



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 FEBRUARY 21, 2008

NATURAL GAS MARKET NEWS

The FERC affirmed its November decision authorizing construction and operation of a gas pipeline expansion designed to serve power plants in Arizona. Transwestern Pipeline intends to bulk up to serve the fast-growing Phoenix metropolitan area by adding 500,000 Mcf/d of capacity to its existing interstate system in New Mexico and Arizona. Currently, the Phoenix area relies solely on the El Paso Natural Gas system, which has struggled to keep up with rapidly increasing demand. Gas to be transported on the Transwestern expansion would come from Rocky Mountain and San Juan basin production regions and would be used primarily to fuel power plants around Phoenix.

U.K. curve gas prices at the National Balancing Point were higher today on the back of another round of record crude oil prices and some indication of colder weather in March. Winter 2008 jumped a penny and a half to 67.5 pence per therm by midday, and summer 2009 was up about the same, to 53.6 p/therm.

Generator Problems

PJM – Constellation Energy's 825 Mw Calvert Cliffs #1 nuclear unit is at full capacity today, unchanged on the day but up from 93% earlier this week. The unit is scheduled to shut for refueling and maintenance tomorrow. Calvert Cliffs #2 was operating at full power.

SERC – Duke Power's 1,100 Mw McGuire #2 nuclear unit remains unchanged on the day near full capacity, however the unit could be shut down in the days ahead as operators prepare for a planned refueling and maintenance outage. McGuire #1 continues to operate at full power.

WSCC – Calpine Corp. shut the 546 Mw Metcalf natural gas-fired power plant yesterday for planned reasons.

The NRC reported that 91,970 Mw of nuclear capacity is online, unchanged from Wednesday, and up .61% from a year ago.

EIA Weekly Report

	02/15/2008	02/08/2008	Net chg	Last Year
Producing Region	606	643	-37	625
Consuming East	952	1072	-120	1018
Consuming West	212	227	-15	255
Total US	1770	1942	-172	1897

*storage figures in Bcf

Gas Storage levels in Britain and Belgium stood at just 47% full in the week to February 18, down 22% from the previous week. Cold weather in northwest Europe last week increased demand for gas, increasing storage withdrawals to top up supplies from North Sea gas fields.

Britain's energy watchdog Ofgem has launched an investigation into power and gas supply markets because of growing public concern over price rises. The regulator said it would conduct a full investigation into retail energy sales on the day British Gas reported a 40% rise in 2007 profit, a month after hiking its prices by 15%. Ofgem always monitors Britain's power and gas markets and said it had not uncovered any price collusion between the big six suppliers, despite rising concern over ballooning bills.

