



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 17, 2007

NATURAL GAS MARKET NEWS

Enterprise Products Partners said production through the Independence Hub natural gas platform in the Gulf of Mexico was reduced for planned maintenance that should last for about two to three days. The platform had ramped up to 699 million cubic feet per day as of Monday, and today it was operating at a reduced 210 million cubic feet per day.

The eastern U.S. will have a warmer-than-normal winter thanks to an intensifying La Nina, while the upper Midwest and Pacific Northwest will see cooler than normal conditions during November, December and January, according to an outlook from private forecaster World Climate Service.

Kinder Morgan Energy Partners LP (KMP) said Wednesday it has entered into an agreement with various parties to expand its Kinder Morgan Interstate Gas Transmission (KMIGT) pipeline to serve five new plants, four of them ethanol-producing, near Grand Island, NE.

Temperatures in September 2007 were the eighth warmest on record, hot enough to break 1,000 daily high records across the U.S., according to scientists at NOAA. The average temperature for September in the contiguous U.S. was 67.5 F, which was 2.1 F above the 20th century mean

A unit of Williams announced it is holding an open season from October 17 to November 16 for firm transportation service on its Transco natural gas pipeline system to serve markets in the southeastern U.S. New service from the Mobile Bay South Project is anticipated to be available the spring of 2010. Up to 700,000 Dth/d of firm transportation service will be offered on Transco's Mobile Bay Lateral from Station 85 in Choctaw County, Alabama, to an existing interconnection with Gulfstream Natural Gas System in Mobile County, Alabama.

PIPELINE MAINTENANCE

Trunkline Gas Company said that due to the scheduled North Texas expansion work and no capacity through the Kaplan compressor station, the following guidelines will be in effect for gas day October 19. All ELA receipts with deliveries downstream of Centerville must be primary or in path. Any nominations within a primary backhaul path to Centerville will be scheduled based upon operational capacity available. The expected duration of this work is one day.

Generator Problems

FRCC – Florida Power and Light's 760 Mw Turkey Point #3 nuclear unit is back online at 28% capacity. The unit was warming up offline at 3% capacity yesterday. Turkey Point #4 continues to operate at full power.

MAIN –

NPCC – Entergy's 825 Mw FitzPatrick nuclear unit increased output to 52% capacity. Yesterday, the unit was offline at 1% power.

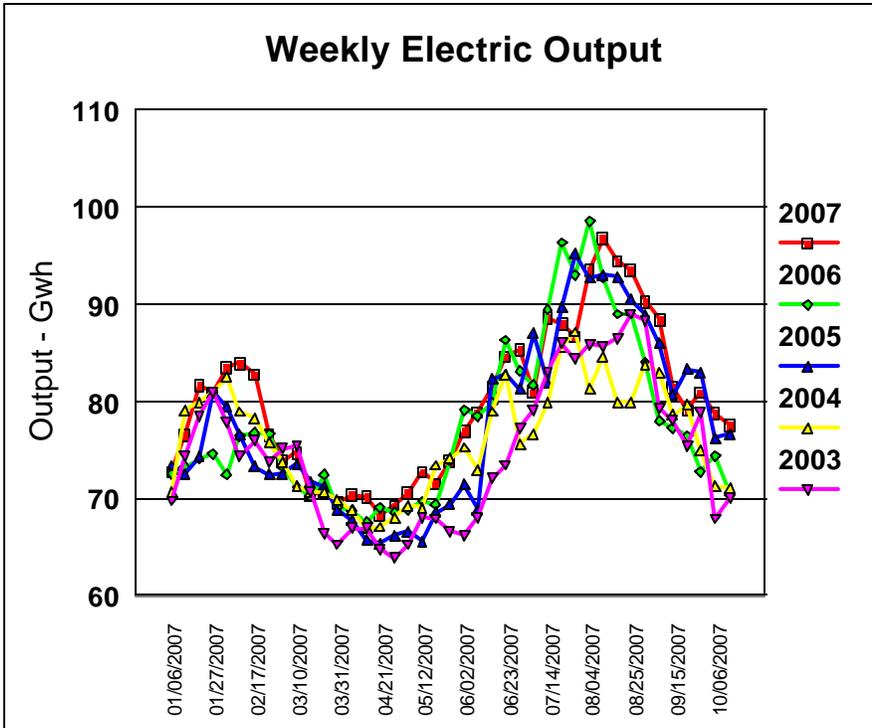
PJM – Exelon's 1,116 Mw Peach Bottom #3 nuclear unit is back online at 37% power, up from 15% rating yesterday. Peach Bottom #2 continues to operate at full power.

