



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR APRIL 9, 2008

NATURAL GAS MARKET NEWS

Gas production was suspended at the Independence Hub gas platform in the U.S. Gulf of Mexico today due to a pipeline leak. Repairs are expected to take one to four weeks. At the time the platform had been producing an average of about 900 million cubic feet per day prior to the incident. The shut down for four weeks could reduce gas supplies by as much as 25 Bcf for the month-long period.

The noted Colorado State University hurricane research team raised the number of tropical storms and hurricanes it expects to form in the upcoming Atlantic storm season. Dr. Gray and his team increased its outlook by two tropical storms to 15, and by one hurricane to eight, compared with a long-term average of around 10 and six, respectively, for a storm season. Of the eight hurricanes, four were forecast to become major storms ranging from category 3 to 5. The 2008 hurricane season will likely be well above average and put upward pressure on prices, but forecasters overstated the storm activity in 2006 and 2007.

PIPELINE MAINTENANCE

Natural Gas Pipeline Company said that on April 15-16, it would perform maintenance on the compressors at Station 803 on Natural's Segment 17 in the TXOK Zone. This maintenance to the compressors will require the entire station to be shut-down each day for approximately nine hours. Natural does not anticipate any impact to Natural's customers at this time.

TransColorado Gas Transmission said that it has determined the maintenance schedules for its El Paso and Southern Trails outages next week. TransColorado will perform maintenance at the El Paso Blanco delivery point on gas day April 17. Capacity at this point will be limited to 266 MMcf. Based on the current level of nominations, AOR/IT, secondary out-of-path, secondary-in-path and primary FT quantities are at risk of not being fully scheduled. Also, TransColorado will perform maintenance at the Southern Trails delivery point on gas day April 18. This point will be unavailable and scheduled to zero for the duration of this outage.

PIPELINE RESTRICTIONS

PG&E California Gas Transmission has called a customer-specific operational flow order on its California natural gas pipeline for today's gas flow. PG&E issued the restriction because of low inventory on the system. Tolerance I set at 5%. For tomorrow, the company has issued a system-wide OFO with the same tolerance percentage.

Generator Problems

MAPP – Nebraska Public Power District has edged production modestly higher to 82% at its 800 Mw Cooper nuclear unit in Nebraska. However, the unit is expected to shut this weekend to begin a regularly scheduled refueling outage.

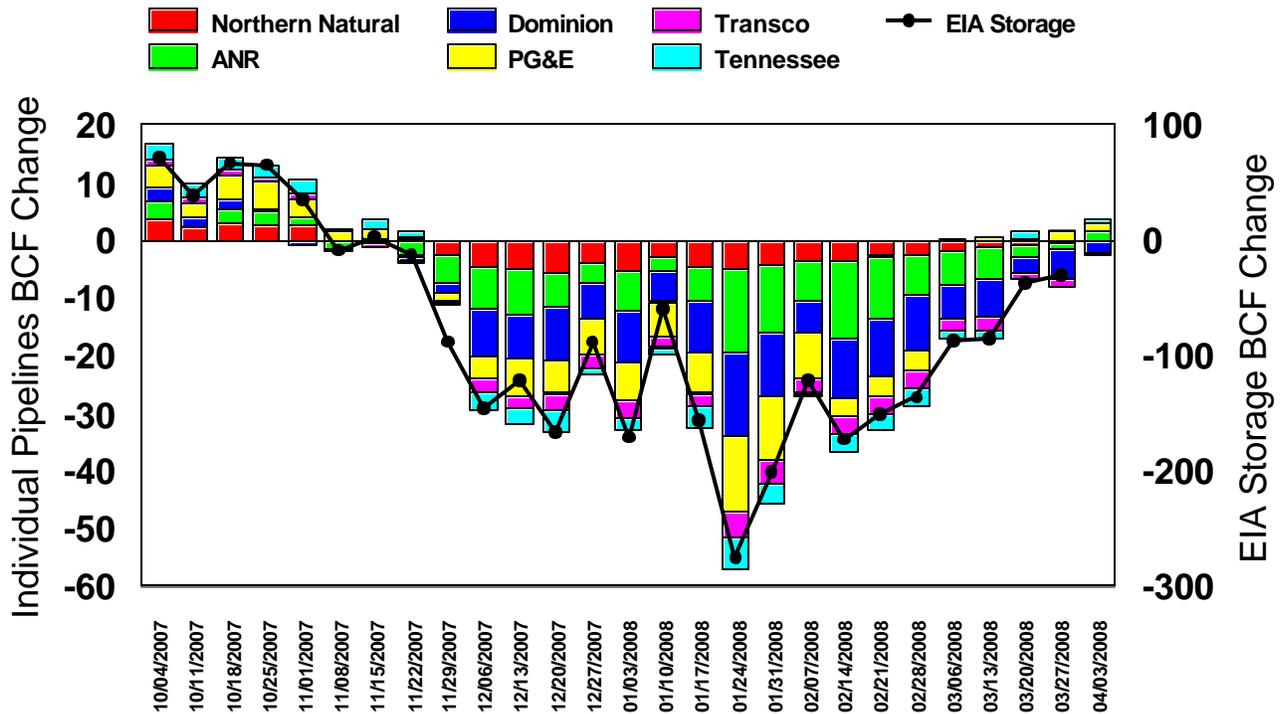
NPCC – Entergy's 825 Mw FitzPatrick nuclear unit increased output to 60% capacity. Yesterday, the unit was operating at 50% capacity.