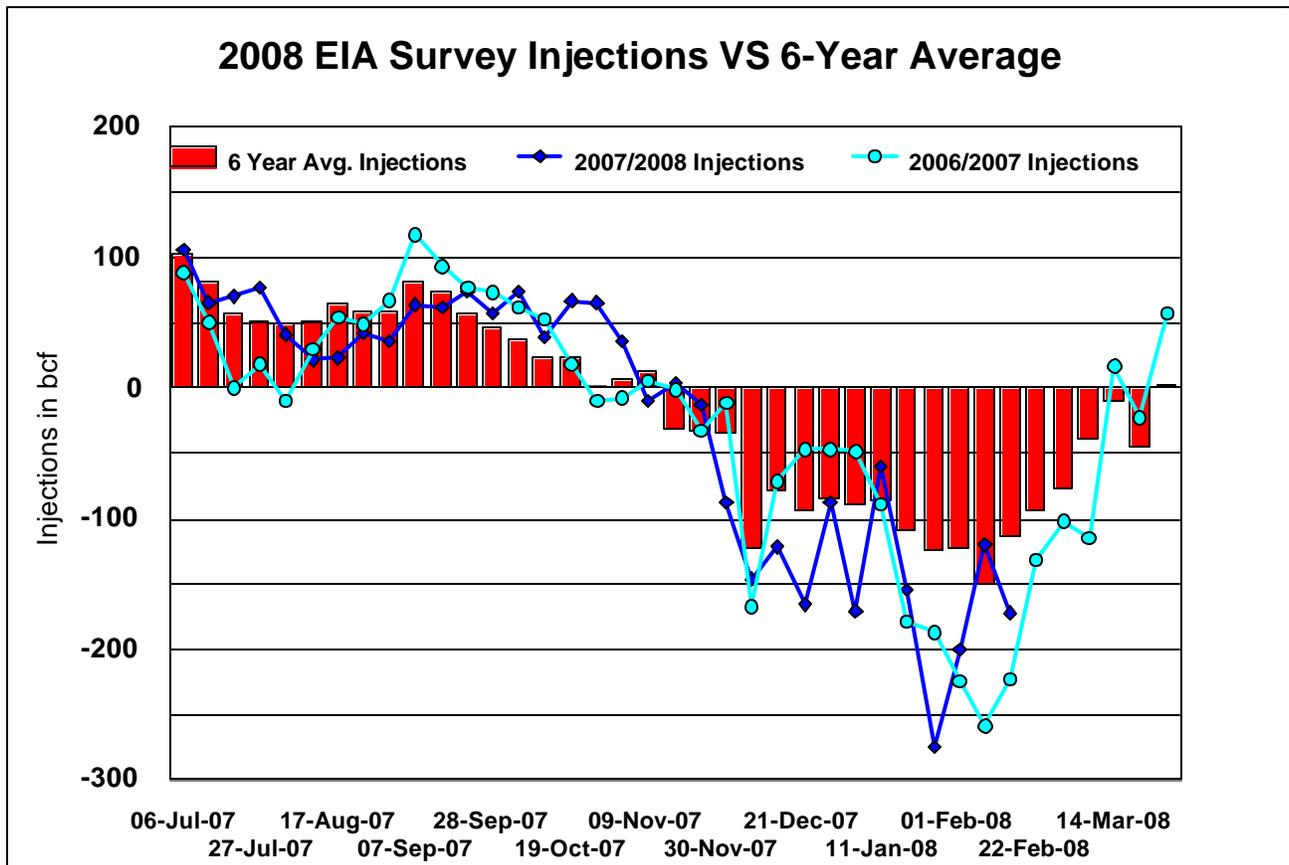
Construction has begun on another new LNG import terminal on the U.S. Gulf Coast, with supplies to come from Angola when it begins operation. Clean LNG Energy, in partnership with the Angolan national energy company Sonangol and El Paso Corp. have begun work on a new terminal at Pascagoula, Mississippi. Targeted completion is in 2011 for the \$450-million facility on the Bayou Casotte Ship Channel. Plans call for the plant to regasify and send

Canadian Gas Association

Weekly Storage Report

	15-Feb-08	08-Feb-08	16-Feb-07
East	109.8	126.6	118.1
West	160.9	177.4	120.4
Total	270.7	304.0	238.5

