



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 14, 2008

NATURAL GAS MARKET NEWS

AccuWeather forecaster Joe Bastardi this morning noted that there will be four different shots of cold air that will move into the Midwest and Northeast over the next 10-15 days followed by moderating temperatures that will spread across the nation for the Thanksgiving period. But after this respite he sees a two to three week period of much colder than normal temperatures over much of the nation from the Plains eastward for December 5-25. He noted that this could result in the coldest December pattern since December 2000.

Baker Hughes reported that some 1,498 drilling rigs were searching for natural gas in the United States, down 41 rigs on the week. This was the smallest number of drilling rigs search for natural gas in the U.S. since June of this year.

EIA Weekly Report

	11/07/2008	10/31/2008	Net chg	Last Year
Producing Region	965	938	27	1063
Consuming East	2041	2010	31	2006
Consuming West	461	457	4	469
Total US	3467	3405	62	3538

*storage figures in Bcf

On the economic front, Reuters/University of Michigan Surveys of Consumers' November preliminary consumer sentiment index rose to 57.9 from October's final reading of 57.6. This rebound seems to have been driven by the falling costs of energy. The Economic Cycle Research Institute said its measure of future economic growth in the United States edged up in the previous week but its annualized growth rate set a historic low, falling to its lowest level of -25.9. The ECRI has been

Generator Problems

NPCC – OPG's 535 mw oil and gas fired Lennox #1 power plant returned to service this morning. The unit shut back on November 3rd.

Entergy's 535 Mw Vermont Yankee 535 mw nuclear unit was back at full power this morning, up 10% from Thursday.

PJM – Dominion Resources said its 914 Mw North Anna #2 nuclear unit had ramped up to 74% capacity this morning, up 45% from yesterday.

PSEG Nuclear's 1174 Mw Salem #1 nuclear unit had exited its refueling outage and was up to 48% power this morning.

ERCOT – Luminant's planned work on a auxiliary boiler on the coal fired 750 Mw unit #3 at the Monticello power plant may force operators to take the unit off line on November 14th

SERC – Duke Energy's 1100 Mw McGuire #1 nuclear unit was at 54% power this morning, up 25% from Thursday.

TVA's 1125 Mw Sequoyah #2 nuclear unit was at 94% capacity this morning up 92% from yesterday.

WSCC – Energy Northwest plans to shut its 1131 Columbia nuclear unit for 5 days of maintenance to fix steam line valves starting this weekend.

MRO – Ameren's 1190 Mw Callaway nuclear unit was at 91% power today up 54% from Thursday.

FPL's 514 Mw Point Beach #2 nuclear unit was at 28% capacity this morning up 26% from yesterday.

CalISO reported today that some 11,800 Mw of generation was off line of which 49% were non-gas generating assets.

The NRC reported this morning that 84,278 Mw of nuclear generation capacity was on line, up 4% from yesterday and 2.3% less than the same time a year ago.

releasing this data since 1949. The U.S. Commerce Department reported this morning that stocks of unsold goods at U.S. businesses unexpectedly fell a seasonally adjusted 0.2% in

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	854,400	\$6.327	\$0.014	\$0.144	(\$0.149)	(\$0.655)
Chicago City Gate	831,200	\$6.111	\$0.124	(\$0.072)	\$0.158	(\$0.007)
NGPL- TX/OK	652,300	\$5.745	\$0.085	(\$0.438)	\$0.119	(\$0.370)
SoCal	293,900	\$3.820	(\$0.716)	(\$2.364)	(\$0.682)	(\$1.788)
PG&E Citygate	183,500	\$5.503	(\$0.157)	(\$0.680)	(\$0.123)	(\$0.464)
Dominion-South	260,400	\$6.450	\$0.082	\$0.267	\$0.116	\$0.315
UStTrade Weighted	15,075,300	\$5.353	(\$0.183)	(\$0.830)	(\$0.15)	(\$0.655)

September, while sales suffered another month of sharp declines. The 2.0% drop in sales followed a revised 2.2% fall in August, which previously had been reported at a 1.8% decline. Meanwhile the FDIC announced today its plan to modify about 2.2 million home mortgage loans. The plan would offer financial incentive for mortgage servicers to modify loans and set affordable monthly payments for homeowners. The plan has an expected cost of \$24.4 billion but could prevent about 1.5 million foreclosures in the United States.

