



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 3, 2008

NATURAL GAS MARKET NEWS

The Climate Prediction Center reported this morning that for the week ending November 1st the nation posted 99 Heating Degree Days, some 2% higher than normal and 19.2% higher than the same week a year ago. The agency though sees gas demand will drop by 28% to just 71 HDD for the current week. This would be 37% warmer than normal.

The Institute of Supply Management reported today that U.S. factory activity contracted sharply in October, falling to its lowest leveling 26 years,

Generator Problems

NPCC – OPG's 580 Mw Brighton Beach natural gas fired power plant returned to service early Monday. The unit went off line on October 31st.

OPG's 535 Mw natural gas/oil fired Lennox #1 power plant was taken off line for short-term repairs this morning.

PJM – PSEG has curtailed its 1100 Mw Salem #2 nuclear unit was at 87% down 13% from Sunday.

SPP – Entergy's 1266 Mw Grand Gulf nuclear power plant ramped up to 81% of capacity this morning. The unit on Friday was only at 26% power.

SERC Duke Energy's 1100 Mw McGuire #1 nuclear unit which was in hot standby since October 31st as operators were preparing to return the unit to service from its refueling outage, shut the unit this morning due to a problem with a rod control malfunction.

Dominion's 799 Mw Surry #1 nuclear unit exited its refueling outage and was at full power Monday morning.

Dominion's 925 Mw North Anna #1 nuclear unit was at 85% power this morning, down from full power on Friday.

MRO – Exelon's 867 Mw Quad Cities #1 nuclear unit dropped to 40% power this morning, down from 97% power on Friday.

Xcel Energy's 545 Mw Prairie Island #2 nuclear unit was restarted over the weekend and was at 43% power Monday morning. The unit had been down for refueling since September 19th.

Exelon's 867 Mw Dresden #3 nuclear unit was shut Monday for a planned five week refueling outage.

Exelon's Quad Cities #1 nuclear unit was reduced to 40% power for work on its condenser.

WECC – TransAlta's 381 Mw Units #1 and #2 at their Kemphills coal fires power station in Alberta was shut over the weekend.

ERCOT – Luminant's 575 Mw Unit #1 at the big Brown coal fired power plant was expected to be restarted today. The unit was shut down on October 30th.

The NRC reported this morning that some 79,077 Mw of nuclear generating capacity was online this morning, up 0.3% from Friday and down 3.2% more than the same day a year ago.

dropping to 38.9 in October from 43.5 in September. The level of 50 separates contraction from expansion, and a reading below 40 is exceptionally weak.

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	1,233,900	\$6.446	\$0.268	(\$0.209)	\$0.090	(\$0.866)
Chicago City Gate	1,136,000	\$6.122	\$0.076	(\$0.533)	(\$0.076)	(\$0.106)
NGPL- TX/OK	810,500	\$5.699	\$0.071	(\$0.956)	(\$0.081)	(\$0.625)
SoCal	359,100	\$3.295	\$0.011	(\$3.360)	(\$0.141)	(\$2.540)
PG&E Citygate	588,500	\$5.987	\$0.036	(\$0.668)	(\$0.116)	(\$0.410)
Dominion-South	381,900	\$6.505	\$0.069	(\$0.150)	(\$0.083)	\$0.429
UStTrade Weighted	19,349,800	\$5.306	\$0.242	(\$1.349)	\$0.09	(\$0.866)

The National Hurricane Center was watching an area of broad and nearly stationary low pressure over the southwestern Caribbean. Some development is expected over the next 48-72 hours and a

