



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 17, 2008

NATURAL GAS MARKET NEWS

The Climate Prediction Center reported this morning that heating demand basis natural gas last week was 5.5% less than normal and for the season to date has been 12.3% less than normal. This week though the CPC is looking for heating demand to jump by 25% over last week and average out some 4.8% more than normal and 21.4% more than the same week a year ago.

The Federal Reserve Bank reported this morning that U.S. industrial output rebounded in October after hurricane disruptions had severely impacted September results. U.S. industrial production rose by a stronger than expected 1.3% in October after a downward revised September drop of 3.7%. The Fed warned though that based on early indicators November's number though could tumble once again. One indicator is the NY state manufacturing index has tumbled in November to yet another record low. The Index was started back in July 2001.

FGT reported that it has submitted an application with the FERC to build 483.2 miles of pipeline facilities to meet the expanding gas-fired power generation needs of Florida.

Generator Problems

NPCC – Bruce Power's 750 Mw Unit #3 at the Bruce nuclear facility returned to service this morning. The unit has been off line since September 15th.

Constellation Energy's 1120 Mw Nine Mile Point #2 nuclear unit was at 75% power this morning. The unit was off line on Friday.

PJM – Dominion Power's 917 Mw North Anna #2 nuclear unit returned to full power over the weekend. The unit on Friday had been at 74%.

PSEG Nuclear's 1100 Mw Salem #1 nuclear unit was at 96% power this morning up 48% from Friday.

SERC – Southern's 1149 Mw Vogtle #2 nuclear unit was off line this morning for operators to replace a coolant seal. The unit was at full power on Friday.

TVA's 1125 Mw Sequoyah #2 nuclear unit was at full power this morning, up 6% from Friday.

Duke Power's 1100 Mw McGuire nuclear unit was at 98% power up 44% from Friday.

Progress Energy's 938 Mw Brunswick #2 nuclear unit was at 23% power. The unit had been shut back on November 9th.

WSCC – Energy Northwest's said that the planned outage at its 1200 Mw Columbia Generating nuclear station, which began Saturday will last through Thursday.

MRO – FPL Energy's 516 Mw Point Beach #1 nuclear unit was at 98% capacity this morning up from 28% on Friday.

Ameren's 1190 Mw Callaway nuclear unit was back to full power. The unit was at 91% capacity on Friday.

CalISO reported today that some 12,139 Mw of generation was off line of which 46% were non-gas generating assets.

The NRC reported this morning that 84,725 Mw of nuclear generation capacity was on line, up 0.5% from Friday and 6.1% less than the same time a year ago.

The CFTC settled charges and fined former natural gas trader at Enserco Energy, Matthew Reed for false reporting of prices to industry price index publishers.

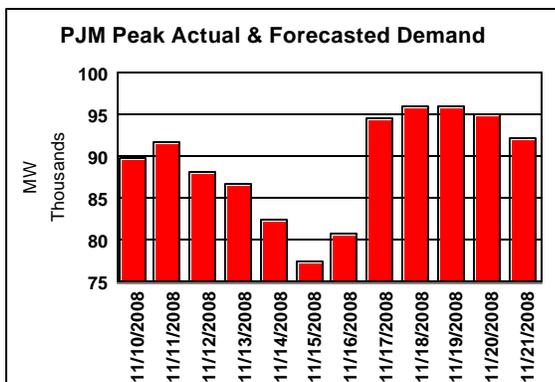
Raymond James warned customers

today that due to U.S natural gas production being on track to grow by 3.6% in 2008 versus a year ago, producers will not be able to lay down rigs fast enough to offset this unprecedented growth and thus could be facing a "high possibility" of forced shut ins and wild swings in regional basis spreads next summer.

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	873,200	\$6.548	\$0.221	\$0.043	\$0.431	(\$0.629)
Chicago City Gate	924,000	\$6.465	\$0.354	(\$0.040)	\$0.032	(\$0.014)
NGPL- TX/OK	536,400	\$5.950	\$0.205	(\$0.555)	(\$0.117)	(\$0.409)
SoCal	200,200	\$5.045	\$1.225	(\$1.460)	\$0.903	(\$1.805)
PG&E Citygate	448,200	\$6.074	\$0.571	(\$0.431)	\$0.249	(\$0.467)
Dominion-South	370,200	\$7.207	\$0.757	\$0.702	\$0.435	\$0.387
USTRade Weighted	17,894,400	\$6.106	\$0.753	(\$0.399)	\$0.43	(\$0.629)

Platts reported today that a study to be released by energy consultant ICF International would project that by 2020, 69% of U.S. gas production and 43% of Canadian gas will come from unconventional plays.

