



## 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 DECEMBER 5, 2007

#### NATURAL GAS MARKET NEWS

The fraud trial of three former El Paso Corp. natural gas traders opened today with lawyers offering conflicting explanations for why the men gave inaccurate deal information to price-indexing services. The three men are charged in U.S. District Court with conspiracy, false reporting and wire fraud for allegedly manipulating the price of gas by misleading Inside FERC and Natural Gas Intelligence from 2001 to 2003.

ExxonMobile reported that production at the Sable Offshore Energy Project, in the North Atlantic off the Canadian province of Nova Scotia, was ramping up following a weekend outage. The unit produces more than 400 MMcf/d of natural gas, that is shipped to Atlantic Canada and New England.

Jordan Cove Energy Project LP (JCEP) received final approval from Coos County commissioners for its plans to build a liquefied natural gas (LNG) terminal at the International Port of Coos Bay, OR.

France's EDF may have to build a new pipeline from its planned LNG terminal in northeast France to Zeebrugge if it does not get better access through Belgium's grid. The Former French power monopoly has a growing number of EDF Energy gas customers in Britain and has bought capacity on the pipeline linking the U.K. with the rest of Europe to supply them with fuel it imports to its LNG terminal in Dunkirk from 2012.

Partners in Nigeria's \$8.5 billion Brass LNG project will struggle to agree on an investment decision by next year

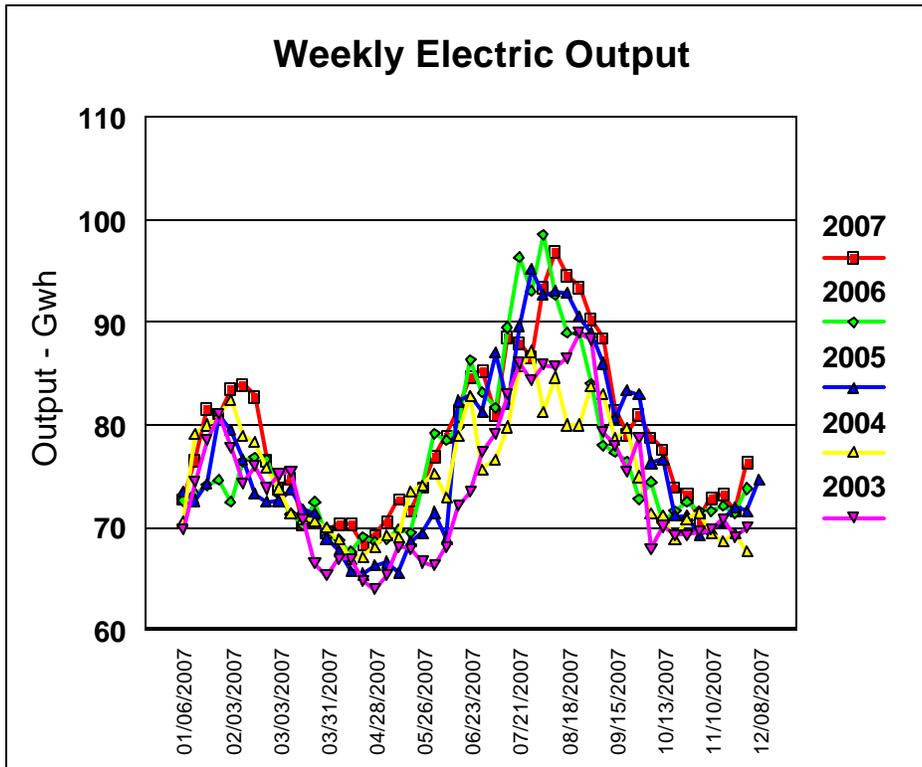
Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	Volume Traded	Avg Price	Change	Basis (As of 12:30 PM)	Change	Basis 5-Day Moving Avg
Henry Hub	797,400	\$7.040	(\$0.226)	(\$0.180)	(\$0.360)	(\$0.091)
Chicago City Gate	975,700	\$7.265	(\$0.261)	\$0.045	(\$0.380)	\$0.171
NGPL- TX/OK	1,139,500	\$6.474	(\$0.261)	(\$0.746)	(\$0.380)	(\$0.629)
SoCal	1,065,300	\$6.759	(\$0.159)	(\$0.461)	(\$0.278)	(\$0.411)
PG&E Citygate	330,200	\$7.124	(\$0.077)	(\$0.096)	(\$0.196)	(\$0.050)
Dominion-South	626,700	\$7.698	(\$0.261)	\$0.478	(\$0.380)	\$0.588
Transco Zone 6	153,400	\$14.035	(\$2.000)	\$6.815	(\$2.119)	\$5.363

