



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR DECEMBER 10, 2007

NATURAL GAS MARKET NEWS

The U.S. National Hurricane Center said a low-pressure system could develop during the next 24 hours in the Atlantic Ocean near Puerto Rico. Environmental conditions are only marginally favorable for development, but a tropical or subtropical cyclone could form during the next 24 hours. The system was located about 250 miles east of Puerto Rico.

El Paso Corp. and Equitable Resources said they plan to build a natural gas pipeline running from Clarington, Ohio, to Pleasant Valley, New York. The 471-mile pipeline, called the Northeast Passage Project, would have an initial capacity of 1.1 Bcf/d. It is intended to connect the Rockies Express Pipeline to markets in the U.S. northeast. The companies expect the project to begin service in November 2011.

FERC Friday gave the environmental go-ahead for Golden Triangle Storage, a wholly owned subsidiary of Atlanta-based AGL Resources, to build a 16 Bcf high-deliverability natural gas storage facility in Jefferson and Orange counties, TX.

Looking for some early holiday cheer, two Oregon liquefied natural gas (LNG) projects expect to clear local hurdles in their respective permitting processes this week. Both NorthernStar Natural Gas's Braidwood Landing LNG project along the Columbia River and the Jordan Cove Energy Project LP at Coos Bay along the Pacific Coast hope to be able to concentrate on the FERC process next year.

According to the EIA, U.S. imports of LNG in September increased 4% from a year earlier, but were still the lowest for any month so far in 2007. LNG shipments into the U.S. totaled 41.7 Bcf for September, up from 40 Bcf in September 2006. The EIA is forecasting that LNG imports this year will average 2.22 Bcf a day, up from 1.6 Bcf/d last year, and then jump to 2.76 Bcf/d in 2008.

Angola LNG Limited announced today that it has entered into an Investment Contract with the Government of Angola and Sonangol, which defines the final provisions necessary to implement the Angola LNG Project. The

Generator Problems

ECAR – FirstEnergy's 1,260 Mw Perry nuclear unit remains offline but has ramped up to 19% power after restarting on Friday.

FRCC – Progress Energy's 870 Mw Crystal River #3 nuclear unit returned to full capacity as of this morning. On Friday, the unit was operating at 20% power.

SERC – TVA's 1,100 Mw Browns Ferry #3 nuclear unit returned to full capacity today. The unit was operating at 37% power on Friday.

Progress Energy's 938 Mw Brunswick #1 nuclear unit reduced output to 70% power. The unit was operating at full power on Friday. Brunswick #2 continues to operate at full power.

Entergy's 966 Mw River Bend nuclear unit decreased output to 88% power. The unit was operating at 90% power on Friday.

WSCC – Reliant Energy's 1,516 Mw Ormond Beach natural gas-fired power station returned to service over the weekend after being shut for about a week for planned work.

Arizona Public Service's 1,270 Mw Palo Verde #1 nuclear unit has returned to full service. On Friday, the unit was operating at 73% power. Palo Verde #2 remains at full power while #3 is shut for a refueling.

PG&E's 1,100 Mw Diablo Canyon #2 nuclear unit returned to full power. The unit was operating at 55% power on Friday. Diablo Canyon #1 returned to full power on Friday.

The NRC reported that 93,116 Mw of nuclear capacity is online, up 2.29% from Friday, and up 4.67% from a year ago.

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	868,200	\$6.979	(\$0.058)	(\$0.055)	\$0.224	(\$0.067)
Chicago City Gate	796,500	\$7.273	(\$0.060)	\$0.239	\$0.088	\$0.190
NGPL- TX/OK	687,900	\$6.682	\$0.157	(\$0.352)	\$0.305	(\$0.569)
SoCal	1,044,400	\$6.805	(\$0.020)	(\$0.229)	\$0.128	(\$0.342)
PG&E Citygate	432,200	\$7.145	(\$0.101)	\$0.111	\$0.047	\$0.015
Dominion-South	537,100	\$7.486	(\$0.014)	\$0.452	\$0.134	\$0.498
Transco Zone 6	188,600	\$12.642	\$1.907	\$5.608	\$2.055	\$6.068

Angola LNG Project is expected to receive approximately 1 Bcf of associated gas per day from offshore producing blocks and produce 5.2 million tonnes per year of LNG, as well as related gas liquids products. First LNG from the project is expected by early

2012 to be delivered into the U.S. natural gas market via the Clean Energy regasification terminal near Pascagoula, Mississippi, which is under development by Gulf LNG Energy.

