



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,
& Karen Palladino
(212) 624-1132 (888) 885-6100

www.e-windham.com

POWER MARKET REPORT FOR SEPTEMBER 25, 2008

NATURAL GAS MARKET NEWS

The DOE reported that there are currently 24 natural gas plants with 9.20 bcf/d of capacity that are online and operating at full or reduced capacity along the Gulf Coast. In addition it reported that there are seven natural gas plants with 3.59 bcf/d of capacity that are ready to restart when power is restored and gas flows resume. The DOE also reports that there are seven natural gas processing plants with a capacity of 4.68 bcf/d that remain shut for repairs due to hurricane damage.

The U.S. Minerals Management Service reported this afternoon that as of midday small gradual gains were being recorded in the restoration of offshore production. Some 42,249 b/d of production in crude oil had returned to service, since yesterday, but some 770,408 b/d of production remained shut in or 59.3% of the total production from the Gulf of Mexico. Natural gas production recovery was even smaller on the day with just 47 MMcf/d returning over the past 24 hours, as 4.175 bcf/d or 56.4% of the regions production remained off line.

Nigeria threatened to suspend LNG projects of foreign firms in the country unless they submit a detailed plan by the end of October to supply gas for domestic power generation. The government warned that if by the end of October there is no evidence of cooperation, the government will have no choice but to consider further measures it deems necessary, including but not limited to putting a stop or suspension of all LNG projects targeting export of gas.

EIA Weekly Report

	09/19/2008	09/12/2008	Net chg	Last Year
Producing Region	808	802	6	945
Consuming East	1804	1771	33	1818
Consuming West	411	399	12	421
Total US	3023	2972	51	3185

*storage figures in Bcf

intensified and is now designated Tropical Storm Faye. This system though is forecasted to move relatively quickly northward off the east coast of the United States. The NHC though sees no other tropical threat at this time in the Atlantic Basin.

Generator Problems

PJM – PPL's 759 Mw coal fired Montour #1 power plant was back on line this morning and should be operating near full power by the end of the month. The unit went off line on August 5th.

MRO – Exelon's 912 Mw Dresden #2 nuclear unit was offline this morning down from 85% of capacity yesterday.

SERC – Carolina Power & Light's 895 Mw Robinson nuclear unit was operating at 75% capacity this morning down from 99% on Wednesday. The unit appear to be coasting down to a planned outage.

TVA's 1121 Mw Watts Bar nuclear unit has ramped up to 30% of capacity. The unit tripped off line on September 20th.

SPP – Entergy's 966 Mw River Bend #1 nuclear unit was at 92% of capacity. The unit has been ramping higher throughout the week, after being restarted on Monday.

According to the NRC some 86,605 Mw of generating capacity was in operation in the U.S. this morning, down 0.2% from Tuesday, and 3.1% lower than same time a year ago.

The National Hurricane Center announced late this afternoon that the low-pressure system that has hovering around Puerto Rico and Hispaniola for the past several days has finally

PIPELINE RESTRICTIONS

Enbridge said it lifted the force majeure effective late Thursday on its Manta Ray offshore gathering system in the Gulf of Mexico and on its Nautilus pipeline. The Garden Banks system remained shut in, but was ready to return to service once down stream pipelines and processing plants became available. The Enbridge Offshore pipeline system and the Stingray pipeline remained under force majeure with no estimate of their return.

The Rockies Express Pipeline completed a month long testing Wednesday and gas volumes moving eastward picked up significantly.

Canadian Gas Association
Weekly Storage Report

	19-Sep-08	12-Sep-08	21-Sep-07
East	212.5	207.1	230.8
West	320.8	314.3	329.0
Total	533.3	521.3	559.8

