



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 14, 2007

NATURAL GAS MARKET NEWS

Of the 64 investigations that FERC's enforcement staff completed in the past two years, more than 70% (47 cases) were closed without any sanctions being imposed on energy companies, the agency's Office of Enforcement (OE) said in a report issued Wednesday.

The Coos County Board of Commissioners in Oregon unanimously approved Jordan Cove Energy Project's application for an Administrative Conditional Use permit to construct an LNG receiving and storage facility on industrial zoned land located in the International Port of Coos Bay.

PIPELINE MAINTENANCE

Alliance Pipeline has updated its maintenance plan for Irma Compressor Station today. Inspections and maintenance require the Irma Compression Station to be offline for 36 hours starting at 11:00 AM on November 14. System throughput (AOS) will be impacted for today and tomorrow.

PIPELINE RESTRICTIONS

Questar Pipeline Company is posting an Operational Flow Order for its Clay Basin Storage ISS shippers. All ISS shippers with a negative inventory balance as of October 31 resulting from month-end allocation of storage fuels must transfer gas in place to bring the inventory to zero by the end of business on November 30.

ELECTRIC MARKET NEWS

The Edison Electric Institute reported that electricity demand in the continental U.S. was up 1.9% in the week ended November 10, compared with the same week last year. The continental U.S. used 72,953 GWh of electricity, about a 3% increase from the previous week.

The Midwest ISO, which operates the power grid in the midwestern part of North America, will exclude the invalid real-time power prices of over \$50,000 per megawatt hour Wednesday morning. The spokesman said the ISO inadvertently approved of an invalid input that produced the bad price. He noted that the ISO would not bill any of the power traders at that level for that hour. Traders complained that this was about the fourth time this happened in about two months.

Generator Problems

ECAR – DTE Energy's 1,122 Mw Fermi #2 nuclear unit exited a refueling outage and is warming up offline at 2% power.

MAPP – Xcel Energy's 600 Mw Monticello #1 nuclear unit reduced output to 81% power. The unit was operating at 91% power yesterday.

NPCC – Entergy's 825 Mw FitzPatrick nuclear unit returned to full power. Yesterday, the unit was operating at 84% power.

