



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR APRIL 8, 2008

NATURAL GAS MARKET NEWS

The EIA Short-Term Energy Outlook for April 2008 resonated with further concern about the U.S. economy as a whole. Total natural gas consumption is expected to increase by 1.0% in 2008 and by 0.8% in 2009, as limited growths in residential and commercial demand along with overall economic conditions limiting industrial sector growth quell total natural gas demand. The EIA also noted that milder summer temperatures are expected to leave natural gas consumption for electricity generation unchanged in 2008, after an increase of more than 10% in 2007. Consumption growth of 2.9% is expected in the electric power sector in 2009. On the supply side, total U.S. marketed natural gas production is expected to increase by 2.9% in 2008 and by 0.2% in 2009. In 2008, the development of deepwater supplies is expected to drive production growth of 4.8% in the Gulf of Mexico. Production from the Lower-48 onshore region is expected to continue the upward trend of recent years, increasing by 2.7%, led by growth in unconventional production basins. In 2009, natural gas production in the Gulf of Mexico is projected to decline by 0.7% while production in the lower-48 onshore region is expected to increase by 0.3%. Imports of LNG are projected to reach about 680 Bcf for 2008, representing a 12% decline from the record volume received in 2007. Strong demand in Asia and Western Europe, which compete with the U.S. for LNG supplies, has greatly reduced the number of U.S.-bound LNG cargoes so far this year. Although current import volumes are low, EIA expects U.S. imports to rebound slightly this summer as global demand wanes. An increase in global LNG supplies, particularly expansions in Nigeria and Norway, are expected to boost shipments of LNG to the U.S. in 2009, when import volumes are projected to total about 950 Bcf. The Henry Hub spot price averaged 9.74 in March, nearly 1.00 more than in February, marking the first month since December 2005 that the Hub averaged more than 9.00. The EIA echoed what other market analysts have been saying, that the recent upward price shift reflects, a dropoff in LNG imports compared to last year, high oil prices, and the drawdown in storage to the lowest levels in four years. On an annual basis, the EIA projects that Henry Hub spot prices will average about 8.59 in 2008 and 8.32 in 2009.

Generator Problems

FRCC – FPL's 839 Mw St. Lucie #2 nuclear unit reduced output to 90% power. The unit was operating at full power yesterday. St. Lucie #1 continues to operate at full power.

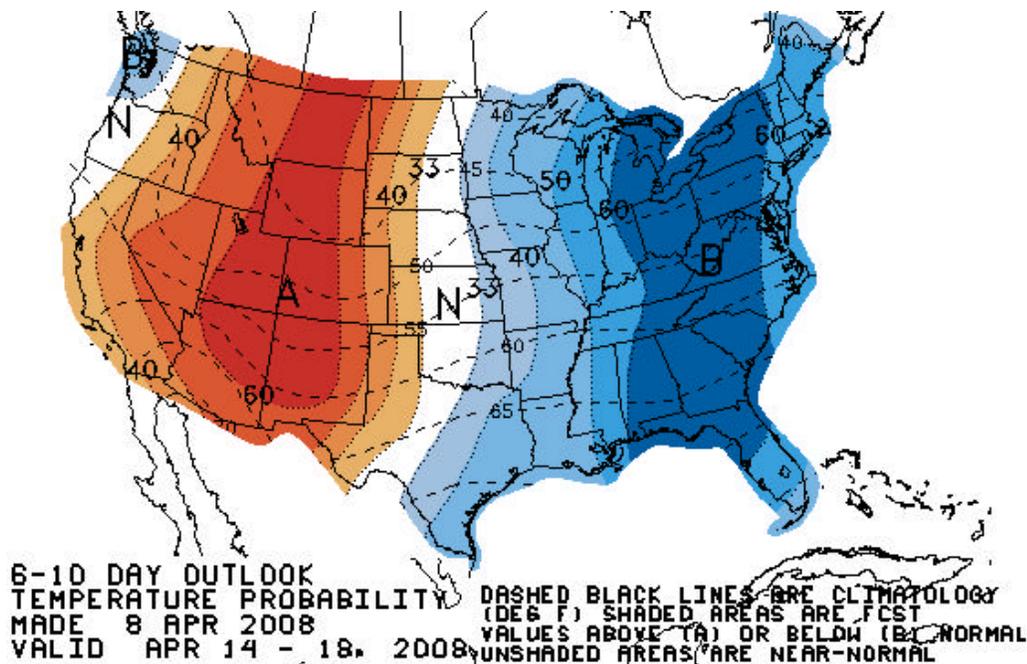
NPCC – Entergy's 825 Mw FitzPatrick nuclear unit reconnected to the grid and ramped up to 50% power following brief weekend maintenance.

Entergy's 670 Mw Pilgrim nuclear unit ramped up to 98% capacity today. The unit was operating at 20% power yesterday.

The NRC reported that 75,129 Mw of nuclear capacity is online, up 1.04% from Monday and up 3.30% from a year ago.

A former board member of the New York Mercantile Exchange pled guilty Tuesday to two felonies -- illegal trading in the natural gas market and tampering with physical evidence.

The commercial success of natural gas shale plays in the United States has producers large and small eyeing the potential of gas shale that covers the northeastern corner of British Columbia, which may hold 250-1,000 Tcf of gas in place.



BP and ConocoPhillips Tuesday announced a 4 Bcf/d Alaska gasline project, called Denali -- The Alaska Gas Pipeline, to commercialize the state's vast North Slope gas reserves. They claimed the project would be the largest private sector construction ever in North America.

U.K. gas prices at the National Balancing Point softened as both supplies and the weather forecast improved. Within-day was down over a

penny to 59.85 p/therm, while day-ahead was off 1.3 p to 59.65 p/therm.

