



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MARCH 6, 2008

NATURAL GAS MARKET NEWS

Could proposed new rules of the Colorado Oil and Gas Conservation Commission (COGCC) and initiatives to take away tax breaks drive natural gas and oil producers out of the state? Environmental groups and the energy industry are looking to the state legislature in what may be a contentious battle between wildlife enthusiasts and energy developers.

Market Hub Partners Holding (MHP), a joint venture of Spectra Energy Corp. and Spectra Energy Partners LP, will add approximately 6.5 Bcf of working capacity at its Moss Bluff natural gas storage facility by developing a fourth cavern at the Liberty County, TX, site, it said Thursday.

Power company PPL Corp. said it has signed an agreement to sell its natural gas distribution and its propane business to UGI Corp. unit UGI Utilities for about \$268 million.

Generator Problems

MAIN – Exelon’s 1,162 Mw LaSalle #1 nuclear unit ramped up to full power, up from 84% power. LaSalle #2 continues to operate at full power.

PJM – PSEG’s 1,100 Mw Salem #1 nuclear unit reduced power to 93% capacity. Yesterday, the unit was operating at full power. Salem #2 is operating at 88% power.

SERC – Entergy’s 967 Mw River Bend nuclear unit shut automatically yesterday due to an apparent malfunction in the turbine control system. At the time of the shutdown, the unit was operating at 60% power, after exiting a refueling outage earlier in the week.

Progress Energy’s 938 Mw Brunswick #2 nuclear unit remains offline at 22% capacity as unplanned maintenance is performed. Brunswick #1 is operating at 93% power.

Southern Nuclear Operating Company’s 1,215 Mw Vogtle #1 nuclear unit reduced output to 96% power as it coasts down for a refueling outage. Vogtle #2 remains at full power.

Canada – Ontario Power Generation’s 490 Mw Nanticoke #2 coal-fired power station returned to service today. The unit shut March 3.

The NRC reported that 86,824 Mw of nuclear capacity is online, down .51% from Wednesday, and up .86% from a year ago.

The U.S. Commodity Futures Trading Commission (CFTC) has obtained a \$55,000 civil monetary penalty and a permanent injunction in a consent order settling charges against Michael Whitney, a former Houston-based natural gas trader and marketing representative at Duke Energy Trading and Marketing LLC.

EIA Weekly Report

	02/29/2008	02/22/2008	Net chg	Last Year
Producing Region	535	571	-36	587
Consuming East	760	852	-92	837
Consuming West	189	196	-7	229
Total US	1484	1619	-135	1653

*storage figures in Bcf

Gazprom sees more conflicts with Ukraine over gas supplies and payments in the future, and puts the blame on Ukraine’s politicians for lack of consistency.

PIPELINE MAINTENANCE

ANR Pipeline Company said that it began unplanned maintenance at the Roberts County No. 1 interconnect located in Texas in the SW Gathering area. As a result, ANR will schedule Firm Primary nominations only for today at the Roberts No. 1 Del. ANR also said that it will continue unplanned engine repairs at various compressor stations along the SE Mainline in ANR’s Southeast Southern Fuel Segment. The total SEML

capacity will be reduced by 320-400 MMcf/d between March 7 and 8. Based on current nominations, it is anticipated that the above reductions may result in the curtailment of IT and Firm Secondary nominations.

