



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MARCH 12, 2008

NATURAL GAS MARKET NEWS

With the resignation of disgraced New York Gov. Eliot Spitzer effective Monday, the Connecticut Senate president said his state should reach out to New York Lt. Gov. David Paterson in an effort to secure New York's opposition to the Broadwater offshore liquefied natural gas (LNG) terminal, according to press reports.

U.K. gas prices at the NBP were a touch firmer today as the system struggled to balance and disappointing weather continued. Within-day was up three-quarters of a penny to 54.75 p/therm by midday and day-ahead was up about .4 p to 54.2 p/therm.

Qatar envisages an even distribution of LNG sales to Asia, Europe and North America in 2010, when it completes expansion projects that would more than double its production capacity to 77 million mt/year. While the new production capacity in Qatar originally targeted mainly Western markets, the emirate is now responding to price signals from markets and expects one-third of its sales volumes to be absorbed by Asian buyers.

Brunei LNG is spending around \$500 million on upgrades to ensure the life of its plant extends beyond 2013, when its current long-term contracts expire. Brunei's existing customers are Tokyo Electric Power Company, Tokyo Gas and Osaka Gas, which lift around 90% of its LNG output. South Korea's Kogas takes the remaining 10%.

PIPELINE RESTRICTIONS

A pipeline explosion in the U.S. Gulf of Mexico on Tuesday night injured six workers on board a dive support vessel servicing the pipeline. A seventh worker was missing after the blast. El Paso Corp. unit Tennessee Gas Pipeline Co. declared force majeure on its natural gas pipeline system off the shore of Louisiana due to an unexpected incident caused by third party pipeline replacement.

Generator Problems

PJM – PSEG's 1,130 Mw Salem #2 nuclear unit shut early today. The unit was operating at 85% power yesterday. A refueling outage is scheduled to start March 15. Salem #1 continue to operate at full power.

NPCC

Entergy's 506 Mw Vermont Yankee nuclear unit reduced output to 65% capacity. Yesterday, the unit was operating at full power.

SERC – Southern Co.'s 883 Mw Hatch #2 nuclear unit ramped up to 75% power today. Yesterday, the unit was operating at 34% capacity as it exited an unplanned outage that began on March 7 following the loss of condensate feedwater. Hatch #1 restarted following a refueling outage is warming up at 1% power.

Entergy's 966 Mw River Bend nuclear unit inched higher to 56% power today. Yesterday, the unit was operating at 53% capacity.

TVA's 1,100 Mw Browns Ferry #3 nuclear unit inched higher to 83% capacity though the unit is scheduled to shut March 17 for a refueling and maintenance outage. Browns Ferry #1 and #2 remain at full power.

Progress Energy's 938 Mw Brunswick #1 nuclear unit is operating at 92% power as it prepares for a refueling outage. Brunswick #2 continues to operate at full power.

Canada – Ontario Power Generation's 494 Mw Lambton #3 coal-fired power station shut for short work by early today. The unit is expected to return to service within a week.

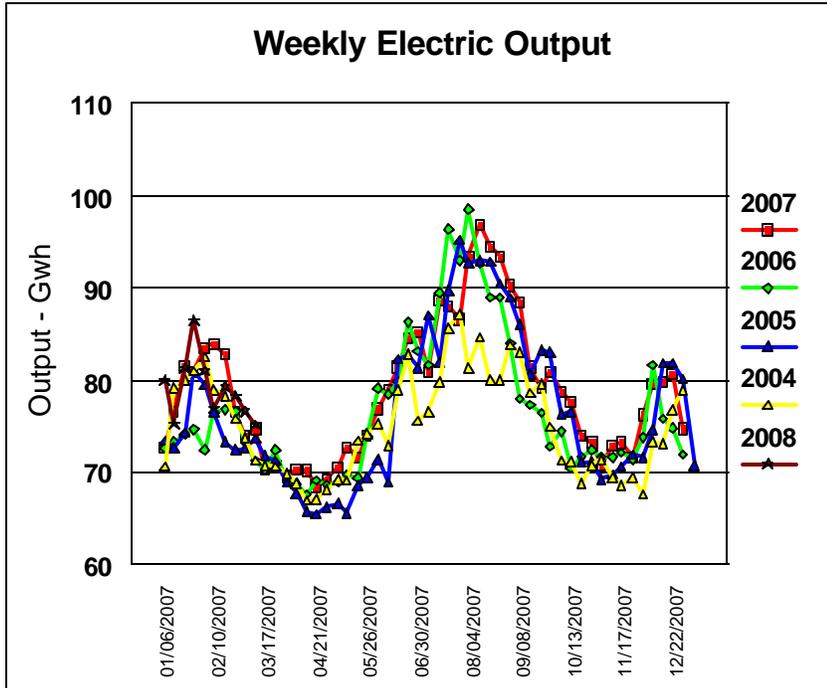
Ontario Power Generation's Nanticoke #1 and #8 coal-fire power units shut for short work by early today. The units are expected to return to service within a week.