storage figures are in Bcf

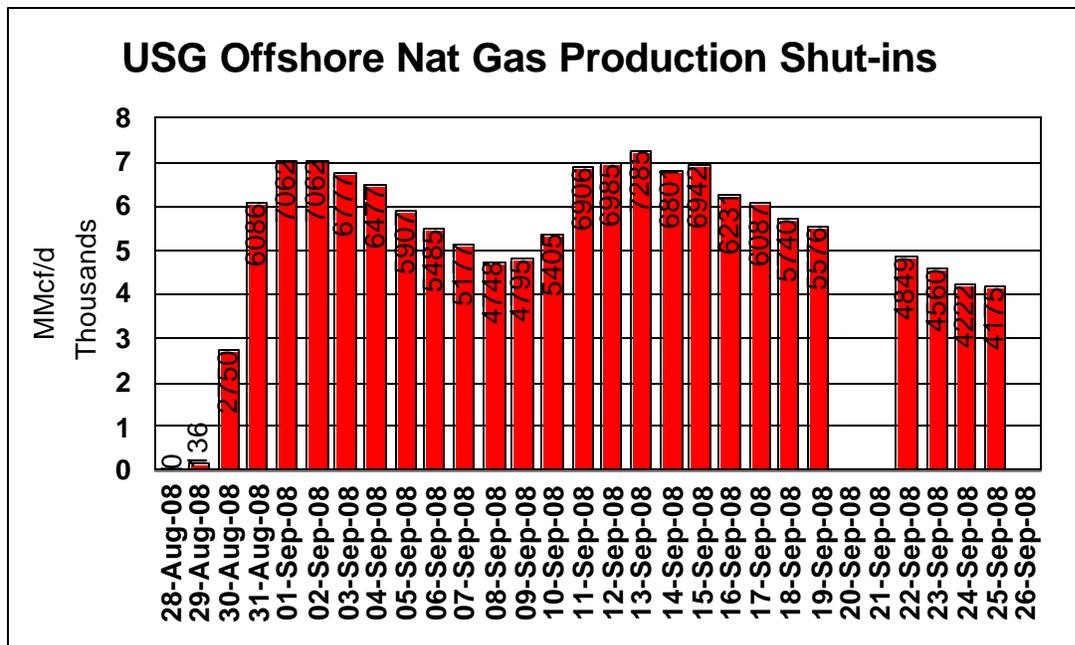
PIPELINE MAINTENANCE

Gulf South Pipeline said it will be performing scheduled pigging maintenance on Index 266 from Carthage, Texas to Sterlington, Louisiana beginning today and last for five days. Capacity of East Texas could be reduced up to 125,000 Dth.

ELECTRIC MARKET NEWS

CenterPoint Energy reported that 490,000 of its customers remained without power this morning, down from 560,000 that were without power Wednesday.

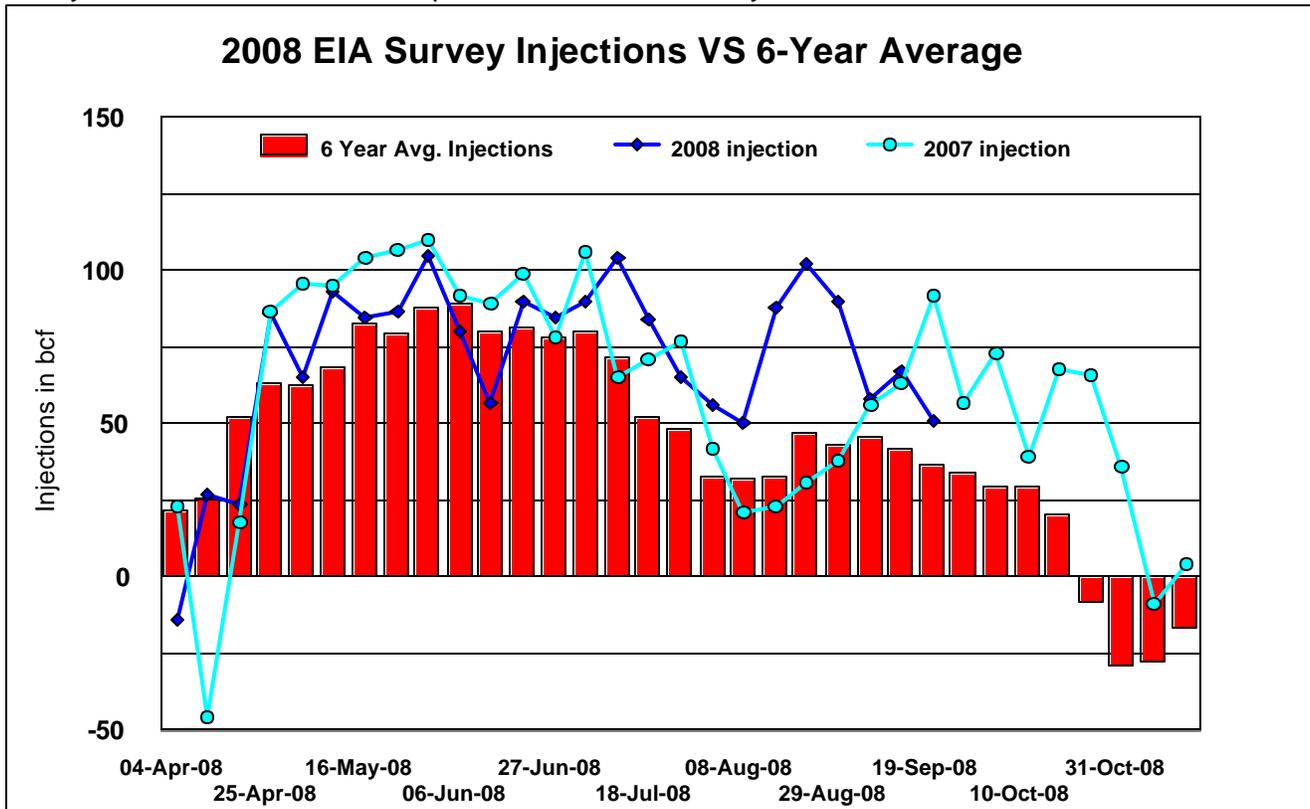
TNMP said it completed restoration of service to nearly 86% of the 115,000 customers it serves in the Gulf Coast area and expects to have the remainder of its customers back in service by the end of the weekend.