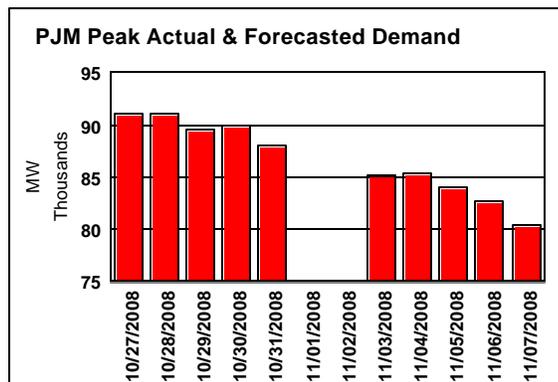
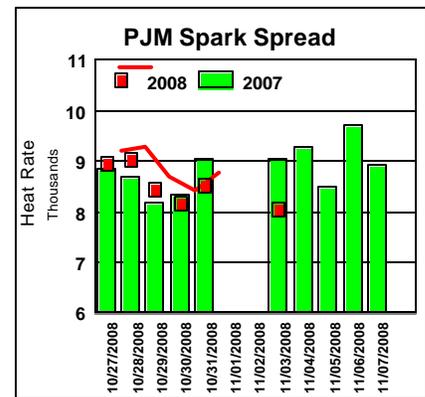
tropical depression is possible to form. But at this time all the major forecasting models do not put the future path of this storm as a threat to the production areas of the Gulf of Mexico, as most models have the system eventually moving toward the northeast and place Cuba and the Bahamas at risk.

Norway's Statoilhydro said it had restarted gas production at its LNG plant associated with the Snoehvit gas field on October 30th, after a four-week repair shutdown. The plant returned to operations several days ahead of schedule.

StatoilHydro said today that the company seeks to double its access to natural gas storage and looks to increase the scope of its trading activities, as it seeks to remain Europe's second largest supplier of natural gas after Gazprom.

ConocoPhillips said it will make a final investment decision next year on the estimated \$10 billion Shah sour gas project in Abu Dhabi once preliminary engineering has been completed. The company also noted that the start up of Qatar III will be delayed until 2010 rather than November 2009 and Qatargas IV has been also delayed and will start up in 2010 as well. Both facilities have an

export capacity of 7.8 million tones per year



Donald Burwell, 47, a former El Paso Corp trader was sentenced today to 10 months in prison for reporting false trades to influence the market, the U.S. Attorney's office reported.

Iroquois Gas Transmission announced today that its MarketAccess Expansion Project was placed in-service on November 1st, as scheduled. Facilities include a new 7700 HP compressor station with cooling in Brookfield, CT and the addition of a cooling facility at its existing compressor station in Dover, New York. The project

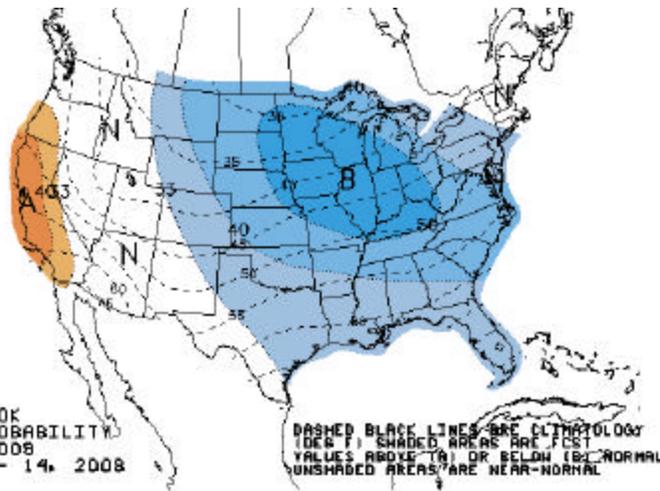
delivers an additional 100 MMcf/d of natural gas from its Interconnection with Algonquin Gas in Brookfield, CT to ConEd in the Bronx, NY.

PIPELINE MAINTENANCE

El Paso Natural Gas reported that its mechanical inspection at Window Rock 4B previously scheduled for November 3-6th has been bumped back to November 17-19th. The company also reported that maintenance work scheduled to begin tomorrow at the Rio Vista Compressor Station has been moved back until November 11th.

