



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR AUGUST 25, 2008

NATURAL GAS MARKET NEWS

The National Hurricane center this morning upgraded the low-pressure system currently over the central Caribbean Sea as Tropical Depression 7. The by midday the NHC had again upgraded the system to Tropical Storm Gustav, as winds were reported to be near 60 mph. The NHC just several hours earlier had expected it would take several days for this storm to reach winds at that force. Forecasters now see the storm being a hurricane within 48 hours. There currently is a wide divergence between the various forecasting models for the future path of this storm, with the NHC track forecast remains unchanged though from the morning's previous forecast. Private weather forecaster Jim Rouiller, at Planalytics, Inc said he is looking for this storm to head toward the Gulf of Mexico and has the potential to be Category 3 or better storm at one point. The NHC is also watching an area of disturbed weather associated with a tropical wave several hundred miles east-northeast of the Leeward Islands. Forecasters see any development if any will be slow to occur.

Raymond James & Associates in a research report today warned that with falling natural gas prices and domestic supplies growing, they see the next major area of support to natural gas prices will be the point where utilities begin to scale back coal fired generation and replace it with gas fired generation.

Generator Problems

FRCC – FPL's 693 Mw Turkey Point #4 nuclear unit was back to full power on Monday following a brief outage that began on August 15th to repair a small leak.

FPL also reported that its 839 Mw St. Lucie #1 nuclear unit, which was shut last week due to heavy rain from Tropical Storm Fay, was restarted and at 1% power this morning.

Progress Energy's 838 Mw Crystal River 3 nuclear unit was shut early Monday following a manual reactor trip on Sunday. The unit is expected to return to service in several days.

ERCOT- Luminant's 575 Mw Big Brown #2 coal fired power plant tripped off line this morning, due to a electrical fire at the unit.

NRG's 836 Mw Limestone #1 nuclear unit was taken off line Friday evening due to a tube leak. Operators hope to restart the unit late Monday or early Tuesday.

WECC – Energy Northwest's 1131 Mw Columbia Generating Station was at 60% of capacity Monday after returning from a brief outage.

MISO – OPD's 492 Mw Fort Calhoun nuclear power plant was back at full power this morning. The unit had been at just 9% of power on Friday.

The NRC reported today that some 95,163 Mw of generation was being supplied by nuclear power plants, up 1.4% from Friday and some 0.3% more than the same time a year ago.

WECC reported that it was looking for peak demand today to reach 139,199 Mw, 0.6% more than was recorded on Friday. Generation outages today were expected to be 16,615 Mw down 7.3% from Friday's levels.

PJM reported that peak demand was seen running at 109,800 Mw today down 0.3% from the forecast for today made on Friday, and off 1.8% from Friday's peak demand. Tuesday's peak demand was forecasted at just 99,000.

MISO reported that 6,400 Mw of outages in the region today 12.6% less than Friday. Peak demand today was seen at 80,490 Mw some 4% less than was forecasted on Friday and 10% less than Friday's peak demand. Tuesday's peak demand is seen at just 78970 Mw.

Rockies Express Pipeline on Friday in response to a producers filing with the FERC requesting the agency to direct the pipeline company to delay its scheduled maintenance on the line next month, the company said that the producers were “myopic” in their view and are asking for the delay solely based on price. The company defended its timing of the maintenance work, saying a delay would push the work to far into the heating season and cut supplies to consuming areas during a period of peak demand.

