



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR APRIL 1, 2008

NATURAL GAS MARKET NEWS

Japan's second largest city gas supplier, Osaka Gas, said today that it plans to buy 7.47 million mt of LNG in this new fiscal year (April- March). This would be a 1.1% increase over prior fiscal year. The company was looking for this increase in natural gas demand due to stronger industrial demand. The company plans to make these increase purchases through the spot market. Last year the company bought some 700,000 mt of LNG in the spot market.

Bay Gas Storage, which is owned by EnergySouth Inc., put a third underground natural gas storage cavern at its McIntosh, AL, facility in service Tuesday, increasing total working gas capacity by 5.4 Bcf to 11.4 Bcf.

In response to concerns expressed by the community and the U.S. Coast Guard, as well as a recent denial of a dredging permit by Massachusetts, Weaver's Cove Energy says it is exploring an alternative option that calls for the construction of an offshore liquefied natural gas (LNG) unloading berth in Mount Hope Bay and an underwater pipeline to transport the LNG to a proposed terminal site in Fall River, MA.

Producer shippers are increasingly stepping up commitments to Kinder Morgan Energy Partners' (KMP) new natural gas pipeline projects out of the Rocky Mountain area, and as the pipelines move closer to the major markets, there is more interest among local distribution companies (LDC) in taking capacity, generating a producer-push/market-pull effect to get new infrastructure in place.

Royal Bank of Scotland (RBS) and Sempra Energy have completed formation of their commodities-marketing joint venture, RBS Sempra Commodities, which was announced last July, they said Tuesday.

Generator Problems

ERCOT – AEP's Welsh #3 coal-fired power plant restarted following repairs to the boiler.

AEP's Pirkey #1 coal-fired power station restarted following a Maintenance outage.

MAIN – Exelon's 867 Mw Quad Cities #2 nuclear unit ramped up to 60% capacity today. The unit restarted yesterday and was warming up offline at 10% power. Quad Cities #1 continues to operate at 97% power.

NPCC – FPL's 1,244 Mw Seabrook nuclear unit shut for a scheduled refueling outage. The unit was operating at full power yesterday.

Energys's 620 Mw Vermont Yankee nuclear unit dipped to 43% power. Yesterday, the unit was operating at full capacity.

SERC – Duke Energy's 846 Mw Oconee #2 automatically shut from full power following a turbine trip due to low condenser vacuum during maintenance activities. Oconee #1 is operating at 73% power and Oconee #3 is operating at full power.

Southern Nuclear's 883 Mw Hatch #1 power station ramped up to 92% power today. Yesterday, the unit was operating at 78% power.

TVA's 1,121 Mw Watts Bar nuclear unit ramped up to full power as it completes its return from a refueling outage.

WSCC – Energy Northwest's 1,200 Mw Columbia nuclear unit increased output to 97% capacity today. Yesterday, the unit was operating at 65% power.

The NRC reported that 76,402 Mw of nuclear capacity is online, down 1.76% from Monday and up .97% from a year ago.

Thought convicted Enron Corp. CEO Jeffrey Skilling was yesterday's news? Think again. Skilling's legal team is scheduled to argue in federal appeals court Wednesday that its client's convictions should be dismissed because of "egregious" misconduct by the Enron Task Force. Based on evidence that the defense recently obtained and on recent appeals court rulings, Skilling may stand a chance to see some of his convictions thrown out.

PIPELINE RESTRICTIONS

Florida Gas Transmission said that mid-80 degree weather is forecast in Florida for the next few days, and FGT linepack is lower. Therefore, for today's gas day, FGT has notified customers in its Market Area that it has issued an Overage Alert Day at 25% tolerance. FGT will not interrupt previously scheduled Market Area ITS-1 service below the elapsed prorated scheduled quantity.