The NRC reported that 86,306 Mw of nuclear capacity is online, down .97% from Tuesday, and up 6.11% from a year ago.

PIPELINE MAINTENANCE

ANR Pipeline Company said that it will continue unplanned engine repairs at its Joliet Compressor Station located in Illinois in the Northern Fuel Segment (ML-7), which will reduce the total NGPL-Joliet Interconnect capacity to 90 MMcf/d available through March 14. Basen on current nominations, it is anticipated that the above

reductions may result in the curtailment of IT and Firm Secondary nominations.



ELECTRIC MARKET NEWS

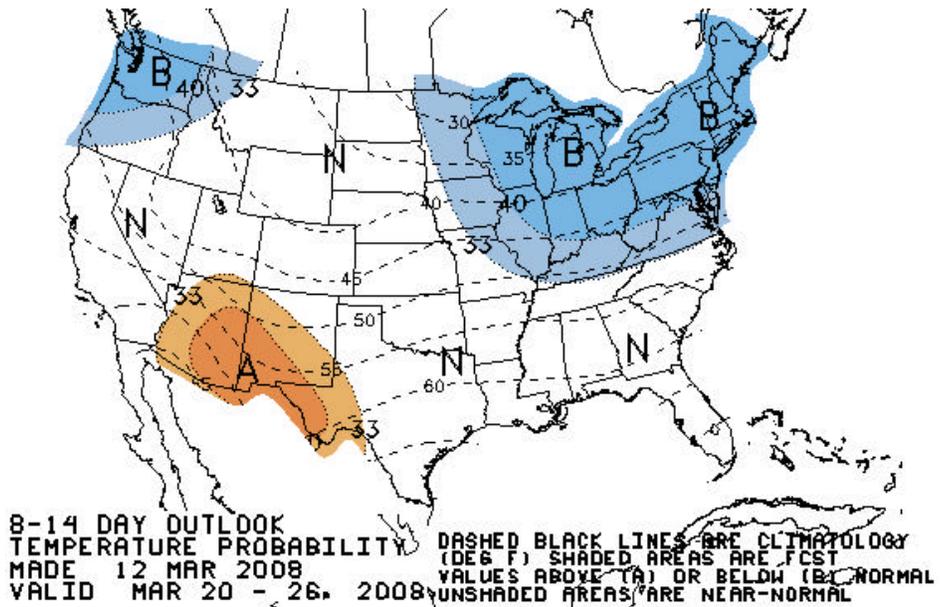
The Edison Electric Institute reported that electricity demand in the continental U.S. was up 0.5% in the week ended March 8, compared with the same week last year. The continental U.S. used 75,181 GWh of electricity, about a 1.9% decrease from the previous week.

Two prominent Democrats in the U.S. House of Representatives introduced legislation that would stop coal-fired plants from being built unless they are equipped with carbon capture and storage. Before a greenhouse gas emission cap takes place, the bill would bar the EPA or state regulators from granting operating licenses for coal-fired power plants unless they include

CCS.

Exelon Corp.'s Commonwealth Edison subsidiary estimated average residential bills for its northern Illinois customers may increase by about 2.5%, or less than \$2 a month beginning in June.

