



ENERGY RISK MANAGEMENT

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

www.e-windham.com

POWER MARKET REPORT FOR DECEMBER 2, 2008

NATURAL GAS MARKET NEWS

A Dominion spokesman said the company expects the entire expansion of their Cove Point LNG import terminal, both the plant and pipelines facilities will be completed by the end of December, but the start up of the facilities may not fully take place until early 2009.

Ukraine's state run gas company, Naftogaz Ukrayiny has failed to pay Gazprom part of the debt for natural gas supplies by the December 1st deadline. The company reportedly has paid less than half of the \$550 million that was due by yesterday. Just last week the two companies had reached agreement that the Ukraine company would pay off its \$2.4 billion debt in stages with the \$550 million bill for September and October purchases would be paid by December 1st. The agreement also called for a payment of \$862.3 million by December 31st. Talks between the two companies resumed today and are expected to continue into Wednesday on Naftogaz delaying payments further. The talks were described as "difficult".

Generator Problems

NPCC – Bruce Power's 750 Mw Bruce #4 nuclear unit was back in service this morning.

MRO – Exelon's 1163 Mw LaSalle #1 nuclear unit was at 82% capacity this morning down from full power on Monday.

SERC – Progress Energy's 710 Mw Robinson #2 nuclear unit has exited its refueling outage and has ramped up to 94% of power as of Tuesday morning. The unit had been shut on November 17th due to a turbine vibration.

Progress Energy's 938 Mw Brunswick #1 nuclear unit was at 91% capacity this morning, up 2% from Monday.

TVA's Browns Ferry #1 nuclear unit was at 19% capacity this morning, up 18% from Monday.

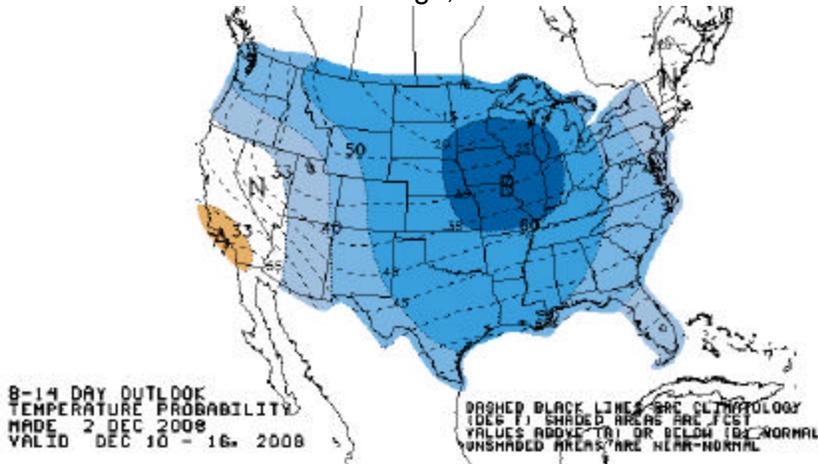
The NRC reported this morning that 91,600 Mw of nuclear generation capacity was on line, up 0.8% from Monday and 0.9% higher than the same time a year ago.

The FERC today approved Tennessee Gas Pipeline's request to build a tap to receive revaporized LNG from Kinder Morgan Louisiana Pipeline. This request was approved despite the objections from municipal gas utility shippers.

Distrigas finally sold its stranded cargo of LNG to a buyer in Spain, a spokesman for the company said today. The company, which

Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	Volume Traded	Avg Price	Change	Basis (As of 12:30 PM)	Change	Basis 5-Day Moving Avg
Henry Hub	861,900	\$6.684	\$0.204	\$0.191	\$0.314	(\$0.366)
Chicago City Gate	747,700	\$6.690	\$0.273	\$0.197	\$0.370	(\$0.058)
NGPL- TX/OK	1,000,600	\$6.026	\$0.227	(\$0.467)	\$0.324	(\$0.661)
SoCal	343,200	\$5.660	\$0.065	(\$0.833)	\$0.162	(\$1.111)
PG&E Citygate	456,300	\$6.527	\$0.164	\$0.034	\$0.261	(\$0.174)
Dominion-South	462,100	\$6.898	\$0.132	\$0.405	\$0.228	\$0.408
UTrade Weighted	16,382,500	\$6.316	\$0.217	(\$0.177)	\$0.31	(\$0.366)

had loaded the tanker a month ago, had been unable to find a buyer for the cargo and decided to bring the tanker back to the port of Zeebrugge after it had been anchored off the coast of southwest England. The tanker is currently headed to Barcelona and is due to discharge on December 4th.



PIPELINE RESTRICTIONS

FGT said it has issued an OFO with a 25% tolerance for today because of the current weather forecasts for colder temperatures expected overnight.

NGPL said that for today's gas day and until further notice it is at limited delivery capacity to Trunkline-Lakeside. ITS/AOR and secondary firm transport volumes are at risk of not being fully scheduled. The company also reported that effective for today's gas day and until further notice Segment 17 is at capacity. Therefore ITS/AOR and secondary out of path firm transports are at risk of not being fully scheduled.