Canadian Gas Association

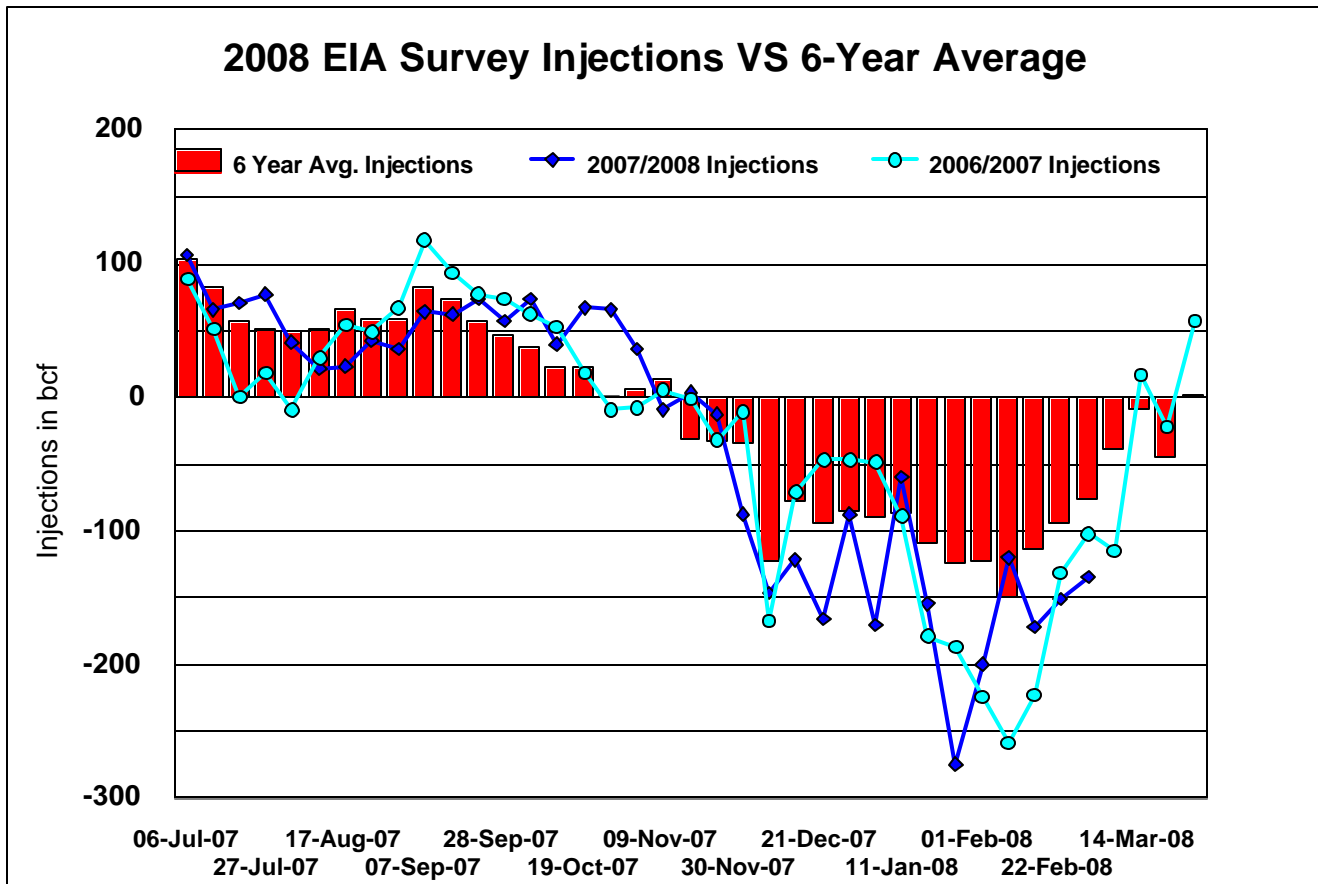
Weekly Storage Report

29-Feb-08 22-Feb-08 02-Mar-07

East	79.2	93.5	86.9
West	140.7	148.1	42.6
Total	219.9	241.6	129.7

storage figures are in Bcf

Gulf South Pipeline released an update of ongoing maintenance projects. At Index 195, SLN 3132 Deep Lake and SLN 3298 Bridgeline at Grand Chenier remain shut-in during maintenance that began January 9. Capacity at the Marksville Compressor Station Unit #4 has been affected by as much as 150 MMcf in maintenance that began February 25 and is scheduled to last approximately 30 to 45 days.



Trunkline Gas Company said that it has encountered problems while pigging the Quicksand Lateral. All meters on the lateral will remain out of service and unavailable until further notice.

Colorado Interstate Gas Company said in Wyoming, the Elk Basin Compressor Station will have one unit out of service March 11 through March 31. If nominations at ELK are a net receipt, then capacity through ELC will be reduced from 105 to 90 MMcf/d. If

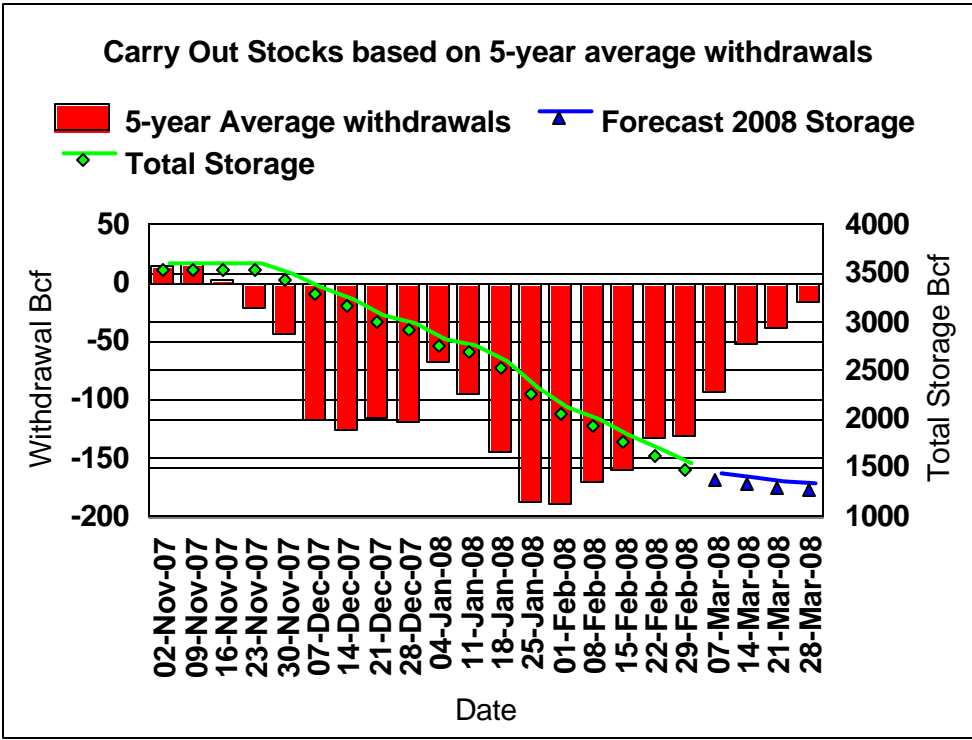
Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
Location	Traded	Price		(As of 12:30 PM)		Moving Avg
Henry Hub	1,701,200	\$9.699	\$0.327	(\$0.016)	\$0.266	(\$0.357)
Chicago City Gate	920,400	\$10.003	\$0.204	\$0.288	\$0.184	\$0.098
NGPL- TX/OK	793,400	\$9.480	\$0.313	(\$0.235)	\$0.292	(\$0.467)
SoCal	905,700	\$9.408	\$0.306	(\$0.307)	\$0.285	(\$0.610)
PG&E Citygate	735,600	\$9.615	\$0.306	(\$0.100)	\$0.285	(\$0.225)
Dominion-South	359,900	\$10.049	\$0.268	\$0.334	\$0.247	\$0.153
Transco Zone 6	101,800	\$10.540	\$0.019	\$0.825	(\$0.002)	\$0.644

