



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 21, 2008

NATURAL GAS MARKET NEWS

The Economic Cycle Research Institute said its measure of future economic growth in the United States fell to its lowest level in 13 years and its annualized rate showed U.S. economic growth sliding at its fastest recorded pace.

Waterborne Energy analysts warned that U.S. natural gas prices could fall further in 2009 due to higher LNG imports returning to the U.S. as a result of the global credit crunch depressing demand elsewhere. Supply meanwhile will be increasing as new production is slated to come on line in Yeman and from Russia's Sakhalin II project. In 2010 huge mega-trains in Qatar are expected to begin production.

EarthSat forecasters this morning continued to call for colder than normal temperatures to keeps its grip over parts of the Midwest and northeastern U.S. through the first part of Decmeber. Accuweather also continued to look for

colder than normal temperatures for December for much of the nation before moderating by the end of the month in late December and early January.

Bake Hughes reported that for the week ending November 21st there were 1,511 natural gas drilling rigs search for natural gas, up 13 rigs from the prior week.

A spokesperson for the Natural Gas Supply Association said today that the trade group sees U.S. natural gas production from shale deposits possibly doubling in the next 10 years and provide nearly

Generator Problems

PJM – Exelon's 636 Mw Oyster Creek nuclear reactor is at 68% capacity, up 4% from Thursday.

NPCC – OPG's Nanticoke 4 coal fired power unit and Bruce Power's Bruce 4 nuclear unit were both off line today.

SERC – Southern's 851 Mw Farley #1 nuclear unit ramped up to 69% Friday morning. The unit had tripped off line back on November 19th.

FRCC – FPL's 839 Mw St. Lucie nuclear unit began to exit its refueling outage and was up to 13% power this morning. The unit has been off line since October 19th for refueling.

MRO- Exelon's 912 Mw Dresden #3 nuclear unit remains off line this morning while it is at 5% capacity. The unit was restarted on November 20th.

WSCC – Energy Northwest said its 1131 Mw Columbia nuclear power station in Washington State exited its outage and had ramped up to 65% as of Friday morning. The unit was at 9% on Thursday.

APS 1314 Mw Palo Verde #1 nuclear unit ramped up to 69% by early Friday morning. The unit had been at 42% capacity on Thursday.

CalISO reported today that only 9619 Mw of generation was off line of which 48% were non-gas generating assets.

The NRC reported this morning that 86,149 Mw of nuclear generation capacity was on line, up 2% from Thursday and 7.6% less than the same time a year ago.

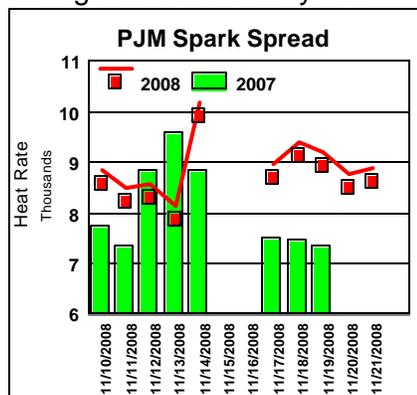
one-quarter of the nation's natural gas supply, up from 10-12% currently. But the trade group warned that gains in shale production could be hindered if a potential windfall profits tax is enacted.

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	887,200	\$6.562	(\$0.197)	\$0.042	(\$0.332)	(\$0.267)
Chicago City Gate	806,800	\$6.619	(\$0.362)	\$0.099	(\$0.482)	\$0.117
NGPL- TX/OK	562,600	\$5.888	(\$0.127)	(\$0.632)	(\$0.247)	(\$0.583)
SoCal	267,700	\$4.947	(\$0.420)	(\$1.573)	(\$0.540)	(\$1.360)
PG&E Citygate	227,300	\$6.255	(\$0.027)	(\$0.265)	(\$0.147)	(\$0.354)
Dominion-South	320,800	\$7.259	(\$0.217)	\$0.739	(\$0.337)	\$0.809
UTrade Weighted	15,091,600	\$6.236	(\$0.212)	(\$0.284)	(\$0.33)	(\$0.267)

Chairman of the U.S. Senate Committee on Agriculture, Nutrition and Forestry, Senator Harkin said he has introduced a bill to establish stronger standards of

openness, transparency and integrity in trading of swaps and other OTC financial derivatives by bringing them all into the regulator fold.