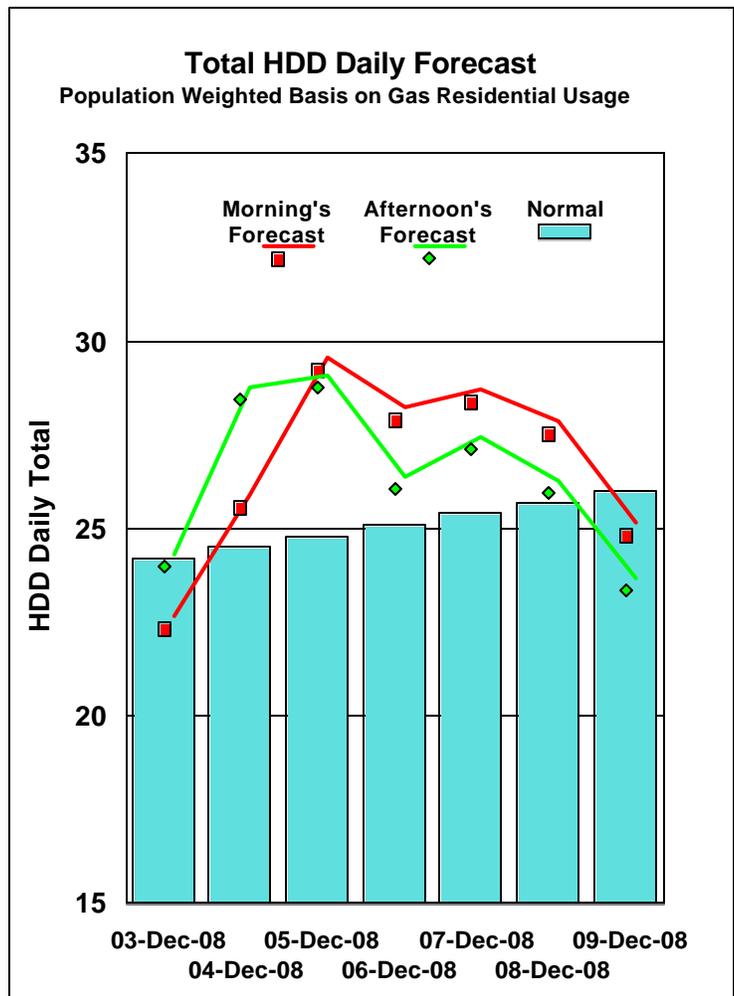
Northern Natural Gas said that effective today it was lifting the OFO at Carlton Resolution. Beginning tomorrow the line will be operating at 75% of capacity.

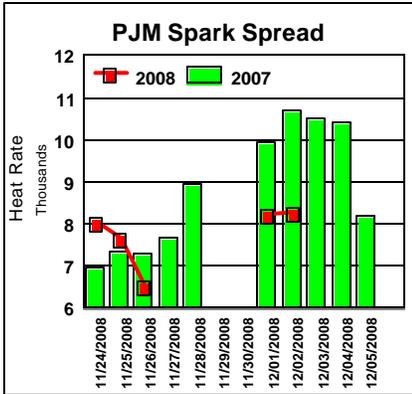
PIPELINE MAINTENANCE

Alliance Pipeline said inspections and maintenance requires the AB44a Wolf South meter Station to be offline for seven hours on December 9th and December 10th. Station capacity will be lowered by 1398 e3m3 for those days. The company also reported that scheduled maintenance will require AB 30 Gold Creek Lateral Meter/Compression Station on December 4th will require the station to be unavailable for five hours that day and will reduce capacity will be reduced to 950 e3m3/day.

Transco said repairs to a leaking valve on the meter at VK EMP 261A, Meter 2838, which was discovered back On November 21st, has been completed. The company announced it will begin accepting nominations at this point now.

TransColorado Gas transmission said it will be conducting maintenance at its Mancos Compressor Station on December 3rd. Capacity through Segment 220 will be





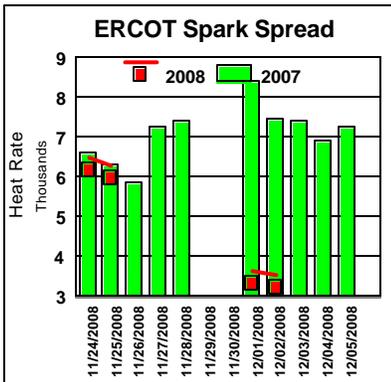
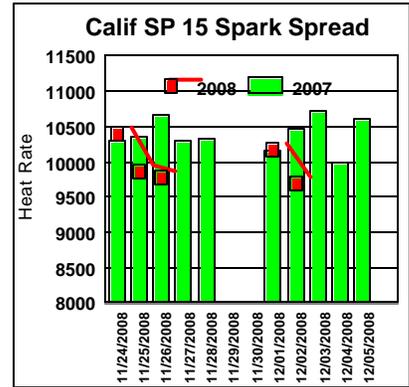
limited to 365,000 Dth/d and capacity through Segment 240 will be limited to 415,000 Dth/d. Based on the current level of nominations, AOR/IT, secondary and primary FT quantities are at risk of not being fully scheduled.

