



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR OCTOBER 15, 2007

NATURAL GAS MARKET NEWS

Uncertainty in the tropics persists, with fresh systems being monitored that pose a threat to energy interests in the Gulf of Mexico. The NHC reported that a low-pressure system emerged from the Yucatan Peninsula in Mexico into the southwestern Gulf of Mexico. Weather models show the system will move generally north across the Gulf and make landfall in the North Gulf Coast between central Louisiana and western Florida over the next few days. Environmental conditions are forecast to be favorable for the next few days over this entire area and this low pressure could become a tropical depression once it gets into the southern Gulf of Mexico.

Enterprise Products Partners said production through the Independence Hub natural gas platform in the Gulf of Mexico reached 600 million cubic feet per day as 10 of its initial 15 wells worked toward full capacity of 1 Bcf/d by year-end.

Citigroup raised its long-term natural gas forecast to \$7.50 per thousand cubic feet from \$7.00.

U.K. natural gas for same-day delivery fell to the lowest since October 3 as the rate of supply onto the country's pipeline network through the St. Fergus terminal was increased. Gas for intraday delivery fell 21% to 28.5 pence a therm, equivalent to \$5.82.

PIPELINE MAINTENANCE

Alliance Pipeline announced the Edison 2 Interconnect with ATCO will be out of service for 12 hours today to facilitate repair of a line damaged due to frost

Generator Problems

ERCOT – Lower Colorado River Authority planned to shut the 598 Mw Fayette #1 coal-fired power station over the weekend for a maintenance outage and to repair an external water wall tube leak.

NRG Energy's 836 Mw Limestone #1 coal-fired power station shut over the weekend for a planned maintenance to repair a boiler tube leak.

FRCC – FPL Group's 693 Mw Turkey Point #3 nuclear unit started to exit a refueling outage and ramped up offline to 3% power.

MAIN – Dominion Resources' 556 Mw Kewaunee nuclear unit exited an outage and ramped up to 93% power today.

NPCC – Entergy Corp.'s 852 Mw FitzPatrick nuclear unit shut over the weekend due to an influx of algae in the cooling water intake. The unit is expected to return in about a week.

PJM – PSEG's 1,061 Mw Hope Creek nuclear unit shut for a planned refueling and maintenance outage.

Exelon's 875 Mw Three Mile Island #1 nuclear unit reduced output to 92% power as it prepares for a refueling outage.

SERC – TVA's 1,155 Mw Browns Ferry #1 nuclear unit shut from full power on Friday due to a turbine trip. The unit is expected to return in a week. Browns Ferry #2 and #3 continued to operate at full power.

Dominion Resources' 924 Mw North Anna #1 nuclear unit started to exit a refueling outage and ramped up to 1% power. North Anna #2 continues to operate at full power.

WSCC – Arizona Public Service's 1,314 Mw Palo Verde #2 nuclear unit returned to service and ramped up to full power.

Sempra Energy's 510 Mw Palomar natural gas-fired power station shut for planned work.

Dynergy's 510 Mw Moss Landing #2 natural gas-fired power station shut for planned work.

Canada – Ontario Power Generation's 515 Mw Pickering #4 nuclear unit returned to service.

