



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MARCH 19, 2008

NATURAL GAS MARKET NEWS

A federal appeals court yesterday sent back to the FERC 2005-2006 orders the agency had issued for a clearer explanation why the agency had modified a shipper's contract with Williston Basin Interstate Pipeline to allow it to resell transportation capacity. Meanwhile another federal appeals court rejected an attempt by Energy Transfer partners to force the FERC to back away from its high-profile market manipulation case against the Dallas based gas pipeline company. On Monday, the CFTC had announced its settlement with ETP.

PIPELINE MAINTENANCE

Gulf South Pipeline said it anticipates that scheduled maintenance at the Carthage Junction #2 and Vixen Compressor Station will be completed over the next 24 hours and that it will be able to accept and schedule nominations through the facilities for March 20th.

Panhandle Eastern Pipeline said that there will be an outage on the Centralia 100 Line to reinforce welds for a new suction header beginning March 24th. The work is expected to take five days and capacity through Houstonia will be limited to 1250 Mmcf/d.

Tennessee Gas Pipeline said that it has revised the upcoming Donna Line Outage maintenance project. The company will now include pigging operations to the scheduled maintenance work. Physical flow will be suspended March 24-28th at all meters on the Donna Line for the duration of the work.

Generator Problems

ECAR – FirstEnergy's 1260 Mw Perry nuclear plant ramped higher today and was at 88% of capacity, up 28% from yesterday.

SPP – Entergy's 1266 Mw Grand Gulf nuclear unit remained at 55% of capacity following its recent feedwater pump trip.

ERCOT – Luminant's 545 Mw Unit #4 at the coal fired Sandow Steam Electric Station was expected to be restarted this afternoon. The unit has been off line since March 13th.

TXU's 1150 Mw Comanche Peak #2 nuclear unit was back up to 98% of capacity this morning up from 45% of capacity on Tuesday.

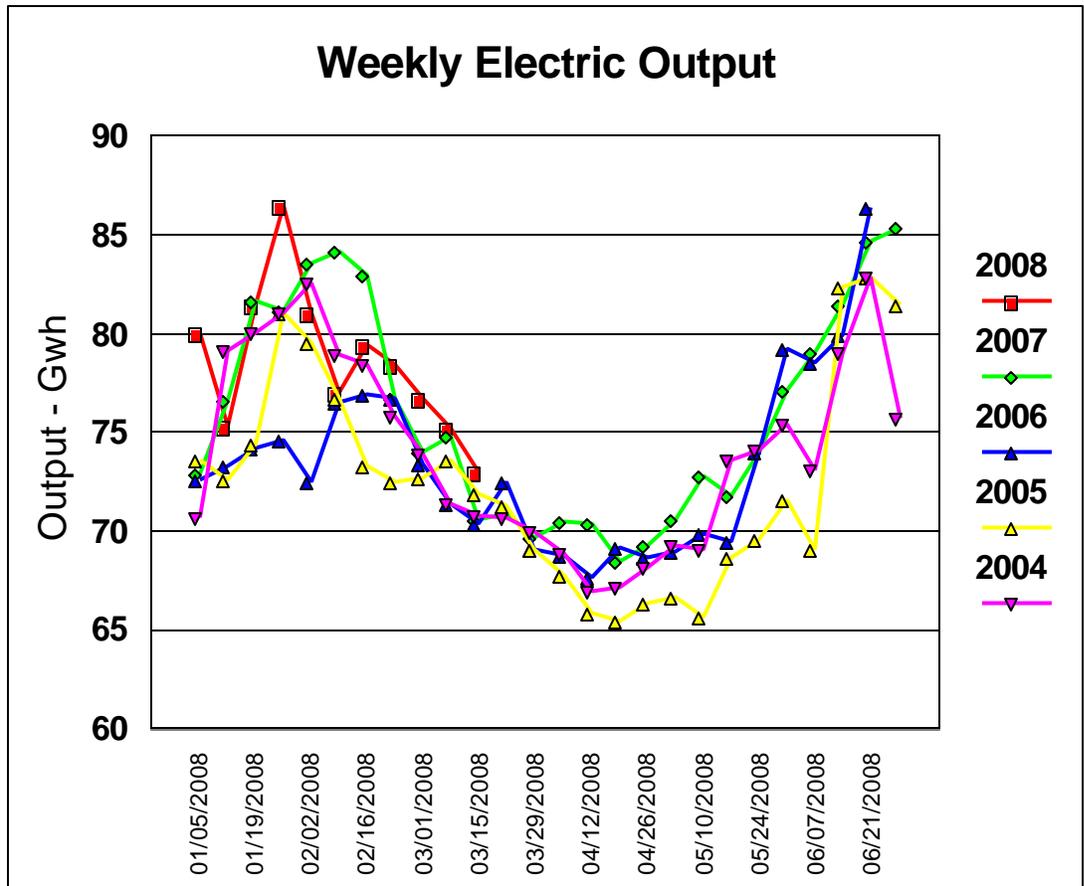
SERC – Southern's 883 Mw Hatch #1 nuclear unit has exited again from its current outage but remains offline at 1% of power.