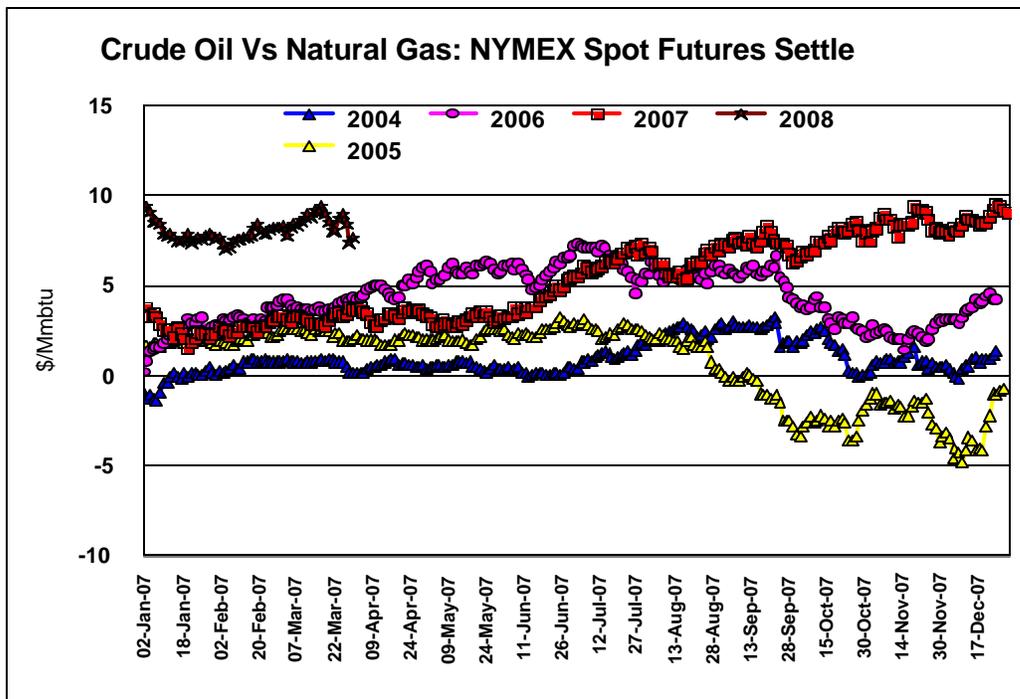
PIPELINE MAINTENANCE

Natural Gas Pipeline Company said that a Force Majeure event occurred at the NNG/NGPL Mills point due to flooding in the compressor control room. As a result, this point has been shut-in for deliveries and is unavailable for delivery nominations until further notice. Natural personnel are currently evaluating the situation for any necessary repairs and a timeline for resolution has not been determined. Effective immediately continuing until further notice this point is unavailable for deliveries. AOR/IT, secondary out-of-path, secondary-in-path and primary FTS quantities will not be scheduled. Receipt nominations at this point are not impacted.

PG&E's California Gas Transmission issued an operational flow order for tomorrow for all customers on its natural gas pipeline system due to low inventories. The system-wide alert resulted in an issued 5% tolerance.

Questar Pipeline said that it would begin maintenance April 2 at Clay Basin for a field testing lasting approximately two weeks. Also, Questar will perform preventive inspection maintenance at DOTs at Kanda #1 for four days, beginning April 7.

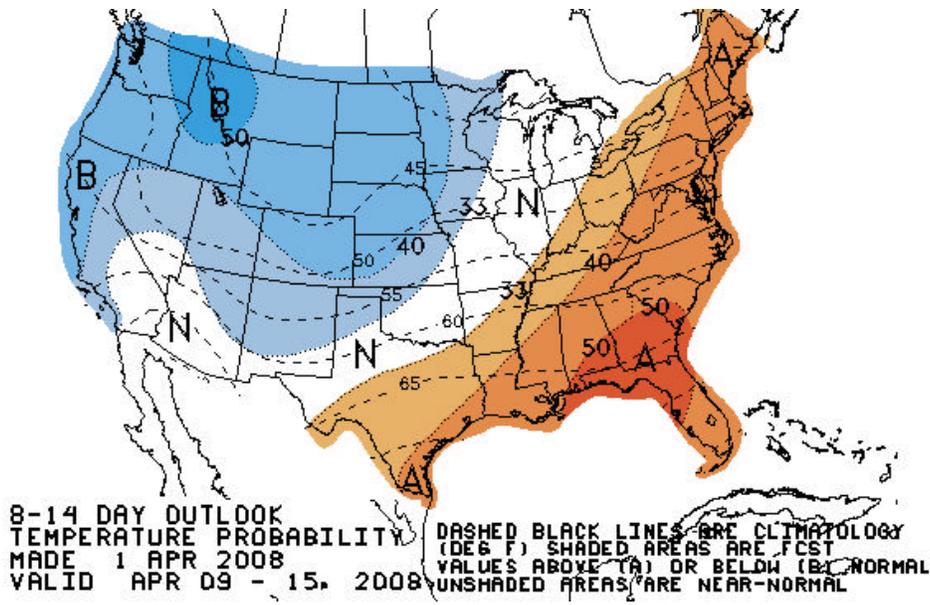
Tennessee Gas Pipeline said that repairs for Unit 2A at Station 820 are ongoing and Tennessee estimates that the second unit will be available for service by April 4.



ELECTRIC MARKET NEWS

PricewaterhouseCoopers said global electricity and gas utility mergers and acquisitions hit a new record of \$372.5 billion in 2007, 25% above the \$298.8 billion worth of deals completed in 2006. The value of North American power deals jumped 34% to \$95.2 billion last year and represented 26% of the global M&A value. PwC said it found that the credit crisis that spread through the economy starting last year had little impact on M&A activity, given that 57% of the deals took place in the second half of the year when the crisis began to worsen. The U.S. presidential election and the continuation of the credit crisis are not expected to deter global investment in the U.S. power sector in 2008, according to PwC.

MARKET COMMENTARY



The natural gas market was lower overnight, trading back below the 10.00 level as pressure from the overall energy complex and commodity sector as a whole helped to buck yesterday's technical rally. The front month traded in a tight range between 9.90 and 9.98 for the majority of the session until some short-term longs threw in the towel and the market dropped roughly 20 cents in the last 15 minutes of trading. The May contract dropped from 9.90 to below 9.70 into the close, erasing Monday's 30.1-cent gain. After settling down 37.7 cents at 9.724, the May

contract continued its drift lower, trading to a low of 9.564.

Considering the market's relationship to crude oil, natural gas had gotten ahead of itself yesterday and the weakness in the oil complex cannot be overlooked. In terms of MMBTU, natural gas is currently trading at a \$7.70 discount to crude oil, while one-year ago, it was trading \$3.70 lower. With the peak demand season coming to an end and heating demand sliding as the shoulder period approaches, the market consolidated. Technically, it is still in its bull form and has not broken its current upward trend. A break of 9.45 would compromise the upward trend and we could see prices test the April contract's March 20 low of 8.664. However, given the storage situation and further draws expected, we do not see much room to the downside and in the slightly longer term, we like the market, as it will be supported in an effort to refill the nation's storage throughout the summer. We see support at 9.49, 9.45, 9.29 and 9.02. We see further support at 8.664. We see resistance at 9.96, 10.00, 10.23 and 10.43.