



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MARCH 31, 2008

NATURAL GAS MARKET NEWS

U.S. imports of LNG in March fell to 24.2 Bcf, less than one-third of the 76 Bcf the country imported in March 2007 and slightly below February's 24.9 Bcf in imports. In March the U.S. received 10 cargoes, seven of which came into the Distrigas terminal in Everett, Massachusetts. The prospects for April are for similarly low levels of LNG imports, as prices in Asia and Europe are outpacing the U.S. March average of \$9.30.

The U.S. Supreme Court Monday ruled that the state of Delaware has the authority to block the construction of an off-loading pier that would serve a liquefied natural gas (LNG) terminal being proposed by BP's Crown Landing LLC along the Delaware River in Logan Township, NJ. Despite the setback, BP indicated that it intends to move forward with the LNG project.

If April-June weather is roughly in line with the National Weather Service (NWS) outlook, U.S. natural gas storage may enter July down about 500 Bcf compared to a year ago -- setting up the potential for double-digit gas prices this summer, according to one energy analyst.

NorTex Gas Storage Co. LLC, a subsidiary of Falcon Gas Storage Co. Inc. Monday said all of the

Generator Problems

ERCOT – South Texas' 1,300 Mw South Texas #1 nuclear unit shut over the weekend to begin its scheduled refueling outage. South Texas #2 continues to operate at full power.

Luminant's 1,150 Mw Comanche Peak #1 nuclear unit shut over the weekend for a refueling and maintenance outage.

AEP's Big Brown #2 coal-fired power station reduced output for some short-term work today.

Luminant's 750 Mw Martin Lake #2 coal-fired power station shut over the weekend due to the sudden loss of power to the generator control system during a storm.

FRCC – FPL's 760 Mw Turkey Point #4 nuclear unit shut over the weekend to begin its scheduled refueling outage. Turkey Point #3 remains at full power.

FPL's 839 Mw St. Lucie #1 nuclear unit reduced output to 87% power. The unit was operating at full capacity on Friday. St. Lucie #2 continues to operate at full power.

MAIN – Exelon's 855 Mw Quad Cities #2 nuclear unit restarted and is warming up offline at 10% power. Quad Cities #1 is holding steady at 97% power.

Dominion Resources' 591 Mw Kewaunee nuclear unit shut to begin a scheduled refueling outage.

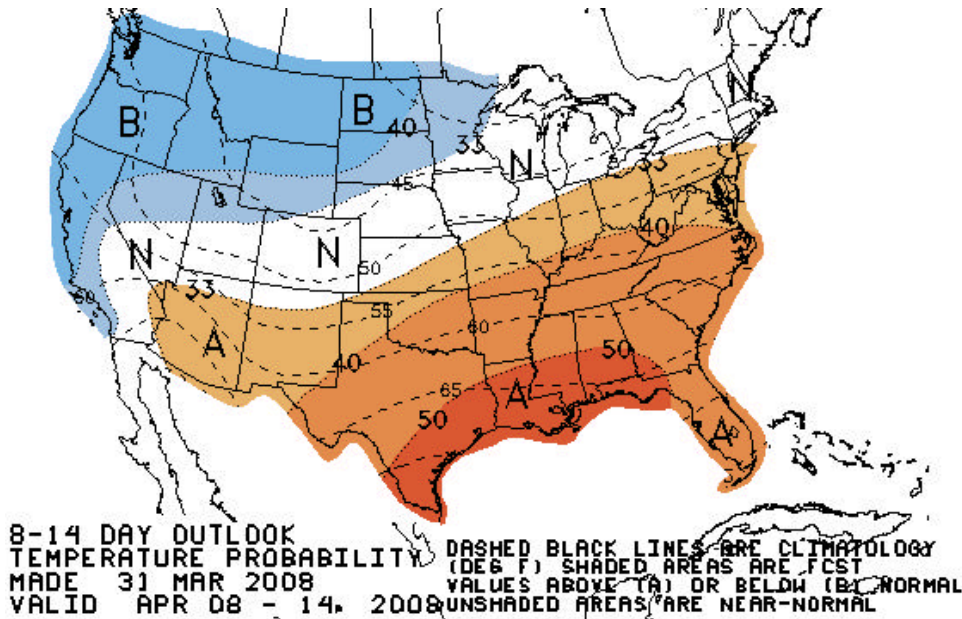
MAPP – Xcel's 593 Mw Prairie Island #1 nuclear unit ramped up to full capacity over the weekend. The unit was operating at 76% power on Friday. Prairie Island #2 continues to operate at full power.