They noted that recent higher prices coupled with significant technological advances have led to dramatic increases in production of unconventional gas resources and that this trend is expected to continue unabated. They estimated that to support their projection they see some 300,000 unconventional wells will have to be drilled, at a cost of \$506 billion. The group estimates that overall North American gas production will grow from the current level of 25 tcf to 29 tcf by 2020. Basis U.S. production the group sees gas shales production growing from 1.4 tcf last year to 4.8 tcf by 2020 and tight gas production jumping from 5.8 tcf to 9.2 tcf over the same time span.

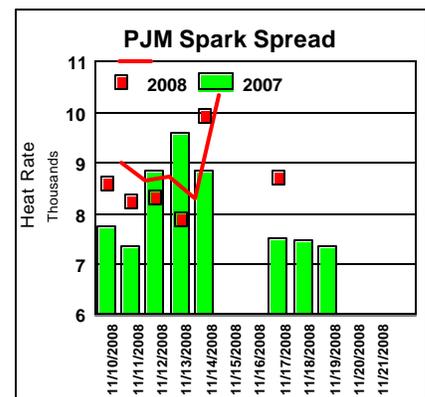


CIG received FERC approval today to place into service the expansion of its system to serve the growing natural gas demand along the Colorado Front range, particularly the Denver area.

National Grid said this morning that Britain's Isle of Grain was expected to receive the largest LNG cargo into Britain today. The tanker Al Khuwair from Qatar was bringing in nearly 50 million therms of LNG. Centrica was the owner of the cargo.

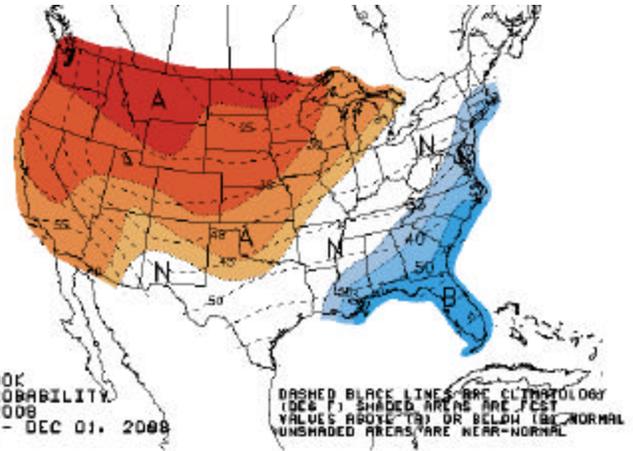
The state run newspaper in Angola said the cost of the country's first LNG plant is likely to double to \$8 billion due to mainly to rising construction costs. The plant is expected to come on line by 2012.

Distrigas said Monday that its Methania LNG tanker would return to Belgium's Zeebrugge port at the end of the week after it failed to secure a buyer for the cargo over the past month. The tanker has been moored of the coast of southwest England as it looked for a buyer.



PIPELINE RESTRICTIONS

Iroquois Gas Transmission announced today that it has completed Phase 1 of its 2008/09 Expansion Project placing a new 1.6 mile pipeline loop in service back on November 14th. The 08/09 Expansion Project, planned in three phases, will allow Iroquois to receive an additional 200 million cf/d of natural gas at its interconnect with Algonquin Pipeline and deliver the volumes to the Key Span system. Phase II, construction of two 10,300 hp compressor units in Milford, CT is expected to be completed by January 1, 2009. The third phase, which is the construction of a second