storage figures are in Bcf

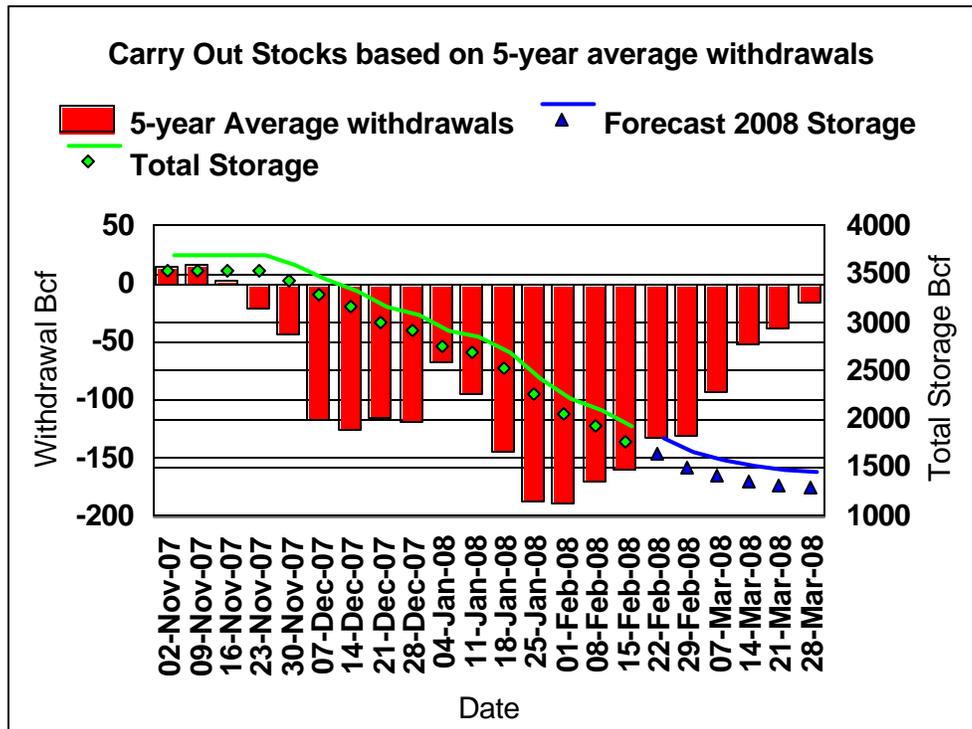


out up to 1.5 Bcf per day. Gulf LNG will get its supply of LNG from the West African nation of Angola, which recently announced a final decision to build an LNG production facility.

PIPELINE MAINTENANCE

Colorado Interstate Gas Company declared a force majeure due to equipment failure at its compressor facility at the Mocane Receipt Point in Beaver County, Oklahoma. The usual capacity for gas receipts at Mocane is 50,000 Mcf/d. During the outage of the compression facility, the receipt capacity will be reduced to 26,000 Mcf/d. Parts have been ordered to repair the compression facility and initial estimates indicate that full service at Mocane will be available on February 22.

Gulf South Pipeline said that it will perform scheduled maintenance at Carthage Junction Compressor Station to back-up all Units beginning February 22 and



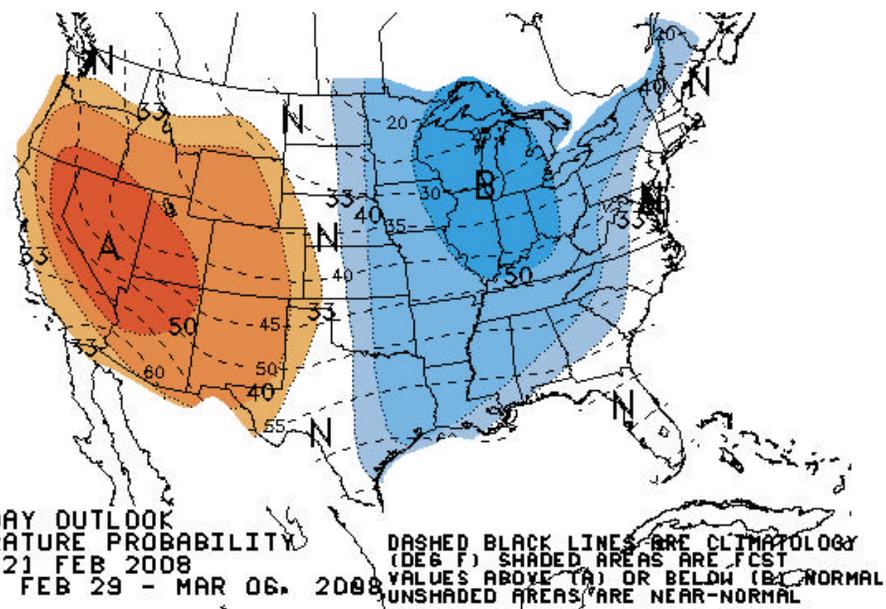
continuing for one day. The subject maintenance potentially could affect, based on nominations, the available capacity on Index 59. Gulf South does not anticipate any affect to East Texas Capacity Allocation Scheduling Group (Area 8). To the extent Primary Firm Service is interrupted on Index 59 and/or in the East Texas Capacity Allocation Scheduling Group (Area 8), Gulf South, under separate notice, will be claiming Force Majeure for as long as service cannot be performed due to the maintenance activity.