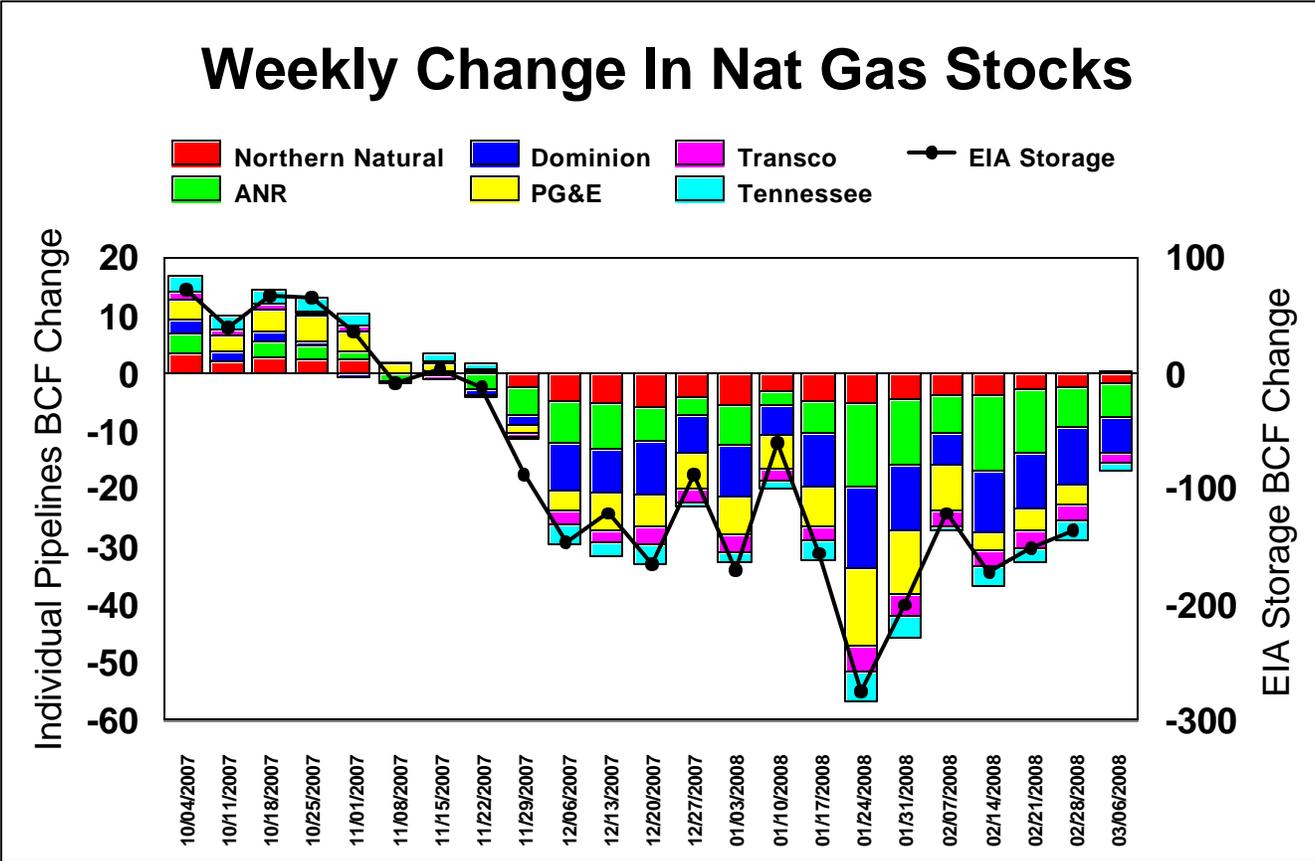
The Green Exchange announced that Vitol, one of the largest energy trading firms in the world, and RNK Capital, a private energy and environmental markets investment firm, each have agreed to work toward building The Green Exchange venture as founding members. In December 2007, The Green Exchange initiative was introduced by NYMEX Holdings, with Evolution Markets, Morgan Stanley, Credit Suisse, JPMorgan, Merrill Lynch, Tudor Investment and Constellation Energy.



MARKET COMMENTARY

The natural gas market had an inside trading day, moving gently as the crude oil market once again exhibited a \$3.00 range. The April contract traded to a low of 9.86 following the release of the oil complex's bearish

inventory stats. But as support held at the 9.80 level, and crude oil recovered, natural gas moved back toward positive territory, trading between 9.95 and 10.05 for the remainder of the session. The front month settled up 1.1 cents at 10.011.



Expectations for tomorrow's EIA inventory report call for a draw of between 80 and 90 Bcf, with most looking for a pull of 82-85 Bcf. That will be about even with the five-year average pull of about 80 Bcf, but lower than last year's 115 Bcf pull. Fundamental support is beginning to wane, as forecasts are falling to more seasonally average temperatures and as the winter withdrawal period ends and the market enters the shoulder season and injection period, we feel that a correction of this bull run is in order. The market has been testing the 9.80 level and a break of that will send prices to 9.00. We see initial support at 9.898, 9.80, 9.765, 9.671, 9.30 and 9.00. We see resistance at 10.125, 10.219, 10.35 and 10.70.