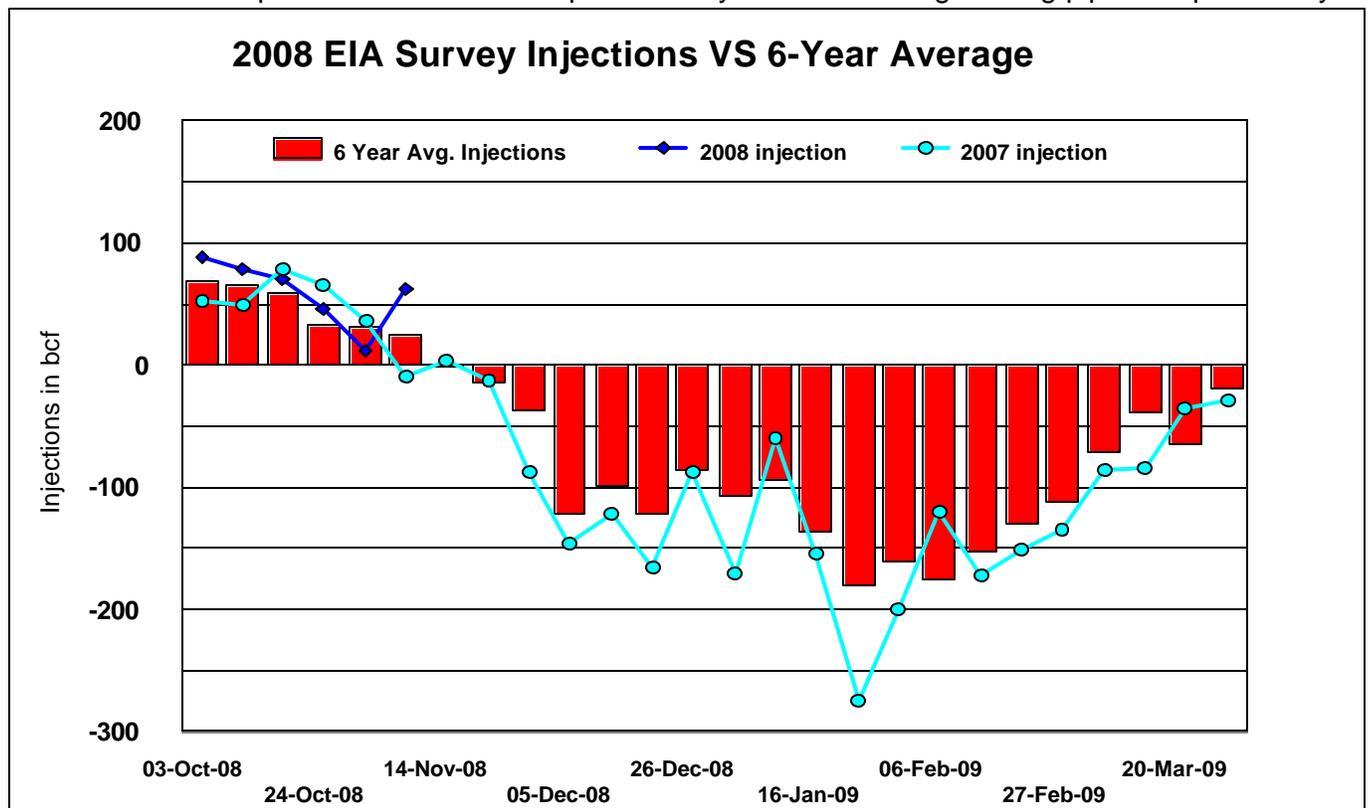
Canadian Gas Association

Weekly Storage Report

	07-Nov-08	31-Oct-08	09-Nov-07
East	232.6	233.6	245.0
West	344.8	339.0	347.0
Total	577.4	572.6	592.1

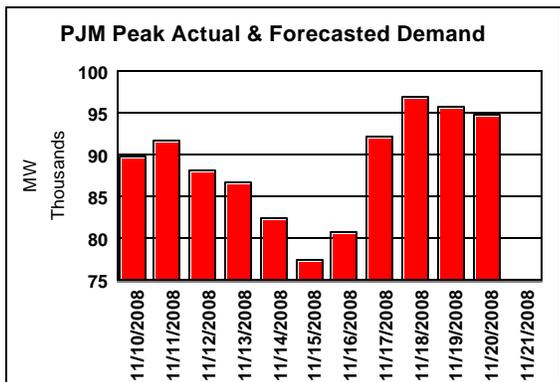
storage figures are in Bcf

The Oklahoma Corporation Commission reported today that a 20-inch gathering pipeline operated by



Engorex suffered a blast early Friday. The 36-year-old line had just been pigged on Wednesday. The company rerouted gas flows and as a result did not expect any effect to customer deliveries.

