



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 8, 2007

NATURAL GAS MARKET NEWS

With the mammoth 1,600-mile Rockies Express Pipeline (REX) making its way eastward, liquefied natural gas (LNG) terminals scheduled to come on line in the Gulf Coast region over the next two to three years and increasing amounts of gas flowing from Texas basins, there will be a number of significant changes to the market, many of which aren't yet appreciated, said Bentek Energy LLC CEO Porter Bennett.

BP CEO, Tony Hayward commented that the relationship between natural gas and crude oil prices would return to a more typical pattern over the next two to three years. Typically, crude oil trades at a price about six times that of natural gas, but this year, natural gas prices have not risen as much as crude and the premium is over 8 times that of natural gas.

Prompt British gas and power prices eased slightly in late trading today, eroding early gains driven by a storm in the North Sea. Day ahead gas dipped by 0.25 pence per therm to 43.75 pence, off an early high of 46.40. Gas storage levels in Britain and Belgium stood at 99% full in the week to November 5, up from 98% full the previous week. Belgium and Britain together held 4.185 billion cubic meters, up from 4.111 bcm.

EIA Weekly Report

	11/02/2007	10/26/2007	Net chg	Last Year
Producing Region	1063	1046	17	1010
Consuming East	2017	2004	13	1967
Consuming West	465	459	6	469
Total US	3545	3509	36	3446

*storage figures in Bcf

Generator Problems

ECAR – American Electric Power's 1,107 Mw Cook #2 nuclear unit ramped up to 48% power. Yesterday, the unit was operating at 25% power. Cook #1 continues to operate at full power.

ERCOT – TXU's Sandown #4 coal-fired power station shut for maintenance on the boiler. The unit is expected to return to service tomorrow.

NPCC – New York Power Authority's 264 Mw Blenheim-Gilboa pumped storage hydro power station returned units 2, 3 and 4 to service, while unit 1 remains shut for a major overhaul.

Canada – Ontario Power Generation's 490 Mw Nanticoke #7 coal-fired power station shut for short term work today.

The NRC reported that 81,298 Mw of nuclear capacity is online, up .33% from Wednesday, and up 2.54% from a year ago.

Gazprom will charge Ukraine market prices for its natural gas exports from 2011. Ukraine, a former Soviet republic that has set out ambitions for integration with the West, currently pays around \$130 per 1,000 cubic meters of gas. The global market price for gas is around \$230 per 1,000 cubic meters.

