



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 OCTOBER 3, 2007

NATURAL GAS MARKET NEWS

The National Hurricane Center reported that a low-pressure system in the Gulf of Mexico became less organized today there is a smaller chance of it developing into a tropical depression. Computer models take the system northwestward toward key production areas, though they also show the system remaining quite weak. Elsewhere, thunderstorms continue to flare east of the Bahamas. Upper level high pressure is favorable for development, and more organization is possible as the system drifts west southwestward toward Cuba. Computer models project the system near the Yucatan this weekend.

Cabot Oil & Gas Corporation today said that in response to continued weakness in Rocky Mountain natural gas prices, the company has shut-in 10 MMcf/d of the region's gas production for the month of October.

The National Gas Council warned that climate change legislation in the U.S. Senate, if passed, could cause an increase in natural gas prices. The bill is designed to reduce greenhouse gas emissions and promote the use of alternative fuels. These climate change proposals inevitable compel greater demand of natural gas.

PIPELINE MAINTENANCE

Colorado Interstate Gas Company has released a revised maintenance plan for the month of October. CIG will be running cleaning pigs at 151A&B Picketwire Laterals, 151A October 22-24 and 151B October 29-31. On October 29-31, capacity will be reduced from 414 to 290 MMcf/d in cycles 1, 2 and 3 and will go back to 414 MMcf/d in cycle 4. In Wyoming, the Rawlins Compressor Station will have one unit out of service through October 31. Capacity through RS3 will be reduced from 600 to 575 MMcf/d. In Colorado, the Roggen Meter Station will be out of service October 31. Volume at ROG will go to zero during this outage. The Plattenville Meter Station will have one meter out of service October 24 and capacity will be reduced from 120 to 60 MMcf/d. The Beaver Compressor Station will have one unit out of service October 22-31. Capacity will be reduced from 262 to 250 MMcf/d. One unit will be out of service at Morton Compressor Station October 16-19. Capacity through MRC will be reduced from 368 to 275 MMcf/d.

El Paso Natural Gas Company has revised its current projection of maintenance that will occur on the El Paso Natural Gas Company pipeline during the month of October. In Bondad maintenance, Bondad B will undergo a 4,000-hour inspection October 8-9. From an estimated base capacity of 745 MMcf/d the reductions during the maintenance will be 142 MMcf/d. In the San Juan Basin and San Juan Mainline maintenance, there will be a Hydro test October 26-31 resulting in capacity reductions of 30 MMcf/d. In North Mainline Maintenance, various maintenances between October 8 and October 31 will have capacity reduced by between 20 MMcf/d and 348 MMcf/d. In San Juan Crossover maintenance: Line 1300 will have a gauge pig October 11, 12 and 16. Capacity

Generator Problems

ERCOT – Unit #1 at Big Brown coal-fired power station restarted following repairs.

Martin Lake #3 coal-fired power station shut for minor repairs.

AEP's Pirkey #1 coal-fired power station shut due to a turbine control malfunction. The unit is expected to return to service October 6.

AEP's 528 Mw Welsh #2 coal-fired power unit shut for maintenance on equipment. The unit is expected to return to service on October 7.

WSCC – Southern California Edison's 1,080 Mw San Onofre #2 nuclear unit will shut October 9 for a 30-day mid-cycle outage, which will not include refueling.

The NRC reported that 85,003 Mw of nuclear capacity is on line, up .07% from Tuesday, and up 4.75% from a year ago.

