



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR AUGUST 23, 2007

NATURAL GAS MARKET NEWS

The tropical wave that was near Florida that forecasters were keeping an eye on over the past several days seems to have become a non-issue as thunderstorm and shower activity associated with it diminished overnight. While there is a tropical wave in the far eastern Atlantic, environmental conditions remain unfavorable for further development, as wind shear levels remain very high over the system. One long-range model puts this system as a weak low pressure near the northern Leeward Islands by August 31st. The widely watch GFS model sees the same disturbance but sees it remaining just a tropical wave. Beyond this the GFS long range model looks for possibly some sort of tropical development out in the far eastern Atlantic around August 30th and not reaching the northern part of the Leeward islands until two weeks from today or September 6th!

EIA Weekly Report

	08/17/2007	08/10/2007	Net chg	Last Year
Producing Region	904	919	-15	827
Consuming East	1613	1573	40	1632
Consuming West	409	411	-2	390
Total US	2926	2903	23	2849

*storage figures in Bcf

The MMS reported at midday that offshore oil and gas production in the Gulf of Mexico has begun to recover from precautionary shut ins from the past week. The MMS estimated that some 38 MMcf/d of natural gas production remained shut in today down from 83 MMcf/d recorded yesterday. Since August 15th some 159,742 b/d of of crude production has been lost and 454 MMcf/d of natural gas production.

PIPELINE MAINTENANCE

Gulf South Pipeline said that work on Index 195 (Deep Lake 20-inch near Grand Chenier, LA) which began on January 9th will continue until further notice. It also reported that maintenance work at the Arnaudville Compressor Station Unit #1 will continue until October 1st. The maintenance work began February 12th and has affected as much as 150,000 Mcf/d. The company reported that the work at its Unit #4 Bistineau Compressor Station Unit #4 which began June 18th will continue through September 1st. Up to 150,000 Dth has been impacted. The company noted that once the work on Unit #4 is completed then it will begin work on Unit #3 which could impact 100,000 Dth, The company also noted that work on the Montpelier

Generator Problems

NPCC – Ontario Power's 490 Mw Nanticoke coal fired Unit #2 returned to service this morning following a weeklong outage.

OPG's 535 Mw oil and gas fired Unit #4 at the Lennox power plant also reportedly returned to service early Thursday morning.

Entergy's FitzPatrick nuclear unit was restarted and was at 20% capacity this morning.

Entergy Nuclear's 535 Mw Vermont Yankee nuclear plant was at 49% of capacity.

ERCOT – Luminant Energy's 575 Mw coal fired Unit #2 at the Big Brown power station was expected to be restarted today following its recent maintenance outage.

WSCC – Xcel's 325 Mw coal fired Comanche Station reportedly was shut down overnight

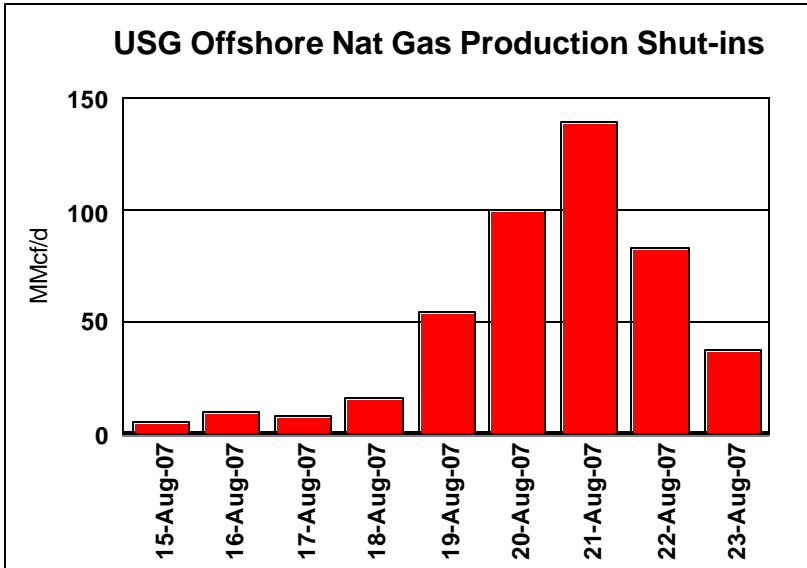
SERC – TVA's 605 Mw coal fired Paradise 3 generating plant reportedly tripped off line Wednesday.

Entergy's 1266 Mw Grand Gulf nuclear unit tripped off line on Tuesday and was still only at 4% of capacity this morning.

Progress Energy's 937 Mw Brunswick #2 nuclear unit was back to full power up 19% from yesterday

TVA's 1155 mw Browns Ferry #1 and #2 nuclear unit were running at 75% capacity Thursday while unit #3 remained at full power.