Austria's OMV reported it is in talks with BP and Shell to buy Azeri and Iraqi natural gas for transport through the planned Nabucco pipeline

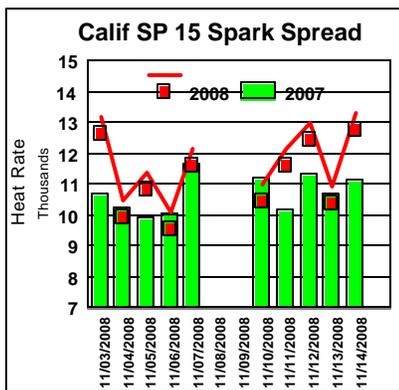
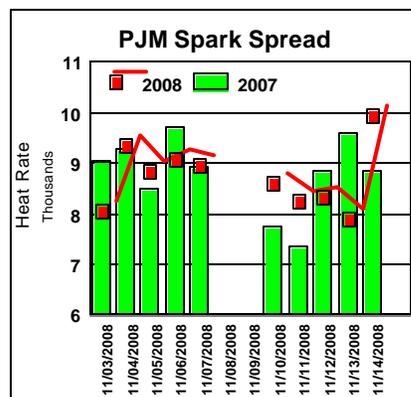


AISSLive ship tracking data this morning noted that two LNG ships were near the UK's Isle of Grain LNG terminal. One LNG tanker 126,000 tonne tanker was on course to arrive from Algeria on Saturday at the facility, while Centrica's LNG cargo from Qatar was expected to berth next week to commission new facilities at the terminal,

Russia's energy minister said today that ministers from gas exporting countries will gather in Moscow on December 23rd and are expected to approve a draft charter that is expected to be hammered out later this month. Russia, Iran, Qatar, Nigeria, Algeria and

Venezuela are all expected to participate.

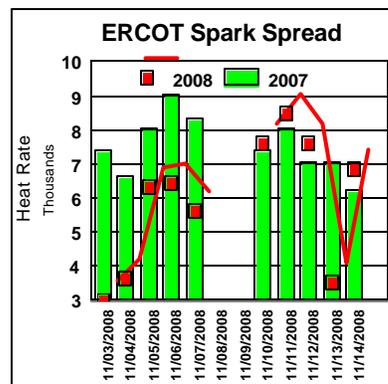
Indonesia's \$5 billion Tangguh LNG project will be delayed until next year a top Indonesian official said today. The facility is now expected to come on stream in the 2Q2009. Just last month top government officials said it would come on line early next quarter. Sempra has a 20-year contract to lift 3.6 million tpy of LNG from Tangguh, with the right to divert 50% of its volumes to customers other than its own new LNG terminal in Mexico. It bought the gas when long-term prices were below \$6.00 per Mmbtu and many companies thought the U.S. market offered the best long term opportunity.



Taiwanese officials said that Taiwan will again delay the opening of its second LNG import terminal due to pipeline problems and bad weather that delayed construction work. The 3 million tonne per annum terminal's start up has been delayed twice before and is now seen starting operations in the first quarter of next year. Taiwan this year is expected to import 9.1 million tonnes of LNG and these levels are expected to increase to 9.7 million next year.

PIPELINE RESTRICTIONS

KMIGT said that effective this past Thursday and until further notice the pipeline has 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 scheduled.