Alliance Pipeline said that Unit #1 at the Blueberry Hill compression station will be taken off line for one hour Wednesday for maintenance. System throughput (AOS) and (CP02) capacity should not be impacted but higher lateral pressures will result during the outage. The company also said that scheduled maintenance will require the Alberta Lea Compression station to be off line for 24 hours on Wednesday as well. The company also reported that Unit #1 at the Whitecourt Latreal Meter/Compressor Station was unavailable for 10 hours today for routine inspection. Capacity was

reduced to 627 e3m3. The company also reported that that this past Saturday the Alameda Compression Station went down for scheduled maintenance and inspections through Wednesday.



Gulf South Pipeline said it has extended through today unscheduled maintenance at the Bistineau Compressor Station Unit #5. The work began on Friday afternoon. Storage injection capacity could be reduced by as much as 250,000

Dth during the work. The company also reported that it has begun unscheduled pipeline maintenance on Index 817 (42 inch expansion) until further notice. Capacity on the line has been reduced which includes receipts from capacity allocation Area 8 and capacity allocation Area 16.

Trunkline Gas Company said its two Kaplan Compressor Stations were once again available and back to normal operations. The unplanned outage began on September 30th.

PIPELINE RESTRICTIONS

Northwest Pipeline said it has experienced excessive banking on the system north of Kemmerer over the past few days that has resulted in the filling up of the Jackson Prairie facility and high line pack conditions on Northwest.

Northern natural Gas said it has lifted its Force majeure on the Seminole Compressor after completing repairs.

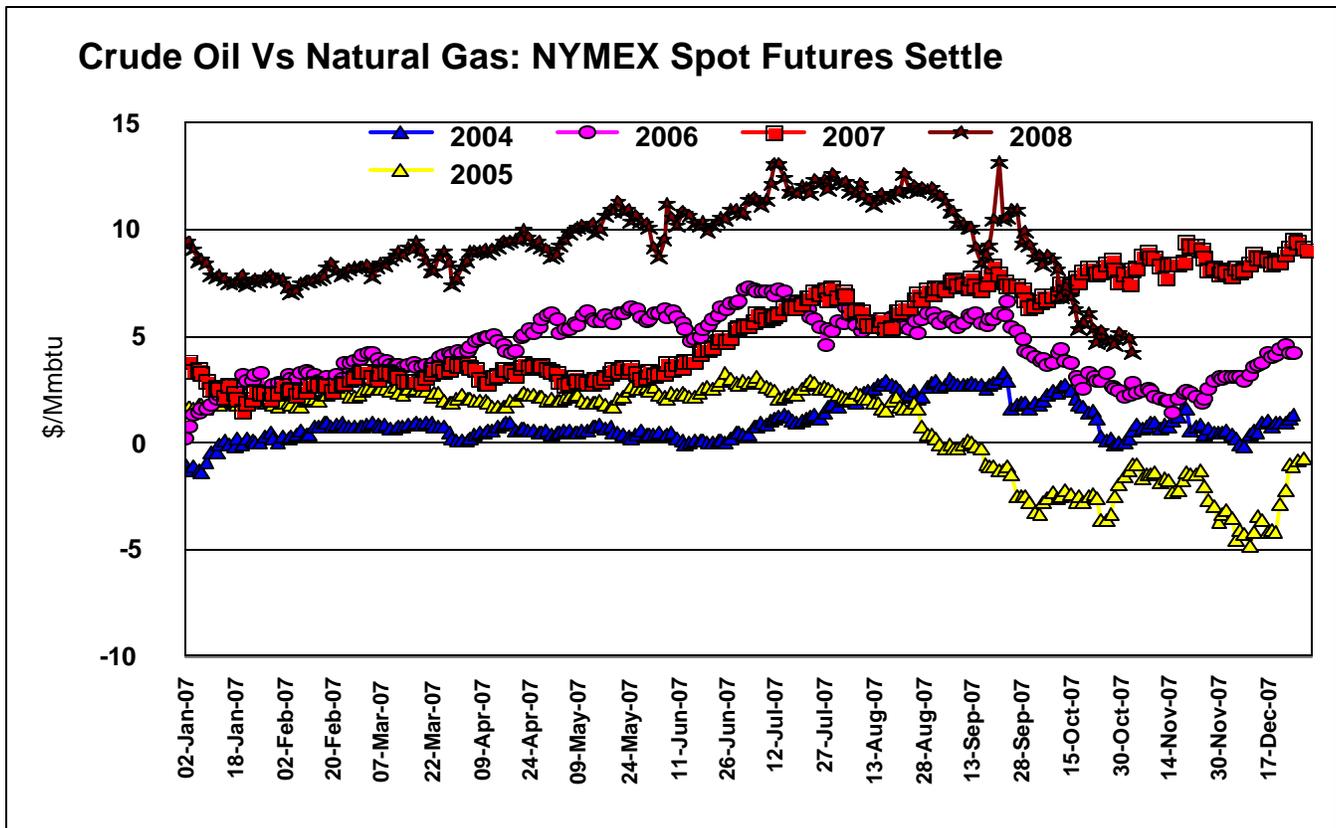
Sabine Pipe Line said it lifted late Friday a force majeure following the completion of work at its Port Neches location.

