



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 MARCH 10, 2008

NATURAL GAS MARKET NEWS

Recent weather-driven improvements in the U.S. natural gas market notwithstanding, Raymond James & Associates Inc. energy analysts are holding to their contrarian view on U.S. gas prices. A major gas supply increase this summer, brought on by increased liquefied natural gas (LNG) shipments, "should translate to gas-on-gas competition" later this year.

U.S. heating demand will be 7.0% below normal this week, the National Weather Service forecast in its weekly report. Heating demand was 1.3% below normal last week. Heating demand for natural gas should average 7.1% below normal, while heating demand for heating oil is expected to average 4.6% below normal.

ExxonMobil Corp., the largest holder of Alaska North Slope gas reserves, has reportedly told the state it "plans to be a co-owner" in a pipeline to commercialize those reserves to the extent of its share of the system's throughput.

U.K. gas prices at the National Balancing point fell back as the system looked fairly long even with low withdrawals from storage. Within-day was down a penny and a half from Friday's close for Monday gas, to 53.4 pence/therm, and day-ahead was at 53.5 p/th.

Generator Problems

ERCOT – AEP's Oklaunion coal-fired power station has entered restart mode and is expected to return to the grid on March 14.

MAPP – The Omaha Public Power District's 492 Mw Fort Calhoun nuclear unit reduced output to 85% power over the weekend. The unit was operating at full power ahead of the reduction.

Xcel's 528 Mw King coal-fired power station shut following an explosion and fire in the coal crusher building.

PJM – PSEG's 1,100 Mw Salem #2 nuclear unit coasted down to 85% capacity as it prepares to shut for March 11 scheduled refueling outage. Salem #1 continues to operate at full power.

PPL's 1,456 Mw Brunner Island coal plant dropped unexpectedly to about half power over the weekend.

SERC – Progress Energy's 938 Mw Brunswick #2 nuclear unit ramped up to 99% capacity. The unit was operating at 62% on Friday. Brunswick #1 reduced power to 92% capacity as it prepares for a refueling outage.

Southern Nuclear's 862 Mw Hatch #1 power unit scrambled shut over the weekend after the loss of condensate feedwater.

Entergy's 966 Mw River Bend Nuclear unit ramped up to 45% capacity. The unit scrambled shut on March 5.

TVA's 1,100 Mw Browns Ferry #3 nuclear unit reduced power from 98% to 83% capacity as the unit prepares for a mid month refueling outage.

WSCC – Dynergy's 510 Mw unit #1 and 739 Mw Unit #7 at the Moss Landing natural gas-fired power station shut for planned work.

Canada – Bruce Power's 822 Mw unit #5 at Bruce nuclear power station returned to service on March 8 after fixing a fueling machine.

Ontario Power Generation's 490 Mw units #2 and #5 at Nanticoke coal-fired power station returned to service.

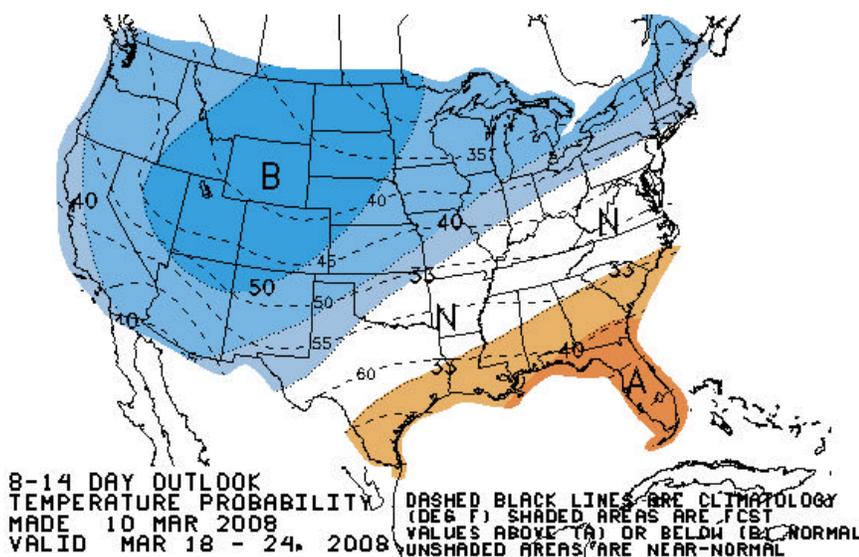
Ontario Power Generation's 494 Mw Lambton #1 coal-fired power station shut for work today.