PJM – FirstEnergy's 864 Mw Beaver Valley #2 nuclear unit will shut on April 14 for a scheduled refueling outage. Today, the unit along with unit #1 was operating at full power.

SERC – Duke Power's 846 Mw Oconee #1 nuclear unit continued to operate at a reduced 73% capacity as it prepares for a scheduled refueling outage this weekend. Oconee #2 and #3 continue to operate at full power.

The NRC reported that 75,326 Mw of nuclear capacity is online, up .26% from Tuesday and up 2.89% from a year ago.

Weekly Change In Nat Gas Stocks



KM Interstate Gas Transmission said that it would schedule nominations effective on the IDI Cycle for today's gas day for various interconnects at its Glenrock Station.

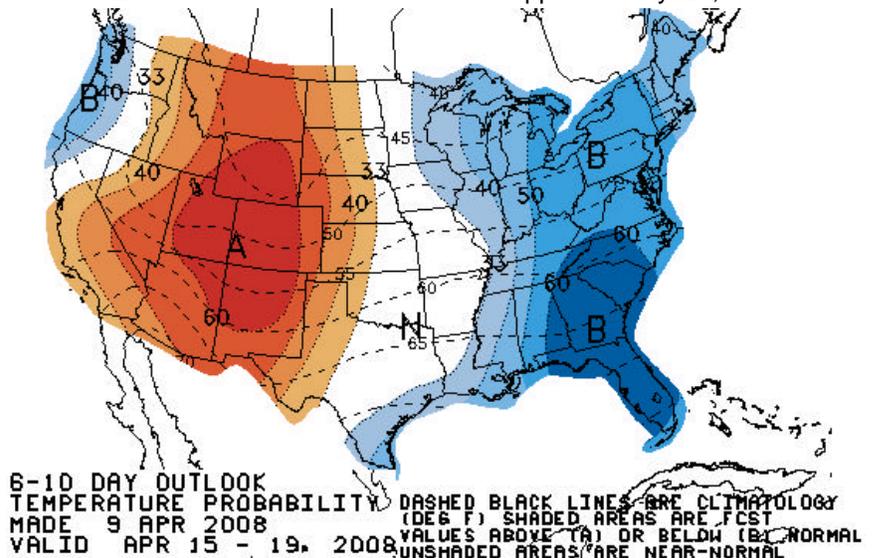
ELECTRIC MARKET NEWS

An audit of a nuclear industry supplier has found some of its parts may not have been properly checked for use in safety-related systems at reactors, according to the U.S. NRC. Nuclear plant operators are being asked to double-check fuses, resistors, capacitors and other parts supplied by Invensys of Foxborough, Massachusetts.

Power company Dominion Resources said it plans to develop a 300 Mw wind generation facility in central Illinois. The Prairie Fork Wind Farm will feature 150 to 200 turbines constructed across approximately 25,000 acres. Construction is expected to begin in 2010, with commercial operation starting in 2011.

MARKET COMMENTARY

The natural gas market was higher to start the session, as a flurry of supportive factors reversed yesterday's afternoon sell off. Lingering cold, a rally in the oil complex, a shut-in at a major natural gas hub in the Gulf of Mexico and a forecast for above-average hurricane activity all helped push the front month above resistance. With the Independence Hub shutting-in for about a month, the May contract broke above the 10.00 level to a high



of 10.153. The numerous bullish factors lent no reprieve to the market as all dips were opportunities to get long. The collapse of crude oil into the close after it reached an all time high over flowed into natural gas. The May contract backed off its highs but settled above the key 10.00 level at 10.056, up 35.9 cents.

Expectations for tomorrow's EIA inventory report call for a small draw of between 10 and 15 Bcf, furthering the year-on-year deficit. Our model is a little less bullish, calling for a small build of 1-5 Bcf. A draw of 10-15 Bcf would put stocks below the five-year average for the first week since mid-June 2004. The high settlement today invites new length into the market and a break above 10.20 could ultimately see prices move as high as 10.70. We see support at 10.00, 9.95, 9.847, 9.582, 9.429, 9.36 and 9.00. We see resistance at 10.20, 10.265, 10.418 and 10.70.