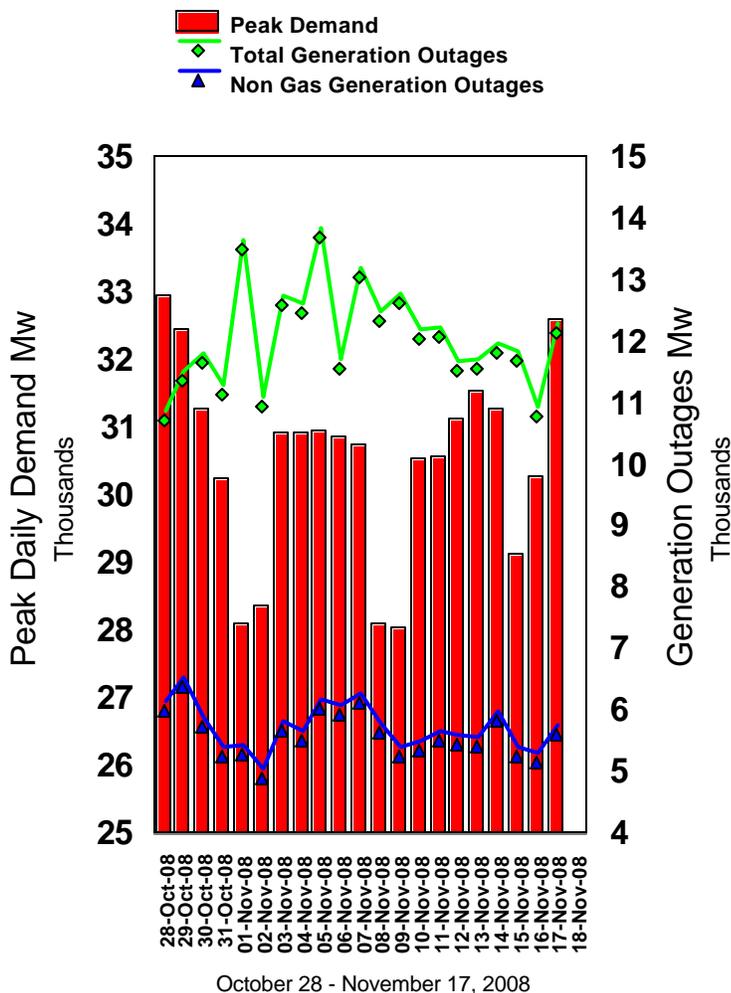
10,300 hp compressor unit at Iroquois existing Brookfield Compressor Station is expected to begin at the end of the year.

NGPL said that until further notice it has limited capacity available for deliveries going southbound through Segment 9. Limited ITS/AOR and secondary out of path firm transports are available.

KMIGT said that due to non-conforming gas at the Burlington Resources Hendry receipt point and limited ability for KMIGT to blend gas in Segment 30, effective until further notice, nominations for receipt quantities will be limited at this point.

Northern natural Gas said that effective November 18th it is issuing an OFO at Carlton Resolution.

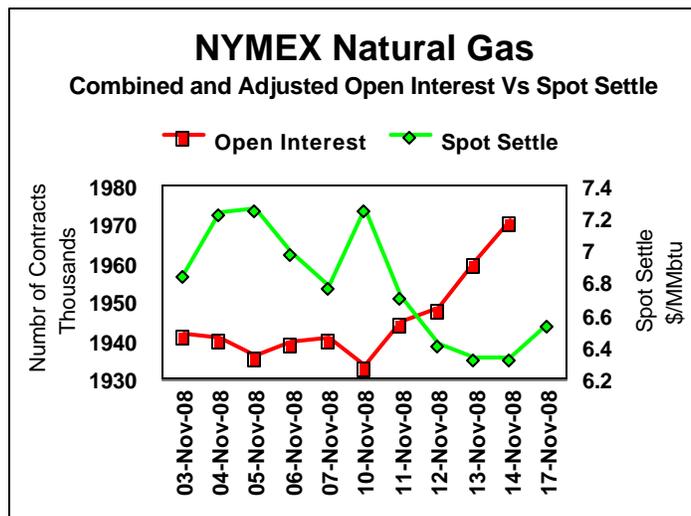
Cal ISO Peak Daily Demand Versus Total Generation Outages & Non Gas Generation Outages



PIPELINE MAINTENANCE

Alliance Pipeline said it will be performing a routine inspection that will require the Carson Creek Unit #1 to be off line for 10 hours on November 18th. Capacity will be lowered to 360 e3m3. The company also reported that it would perform inspection and maintenance on its line that will require the Estlin compression station to be off line for 12 hours Tuesday. Alliance also announced that routine maintenance will require it to take the Tampico Compression Station

off line for four hours on Tuesday. This work may impact system throughput (AOS) but will be determined later.



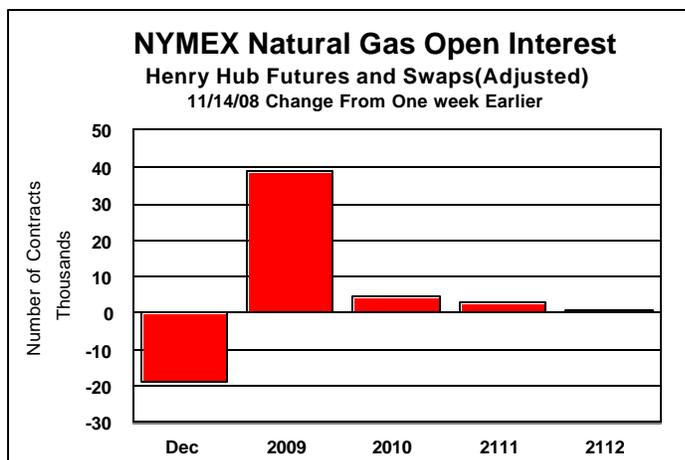
Cheyenne Plains Gas Pipeline said one unit will be out of service at the Cheyenne Plains Jumper Station beginning November 18th and last through November 24th. Capacity through Red Cloud will be reduced by 125 MMcf/d to 100 MMcf/d.

