



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR OCTOBER 9, 2008

NATURAL GAS MARKET NEWS

The US Minerals Management Service reported a slight improvement in the amount of oil and natural gas production returning to the market following hurricanes Gustav and Ike. It reported that 1,813 bpd of crude returned to the market, still leaving 563,980 bpd of crude production shut in the Gulf of Mexico. It also showed that 7 mmcf/d of natural gas resumed production, leaving 2.853 bcf of natural gas production shut in.

Noble Energy's director of international business development, J. Dee Simpson, said on Thursday that it was confident that global demand for natural gas would remain strong despite some softening in the key U.S. market.

Pipeline Restrictions

NGPL said effective for today's gas day and until further notice, it is at capacity for gas going southbound through Segment 26 (CS 302) for deliveries eastbound into Segment 25 or southbound into Segment 22.

Questar Pipeline Co. said that it would need to take ML 80 out of service for several days from Oct. 12-14, due to the Utah Division of Transportation performing roadwork near ML 80. The company will have to reroute parts of ML 80 to accommodate the roadwork. During this period, Questar will reduce ML 80 scheduling point capacity to 110,000 Dth/d.

Sea Robin Processing Plant, operated by Hess Corp, said that it has been informed by producers that there are upcoming scheduled outages, which will result in reduced volumes. As a result the Sea Robin Processing Plant will not be in operation on Oct. 15-16. Gas will continue to be dehydrated. PVR nominations need to be reduced to zero.

EIA Weekly Report

	10/03/2008	09/26/2008	Net chg	Last Year
Producing Region	867	832	35	981
Consuming East	1899	1855	44	1895
Consuming West	432	423	9	439
Total US	3198	3110	88	3315

Generator Problems

NPCC- Ontario Power Generation's 881 Mw Darlington #4 nuclear unit was shut on Thursday for a short outage. It was not known when the unit would return to service.

MAIN - Exelon Generation Co. is operating its 1,163 MW LaSalle 2 nuclear unit returned to full power on Thursday after it cut its output overnight to 82% capacity. Output was reduced to repair a turbine control valve.

SERC - Browns Ferry's 1,100 MW unit 2 has been reconnected after the reactor scrambled on Saturday. The unit has been ramped to 23% capacity this morning.

ERCOT - AEP's 528 MW Welsh 3 coal-fired power unit in TX is expected to restart soon from a recent outage. The unit would begin restart sometime between Oct. 9 - 15 following boiler repair.

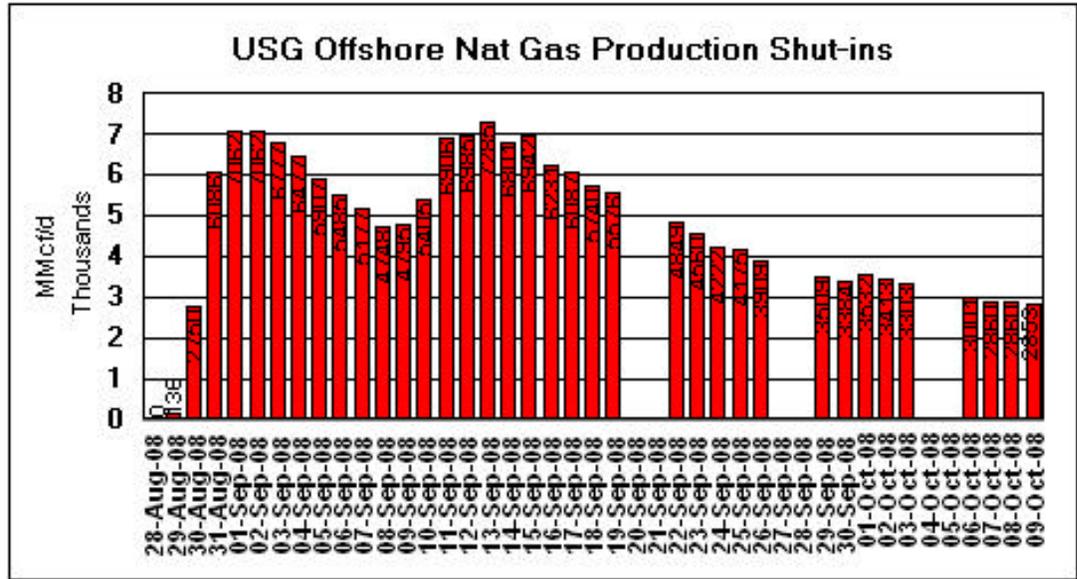
According to the NRC some 84,179 Mw of generating capacity was in operation in the U.S. this morning, down 0.11% from Wednesday and 4.32% higher than the same time a year ago.