PIPELINE MAINTENANCE

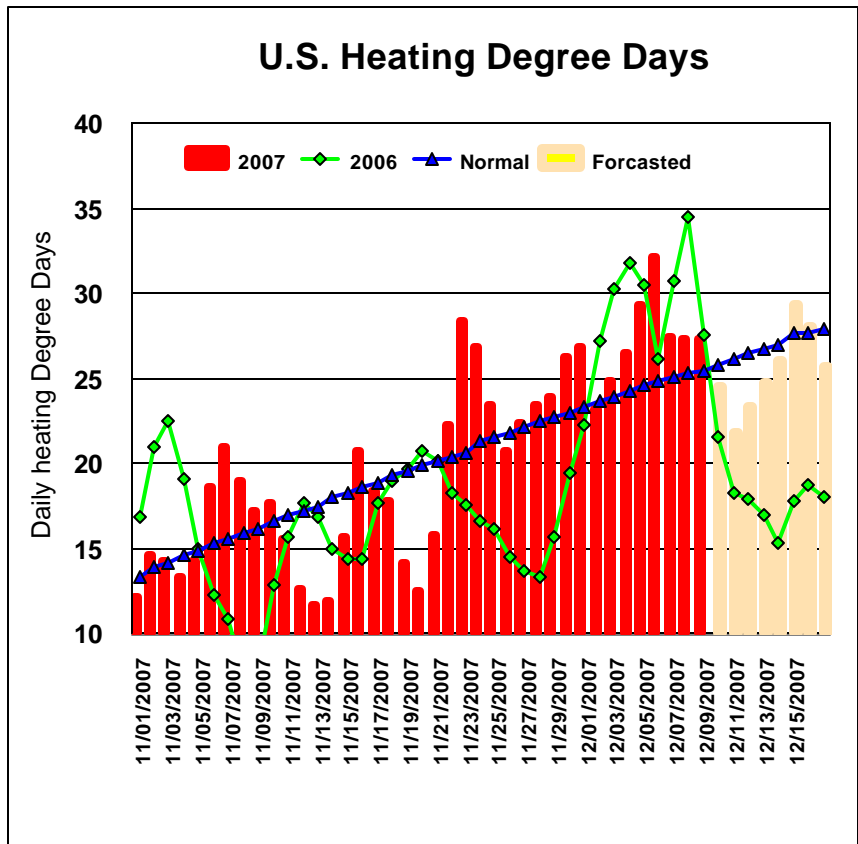
Alliance Pipeline said that inspections and maintenance require the Alameda Compression Station to be offline for 48 hours starting December 11. System throughput (AOS) will be impacted. Also, inspections and maintenance requires the Morinville Compression Station to be offline for 48-72 hours starting Tuesday. System throughput (AOS) will be affected.

Florida Gas Transmission said that it will continue performing pipeline maintenance on the Jackson Lateral near the FGT/Cypress Interconnect. This maintenance will continue until approximately December 14. Operating conditions during this maintenance may require FGT to schedule reduced volumes at the FGT/Cypress Interconnect. During normal operations FGT schedules up to 230,000 MMBtu/d at the interconnect.

Questar Pipeline Company said that efforts to repair the equipment on Questar's Greasewood #1 compressor will not be completed for at least another week. As a result, deliveries to TransColorado at MAP 297 will be limited to 25 MMcf/d until further notice.

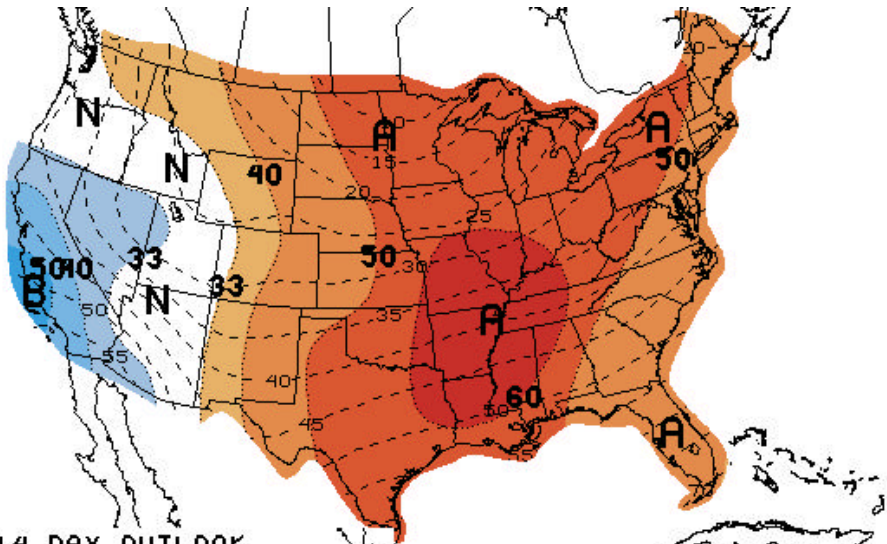
ELECTRIC MARKET NEWS

Genscape reported that power generation in the continental U.S. in the week ended December 6 rose nearly 5.3% from the previous week, however was virtually equal to the same week a year ago.