The NRC reported that 81,646 Mw of nuclear capacity is online, down 0.04% from Tuesday and off 1.9% from a year ago.

ANR Pipeline said it will continue engine maintenance on its Hamilton Compressor Station through March 28th. Based on current nominations, it is anticipated that work should have no impact on nominations.

Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
<u>Location</u>	<u>Traded</u>	<u>Price</u>		(As of 12:30 PM)		<u>Moving Avg</u>
Henry Hub	1,141,400	\$9.109	\$0.008	(\$0.005)	\$0.238	(\$0.374)
Chicago City Gate	847,900	\$9.263	\$0.045	\$0.149	\$0.230	\$0.003
NGPL- TX/OK	989,900	\$8.818	\$0.259	(\$0.296)	\$0.444	(\$0.481)
SoCal	737,800	\$8.594	(\$0.054)	(\$0.520)	\$0.131	(\$0.825)
PG&E Citygate	997,800	\$9.108	(\$0.078)	(\$0.006)	\$0.107	(\$0.111)
Dominion-South	282,700	\$9.631	\$0.050	\$0.517	\$0.235	\$0.343
Transco Zone 6	151,700	\$9.978	\$0.058	\$0.864	\$0.243	\$0.677

KMIGT announced its maintenance program for April today. It looks to conduct maintenance on its Riverdale lateral for one day sometime during the first two weeks of April. While specific date has been set it will result in nominations being unavailable for Missouri Gas Pony and Kansas Gas Pony during the outage. The company will perform maintenance at its Glenrock Station on or about April 9th. Nominations will be unavailable for several interconnects. The



The company noted that maintenance is scheduled for April 8th on the Sterling Compressor Station. This work will result in capacity through this segment being limited to 100,000 Dth/d during the work. The Laton Compressor Station is scheduled for work on April 8th. Capacity there will be limited to 235,000 Dth/d. The Big Springs Compressor Station will also see maintenance work from April 8-11th, which will result in capacity being limited to 125,000 Dth/d.

