



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR DECEMBER 13, 2007

NATURAL GAS MARKET NEWS

Australia-based investment group Babcock and Brown Ltd. (BBI) are leading a consortium to buy the majority stake in MidCon, which owns the Natural Gas Pipeline Company of America (NGPL), in a \$7.6 billion transaction.

The U.K.-Belgium gas pipeline will be shut down for planned annual maintenance from August 27, 2008 for up to 15 days, operator Interconnector U.K. said.

PIPELINE MAINTENANCE

Colorado Interstate Gas Company has issued an updated maintenance schedule for December. In Utah, on December 19 a section of the 155A-20 inch Uintah Lateral (Segment 202) will be taken out of service for ties. In Wyoming, at the Wamsutter Compressor Station, the CIG to WIC unit will be out of service through today.

Capacity through (WAW) will be reduced from 1200 to zero. One unit at Elk Basin Compressor Station will be out of service through December 21. In maintenance south of Springfield, Colorado including Texas and Oklahoma, none of the planned maintenance is expected to impact service.

Generator Problems

ECAR – FirstEnergy's 1,260 Mw Perry nuclear unit decreased output to 85% power today. Yesterday, the unit was operating at 96% power.

NPCC – Entergy's 670 Mw Pilgrim nuclear unit restarted and ramped up to 52% power after shutting on Monday for planned maintenance.

MAPP – WE Energies' 516 Mw Point Beach #2 nuclear unit reduced output to 48% power. Yesterday, the unit was operating at full power. Point Beach #1 remains at full power.

The NRC reported that 93,447 Mw of nuclear capacity is online, down .02% from Wednesday, and up 6.17% from a year ago.

EIA Weekly Report

| | 12/07/2007 | 11/30/2007 | Net chg | Last Year |
|-------------------------|------------|------------|---------|-----------|
| Producing Region | 1010 | 1045 | -35 | 963 |
| Consuming East | 1831 | 1932 | -101 | 1866 |
| Consuming West | 453 | 463 | -10 | 433 |
| Total US | 3294 | 3440 | -146 | 3262 |

*storage figures in Bcf

Gulf South Pipeline said that it will be performing scheduled maintenance at the Jackson Compressor Station beginning December 17 at 7:00 AM MT on all four units with one unit down at a time. The maintenance will last for four days with a unit being unavailable for 10 hours during each day. Jackson Compressor Station capacity will be reduced by as much as 100 MMcf/d during each 10 hour maintenance period.

