



## ENERGY RISK MANAGEMENT

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### POWER MARKET REPORT FOR OCTOBER 15, 2008

#### NATURAL GAS MARKET NEWS

StatoilHydro said today that had revised upward its costs estimates for its Snoehvit gas field in the Barents Sea, but that 2008 production would not be affected. The company estimated its phase 1 development costs now stand at \$7.73 billion up 6.7% from its last estimate made back in September 2005. It also raised its cost estimates for phases 2-4 by 56%.

#### Generator Problems

**PJM** – PSEG's 1174 Mw Salem #1 nuclear unit was shut early Wednesday. The unit had been at full power on Tuesday. The unit was expected to start its refueling outage.

**FRCC** - FPL's 760 Mw Turkey Point #4 nuclear unit Ramped back to full power this morning, up 2% from yesterday.

**The NRC reported this morning that some 80,219 Mw of nuclear generating capacity was online this morning, down 0.7% from Tuesday and some 0.3% less than the same day a year ago.**

EnCana Corp said today that it was delaying its plan to split itself into separate oil and natural gas companies due to "uncertainty and volatility" in financial markets worldwide. The company also reported that it has hedged about 60% of its production for 2009 gas year at an average price of \$9.15 per Mcf.

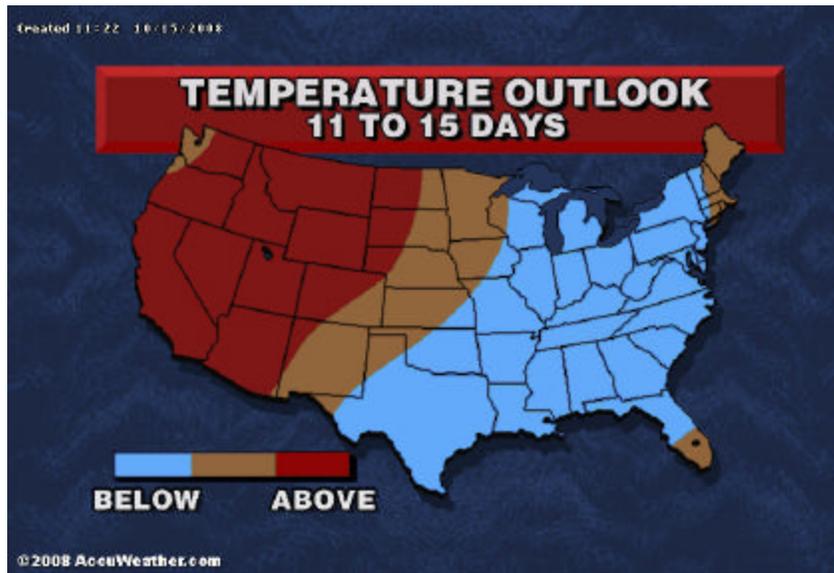
TransCanada said that an unnamed party has expressed an interest in purchasing pipeline facilities from the company's wholly owned subsidiary, Nova Gas Transmission.

Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
<u>Location</u>	<u>Traded</u>	<u>Price</u>		(As of 12:30 PM)		<u>Moving Avg</u>
Henry Hub	756,000	\$6.638	(\$0.100)	(\$0.018)	\$0.185	(\$1.240)
Chicago City Gate	664,200	\$6.466	\$0.034	(\$0.190)	\$0.152	(\$0.466)
NGPL- TX/OK	651,400	\$6.186	(\$0.013)	(\$0.470)	\$0.105	(\$0.682)
SoCal	348,200	\$4.027	\$0.855	(\$2.629)	\$0.973	(\$2.951)
PG&E Citygate	253,400	\$6.330	(\$0.063)	(\$0.326)	\$0.055	(\$0.405)
Dominion-South	203,100	\$6.844	(\$0.061)	\$0.188	\$0.057	\$0.005
<b>USTRade Weighted</b>	<b>13,797,400</b>	<b>\$5.650</b>	<b>\$0.067</b>	<b>(\$1.006)</b>	<b>\$0.18</b>	<b>(\$1.240)</b>

Wood Mackenzie analyst Ed Kelly told clients that abundant supplies of natural gas coupled with weakening demand has pushed price down to current levels, but that he looks of prices in 2009 to trade in the low \$7.00 area.

