



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,
Karen Palladino & Zachariah Yurch
(212) 624-1132 (888) 885-6100

www.e-windham.com

POWER MARKET REPORT FOR NOVEMBER 26, 2007

NATURAL GAS MARKET NEWS

The National Weather Service this morning estimated that U.S. heating demand for natural gas in the week ending December 1st should be 1.8% less than normal but 34.4% higher than a year ago.

The Federal Reserve Bank of Chicago said today that its gauge of the national economy was lower in October, hurt by weakness in employment and production related indicators. The Bank said its national Activity Index was off 0.73 in October against September's upwardly revised -0.30 reading. September was initially pegged at -0.45. A reading below zero for the three-month average is associated with below trend economic growth. The index has been below zero since September 2006. The Chicago Fed said that the index suggests little inflationary pressure for the next year.

The Independence Hub natural gas platform in the Gulf of Mexico has returned to service after shutting early last week for routine maintenance. The platform is producing about 850 million cubic feet per day as all 15 of the platform's initial production wells have begun service. The platform is expected to ramp up to full capacity of 1 Bcf/d by year-end.

FERC staff Friday issued a favorable draft environmental nod for the third and final leg of the proposed \$4.4 billion, 1,678-mile Rockies Express Pipeline (REX) that will transport Rocky Mountain natural gas to Midwest and eastern markets.

Generator Problems

MAIN – Exelon's 912 Mw Dresden #2 nuclear unit ramped up to 89% power. On Friday the unit was operating at 59% power. Dresden #3 continues to operate at 98% power.

SERC – TVA's 1,100 Mw Browns Ferry #2 and #3 reduced output to 75% and 85% respectively. Browns Ferry #1 continues to operate at full power.

WSCC – APS's 1,270 Mw Palo Verde #1 nuclear unit shut over the weekend due to equipment failure. However, the unit is expected to return to service by the end of the week.

Southern California Edison's 1,070 Mw San Onofre #2 nuclear unit began ramping down today, operating at 97% power, for a 45-day planned refueling and maintenance outage. San Onofre #3 will remain at full power.

The NRC reported that 91,742 Mw of nuclear capacity is online, down 1.58% from Friday, and up 4.84% from 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	1,349,400	\$7.531	\$0.862	(\$0.244)	\$1.030	(\$1.058)
Chicago City Gate	735,200	\$7.650	\$1.254	(\$0.124)	\$1.097	(\$0.984)
NGPL- TX/OK	775,700	\$7.104	\$1.144	(\$0.670)	\$0.987	(\$1.716)
SoCal	772,600	\$7.190	\$2.063	(\$0.584)	\$1.906	(\$2.072)
PG&E Citygate	424,600	\$7.825	\$0.832	\$0.051	\$0.675	(\$0.441)
Dominion-South	460,600	\$8.042	\$0.947	\$0.268	\$0.790	(\$0.130)
Transco Zone 6	149,900	\$8.335	\$1.061	\$0.561	\$0.904	\$0.132

Higher initial production (IP) rates from unique natural gas resource plays like the Barnett Shale have, at the very least, temporarily overcome the long-term trend of declining U.S. gas well productivity and could strengthen core supply for another two

years, according to research by Raymond James & Associates Inc.

It appears that TransCanada's new natural gas pipeline project across northern Alberta has confirmed that Canada will reduce its role as an international natural gas supplier in order to raise its profile in oil.

