



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR DECEMBER 14, 2007

NATURAL GAS MARKET NEWS

The NOAA reported that the year 2007 is on pace to become one of the 10 warmest years for the contiguous U.S. since national records began in 1895. The preliminary annual average temperature for 2007 across the contiguous U.S. will likely be near 54.3 F, 1.5 F above the twentieth century average of 52.8 F. This currently establishes 2007 as the eighth warmest on record. Only February and April were cooler-than-average, while March and August were second warmest in the 113-year record. The global annual temperature, for combined land and ocean surfaces, for 2007 is expected to be near 58 F, which would be the fifth warmest since records began in 1880. Including 2007, seven of the eight warmest years on record have occurred since 2001 and the 10 warmest years have all occurred since 1997.

The Senate Thursday approved a bipartisan measure that would increase federal oversight authority of trading on currently unregulated electronic energy platforms, such as Atlanta-based IntercontinentalExchange (ICE). The proposal is part of the reauthorization of the Commodity Futures Modernization Act, which was folded into the \$286 billion farm bill (HR 2419) that is currently on the Senate floor.

The Senate Thursday night passed by an overwhelming majority an energy bill that raises the fuel economy standard, increases the standard for production of renewable fuels and establishes higher energy efficiency standards.

NorthernStar Natural Gas's proposed Columbia River liquefied natural gas (LNG) receiving terminal site in Oregon received approval Thursday from the local county elected commission for the rezoning it needs to develop the Bradwood Landing project. Clatsop County Commissioners voted 4-1 to allow the rezoning of land formerly used for a lumber mill, town and deep-water port.

Still unable to enjoy some early holiday cheer, a second Oregon liquefied natural gas (LNG) project was left waiting Thursday, but with some positive expectations it will clear another local hurdle in its permitting processes before Christmas. The Jordan Cove Energy Project LP at Coos Bay hopes to wrap up a second key local permit by Wednesday, its project manager told *NGI* late Thursday.

NYMEX announced today that average daily volume set an all-time monthly record in November 2007 of 1.685 million contracts, a 28% increase from 1.224 million contracts per day in November 2006. NYMEX electronic

Generator Problems

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

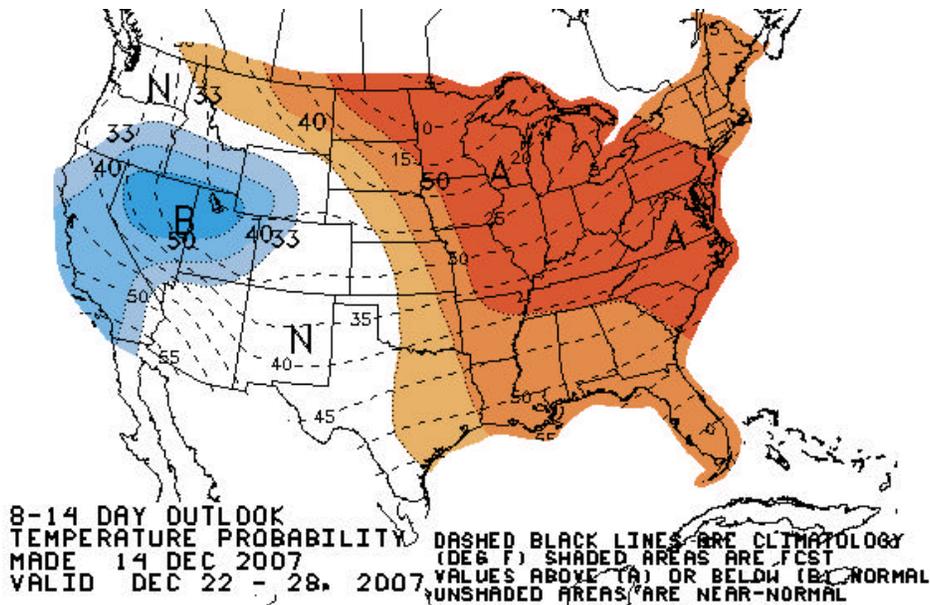
ERCOT – TXU's 1,150 Mw Comanche Peak #1 nuclear unit reduced output to 70% power. Yesterday, the unit was operating at full power. Comanche Peak #2 continues to operate at full power.

NPCC – Entergy's 670 Mw Pilgrim nuclear unit returned to full power. Yesterday, the unit was operating at 52% power.

MAIN – MidAmerican Energy's 700 Mw Louisa coal-fired power station in Iowa returned to service early today. The company shut the unit in October for maintenance.

MAPP – WE Energies' 516 Mw Point Beach #2 nuclear unit ramped up to full power. Yesterday, the unit was operating at 48% power. Point Beach #1 continues to operate at full power.

The NRC reported that 93,763 Mw of nuclear capacity is online, up .34% from Thursday, and up 6.04% from a year ago.



volume on the CME Globex platform was 736,287 contracts per day and represent an 87% increase over 394,307 contracts per day in November 2006. Natural gas trading set a daily volume record yesterday on the CME Globex platform. Natural gas futures totaled 158,525 contracts, exceeding the 151,184 contracts traded on November 1.

PIPELINE MAINTENANCE

Spectra Energy's East Tennessee Natural Gas unit said the loss of a natural gas compressor unit at its Dixon Springs compressor station in Tennessee would be out of

service until December 18 for unplanned repairs. Spectra said there was no expected impact to customers on its system.