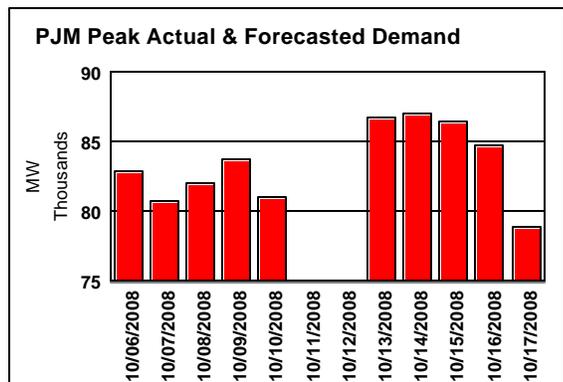
Due to wildfires in Southern California, Sempra was forced to close operations at its largest underground natural gas storage facility, Aliso Canyon.

Tom Driscoll an analyst at Barclays Capital said today cut his price forecast by 13% from last month to \$6.75 Mmbtu for the rest of 2008 and by 14% to \$6.50 for 2009. He noted that strong supply growth coupled with a deteriorating demand outlook would likely weigh on gas prices.



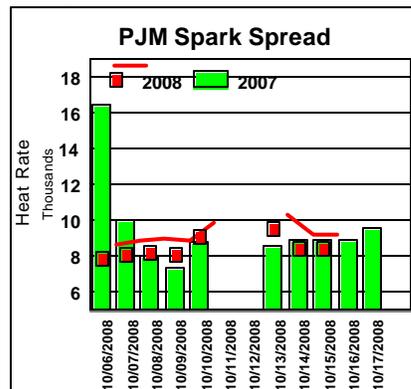
The EIA said it is seeking comments from the energy industry by November 14<sup>th</sup> on whether and how to regulate the release of its weekly oil and natural gas inventory reports, given the use of aggressive automated retrieval programs by some participants to gain access to the data before it is made available to the general public. The EIA is seeking comments on whether different customers should be registered and the data provided at different times for each; whether another type of technology should

be used to push the data to users; if the release time should be changed to better align with commodity trading activity; if the use of automated retrieval programs should be banned; and whether and how the use of these retrieval systems should be reported for criminal prosecution.

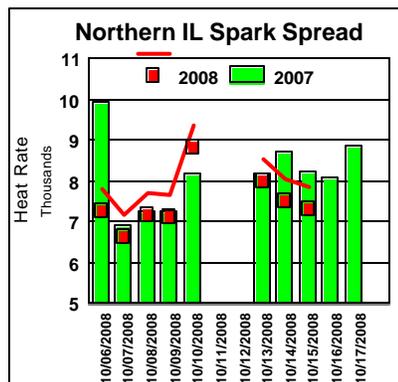


The CEO of Chesapeake Energy said today that the company is well hedged and the company has plenty of cash on hand but will also continue to build its cash reserves.

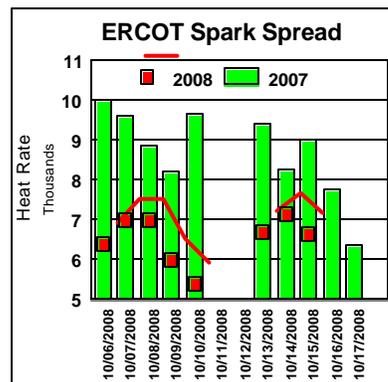
### PIPELINE MAINTENANCE



KMIGT has changed the date for the West End Highway crossing maintenance from October 22 to October 29.

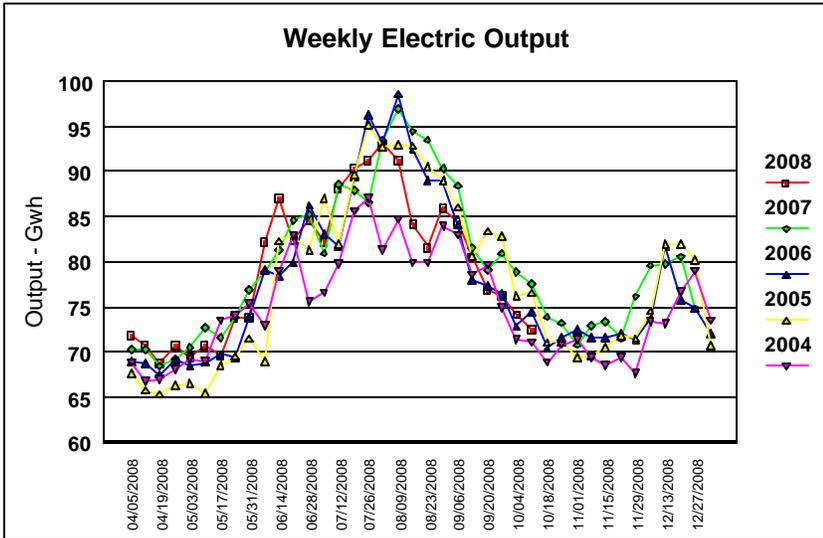


Gulf South Pipeline said that it will be performing scheduled maintenance at Clarence Compressor Station on all three units, but one at a time beginning on October 16<sup>th</sup> and lasting for seven days. The company does not anticipate any affect to capacity through the station based on current nominations. The company also noted that it will be performing scheduled maintenance at the



