



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 20, 2007

NATURAL GAS MARKET NEWS

Private weather forecaster WSI Corp. predicts the U.S. Northeast will face below-normal temperatures in December before warmer-than-normal weather blows in for January and February. Forecasts for other regions were mixed, with colder weather forecast to stretch across much of the western United States. WSI expects the upcoming winter to be colder than normal from the Pacific Northwest to the Great Lakes, with warmer-than-normal temperatures elsewhere. WSI further stated that many of the climate-monitoring indices are at record or near-record levels going into this winter, which suggests that we may see extremes in both the early cold pattern and the late warm pattern this winter.

FERC Monday gave the environmental go-ahead for Copenh Storage LLC's amended proposal to significantly expand the capacity of its proposed storage facility in southwestern Mississippi.

Higher oil and natural gas prices have resulted in robust revenue for exploration and production (E&P) companies, but the accompanying surge in service costs has dampened the financial windfall -- and an \$8/Mcf gas price may be required to deliver a market return on capital going forward, according to energy analysts.

With a stated goal of offering people within the energy industry a way to reduce the burden of rolling index commodities forward every month while also allowing them to track the effects of contango and backwardation in the crude markets, the New York Mercantile Exchange Inc. (Nymex) said Monday it plans to launch the MACI futures and the Backwardation-Contango index futures contracts in February 2008.

Natural gas production from the Independence Hub will be interrupted later Tuesday to conduct routine maintenance over the next couple of days on the Gulf of Mexico facility, according to the majority owner of the hub.

Rockies Express recently said interim firm transportation may be available on or about December 15, about two weeks ahead of schedule. However, the company said that while service to some delivery points may be available it is subject to significant work being accomplished by December 15. A previous posting on November

Generator Problems

ECAR – DTE's 1,100 Mw Fermi #2 nuclear unit ramped production to full capacity today. The unit was operating at 40% power yesterday.

MAPP – Nebraska Public Power District's 800 Mw Cooper nuclear unit returned to full power today. The unit was operating at 90% power yesterday.

MAIN – Exelon's 912 Mw Dresden #2 nuclear unit reconnected to the grid and ramped up to 27% power. Yesterday, the unit was operating at 3% power. Dresden #3 continues to operate at 99% power.

NPCC – Constellation Energy's 1,120 Mw Nine Mile Point #2 nuclear unit ramped up to full power today. Yesterday, the unit was operating at 93% power.

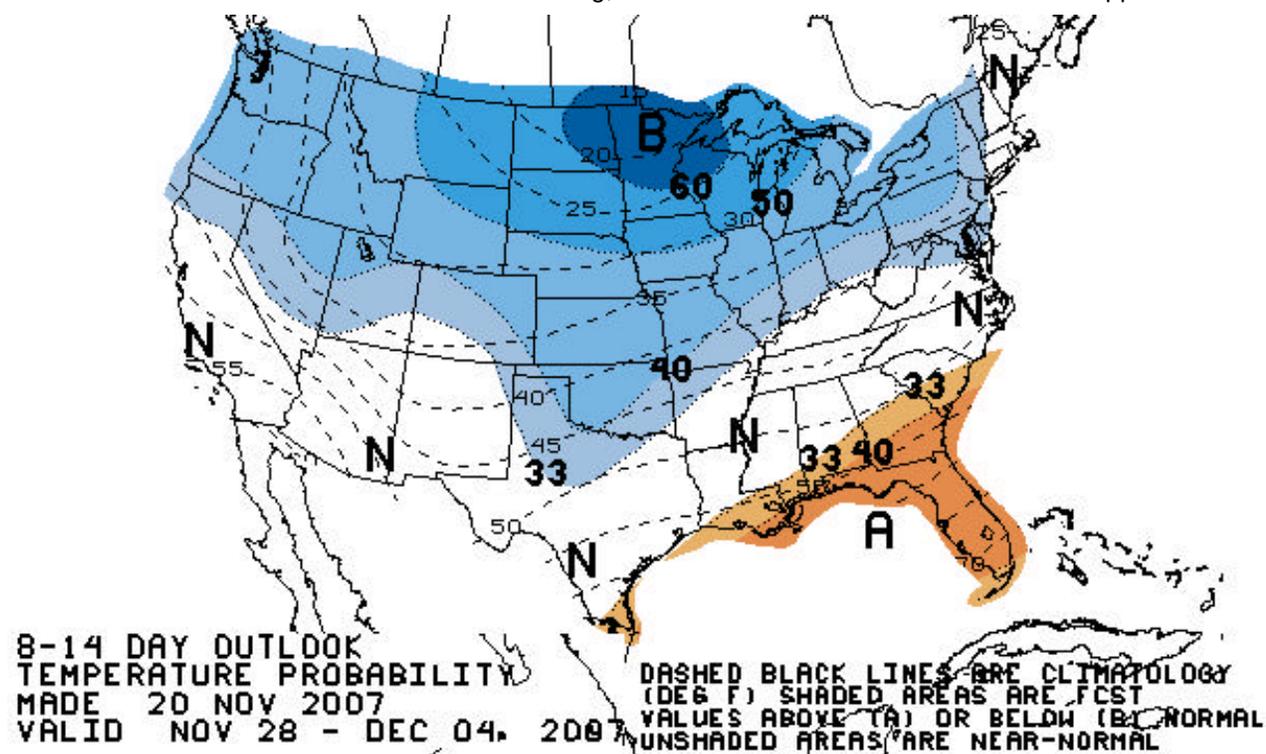
PJM – PSEG's 1,050 Mw Hope Creek nuclear unit increased output to 87% power today. Yesterday, the unit was operating at 70% power.