ANR Pipeline Company said that it has completed the unplanned engine repairs at its Sardis Compressor Station along the SE Mainline and the associated capacity restriction has been lifted.

Gulf South Pipeline said that scheduled maintenance on Edna Compressor Station Unit #7 is complete.

Questar Pipeline Company said that it has completed repairs to the Greasewood #1 compressor. As a result, capacity to TransColorado at Map 297 will return to 47.5 MMcf/d beginning today's Cycle 1.

Williston Basin Interstate Pipeline Company said that it began unplanned maintenance at the Monarch Compressor Station. Maximum capacity at Manning will be approximately 42 MMcf/d through today.

PIPELINE RESTRICTIONS

The 30-inch diameter Columbia Gulf natural gas pipeline operated by NiSource suffered a rupture and a fire today in northern Louisiana near the town of Delhi. The pipeline, Line 100, has been shut in and the fire has been extinguished.

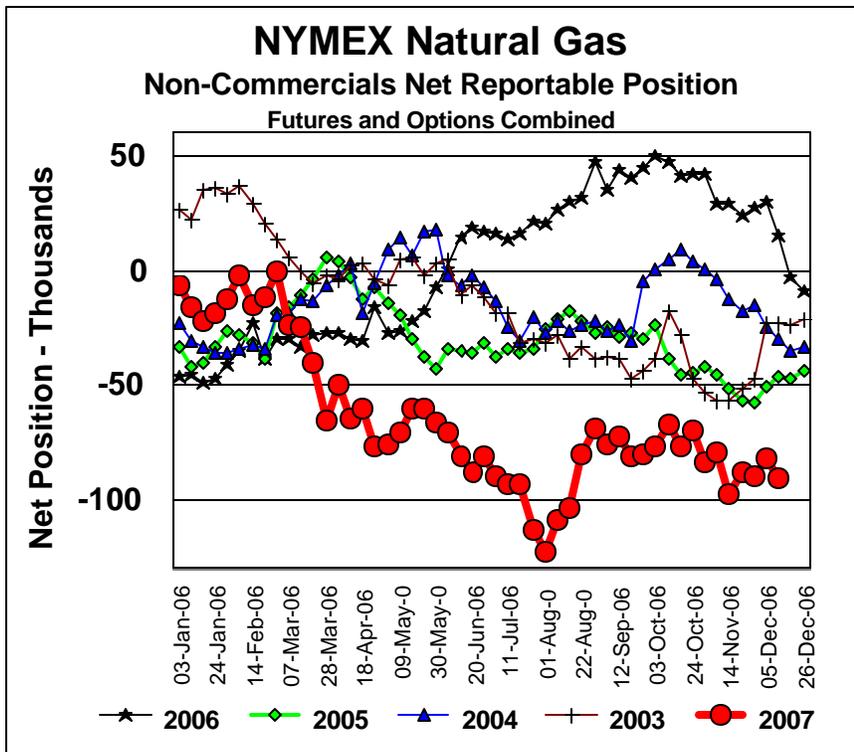
Dominion Resources has issued an Operational Flow Order for December 16 beginning at 10:00 AM ET until further notice. Dominion said that it has determined, based upon forecasted weather, that quantities delivered to customers at the Delivery Areas in the New York area may be in excess of the quantities that DTI is receiving on behalf of customers. DTI cannot tolerate under-deliveries without jeopardizing its ability to provide firm services to other customers and may require that DTI issue additional OFOs.

Transcontinental Gas Pipe Line said that it anticipates significant market load in conjunction with below normal temperatures forecast for most of its market area. In order to maintain operational flexibility, manage day-to-day operations and within-the-day market volatility, effective with gas day December 17, Transco will not allow any due-to-shipper imbalance nominations. Due-from-shipper nominations will be allowed.

ELECTRIC MARKET NEWS

Utilities in the U.S. Central Plains said nearly 400,000 customers remained without power today due to the ice storms earlier in the week. Electric companies reported that more than 800,000 of the 1.2 million customers who lost power during the ice storms this week have had their power restored.

MARKET COMMENTARY



The natural gas market remained under pressure today with the rest of the energy complex, as burgeoning storage and long-term mild weather weighed on the market. The January contract shrugged lower all session, maintaining the 7.00 level until the close of Globex this evening, when the market printed 6.992. With above normal temperatures forecast through the end of the month for the eastern half of the country, which includes the largest consumption areas, buyers were reluctant to step in. The January contract finished the session just above 7.00 at 7.025, down 16.8 cents.

The Commitment of Traders Report showed that noncommercial traders raised their net short natural gas futures exposure to a record high for a second straight week. For the week ending December 11, the

report showed that fund net short futures positions climbed nearly 6,400 contracts to 92,881 eclipsing the previous week's record high of 86,487. In combined futures and options, funds added 8,921 contracts to their net short positions, increasing the total to 90,628 still well shy of the record high of 122,719 set during the week ended July 31.

With weakness continuing across the energy complex and contango returning to the front end of crude oil curve, we feel that without a surprise change in the long term forecast, this market will penetrate the 7.00 level and work lower toward the 6.80 level. We see support at 7.00, 6.918, 6.80, 6.703 and 6.64. We see resistance at 7.20, 7.25, 7.348 and 7.50.