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.



Compressor Station Unit #6 will continue through October 4th. The maintenance work began back on July 4th and has impacted as much as 75,000 Mcf/d. Work at the Olla Compressor Station Unit #2 which began August 2nd and is slated to end August 29th continues to affect up to 250,000 Dth. Finally the company reported that maintenance work at the Eugene Island Offshore Block 51 platform has been postponed for two weeks and will now start on August 27th.

National Fuel Gas said that current estimates project the earliest availability of Unit #4 at the Concord Station to be back in service is August 28th. The unit went down last week and has reduced capacity at the station by 40,000 Dth/d.

ANR Pipeline said that it will continue engine maintenance at its Bridgman and St John Compressor Stations reducing capacity along segment by 300 Mmc/d.

Gulf South Pipeline said it began unscheduled maintenance on the Kiln Compressor Station Unit #2 Wednesday. Work is expected to last at least 24 hours and impact as much as 125,000 Dth.

PIPELINE RESTRICTIONS

FGT continued to issue yet another Overage Alert Day due to high temperatures across its service area. The company set a tolerance of 25%.

Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg Price	Change	Basis	Change	Basis 5-Day
Location	Traded	Price		(As of 12:30 PM)		Moving Avg
Henry Hub	1,135,500	\$5.726	(\$0.118)	(\$0.009)	(\$0.058)	(\$0.076)
Chicago City Gate	402,500	\$5.680	(\$0.062)	\$0.129	(\$0.028)	\$0.012
NGPL- TX/OK	700,600	\$5.486	(\$0.071)	(\$0.065)	(\$0.037)	(\$0.167)
SoCal	946,200	\$5.375	(\$0.197)	(\$0.176)	(\$0.163)	(\$0.188)
PG&E Citygate	621,800	\$5.617	(\$0.146)	\$0.066	(\$0.112)	\$0.045
Dominion-South	248,100	\$6.098	(\$0.034)	\$0.547	\$0.000	\$0.407
Transco Zone 6	272,000	\$6.369	\$0.370	\$0.818	\$0.404	\$0.588

ELECTRIC MARKET NEWS

The FRCC has extended the generating Capacity Advisory through August 23rd due to high temperatures expected across the state today.

Tuesday a federal district court in California ordered the Bush administration to issue a timely, single comprehensive scientific report on greenhouse gas emissions and climate exchange. The court found the administration violated the 1990 Global Change Research Act and shows that "this administration has denied and suppressed the science of global warming at every turn.

