



ENERGY RISK MANAGEMENT

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

www.e-windham.com

POWER MARKET REPORT FOR DECEMBER 22, 2008

NATURAL GAS MARKET NEWS

The National Weather Service forecast that US heating demand this week is expected to average 5.1% below normal as an arctic chill is replaced by seasonally mild temperatures later this week. Heating demand for natural gas is estimated to average over 2.8% below normal while heating demand for electricity will be 10% below normal levels.

The EIA will release its weekly natural gas storage report a day earlier this week on Wednesday at 12:00 pm EST due to the Christmas holiday on Thursday.

Ministers from gas-exporting countries are scheduled to meet in Russia on Tuesday to finalize the rules of their new organization and douse expectations that it will act as the gas equivalent of OPEC. The group, which includes Russia and other countries such as Iran and Qatar, has been greeted with suspicion in the West over fears it could seek to influence prices like OPEC.

Millennium Pipeline Co announced that its 182-mile natural gas pipeline was placed into service on Monday and gas supplies to its anchor shippers have started. It will serve markets along its route in the Southern Tier and lower Hudson Valley as well as provide essential service to the New York City markets through its pipeline interconnections. Millennium's design will allow it to transport up to 525,400 dekatherms per day.

FERC issued a certificate to Spectra Energy's Texas Eastern Transmission pipeline to build the proposed Northern Bridge project to delivery Rocky Mountain gas to Mid-Atlantic and New England markets.

A joint venture between Austria's OMV and Germany's RWE was announced today. This joint venture is expected to carry out exploration for a gas pipeline across the Caspian Sea that could feed into the Nabucco link to Europe. The venture, Caspian Energy Company, will review next year gas transport infrastructure options that could provide Europe with access to natural gas from the eastern side of the Caspian Sea, OMV said.

Generator Problems

NPCC – Entergy's 685 Mw Pilgrim nuclear power station slipped to 1% capacity Monday. On Friday the unit was operating at full capacity.

PSEG's 1,100 Mw Salem nuclear unit #1 has been decreased to 90% capacity. The unit was operating at full capacity on Friday. No reason was given for the reduction.

Ontario Power Generation's 535 Mw Lennox oil-and natural-gas-fired unit 2 resumed operations by early Monday after it was shut on Friday.

ECAR – Exelon's 867 Mw Quad Cities #2 unit was at 26% capacity early Monday. The unit shut Dec. 12 to install and test a new circuit breaker.

SERC – Entergy's 836 Mw Arkansas Nuclear one power station was shut early Monday. The unit, which exited an Oct. 26 refueling outage more than a week ago, was operating at full power on Friday.

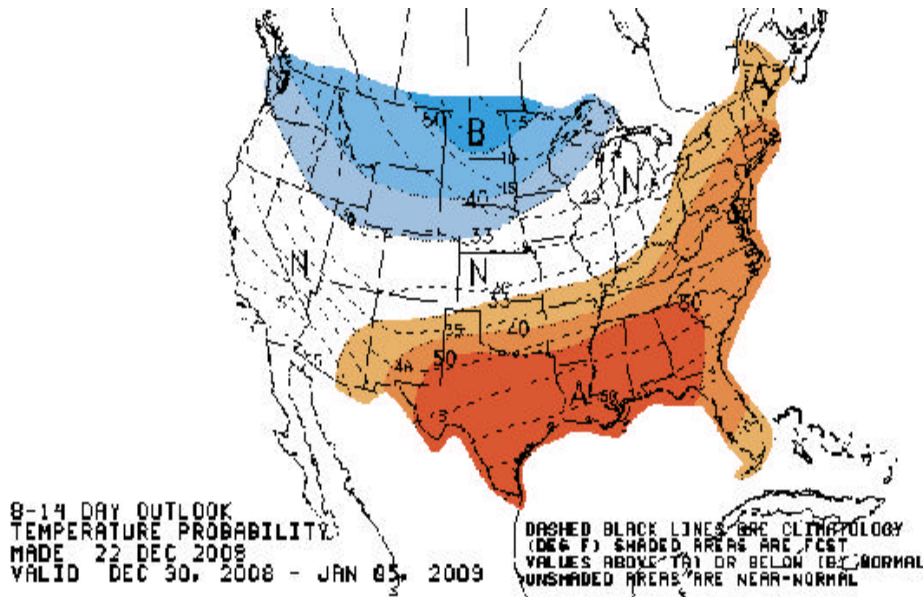
WSCC – SCE's 1080 Mw San Onofre #3 nuclear unit ramped up to 62% capacity. The unit was only at 20% capacity Friday.