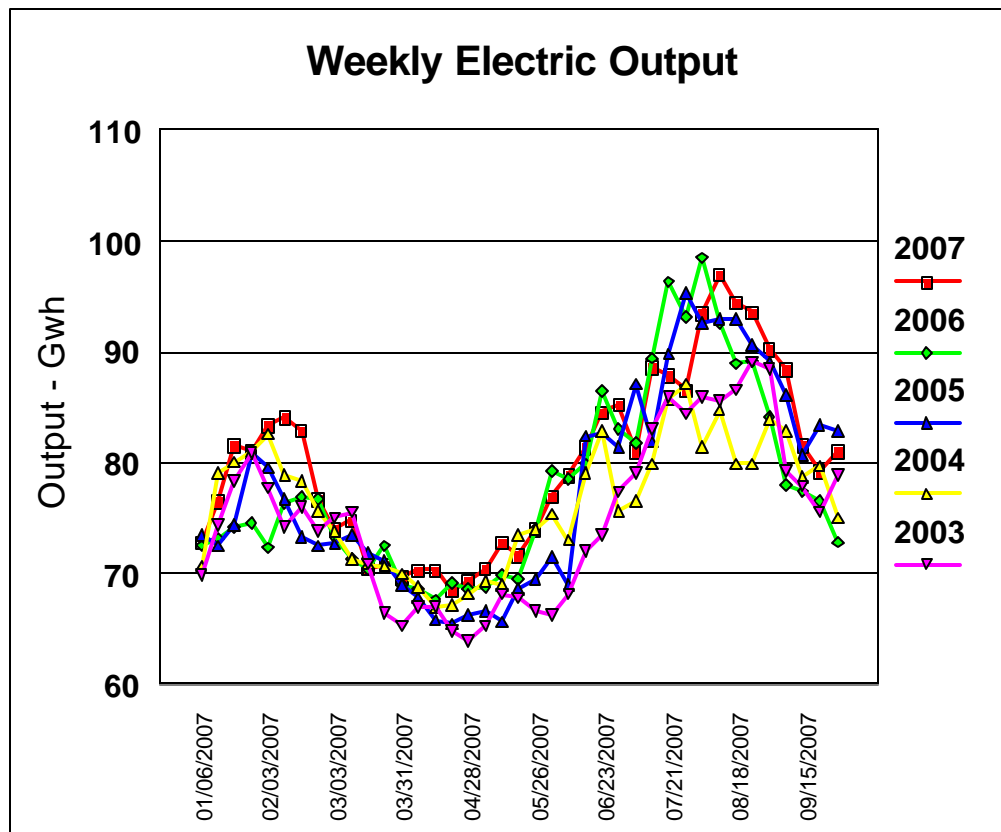
will be reduced between 216 and 388 MMcf/d. In South Mainline maintenance: Pecos River #2 will have a liner inspection October 24 and capacity will be reduced by 50 MMcf/d. In Keystone maintenance: The Keystone Station will be down for DOT inspections and maintenance through October 5. Capacity will be reduced from 733 to 150 MMcf/d.

Questar Pipeline Company said that due to an increase in liquids being recovered at its Greasewood facility, Questar will need to launch pigs on both Sundays and Wednesdays, beginning today.

Transcontinental Gas Pipe Line said that the company will perform facility modifications associated with a tap installation on Transco's mainline at Mile Post 71.92 in Brooks County, Texas, on October 4 and October 5. All receipts upstream of the work location will be shut-in, and the TETCO Lacy delivery meter will not be available during this period due to incompatible operating pressures between Transco and Texas Eastern.

ELECTRIC MARKET NEWS

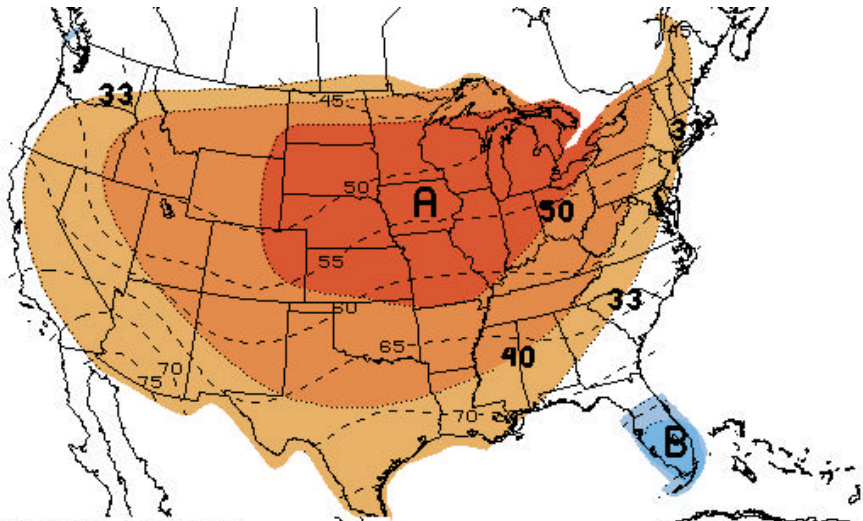
Edison Electric Institute reported that power production in the continental United States for the week ended September 29 rose 11.2% from the same 2006 week to 81,021 GWh. This is a 2.3% increase from the previous week.