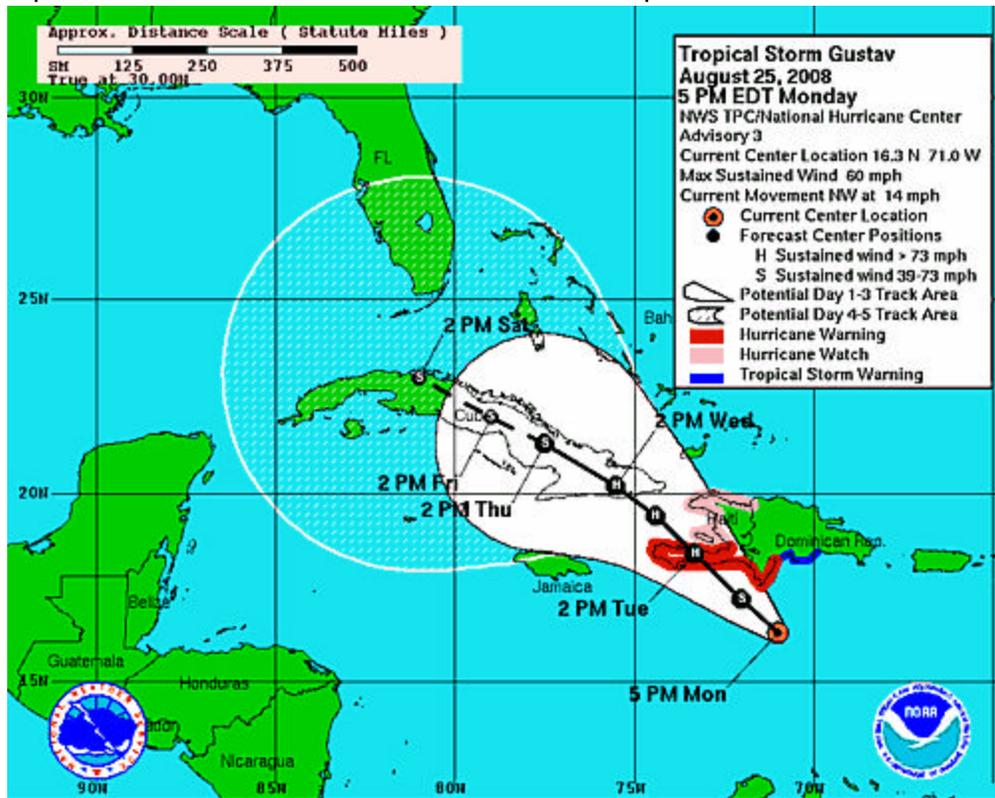
Utilities in the Mid-West are also supporting the pipeline company in its request to deny the petition for a delay by producers.

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	688,200	\$7.626	(\$0.356)	(\$0.060)	\$0.180	(\$0.484)
Chicago City Gate	479,400	\$7.592	(\$0.315)	(\$0.094)	\$0.067	(\$0.132)
NGPL- TX/OK	754,900	\$7.325	(\$0.361)	(\$0.361)	\$0.021	(\$0.395)
SoCal	554,100	\$7.234	(\$0.097)	(\$0.452)	\$0.285	(\$0.610)
PG&E Citygate	788,900	\$7.605	(\$0.260)	(\$0.081)	\$0.122	(\$0.169)
Dominion-South	210,000	\$8.007	(\$0.331)	\$0.321	\$0.051	\$0.254
UTrade Weighted	15,530,200	\$7.279	(\$0.202)	(\$0.407)	\$0.18	(\$0.484)