and start shipments by 2013 as hoped. The Brass LNG project has been held up for about a year by security concerns following a series of militant attacks on oil industry facilities near the site in the Niger Delta in southern Nigeria.

#### PIPELINE MAINTENANCE

ANR Pipeline Company said that it will continue engine maintenance at its St. John Compressor Station in Indiana, located in the Northern Fuel Segment (ML-7). Capacity will be reduced by up to 140 MMcf/d. Based on current nominations along the Michigan Legs, it is anticipated that the above reductions will have no impact to service.

El Paso Natural Gas Company has released an update of its current projection of maintenance that will occur on the El Paso Natural Gas Company pipeline during the month of December. In North Mainline maintenance, Williams #5B will undergo a mechanical inspection today and tomorrow; Line 1204 will have a smart pig run December 11 for 10 hours; Williams #4B will have a mechanical inspection December 17-20; and Navajo #1C will have a line check December 18-19. The estimated capacity reductions range from 15 MMcf/d to 264 MMcf/d. In San Juan Crossover maintenance, the planned mechanical inspection at Laguna #3 will not occur. In South Mainline maintenance, Pecos River #3 will undergo Hot Gas Path December 10-13 and the company will install a new scrubber at NORBAJA December 22. The estimated capacity reduction will be 54 MMcf/d December 10-13. In Havasu Crossover maintenance, Alamo Lake #2 will undergo a Hot Gas Path December 10-13. The estimated capacity reduction will be 158 MMcf/d.

