



ENERGY RISK MANAGEMENT

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

www.e-windham.com

POWER MARKET REPORT FOR DECEMBER 4, 2008

NATURAL GAS MARKET NEWS

Barclay's Capital in a research note to clients said it sees natural gas producers idling some natural gas rigs in production basis in the United States, but the rate of decline is not fast enough to eliminate reserves growth and as a result it sees an all time inventory high in working gas stocks by this time next year.

The FERC today issued a certificate to Wyoming Interstate Company for its pipeline for a compression expansion that will add nearly 2230,000 Dth/d of takeaway capacity on its Piceance Lateral.

Generator Problems

NPCC – OPG's 490 Mw Nanticoke #3 coal fired unit was shut early Thursday.

SERC – Progress Energy's 938 Mw Brunswick #1 nuclear unit was at 99% capacity this morning up 7% from Wednesday.

TVA's Browns Ferry #1 nuclear unit was at 22% this morning down 16% from Wednesday.

The NRC reported this morning that 91,936 Mw of nuclear generation capacity was on line, up 0.1% from Wednesday and 1.75% higher than the same time a year ago.

EIA Weekly Report

	11/28/2008	11/21/2008	Net chg	Last Year
Producing Region	963	965	-2	1053
Consuming East	1929	1990	-61	1945
Consuming West	466	467	-1	467
Total US	3358	3422	-64	3465

In a letter to the Governor of New Jersey this week, a coalition of more than two-dozen environmental and other interest groups, called for the governor to reconsider his support of LNG meeting the state's future energy needs. Earlier this year the governor released an

energy plan that included a policy in which to provide greater diversity for the state's energy consumers, any LNG terminal or other fuel supply project that meets the state Department of Environmental Protection's "strictest environmental requirements will be permitted for operation." Currently there are three LNG import projects that are proposed for the New Jersey coastline.

Russia's Prime minister today said that he hopes its ongoing difficult negotiations with the Ukraine over gas supplies and prices will not result in any disruptions in the transit of gas to Europe. But he warned that if the Ukraine fails to meet its transit obligations and "siphons off our resources, we will be forced to reduce supplies."

Canadian Gas Association

Weekly Storage Report

	28-Nov-08	21-Nov-08	30-Nov-07
East	214.4	227.9	233.4
West	345.5	346.2	334.1
Total	559.9	574.1	567.4

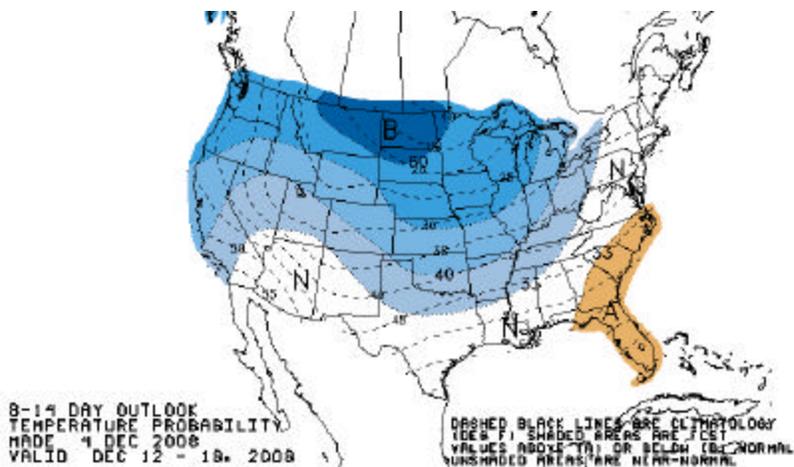
storage figures are in Bcf

The US Labor Department said the number of US workers claiming unemployment benefits reached a 26-year high. The four-week moving average of new weekly jobless claims increased to 524,500 last week, the highest level since December 18, 1982. Continuing claims increased to 4.087 million in the week ending November 22 from 3.998 million the

prior week. US private employers cut 250,000 jobs in November, the largest amount of layoffs in seven years after eliminating 179,000 positions in October.

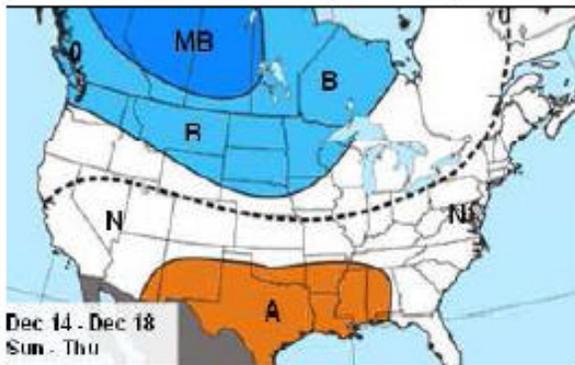
The US Commerce Department reported that its seasonally adjusted data on US factory orders fell by 5.1% in October after falling 3.1% in September.