Australian exploration and production company Santos envisages its proposed LNG project in Gladstone will be a multiple train development. Santos' project is one of four currently being pursued in the northeastern Australian port city of Gladstone, any one of which would be the world's first LNG export plant based on coal seam gas. Santos has applied for environmental permits for a 10 million mt/year capacity LNG plant at Gladstone.

PIPELINE MAINTENANCE

Gulf South Pipeline said that the scheduled maintenance on Marksville Unit #4 has been extended through May 5. Capacity through the Marksville Compressor Station could be reduced by as much as 150 MMcf during the maintenance.

Gulf South Pipeline up dated its ongoing maintenance schedule. On Index 195, the SLN 3132 Deep Lake CP#1 and SLN 3298 Bridgeline at Grand Chenier has been shut in during maintenance that began January 9, 2007. Marksville Compressor Station Unit #4 maintenance, which has been extended, will affect capacity by as much as 150 MMcf. The project began February 25 and was slated to run approximately 30 to 45 days. Carthage #2 Compressor Station Unit #3 is in the midst of a five-day maintenance project that began April 7. The Refugio Compressor Station's SLN 2156 will be unavailable for transportation service during maintenance that is scheduled to begin April 9 and last approximately 14 hours. Finally, Index 293 will undergo pigging maintenance beginning April 14 and lasting seven days.

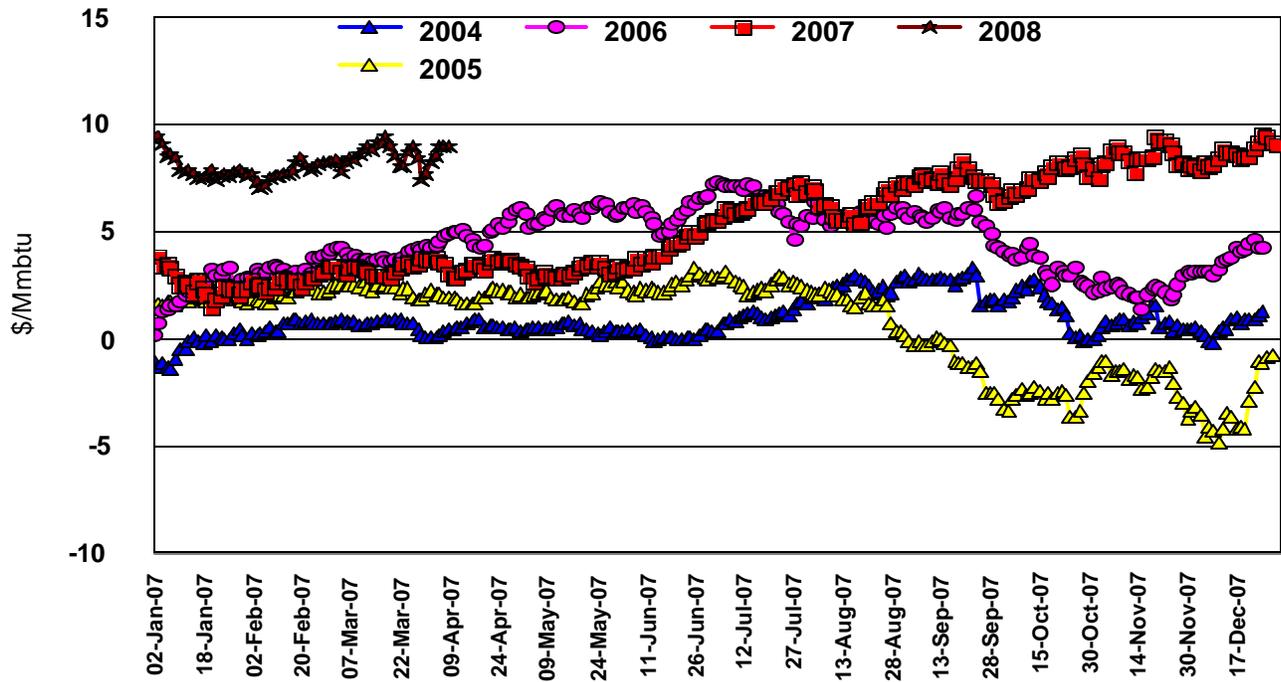
ELECTRIC MARKET NEWS

U.S. coal stocks rose 1.15% last week, but the stockpile cushion over last year fell 0.14% point. Although the stockpile cushion over the same week last year fell 8.8%, U.S. power stations had 53 days of average coal burn, up one from last week.

MARKET COMMENTARY

The natural gas market traded wildly today between positive and negative territory as the market initially appeared headed for another rally near the 10.00 mark, using momentum set on yesterday's large gain as well as following crude oil. By midday, however, the contract had peaked and spent the rest of the session chopping on either side of flat as speculation of a U.S. slowdown will quell demand. The May contract traded as high as 9.938 and as weak longs puked the market into the close, the front month traded as low as 9.622. The market settled down 9.4 cents at 9.697.

Crude Oil Vs Natural Gas: NYMEX Spot Futures Settle



The tug of war today between tight supplies and slowing U.S. growth was evident today as firm resistance at the 10.00 level repelled the market. The markets lack of structure, wide ranges and volatility suggests a degree of uncertainty and requires caution. With another draw expected this week, the market will draw support from that, but weakness in the oil complex based on demand destruction will certainly overflow into the natural gas market especially as we move into the shoulder season and seasonal demand subsides. We see support at 9.625, 9.539, 9.423, 9.36, 9.223 and 9.00. We see resistance at 9.95, 10.00, 10.055, 10.171, 10.20 and 10.40.