



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR SEPTEMBER 24, 2008

NATURAL GAS MARKET NEWS

The US Minerals Management Service reported that an estimated 55,997 bpd of oil production has returned to the market as of Wednesday afternoon compared with Tuesday's level. There is still 812,657 bpd of crude production shut in. It also estimated that 338 MMcf/d of natural gas production returned to the market. There is still a total of 4.222 bcf/d of natural gas production shut in.

The House of Representatives passed a continuing resolution on Wednesday that allows the congressional moratorium on offshore oil and natural gas drilling to expire in less than a week.

RAM Energy Resources Inc announced that four wells drilled on its North Texas Barnett Shale properties during the last several months started producing in August. It also stated that it expanded its West Virginia Devonian Shale play with the purchase of a 14 mile pipeline, 6,000 acres of leases and about 1 bcf of natural gas reserves.

JayHawk Energy Inc's daily production on its Southeast Kansas Cherokee Basin Project has increased by 58% after tying in the first eight wells to its gathering system and doubling the size of the compression infrastructure used to deliver and facilitate gas through the pipeline. It expects to increase its daily production from the current 170 mmcf/d level with additional tie-ins, stimulations and its dewatering program.

Centrica reported today that it expected its Barrow UK gas terminal to be back in full operation by the end of the day today, following unexpected problem tripped the facility off line this morning.

PIPELINE RESTRICTIONS

Transcontinental Gas Pipe Line said that due to operating conditions between Transco and Florida Gas Transmission on Transco's Mobile Bay lateral, the total delivery quantity to the Florida Gas Transmission interconnect at Citronelle will be limited to 200 mdt/d starting Wednesday, September 24.

PIPELINE MAINTENANCE

Natural Gas Pipeline Co will perform a hydrostatic test on the Amarillo

Generator Problems

PJM –

WECC – TransAlta's 406 Mw Unit #4 at the Sundance coal fired power plant returned to service by early Wednesday. The unit went off line on September 21st.

ERCOT – AEP planned to restart the 528 Mw coal fired Welsh #1 power plant over the next several days. The unit went down on September 23rd.

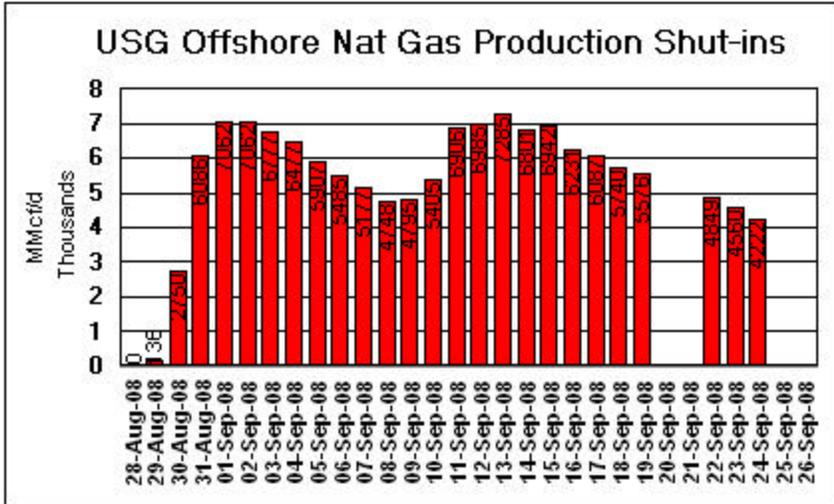
SERC – Duke Power's 846 Mw Oconee #2 nuclear unit was cut to 18% power on Wednesday morning. The unit had been at full power on Tuesday.

TVA's 1155 Mw Browns ferry #2 nuclear unit was at 98% power Wednesday, up 58% from Tuesday.

SPP – Entergy's 967 Mw River Bend nuclear unit exited its outage and ramped up to 45% of power earlier this morning.

MAPP – Exelon's 912 Mw Dresden 2 nuclear unit was cut to 85% on Wednesday from 99% on Tuesday.

According to the NRC some 84,516 Mw of generating capacity was in operation in the U.S. this morning, down 3.2% from Tuesday, and 6.77% lower than same time a year ago.



#3 line in Segment 12 of its Amarillo Mainline Receipt Zone from October 1 through November 9. In addition, on October 7, it will conduct its annual ESD test at Station 812 and from October 20-24, it will cut the Gulf Coast #2 line at Station 113.

KM Interstate Gas Transmission will perform maintenance at CIG Arrowhead and WIC Rockport on October 9-10. The maintenance period has been moved up from October 14-15. Due to a tie in of the Colorado Greeley Lateral,

receipts nominations at CIG Arrowhead and WIC Rockport will not be available for gas days October 9 and 10.