Wyoming Interstate Company said the Echo Springs Compressor Station will be out of service today and through December 5th. Volumes through (CRE) will go to zero during this outage. Normally firm capacity at (CRE) is 113 MMcf/d.

CIG said its Keyes Compressor Station will be out of service beginning today and through December 3rd.

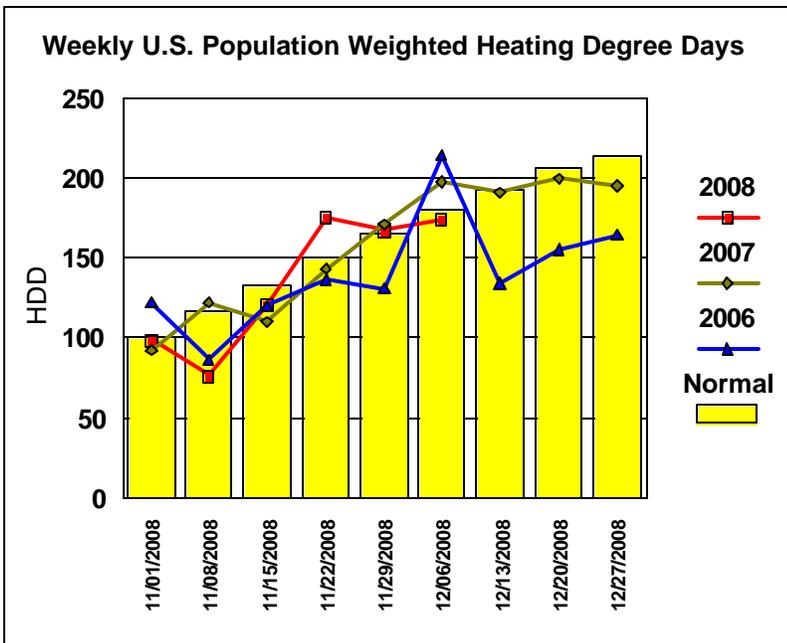
ELECTRIC MARKET NEWS

The Florida Public Service Commission today approved a reduction in FP&L's retail rates to reflect declines in fuel prices this autumn. Effective for the January billing cycle, the monthly bill of a typical customer should drop by 1.5%.



Genscape reported today that last week coal supplies in the United States at power plants fell by 0.07% from the prior week but still were 6% higher than a year ago. U.S. generators currently have 58 days of average coal burn.

FPL broke ground today on a 75 Mw solar thermal power station, which will be located at its existing Martin power station. This will be the largest of three solar power stations that the company is building in Florida.



MARKET COMMENTARY

While much colder air began to spread across the Plains today and was responsible for pushing cash prices higher today, the natural gas futures market failed to gain any traction to the upside as oil prices moved downward and set new near term lows. Bulls were also unsure of their positions given weather forecasts that slightly moderated throughout the day and the degree of confidence that the arctic air that has been forecasted to spill southward into the United States during the 11-15 day period was possibly not seen to be as certain as many forecasters had been heralding yesterday. Some private forecasters were beginning to hedge themselves this afternoon saying that the trough that is expected to set up over the

eastern U.S. will not be as strong as expected yesterday and as a result would bring far less cold air southward from Canada, leaving most of the mother lode of cold air confined to Canada during this period. But late this afternoon the NWS 8-14 day forecast continued to note that its GFS ensemble showed little change from yesterday's forecast and if anything possibly a bit more amplified for the trough and thus favoring a colder than normal pattern for two thirds of the United States. Government forecasters actually assigned their forecast a high degree of confidence, a 4 on a scale of 1-5. But as a result of these conflicting temperature outlooks it is not surprising to see natural gas market post its second consecutive inside trading session.

While the outright price market found little direction today, the March April spread broke out of its sideways trading pattern of the past three weeks and on the close broke through support at even money and set a new low of the March being a penny discount to the April contract. This spread did not move into negative territory over the two prior years until the third week of December when warmer than normal temperatures coupled with ample stocks weighed on the market. Given that current stocks are some 100 bcf less than a year ago and a weather forecast that appears significantly colder than the prior two years we feel that this spread does have the ability to rebound in coming days. We would thus look to be scale down buyer looking for levels of -.01, -.05 and -.10 with a price objective by the end of the month back to the 5-10 cent level.

Given that this market tends to experience a volatile session once it breaks out of inside trading sessions, tomorrow could be an explosive trading session and traders should be prepared for market momentum that could build and challenge key support at \$6.225 or resistance at \$6.90-\$6.978. Given our bias for colder temperatures we feel that this could be to the upside, if oil prices could stabilize and possibly rebound tomorrow.

The information contained in this letter is taken from sources, which we believe to be reliable, but is not guaranteed by us as to accuracy or completeness and is sent to you for information purposes only. The Windham Group bases its market recommendations solely on the judgment of its personnel. Reproduction in whole or part or other use without written permission is prohibited.