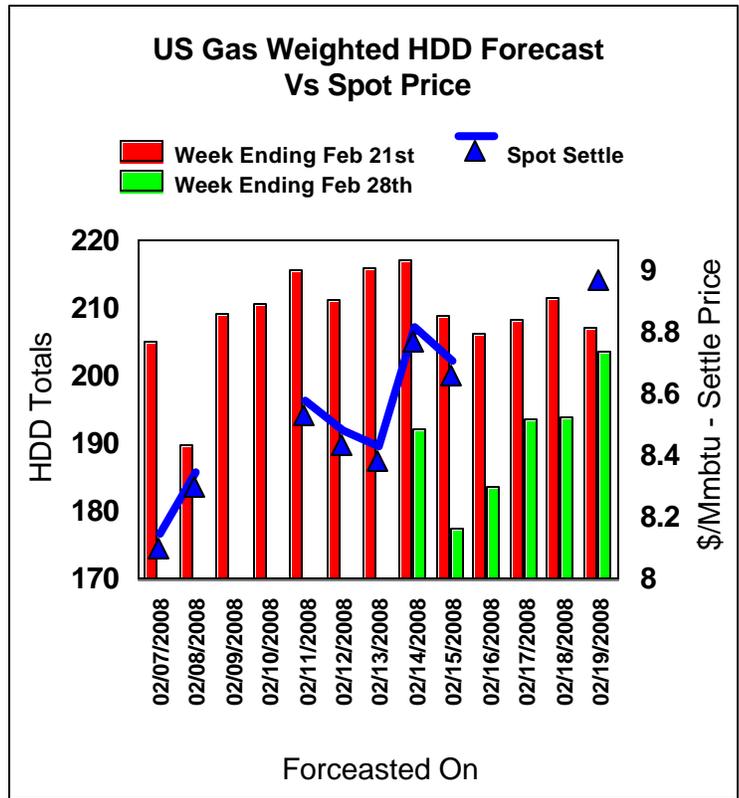
Gulf South Pipeline said that unscheduled maintenance on Marksville Compressor Station Unit #2 that began January 14 has been extended through February 25. Capacity through Marksville Compressor Station will be reduced by as much as 150 MMcf during this maintenance. Also, the company said that it will perform scheduled pigging maintenance on Index 266 Carthage-Sterlington 24-inch from Loggy Bayou, Louisiana to Sterlington, Louisiana beginning February 21 at 8:00 AM CT and continue for approximately 16 hours. Gulf South does not anticipate any service interruptions or capacity constraints.



Trunkline Gas Company said that there will be an outage on the Kaplan 200-2 Line between gate valve sections 202-2 and 203-2 in order to install the Cheniere interconnect beginning today. The outage is expected to last five days. There is no anticipated impact to shippers during this outage. During the outage, Meter 93084 will be unavailable.

ELECTRIC MARKET NEWS

Progress Energy Carolinas will file an application with the U.S. NERC for a combined construction and operating license for two possible nuclear units it may build at its Harris nuclear station near New Hill, North Carolina. Progress said it is unlikely to make a final decision for at least a year on whether it will build one or more nuclear units. If it does proceed, the earliest a new plant would come online would be 2018 and it would produce 1,100 Mw.



MARKET COMMENTARY

The natural gas market resumed last week's rally as cold temperatures continue to boost heating demand, keeping the cash markets strong. A very firm oil complex that saw front month crude trade \$100, helped to spark natural gas today, as its discount to crude oil is serving as support for natural gas. With a colder outlook for the next two weeks, supply worries are beginning to dominate trader's decisions. The March contract held resistance at 9.00 during the session, but still settled strong, up 31.7 cents at 8.977. Prices however, broke through 9.00 in after hour trading and reached a daily high of 9.07.

Storage is becoming a larger concern at this point, as there are too many market participants who were at ease with the storage picture. Storage is behind last year, which is providing a bullish tone to the market and if there is any kind of sizeable withdrawal this week and the coming weeks, we could be under the five-year average by early March. One forecaster has raised his forecast for HDD for the week ending

February 28 by 15% since last Friday. Early expectations for this week's EIA report point to a slightly above-average withdrawal north of 165 Bcf, which could be constructive when compared to the five-year average of 161 Bcf but not so much against the year-ago figure of 228 Bcf. We see support at 8.94, 8.809, 8.604, 8.50-8.473 and 8.00. We see resistance at 9.00-9.05, 9.13-9.145, 9.276, 9.481 and 9.80.