



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 4, 2008

NATURAL GAS MARKET NEWS

The U.S. Minerals Management Service said today that 50-75% of the Gulf of Mexico oil and gas production that remains shut after Hurricane Ike would be restored once one pipeline repair project is completed. This is expected to be done by March 2009. The repair will bring several deepwater platforms back on line at once the work is done. The MMS declined though to name the platforms or the pipelines involved in the outage. The MMS noted that the key pipeline repair work could be completed before March, but other recovery work may take longer making 100% production several more months away. The MMS noted that recovery has been slowed by the lost of one shallow water hub platform that served probably three deepwater platforms. Thus the repair work is requiring the rerouting of the pipelines around that platform, which is difficult "when you have everything else toppled in that area". The MMS noted that while Ike was not as strong as Katrina and Rita, it was bigger in size and caused 75-foot waves that did major damage to facilities in the Gulf. The agency noted last week that it is moving to a weekly update of the progress in restoring production shut-ins and its next report will be tomorrow.

Generator Problems

NPCC – OPG's 494 Mw Lambton #1 coal fired generating unit was taken off line for maintenance.

PJM – PSEG Nuclear said its 1050 Mw Hope Creek nuclear unit was at 87% capacity this morning down 9% from yesterday.

SPP – Entergy's 1207 Mw Grand Gulf #1 nuclear unit was at 97% capacity this morning, up 16% from Monday.

SERC – TVA's 1127 Mw Sequoyah #2 nuclear unit was off line this morning. The unit had been at full power on Monday.

MRO – Exelon's 867 Mw Quad Cities #1 nuclear unit ramped up to 83% of capacity this morning, up 43% from yesterday.

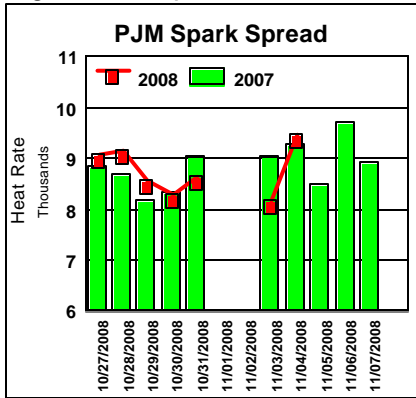
The NRC reported this morning that some 79,077 Mw of nuclear generating capacity was online this morning, up 0.3% from Friday and down 3.2% more than the same day a year ago.

Anadarko Petroleum said half of the production shut in by Hurricane Ike and Gustav should return by the end of the year and the balance by the first quarter of

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	1,062,300	\$6.794	\$0.348	(\$0.496)	(\$0.059)	(\$1.060)
Chicago City Gate	871,300	\$5.885	(\$0.237)	(\$1.404)	(\$0.871)	(\$0.467)
NGPL- TX/OK	806,000	\$5.539	(\$0.159)	(\$1.750)	(\$0.793)	(\$0.882)
SoCal	325,300	\$4.598	\$1.303	(\$2.691)	\$0.669	(\$2.705)
PG&E Citygate	685,500	\$6.159	\$0.171	(\$1.130)	(\$0.463)	(\$0.576)
Dominion-South	403,800	\$6.874	\$0.368	(\$0.415)	(\$0.266)	\$0.171
UTrade Weighted	19,006,800	\$5.881	\$0.575	(\$1.408)	(\$0.06)	(\$1.060)

2009. It noted that 75% of its Gulf of Mexico volumes are back on line.

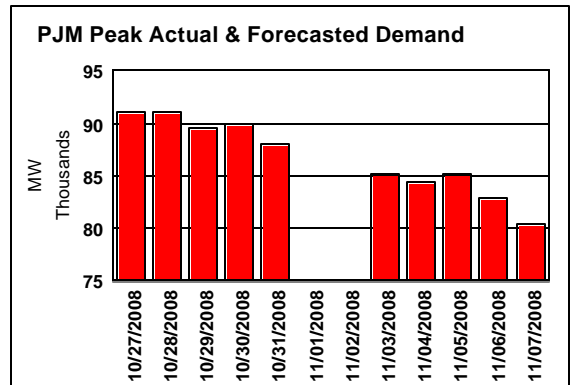
BG Group reported today that its 3Q08 profits more than doubled because of higher prices for its LNG exports and production gains. BG is the largest supplier of LNG from the Atlantic Basin to Asia. The company reported that 50% of its LNG cargoes were directed towards Asia and 15% went to Europe during the third quarter. The company estimates that LNG demand is set to double in the Asia-Pacific region and triple worldwide between 2005 and 2020.



