



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 AUGUST 22, 2007

NATURAL GAS MARKET NEWS

The Tropical Weather outlook continues to look calm, as Dean has looks to make second landfall on the east coast of Mexico. Elsewhere, an area of cloudiness and thunderstorms associated with a tropical wave extends from western Cuba Northeastward across the Northwestern Bahamas and into the Atlantic for a few hundred miles. This system continues to move westward at 15 to 20 mph and is expected to bring showers and thunderstorms to the Florida Peninsula over the next day or so. However, upper level winds are not favorable for tropical cyclone formation.

The U.S. Minerals Management Service said that 83 million cubic feet per day in natural gas output were shut as of Wednesday in the Gulf of Mexico due to Hurricane Dean. The shut natural gas production equals 1.1% of total output of 7.7 Bcf/d.

Following months of unconfirmed speculation that Nymex Holdings might be on the sale block, the parent company of the New York Mercantile Exchange, a global energy exchange powerhouse, confirmed Tuesday that the company has been in talks with "certain parties" with regard to a "potential business combination." Those parties include, NYSE, CME and Deutsche Boerse.

PIPELINE MAINTENANCE

ANR Pipeline Company said that it will continue the unplanned engine repairs at the Marshfield Compressor station located in Wisconsin in the Northern Fuel Segment (ML-7), which will reduce the total Viking-Marshfield receipt capacity by the following:30 MMcf/d (leaving 291 MMcf/d available) from through September 7. Based on current nominations at Viking-Marshfield, it is anticipated that the above reductions may result in the curtailment of IT and Firm Secondary nominations.

Gulf South Pipeline said that unscheduled maintenance at Index 192 (Creole 6-inch) – Cameron Parish, Louisiana, is complete and all facilities are ready for service.

PIPELINE RESTRICTIONS

Florida Gas Transmission said mid- to upper-90 degree weather is forecasted for Florida for today. Therefore, FGT has issued an Overage Alert Day for FGT's Market Area at 15% tolerance. FGT will not interrupt previously scheduled Market Area ITS-1 service.

ELECTRIC MARKET NEWS

Generator Problems

NPCC – Constellation Energy's 1,120 Mw Nine Mile Point #2 nuclear unit returned to full power today. Yesterday, the unit was operating at 91% power. Nine Mile Point #1 remains at full power.

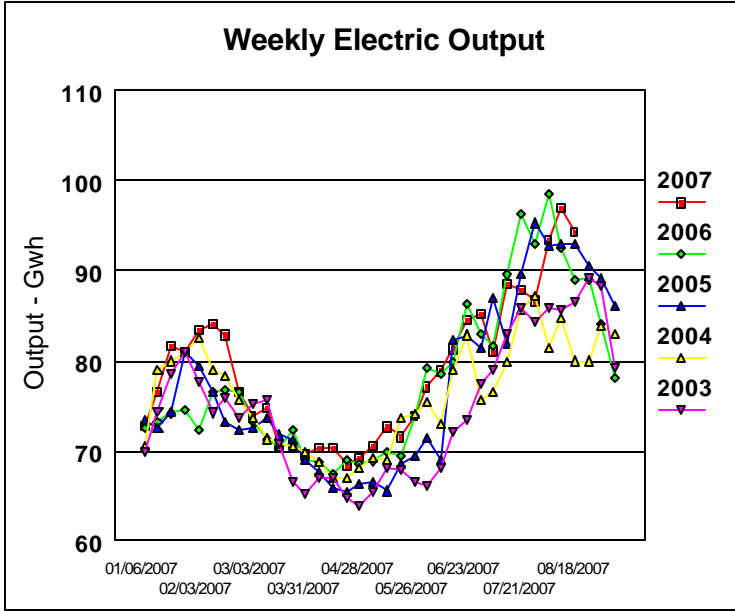
Entergy's 535 Mw Vermont Yankee nuclear unit reduced output to 35% power today. The unit was operating at full power yesterday.

WSCC – Energy Northwest's 1,200 Mw Columbia nuclear unit returned to full power today. The unit was operating at 63% power yesterday.

Progress Energy's 938 Mw Brunswick #2 nuclear unit decreased output to 81% today, down from full power. Brunswick #1 remains at full power.

SERC – Entergy's 1,207 Mw Grand Gulf #1 nuclear unit shut after a dropping reactor water level caused a reactor scram.

The NRC reported that 94,891 Mw of nuclear capacity is on line, down 1.19% from Tuesday, and down .51% from a year ago.

