



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MARCH 7, 2008

NATURAL GAS MARKET NEWS

Spectra Energy Partners announced that its open season for the Greenway Project resulted in bids totaling in excess of 900 MMcf/d for expansion capacity on its East Tennessee Natural Gas System. The non-binding open season closed on February 29.

FERC Friday issued a favorable environmental assessment (EA) of Steckman Ridge LP's proposal to convert a depleted natural gas production field into a multi-cycle gas storage facility in Bedford County, PA.

FERC Friday issued a favorable final environmental review of Texas Gas Transmission LLC's proposed Fayetteville and Greenville laterals, which would provide takeaway capacity for natural gas from the Fayetteville Shale play area in North-Central Arkansas.

The weekly LNG tanker berthing slot at the Isle of Grain terminal will not be used on March 14 by either of the companies holding capacity rights at the facility.

Gazprom has said it has reached a deal with Ukraine over a \$600 million debt dispute. The company has fully resumed its service to Ukraine after Gazprom had originally cut supplies to its neighbor by 50% over the last two days.

PIPELINE MAINTENANCE

Northern Natural Gas said that it will conduct federally required pipeline pigging March 10-15 on a portion of the Des Moines B branch line. Northern does not anticipate any allocations concerning this pigging effort. However, delivery station inlet pressure fluctuations may result. Also, Northern may need to work with customers to shift load at certain TBS deliveries so the optimum flow rate is obtained on the pipeline.

Westcoast Energy said that the 16-inch Helmet Pipeline will undergo a ILI Tool Run for 8 hours March 10. Flow through the pipeline will be restricted to control tool speed at 4 miles per hour; upstream Receipt Points may be shut-in or will experience higher than normal RGT system pressure.

Generator Problems

ERCOT – Luminant's 575 Mw Big Brown #1 coal-fired power station shut for fan maintenance.

PJM – PSEG's 1,100 Mw Salem #2 nuclear unit reduced power to 87% power as it prepares for a refueling outage. Salem #1 ramped up to full power from 93% capacity.

SERC – Entergy's 966 Mw River Bend nuclear unit restarted and is warming up offline at 1% power.

Progress Energy's 938 Mw Brunswick #2 nuclear unit reconnected to the grid and ramped up to 62% power. The unit was operating at 22% power yesterday. Brunswick #1 continues to operate at 93% power as it prepares for a refueling.

Duke Power's 846 Mw Oconee #1 nuclear unit ramped production to full capacity. Oconee #2 and #3 remain at full power.

Southern Nuclear's 1,215 Mw Vogtle #1 nuclear unit reduced power to 95% power as the unit prepares for a refueling outage. Vogtle #2 remains at full power.

Canada – Ontario Power Generation's 490 Mw Nanticoke #2 and #5 coal-fired units shut for short work by early today. The units are expected to return to service within a week.

The NRC reported that 87,411 Mw of nuclear capacity is online, up .68% from Thursday, and up 2.79% from a year ago.

PIPELINE RESTRICTIONS

Florida Gas Transmission said that total linepack is low, and near freezing weather is forecasted for Northern Florida for the weekend; therefore, customers in FGT's Market Area are notified that there is the potential that it may issue an Overage Alert Day on one of the upcoming gas days.

ELECTRIC MARKET NEWS

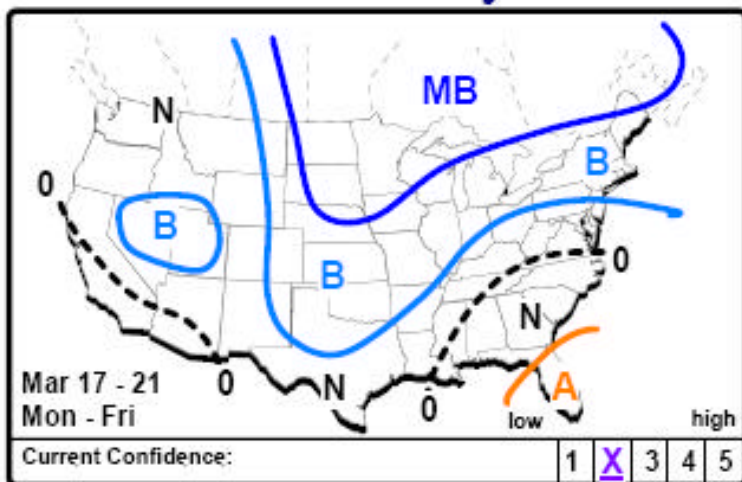
Con Edison set a record for winter electricity delivery of 14,732,319 MWh in December through February. That topped the 14,443,186 MWh record set last year. This winter's record usage follows the 2007 annual record usage of 62,591 GWh. To continue delivering reliable electricity to 9 million New Yorkers in Westchester County and New York City, Con Edison is investing more than \$7.5 billion over the next five years.

Genscape's U.S. coal burn index fell .07% in the week ended March 6. The index, a gauge of power plant demand for coal, was down .03% from the same week last year.

American Electric Power operating unit Appalachian Power has received authority from the Public Service Commission of West Virginia to build a 629 Mw Integrated Gasification Combined Cycle electric generating plant in West Virginia. The plant's estimated cost is approximately \$2.23 billion.

Edison International's Southern California Edison said it signed four long-term power purchase contracts to add 1,351 Mw of new generation to help serve the region's growing needs.

Latest 11 to 15 Day Outlook



Construction on the biggest U.S. transmission project largely for wind energy has begun. The Tehachapi Renewal Transmission Project aims to take wind power produced in a remote area called Tehachapi in Southern California to power customers all over the state through the state power grid. If the full project is finished by 2013 as planned, it will be capable of carrying 4,500 Mw of electricity. The first phase of the project is to be completed in 2009. In all, there are 11 phases of the Tehachapi project and its cost is about \$1.8 billion.

Vermont Yankee nuclear plant has formally filed an application for a certificate of public good to stay open for 20 years past its

scheduled 2012 license-expiration date. Plant owner Entergy Nuclear filed an application with the state Public Service Board. The U.S. NRC's review is under way, but the plant still needs approval of Vermont regulators and the Vermont Legislature, which isn't expected to vote on it until next year.

MARKET COMMENTARY

The natural gas market got the weather report it needed and rallied to our target price of 10.00. The 11-15 Day Forecast calls for below average temperatures for much of the country and that will keep the storage situation tight. The April contract moved steadily higher throughout the morning, trading to a high of 10.004 just before midday. Profit taking ahead of the weekend pressured prices lower faster than they went up in the morning, and the market traded to negative territory briefly, touching a low of 9.686. The market recovered and ultimately settled up 2.7 cents at 9.769.

Colder weather seems to be solidifying itself for this month and the pressure that will put on storage supplies will keep this market bid. The market moved 4.3% higher this week, and in this bull run, which started on February 4, the market is up 24.15%. Supplies of LNG are not flowing into the U.S. as they did last year, and it seems the market will have to continue to rise in order to attract those cargoes. We see support at 9.61, 9.489, 9.30 and 9.13. We see resistance at 10.00, 10.125, 10.246 and 10.70.