SERC – TVA's 1,100 Mw Browns Ferry #1 nuclear unit restarted and is warming up offline at 1% power.

Dominion Resources' 925 Mw North Anna #2 power station increased output to 85% power. Yesterday, the unit was operating at 35% power. North Anna #1 continues to operate at full power.

The NRC reported that 80,449 Mw of nuclear capacity is online, up 1.65% from Tuesday, and up 11.71% from a year ago.

Dominion Resources' 925 Mw North Anna #2 power station increased output to 85% power. Yesterday, the unit was operating at 35% power. North Anna #1 continues to operate at full power.



ELECTRIC MARKET NEWS

Edison Electric Institute reported that electricity demand in the continental U.S. was 10.1% higher compared with the same week last year. The continental U.S. used 77,585 Gwh in the week ending October 13, about 1.6% less than the previous week.

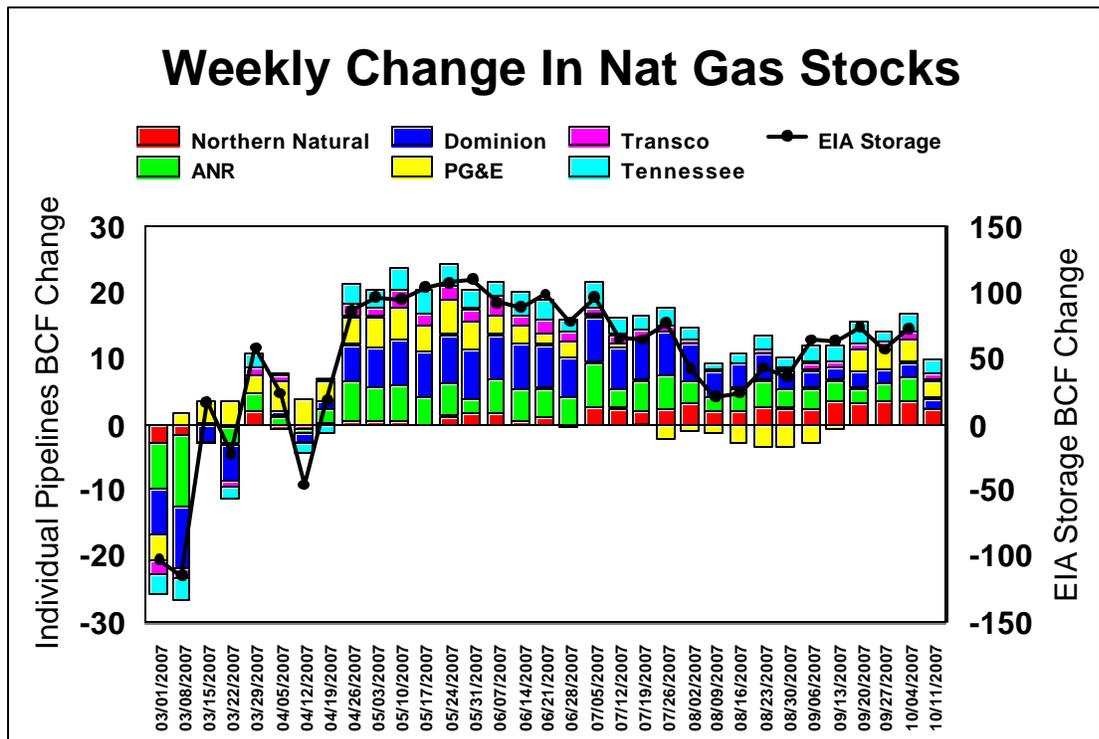
A study released by Accenture showed that almost 90% of consumers worldwide said they would switch energy providers to favor companies that offer products and services that help reduce greenhouse gas emissions. Among all respondents to the survey, 64% said they would be willing to pay a higher price, or a premium of 11% on average, for cleaner products and services. The study was based on a survey of more than 7,500 people in 17

countries.