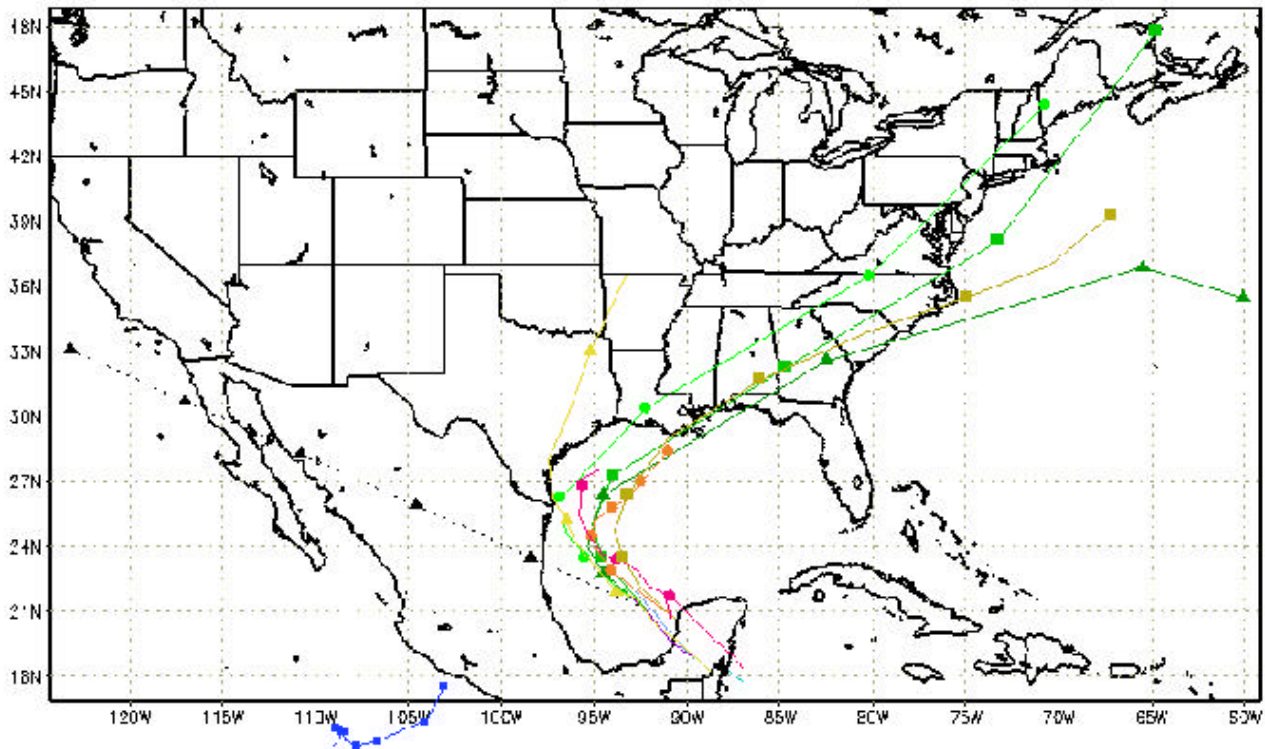
The NRC reported that 78,875 Mw of nuclear capacity is online, down 2.45% from Friday, and up 10.76% from a year ago.

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	1,420,500	\$7.085	\$0.625	(\$0.444)	\$0.273	(\$0.435)
Chicago City Gate	451,800	\$7.022	\$0.623	(\$0.295)	\$0.254	(\$0.225)
NGPL- TX/OK	584,300	\$6.827	\$0.623	(\$0.490)	\$0.254	(\$0.453)
SoCal	836,100	\$6.813	\$0.548	(\$0.505)	\$0.179	(\$0.396)
PG&E Citygate	694,500	\$7.243	\$0.530	(\$0.074)	\$0.161	(\$0.060)
Dominion-South	549,200	\$7.166	\$0.642	(\$0.151)	\$0.273	(\$0.138)
Transco Zone 6	415,100	\$7.538	\$0.730	\$0.221	\$0.361	\$0.173

heave. There will be no flow from the facility for the duration of the outage. Major maintenance will require the Tampico compression station to be offline for 104 hours starting on October 16. System throughput (AOS) will be impacted but will be determined close

to the outage date. Scheduled maintenance will require the Wimbledon Compression Station to be offline for 30 hours October 16. The Kerrobert Compression Station will also be offline on October 16.

- ▲-- XTRP 15/1800Z
- ▲ BANC 15/1800Z
- ◆ GFDL 15/1200Z
- ▲ AVNO 15/0600Z
- ▲ CMC 15/0000Z
- CONU 15/0900Z
- BANN 15/1800Z
- UCM 15/1200Z
- AEMN 15/0800Z
- LGEM 15/1200Z
- HHC Not Avail
- BANC 16/1800Z
- HJTC 14/1800Z
- HWRF 14/1800Z
- GLPS 15/1200Z



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NHC Advisories and County Emergency Management Statements supersede this product. This graphic should complement, not replace, NHC discussions. If anything on this graphic causes confusion, ignore the entire product. For full info see <http://my.sfwmd.gov/sfwmd/common/images/weather/plots.html>