The NRC reported that 86,764 Mw of nuclear capacity is online, down .74% from Friday, and up 6.48% from a year ago.

Shell has achieved a breakthrough in its studies to pursue floating LNG production and intends to invite bids to construct such production units within four months. The FLNG technology developed by shell has not technical show-stoppers and most crucially, is cyclone tolerant. Each of the FLNG production units envisaged by Shell would weigh 3.5 million mt, and measure 450 m by 75 m.

Work on the 8 Bcf/year gas pipeline between Spain and Algeria has begun with the arrival in Spain of a boat to weld and lay pipes. In the second half of the year, the first stretch of the 210 km pipeline will be laid near the Spanish coast and is scheduled to begin transporting gas from Beni Saf in Algeria by 2009.

A consortium, led by state-run Korea Gas Corp, has won a contract to build and operate a LNG terminal in Mexico. The facility will be in Manzanillo, Mexico and will include two 150,000 Kiloliter tankers and regasification facility with a capacity of 3.8 million mt/year.



PIPELINE MAINTENANCE

ANR Pipeline Company said that it will continue unplanned engine repairs at various compressor stations along the SE Mainline in ANR's Southeast Southern Fuel Segment (ML-2). The total SEML capacity will be reduced by 400 MMcf/d through March 22.

TransColorado Gas Transmission said that it will perform maintenance at its Redvale Compressor Station on gas day March 12. Capacity through Segment 220 will be limited to 355 MMcf and capacity through Segment 240 will be limited to 405 Mmcf. Based on the current level of nominations, AOR/IT, secondary and primary FT quantities are at risk of not being fully

scheduled.

ELECTRIC MARKET NEWS

Continental U.S. power generations in the week ended March 7 fell 3.64% from the week before and was 3.78% below the same week a year ago, according to Genscape.

NYMEX announced that it will change margins for its coal futures contracts. Margins for the Central Appalachian coal futures will increase to \$10,800 from \$9,450 for customers. Margins for the Western Rail Powder Basin coal swap futures will increase to \$3,375

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	1,747,500	\$9.588	(\$0.230)	(\$0.202)	(\$0.303)	(\$0.239)
Chicago City Gate	932,900	\$9.776	(\$0.284)	(\$0.014)	(\$0.299)	\$0.164
NGPL- TX/OK	995,300	\$9.322	(\$0.254)	(\$0.468)	(\$0.269)	(\$0.363)
SoCal	836,800	\$9.123	(\$0.222)	(\$0.667)	(\$0.237)	(\$0.478)
PG&E Citygate	1,063,200	\$9.486	(\$0.212)	(\$0.304)	(\$0.227)	(\$0.184)
Dominion-South	332,700	\$9.918	(\$0.364)	\$0.128	(\$0.379)	\$0.252
Transco Zone 6	154,500	\$10.452	(\$0.895)	\$0.662	(\$0.910)	\$0.920

from \$2,025. Margins for the Eastern Rail CSX coal swap futures contract will increase to \$6,750 from \$5,400.

PJM Interconnection filed a complaint with the U.S. FERC against all seven affiliates of New York-based hedge fund Tower Research Capital, alleging that the seven manipulated the PJM financial transmission rights and energy markets and asking FERC to ban them from participating in those markets and to impose civil penalties.

MARKET COMMENTARY

The natural gas market tested support, trading to a low of 9.627, but as crude oil again made new highs, natural gas moved to positive territory. The two week forecast continues to call for below normal temperatures for most of the country, further threatening to tighten the supply situation. April natural gas sprinted through resistance at 9.80, to challenge the 10.00 level again. The front month traded to a high of 10.062 before settling up 25.5 cents at \$10.024. Today's close marked the first settlement above \$10.00 since January 4, 2006, when the market finished at \$10.197 after reaching a high of \$10.32.

The current 11 to 15 day forecast threatens to eliminate the year-on-five year storage surplus by the end of the month, thereby lowering this year's carry out storage toward the 1.2 Tcf level. This will lead to ongoing price support, despite the market being technically overbought. The next upside target is 10.35, followed by 10.70 and 11.00. We see support at 10.00, 9.80, 9.50, 9.37, 9.30 and 9.00.