The UN Framework Convention on Climate Change attempted to craft a mandate for negotiations on climate change action after 2012. According to the draft the attempt is to reduce emissions by 25-4-% by 2020 and be reduced to very low levels, well below half of levels in 2000 by 2050. The U.S. delegation voiced opposition.

MARKET COMMENTARY



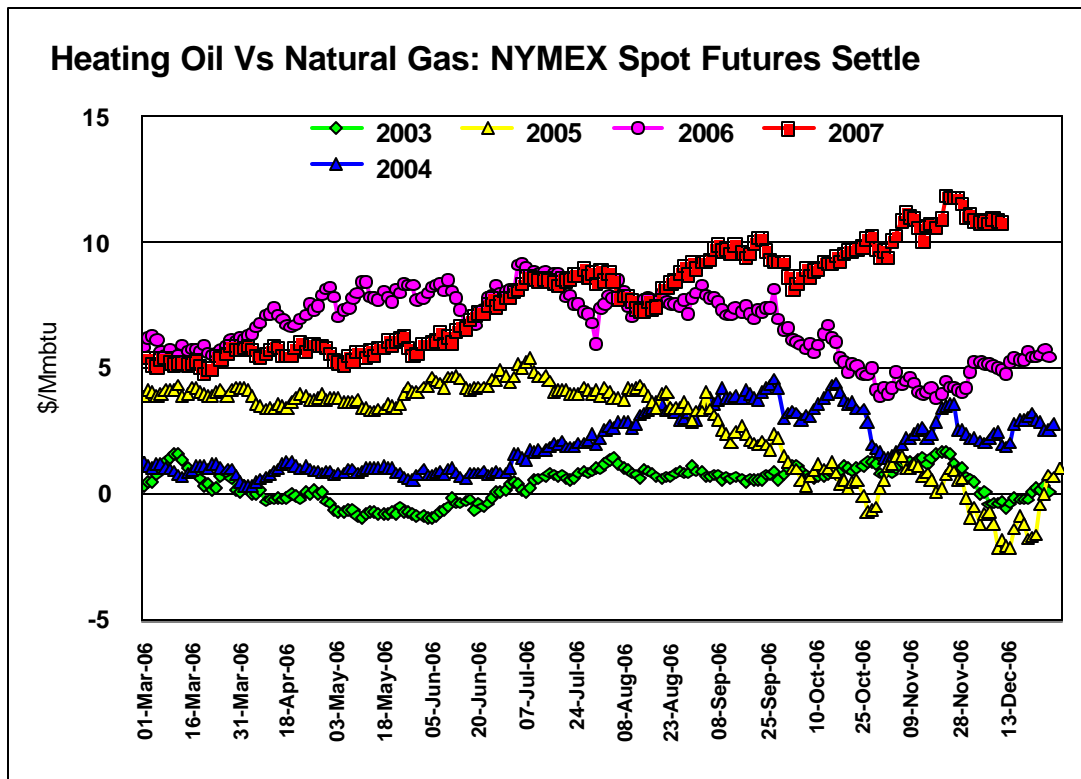
8-14 DAY OUTLOOK
 TEMPERATURE PROBABILITY MADE 10 DEC 2007
 VALID DEC 18 - 24, 2007
 DASHED BLACK LINES ARE CLIMATOLOGY (DEG F)
 SHADED AREAS ARE FCST VALUES ABOVE (A) OR BELOW (B) NORMAL
 UNSHADED AREAS ARE NEAR-NORMAL

The natural gas market penetrated the 7.00 level in early morning trading as the 11-15 day forecast drastically moderated, with above normal temperatures for the entire continental U.S. east of the Rocky Mountains. The January contract traded to a low of 6.95, but as the crude oil market traded higher supported by a weak U.S. dollar and fog shutting down the Houston Ship Channel, natural gas regained some ground. With current cold in the Midwest and Northeast, the cash market supported natural gas, driving it back

to unchanged and ultimately a high of 7.183 just before midday. But as the noon forecast reiterated the warm temperatures by the end of the month, January natural gas returned to its lows, but held above 7.00 to ultimately settle down 12.3 cents at 7.032.

With the outlook for heating demand looking weak, this market is hankering to work lower. The January contract

has seen support near 7.00 hold ground for the time being, but another shift lower could break that level and take aim at 6.75-6.80, edging closer to the lower end of a wide range up to 8.20 that has bound the market for nearly the entire year of 2007. Expectations for this week's EIA inventory report currently call for a neutral to slightly bearish 100-125 Bcf withdraw, compared to last year's 168 Bcf draw and the five-year average 130 Bcf draw. We see support at 6.95-7.00, 6.75-6.80 and 6.683. We see further support at 6.50 and 6.00. We see resistance at 7.155, 7.25-7.28, 7.382 and 7.50. We see further resistance at 7.75, 8.00 and 8.25.



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