Northwest Pipeline said line pack on the northern portion of its system is very high and that Jackson Prairie is full with recent customer banking exacerbating the problem. The company has declared a General Entitlement for Underruns (5%) for receiving parties located north of the Kemmerer compressor station beginning November 15th. Although primary firm nominations are below design capacity, the company is keeping its OFO in effect through the Kemmerer compressor station

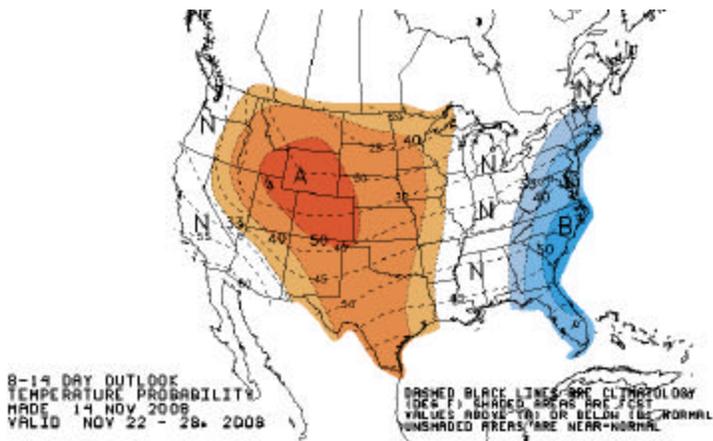
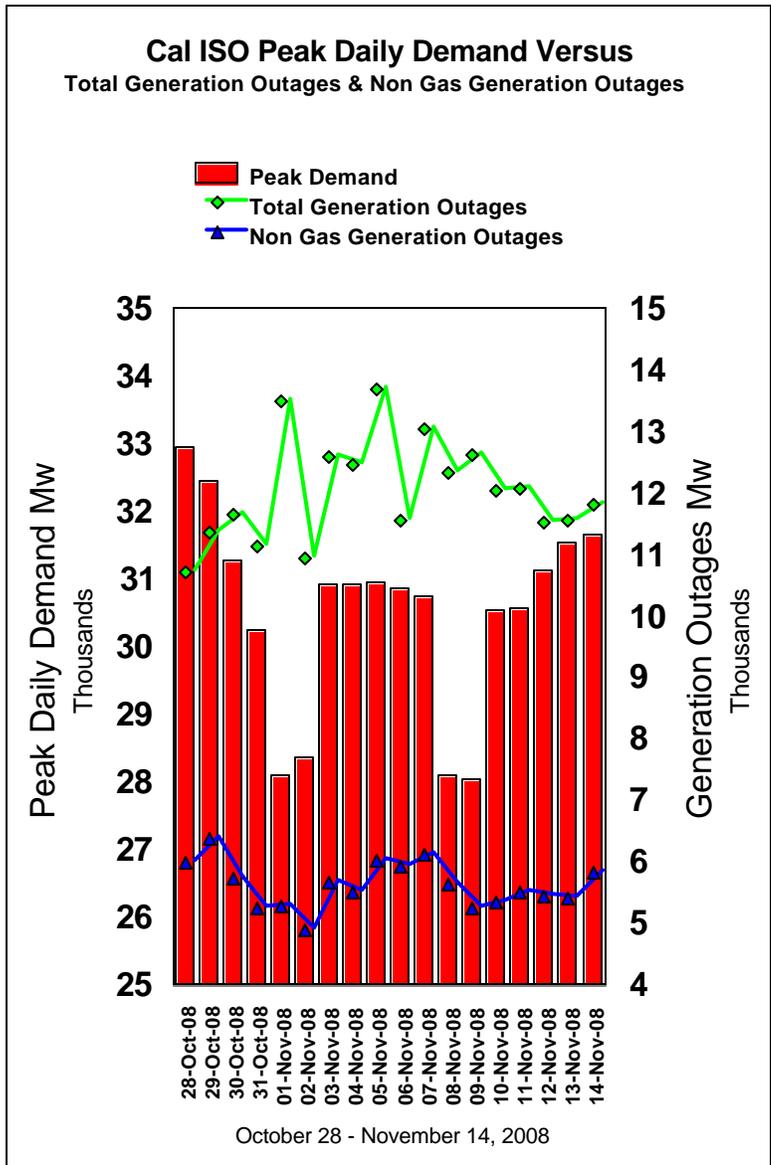
PIPELINE MAINTENANCE

NGPL said that from December 2-17 it will be installing T-sections near Station 343 (Jefferson Parish, LA) The work will require a reduced capacity in Segment 23 for the duration of the work. ITS/AOR, Firm Secondary Out of Path transports will not be available.