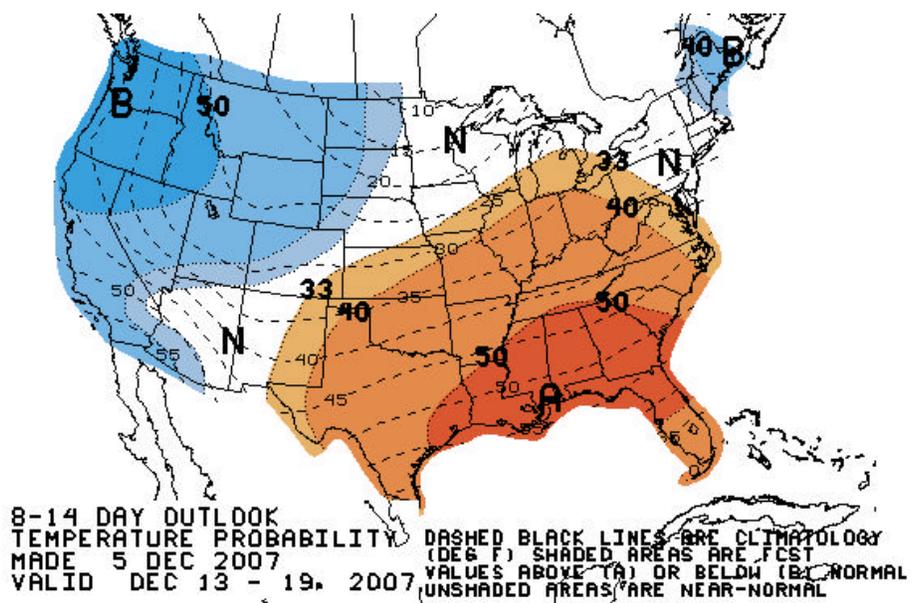


Panhandle Eastern Pipe Line Company said that based on the corrective actions currently underway to evaluate and repair the 400 Line rupture, the company estimates that the outage capacity reduction to 1150 MMcf/d will extend through gas day December 10. Subsequently, the D.O.T. may require the pipeline to be operated at a lower pressure until permission is granted to return to full MOAP. During the period of reduced pressure, estimated to begin on December 11, capacity will be limited to 1250 MMcf/d.

**ELECTRIC MARKET NEWS**

The Edison Electric Institute reported that electricity demand in the continental U.S. was 3.3% higher compared with the same week last year. The continental U.S. used 76,233 GWh of electricity in the week ending December 1, about 6.4% more than the previous week.

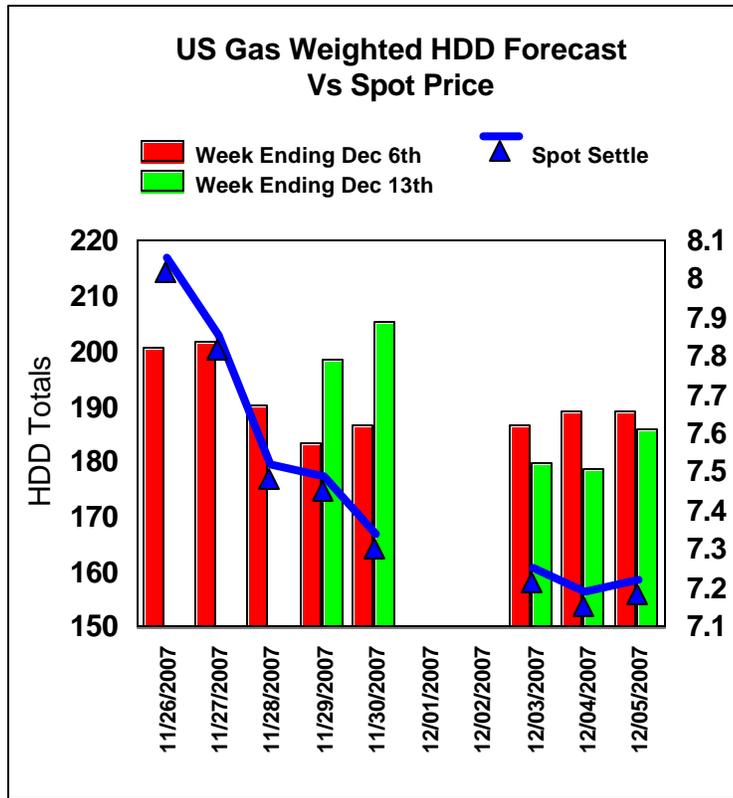
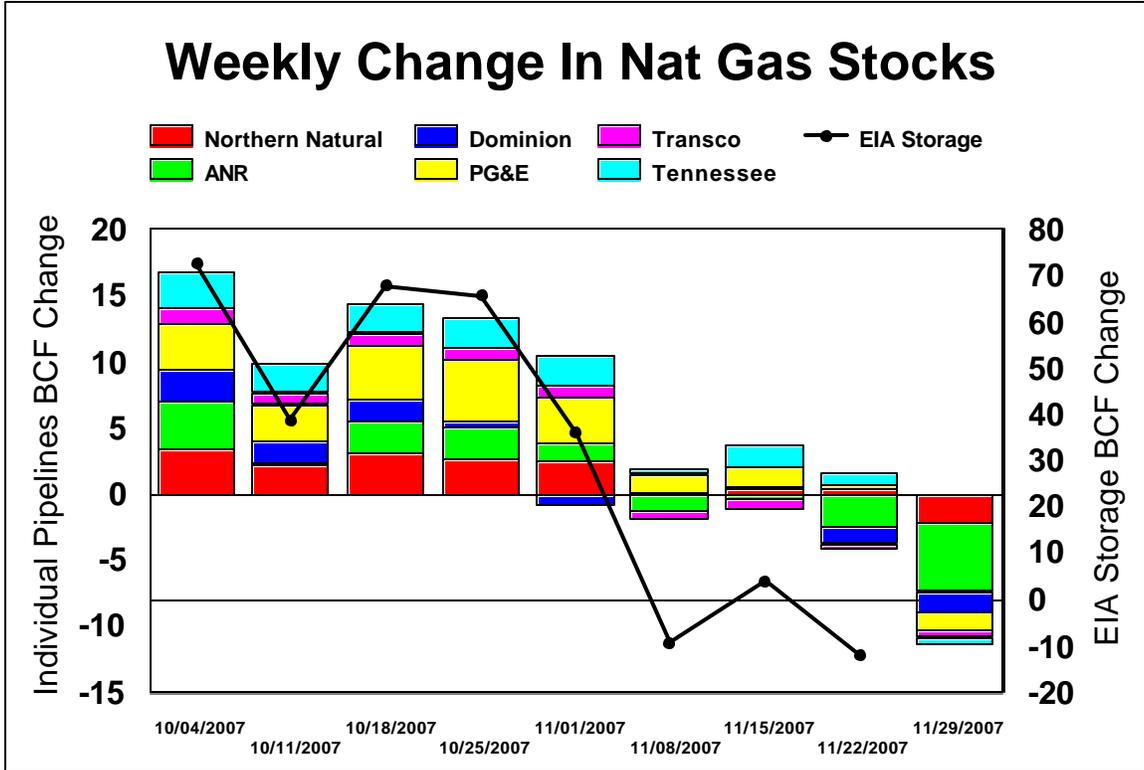
Pennsylvania Governor Edward Rendell said he was pleased with the U.S. Department of Energy's decision to rehear the case against its decision to designate 53 of Pennsylvania's 67 counties as part of the National Interest Electric