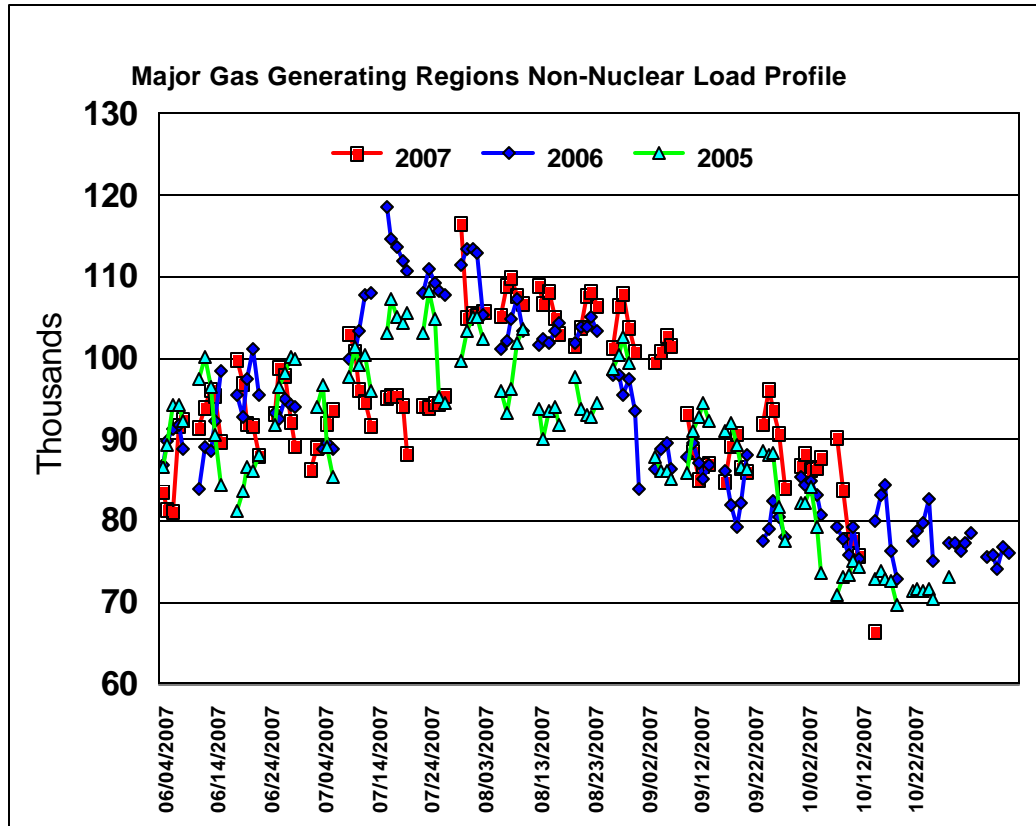


ELECTRIC MARKET NEWS

Power generation in the continental U.S. in the week ended October 11 ticked up 0.76% from the previous week on warm weather, according to Genscape. Power generation was up 9.23% from the same week a year ago, at about 77.51 million megawatt hours. Output remained above normal because of unseasonably warm weather, mostly in the Southeast and Southwest that drove air conditioning demand. Genscape also said that its report from last Monday had overstated the previous week's numbers because of an error. The numbers have been

revised downward. The raw estimate last week should have been about 76.50 Mmwh instead of 86.8 Mmwh, and up 4% year-over-year instead of up 17.39%.

California Governor Arnold Schwarzenegger signed a bill designed to encourage the development of combined heat and power systems in California and make a dent in greenhouse gas emissions. The bill requires utilities to purchase electricity from cogeneration facilities, though it calls for purchases to be "ratepayer indifferent," meaning utility ratepayers should not be required to pay higher costs because of the facilities.