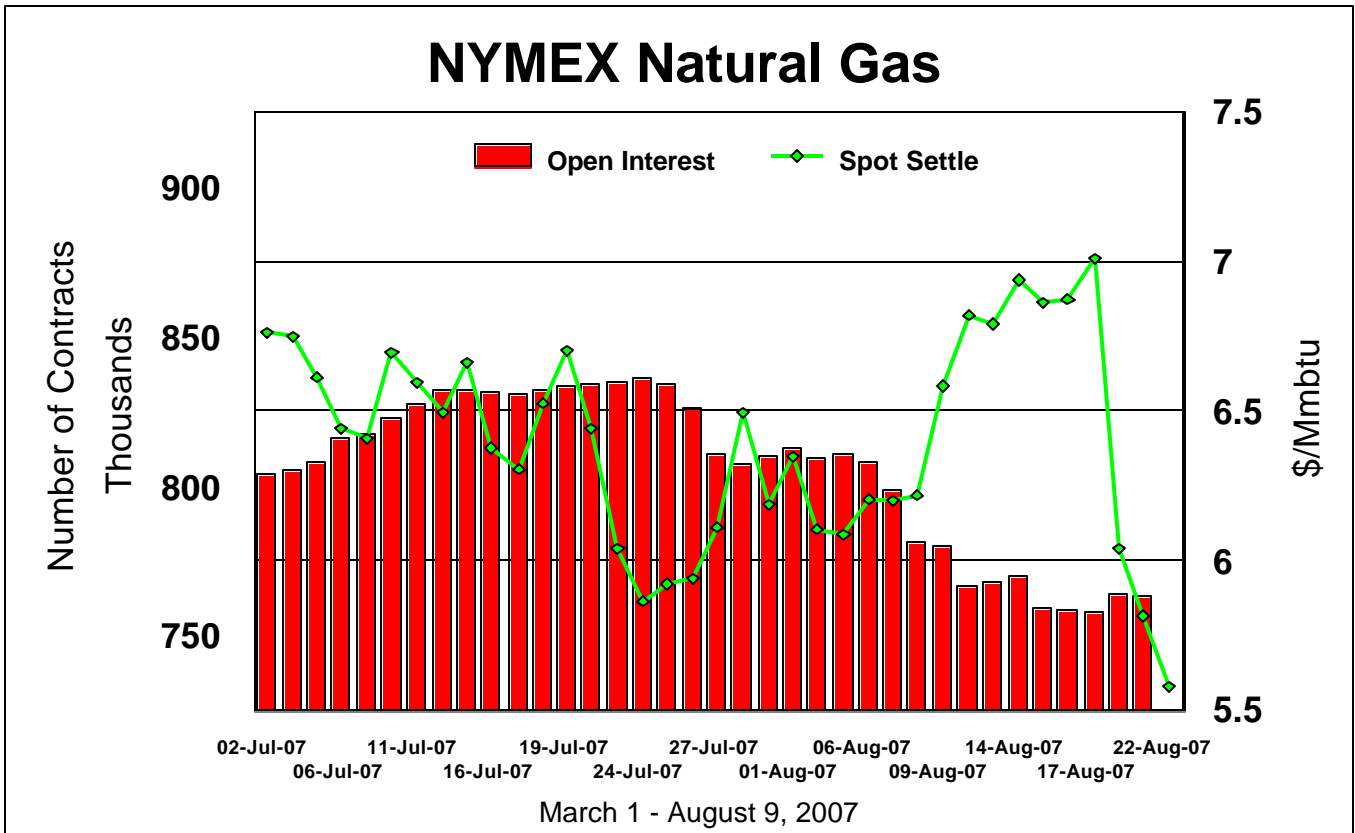


The Edison Electric Institute reported that electricity demand in the continental U.S. was up 6.2% last week compared with the year-ago period. The continental U.S. used 94,455 Gwh of electricity in the week ended August 18, a roughly 2.6% decrease from the previous week.

The July preliminary demand and energy report from ERCOT shows energy consumption down 8.3% for the month of July compared to 2006. The year-to-date energy usage is down 1.4% compared to last year. The peak demand for July was down 8% from the all-time peak demand for the month. An unofficial peak demand of 62,101 Mw was recorded on August 13, just under the all-time peak demand record of 62,339 Mw (August 17, 2006).

MARKET COMMENTARY

The natural gas market continued to slide today extending its lows as little supportive news exists. A quiet tropics and below average cooling demand had the market on the defense the whole session. The front month traded to an 11-month low of 5.544 and calendar spreads continued to show weakness. The looming storage situation is the only fundamental market mover and with stocks at such high levels, the bulls will have to stay to the sidelines. September natural gas settled down 23.9 cents at 5.578.



Total open interest shed some 75,000 lots from the July 25th low of 5.85 to the August 15th high of 7.19, and only 3,800 contracts have comeback to the market. There is fresh money on the sidelines that can pressure this market if supportive factors fail to materialize. Expectations continue to call for a build of 30 Bcf when the EIA releases its weekly storage data tomorrow. We see support at 5.417, 5.31, 5.274 and 5.076. We see resistance at 5.74, 5.98 and 6.081.