SERC – TVA's 1,125 Mw Sequoyah #1 nuclear unit increased output to 73% power. The unit was operating at 48% power yesterday.

Entergy's 966 Mw River Bend nuclear unit increased output to 80% power. Yesterday, the unit was operating at 75% power.

The NRC reported that 91,685 Mw of nuclear capacity is online, up 1.57% from Monday, and up 7.21% from a year ago.

15 said construction activities were in full swing, with some service available to firm shippers on or about



December 15 and full service on January 1, 2008.

As expected, Alaska lawmakers approved a tax hike worth more than \$1 billion on oil and gas producers as their special session ended last week. In times of high oil prices it is expected the new tax could bring the state an additional \$1.5 billion per year.

PIPELINE MAINTENANCE

Gulf South Pipeline said that unscheduled maintenance on Montpelier Compressor Station Unit #6 has been extended through November 26. Capacity through the Montpelier Compressor Station could be reduced by as much as 75 Mmcf/d.

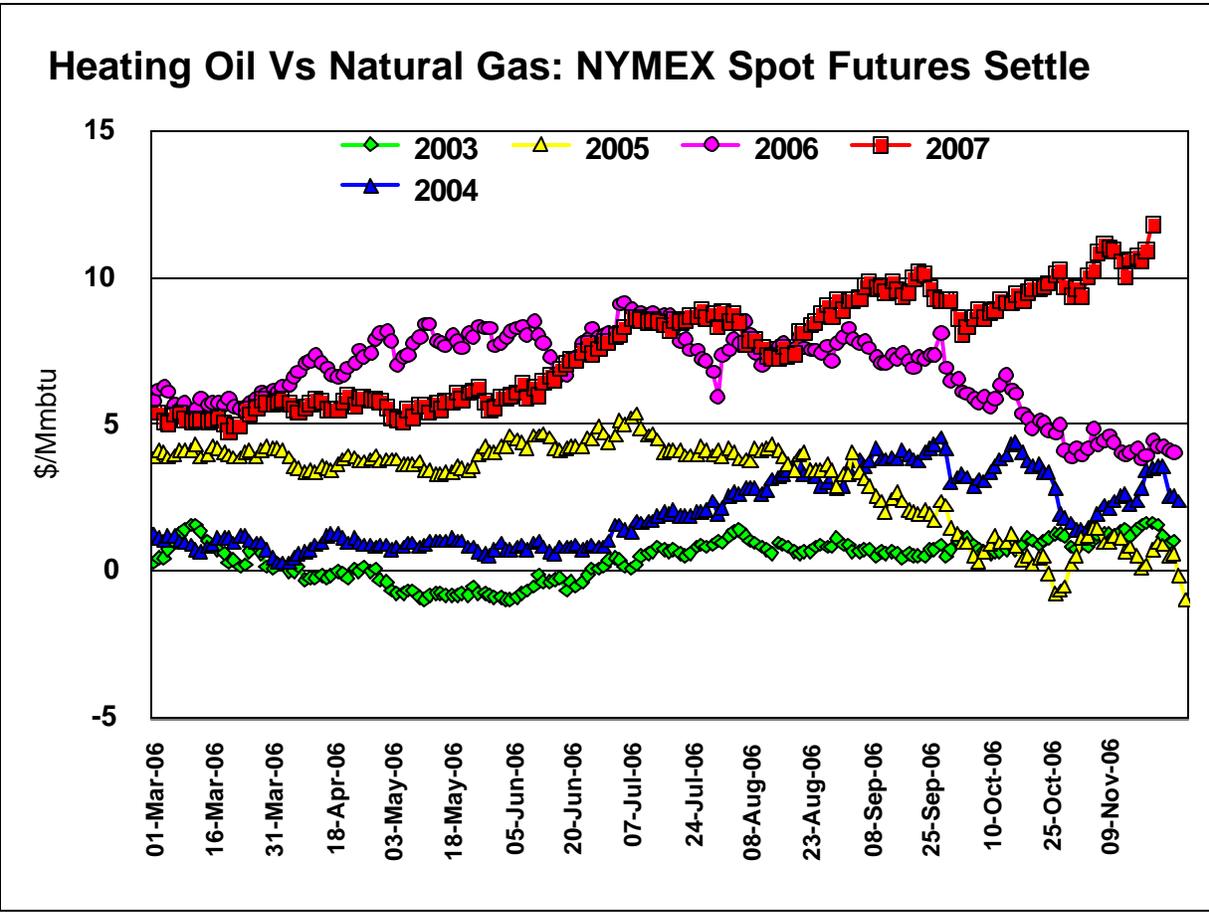
PIPELINE RESTRICTIONS

Northern Natural Gas Company said that the weather forecast for its Market Area over the next few days is colder than normal. This forecast, in conjunction with the upcoming Thanksgiving Holiday, is expected to produce significantly varying operational conditions in Northern's Market Area system. As a result, beginning with gas day November 21, Northern will need more capacity through the Oakland Allocation Groups for operational purposes than had been previously used in November. Northern has been using LNG volumes recently to help support Market Area loads and needs to conserve LNG inventories for the remainder of the winter. Therefore, Northern will need to allocate interruptible and alternate firm transportation service through Oakland, if customers continue to schedule high volumes of supply from Demarc into the Market Area.

ELECTRIC MARKET NEWS

Genscape reported that U.S. coal supplies rose 1% last week, and days of burn available stayed at 57. U.S. power generators had more than 158.3 million tons of coal as of the week ending Monday, up nearly 1.6 million tons from the previous week. Power stations had stockpiled 16.7% more coal than they had during the same week in 2006, down from a surplus of 17% recorded in last week's report.