PIPELINE MAINTENANCE

Enbridge's Manta Ray Offshore Gathering natural gas pipeline is said to be reopening eight receipt points on its system in the wake of repairs conducted following hurricane Ike last

month. It said shippers could start nominating

Cheyenne Plains Gas Pipeline Company, a unit of El Paso, said that planned engine work at the Douglas Compressor Station would now be conducted on October 15–17. The work was originally slated for October 12–14.

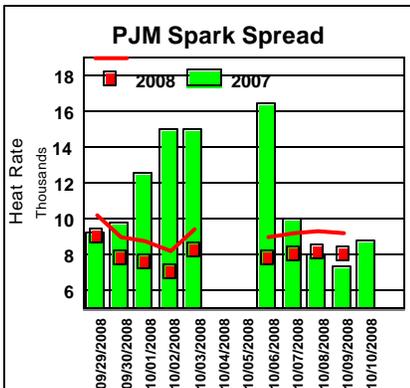


ELECTRIC MARKET NEWS

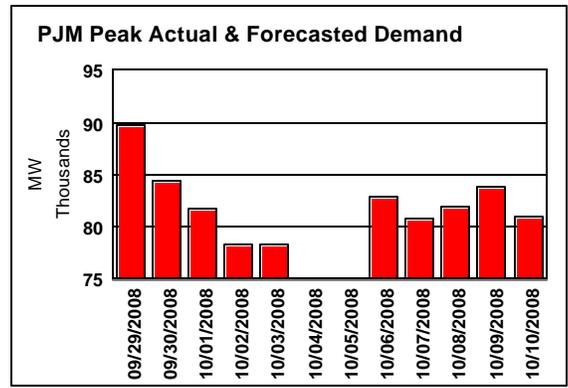
By a unanimous vote, the California Energy Commission, determined today that the application for certification for three planned power plants is complete or data adequate.

Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	Volume Traded	Avg Price	Change	Basis (As of 12:30 PM)	Change	Basis 5-Day Moving Avg
Henry Hub	665,100	\$6.686	\$0.103	(\$0.100)	(\$0.130)	(\$1.260)
Chicago City Gate	573,500	\$6.285	\$0.068	(\$0.501)	(\$0.025)	(\$0.557)
NGPL- TX/OK	635,400	\$6.075	\$0.066	(\$0.711)	(\$0.027)	(\$0.764)
SoCal	321,100	\$4.834	(\$0.001)	(\$1.952)	(\$0.094)	(\$2.221)
PG&E Citygate	438,100	\$6.425	\$0.140	(\$0.361)	\$0.047	(\$0.503)
Dominion-South	231,100	\$6.740	\$0.082	(\$0.046)	(\$0.011)	(\$0.069)
USTRade Weighted	14,207,100	\$5.548	(\$0.037)	(\$1.238)	(\$0.13)	(\$1.260)

The EIA reported this afternoon that U.S. coal production during the week of October 4, 2008 stood at 23.223 million tons up 2.1% from the previous week and up 6.3% from the same week a year ago.