Transmission Corridor.

Dominion Resources said it agreed to buy a natural gas-fired power plant development project in Central Virginia from Tenaska. Once completed, the power plant will generate 600 Mw of electricity. The 35-acre project already has air and water

permits for a combined-cycled, natural gas-fired power station. Further regulatory approvals are required before construction can begin. The plant is expected to come on-line in the spring of 2011.



The NYMEX expects to announce within weeks its plans for launching a global carbon dioxide futures contract. The move comes against a backdrop of rapidly growing greenhouse gas markets worldwide. The largest of those is the EU Emissions Trading Scheme, which currently covers CO2 emission in the 27 member states of the EU bloc, and may be expanded to include other GHGs in the future.

**MARKET COMMENTARY**

The natural gas market experienced some early weakness, dipping to a low of 7.045 as the morning weather update showed continued moderation with temperatures in the East trending warmer. Support at the 7.00 level persists, and natural gas moved higher on short covering and a firming crude oil to the high of the past two sessions. The January contract traded to 7.278, a tick shy of Monday's and Tuesday's 7.279 high. However, as the oil complex could not hold onto its gains, natural gas lost much of its momentum to trade negative briefly before settling up 3 cents at 7.185.

Estimates for tomorrow's EIA report call for a

draw of between 80-87 Bcf as compared to the five-year average draw of 60 Bcf and last year's small 14 Bcf draw. However, the data may have little impact on the market as the year-on-year overhang is still a lofty 106 Bcf and the surplus over the five-year average is currently an impressive 301 Bcf. Further, the long-range storage picture at this point does not appear supportive as forecasted temperatures for the Northeast and Midwest stand as seasonal or above average. We see support at 7.069, 7.00, 6.94 and 6.836-6.80. We see resistance at 7.279-7.302, 7.406, 7.535, 7.75 and 8.00.