Gulf South said it will be performing unscheduled maintenance on Montpelier Compressor Station Unit #2 beginning immediately and continuing for approximately 5 days. As much as 75,000 Mcf/day could reduce capacity through the station during the work. The company also reported that it has completed scheduled maintenance on the Goodrich Compressor Station Unit #6 that began in mid July and was extended through the middle of this month

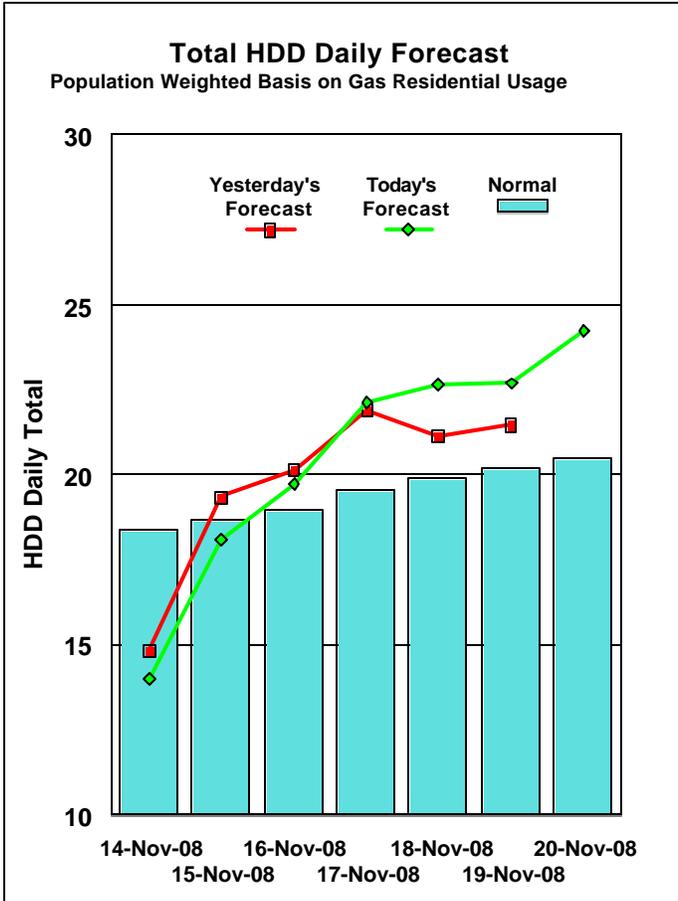
SONAT said it currently has one of its pipelines isolated between the Olga Platform and Toca Compressor Station for maintenance and that several impacted points: Bayou Gentilly, Delacroix, and Cox Bay will now return to service around November 21st once work is completed. The company had originally planned a November 14th completion date.

CIG said it has extended the unit outage at the Elk Basin Compressor Station until November 19th. The outage began on August 12 and had been expected to be completed today.



As a result of the work, operating conditions and system loading on the Big Horn Lateral/Wind River Lateral supporting deliveries to the Elk Basin and Grizzly delivery points may fluctuate resulting in the operationally available capacity at BHN ranging between 52 MMcf/d to 100 MMcf/d.

Questar Pipeline said that in order to coordinate compressor maintenance at Clay Basin with its contractor and to ensure that all units are available for compressed withdrawal in January 2009, if required, the



money strike.

The U.S. EPA late Thursday rejected a permit for a new coal fired power plant in Utah over the issue of its greenhouse gas pollution. The EPA ruled that it could not grant a permit without requiring the best available controls to limit carbon dioxide. Deseret Power, a group of six cooperatives wants to build the 110 Mw plant on the Uintah and Ouray Indian Reservation.

Genscape's coal burn index for the week ending November 13th rose 3% due to stronger power demand but fell 4% from the same week a year ago.