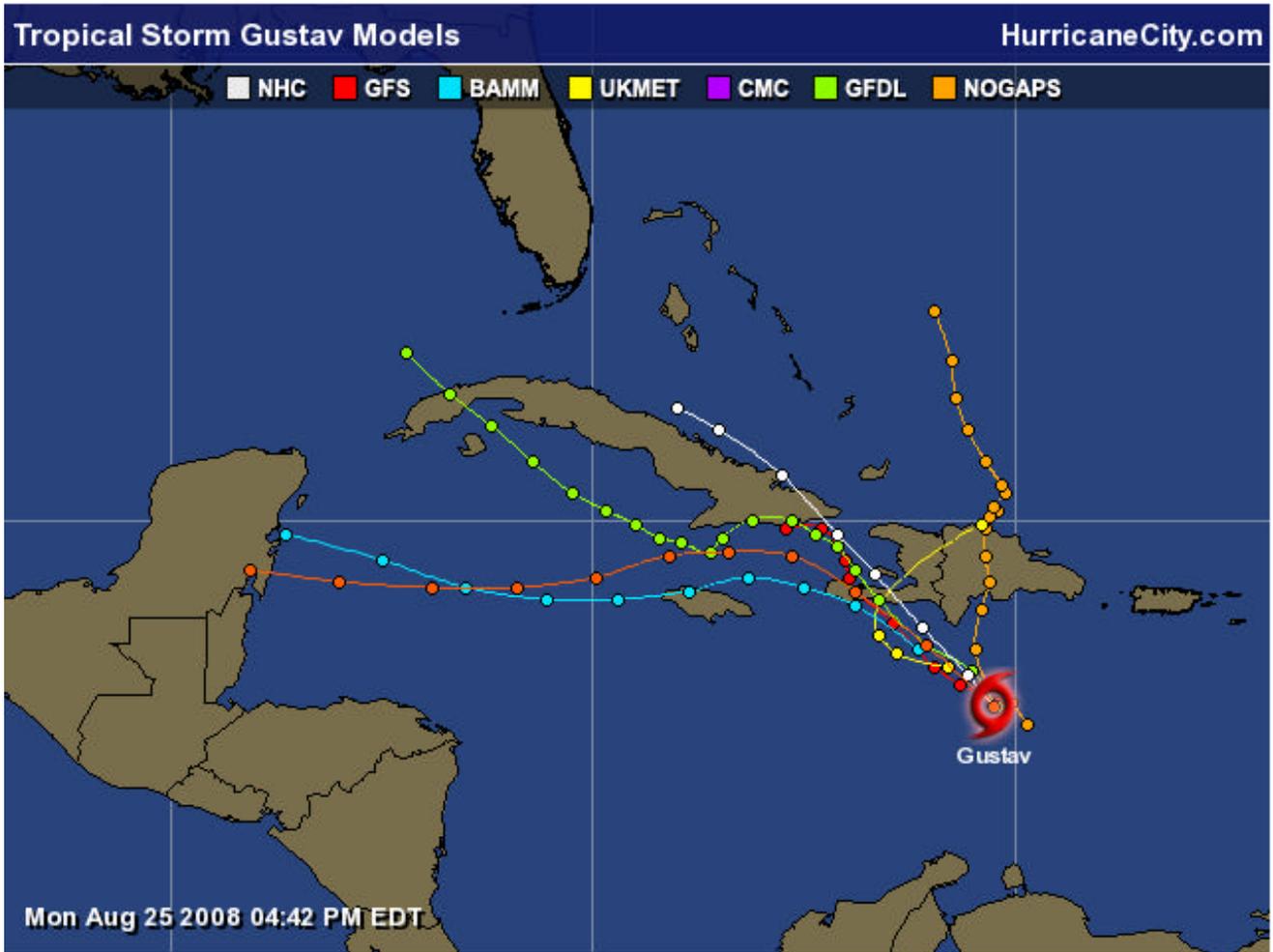
PIPELINE MAINTENANCE

ANR Pipeline said that due to high line pressures in the Wisconsin area and the Northern Fuel Segment, the total Viking-Marshfield receipt capacity will be reduced to 240 MMcf/d beginning today and lasting through September 2nd. Based on current nominations, it is anticipated that this will result in the curtailment of IT and Firm Secondary nominations.

El Paso Natural Gas said that Casa Grande ‘B’ liner inspection on the company’s south line will begin on September 1st through September 2nd. The company reported that the Cornudas “b” fire detection replacement shutdown that was scheduled for September 4th has been cancelled.