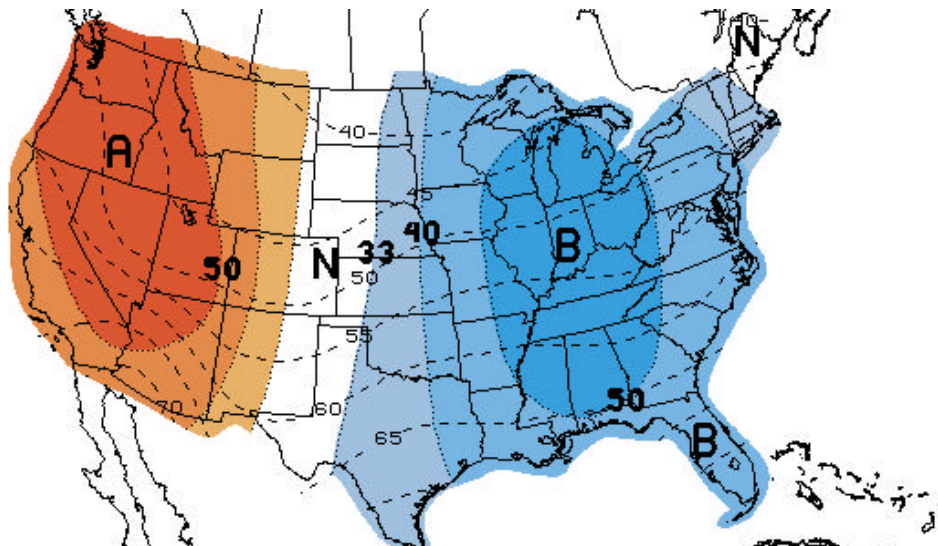


Also, Schwarzenegger vetoed a bill that would have allowed owners of small-scale renewable generation facilities sell excess power to investor-owned utilities at rates set by the Public Utilities Commission.

MARKET COMMENTARY

Natural gas futures jolted higher today, supported by record highs for crude oil, a potential tropical threat as well as some cooler-than-normal temperatures forecasted for the end of the month.

The November contract traded to a high of 7.49, as it moved quickly today to the upper end of its present range. The November-December spread tightened, settling 14 cents higher, and above its current range, suggesting that more tightness in that spread is possible. The November contract settled up 47.1 cents at 7.445, while the January contract was up 28.7 cents at 8.333 as the winter months lagged given the extensive supplies of gas in the ground.



8-14 DAY OUTLOOK TEMPERATURE PROBABILITY MADE 15 OCT 2007 VALID OCT 23 - 29, 2007. DASHED BLACK LINES ARE CLIMATOLOGY (DEG F). SHADED AREAS ARE FCST VALUES ABOVE (A) OR BELOW (B) NORMAL. UNSHADED AREAS ARE NEAR-NORMAL.

NYMEX Nat Gas Options Most Active Strikes for October 15, 2007

Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LN	11	7	P	6.5	10/26/2007	0.0224	7,250	55.29
LN	11	7	C	8	10/26/2007	0.1108	5,495	57.56
LN	11	7	P	7	10/26/2007	0.1109	5,406	56.91
LN	11	7	C	7.5	10/26/2007	0.2681	3,780	55.39
LN	12	7	C	9.25	11/27/2007	0.1952	3,735	51.53
LN	12	7	P	7	11/27/2007	0.1294	3,635	48.15
LN	11	7	P	6	10/26/2007	0.0028	3,075	55.99
LN	3	8	C	10	02/26/2008	0.4183	3,070	46.80
LN	3	8	C	8	02/26/2008	0.9643	2,535	38.75
LN	3	8	C	13	02/26/2008	0.1305	1,700	52.94
LN	3	8	C	12	02/26/2008	0.1871	1,650	51.04
LN	12	7	P	6.25	11/27/2007	0.0316	1,250	48.82
LN	11	7	C	8.25	10/26/2007	0.0678	1,025	58.49
LN	11	7	P	6.75	10/26/2007	0.054	1,021	56.08
LN	2	8	P	7.75	01/28/2008	0.4863	1,020	48.34
LN	3	8	P	8	02/26/2008	0.7947	1,017	51.28
LN	8	8	C	10	07/28/2008	0.5042	1,010	34.27
LN	2	8	C	9.25	01/28/2008	0.5281	1,000	44.30
LN	3	8	P	7.75	02/26/2008	0.6568	1,000	50.05
LN	3	8	C	9.75	02/26/2008	0.4654	1,000	46.18
LN	3	8	C	9.25	02/26/2008	0.5703	1,000	44.48
LN	9	8	P	8	08/26/2008	1.1142	1,000	48.46
LN	9	8	C	8	08/26/2008	1.1505	1,000	29.04
LN	10	8	C	20	09/25/2008	0.0854	1,000	47.91
LN	11	8	C	20	10/28/2008	0.107	1,000	45.14
LN	12	7	P	6	11/27/2007	0.0178	1,000	49.14
LN	12	8	C	20	11/21/2008	0.1275	1,000	42.87

The strength of the front end of the curve is perplexing given bearish fundamentals, but with the over flow of strength from the crude oil complex, natural gas getting to be just too cheap relative to oil and products. Stops in the front month above the 7.50 level may be a target of technical traders, but with yet another above average injection expected for this week's EIA report, we feel that there is an opportunity to sell overhead calls, as the November contract is getting ahead of itself. We see support at 7.244, 7.00, 6.84 and 6.70. We see resistance at 7.50, 7.647, 7.77 and 8.05.