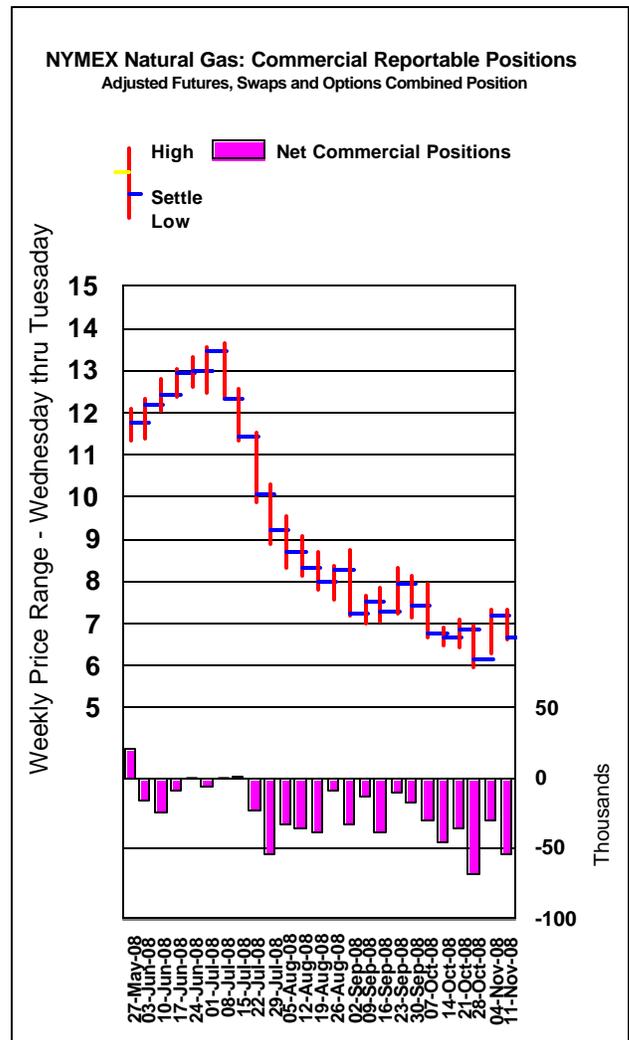
MARKET COMMENTARY

The natural gas market basically mirrored its price action from yesterday. While negative economic news and a bearish inventory report released this morning sent the market down to a new near term low in the December contract and a retest of the \$6.00 support level. But once again the \$6.00 price

company will take one additional unit out of service beginning November 14th. Available injection capacity will be reduced to 230 MDth/d, with 25 dtm/d available to PAL customers and 205 available to FSS/ISS customers.

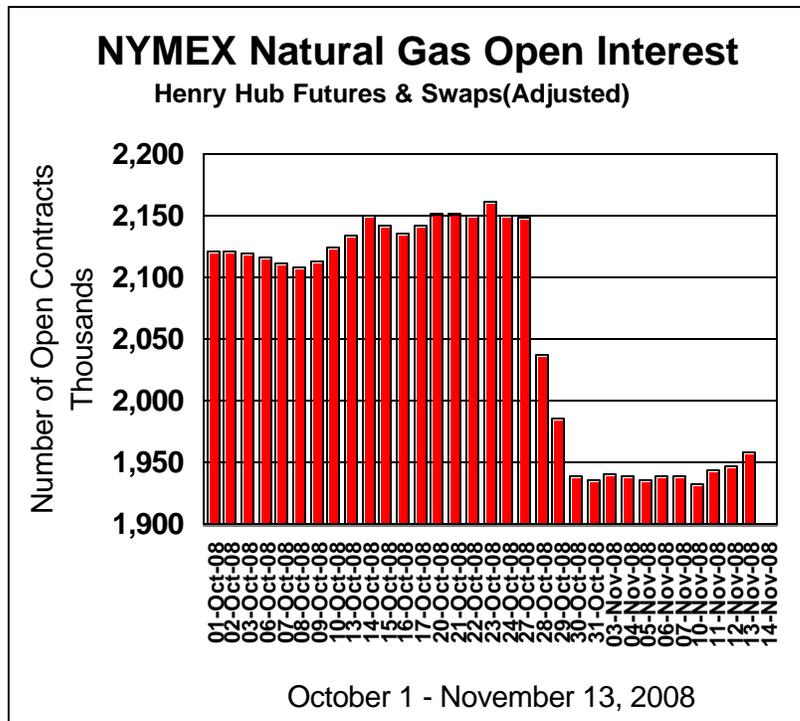
ELECTRIC MARKET NEWS

The CME Group announced yesterday that it will launch a Central Appalachian coal options contract, on Clearport and the NYMEX trading floor, beginning November 23rd for trade date of November 24. The American style options contract will be listed for the current year plus the next four years, beginning with the January 2009 contract. It will be 1550 tons in size with a minimum price fluctuation of a penny per ton. There will be five strike prices in increments of \$2.50 per ton above and below the at the