PIPELINE MAINTENANCE

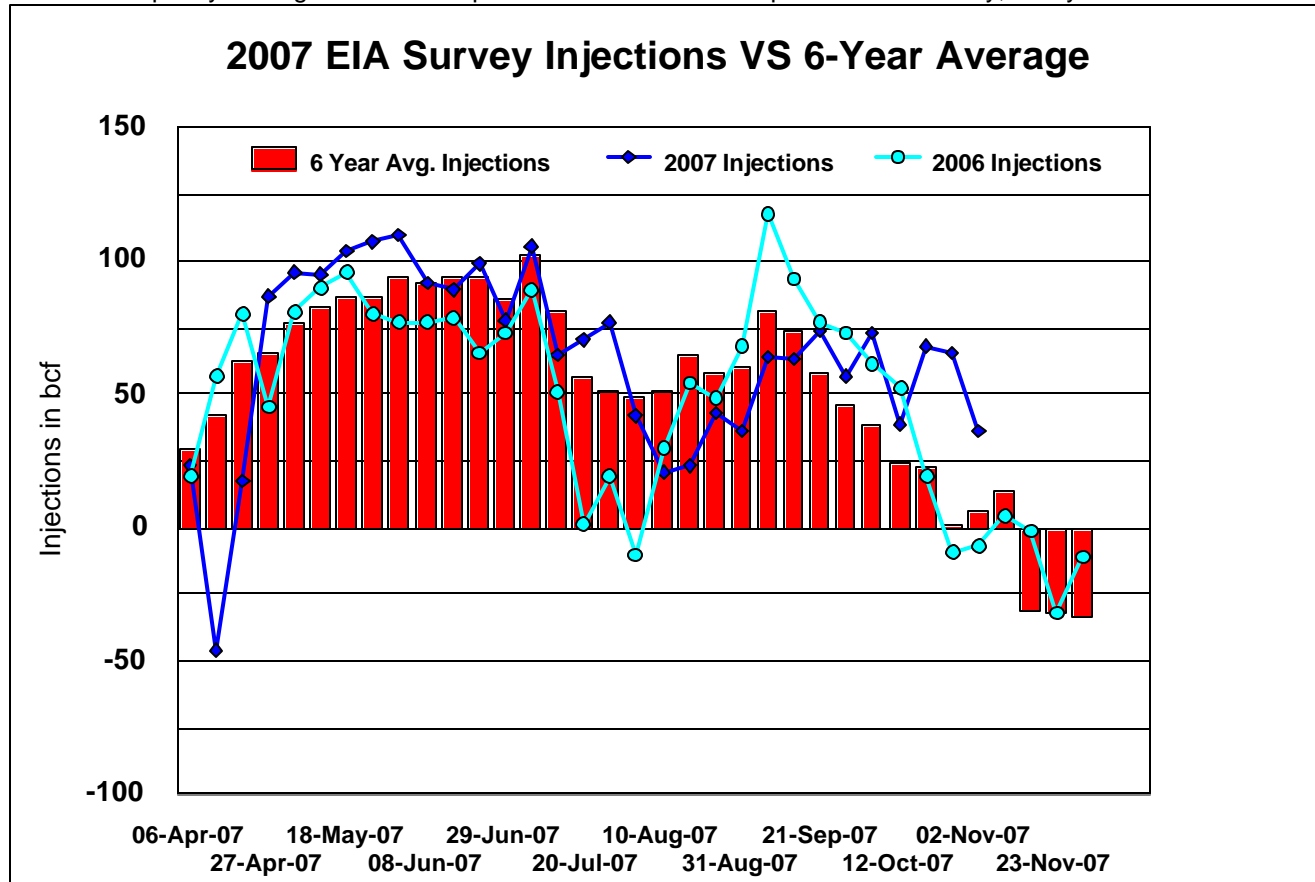
ANR Pipeline said that it will begin engine maintenance at its St. John Compressor Station in Indiana, located in the Northern Fuel Segment. Based on current nominations along the Michigan Legs, it is anticipated that the above reductions may result in the curtailment of IT and Firm Secondary nominations.

Colorado Interstate Gas Company said the Elk Basin Compressor Station will have one unit out of service November 26-30 and capacity will be reduced from 105 to 70 MMcf/d. The Kim Compressor Station will be out of service November 13 and capacity will be reduced from 414 to 355 MMcf/d.

El Paso Natural Gas Company said that Washington Ranch Unit #1 will be unavailable for injection until November 11 due to unscheduled maintenance. In San Juan Basin and San Juan Mainline maintenance, White Rock Inverter Replacement will be conducted November 15. In Havasu Crossover maintenance, Alamo Lake 1A will have a component exchange November 26-29. From an estimated base capacity of 620 MMcf/d on the Havasu Crossover, estimated capacity reductions will be 23 MMcf/d.

PIPELINE RESTRICTIONS

Cheyenne Plains Gas Pipeline Company has returned to full service. After a September 16 fire caused substantial damage to yard piping and instrumentation at its facilities near Cheyenne, Wyoming, Cheyenne Plains was forced to shut-in service completely for a brief period, but then returned to a free-flow service with reduced capacity on September 17. During the interim period, Cheyenne Plains made incremental increases in available capacity through use of compression from other companies. Yesterday, Cheyenne Plains resumed



transporting natural gas out of the Rockies at its full capacity of more than 870 MMcf/d using on-system compression.

Florida Gas Transmission said that 30-degree weather is currently in North Florida and is forecasted again tonight; therefore, customers in FGT's Market Area are notified that there is the potential that FGT may issue an Overage Alert Day on one of the upcoming gas days. If an Overage Alert Day is issued, FGT believes there is a low probability for the need to interrupt previously scheduled Market Area ITS-1 service.