ELECTRIC MARKET NEWS

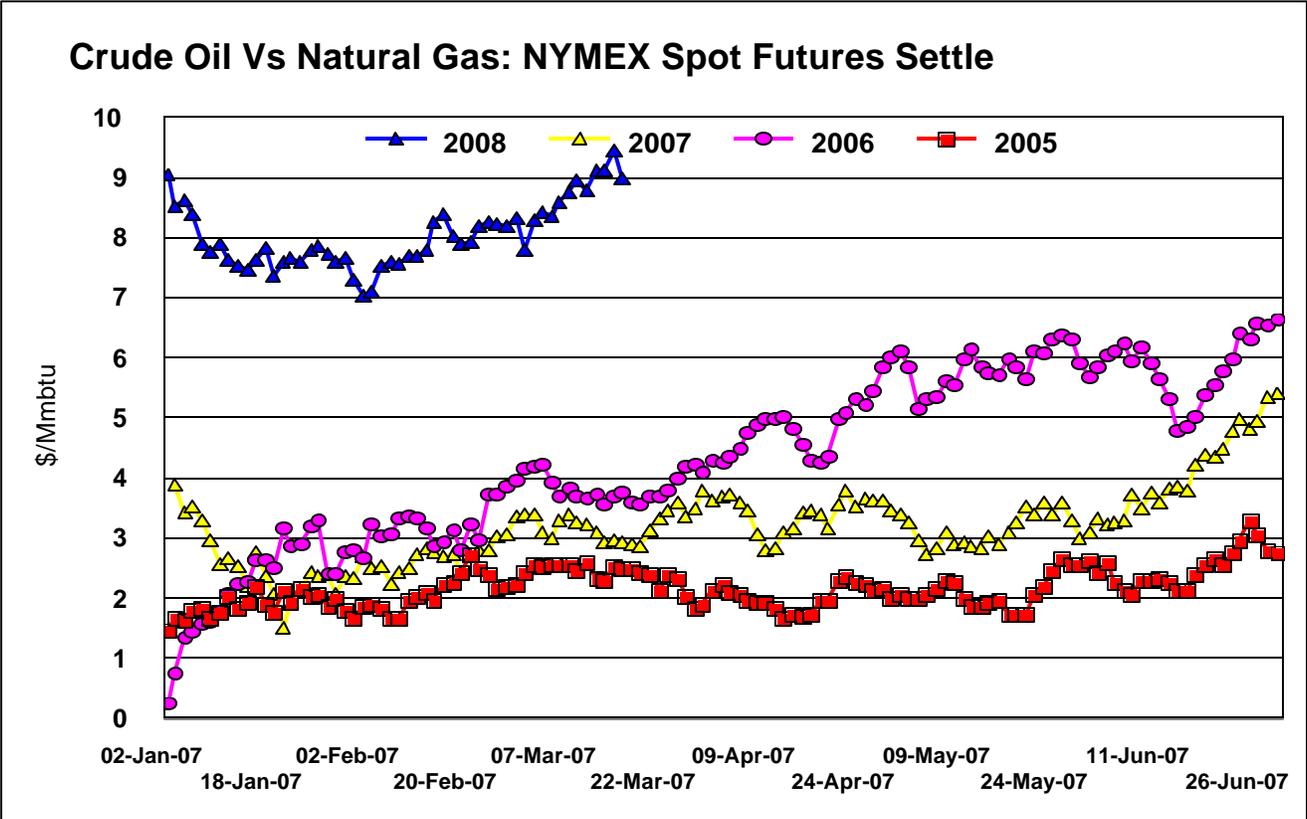
A report issued on Tuesday by the Environmental Integrity Project noted that the U.S. power sector's output of carbon dioxide production rose by 2.9% in 2007 from the prior year and was up 5.9% from 2002 and up 11.7% from 1997. The increase last year was the largest single year increase since 1998. Texas power producers led the nation in GHG production last year with 261.7 million tons followed by Ohio at 138.5 million tons and Florida came in third with 134.5 million tons.

The Edison Electric Institute reported that for the week ending March 15th U.S. electric power production reached 72,894 GWh, up 3.4% from the same week a year ago, but down 3.04% from the previous week.

MARKET COMMENTARY

The natural gas market moved onto the defensive this morning as crude oil prices once again tumbled lower. While natural gas was able to gain some 50 cents per Mmbtu in value relative to crude oil it still moved into flat price levels not seen since February 27th and settled at its lowest level since February 21st. The rally from yesterday in the market has to be seen as massive short covering by big players as open interest reported at midday today showed a decline of 17,738 lots, the April contract seeing a decline of 17,231 lots. This was the biggest one day decline outside of the final two days of trading in the expiration period since February 5th.

Market expectations for tomorrow's EIA storage report appear to be centered around an 80 bcf decline. For the same week in 2007, stocks fell an adjusted 21 bcf, while the five year average draw for that week would be 57 bcf.



We would look for support tomorrow to be found at \$8.962, followed by \$8.78-\$8.76 and \$8.648. Resistance we see at \$9.45-\$9.48, \$9.53, \$9.636 and \$9.791. We fear this market remains distracted by the overall fears of the health of the U.S. economy and banking/credit markets. As a result we continue to feel that one needs to wait for these markets to catch their breath and stabilize before returning to the natural gas market and we would then look for buying opportunities. One spread to keep an eye on is the March 09- April 09 spread and waiting for this to fall back below \$1.40, which we feel could be a good buying opportunity going into the early summer.