



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 15, 2007

NATURAL GAS MARKET NEWS

Sticking to its earlier predictions, which are in line with a number of other forecasting firms, the National Oceanic and Atmospheric Administration (NOAA) said Thursday it still sees above-average temperatures this winter for most of the United States.

FERC proposed new rules designed to promote more efficient natural gas pipeline capacity release markets by easing certain restrictions on short-term capacity release transactions. FERC proposes to revise its regulations governing the release of firm capacity on interstate natural gas pipelines by permanently removing the rate cap on capacity release transactions of one year or less. By removing the rate cap for short-term capacity release transactions, FERC proposes to permit market-based pricing for short-term capacity releases.

Backers of the beleaguered Weaver's Cove liquefied natural gas (LNG) terminal proposed for Fall River, MA, recently released an economic analysis of the region's gas supply and demand outlook. The analysis says the project would lead to lower gas prices, as well as lower power prices since much of New England's power comes from gas-fired generators.

EIA Weekly Report

	11/09/2007	11/02/2007	Net chg	Last Year
Producing Region	1063	1063	0	1014
Consuming East	2002	2017	-15	1963
Consuming West	471	465	6	472
Total US	3536	3545	-9	3449

*storage figures in Bcf

Generator Problems

ECAR – DTE Energy's 1,122 Mw Fermi #2 nuclear unit shut automatically today as it was starting to exit a refueling outage.

MAPP – Xcel Energy's 600 Mw Monticello #1 nuclear unit ramped up to full power. The unit was operating at 81% power yesterday.

PJM – PSEG's 1,050 Mw Hope Creek nuclear unit remains offline at 15%. Yesterday, the unit was warming up at 8% power.

SERC – Duke Energy's 1,129 Mw Catawba #2 nuclear unit exited a refueling outage and ramped up to 10% power. Catawba #1 continues to operate at full power.

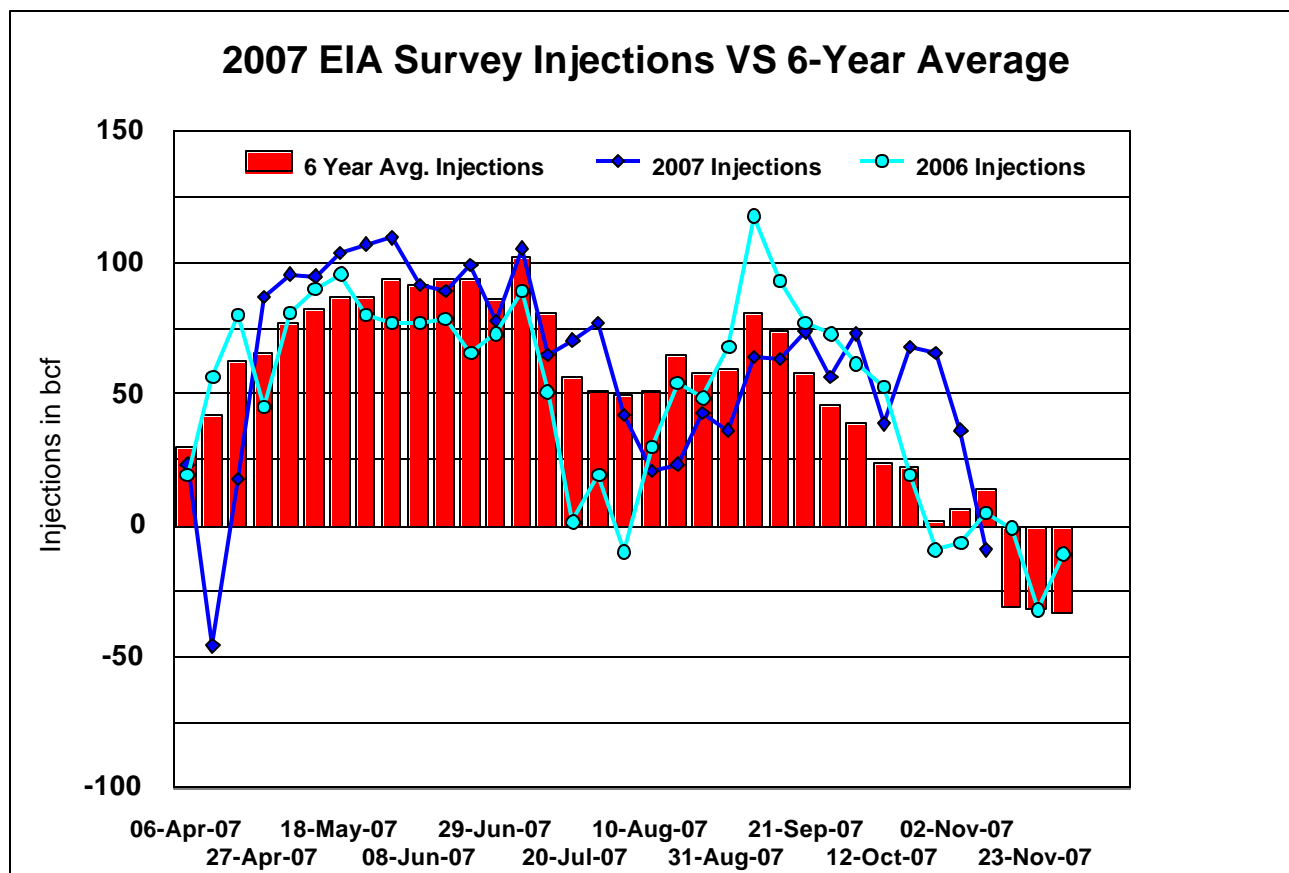
TVA's 1,155 Mw Browns Ferry #1 nuclear unit ramped up to 93% power today. Yesterday, the unit was operating at 13% power. Browns Ferry #2 and #3 continue to operate at full power.

