



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 16, 2007

NATURAL GAS MARKET NEWS

FERC Chairman Joseph Kelliher said Friday the agency is more interested in the energy industry complying with its rules and requirements than in collecting penalties, but this was not enough to allay the concerns of industry. Energy attorneys and industry representatives urged FERC to be more forbearing and patient as companies strive to comply with hundreds of rules, with some going as far as to suggest that FERC create an amnesty program for those who self-report their violations.

Recent spending patterns by North American natural gas producers indicate support for a New York Mercantile Exchange price of around \$7.50/Mcf to sustain development, especially in some of the more costly shale plays, according to an energy analyst with John S. Herold.

FERC approved an application from Transwestern Pipeline Co. LLC to extend its pipeline system 260 miles from its mainline in Yavapai County, AZ, to delivery points in the growing Phoenix market and to build 25 miles of pipeline looping on its existing San Juan Lateral.

Alaska Senate lawmakers late Thursday passed a bill to raise the state's tax on oil and natural gas producers from 22.5% to 25% of net profits, an increase sought by Gov. Sarah Palin. The Senate vote follows one in the House last Sunday approving a similar bill with the same increase.

Canadian natural gas exports are poised for a steady decline to zero over the next quarter-century if current market conditions persist, according to a new long-range forecast by the National Energy Board (NEB).

Dominion announced today a project to offer its customers increased access to new natural gas supplies expected from the Rocky Mountain region. Under the Dominion Hub III Project, existing firm transportation customers of Dominion Transmission will have the opportunity to move their firm receipt rights to a

Generator Problems

ERCOT – Lower Colorado River Authority's 598 Mw Fayette #2 coal-fired power station shut to fix a boiler tube leak.

NPCC – Entergy's 825 Mw FitzPatrick nuclear unit reduced output to 65% power due to high lake winds.

Constellation Energy's 1,120 Mw Nine Mile Point #2 nuclear unit is warming up offline at 4% power after shutting November 4 to identify and remove a suspected fuel defect and work on a jet pump assembly. Nine Mile Point #1 remains at full power.

PJM – PSEG's 1,050 Mw Hope Creek nuclear unit is back online at 24% power. Yesterday, the unit was operating at 15% power.

SERC – TVA's 1,155 Mw Browns Ferry #1 nuclear unit reduced output to 70% power for a control rod adjustment. Browns Ferry #2 and #3 continue to operate at full power.

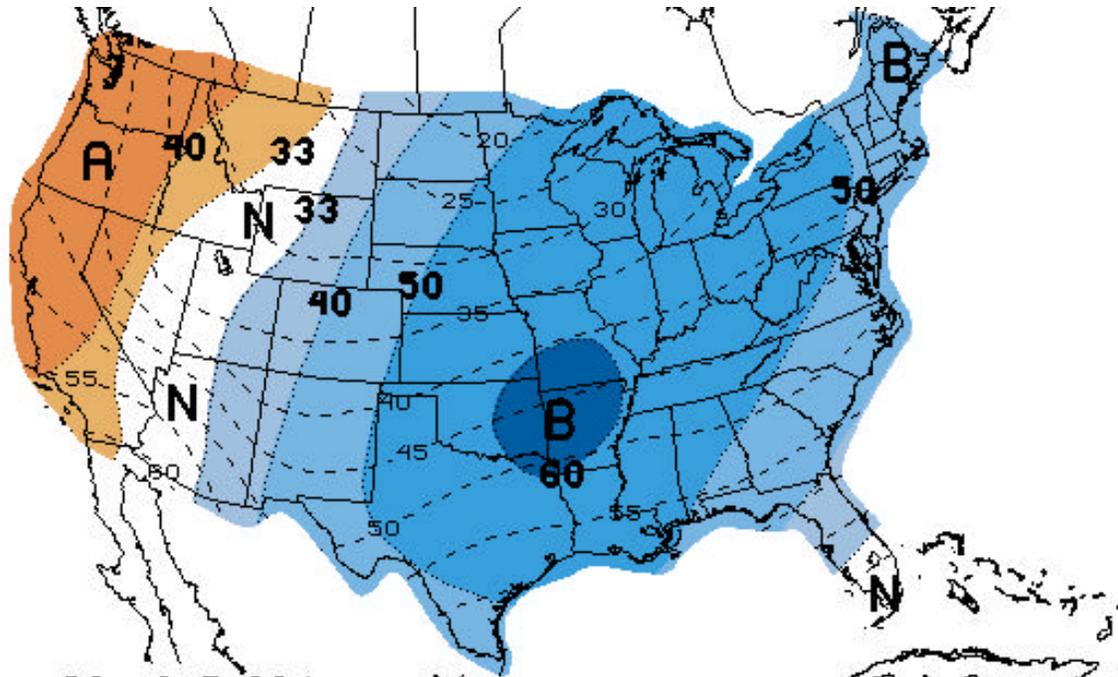
TVA's 1,125 Mw Sequoyah #1 nuclear unit is warming up offline at 1% power as it comes back from a refueling outage. Sequoyah #2 remains at full power.

Southern Nuclear's 888 Mw Farley #1 power station increased output to 84% power. Yesterday, the unit was operating at near 50% power. Farley #2 continues to operate at full power.

WSCC – Calpine's 724 Mw Pastoria natural gas-fired power station returned to service after a short-term maintenance outage, which began November 14.

Canada – Ontario Power Generation's 535 Mw Lennox #3 oil- and natural gas-fired power station returned to service today.