According to a Business Roundtable survey, US chief executives' confidence in the economy fell in the fourth quarter to 16.5, the lowest level in the survey's six-year history. The majority of US chief executives or 60% plan to cut jobs while 45% of them expect to cut capital spending over the next six months amid the global recession.



The Wall Street Journal reported that Citadel lost about 13% in November, bringing its losses for the year to 47%. It reported that Citadel's losses stemmed from declining values of convertible bonds and bank loans, especially during the last week of the month.

MDA EarthSat 11-15 Day Morning Outlook



PIPELINE RESTRICTIONS

REX said effective for today's gas day and until further notice it is at capacity for quantities received from WIC Sitting Bull. Based on the current level of nominations, IT/AOR and secondary quantities are at risk of not being scheduled.

KMIGT said that effective today and until further notice it is at capacity for delivered quantities to NNG

Milligan. Based on the current level of nominations, IT/AOR and secondary quantities are at risk of not being scheduled.

CIG said it has extended the force majeure at its Laramie Compressor Station through December 19th due to ongoing maintenance at one of the compressor's units.

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	919,700	\$6.554	\$0.074	\$0.529	\$0.559	(\$0.316)
Chicago City Gate	840,000	\$6.630	\$0.000	\$0.605	\$0.432	\$0.084
NGPL- TX/OK	925,300	\$5.770	(\$0.016)	(\$0.255)	\$0.416	(\$0.618)
SoCal	296,600	\$5.492	\$0.067	(\$0.533)	\$0.499	(\$0.917)
PG&E Citygate	591,400	\$6.250	(\$0.020)	\$0.225	\$0.412	(\$0.132)
Dominion-South	366,100	\$7.135	\$0.300	\$1.110	\$0.732	\$0.415
USTRade Weighted	17,611,700	\$6.178	\$0.127	\$0.153	\$0.56	(\$0.316)

PIPELINE MAINTENANCE

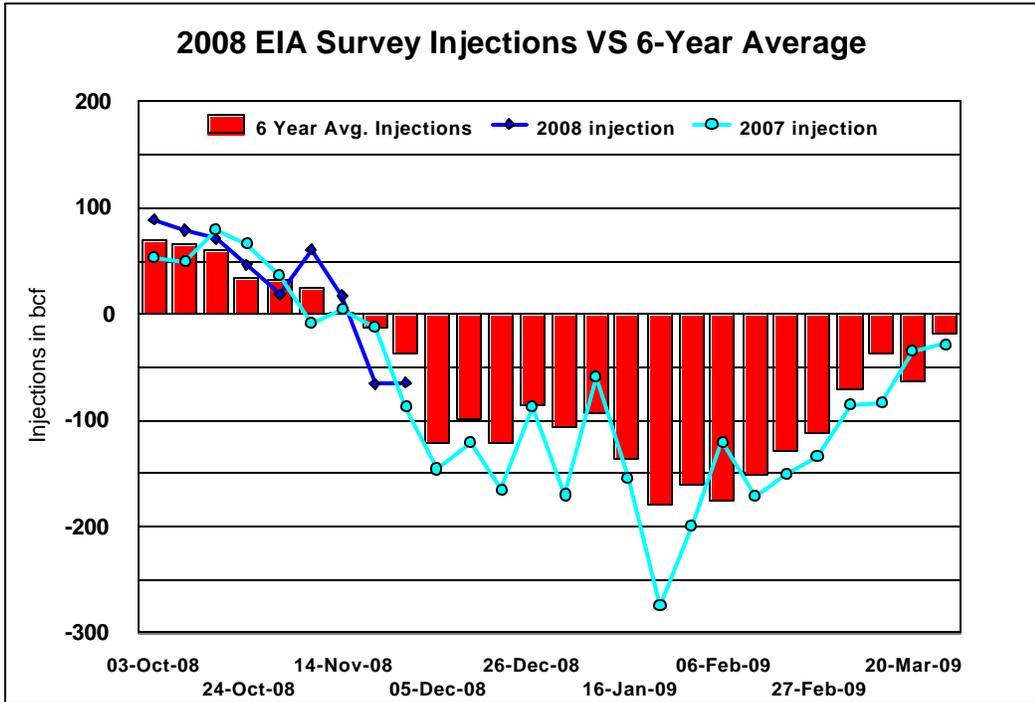
Texas Gas Transmission said beginning December 8th, capacity at the Greenville Compressor Station will be reduced due to scheduled construction, that is expected to last five days. The work is expected to cut throughput by 25% to 1,500,000 Mmbtu/d.