Nova Chemicals said on Friday that it will temporarily close its Beaver Valley plant in Monaca, Pennsylvania because of weak demand for the plastics produced there and said the facility will not reopen until markets and profits improve. The company said that a minimum the plant would be down through the end of the year.



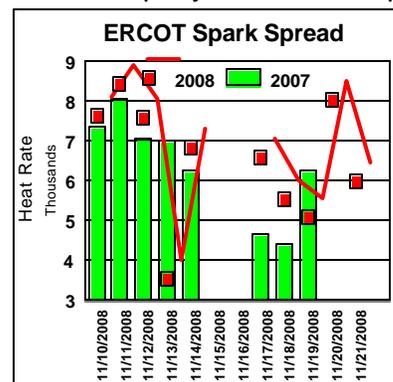
The European Union's envoy to Russia said today that he was "pretty confident" that Russia and the Ukraine will resolve their current dispute over pricing and back payments. He also said that a "gas OPEC" could have a positive impact for Europe, as long as it does not attempt to fix prices, since it would provide for cooperation between gas producers, and it could lead to better market supply security. He noted that the Nord Stream pipeline remained a very important project for the EU, though Russian LNG projects were also welcome developments.

Gazprom said it was in active discussions with Shell concerning the development of its huge Astrakhan sour gas field in southern Russia, as the company seeks to ramp production up from the field in view of declining output from traditional fields.

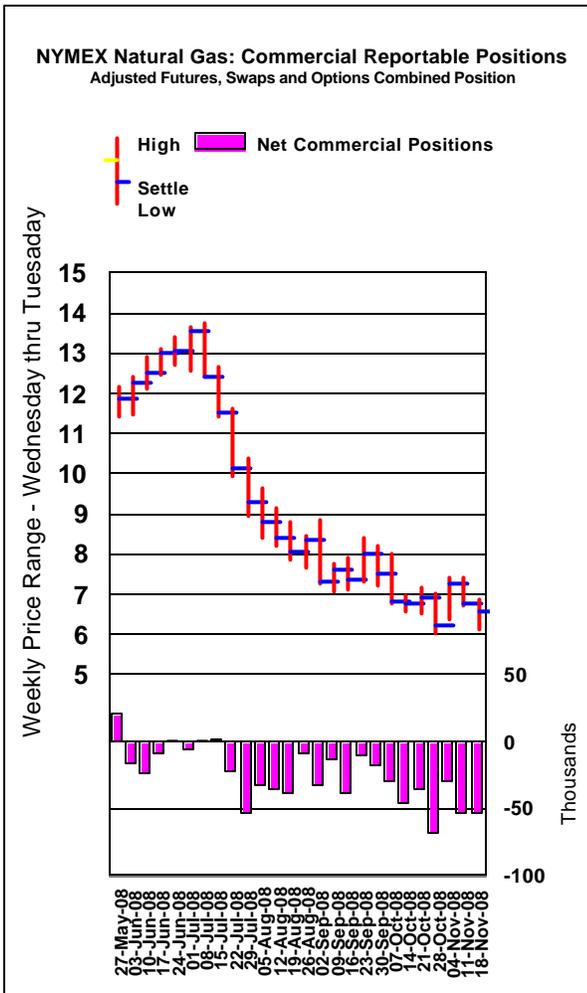
PIPELINE MAINTENANCE

Gulf South said it will be performing scheduled maintenance at Bistineau Compressor Station on Unit #2 beginning December 1st and continuing for approximately four days. Bistineau Storage Injection Capacity could be reduced, by as much as 150,000 Dth during this work. The company also reported that it would be conducting scheduled maintenance at the Goodrich Compressor Station starting December 9^h and lasting for 48 hours. Capacity through the station could be reduced by as much as 75,000 Dth during the maintenance.