The NRC reported that 86,243 Mw of nuclear capacity is online, down .08% from Thursday, and up 5.87% from a year ago.



8-14 DAY OUTLOOK
 TEMPERATURE PROBABILITY
 MADE 16 NOV 2007
 VALID NOV 24 - 30, 2007
 DASHED BLACK LINES ARE CLIMATOLOGY (DEG F) SHADED AREAS ARE FCST VALUES ABOVE (A) OR BELOW (B) NORMAL UNSHADED AREAS ARE NEAR-NORMAL

planned interconnection with the Rockies Express Pipeline at Clarington, Ohio. Customers would retain their existing delivery points to move these supplies to growing Northeast markets.

Temperatures in October 2007 were the ninth warmest on record for the contiguous U.S., and especially warm in the Northeast, where five states had their warmest October on record. The January-October 2007 U.S. temperature was the seventh warmest since national records began in 1895, according to scientists at NOAA's National Climatic Data Center. The global surface temperature was sixth warmest on record for October

Baker Hughes reported that the number of rigs searching for oil and gas in the United States fell by four to 1,797 in the week ending today. During the same week last year there were 1,696 rigs active. The number of rigs searching for oil was flat at 337 while the number of rigs searching for gas fell four to 1,455.

PIPELINE MAINTENANCE

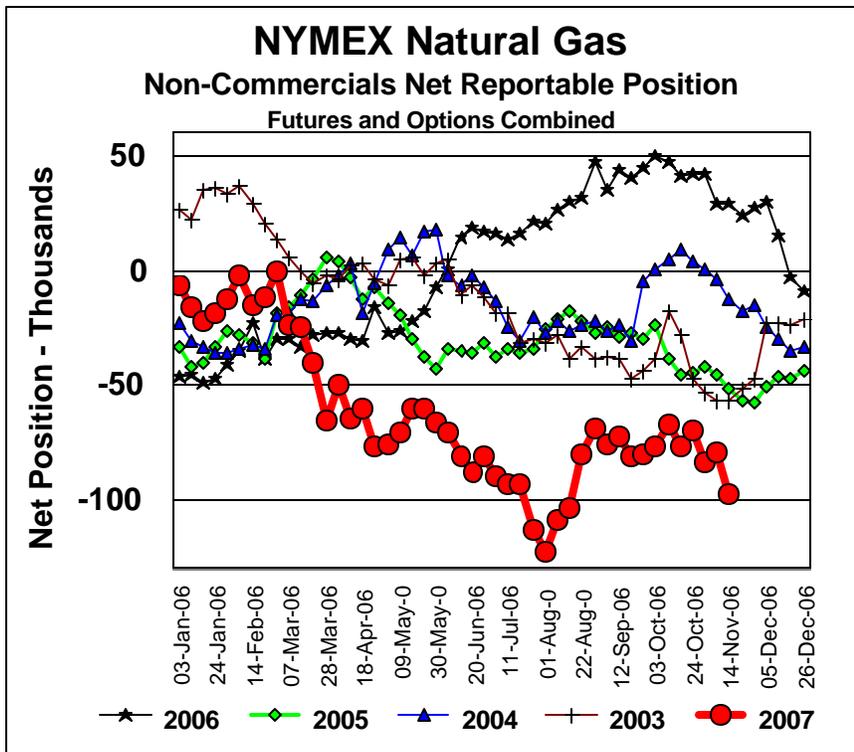
Southern Natural Gas Pipeline Company said that it has experienced an unscheduled engine outage at its White Castle Compressor Station, which is located on the west leg in South Louisiana. At this time, the return to service date is unknown. Until the repair is completed, capacity in the South Louisiana Supply Area on the west leg will be reduced by an additional 35 MMcf/d effective with the timely and evening cycles today and until further notice. This constitutes an event of Force Majeure.

PIPELINE RESTRICTIONS

Florida Gas Transmission said that 30-degree weather is currently in North Florida and 30-degree weather is forecasted in North Florida 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.

ELECTRIC MARKET NEWS

Peter Orszag, director of the Congressional Budget Office said there is massive uncertainty in long-term projections of greenhouse gas emissions and how the climate will respond to the build-up of green house gases in the atmosphere. The damage GHG will cause to the climate depends on the future of global population, technological developments and economic growth. As a result of those uncertainties, any projection of



cumulative emissions (measured in terms of carbon dioxide equivalent) over the next century could easily err by plus or minus 50%.

MARKET COMMENTARY

The natural gas market held key support above 7.50 and with the 11-15 weather forecast continuing to call for below average temperatures, traders were forced to cover up their short positions yet once again. The front month traded up to 7.86, finding resistance at the 7.90 level. The midday weather update however showed continued below average temperatures, and the December contract broke out of its intraday down trend to rally through the 7.90 level on its way to 8.00. The market settled up 30.1 cents at 8.001 and continued to the daily high of 8.049 in after market trading.

With the shoulder season coming to an end, the market is rife with speculative buying ahead of winter heating season, which exaggerates price movements. Storage fundamentals remain extremely bearish so we again see limited upside potential and do not see the market making any new highs any time soon. The market is all about the 11-15 forecast, and since longer term forecasts call for above average temperatures for the January-February period, upside will be limited and the market will maintain its current range. The Commitment of Traders report showed that non-commercial traders increased their net short futures position by 11,480 lots to 66,046 contracts and that they increased their net short combined futures and options position by 17,543 lots to 97,198 contracts. We see resistance at 8.201, 8.324, 8.599, 8.70 and 9.00. We see support at 7.802, 7.50, 7.403 and 7.20.