Iroquois Gas Transmission said it has pushed back scheduled maintenance at the Dover Compressor Station from December 8th to December 10th. This outage is expected to last for six days. It is anticipated that all PAL, HUB, forward haul ITS, ER/ED and secondary RTS outside the primary path

nominated for delivery south of the Athens Compressor Station will not be accepted.

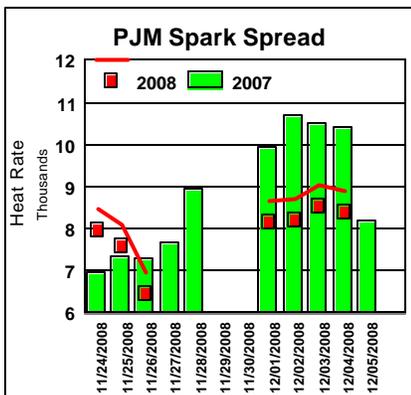
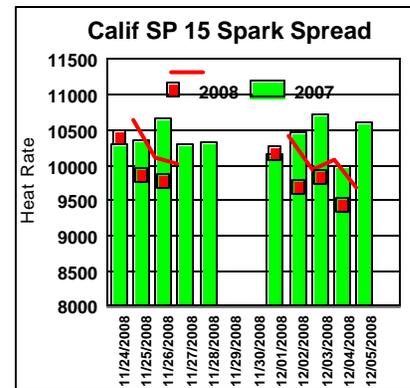
Kern River Gas Transmission said it will complete an expansion of the central delivery meter on December 9th. This will increase capacity by 16,500 Dth/d to 37,500 Dth/d.

Gulf South said it will be performing scheduled



maintenance at the Clarence Compressor Station Unit #3 on December 8th. The work is expected to last for two days. Based on anticipated operating conditions, the company does not expect an impact on service despite capacity being reduced by as much as 200,000 Dth. The company also reported that it has completed scheduled maintenance at the Bistineau Compressor Station.

NGPL said unplanned maintenance at the Centerpoint Energy Transmission NGPL Interconnect has been completed.



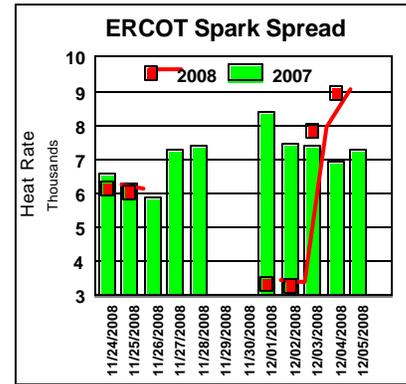
ELECTRIC MARKET NEWS

PJM Interconnection today approved a total of \$1.6 billion in transmission project upgrades. The biggest project approved was in New Jersey where PSEG plans to build a 500 Kv line from the Branchburg substation to the Roseland substation and then continuing onward to the Hudson substation. The utility had been pressing to build the line to address potential reliability violations in the region expected by 2013. The PJM also called for a change of the previously approved Mid-Atlantic Power Pathway project. PJM now wants the builders to use high voltage direct current line

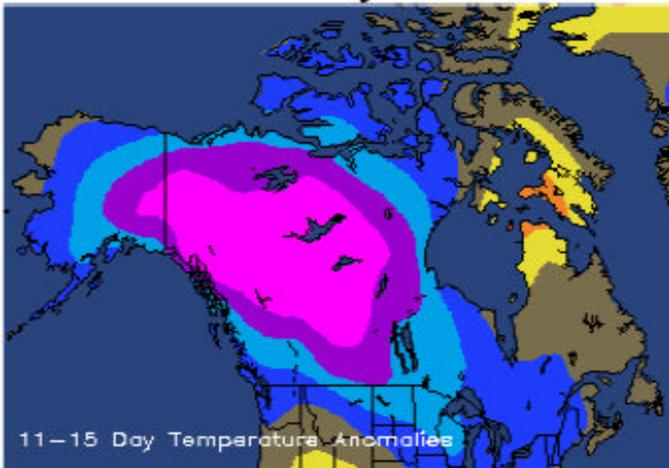
(HVDC) for the portion of the project that stretches under the Chesapeake Bay from Calvert Cliffs Maryland to the Vienna substation in Maryland and then the Indian River substation in Delaware. The in-service date for the line is scheduled for 2013.