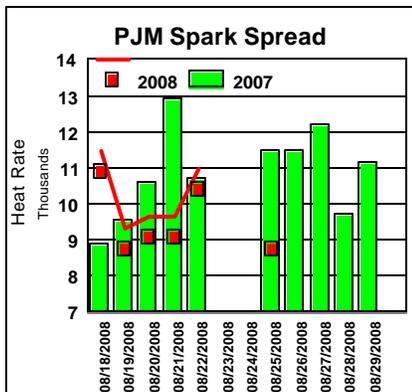
Gulf South said it will be performing scheduled maintenance on Hall Summit Compressor Station Unit #2 starting September 2nd. The work is expected to last for four days and capacity could be reduced by as much as 100,000 Dtm/d, for the duration of the work. The company also reported that it would be performing planned work at the Clarence Compressor Station on all three units starting September 8th. This work will last for five days. Based on current operating conditions,



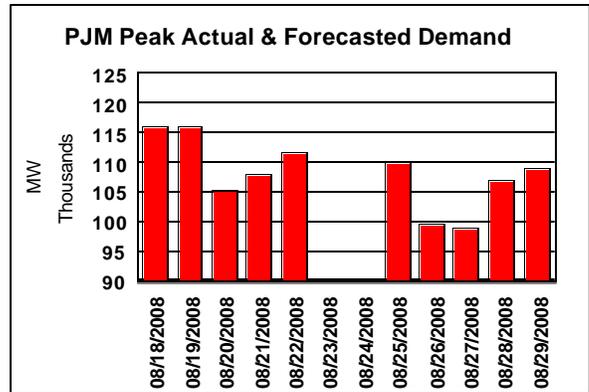
the company anticipates no affect to capacity through the station.

REX said it has completed the repairs to the anomaly downstream of Steele City Compressor Station that occurred on Friday and the pipeline has returned to normal operations.

Northern Natural Gas said planned pigging operations on the M&M Line has been postponed until further notice.



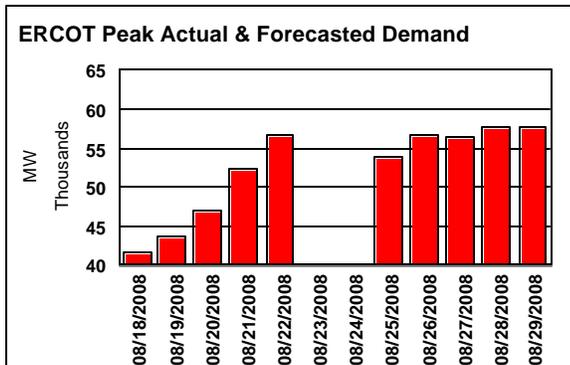
Alliance Pipeline said the company would conduct routine maintenance at Unit #2 at the Whitecourt Compressor Station today. During the work capacity would be lowered to 22 MMcf/d. The



company also reported that the Loreburn Compressor Station would go offline for 12 hours on Tuesday for corrective maintenance. It is anticipated at this time that they system throughout will be

impacted. The company also reported that the Alameda Compressor Station would be off line for 12 hours on August 26th to perform corrective maintenance.

Sea Robin Pipeline said it will begin pigging operations today in the line segment between Vermillion 149 and the Sea Robin Condensate Facility. During the work the company anticipates potential higher line pressures and there may be increased condensate at the Sea Robin Condensate facility.