Southern Natural Gas Pipeline Co. said it will be conducting compressor station maintenance throughout the March and April period and some impact to the level of service is possible. The heaviest maintenance periods will be April through May and September through mid-October, the lowest periods of demand on the system. During these peak maintenance times, shippers could see lower levels of interruptible transportation being available.

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	2,053,900	\$8.903	(\$0.176)	(\$0.071)	(\$0.264)	(\$0.093)
Chicago City Gate	923,200	\$9.122	(\$0.331)	\$0.148	(\$0.364)	\$0.384
NGPL- TX/OK	709,700	\$8.532	(\$0.188)	(\$0.442)	(\$0.221)	(\$0.344)
SoCal	966,800	\$8.403	(\$0.197)	(\$0.571)	(\$0.230)	(\$0.441)
PG&E Citygate	560,000	\$8.716	(\$0.155)	(\$0.258)	(\$0.188)	(\$0.157)
Dominion-South	458,700	\$9.500	(\$0.188)	\$0.526	(\$0.221)	\$0.524
Transco Zone 6	102,800	\$11.990	(\$1.053)	\$3.016	(\$1.086)	\$2.998

ELECTRIC MARKET NEWS

The FERC proposed new rules meant to bolster competition in U.S. wholesale electricity markets, but stopped short of a full-blown price probe. FERC proposed rules meant to give energy buyers more flexibility to act during power shortages and encourage more long-term deal-making. However, FERC did not grant a petition from some of the biggest U.S. industrial power users for an agency investigation into whether wholesale power prices in organized markets in the Northeast, New York, New England, California and elsewhere are just and reasonable given price increases in recent year.



8-14 DAY OUTLOOK TEMPERATURE PROBABILITY MADE 21 FEB 2008 VALID FEB 29 - MAR 06, 2008. DASHED BLACK LINES ARE CLIMATOLOGY (DEG F) SHADED AREAS ARE FST VALUES ABOVE (A) OR BELOW (B) NORMAL UNSHADED AREAS ARE NEAR-NORMAL

Interconnection agreements for two gas plants totaling 783 Mw

have been completed, and three wind farms totaling 436 Mw began commercial operations last month, according to the ERCOT January System Planning Report.

MARKET COMMENTARY

The natural gas market chopped between positive and negative territory early in the session ahead of its EIA inventory report release. The EIA reported than an expected 172 Bcf was taken from storage. The market reacted with the oil complex, which after its own inventory figures mounted a rally. March natural gas moved higher, trading to an intra day high of 9.049. When the crude oil market failed to reach the \$100 level, it quickly receded, dropping \$3.00 and pulling natural gas with it. The March natural gas contract slid quickly below the 9.00 level and broke support at 8.90 to trade to a daily low of 8.84. The market settled down 7.4 cents at 8.891.

For the week ending February 15, total storage stands at 1,770 Bcf, 127 Bcf below last year's levels for the same week and 97 Bcf above the five-year average of 1,673 Bcf. Below-average temperatures continue to be forecast for the eastern half of the country, keeping heating demand strong. With the continued above-average withdrawals to storage and more expected, the supply-demand picture remains tight, supporting natural gas. We do however think further consolidation is possible. We see support at 8.80, 8.734-8.709, 8.62, 8.50, 8.35 and 8.00. We see resistance at 8.996, 9.05, 9.127, 9.205 and 9.80.