The National Hurricane Center continues to watch a broad area of low pressure in the southwestern Caribbean that is currently drifting slowly northwestward. The associated shower activity has changed little in organization, however slow development of this system is possible over the next couple of days.

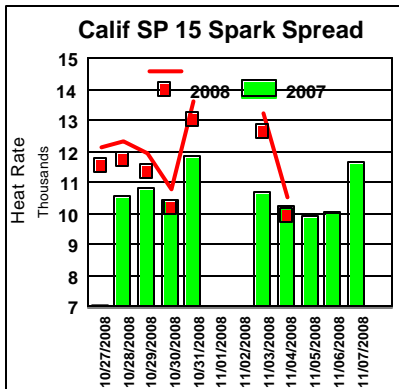
The Commerce Department reported this morning that new orders received by U.S. factories tumbled for the second straight month in September,

dropping by 2.5%. Market expectations had been for a decline of just 0.8%. The Commerce Department also revised the August decline of 4% to a drop of 4.3%.



Natural Gas Intelligence reported today that in a briefing filed yesterday in a federal appeals court, the CFTC is at odds with the FERC over the issue of whether the FERC has jurisdiction in cases where the manipulation of natural gas futures trades subsequently influences the price of physical gas transactions.

The FT reported yesterday that one of Goldman Sachs flagship hedge funds reportedly had lost close to \$1 billion this year.



PIPELINE MAINTENANCE

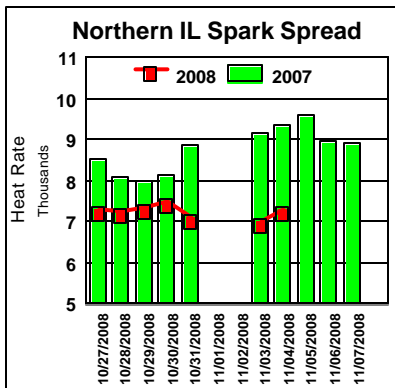
KMIGT said it will continue maintenance at its Casper Compressor Station through November 26th. Capacity through Segments 45 and 730 will be limited to 163,000 Dth/d.

Alliance Pipeline said scheduled maintenance will require AB 30 Gold Creek Lateral Meter/Compressor Station to be taken off line for two hours on November 10th. Station capacity will be reduced to 1100 e3m3/day.

Northwest Pipeline said it is performing anomaly repairs between its Moab and Pleasant View compressor stations in Utah. The work has cut capacity to zero through Wednesday from a normal flow of 352,000 Dth/d.

Gulf South Pipeline said it will be performing maintenance on Vixen Turbine Compressor Unit #1000. This work along with the work on the #2 Filter Separator at the same station is extended to continue up to 14 hours. Capacity at the facility during the work will be reduced to 1,100,000 Dth. The company also reported that it has completed planned work at the Hall Summit Compressor Station Unit #2.

Cheyenne Plains Gas Pipeline said the second unit at the Laramie Compressor Station will be down through November 7th. The first unit went down on June 3rd and is not expected back until December 12th. The impact of these outages will be a reduction in capacity through the Laramie East Constraint from 770 to 650 MMcf/d through November 7th and will increase to 680 MMcf/d from November 8th through December 12th.