Constellation Energy reported it will cut as much as 8% of its workforce or 800 positions, mostly in its commodity trading group because of the weak financial market.

ISO New England said it has the resources needed to meet demand for electricity in the six state region this winter. ISO New England projects peak winter demand will reach 23,030 Mw, although current economic conditions appear will likely slow this demand. In the event of a prolonged cold snap demand could reach 24,175 Mw. The current record for peak winter demand was 22,818 Mw set on January 15, 2004.



11-15 Day Period

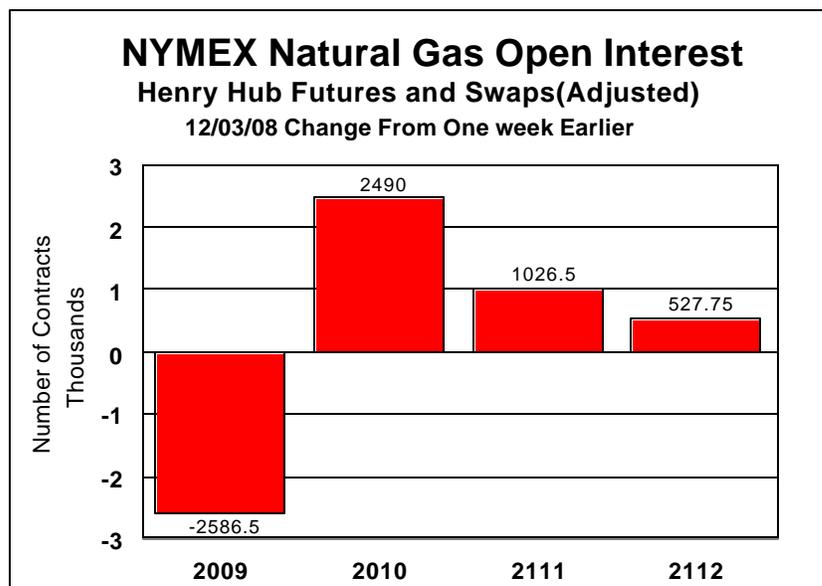


BPA reported that the Pacific DC Intertie will remain off line south to north and limited to 956 Mw cap north to south until December 15th. LADWP confirmed the Pacific DC Intertie would return to service by mid-December.

A federal appeals court Thursday vacated its prior opinion and remanded the case to FERC "for further proceedings consistent with Supreme Court's rulings". This action cleared the way for the FERC to reconsider its refusal to alter or do away with hundred of millions of dollars worth of long-term power contracts during the 2000-2001 western energy crisis

