



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 25, 2008

NATURAL GAS MARKET NEWS

Chesapeake Energy has closed on its deal with StatoilHydro for selling its 32.5% stake in Chesapeake's shale gas acreage in the U.S. for an initial payment of \$1.25 billion, with a later payment of \$2.125 billion between 2009 and 2013 to fund 75% of Chesapeake's share of spending on the acreage in the Marcellus Shale play.

Fairbanks Natural Gas said today that its plans for a LNG terminal for Alaskan North Slope natural gas is on hold until there is a clearer picture on the status of the Alaskan natural gas pipeline project.

The FERC has approved Central New York Oil and Gas request to begin service

Generator Problems

NPCC – Three units at the Calpine 1005 Mw natural gas fired Greenfield natural gas fired power plant in Ontario were shut early Tuesday morning. The units, which had been off line, early Monday had returned to service later in the day only to be taken off line once again.

OPG's 490 Mw coal fired Nanticoke #3 power plant was shut on November 24th for short-term repairs.

Dominion's 1131 Mw Millstone #3 nuclear unit was online and at 38% capacity this morning.

SERC – TVA's 1127 Mw Sequoyah #2 nuclear unit dropped to only 57% capacity. The unit had been at full power on Monday.

Progress Energy's 938 Mw Brunswick #1 nuclear unit has restarted and was at 1% power this morning. The unit had been shut on November 19th for short-term repairs.

Southern Nuclear's 888 Mw Farley #2 nuclear unit has ramped production up to 50% capacity, up 9% from yesterday.

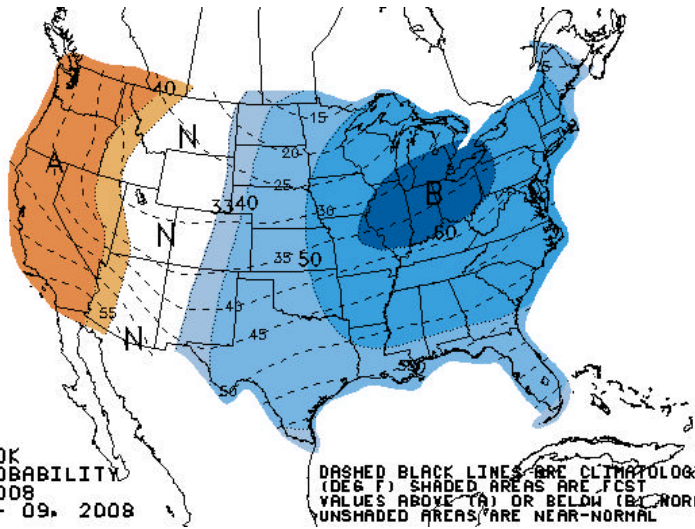
Southern's 883 Mw Hatch #1 nuclear unit, which dropped off line on Friday, was ramping up to 20% capacity this morning.

WSCC – The California Department of Water Resources' 848 Mw Hyatt-Thermalito pumped storage hydropower station is operating at reduced levels due to the ongoing drought in Northern California. As of Monday afternoon, the station was still curtailed by about 695 Mw.

The NRC reported this morning that 88,472 Mw of nuclear generation capacity was on line, down 0.01% from Monday and 2.89% less than the same time a year ago.

Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
<u>Location</u>	<u>Traded</u>	<u>Price</u>		(As of 12:30 PM)		<u>Moving Avg</u>
Henry Hub	803,600	\$6.711	(\$0.137)	\$0.313	\$0.051	(\$0.229)
Chicago City Gate	781,800	\$6.360	(\$0.466)	(\$0.037)	(\$0.143)	\$0.146
NGPL- TX/OK	492,900	\$5.895	(\$0.188)	(\$0.503)	\$0.135	(\$0.577)
SoCal	271,400	\$5.067	(\$0.449)	(\$1.330)	(\$0.126)	(\$1.305)
PG&E Citygate	493,600	\$6.437	(\$0.071)	\$0.040	\$0.252	(\$0.219)
Dominion-South	358,300	\$7.171	(\$0.224)	\$0.774	\$0.099	\$0.792
UStTrade Weighted	14,939,400	\$6.172	(\$0.272)	(\$0.225)	\$0.05	(\$0.229)

on the North Lateral Pipeline and other facilities related to the Phase II expansion of the Stagecoach Storage facility in



southwestern New York.