PIPELINE RESTRICTIONS

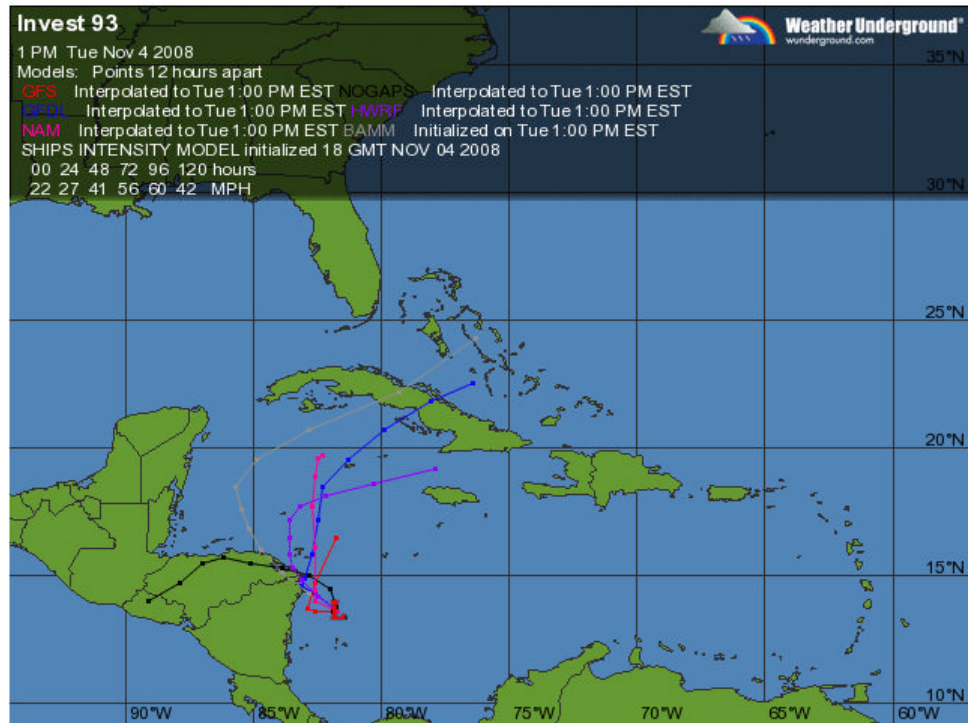
Questar Pipeline said that based on high inventory levels at Clay Basin, effective tomorrow it will not allow increases in ISS inventory by either injection or in place transfer. This limitation will remain in effect until inventory levels at Clay Basin reside.

TransColorado Gas transmission said effective today and until further notice it is at capacity for quantities delivered to WIC Yellow Jacket.

Based on the current level of nominations, IT/AOR and secondary quantities are at risk of not being scheduled.

NGPL said that effective today and until further notice, Columbia Gulf-Chalkey has limited capacity available for deliveries. Limited ITS/AOR and secondary out of path firm transports are available. The company also reported that it is at limited capacity for deliveries at Midwestern Kankakee. ITS/AOR and secondary transports are at risk of not being fully scheduled.

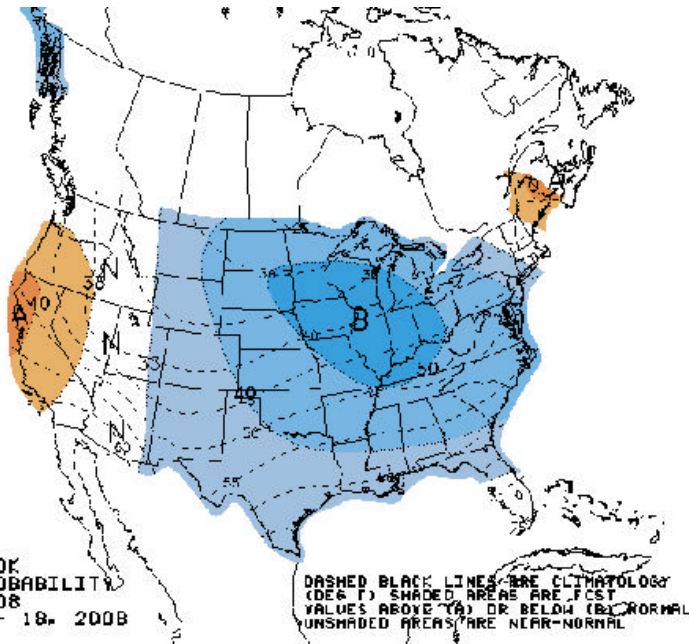
CIG said it has experienced an unexpected outage at its Elk Basin Compressor Station, located on the Big Horn lateral and it has issued a force majeure. The company also warned that it is concerned about the performance of the Hatch Gulch Interconnect. Without improvement, CIG may place an underperformance cap on the point for Cycle 3 today and cycle 1 for Wednesday.



PG&E California Gas Transmission said that it has issued a system wide OFO for today due to high inventory.

ELECTRIC MARKET NEWS

Genscape reported today that coal inventories at U.S. power plants rose by 1.4% last week over the previous week and 5.5% over the same week a year ago. U.S. power generators were seen holding 56 days of average coal burn.