The NRC reported this morning that 94,845 Mw of nuclear generation capacity was on line, down slightly by 0.99% from Friday's level and 0.35% higher than the same time a year ago.

The NRC reported this morning that 94,845 Mw of nuclear generation capacity was on line, down slightly by 0.99% from Friday's level and 0.35% higher than the same time a year ago.

PIPELINE RESTRICTIONS

NGPL, a unite of Kinder Morgan Pipeline Company, said Louisiana Line Segments 22, 24 and 25 have limited capacity available for east bound transport volumes. Limited ITS/AOR and Secondary out of path Firm transports are available.



Northern Natural Gas Company, a division of MidAmerican Energy, said due to very cold temperatures, it is posting a SOL for all market area zones for today's gas day with zero% SMS available.

Kinder Morgan Interstate Gas Transmission has announced that it is at capacity for quantities received from Cheyenne Plains-Scott. Based on the current level of nominations, IT/AOR and secondary quantities are at risk of not

being scheduled.

Near freezing temperatures forecasted in northern Florida, have resulted in the warning that an Overage Alert Day may be issued on one of the upcoming gas days. Florida Gas Transmission has said that it believes there is a low probability for the need to interrupt previously scheduled market Area ITS-1 service.

PIPELINE MAINTENANCE

Empire Pipeline said it has taken the Oakfield compressor unit 1 out of service until further notice for repairs. The work associated with the unit and its unavailability is not expected to affect any firm shippers on Empire Pipeline.

EPNG's Gresham #1 experienced a vibration problem, forcing the shutting of that unit. A force majeure was issued. The impact of the force majeure will be a reduction of 50 MMcf/d at Waha West until further notice.

ELECTRIC MARKET NEWS

Progress Energy has submitted a renewal application for an additional 20 years of operation to the U.S. NRC. Progress Energy operates the Crystal River Nuclear Plant. The Crystal River nuclear Plant is a pressurized-water reactor capable of producing 900 Mw.

Customers of Ameren Illinois Utilities are still without power as strong arctic winds have caused new outages. Some power that had previously been restored was knocked out again as a result of high winds that can damage ice-covered power lines. Falling ice-covered tree limbs have also knocked out power after falling onto power lines. The electric service restoration effort will continue into today.

MARKET COMMENTARY

The natural gas market continued to sell off in overnight trading after the market breached its support levels of \$5.45-\$5.46 on Friday afternoon. Early in the session, the market breached Friday's low and sold off to a low of \$5.21 amid the milder midweek weather forecasts for the Northeast and Midwest, which were first released on Friday. The market traded lower was despite the artic chill that hit the regions over the weekend. The natural gas market however bounced off its low and retraced its losses as it traded back above the \$5.30 level before it continued to trade to a high of \$5.37 in late afternoon trading. It settled down 4 cents at \$5.294.

During the remainder of the holiday-shortened week, the natural gas market is seen continuing its downward trend amid lighter demand and the milder weather that will further cut heating demand. The market is seen finding support at \$5.21, \$5.131, and \$5.053. More distant support is seen at \$4.763. Meanwhile resistance is seen at \$5.373, \$5.451, \$5.533 and \$5.703. More distant resistance is seen at \$5.754 and \$5.855.

Please note the NYMEX floor will close early at 1:30 pm EST on Wednesday and will be closed Thursday for the Christmas holiday. Normal trading hours will be observed on Friday. Electronic trading on Globex will close at 5:15 pm EST on Wednesday and reopen at 6pm EST on Thursday for the Friday session.