SERC – Southern Nuclear's 883 Mw Hatch #1 nuclear unit increased power to 78% capacity as it comes back from a refueling outage. Hatch #2 continues to operate at full power.

TVA's 1,121 Mw Watts Bar nuclear unit ramped up to 92% from 80% power over the weekend as the unit returns from a refueling outage.

WSCC - APS' 1,270 Mw Palo Verde #2 nuclear unit shut for a scheduled refueling outage. Palo Verde #1 and #3 continue to operate at full power.

The NRC reported that 77,768 Mw of nuclear capacity is online, down 5.93% from Friday and up 2.72% from a year ago.



capacity for firm storage and transportation services at its Hill-Lake and Worsham-Steed gas storage facilities offered during a binding open season has been fully subscribed.

As part of a plan to implement sweeping financial regulatory changes, Treasury Secretary Henry Paulson Monday proposed merging the Commodity Futures Trading Commission (CFTC) and the Securities Exchange Commission (SEC).

Enterprise Products Partners announced that operations at its Pioneer cryogenic natural

gas processing facility in Lincoln County, Wyoming have been suspended following a release of natural gas and subsequent fire that occurred on March 27.

PIPELINE MAINTENANCE

Tennessee Gas Pipeline said over the weekend that work on the Donna Lateral is complete and all the meters were able to resume flow.

TransColorado Gas Transmission said that it will perform maintenance at its Dolores Compressor Station on April 3. Capacity through Segment 220 will be limited to 340 MMcf and capacity through Segment 240 will be limited to 390 MMcf. Based on the current level of nominations, AOR/IT, secondary and primary FT quantities are at risk of not being fully scheduled. As this maintenance project progresses, additional scheduled quantities may become available for the Intraday 2 cycle.

ELECTRIC MARKET NEWS

The U.K. government needs to give its urgent backing to developing clean coal projects, the TUC's Clean Coal Task Group said today. A new report from the group, which includes unions and employers from across the coal and power industries, says that ministers' delays to backing the emerging technologies behind clean coal and carbon capture and storage are delaying investment. New coal stations, like the proposed Kingsnorth project in Kent, are 20% cleaner than existing coal-fired plants, and will be 80-90% cleaner once carbon capture and storage is added.

MARKET COMMENTARY

The natural gas market was sharply stronger to start the session, surging above the 10.00 level as strong cash prices, booted by a plethora of nuclear outage, lifted the front month to a high of 10.21. Selling pressure in the oil complex and other commodities over flowed into natural gas, and brought the market down to the 10.00 level. The May contract traded sideways for the remainder of the session, between 10.00 and 10.10, before a bullish settle of 10.101 finished the session 30.1 cents higher on the day.

Technical support is keeping this market bid along with the likelihood of further withdrawals from storage. Though this week typically offers the last draw of the winter heating season, some unseasonably chilly air for late March is suggesting two more weeks of withdrawals, which could take another 50 Bcf or more from total natural gas storage to leave total stocks at 1.22 Tcf to start the injection season. With such a large deficit from last year, and LNG imports running a third of last year, for the storage to rebuild over the injection season, higher prices will result in order to attract LNG cargoes. Double-digit summer natural gas prices are very much possible this

year and until the market proves differently, dips in this market are opportunities to get long. We see support at 10.00, 9.907, 9.671, 9.519, 9.36, 9.00 and 8.66. We see resistance at 10.21, 10.295, 10.447 and 10.683.