



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 20, 2008

NATURAL GAS MARKET NEWS

The National Weather Service today updated their outlook for the coming winter heating season. Its forecasters see this winter being warmer than normal for much of the central United States. Forecasters though said it was "particularly hard to predict" temperatures for the rest of the country, given sea surface temperatures in the Pacific Ocean have failed to yield the normal kind of clues to climate patterns that are usually tied to reliable forecasting. Forecasters said that as a result this winter weather would be heavily influenced by other climate patterns over the Arctic and North Atlantic regions.

Generator Problems

PJM – Exelon’s Oyster Creek reactor ramped up to 64% this morning.

NPCC – Bruce Power’s Bruce 3 reactor was shut for short-term work.

SERC – Progress Energy’s 938 Mw Unit #1 at the Brunswick nuclear power plant was shut yesterday for planned work to replace a seal. The unit had been at full power Wednesday morning.

MRO- Exelon’s Dresden 3 nuclear unit started to exit a refueling outage and ramped up to 3%.

CalISO reported today that some 10,507 Mw of generation was off line of which 51% were non-gas generating assets.

The NRC reported this morning that 84,445 Mw of nuclear generation capacity was on line, down 0.8% from Wednesday and 8.8% less than the same time a year ago.

As the EIA released their weekly storage report for natural gas, it also issued revisions for both the weeks of October 31st and November 7th. It revised the working gas inventories upward by 5 and 7 bcf respectively. The agency said the stocks were revised to reflect resubmissions of the data from one or more respondents.

EIA Weekly Report

	11/14/2008	11/07/2008	Net chg	Last Year
Producing Region	974	963	11	1069
Consuming East	2041	2041	0	1994
Consuming West	473	468	5	476
Total US	3488	3472	16	3539

*storage figures in Bcf

According the EIA’s Natural Gas Weekly Update, LNG imports will likely set a new five year low in 2008 as deliveries of LNG remain below 1 bcf/d. It estimated that deliveries in October averaged about 0.9 bcf/d. down about 57% on the year from an average of 2.1 bcf/d in 2007.

Chevron Corp said that while it is proceeding with its natural gas project in the Piceace Basin, it would do so at a slower pace due to weak natural gas prices in the Rockies. It added that any decision regarding an increase or decrease of its program in Colorado, would be affected by the new regulatory environment and the potentially increased costs of doing business in Colorado.

Reuters reported today that gas storage levels in Britain and Belgium edged up to 99% of capacity for the week ending November 17th, up 1% from the previous week.

**Canadian Gas Association
Weekly Storage Report**

	14-Nov-08	07-Nov-08	16-Nov-07
East	237.1	232.6	246.0
West	348.2	344.8	347.0
Total	585.3	577.4	593.8

storage figures are in Bcf

National Grid said today that the UK would not see full LNG import capacity used this winter. While the number of LNG imports is up this year the company did not see the full capacity of 12% of UK demand being used in January. The company said that in July it began construction of the third phase of the Isle Of Grain terminal and it expects to have it completed by 2010. This would add a further LNG tank and second unloading jetty at the

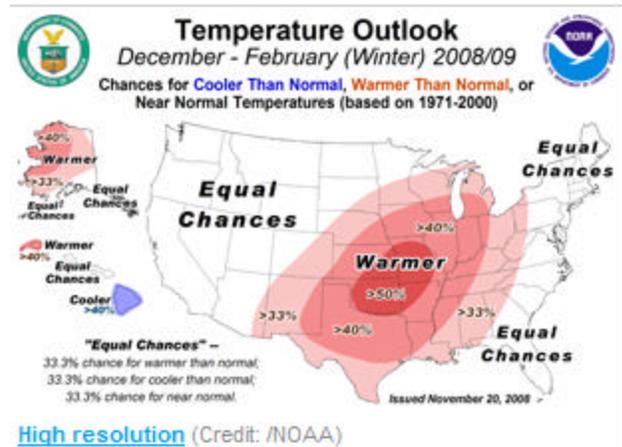
facility. The Second Phase, which is just coming on stream currently, is adding 8.6 billion cubic meters a year of import capacity to a combined 13 bcm/year.

Russian President Medvedev ordered Gazprom this week to make Ukraine repay its gas debt, which currently stands at \$2.4 billion. The president threatened that Ukraine either "repay the debt either voluntarily or forcibly according to the current legislation and within the framework of our bilateral relationship.

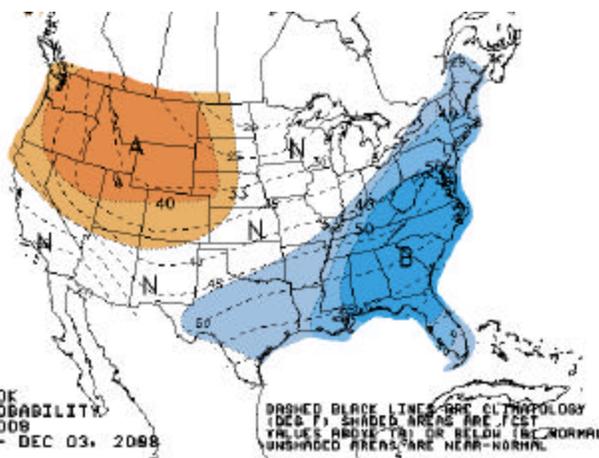
Gazprom today cut its gas production forecast for this year by at least 14% to 552-553 bcm. The new forecasts are based on the output as of the end of November and initial output forecast for December.

ELECTRIC MARKET NEWS

The NRC said today that it approved the operating license renewal for the 1166 Mw Wolf Creek nuclear power station for an additional 20 years.