Trunkline Gas Company said an outage at the Transco Ragley Interconnect for meter maintenance has been completed. Nominations will be accepted up to 735,000 Dth.

ELECTRIC MARKET NEWS

A report released from the consulting group Analysis Group, found that Texas has experienced a successful transition to a competitive power market. The consultants found that factors that helped this successful evolution included customer focus and education, design of retail default service, strong alignment of retail and wholesale market design and a stable regulatory environment. The consultants though found there are still improvements needed. They noted that ERCOT must make improvements in its congestion management and market design for the pricing of congestion. They also noted that customers need to do a better job in managing their electricity use and this would help reduce the need for new power plants.

A report released from the consulting group



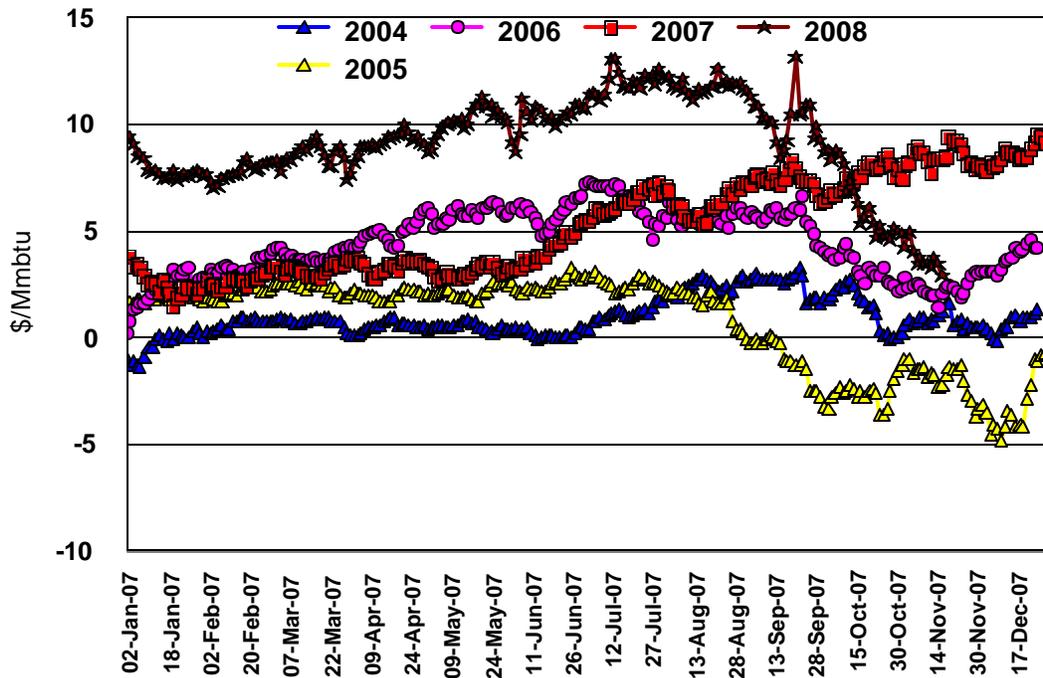
MARKET COMMENTARY

The natural gas market today followed its own path. While oil prices started the day firmer but followed the equities market down in the afternoon, natural gas basically kept grinding higher, as stronger cash prices and near term weather forecasts were expected to keep demand higher than normal for the next week to 10 days for much of the Midwest and northeastern U.S. Bulls also found comfort in the longer term forecasts coming out of AccuWeather which continue to beat the drum for a significantly colder than normal period for the eastern half of the nation in the December 5-25th period. The combined adjusted volume of the three Henry Hub contracts though was relatively light, with just 146,742 lots booked on the day, the smallest volume day since November 7th.

Open interest reported at midday showed that the Henry Hub futures and swaps contracts on a combined and adjusted basis increased for the fourth trading session in a row, in what has to be seen as continued building of short positions through Friday. As a result today's up tick in values with light volume could point to some short covering was behind the move.

But without the equity markets and the oil market stabilizing we do not think natural gas can continue its upward path unabated and as a result would fade this rally especially if prices approach the \$7.00

Crude Oil Vs Natural Gas: NYMEX Spot Futures Settle



price level tomorrow. We see resistance tomorrow at starting at \$6.63, followed by \$6.68, \$6.732, \$6.829 and \$6.889. More key resistance we see at \$7.043 and \$7.25-\$7.36. Support we see at \$6.377, \$6.32, \$6.22 and \$6.12. Additional key support we see at \$6.12 and \$6.028.

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