ELECTRIC MARKET NEWS

The Bonneville Power Administration expects the north-to-south capacity to jump to 3,900 and 4,800 Mw on Friday. Then, on Monday the cap on the AC lines will be 4,800 Mw followed by 3,800 Mw Tuesday through next Friday.

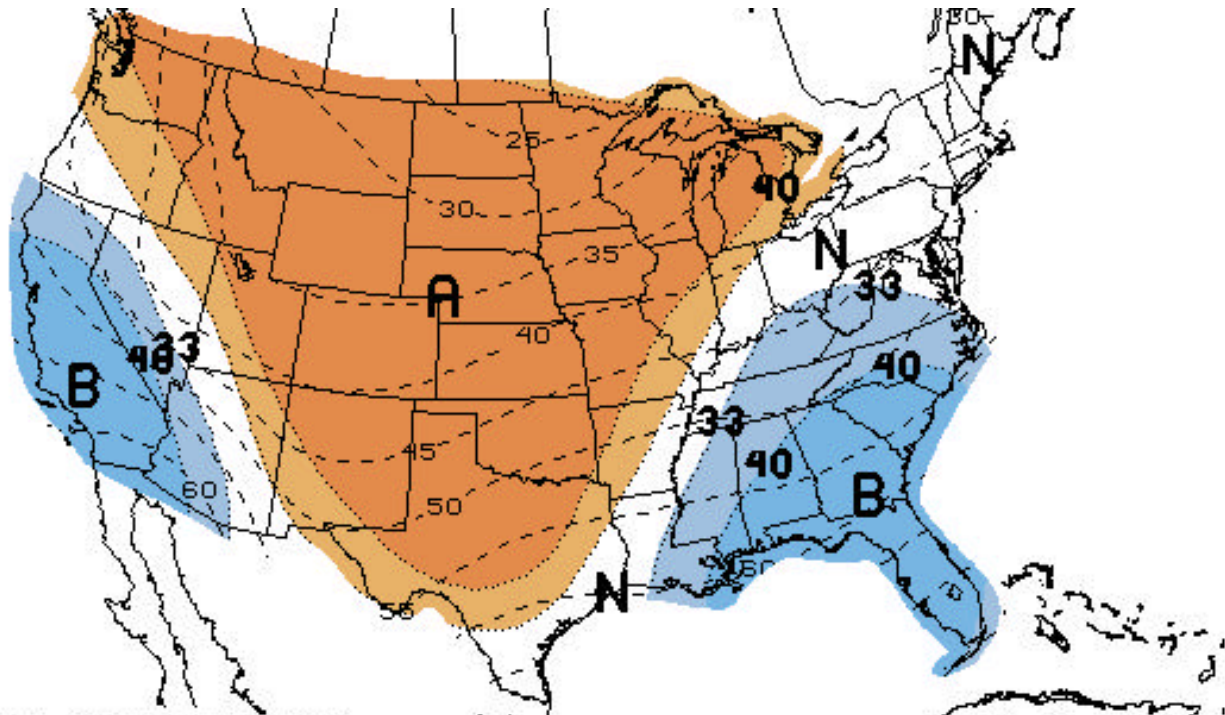
Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
Location	Traded	Price		(As of 12:30 PM)		Moving Avg
Henry Hub	2,013,600	\$6.805	(\$0.613)	(\$1.181)	(\$0.662)	(\$1.276)
Chicago City Gate	1,218,100	\$6.406	(\$0.616)	(\$1.214)	(\$0.659)	(\$1.156)
NGPL- TX/OK	953,100	\$5.999	(\$0.569)	(\$1.621)	(\$0.612)	(\$1.644)
SoCal	1,124,700	\$6.267	(\$0.498)	(\$1.353)	(\$0.541)	(\$1.483)
PG&E Citygate	376,700	\$6.747	(\$0.329)	(\$0.873)	(\$0.372)	(\$0.911)
Dominion-South	511,900	\$7.244	(\$0.689)	(\$0.376)	(\$0.732)	(\$0.539)
Transco Zone 6	260,900	\$7.576	(\$0.900)	(\$0.044)	(\$0.943)	(\$0.211)

PPL Renewable Energy will develop and install a 4.8 Mw methane-to-electricity power generation system at the Moretown Landfill in Moretown, Vermont. Moretown Landfill will provide 2.4 million cubic feet of methane gas every day to power Caterpillar generators at the 200-acre facility.