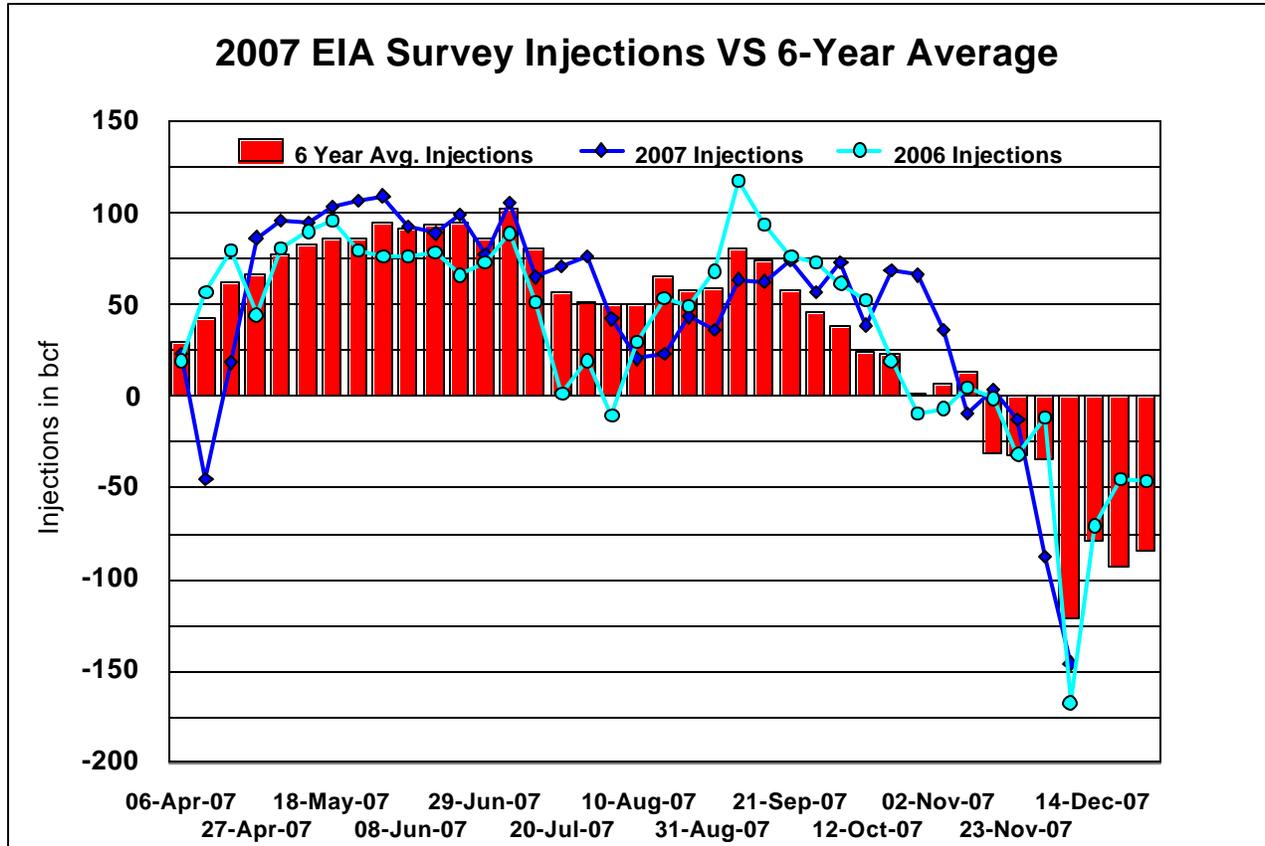
PIPELINE RESTRICTIONS

El Paso Corp. said a force majeure at one of its natural gas compressor stations in New York on its Tennessee Gas Pipeline Co. unit had been lifted after repairs to the station were complete.

Tennessee Gas Pipeline said that it has lifted the OFO Balancing Alert for Zones 5 & 6 on the 200 leg effective immediately.

ELECTRIC MARKET NEWS

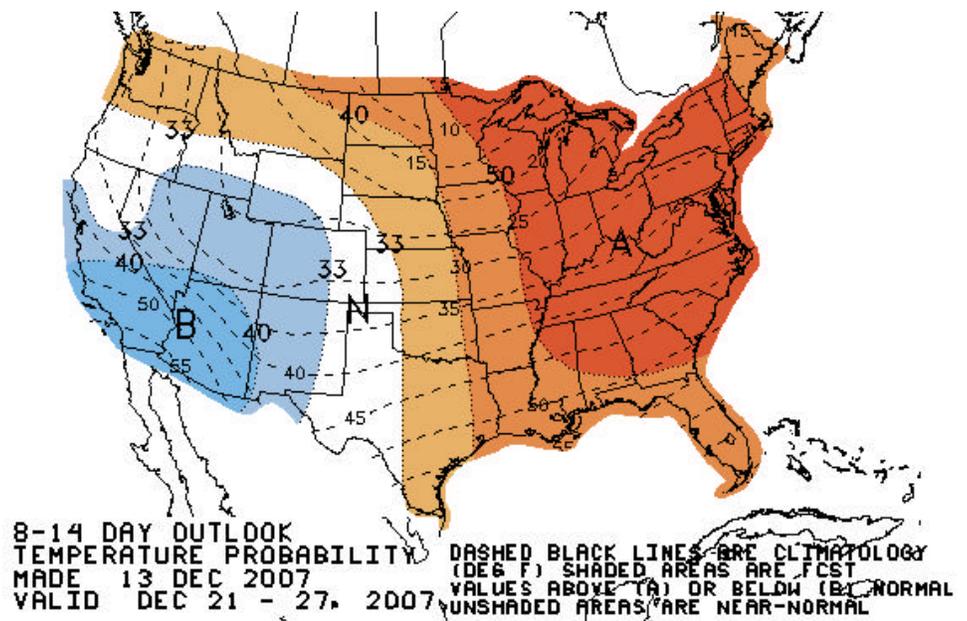
The U.S. House of Representatives passed a bill late yesterday that would require the U.S. Military to use wind, solar and other renewable forms of energy to meet at least 25% of its electricity needs by 2025.



The Board of Directors of the New York Independent System Operator has approved the 2008 Reliability Needs Assessment, which begins the NYISO's third cycle of comprehensive planning for the state's bulk electricity grid. According to the 2008 RNA, generation and transmission resources in New York State are expected to be adequate through 2011. The study finds that a reliability-need will occur in 2012, primarily in the state's southeastern region, and will become acute by 2017 if expected electricity demand increases are not met with additional resources.

MARKET COMMENTARY

The natural gas market showed early strength ahead of the EIA inventory report, which came in with a slightly larger draw than expected. The EIA reported that 146 Bcf was taken from storage during the week ending December 7, initially boosting the front month to the intra-day high of 7.529 before traders took profits on weaker long-range fundamentals and a crude contract that lost significant ground on an unsupportive economic picture and a forward curve moving into contango. The January contract traded to a low of



7.160 before settling down 21.5 cents at 7.193.

Total storage in the lower 48 states now stands at 3,294 Bcf, 61 Bcf above last year's levels for the same week and 259 Bcf above the five-year average of 3,035 Bcf. Ample storage and an unsupportive long range forecast will keep the natural gas market in a bearish tone. These bearish fundamentals coupled with a weaker oil complex will open natural gas to a test of the 7.00 level again and ultimately 6.80, the lower end of the yearlong range. We see support at 7.10, 7.00, 6.90, 6.80, 6.64 and 6.50-6.47. We see resistance at 7.25, 7.60, 7.75, 8.00 and 8.25.