ELECTRIC MARKET NEWS

Genscape reported this morning that they estimate U.S. power output in the week ending October 30th rose 2.89% from the week before and was up only 0.07% from the same week a year ago.

MidAmerican has received antitrust approval to buy Constellation Energy Group the Federal Trade Commission said today.

The FERC has approved a series of rate incentives for Pepco Holdings proposed 550 kV 230 mile Mid-Atlantic Power Pathway project, a major transmission line planned to run between Virginia to New Jersey, that would improve the reliability of the PJM Interconnection region. The project is expected to provide access to more than 1300 Mw of renewable wind generation in the western portion of PJM and will be operated as a “smart grid” that provides operating efficiencies; minimizes sags, spikes and other disturbances; corrects problems with a minimal intervention by the grid operator; and monitors and diagnoses the health and condition of equipment and predicts the malfunction or failure of a device to prevent it from occurring.



The NRC has accepted for review Exelon’s application to build two new reactors at the Victoria City, Texas.

MARKET COMMENTARY

The natural gas market opened lower this morning in sympathy with weaker oil prices, but once again found itself breaking away from the movements of the oil market. In fact while oil prices continued to work lower in the second half of the day natural gas moved in the other direction and as a result saw its discount to spot crude oil fall to its lowest level since June 2007. It appeared that natural gas received a boost in the afternoon as several supportive 11-15 day forecasts were released. Accuweather is still beating the drum for a bullish cold temperature period from mid November into December, with a significant snowstorm sweeping the U.S. after November 15th. It is interesting that while the poor economic news, such as the dismal factory activity index level for U.S. weighed on the oil market, the natural gas market continues to be somewhat insulated from these negative news reports, despite the fact that industrial and commercial demand is such a large segment of overall natural gas demand. Thus while we have noted that this market appears to be building a base of

support and looks to be itching to move higher on any significant weather related demand, longer term we feel that this rally will be unsustainable for any prolonged period of time given the ample level of inventories, expanding production levels and the appearance of poor industrial demand for natural gas over the next several months. As a result an rally should be viewed as a selling opportunity for longer term price protection we believe.

The March April spread saw moderate interest today with just under 1700 lots traded on Globex. This market continues to search for its base of support as well as it posted its second consecutive inside trading session for the second time in less than a week. If this spread can break out above the 8.5 cent resistance level it could easily move out to 17.5 cents before the next area of resistance is found.

We see resistance in the December outright contract at \$6.915 followed by \$6.952, \$7.066, \$7.25-\$7.28 and \$7.368. Additional resistance we see at \$7.56, \$7.874 and \$8.183. Support we see at \$6.618, \$6.39-\$6.375, \$6.283, \$6.24 and \$5.924.

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