American Electric Power announced that RWE AG, one of the world's leading power producers and the largest electricity producer in Germany, will collaborate with AEP and Alstom during a planned validation of commercial-scale application of carbon capture and storage technology on an existing AEP coal-fired power plant. The Alstom technology will be installed on AEP's 1,300 Mw Mountaineer Plant in New Haven, West Virginia.

MARKET COMMENTARY

The natural gas market was under pressure this morning in anticipation of another above average build to stocks. The EIA reported that 36 Bcf was injected into the ground slightly higher than the majority of expectations and increasing the all time record amount of gas in storage to 3,545 Bcf. The front month contract traded to a low of 7.504, but as we stated yesterday, that key 7.50 level remained stubborn. Natural gas, despite the overwhelming bearish fundamentals and even weakness in crude oil, showed a technical rally toward the end of the session to



8-14 DAY OUTLOOK TEMPERATURE PROBABILITY MADE 8 NOV 2007 VALID NOV 16 - 22, 2007 DASHED BLACK LINES ARE CLIMATOLOGY (DEG F) SHADED AREAS ARE FCST VALUES ABOVE (A) OR BELOW (B) NORMAL UNSHADED AREAS ARE NEAR-NORMAL

trade to positive territory and to a daily high of 7.754. The December contract finished the session up 8.9 cents at 7.713.

NYMEX Nat Gas Options Most Active Strikes for November 8, 2007								
Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LN	1	8	C	11	12/26/2007	0.0688	3,165	57.27
LN	12	7	C	8.5	11/27/2007	0.1017	2,595	48.83
LN	4	8	C	8.5	03/26/2008	0.4971	2,400	36.86
LN	4	8	C	10	03/26/2008	0.2207	2,400	40.95
LN	4	8	C	11	03/26/2008	0.1299	2,200	42.87
LN	12	7	P	7	11/27/2007	0.0753	2,161	47.58
LN	1	8	C	9.5	12/26/2007	0.2154	2,100	53.27
LN	4	8	C	12	03/26/2008	0.0789	2,100	44.62
LN	1	8	P	7	12/26/2007	0.1508	2,025	50.96
LN	1	8	C	13	12/26/2007	0.015	2,000	60.91
LN	1	8	C	8.5	12/26/2007	0.448	1,971	49.09
LN	1	8	C	8	12/26/2007	0.6432	1,912	46.66
LN	4	8	P	7.5	03/26/2008	0.6305	1,900	45.68
LN	1	8	C	12.5	12/26/2007	0.0216	1,850	59.99
LN	1	8	P	8	12/26/2007	0.5329	1,807	54.03
LN	2	8	C	10	01/28/2008	0.3102	1,700	53.94
LN	1	8	C	9	12/26/2007	0.3105	1,553	51.27
LN	3	8	P	7.9	02/26/2008	0.7854	1,550	54.53
LN	3	8	C	7.9	02/26/2008	0.9145	1,550	43.27
LN	12	7	C	8	11/27/2007	0.2199	1,534	46.47
LN	5	9	C	8	04/27/2009	0.9967	1,500	11.86
LN	12	7	P	7.5	11/27/2007	0.2288	1,356	48.80
LN	1	8	C	10	12/26/2007	0.1503	1,355	55.13
LN	10	8	C	12	09/25/2008	0.4523	1,300	42.57
LN	3	8	C	8	02/26/2008	0.873	1,260	43.75
LN	12	7	P	6	11/27/2007	0.0024	1,200	47.68

Total storage is now 99 Bcf above last year's levels for the same week and 291 Bcf above the five-year average. After a 12% slide in the previous four session, the market was over sold and with such strong support at the 7.50 level, technical traders had the upper hand as short covering drove the market into the close. Upside momentum will be very limited given the mild forecasts and glut of gas in the ground though significant downside penetration is also highly unlikely. We see resistance at 7.80, 7.921, 8.088, 8.40 and 8.60. We see support at 7.50, 7.452, 7.338, 7.20 and 7.00.