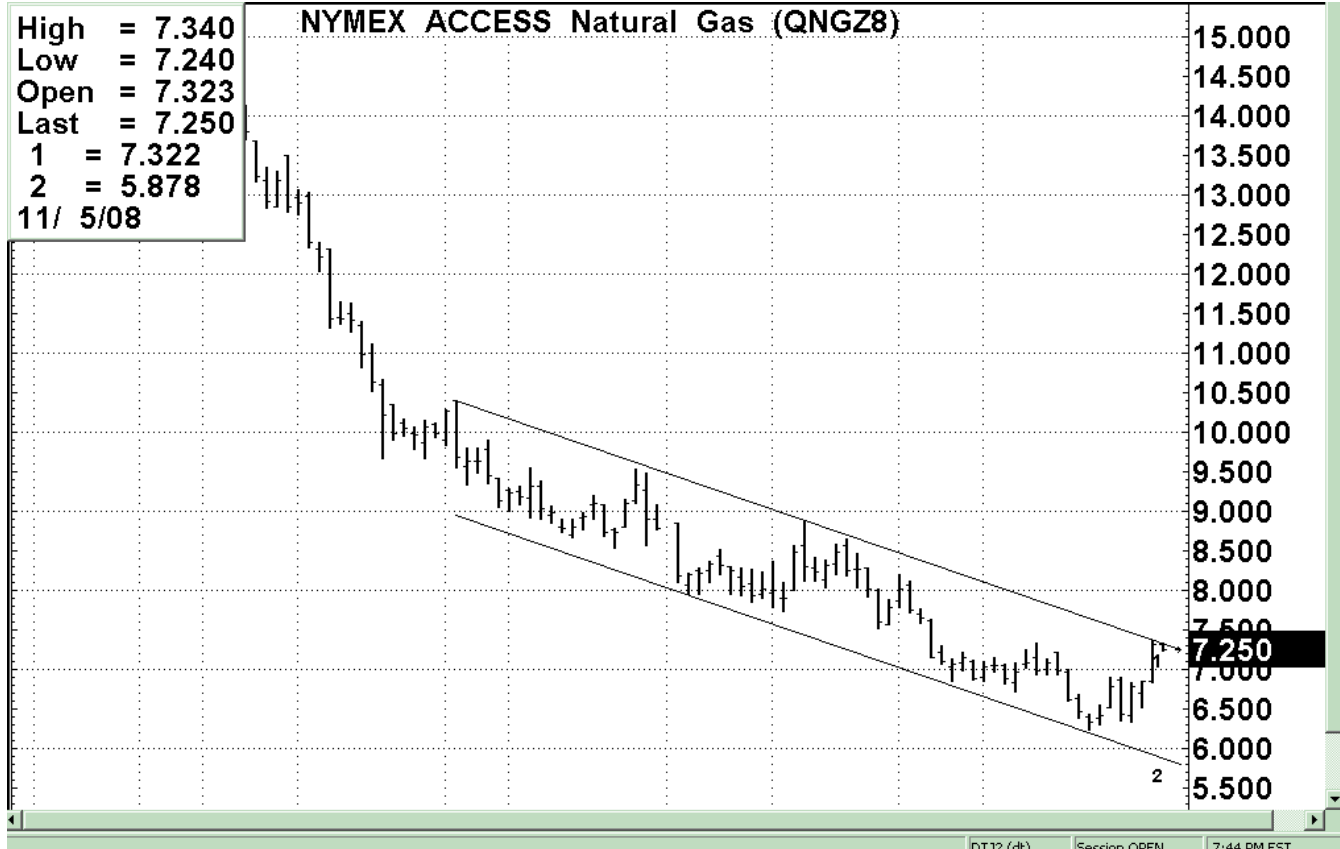


NRG Energy said today that it is still reviewing Exelon's unsolicited takeover bid.