The U.S. Nuclear Regulatory Commission approved an early site permit for Dominion Resources' North Anna nuclear power site near Louisa, Virginia. The permit, valid for up to 20 years, will allow Dominion or another applicant to build one or more nuclear plants on the site. The company has not made a final decision to build a



new nuclear reactor, but is keeping its options open. Before any significant construction can occur, Dominion must seek NRC approval for a combined (operating and construction) license to build one or more nuclear plants on the site.

MARKET COMMENTARY

The natural gas market continued to break away from crude oil, charging lower all session, as the key 11-15 day weather forecast moderated. The December contract broke through over two month support at 7.50 to trade to a low of 7.459. In contrast, the December Heating Oil contract traded to an all-time high, pushing its premium over natural gas to \$11.92. The spot natural gas contract settled down 31 cents at 7.477.

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	2,417,000	\$6.812	(\$0.570)	(\$0.740)	\$0.120	(\$1.236)
Chicago City Gate	1,085,800	\$6.375	(\$0.280)	(\$1.177)	\$0.048	(\$1.206)
NGPL- TX/OK	664,600	\$5.843	(\$0.013)	(\$1.709)	\$0.315	(\$2.227)
SoCal	859,700	\$5.839	\$0.239	(\$1.713)	\$0.567	(\$2.538)
PG&E Citygate	587,800	\$7.200	(\$0.258)	(\$0.352)	\$0.070	(\$0.969)
Dominion-South	593,600	\$7.185	(\$0.570)	(\$0.367)	(\$0.242)	(\$0.057)
Transco Zone 6	300,600	\$7.381	(\$0.659)	(\$0.171)	(\$0.331)	\$0.230

Expectations for tomorrow's EIA report, being released at 12 noon ahead of the Thanksgiving Holiday, call for a small draw to small build in stocks. For

the same week last year, adjusted inventories were unchanged, while the five-year average for that week is a 7 Bcf decline. With a 6.5% decline in natural gas so far this week, the market hovering on either side of key support and a resurgence of the \$100 crude oil attack, we feel that natural gas is due for a bit of a bounce. With the amount of short positions and expiration next week, unless tomorrow's report is overly bearish, we feel that

market will make some upside recovery. We see support at 7.459, 7.367, 7.248 and 7.20. We see resistance at 7.836, 7.918, 8.00, 8.25, 8.34 and 8.70.