Canadian Gas Association

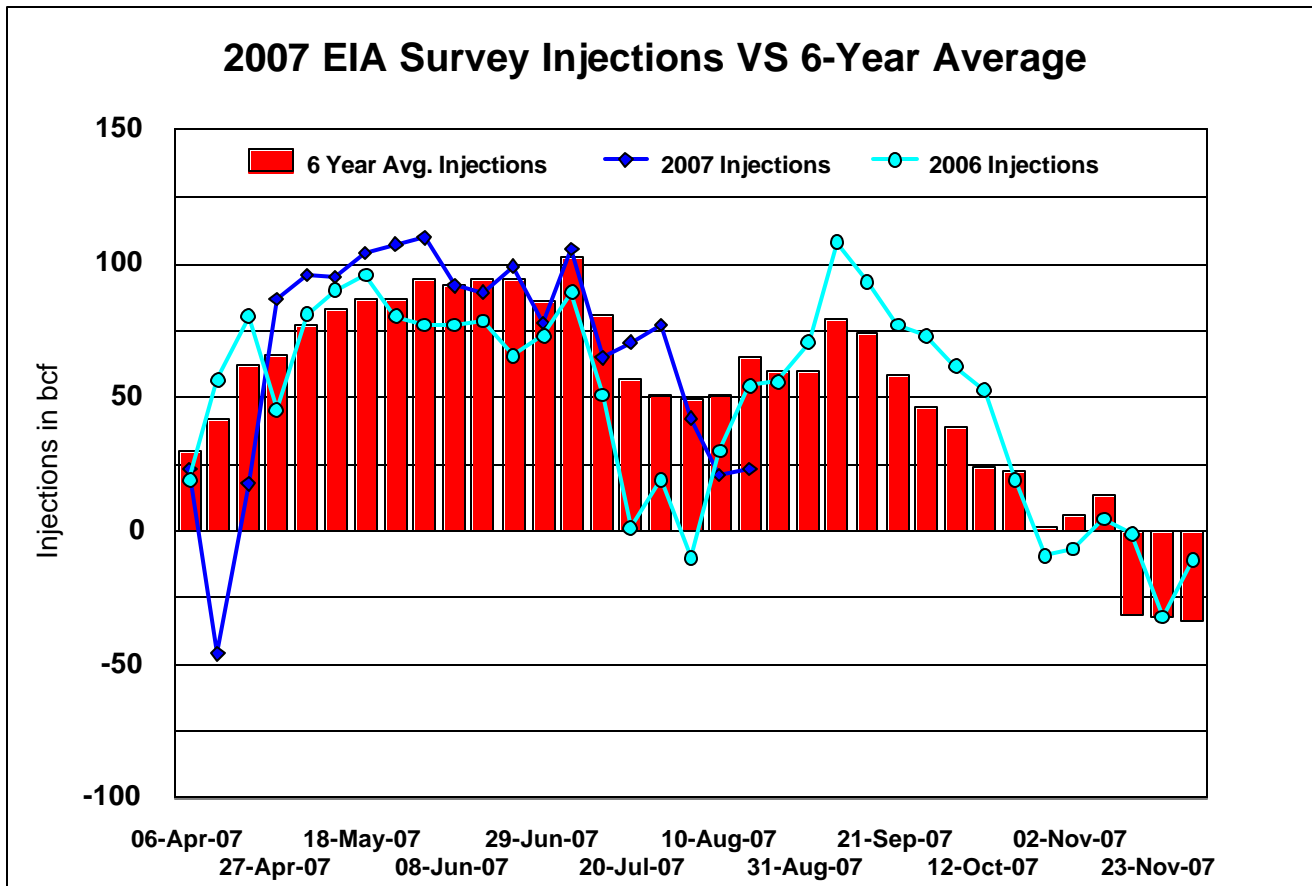
Weekly Storage Report

	17-Aug-07	10-Aug-07	18-Aug-06
East	204.3	199.0	201.2
West	314.3	312.5	195.2
Total	518.6	511.5	396.3

storage figures are in Bcf

AEP said today that it had finalized its transmission joint venture with Allegheny Energy. The joint venture, Potomac-Appalachian Transmission Highline LLC, plans to file with the FEERC in the fall of this year. The joint venture plans to build a 290-mile transmission line from West Virginia into Maryland. The project has an expected cost of \$1.8 billion.

The Chicago Climate Futures Exchange will launch a Certified Emissions Reductions futures contract on Friday. The cash settled contract will offer an alternative to the European Climate Exchange's physically-settled CER contract which is due to be launched in the latter part of September. CERs are carbon credits generated by Clean Development Mechanism projects in developing countries. CERs can be used by both EU private sector companies to comply with their emission caps under the EU Emissions trading scheme and the Kyoto Protocol member states as part of their compliance obligations. Futures contract settlement prices will be based on a market price survey for guaranteed delivery CERs on the last business day of December each calendar year. The survey will include 10 market participants polled between 5 PM and 5:15 PM London time on the last business day of December. The contract size is 1,000 CERs, each of which represents a metric ton of CO2 equivalent. Minimum tick will be \$10 per contract. ECX officials said that the CCFE contract is aimed at U.S. entities such as pension funds, insurance companies and smaller hedge funds that cannot trade in non-U.S. markets.



Southern Company reported that it set a new system peak demand record for electricity use on August 22nd. Preliminary peak demand reached 40870 Mw between 4 PM and 5 PM.

MARKET COMMENTARY

The natural gas market today received a little supportive news as the EIA storage report came in a slightly lower than most market expectations with just a 23 bcf build. This placed year on year stocks some 77 bcf above a year ago, the smallest surplus since the week of July 27th. The surplus versus the 5-year seasonal average though is at 333 bcf. While the market at midday did set a new spot contract low since October of last year, it did finish the day higher for the first time this week, despite the prospects of no significant tropical weather on the horizon for the next two weeks.

Open interest reported at midday showed that the market saw an increase by 7,944 contracts, the largest single daily gain since the June 28th. While this clearly has to be seen as shorts returning to the market yesterday, the

smaller daily decline when compared to Monday's price collapse when just 5,782 lots of open interest were gained may signify that the longs are showing a bit more interest in bargain hunting and willing to return to this market as well. The fact that this market posted its smallest trading range since August 8th, could also be a signal that the speculative and emotional trading of the last two weeks may finally be coming to a close. But tomorrow's price action may help provide a clearer picture on the technical outlook for this market for the coming weeks.

We see support tomorrow at 5.524, \$5.424, \$5.35 and \$5.328. More distant support we see at \$5.14 and \$4.60. Resistance we see at \$5.72, \$8.816, \$5.879 and \$5.916. More distant resistance we see at \$5.996, \$6.034, \$6.158 and \$6.356.