The company also reported that it is performing unscheduled maintenance on Montpelier Compressor Station Unit #2 beginning immediately and continuing for approximately five days. Capacity through Montpelier Compressor Station could be reduced by as much as 75,000 Mcf/d during the work.



Tennessee Gas Pipeline said it has encountered an emergency repair issue at Compressor Station 25.



Alliance Pipeline said a routine inspection would require AB21 Teepee Creek Lateral Meter/Compression Station to be off line for 8 hours on November 26th. Station capacity will be reduced to 984 e3m3/day. The company also said the AB24 Hythe Meter Station will be offline for four hours on November 25th for corrective maintenance. Station capacity will be lowered to 4497 e3m3.

Cheyenne Plains Gas Pipeline said the Neff Lake Meter Station would be out of service December 11 for maintenance. Volumes at the facility will go to zero during this outage.

PIPELINE RESTRICTIONS

FGT said it may issue an overage alert day over the next several few days due to colder temperatures expected throughout its service territory and due to low line pack.

Kern River Gas Transmission said its OFO issued on October 22nd for the Kemmerer Compressor Station remains in effect until further notice.

Northern Natural Gas said that its OFO issued on November 18th for the Carlton Resolution remains in plac euntil further notice.

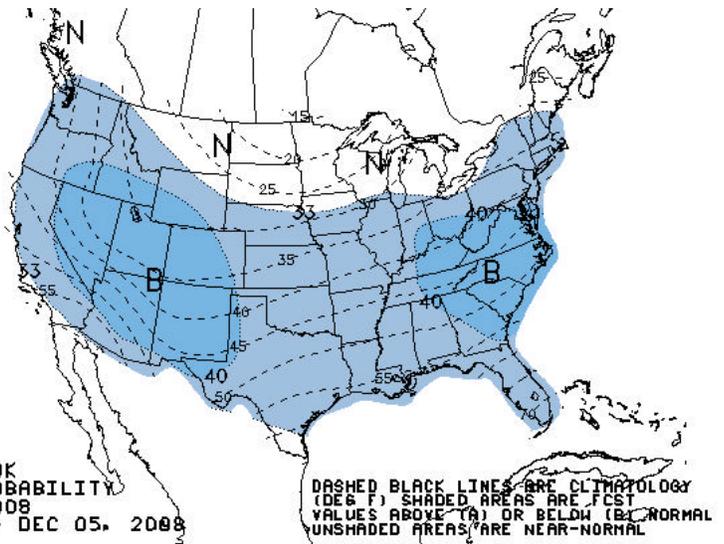
NGPL said that effective for today's gas day and until further notice it is at capacity for gas going southbound through Segment 26 and for deliveries eastbound into

