



## ***ENERGY RISK MANAGEMENT***

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### **POWER MARKET REPORT FOR SEPTEMBER 26, 2007**

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#### **NATURAL GAS MARKET NEWS**

The National Hurricane Center reported that Tropical Depression 13 is about 135 miles east of Tuxpan, Mexico with sustained winds of 30 mph. The system is moving south slowly and some strengthening is forecast for in the next 24 hours with the likelihood that it becomes a Tropical Storm as it makes land fall near Tuxpan, Mexico. As the system churns near the Bay of Campeche, Mexican production facilities will be monitored for potential shut-ins. Tropical Storm Karen is 1,065 miles east of the Windward Islands and is moving west-northwest at 15 mph with sustained winds of 50 mph. Most computer models forecast Karen to increase into a weak hurricane and most project it to turn north and not pose any threat to land. However, the European model forecasts that Karen will not turn as far north and return to its westerly trajectory and pose a threat to the Islands. Finally, the NHC is monitoring an area of thunderstorms near South Florida that is showing some signs of trying to get better organized. This system will most likely move northeastward out to sea or along the East Coast.

Gill Ranch Storage, a newly formed subsidiary of NW Natural, announced an agreement with Pacific Gas and Electric Company to develop a new underground natural gas storage facility at Gill Ranch near Fresno. The project will provide approximately 20 Bcf of underground gas storage once the initial phase is completed, expected in 2010.

Williams announced today it is holding an open season from September 26 to October 29 to obtain shipper interest in a proposed interstate natural gas pipeline that would connect natural gas supplies originating from the Rockies to the growing major markets in the Northeast.

National Grid, which owns and operates Britain's natural-gas and power grids, increased its forecast for supplies of gas to the U.K. in the six-month heating season that starts October 1 because of rising imports from Norway. The company raised its estimate for maximum supplies of the fuel to 546 million cubic meters a day, from 528 million.

#### **PIPELINE RESTRICTIONS**

Florida Gas Transmission said 90 degree weather is forecasted for Florida for today. Therefore, FGT has issued an Overage Alert Day for FGT's Market Area at 25% tolerance. FGT will not interrupt previously scheduled Market Area ITS-1 service below the elapsed prorated scheduled quantity.

#### **Generator Problems**

**ECAR** – Detroit Edison's 1,139 Mw Fermi #2 nuclear unit will shut this weekend for a scheduled refueling and maintenance outage. The unit is operating at full power today.

**FRCC** – Florida Power and Light's 839 Mw Saint Lucie #2 nuclear unit will shut over the weekend for a scheduled refueling and maintenance outage. The unit is operating at full power today.

**SERC** – Southern Nuclear's 888 Mw Farley #1 power unit will be shutting down over the weekend for a scheduled refueling and maintenance outage. The unit is operating at full power today.

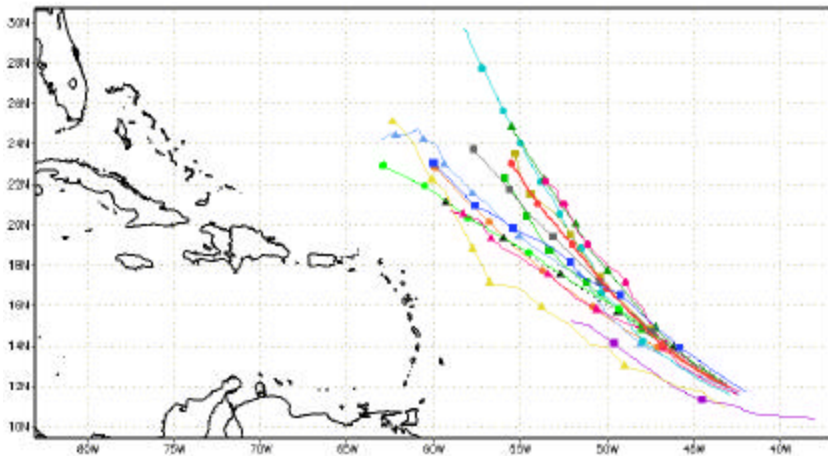
Progress Energy's 900 Mw Harris #1 nuclear unit will be shut over the weekend for a scheduled refueling and maintenance outage. The unit is operating at full power today.

TVA's 1,125 Mw Sequoyah #1 nuclear unit reduced output to 81% power from 82% power as it prepares for a scheduled refueling outage. Sequoyah #2 continues to operate at full power.

**WSCC** – Arizona Public Service's 1,270 Mw Palo Verde #3 nuclear unit will shut over the weekend for a planned refueling and maintenance outage.

**The NRC reported that 90,651 Mw of nuclear capacity is on line, unchanged from Tuesday, and up 5.75% from a year ago.**

XTRP 26/1800Z    BAMD 26/1800Z    GFDL 26/1200Z    AAVO 26/1200Z    CME 26/1200Z  
 CONU 26/1800Z    BAHM 26/1800Z    UKM 26/1200Z    AEMN 26/1200Z    LOEM 26/1800Z  
 HVC 26/1800Z    BAMS 26/1800Z    NAPS 26/1200Z    HWTF 26/1800Z    GLPS 26/1800Z



