



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 5, 2008

NATURAL GAS MARKET NEWS

The National Hurricane Center reported today that a low-pressure system in the southwestern Caribbean had more than a 50% chance of developing over the next 48 hours into a tropical depression. While the storm is currently headed north/northwestward it is expected to turn toward the northeast and head towards Cuba before it then begins to run into unfavorable wind shear conditions.

The U.S. Minerals management Service reported today that it estimated that 18.9% of the oil production and 28.9% of the natural gas production in the Gulf of Mexico was still shut-in from Hurricanes Gustav and Ike. Some 113,647 b/d and 304 MMcf/d of production was returned to service since its last report on October 30th.

Bill Barrett Corp reported today that its first horizontal test well at Gothic Shale of the Paradox basin in southwest Colorado appears to hold a "significant" amount of natural gas.

Generator Problems

PJM – PSEG Nuclear's 1050 Mw Hope creek nuclear unit was at 96% capacity this morning up 9% from yesterday.

ERCOT – STP Nuclear's 1280 Mw South texas # 2 nuclear unit exited its refueling outage and ramped up to 50% by early Wednesday. The unit was shut by October 5th.

MRO – Exelon's 855 mw Quad Cities #1 nuclear unit was at 85% capacity this morning up 2% from Tuesday.

Xcel Energy's 593 Mw Prairie island #2 nuclear unit was at 72% capacity this morning up 15% from Tuesdya.

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.

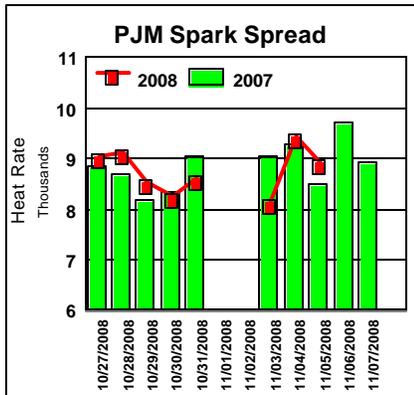
Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
Location	Traded	Price		(As of 12:30 PM)		Moving Avg
Henry Hub	960,000	\$6.936	\$0.142	(\$0.270)	\$0.294	(\$1.164)
Chicago City Gate	1,156,100	\$5.905	\$0.021	(\$1.301)	\$0.104	(\$0.733)
NGPL- TX/OK	631,800	\$5.585	\$0.046	(\$1.621)	\$0.129	(\$1.090)
SoCal	311,800	\$5.131	\$0.533	(\$2.075)	\$0.616	(\$2.713)
PG&E Citygate	651,200	\$6.302	\$0.144	(\$0.904)	\$0.227	(\$0.671)
Dominion-South	294,800	\$7.052	\$0.178	(\$0.154)	\$0.261	(\$0.019)
UStTrade Weighted	17,331,900	\$6.092	\$0.211	(\$1.114)	\$0.29	(\$1.164)

Devon Energy said today that it still plans to end 2008 with Barnett shale production of 1.2 bcf/d

Occidental petroleum's Chris Ball speaking at a Middle East

energy conference said today that efficient gas trading in the region might mean there was no need for a gas producers cartel, since gas prices are becoming linked to oil prices, which somewhat negates the rationale for a gas producers cartel. He said the region needs to move towards a hub pricing point

for natural gas, similar to what Henry Hub provides in the U.S. Shell's executive vice president said that just in the last 12 months the growth of LNG spot trading has been very marked, not just in the Middle East but worldwide. He noted that it will become a significant factor in shaping gas trading regionally and internationally.



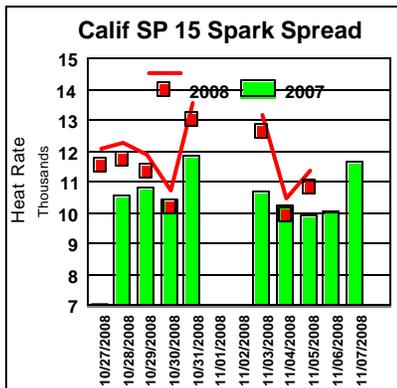
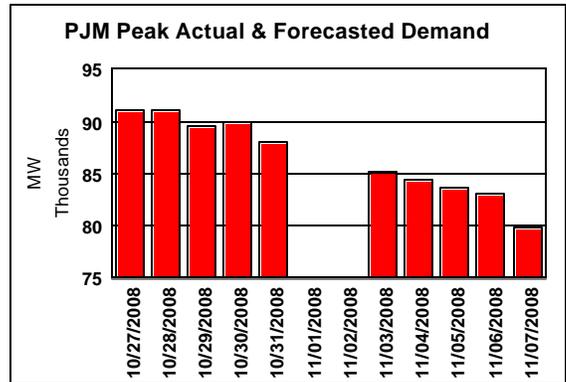
Spectra Energy reported that it has successfully completed the expansion of its natural gas gathering system in the Grizzly Valley area of British Columbia. The project represents the third phase of expansion connected to the Pine River processing Plant and includes 17 km of new pipeline and an additional 40 MMcf/d of gas gathering capacity, along with modifications at the Pine River facility