Jan Ellis, a climate change analyst at the Organization for Economic Cooperation and Development, reported that China's actual electricity production in 2005 was 2.5 trillion kWh, compared to a 2000 estimate by the EIA that China's power production would hit 1.5 trillion kWh in 2005. China's own prediction, in its 10th five-year plan, put the figure at 2 trillion kWh. This is an example of the difficulty in making projections of power output, particularly in fast developing countries. China's higher-than-predicted power output meant the country's power

sector CO2 emissions were around 850 million metric tons higher than the EIA's predicted power production figure would suggest.

PJM Interconnection approved Pepco Holdings' proposal to build a 230-mile interstate power line to enhance electric reliability and improve transmission capacity in one of the most heavily congested regions of the

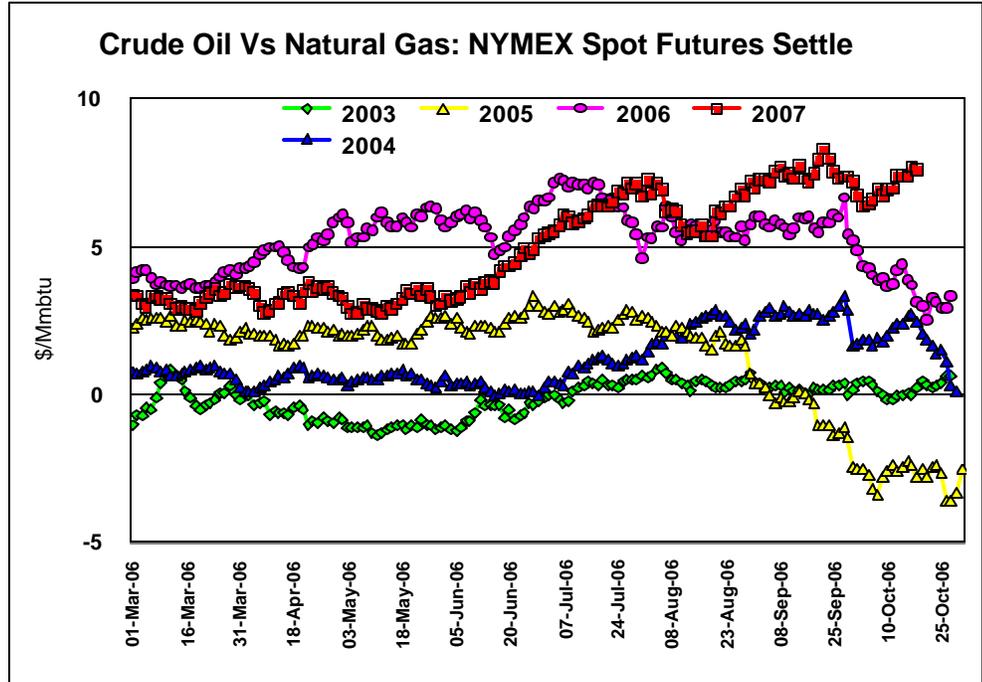


country. The 500-kilovolt line, known as the Mid-Atlantic Power Pathway (MAPP), will connect Northern Virginia to Maryland, cross the Delmarva Peninsula and link with the power grid to southern New Jersey. The estimated cost is \$1 billion.

Cross Hudson Corporation have announced the recent filing of the Environmental Management & Construction Plan for the land-based construction of the proposed Cross Hudson cable. When completed, the Cross Hudson cable will bring 550 Mw to Manhattan.

MARKET COMMENTARY

The natural gas market chopped around in the upper end of its present range, supported again by the record-setting crude oil market. The latter half of the session witnessed absurd volatility in the oil complex, while natural gas was content to trade sideways between a narrow range on either side of the 7.45 level. The November contract finished the session up 9.1 cents at 7.458, while the winter months were up roughly 16 cents each.



With the differential between natural gas and the oil complex at five-year highs, the continued strength in oil is adding a level of support to natural gas and making sellers stay away from the market despite the bearish fundamental picture. Total working gas in storage is already above the industry's so-called comfort zone of 3.2 Tcf and with another large injection to stocks anticipated for tomorrow, the cushion for winter demand will continue its trek toward an all time record of near 3.5 Tcf. The street is calling for a build of between 45 to

70 Bcf, with most seeing a build of 52-57 Bcf. With the market consolidating at the upper end of its range, it appears that if crude oil continues its march, natural gas could break out to the upside and test resistance at 8.00. We see support initially at 7.30, followed by 7.20 and 7.10. We see further support at 7.00 and 6.70. We see resistance at 7.505, 7.57, 7.679 and 7.817. We see more distant resistance at 8.00.