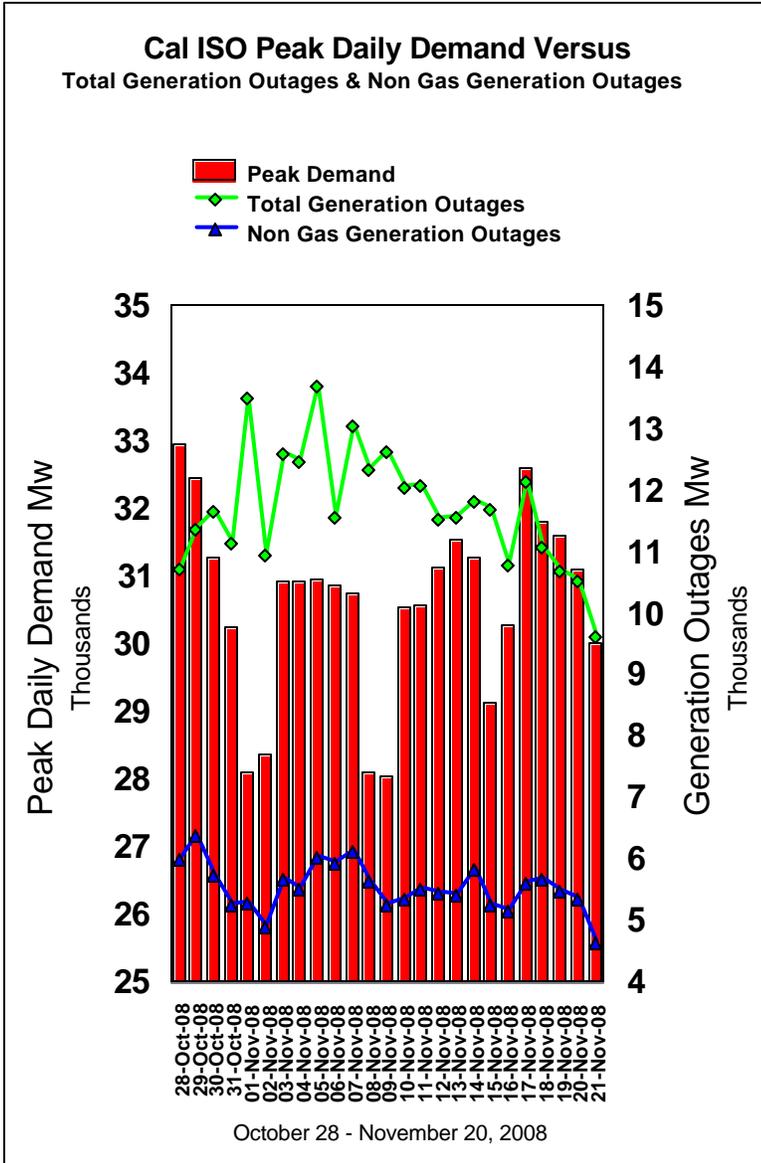
Segment 25 of southbound into Segment 22. ITS/AOR and Secondary out of path firm transports are at risk of not being fully scheduled. Withdrawals from South Texas Storage Point will be included for purposes of scheduling.

The company said it is at capacity at Texas Eastern Transmission Cameron is at capacity for deliveries. ITS/AOR and Secondary Firm transports are at risk of not being fully scheduled. The company noted that effective today and until further notice, Florida Vermillion has limited capacity for deliveries

ELECTRIC MARKET NEWS

The NYMEX announced





yesterday that it would launch 26 new PJM peak and off-peak electricity swap futures contracts on ClearPort®, beginning December 7 for trade date December 8. The contracts and their commodity codes are: PJM Northern Illinois Hub peak calendar month day-ahead LMP (N3); PJM Northern Illinois off-peak calendar month day-ahead LMP (L3); PJM AECO Zone peak calendar month day-ahead LMP (A1); PJM AECO Zone off-peak calendar month day-ahead LMP (X1); PJM AEP Dayton Hub peak calendar month day-ahead LMP (D7); PJM AEP Dayton Hub off-peak calendar month day-ahead LMP (R7); PJM APS Zone peak calendar month day-ahead LMP (S4); PJM APS Zone off-peak calendar month day-ahead LMP (W4); PJM BGE Zone peak calendar month day-ahead LMP (E3); PJM BGE Zone off-peak calendar month day-ahead LMP (R3); PJM DPL Zone peak calendar month day-ahead LMP (L8); PJM DPL Zone off-peak calendar month day-ahead LMP (E8); PJM Eastern Hub peak calendar month day-ahead LMP (E9); PJM Eastern Hub off-peak calendar month day-ahead LMP (O9); PJM JCPL Zone peak calendar month day-ahead LMP (J2); PJM JCPL Zone off-peak calendar month day-ahead LMP (F2); PJM PEPSCO Zone peak calendar month day-ahead LMP (R8); PJM PEPSCO Zone off-peak calendar month day-ahead LMP (Q8); PJM PPL Zone peak calendar