Economic news continues to be dismal. The Institute for Supply Management today said its non-manufacturing index for October came in at 44.4 versus 50.2 in September. The level of 50 separates expansion from contraction. Economists had been looking for a

reading of 47.5. But probably the most bearish news on the day came from the ADP monthly jobs report, which showed that U.S. private employers cut a larger than expected 157,000 jobs in October, and revised the September job los number from 8,000 jobs to 26,000.

PIPELINE MAINTENANCE

Trunkline Gas Company said there will be an outage at the Longville Compressor Station to perform electrical work on Unit 4522 on November 10th. The work is expected to last two days, but no anticipated impact to shipper nominations is expected.



Kern River Gas Transmission said its expansion of the Centennial delivery meter will be completed today. As a result nominations and confirmations of up to 193,000 Dth/d, an increase of 93,000 Dth/d.

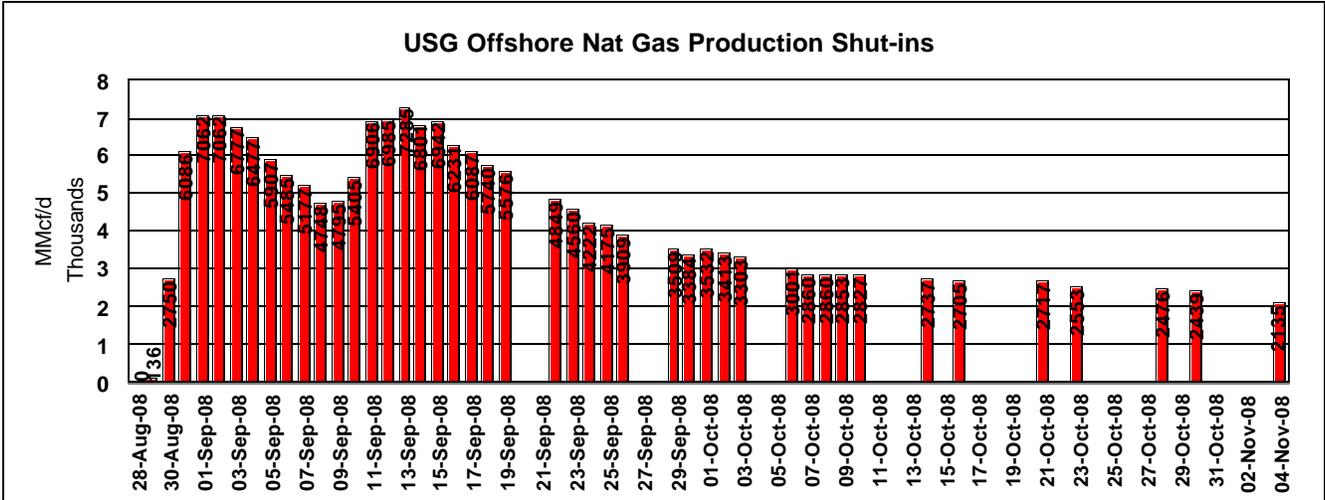
Gulf South said it will be performing scheduled maintenance at the Carthage Junction Compressor Station on the expansion turbine Units #5 and #6. The work will take place on one unit at a time. The work was to begin today and last through Thursday. Capacity at the station could be limited to 1,100,000 Dth/d.

PIPELINE RESTRICTIONS

KMIGT said that effective for today's gas day and until further notice the pipeline is at capacity for delivered quantities to NNG Milligan. Based on the current level of nominations, IT/AOR and secondary quantities are at risk of not being delivered.