Montpelier Compressor Station on all units, one at a time, beginning October 20<sup>th</sup> through October 24<sup>th</sup> and then again from October 27<sup>th</sup> through October 31<sup>st</sup>. Capacity through the station could be reduced by as much as 75,000 Dth.

CIG announced it has experienced an unexpected outage at its Elk Basin Compressor, which has impacted its capacity at the Big Horn North Constraint. The company has declared a force majeure for the duration of the outage



**PIPELINE RESTRICTIONS**

Tennessee Gas Pipeline said it was declaring a force majeure event for 527A-1300 Line and 527A-1800 Line as a result of damage from Hurricane Ike.

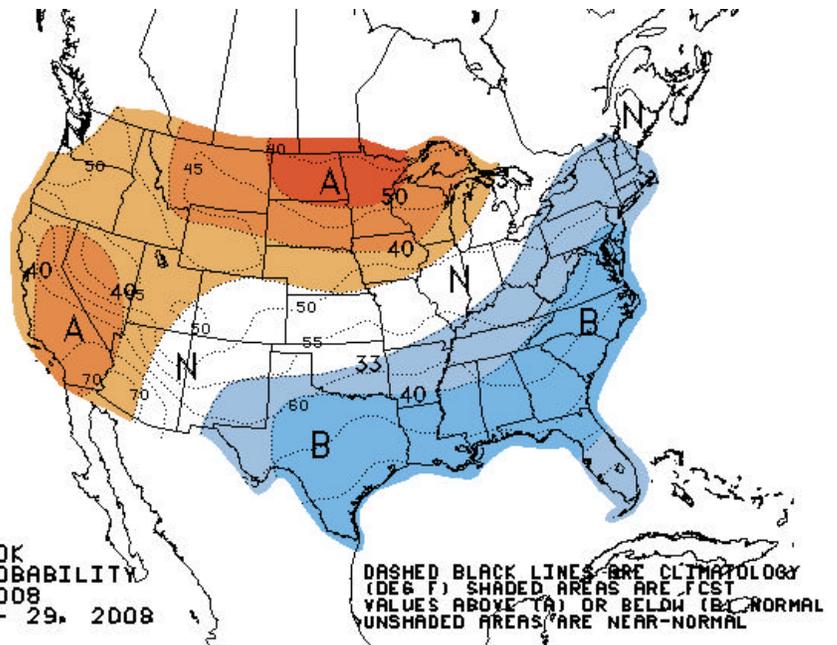
NGPL said that the repairs at Compressor Station 342 have been completed and as a result the company was lifting the Force Majeure impacting Segments 23, 24, and 25.

**ELECTRIC MARKET NEWS**

Edison Electric Institute reported today that for the week ending October 11<sup>th</sup>, some 72,660 Gwh of power was produced in the continental U.S., down 2.11% from the previous week and some 6.8% less than the same week a year ago.

**MARKET COMMENTARY**

The bearish global financial markets continue to depress the energy markets. But while the oil markets continue to make new near term lows the natural gas market remains relatively stable, as it once again held the lows from last week. The November contract for the fourth trading session out of the last six has challenged the \$6.50 price level but has been unable to breach it up to this point. But if the global stock markets remain in free fall this support area could be at risk tomorrow.



8-14 DAY OUTLOOK  
TEMPERATURE PROBABILITY  
MADE 15 OCT 2008  
VALID OCT 23 - 29, 2008

Combined futures

and swaps volume for the Henry Hub contracts today was relatively moderate with 156,175 lots traded, some 30,000 lots less than yesterday and some 60,000 lots less than the average daily volume recorded last week. Calendar 2010 contracts though remained fairly active again today with over 12,000 lots booked on the day, following yesterday when over 22,000 lots were traded in this strip.

The natural gas market appears to be looking for an increase in natural gas inventories by 73-93 bcf, with most expectations falling around the midpoint of the range at a 83 bcf build. For the same week a year ago stocks rose by an adjusted 49 bcf, while the five-year average gain for the same week is at 63 bcf build. Unless tomorrow's report is significantly different than expectations we feel direction of the global financial markets will be a more telling barometer for the direction of natural gas prices.