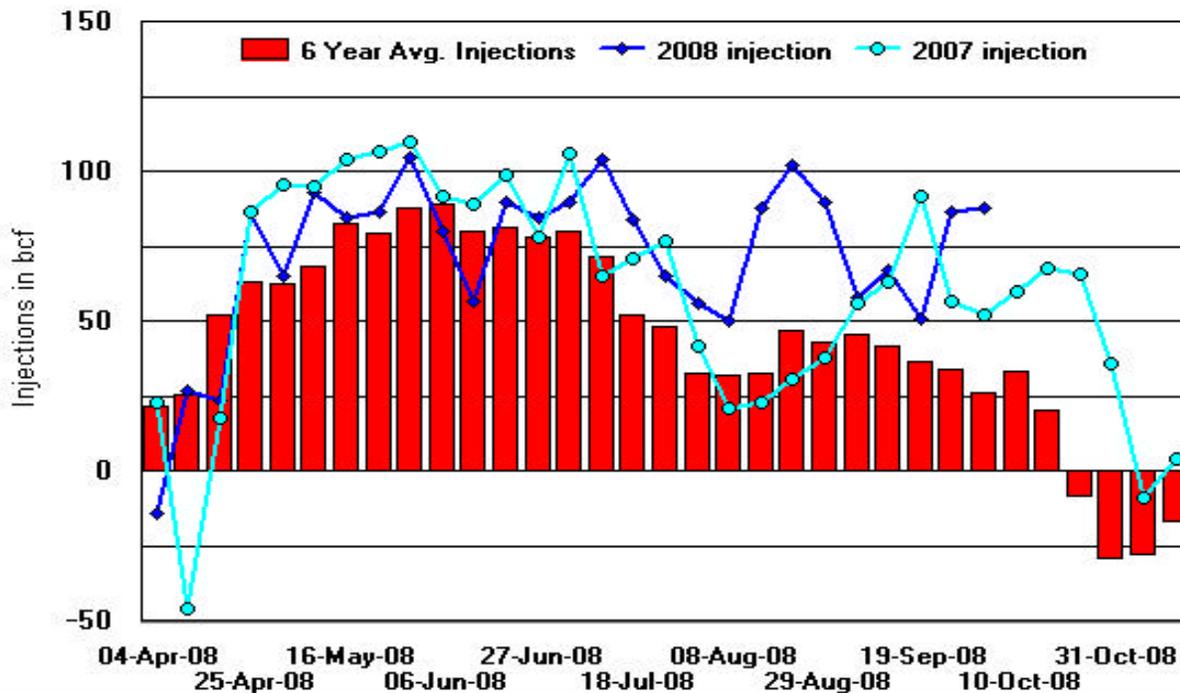


Jeffrey Sachs, a special advisor to the UN Secretary General and director of the Earth Institute at Columbia University today said that climate taxes and not cap and trade markets alone would lead to vast technological changes the world's energy



system needs to fight global warming. He estimated that the tax would be simpler and cheaper than the cap and trade program

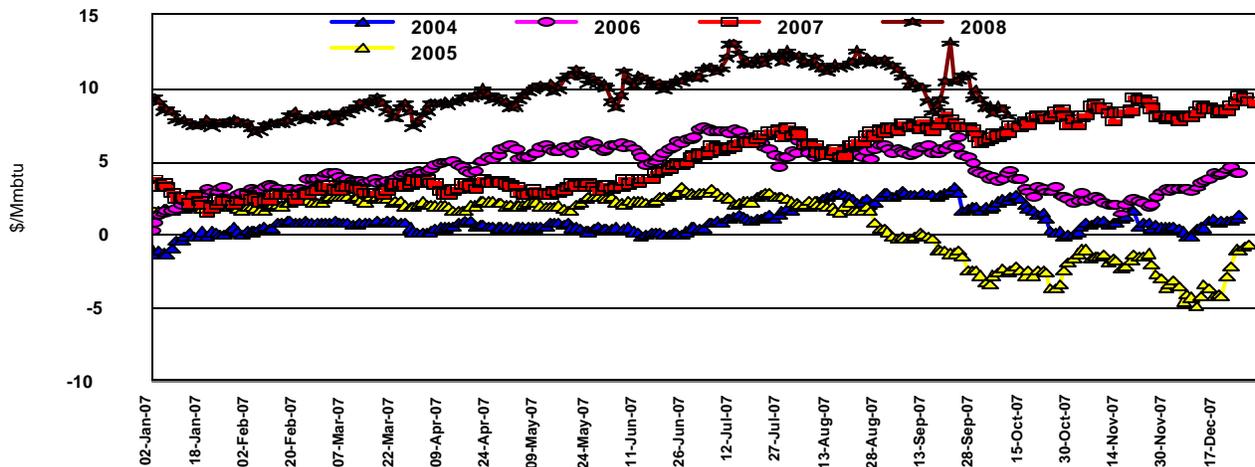
2008 EIA Survey Injections VS 6-Year Average



MARKET COMMENTARY

The natural gas market today for the first time out of the last six trading sessions was able to post a positive settlement for the day's trading. This came despite oil prices along with most of the other global equity markets spiraling lower in panic selling that continued to sweep across the markets. The natural gas market appeared to gain some support this morning first by the EIA Storage Report which basically came within market expectations and then followed by the MMS report that showed that offshore natural gas production continued to struggle to be brought back on line after Hurricane Ike. As a result by the end of the day the natural gas market had recaptured nearly 50 cents per Mmbtu

Crude Oil Vs Natural Gas: NYMEX Spot Futures Settle



against crude oil and now sees crude oil's premium over natural gas at its narrowest level since late March of this year.

But if the panic continues to grip the global financial markets overnight, we would look for natural gas to probably be dragged lower as well as strong recessionary fears will weigh on the energy markets, but its price recovery on a spread basis to crude oil though could continue to recover. Flat price we see support in the November contract at yesterday's low at \$6.51 followed by the gap in the spot continuation charts which would be backfilled at \$6.474. Additional support we see at \$6.405, \$6.123 and \$5.72. Resistance we see at \$6.886, \$7.04-\$7.05, \$7.197, \$7.224 and \$7.393. Additional resistance we see at \$7.784 and \$7.934.