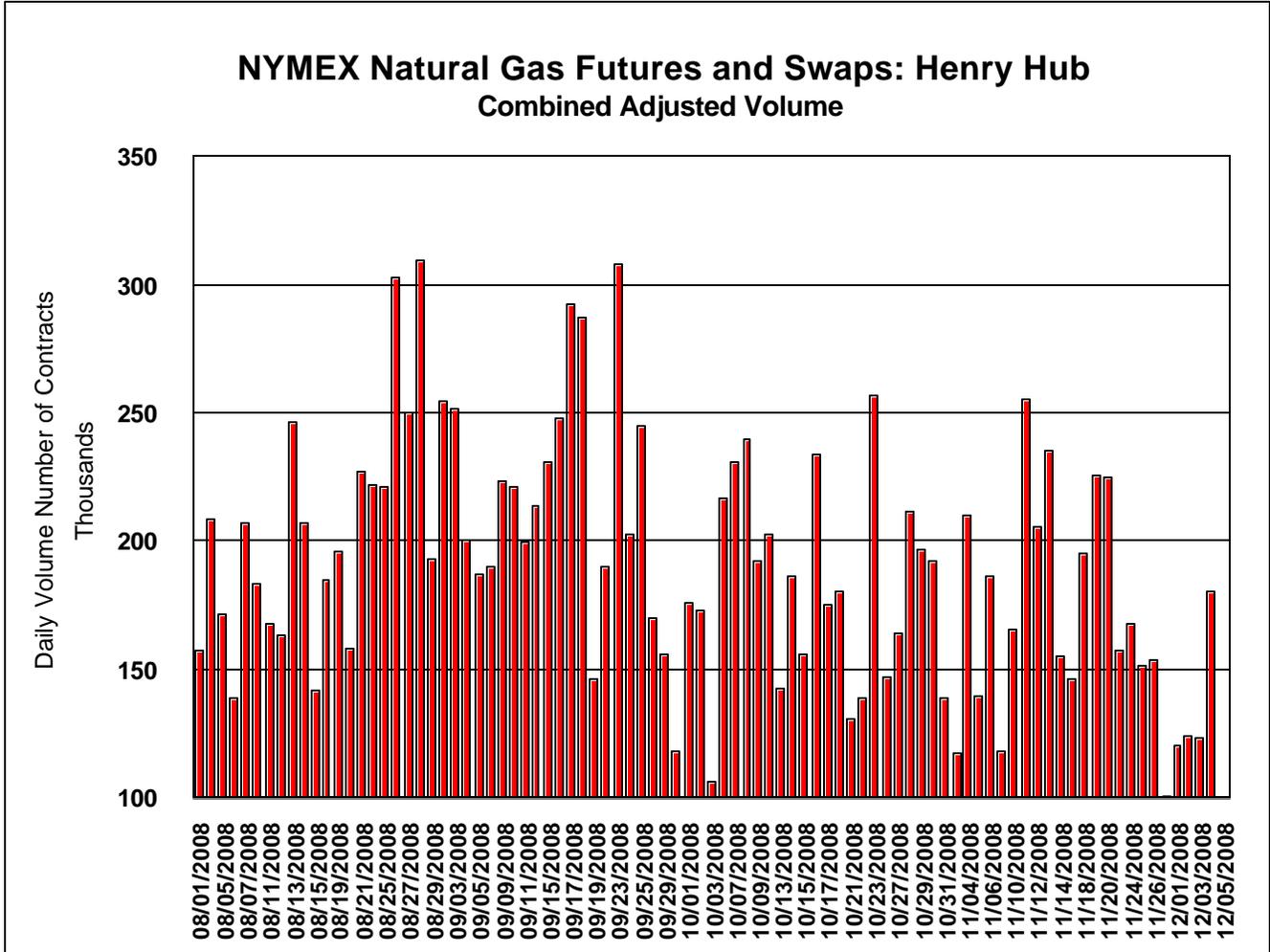
MARKET COMMENTARY

The natural gas market was relatively stable overnight and as traders appeared willing to wait for the release of the EIA Storage Report before they would make a commitment to the market. While the report once released was only slightly less than market expectations, it seemed to be enough to break and release fresh trading in the marketplace. Prices quickly broke to the downside breaking not only through yesterday's lows but the critical support level of the past three weeks at \$6.25-\$6.225. In fact, prices momentarily broke below the spot low of \$5.99 by midday, before settling in for much of the remainder of the day, trading between \$6.00-\$6.05. Even though cash prices were stronger today lifting the basis relationship to futures, traders appeared to be focused on the 11-15 day outlook, which today saw the widely watched EarthSat forecast call for much of the arctic air to



remain bottled up in Canada. Volume today while being the best day of the week, was rather limited for a storage report day and for a trading session in which new lows were obtained.

The lack of prolonged bitter cold temperatures and a mildly bearish storage report also sent the March April spread tumbling to new lows today as the March reached a 5 cent discount to the April contract. This spread just like the outright futures contract has little technical numbers to peg to for support



currently on the downside. As a point of reference historically the March-April 2008 spread last December posted a 7-cent discount before bouncing back and the spread the year prior saw a 10-cent discount posted before it bounced back into positive territory by January. But we still see fell that next week's bitter cold temperatures and the continued call for below normal temperatures, even if they are not much below normal for the following week should eventually support this spread Given that the prior couple of years did not see colder than normal or even average heating demand for the month of December we feel that this should eventually support this spread. But we have to admit it feels like we are pushing water uphill given the continue flood of poor economic news that continues to sweep across the markets each day.

If oil prices can halt their continued daily downward spiral we feel that the cold weather for this weekend and into next week should help support this market, but that is a big IF! We see support tomorrow initially at \$5.88, the bottom end of a month old trading channel. After that we see minor support at \$5.84, \$5.668 and \$5.43. More distant support we see at \$5.283. Resistance we see \$6.31, \$6.602, \$6.68 and \$6.78.

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.