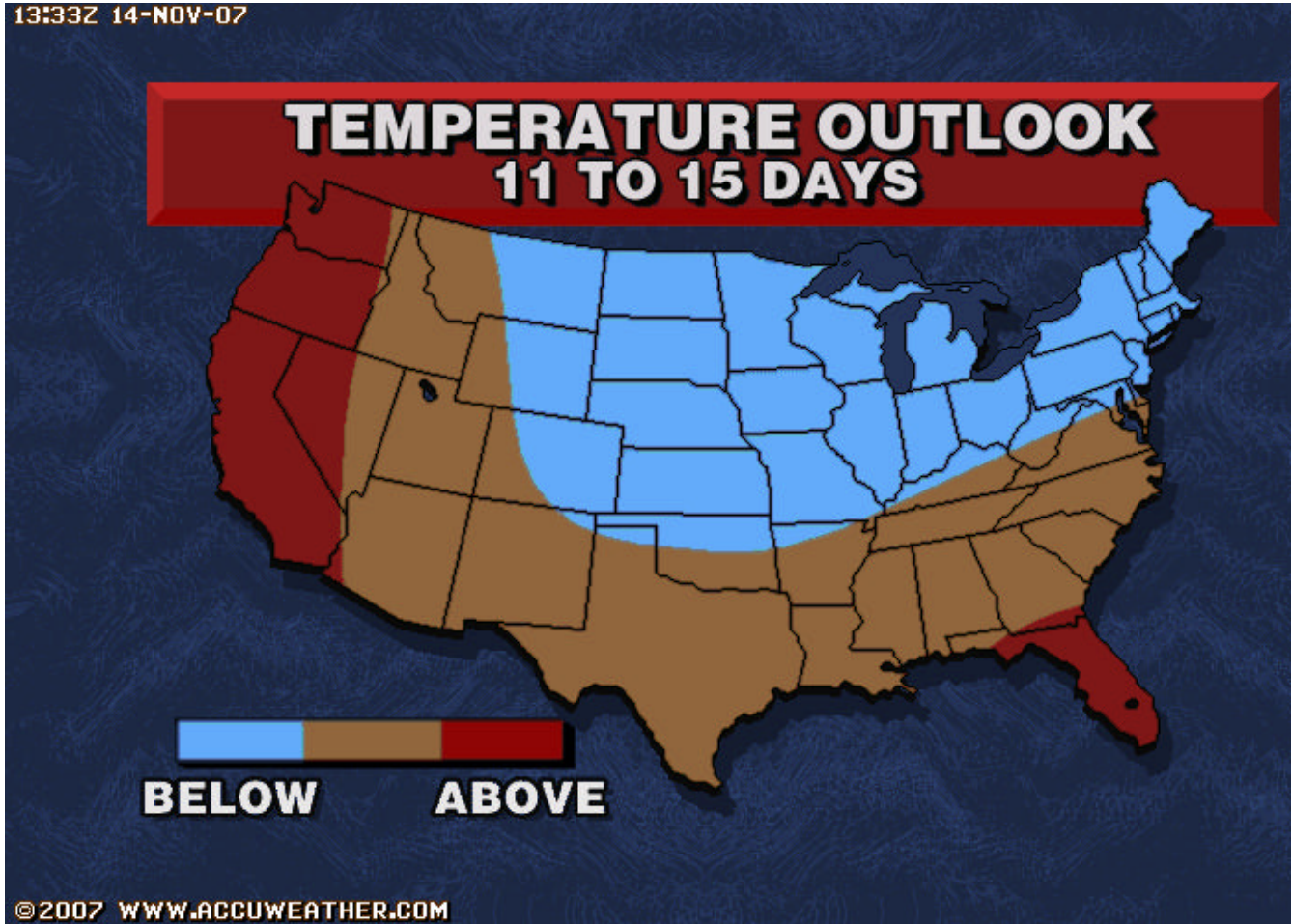
SERC – Southern Nuclear's 888 Mw Farley #1 power unit reconnected to the grid and ramped up to 30% power. Yesterday, the unit was operating at 1% power. Farley #2 continues to operate at full power.

TVA's 1,100 Mw Browns Ferry #1 nuclear unit is still offline, warming up at 13% power. Browns Ferry #2 and #3 remain at full power.

Canada – Ontario Power Generation's 535 Mw Lennox #3 oil and natural gas fired power station shut for short-term work today. The unit is expected to return from service in about a week.

The NRC reported that 84,962 Mw of nuclear capacity is online, up .39% from Tuesday, and up 3.64% from a year ago.

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The North American Electric Reliability Corp. said that the outlook for electricity reliability for the coming winter season is good. Though winter peak demand is projected to increase by more than 2% over last year's projections in many regions and capacity margins to decline by about half a percent overall, every region reports projected capacity margins well above target levels. Fuel inventories for electricity generation, both natural gas and coal, are also projected to be very strong over the winter months.

MARKET COMMENTARY

The natural gas market again showed early strength, trading above the 8.00 level to a high of 8.07, supported by some near-term cold air and a bouncing crude oil market, but as the pattern this week shows, that early strength has floundered as the market continues to focus on record storage. The December contract succumbed to supply pressure and returned its early gains to trade to a low of 7.775 before settling down 11.4 cents at 7.835.

The recent cold snap in the Northeast and Midwest could bring the first withdrawal of the season in tomorrow's EIA inventory report. Expectations call for a draw of 15 Bcf to a build of 5 Bcf, compared with a 9 Bcf five-year average build for this report. Despite the potential for the first draw of the season, early expectations for next week's report call for an offsetting build, thus leaving total stocks basically unchanged into the Thanksgiving Holiday. We feel that the market will continue in its current range, 7.50 to 8.50. We see support at 7.689, 7.584, 7.50, 7.393 and 7.20. We see resistance at 8.00, 8.174, 8.278, 8.70 and 9.00.