Gulf South Pipeline will perform scheduled maintenance at the Olla Compressor Station on unit#2 starting Wednesday morning and continue for five days. Capacity through the station could be reduced by as much as 250,000 Dth/d during the maintenance period. In addition, the scheduled pipeline maintenance on Index 300-11 has been suspended and will resume in about three weeks.

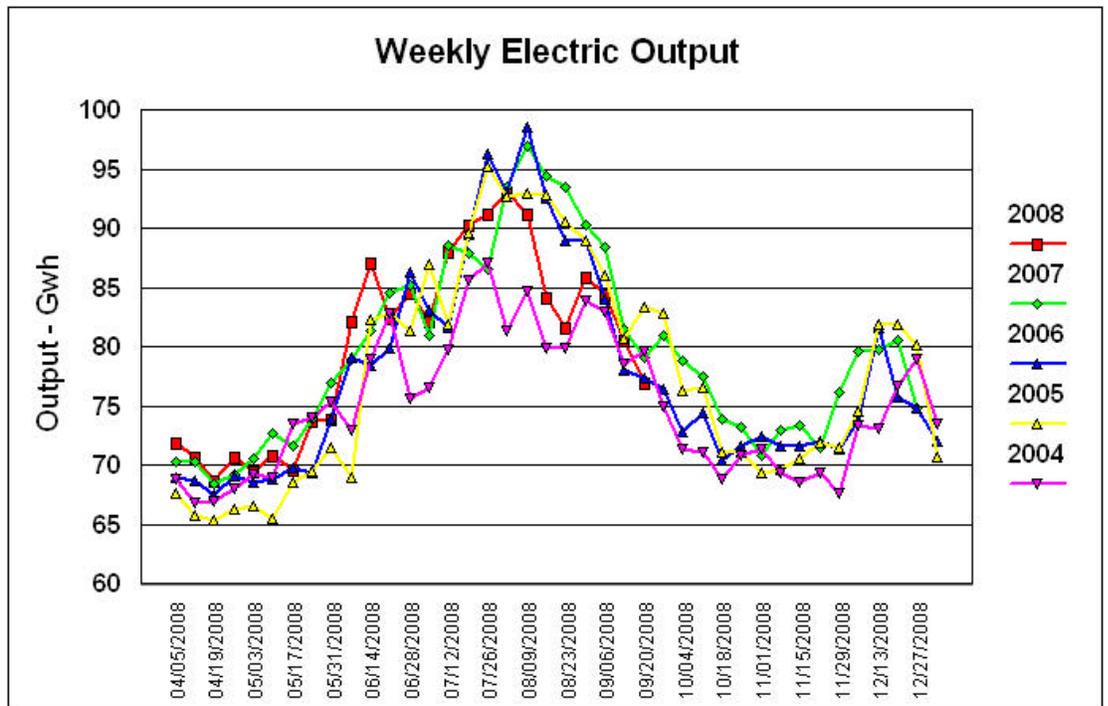
Rockies Express Pipeline said it is completing its hydrostatic testing that started on September 3. It said it was performing maintenance on the line while it was out of service. It estimates that the ANR Delivery Point in Brown County, Kansas will resume operations on September 27.

ELECTRIC MARKET NEWS

Centerpoint reported this morning that some 560,000 of its customers in Texas still remained without power on Wednesday morning.

Entergy Texas, Inc said that about 12,000 customers still remained without power in Texas on Wednesday.

The Edison Electric Institute reported that for the week ending September 20th electric production in the US stood at 76,962 Gwh,



down 4.44% on the week and down 2.7% on the year.

The New York Independent System Operator introduced system and operating changes to better utilize New York State's existing wind resources and pave the way for continued growth of renewable power in the state. As of September 1, there was over 700 Mw of wind generating capacity in commercial operation in New York. Wind capacity in the state is expected to increase to more than 1,200 Mw by the summer of 2009.

MARKET COMMENTARY

Early in the session, the natural gas market traded higher and breached Tuesday's high as it posted a high of \$8.16. The market however once again found little support above the \$8.00 level and sold off amid the weakness seen in the oil market. It posted a double bottom above \$7.60 as it tested the \$7.605 level several times. It later settled in a sideways trading pattern and settled down 25.2 cents at \$7.679 ahead of Thursday's release of the EIA's natural gas report.

Market expectations for this week's EIA natural gas storage report is a build of 65 bcf, with a range of 50-85 bcf. For the same week a year ago, stocks built by 71 bcf while the five year average build was 77 bcf. We continue to look for the natural gas market to hold its support. Resistance is seen at \$7.865, \$8.024, \$8.16 followed by \$8.37 and \$8.579. Support is seen at its double bottom at \$7.60, \$7.469, \$7.26 and \$6.914.