The U.S. Department of Energy announced designation of two National Interest Electric Transmission Corridors, the Mid-Atlantic Area National Interest Electric Transmission Corridor, and the Southwest Area National Interest Electric Transmission Corridor. These corridors include areas in two of the nation's most populous regions with growing electricity congestion problems. The department based its designations on data and analysis showing that persistent transmission congestion exists in these two areas. The North American Electric Reliability Corporation said it commends the U.S. DOE's designation of two National Interest

Electric Transmission Corridors. New York Governor Eliot Spitzer voiced his disappointment by the DOE designating the Mid-Atlantic, which includes 47 counties in New York. He said "this designation will allow the federal government to preempt New York's legitimate oversight and process for reviewing and siting transmission projects within out state borders." The Governor of Pennsylvania, Edward Rendell, also voiced his disdain in the DOE's decision, which includes 52 of the state's 67 counties. He noted that the designation could lead to the construction of unnecessary high-voltage power lines in Pennsylvania.

PPL Corporation and the Greater Lebanon Refuse Authority dedicated a renewable energy facility that will reduce greenhouse gas emissions and power 2,500 homes with clean energy in Pennsylvania.



8-14 DAY OUTLOOK
 TEMPERATURE PROBABILITY
 MADE 3 OCT 2007
 VALID OCT 11 - 17, 2007
 DASHED BLACK LINES ARE CLIMATOLOGY
 (DEG F) SHADED AREAS ARE FCST
 VALUES ABOVE (A) OR BELOW (B) NORMAL
 UNSHADED AREAS ARE NEAR-NORMAL

Norway's Statkraft has decided to build the world's first prototype osmotic power plant, adding it was also stepping up its initiatives to develop the technology further. Osmotic power is a renewable energy source. Calculations indicate that the technology could contribute around 1,600 TWh on a global basis annually. Osmotic power is based on the natural process of osmosis. In an osmotic power plant, a membrane separates seawater and fresh water. The seawater draws the fresh water through the membrane, thereby increasing the

pressure on the seawater side. The increased pressure is used to produce power.

Five contractors died yesterday in a fire at Xcel Energy's 324 Mw Cabin Creek pumped storage hydroelectric facility near Georgetown, Colorado.

MARKET COMMENTARY

The natural gas market recouped some of the 8% rally today as tropical weather reports showed that the low-pressure system in the Gulf has not increased in strength and no production has been shut-in as a result. The November contract came under pressure early and traded to a low of 7.20. The market chopped around in a roughly 7.25-7.35 range for the remainder of the session. Despite the pull back from recent highs, the market was down less than a 50% retracement of Tuesday's gains. The spot month settled down 15 cents at 7.277.

Natural gas storage levels are expected to rise by about 67 Bcf tomorrow, compared to a five-year average injection of 68 Bcf and a year-ago build of 74 Bcf. With another injection inline with the five-year average, healthy storage levels will limit upside progression. The rally with the November contract falls inline with recent historicals and if the pattern follows the last two years, we will see some minor weakness in the middle of October as we have a better grip on what the carryout storage level will be. Then as winter forecasts start to dominate trader's decisions, the market will get further support. We see support at 7.20, 7.125, 7.00 and 6.80. We see resistance at 7.43, 7.55, 7.62 and 7.735. We see further resistance at 8.00.