Southern Nuclear's 888 Mw Farley #1 nuclear unit increased output to 49% power. Farley #2 continues to operate at full power.

The NRC reported that 86,309 Mw of nuclear capacity is online, up 1.59% from Wednesday, and up 7.00% from a year ago.

Next week's LNG tanker berthing slot at the U.K.'s Isle of Grain terminal will not be used by either of the companies holding the import capacity rights at the facility in southeast England. The November 22 berthing slot at the only place in Britain where standard LNG tankers can deliver gas into the national grid will not be occupied by BP or state-owned Algerian gas company Sonatrach.

France's Fos Cavaou LNG terminal will not come into operation until mid-2008, several weeks later than planned, the French state-owned utility Gaz de France said. GDF said the terminal would not begin operation until the middle of next year because of construction delays at the site on the south coast of France.



Australia's Woodside Petroleum has downgraded its production forecast for calendar 2008 to between 80 million and 86 million barrels of oil equivalent, compared with a projection of more than 100 million boe a year ago. Woodside's production for 2008 is expected to rise, however, from the 70 million to 71 million boe forecast for 2007

PIPELINE MAINTENANCE

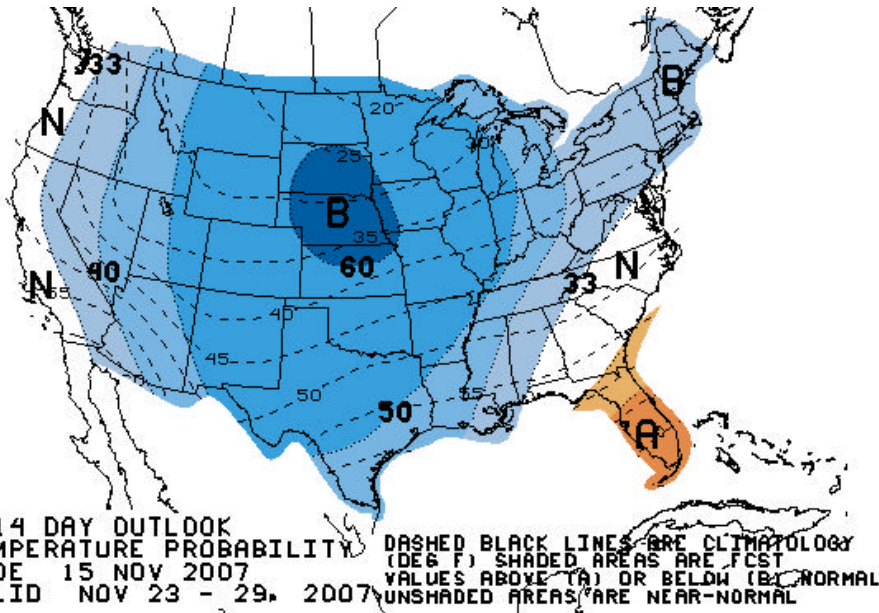
Gulf South Pipeline said that scheduled maintenance on Edna Compressor Station Unit #7 that began October 23 has been extended through November 30. Capacity through Edna Compressor Station could be reduced by as much as 50,000 Mcf/d during the maintenance.