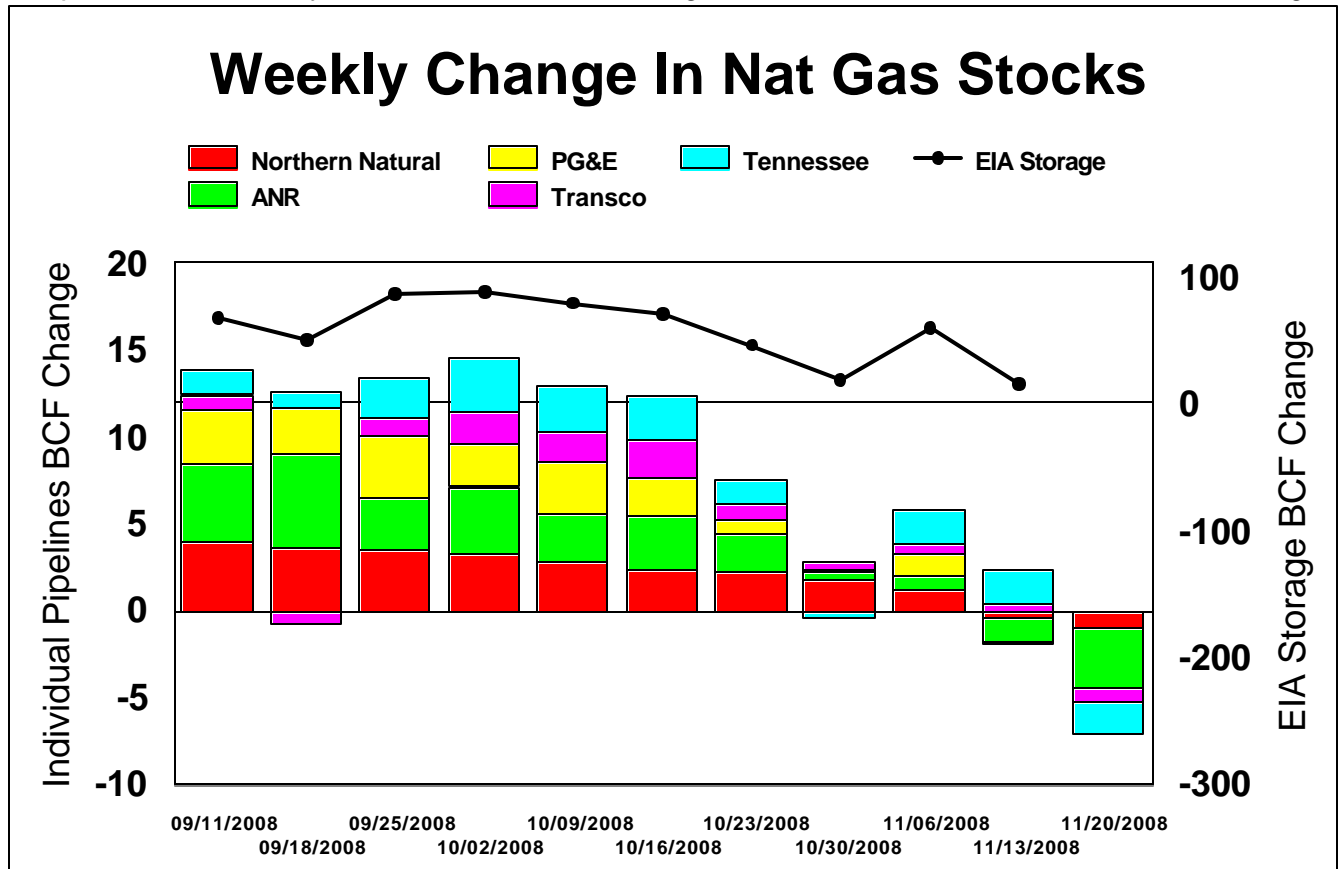
The gas pipeline connecting the British and Belgian gas networks is expected to switch back to UK export mode Tuesday evening.

BG Group's Bluesky LNG tanker was expected to arrive at the Dahej LNG terminal in Gujarat, India. The cargo was coming from Trinidad and Tobago. This appears to be another example of LNG cargoes

being diverted from the United States to other more price competitive markets.

Kitimat LNG will consider a full takeover of its planned liquefied natural gas export terminal in Canada should the right offer come along. It is currently gauging interest from energy companies and possible equity investors, calling on them to submit bids for use of the proposed terminal in British Columbia that would supply gas to Asian markets. It plans to export gas produced in Western Canada to markets in Japan, South Korea and China by 2013. The proposed terminal will have two 210,000 cubic meter LNG storage tanks with potential future expansion to three tanks and was expected to export four to five shipments monthly. Construction is expected to begin late 2009 or early 2010.

Gazprom said Tuesday that it had reached an agreement with the Ukraine's state run Naftogaz



Ukrainy to settle part of its \$2.4 billion Russian gas debt by December 1st. The companies are continuing to negotiate on resolving the remainder of the debt.

PIPELINE RESTRICTIONS

Texas Gas Transmission said that it has been notified by Crosstex that the Eunice Processing Plant will remain shut in through December. Crosstex said the shut in is due to the decline of NGL prices and a rise in natural gas prices. Crosstex said it has determined the continued operation of the Eunice plant is uneconomical at this time.

ELECTRIC MARKET NEWS

The Los Angeles Department of Water and Power's Pacific DC Intertie power line will likely return to service on November 27th but north to south flows will remain de-rated at just 900 Mw until December 8th, according to the BPA. The line was shut on November 15th due to significant fire damage at the Sylmar converter station outside of Los Angeles from the recent wildfires in the area.

The board of the California Independent System Operator voted to postpone the overdue launch of its market redesign to March to give the industry more time to address data problems. The Market Redesign and Technology Upgrade will change the way congestion on the high-voltage transmission system is handled. It will account for congestion on a more localized level.

Genscape reported today that U.S. coal inventories rose 0.75% on the week over the prior week and stood some 6.6% above a year ago. U.S. generators were holding 58 days of average coal burn, some four more days than the same week a year ago.

MARKET COMMENTARY

The bulls in the natural gas market could not maintain their dominance over the market as oil prices moved significantly lower today driven by the prospects of economic recession contracting energy demand here and around the world. In addition weaker cash prices this morning given the prospects for limited industrial demand for the remainder of the week given the Thanksgiving holiday, weighed on prices despite the outlook for colder than normal temperatures for much of the nation. As a result, the market remains mired in its recent trading range and once again failed to challenge its four-month trend line nor the 40-day moving average.

The natural gas market is seen continuing to trade within its recent trading range, amid the light trading volume ahead of the Thanksgiving holiday. The market is still seen finding resistance at a previous high of \$6.876, \$6.95, basis its four month trendline, followed by its 40 day moving average, which is currently at \$7.074. Meanwhile it is seen finding support at \$6.347, \$6.329, \$6.275, \$6.225, \$6.201 followed by more distant support at \$6.016 and \$5.685.