month day-ahead LMP Swap Futures Contract (L5); PJM PPL Zone off-peak calendar month day-ahead LMP (F5); PJM PSEG Zone peak calendar month day-ahead LMP (L6); PJM PSEG Zone off-peak calendar month day-ahead LMP (W6); PJM Western Hub peak calendar month day-ahead LMP (J4); PJM Western Hub off-peak calendar month day-ahead LMP (E4); PJM Western Hub peak calendar month real-time LMP (F9); and PJM Western Hub off-peak calendar month real-time LMP (N9). These contracts will be financially settled using PJM day-ahead and real time prices. They will be listed for the current year plus the next five calendar years, beginning with the January 2009 contract. The contract size will be 80 megawatt hours (5 megawatt hours per hour) for the peak contracts and 5 megawatt hours for the off-peak contracts. The minimum price fluctuation will be \$0.05 per megawatt hour.

Genscape's U.S. coal burn index rose 3% during the week ended November 20th due to colder weather in the East but was unchanged from the same week last year.

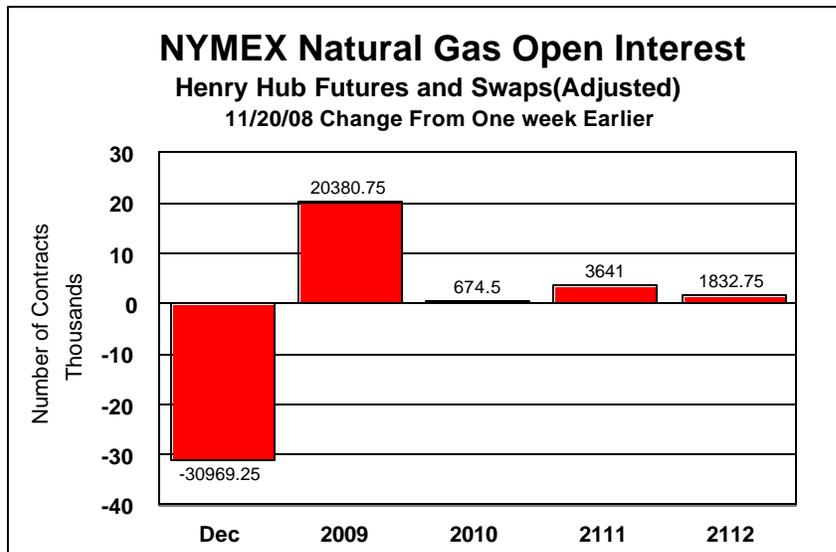
The FERC said Thursday it had found Horizon Asset Management had violated the Federal Power Act by acquiring securities in utilities or utility holding companies in excess of \$10 million without notifying FERC. The agency did not impose any penalties because FERC said the agency's requirements and federal laws may have been unclear on the subject.

MARKET COMMENTARY

After a rather volatile week and a half in which it appeared natural gas prices were attempting first to break to the down side below \$6.00 and then later this week, break to the upside above \$7.00, the market finished the week posting an inside trading session and settling nearly at the midpoint of the trading range at \$6.48. The price direction next week appears will be driven by two key factors, the stock market and the weather. It is way too early to see if today's late rally in the stock market may find some follow through into next week as these markets for the past two months have little to find comfort in any price rebound, except to see it as a selling opportunity. On the weather front though this afternoon's 6-10 and 8-14 day forecasts look extremely supportive as much on the nation appears poised to experience below normal temperatures. This should help give a significant kick start to this winter heating season and we feel should help to push flat price higher and challenge this week's high at \$6.825. But in order to breach the 40 day moving average which tonight was at \$6.921 followed by key resistance level of earlier this month at \$7.30-\$7.60, we see this can only be accomplished with U.S. equities at least being stable if not rebounding modestly. Support we see at \$6.25, \$6.20 and \$6.05, with additional support at \$5.99 and \$5.725.

The CFTC reported this afternoon that its Commitment of Traders Report for the period ending November 18th, offered little insight into the market, since the report cut off date was before the mid

week rally in prices. The report also showed the smallest weekly net change in positions since the spring on a combined and adjusted basis. On the week commercials continued to hold the net short position increasing it by just 747 lots while non-commercials increased their modest net long position by 3669 contracts.



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