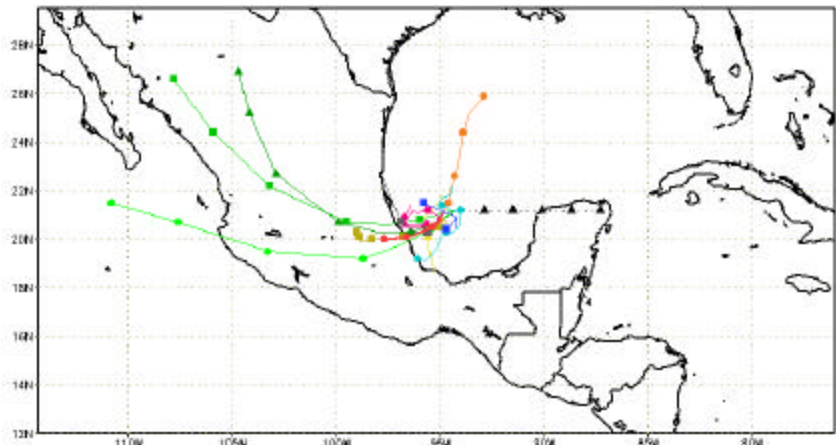
### PIPELINE MAINTENANCE

Alliance Pipeline said that inspections and maintenance require the Irma Compression Station to be offline for 24 hours on September 27 not September 25 as originally posted. System throughput (AOS) will be impacted but will be determined closer to the outage date.

Gulf South Pipeline said that scheduled maintenance at Montpelier Compressor Station Unit #6 has been extended to continue through October 12. The project began June 4. Capacity through Montpelier Compressor Station could be reduced by as much as 75,000 Mcf/d during this maintenance.

Sabine Pipeline said that as previously announced, the company will undertake Pipeline Integrity Management work on its mainline pipeline system, which will require disruptions in service. In order to facilitate the pigging operations, Sabine will be removing Mainline valves at the Gueydan valve site and at the east bank Calcasieu River valve site. To minimize the impact to transportation services, Sabine will be installing a pipeline by-pass at both sites. The planned schedule for work at the Gueydan Valve Site is September 28 through October 6. During the installation of the by-pass at this location, Sabine will need to restrict the maximum capacity available for transportation as well as the maximum allowable pressure on the Sabine Mainline east of the Calcasieu River and west of the Multifuels/Lake Arthur Interconnect.

XTRP 26/1800Z    BAMD 26/1800Z    GFDL 26/1200Z    AAVO Not Avail    CME 26/0800Z  
 CONU 26/1200Z    BAHM 26/1800Z    UKM 26/1200Z    AEMN 26/1200Z    LOEM 26/1200Z  
 HVC 26/1800Z    BAMS 26/1800Z    NAPS 26/1200Z    HWTF 26/0800Z    GLPS 26/1200Z



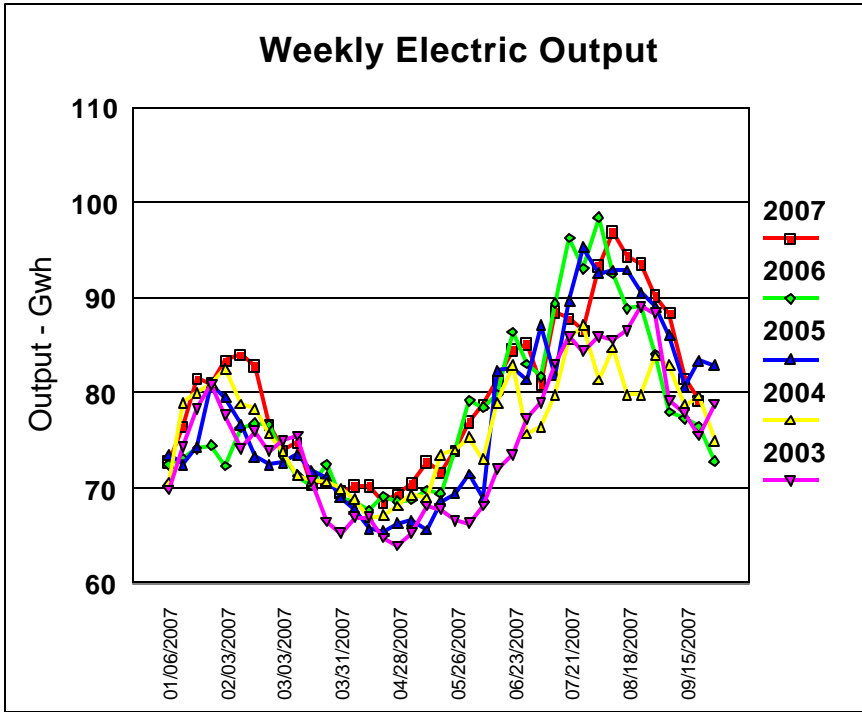
### ELECTRIC MARKET NEWS

Electricity demand in the continental U.S. was up 3.4% in the week ended September 22, compared with the same week last year, according to data released by the Edison Electric Institute. The continental U.S. used 79,130 Gwh of electricity, about a 2.98% decrease from the previous week.

FPL Group announced a \$2.4 billion investment program aimed at increasing U.S. solar thermal energy output and reducing carbon dioxide emissions that contribute to global warming.

### MARKET COMMENTARY

The natural gas market opened a little weaker for the October contract's expiration as the tropics pose no threat to the Gulf production region. The market was weaker through out the session in tune with a bearish oil inventory report. As the closing range started, natural gas reversed course and moved to the highs as the final October shorts covered their positions. The October contract expired 6.3 cents higher at 6.423, trading between 6.253 and 6.474. The November contract traded between 6.943 and 7.142 and closed at 7.046, down 4.1 cents.



Expectations for tomorrow's EIA inventory report point to a build of between 70 and 80 Bcf with most predictions falling near 75 Bcf, against a five-year average build of 74 Bcf. We feel that the near-month contracts could very well test the downside with hefty storage and moderate autumn demand. We also look for the front calendar spreads to weaken. We see support at 7.00, 6.70, 6.60 and 6.00. We see further support at \$5.80, 5.25 and 5.00. We see resistance at \$7.25, \$7.55 and 8.00.