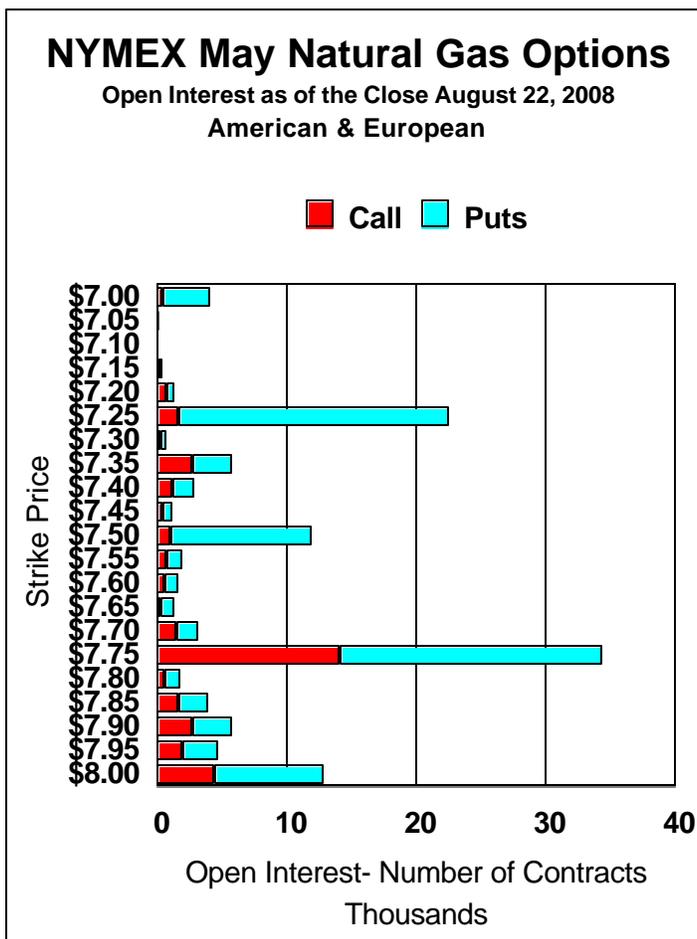


SONAT said pipeline maintenance between its Olga platform and Toca Compressor Station has been delayed due to contractor issues. The work was originally scheduled to begin on August 24th.

Wyoming Interstate Company said that Laramie Jumper Compressor Station will undergo annual DOT ESD systems checks on September 3rd. Capacity will be reduced from 50 to 15 MMcf/d.

ELECTRIC MARKET NEWS

Georgia Power has requested approval from the Georgia Public Service Commission to convert its 288 Mw coal fired Plant Mitchell to renewable wood biomass. The plant conversion is expected to cost \$102.8 million and is slated to produce 96 Mw of power. The retrofit construction would begin in 2011 and the biomass plant would begin operations in June 21012.



Genscape reported today that for the week ending August 21st, U.S. power generation was down 3.02% from the previous week and down 5.53% from the same week a year ago.

The FERC late Friday granted PEPCO Holdings' request to implement a transmission rate incentive plan for eight transmission projects in Maryland, New Jersey and the Delmarva Peninsula.

MARKET COMMENTARY

The natural gas market worked lower this morning as moderate temperature outlooks continued to be a drag on prices, pushing cash prices lower on average by over 20 cents. The cash market though saw its lightest volume booked on ICE since January as it appeared that a sizeable number of traders were still absent from the market for the last unofficial week of summer. The bears though began to move onto the defensive late this morning as the Tropical Storm Gustav was quickly springing to life. As each updated forecast was released it appeared some short covering helped to push prices back to the

levels where they were to start the trading session and basically finishing down only a couple of pennies. Following the close prices continued to trend higher and into positive territory, back into the \$7.90 area. Now the direction of this storm will dictate the near term direction of this market. If in fact the Gulf of Mexico is in fact the ultimate destination of this storm, then we could see a substantial up tick in this market, being that it would not arrive there until next week. Given that this coming weekend is a long holiday weekend we would think that traders would be reluctant to carry a sizeable naked short position home in front of the potential landfall of this storm. Technically this market appears to be searching for a bottom. The 9-day stochastics are attempting to clearly cross to the upside while the

RSIs continue to show bullish divergence.

Tomorrow is option expiration for the natural gas and the \$7.75 strike seems to be where the market may attempt to be pinned up against tomorrow.

We see support tomorrow at starting at \$7.656, \$7.617, \$7.50-\$7.48 and \$7.358. Resistance we see at \$7.954, \$8.084 \$8.214 and \$8.254.

