



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 SEPTEMBER 7, 2007

NATURAL GAS MARKET NEWS

A tropical wave located a few hundred miles southwest of the Cape Verde islands is producing a large area of cloudiness and thunderstorms. Forecasters see this system has some potential for development over the next few days as it moves westward at about 15 mph. While some long range models have this system moving eventual out to sea there is still others that have it targeted toward the Caribbean. Meanwhile there is a large area of thunderstorms developing in the southeastern Gulf of Mexico. Surface pressure over the south central Gulf of Mexico has fallen sharply in the past several areas. If this trend continues then there is potential for tropical development in the central or southern Gulf of Mexico.

Chevron confirmed it has received final environmental approval from the state government for its Gorgon LNG project. It still needs approval from the national government before construction can start. Preliminary estimates had seen that the project could deliver gas from the giant 40 tcf field by 2010, but industry observers believe exports may begin in 2015-2016, given higher cost estimates and delay in receiving final approvals. The project is slated to have a capacity of 10 million tones per year but could still be expanded to 15 million tones.

Chevron spokesperson said that it has delayed the restart of its Erskine oil and gas installation in the North Sea until possibly this weekend, pending resolution of a couple of restart problems.

Canaport LNG reported that it plans to construct a third 160,000 cubic meter LNG storage tank alongside its two existing tanks at the St. John's New Brunswick facility.

ExxonMobil announced it plans a major expansion in the Piceance Basin to lift natural gas output on the northwestern Colorado leasehold to 1 Bcf/d, up from a current production level of 55 MMcf/d.

Millennium Pipeline said Friday it began a nonbinding open season to gauge interest in firm transportation capacity on its natural gas pipeline system in New York State. The open season will last until October 4th, with a service date of November 2008.

A natural gas futures trader, Richard Hershey, has filed a lawsuit against Energy transfer Partners and three of its trading and pipeline subsidiaries, alleging that they manipulated the price of NYMEX gas futures contracts over a two year period that began in 2003. The suit charges ETP manipulated gas futures by selling "massive amounts of fixed price gas futures for prompt month delivery at artificially low, non-competitive prices at major gas trading hubs," and intentionally submitting the artificial trades to index publishers.

Generator Problems

NPCC – Entergy's 535 Mw Vermont Yankee nuclear unit is at 45% capacity today, down marginally from the 51% rate yesterday.

PJM – Exelon's 1,116 Mw Peach Bottom #2 nuclear unit is operating at 61% power, up marginally from yesterday. Peach Bottom #3 is operating at 90% capacity.

WECC – Both units at Mirant's 672 Contra Costa natural gas fired power station were back in service Friday afternoon.

Reliant Energy's 775 Mw Ormond Beach #2 natural gas fired generator was off line Friday afternoon for unplanned repairs.

FRCC – Florida Power and Light's 839 Mw St. Lucie #1 nuclear unit has ramped production to 95%. St. Lucie #2 remains at full power.

The NRC reported that 95,596 Mw of nuclear capacity is on line, up 0.12% from Thursday, and up 1.43% from a year ago.

PIPELINE MAINTENANCE

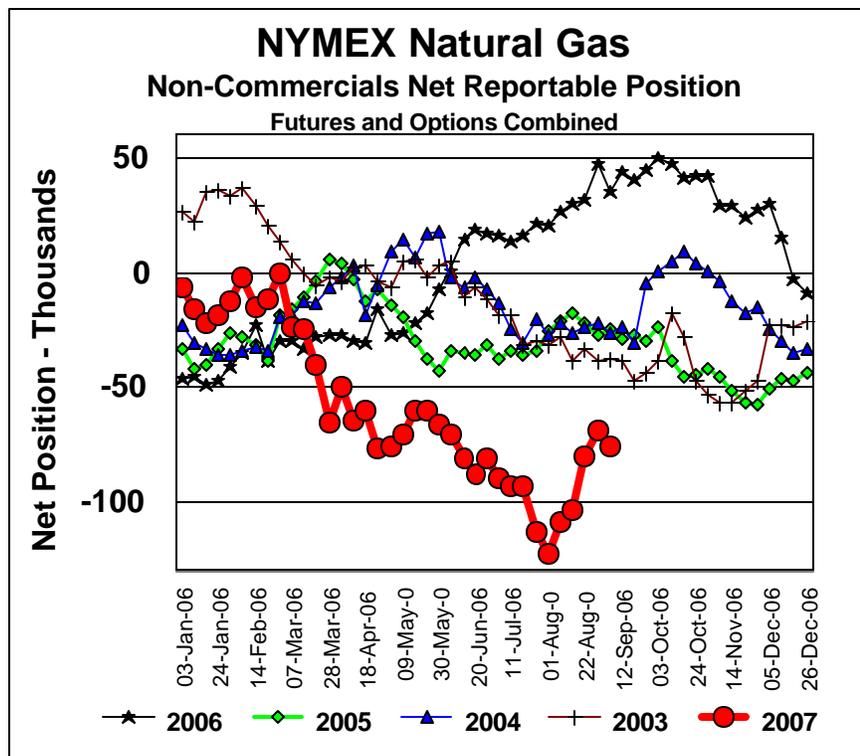
Northwest Pipeline said the anomaly repairs south of the Muddy Creek Compressor Station were set to be completed last night. The Muddy Creek South Constraint Point will be to design capacity beginning in the ID1 Cycle today. Northwest would like to remind customers to keep nominations at the Meacham Compressor Station at or below its design capacity of 440,000 Dth/d in order to preserve Northwest's storage balance at Jackson Prairie.

PIPELINE RESTRICTIONS

Enbridge Offshore Pipelines said that Crosstex Energy Services encountered operational issues that has caused the shut-in of the plant. This shut-in is expected to last an estimated five to seven days. Effective for Intraday 1cycle Thursday, UTOS began curtailment of deliveries from the SW Lateral via Sabine down to the Elapsed Prorated Scheduled Quantity. Shippers are requested to nominate gas to alternative delivery points.

ELECTRIC MARKET NEWS

Shareholders of TXU Corporation on Friday approved the \$32 billion buyout by Kohlberg, Kravis Roberts and TPG Capital.



BPA said that on Monday its AC Intertie north-to-south will be capped at 3000 Mw capacity due to work on two 500 Kv lines, the Grizzly-Capatain Jack and Lower Monumental-Ashe, and the Maple Valley static var compensator. The limitation wi;; last all next week. The DC Intertie will run at a cap of 2,730 Mw all next workweek, limited by the Lower Monumental-Ashe work and the Maple Valley SVC.

MARKET COMMENTARY

It appeared that traders have grown impatient in waiting for a tropical threat to the USG to materialize. As a result the weather premium in this market continued to evaporate from the market again today as prices settled lower for the second straight session settling down 14.9 cents. We feel that without a storm on the horizon next week that this market

will once again challenge its recent lows. We see support at \$5.405, \$5.319, \$5.25 and \$5.212. Resistance we see at \$5.60, \$5.708, \$5.791 and \$6.00.

This afternoon's Commitment of Traders Report showed that the non-commercials have returned to building their net short position in the market on the week by over 6700 contracts to a total net short position of 75,900 lots.