Entergy said that 98% of its Texas based customers have had their service restored. Only 8,774 remained without power and these were in areas that damaged, destroyed or flooded by the storm and as a result require significant reconstruction.

The NRC said it is conducting a special inspection at AEP's 1029 Mw Cook #1 nuclear unit to review the circumstances of a turbine generator fire on September 20th. The unit remains down and is not expected back in service for 1-3 weeks.

South Carolina Electric & Gas Company said today that it had received approval from the Public Service Commission of South Carolina to proceed with initial preparations for building a new nuclear facility. The first nuclear unit is expected to come on line by 2016, with the second in 2019.



MARKET COMMENTARY

Today was the option expiration day for the October contract. Despite significant open interest at both the \$7.50 and \$8.00 strikes, prices while flirting with these strike prices levels at one time or another during the day, ended up settling in between these strikes in a relatively uneventful manner. The market gained a slight boost by a supportive EIA Storage number but this market continues to stuck in its month long sideways trading pattern. Even the supportive financial markets and crude oil prices in the afternoon seemed unable to translate to this market. It may very well take into the later part on next month to see that this market gains some traction to the upside as final storage levels are seen and the outlook for demand during the early part of the heating season becomes apparent.

The March April spread has also been marking time this month as it trades basically on either side of the 20 cent for much of the time. This

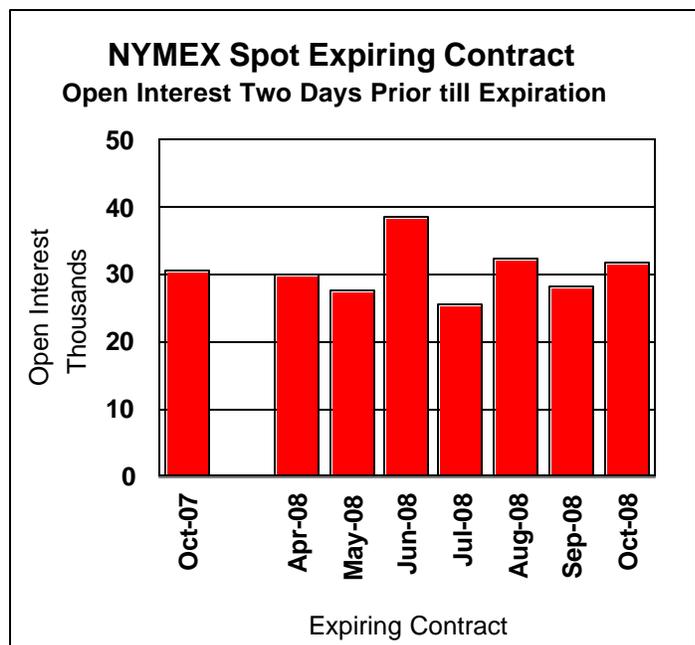


chart though in our mind is building a rounded bottom and could build some momentum to the upside once it could clear the 40-cent level, but likewise might take until the end of the injection season is reached.

The October contract expires tomorrow and we would look for support to start at \$7.509 followed by \$7.475-\$7.46, Additional support we see at \$7.227 and \$7.02. Resistance we see at \$7.957 \$8.11, \$8.191 and \$8.439.