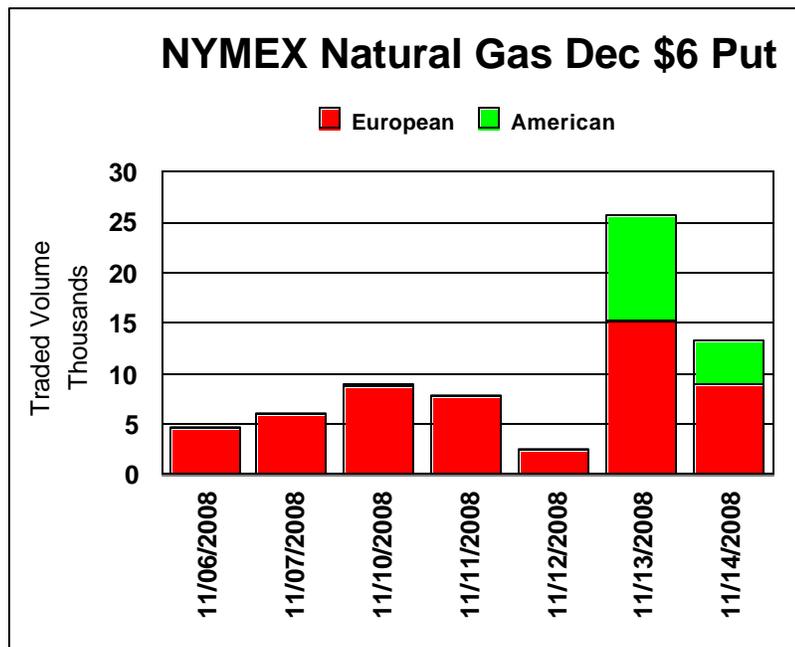


level held and the market clawed its way back in the afternoon to basically finish unchanged on the day despite the equity and oil markets finishing weaker. It appeared that stronger natural gas cash values outside of the western states coupled with stronger power prices in the east driven by the approach of colder temperatures this weekend and into next week helped this market rally back and finish once again for the third day in the \$6.30-\$6.40 area.

This morning's EIA Storage report was clearly above most market expectations and was clearly bearish. The build of 62 bcf allowed inventories to close the gap from a year ago's record high stocks and expand its surplus over the 5-year seasonal average as well. Early indications for next week's report are for a draw of 15 bcf to a build of 15 bcf.



Open interest reported at midday showed gains in all three Henry Hub contracts, futures up 5,162 lots and the Penultimate and Swap contracts up 11,459 and 14,110 lots respectively. As a result on an adjusted combined basis total open interest was up 11,554 contracts. This was the second gain this week in open interest of over 11,500 contracts, and all of these gains have to be seen as new shorts coming into the market. But counter to these potential short futures and swaps positions is the fact that



the December \$6.00 put which exploded in traded volume on Thursday as some 25,748 contracts changed hands between the European and American options, open interest in this strike declined by a combined 10,278 lots on the day leaving some 37,319 lots still open at that strike. Today while activity was down, it was still brisk with over 13,400 lots traded.

This afternoon's Commitment of Traders Report showed that the net reportable positions of commercials and non-commercials continue to fluctuate wildly from week to week. It appears that the commercials have once again moved back to a strong negative bias on the natural gas market, increasing their net short

combined adjusted position in the Henry Hub futures and swaps by 23,817 to 52,819. The market pattern has shown over the last six months that the market bias of the commercial sector has driven

the price direction of natural gas. Non-commercials flipped their bias back to a net long position on the week ending November 11th hold a net long position of 11,191 when just a week earlier they held a net short position of 16,100 lots. Smaller traders or those positions that fall below the reporting limits remains relatively stable with over 40,000 contracts net long.

The natural gas market next week appears will be driven by weather forecasts to start, but we feel that with the 8-14 day outlook quickly warming, as shown by tonight's NWS forecast, this market will feel the economic gloom weighing on the market and as a result the \$6.00 price support level will be breached sometime next week. We see initial support at \$6.094, followed by \$6.00-\$5.99. Additional support is at \$5.876 and \$5.61. Resistance we see at \$6.487, \$6.533, \$6.68 and \$6.829. With more distant resistance at \$7.10 and congestion tops at \$7.25-\$7.36.

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