El Paso Natural Gas Company said that the Alamo Lake #2A Force Majeure repairs are expected to be completed today and the unit returned to service on November 16. The force majeure impact will result in a reduction of 100 MMcf/d from an estimated base capacity of 620 MMcf/d on the Havasu Crossover. The estimated capacity reduction is 100 MMcf/d.

Natural Gas Pipeline Company said that it has completed its inspection of the impacted section of the Gulf Coast #3 Line in Segment 28, located in Jackson County, Illinois, between compressor stations 309 and 310. Natural has begun repairing the leak. At this time it is anticipated that the affected section of pipeline will be back in service sometime November 16. If repairs are completed on time, Natural may allow intraday increases for Friday's gas day depending on the level of nominations. Therefore, continuing until further notice due to the ongoing repairs ITS/AOR is not available, Firm secondary out-of-path and Firm secondary in-path are still at risk of not being fully scheduled.

PIPELINE RESTRICTIONS

PG&E California Gas Transmission has announced that a system-wide operational flow order is in effect on its California natural gas pipeline system for today's gas flow due to high inventory. Tolerance is set at 5%.



ELECTRIC MARKET NEWS

A group of Midwestern states and Manitoba plan to launch a carbon cap-and-trade program by 2010 as part of a broad plan to reduce greenhouse gas emissions and boost the production of renewable energy. Illinois, Iowa, Kansas, Manitoba, Michigan, Minnesota and Wisconsin will participate in the cap-and-trade program, while Indiana, Ohio and South Dakota will act as observers of the program. The GHG cap-and-trade program was developed with input from utilities and environmental groups. It was spurred in part by the failure of the federal

government to develop a national climate change strategy. Missouri, Nebraska and North Dakota are expected to join the other states and Manitoba in signing the broader pact, which includes a pledge to ramp up the Midwest region's use of renewable energy to 20% by 2020, 25% by 2025 and 30% by 2030.

FERC acted to improve reliability of the interstate transmission system by approving requests for transmission of the interstate incentives for new grid construction. The requests came from Southern California Edison for three proposed transmission projects in California and Arizona, and from Baltimore Gas and Electric for several transmission owner initiated projects in Maryland. FERC said the new projects will improve system reliability, reduce transmission congestion and provide lower-cost power to customers.

UniStar Nuclear Energy, a joint venture between Constellation Energy and The EDF Group, has submitted an application to the Maryland Public Service Commission for a Certificate of Public Convenience and Necessity for the potential construction of a new nuclear unit at Constellation Energy's Calvert Cliffs Nuclear Power Plant in Southern Maryland. The proposed unit would be a 1,600 Mw generating facility to meet increasing energy demand in the Mid-Atlantic region.

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	1,657,100	\$7.346	\$0.071	(\$0.362)	\$0.218	(\$1.490)
Chicago City Gate	988,900	\$6.822	\$0.469	(\$0.886)	\$0.686	(\$1.650)
NGPL- TX/OK	966,100	\$5.390	\$0.031	(\$2.318)	\$0.248	(\$2.422)
SoCal	903,100	\$4.989	(\$0.251)	(\$2.719)	(\$0.034)	(\$2.405)
PG&E Citygate	486,000	\$6.451	\$0.485	(\$1.257)	\$0.702	(\$1.498)
Dominion-South	645,900	\$8.066	\$0.389	\$0.358	\$0.606	(\$0.349)
Transco Zone 6	225,800	\$8.399	\$0.455	\$0.691	\$0.672	(\$0.119)

MARKET COMMENTARY

The natural gas market continued its bearish push, as the EIA announced that an expected 9 Bcf was taken from storage last week as the nation felt its first breath of cold air. The December natural gas contract sold off to a low of 7.657 as the season's first storage withdrawal in this morning's report did not prove constructive enough. Helping the bear's argument was a surprise build in the crude oil stocks, which ultimately pressured the entire energy complex. The front month finished the session down 13.5 cents to settle at 7.70.

The NOAA reaffirmed their stance that this heating season will experience above-average temperatures for most of the U.S., but in the near term, the cash market has showed some support, strengthening the basis. Also, the latest 11-14 day forecast calls for below normal temperatures for most of the nation, including the key gas

consuming regions of the Midwest and Northeast. With the prompt month near key support of 7.50, we feel that a test of that level will be a buying opportunity, especially ahead of the weekend. We see support at 7.573, 7.508, 7.358 and 7.20. We see resistance at 7.814, 7.964 and 8.042. We see further resistance at 8.34 and 8.70.