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POWER MARKET REPORT FOR APRIL 4, 2008

NATURAL GAS MARKET NEWS

Demand for gas-fired electricity will continue to put upward pressure on U.S. natural gas prices amid declining gas imports and the need for higher prices to maintain domestic production, according to analysts at Jeffries. The bank raised its full year 2008 price forecast to $8.25 from $7.00, expecting a 35% decline in LNG imports and a 4% decline in Canadian gas imports this year, while demand for the fuel is expected to increase by 1.5%.

Northern Border Pipeline Co. subsidiary Bison Pipeline LLC is holding a binding open season for firm capacity on a proposed pipeline from the Powder River Basin supply area to an interconnect in Morton County, ND.

Connecticut Governor Jodi Rell and Attorney General Richard Blumenthal said the state asked the U.S. FERC to reconsider its March 20 approval for development of the Broadwater LNG import terminal in Long Island Sound.

Pacific Gas and Electric Co. (PG&E) has agreed to pay $20 million to settle the last of a series of lawsuits stemming from water poisoning linked to its natural gas transmission pipeline operations in the Mojave Desert northeast of Los Angeles. The agreement was finalized late in March, according to an Associated Press report.

The gas pipeline connecting the British and Belgian networks is to switch to U.K. import mode on Saturday morning, according to the link operator.

China imported 122,911 mt of LNG in February, down by 32.5% from the year-ago level, Chinese customs data showed. All the LNG imported in February came from long-term supplier Australia, and cost an average $3.11/MMBtu on a CIF basis. Cumulative LNG imports during the first two months were 311,672 mt, an increase of 3.4% over the same period in 2007. March figures are not yet available but market sources said there were no spot imports in the January to March period this year. However, China would be importing at least two spot cargoes in April.

Generator Problems

ECAR – FirstEnergy's 1,231 Mw Perry nuclear unit shut for planned valve work and other maintenance today. Its is expected to be a short outage.

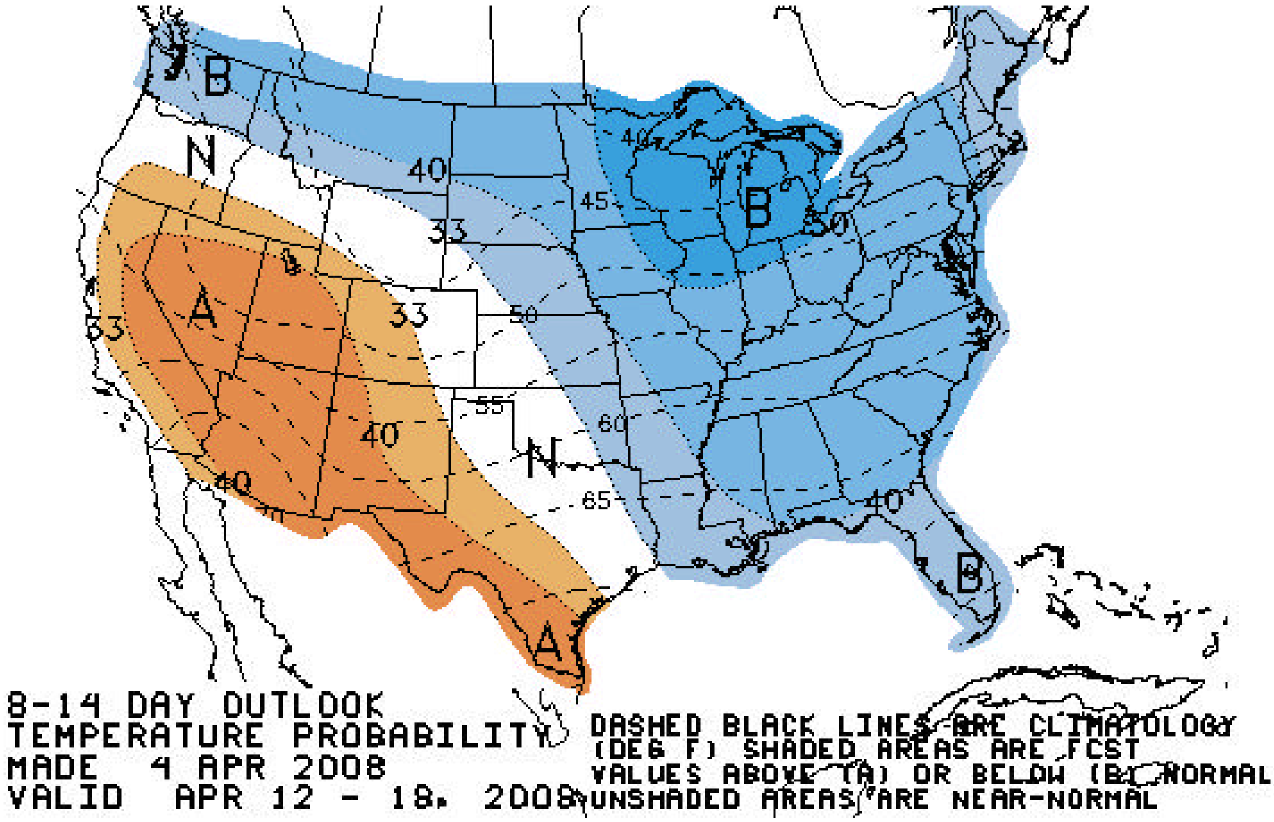
ERCOT – AEP's 690 Mw Oklaunion coal-fired power station shut April 2-7 due to transmission line problems.

NRG Energy's 572 Mw WA Parish power station will return to service from April 4-10 following a maintenance outage.

NPCC – Entergy's 620 Mw Vermont Yankee nuclear unit ramped up to 90% capacity by early today following repairs to a condenser tube leak.

The NRC reported that 76,929 Mw of nuclear capacity is online, down .43% from Thursday and down 1.06% from a year ago.

ELECTRIC MARKET NEWS



Genscape's U.S. coal burn index was unchanged in the week ended April 3. The index, a gauge of power plant demand for coal, was up .06% from the same week last year. Coal usage east of the Mississippi River was up a fraction but unchanged for coal burn purposes, while consumption in the West was up .01%. Compared with the same week a year ago, consumption of coal at power plants during the week was .04% greater in the East and .24% more in the West.

NYMEX announced that it will change margins for several of its electricity futures contracts, beginning at the close of business today. Margins for the first month of the Northern Illinois hub peak will increase to $12,150 from $9,450 for customers. Margins for the first month of the AEP-Dayton hub peak will decrease to $12,150 from $13,500 for customers. Margins for the first month of the Cinergy Hub will decrease to $2,700 from $4,725 for customers.

MARKET COMMENTARY

The natural gas market chopped between positive and negative territory today, trading as high as 9.547 with a firm crude oil market that rallied with a weaker USD. In quiet trading, the May contact spent most of the session between 9.40 and 9.50 before late selling pressure extended the week's losses. The May contract dipped to a low of 9.29 before settling down 9.5 cents at 9.322.

With more seasonal temperatures expected and heating demand dwindling, market players are reducing their long positions in the front part of the curve. We feel that consolidation at these levels will continue, but maintain longer-term bullish tone. The storage deficit will continue to offer underlying support and the process of refilling storage through the summer will help to boost this market. We see support at 9.194, 9.113, 9.00, 8.909, 8.70 and 8.664. We see resistance at 9.36, 9.451, 9.627, 9.708, 9.95 and 10.00.