nominations at ELK are a net delivery, then capacity through ELK will be reduced to 90 MMcf/d. In maintenance South of Springfield, Colorado, the Beaver Compressor Station will have one unit out of service between March 11 and March 31. Capacity through BVR will be reduced from 262 to 250 MMcf/d. In Wyoming, Interstate Company Maintenance, the Antelope Meter Station will be out of service March 26 through March 27. Volume at AMS will go to zero during this outage. One unit at Cheyenne WIC Compressor Station will be out of service through March 7. Finally, WIC Wamsutter Compressor Station will be out of service through March 14. Capacity through RWE will be reduced from 770 to 735 MMcf/d.

ELECTRIC MARKET NEWS

The U.S. DOE upheld its picks for national electric transmission corridors and denied requests for rehearing of these corridors, which are designated in the Mid-Atlantic and Southwest.

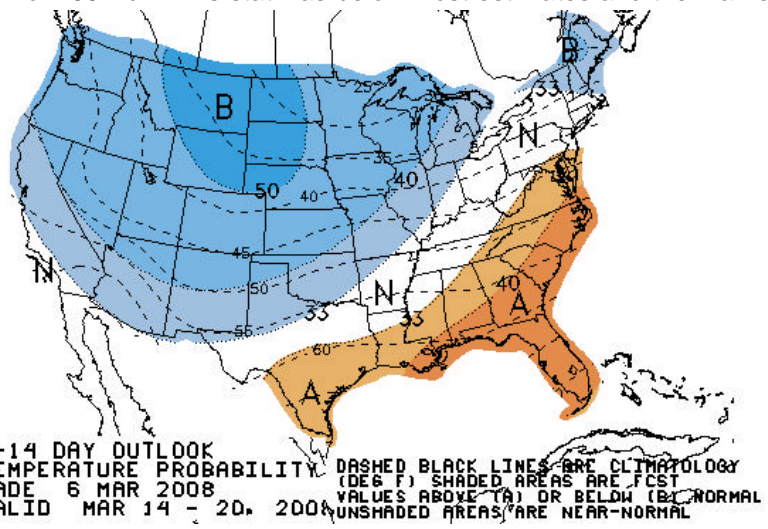
ERCOT called on a small amount of power from Mexico after the state's supply fell short last month. ERCOT was forced to declare an emergency February 26 when wind-generated power suddenly disappeared in West Texas. ERCOT was able to import 30 Mw from the Mexican national grid, operated by the Comision Federal de Electricidad, for about 45 minutes across a direct-current toe at Eagle Pass, Texas. That occurred after several other U.S. generation sources were unable to provide additional electricity quickly.



MARKET COMMENTARY

The natural gas market was choppy as usual, beginning the session in positive territory, as weather forecast continue to suggest above average heating demand for the remainder of the month. The market turned negative just prior to the release of the EIA's inventory report, which showed a draw of 135 Bcf. This stat was below most estimates and the market sold off to a low of 9.642. But with the strength in the crude oil and the overall tightening picture of supply and demand in natural gas storage, the market quickly moved back to positive territory and traded to a high of 9.845. The market was unable to gain momentum above yesterday's high, and ultimately chopped through the remainder of the session finishing up just one tick at 9.742.

For the week ending February 29, total storage now stands at 1,484 Bcf, 169 Bcf below last year's levels for the same week and 63 Bcf above the five-year average of 1,421 Bcf. Many now project a season-ending storage total of below 1.3 Tcf,



down from an original 1.5 Tcf forecast. The market is still primed for an attack at the 10.00 level. If weather forecasts continue on their trend and the energy complex as a whole maintains its exuberance, natural gas will top 10.00 with a slew of volatility. We see support at 9.63, 9.532, 9.422, 9.30 and 9.13. We see resistance at 9.82, 9.958, 10.00, 10.062, and 10.70.