The Chicago Climate Futures Exchange reported that its US carbon dioxide futures contract traded as low as \$11.75/metric ton on their debut on November 18. The exchange handled 42 US allowance futures contracts that day, representing 42,000 metric tons of carbon dioxide. The trades were the first exchanged based transactions for delivery of emission allowances that would be usable for compliance if the US adopts a mandatory federal greenhouse gas cap and trade program. Meanwhile in Europe the EU carbon Allowances under the Emissions Trading Scheme collapsed to a new 20 month low today, on the back of weakness across the wider energy complex and equity markets. It appeared industrials have been regular sellers, but recently buyers have disappeared from the market.

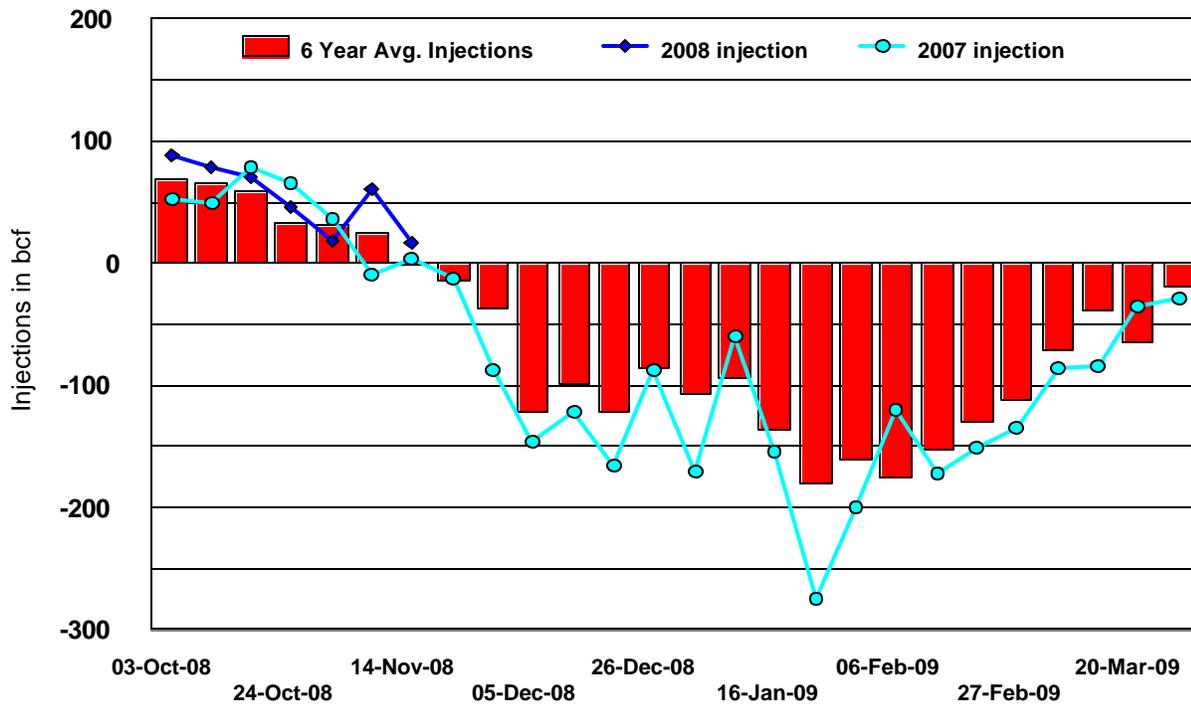


The EIA reported that US coal output in the week ending November 15th increased by 18 million tons or 0.08% on the week and 2.89% on the year to 22.98 million tons.

MARKET COMMENTARY

The natural gas market early this morning was higher as traders arrived at their desks to continue to find

2008 EIA Survey Injections VS 6-Year Average

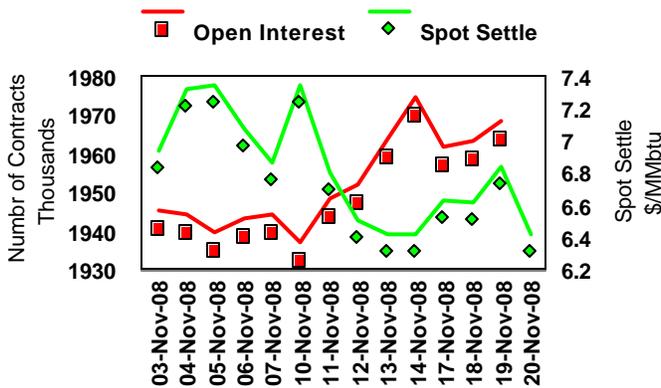


supportive two-week forward forecasts. But prices were unable to breach yesterday's high and as the economic doom and gloom again took over the news wires and the equity and energy markets headed south, natural gas prices were dragged lower. The retracement in natural gas prices was amplified at mid morning when the EIA released their natural gas storage report which showed not only a larger than expected build in stocks but also revised upward the prior two weeks storage levels as well. As a result prices dropped to \$6.201, retracing over 80% of the rally of the past week. Prices did retrace

some 38% of this morning's selloff by midday but the collapse of the equity markets and the oil markets in the afternoon, as word of the auto bailout had faltered, natural gas was again dragged lower and settled off more than 40 cents and at its lowest level for the trading week.

NYMEX Natural Gas

Combined and Adjusted Open Interest Vs Spot Settle



Open interest reported this afternoon showed a modest increase for the second straight day, and today's sell off could possibly be seen as those new longs that came to the market this week as the colder weather took hold and forecasts for the near term were supportive ran to take profits.

This market continues to search for a way out of its six-week sideways trading pattern but still cannot find sufficient traction to do so. Cold weather seems will support this market from falling significantly below \$6.00 but the economic malaise appears will prevent it from breaking above \$7.40. But if one of

these key levels is eventually breached then the momentum of the market could easily push prices 50-75 cent s further.

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