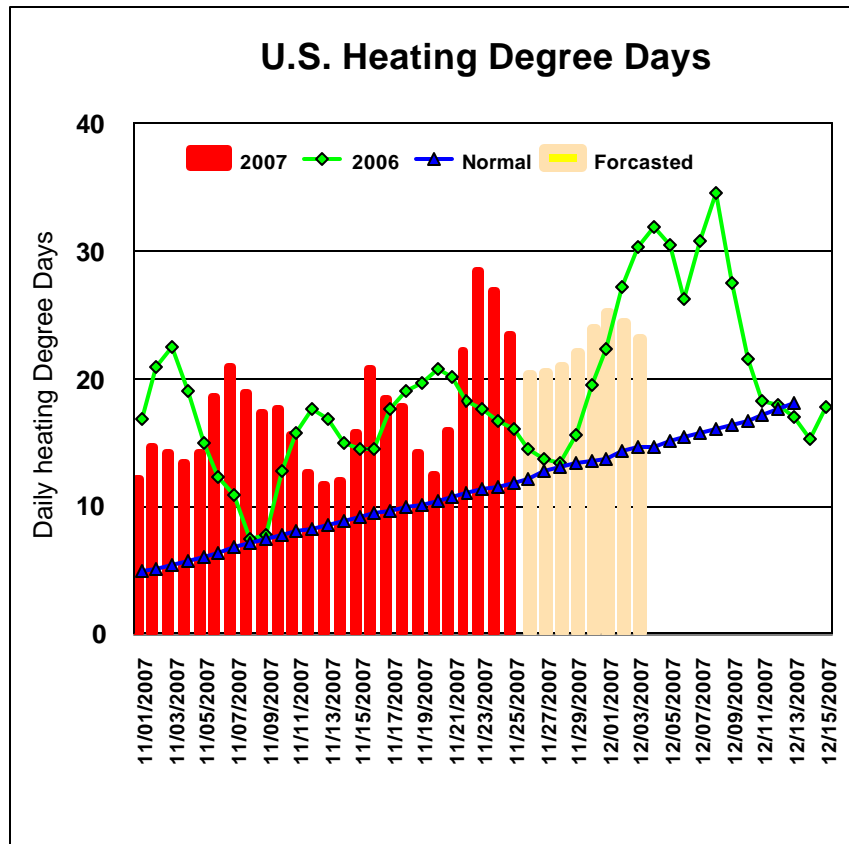
The pipeline linking Belgium's gas network to Britain is to switch to U.K. export mode on Tuesday morning. The 235-Km pipeline between Bacton in the U.K. and Zeebrugge in Belgium flipped to U.K. import last week.

Oman said it will shut in a third of its LNG export capacity for a week of scheduled maintenance at its LNG plant in Qalhat in April and again for 18 days of work in August. The plant currently has a capacity of just under 10 million tones of LNG annually.

PIPELINE MAINTENANCE

Alliance Pipeline said that the compression unit #1 at Carson Creek station experienced unforeseen mechanical difficulties late last week. Operations are underway to correct this issue and it is anticipated that the unit will return to service early this week. As a result, the station capacity was lowered to 170 e3m3, which will remain until the issue is resolved. Inspections and maintenance require the Manchester Compression Station to be offline for eight hours November 27. System throughput (AOS) will be impacted but will be determined closer to the outage date. Inspections and maintenance will also require the Estlin Compression Station to be offline for

eight hours November 27. System throughput will be impacted but will be determined closer to the outage date.



Northern Natural Gas said that to facilitate required repairs, the company will blow down the pipeline between Ellis Co. #1 and Ellis Co. #2 stations.

Florida Gas Transmission said that it has completed the majority of the pipeline maintenance upstream of Compressor Station #6. There is one day of maintenance remaining, scheduled to begin November 28. During this work FGT will schedule up to approximately 150,000 MMBtu/d through Compressor Station #6. During normal operations FGT schedules up to 300,000 MMBtu/day through Compressor Station #6. The company also said that it will continue performing compressor maintenance at Compressor Station #9. This maintenance is scheduled to be completed December 7th. Finally, FGT will be performing pipeline maintenance on the Jackson Lateral

near the FGT/Cypress Interconnect. This maintenance is scheduled to begin December 3 and last approximately seven days.

PIPELINE RESTRICTIONS

Trunkline Gas Company said that there will be an outage on the Kountze 100-1 Line between gate valve 42-1 and 43-1 in order to perform line taps beginning today. Expected duration of the project is four days. Capacity will be reduced to 320 MMcf/d through Longville.

ELECTRIC MARKET NEWS

Genscape reported that power generation in the continental United States in the week ended November 22 rose less than 1% from the week before. Electricity output was up 0.79% from the previous week and up 0.17% compared with the same week a year ago.

Speaking essentially with one voice, the nation's major coal states have lined up behind Illinois' bid for the federal FutureGen clean coal project, with Wyoming Governor Dave Freudenthal today putting his state, the number one U.S. coal producer, in the Illinois camp.

MARKET COMMENTARY

The natural gas market rose in early morning trading, supported by a chilly forecast for the eastern half of the country and resurgence to \$100 oil. However, once oil came under pressure, natural gas followed as traders focused again on record storage, which is expected to remain over 3.5 Tcf following this week's EIA inventory report as the holiday week typically exhibits a weaker demand picture. The December contract, which expires on Wednesday rose to a high of 7.969, but slid down the charts to negative territory posting a low of 7.654 before settling up just 2.3 cents at 7.723.

Despite December options expiring tomorrow, we feel the natural gas market will maintain its narrow range, supported in the short term by firm cash prices, which have narrowed their discount to futures recently, but kept from rallying, as total storage stands at 3.5 Tcf. We see support at 7.566, 7.45 and 7.25. We see resistance at 8.00, 8.20, 8.34 and 8.70.