MARKET COMMENTARY

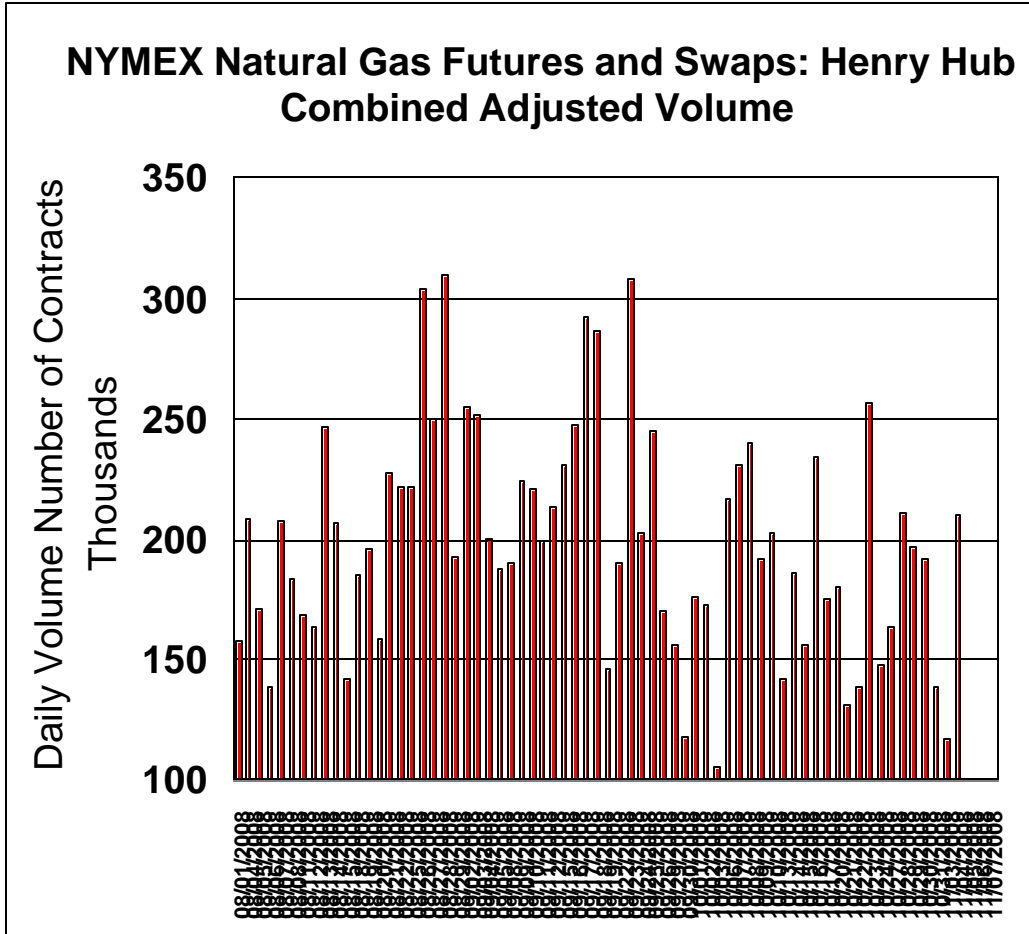
The significant decline of the dollar today helped to re-inflate commodity values and drove oil prices screaming higher. As a result natural gas was pulled along for the ride, but not at the same pace as oil, as natural gas gave back some 76 per mmbtu in value to crude oil prices. Natural gas received its first technical boost early this morning once the Wednesday's highs at \$6.90 were breached. Prices

continued to push higher through the morning before finally meeting resistance at midday up at \$7.36, which was the upper limits of the downward trending channel of the past three months. This seemed to



put the brakes on the rally and prices then moved in a sideways 10-cent trading range for the remainder of the day. Volume today was excellent with over 210,000 combined adjusted futures and swaps Henry Hub contracts trading today, with strong activity not only in the 2009 contract months but in the 2010 months as well, as this calendar strip saw its best trading volume since October 17th.

The combined adjusted open interest in the Henry Hub futures and swaps contracts which had been declining for the prior six sessions, showed an uptick on Monday by 4800 lots with two thirds of the gains coming in the 2009 calendar months.



declining for the prior six sessions, showed an uptick on Monday by 4800 lots with two thirds of the gains coming in the 2009 calendar months.

If the December contract is able break out of its three-month channel this market could see some technical buying that could drive prices back toward the \$8.00 price level. We would see initial resistance tomorrow at the upper channel line at \$7.322-\$7.36, followed by minor resistance at \$7.441 and \$7.662. More significant resistance we see at \$7.829, \$8.32 and \$8.811. Support we see

tomorrow at \$6.90, \$6.80 and \$6.668. Additional resistance we see at \$6.398, \$6.33, \$6.24 and \$5.878.

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