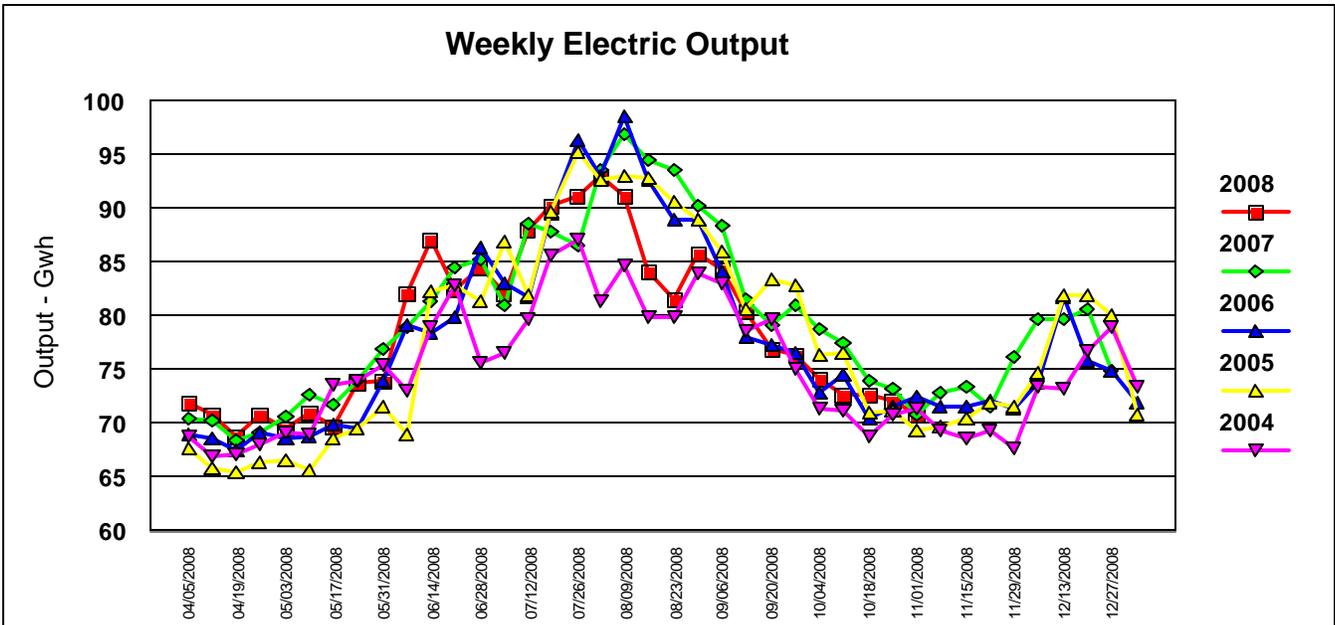
CIG said that it has lifted the underperformance cap on the Hatch Gulch interconnect.

FGT said that due to total line pack being lower; it may have to issue an Overage Alert Day on one of the upcoming gas days.



ELECTRIC MARKET NEWS

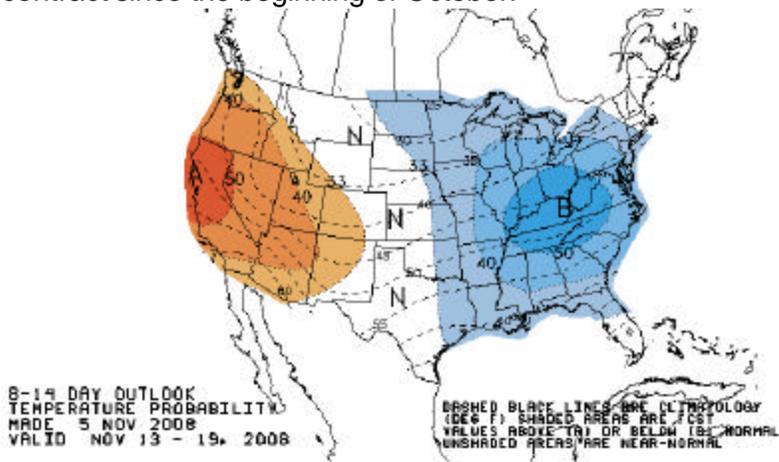
The Edison Electric Institute reported that for the week ending November 1st, power production in the United States stood at 70,879 Gwh, down 1.66% from the prior week but up just marginally over a year ago at 0.08%.



MARKET COMMENTARY

The natural gas market quietly took a back seat today and watched the fireworks in the financial markets as well as in the oil market, as it posted an inside trading session for the first time since October 21st. The natural gas market this morning started out stronger helped by the outlook for approaching colder temperatures that was translating as well into higher cash market values. But the market was unable to break above yesterday's highs at \$7.36 and as oil prices began to quickly erode following the release of bearish inventory stats, natural gas moved lower by 20 cents. But the market did not match the losses on a BTU basis to the oil markets and by midday was bouncing back into

positive territory to finish the day a few pennies better, and post its highest settlement in the December contract since the beginning of October.



Market expectations for tomorrow's EIA Storage Report appear to be running between a 15-50 bcf build with the consensus looking for a 25 bcf build. The same week a year ago saw a build of 45 bcf while the five year average build is a 31 bcf.

Unless this market receives a significantly larger than expected build in tomorrow's EIA Storage Report we feel that this market continues to build its technical base of support and near

term wants to grind higher despite the outlook of poor economic news. As a result we would caution sellers to be patient and wait for a early season cold spell to pop this market higher back towards the \$8.00 level before looking for an opportunity to establish shorts.

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