



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR APRIL 11, 2008

NATURAL GAS MARKET NEWS

A force majeure has been officially declared at the Independence Hub after a pipeline leak was discovered on Wednesday.

Excelerate Energy's Northeast Gateway offshore liquefied natural gas (LNG) system in Massachusetts Bay is scheduled to receive its first tanker shipment later this month, according to a company spokesman.

Pioneer Natural Resources Co. is touting a net recovery potential of more than 2 Tcf from yet another North American natural gas shale play, this time in Colorado's Raton Basin, which is expected to contribute to the Dallas-based independent's growing output in the coming years.

Kinder Morgan said that final construction activities continue for the 210 mile section of REX WEST from the ANR interconnect in Brown County, Kansas, to the PEPL interconnect in Audrain County, Missouri. All Caliper pig runs have been completed while completion of final tie-ins continues. Drying of the line is anticipated to commence over the next couple days. Purging and packing and putting the line in service will commence pursuant to regulatory approvals.

Tight supplies pushed up prompt British gas prices today. Gas for delivery today rose to 60.60 pence per therm, up about a penny. Gas for delivery Monday traded up to 60.50 pence as the system was left short of gas despite modest demand for the time of year.

Spain's Industry Ministry has given Enagas authorization to raise hourly throughput capacity at its Cartagena LNG import terminal in the southwest Murcia region to 1.35 million cubic meters from 1.2 cu m.

PIPELINE RESTRICTIONS

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

PIPELINE MAINTENANCE

Generator Problems

ERCOT – AEP's Welsh #1 coal-fired power station shut for scheduled maintenance.

MAPP – Wolf Creek's 1,166 Mw nuclear unit, which is shut for a refueling, may have a problem with the containment coolers, delaying the units exit from the outage.

NPCC – Entergy's 825 Mw FitzPatrick nuclear unit ramped up to 81% power today. Yesterday, the unit was operating at 73% capacity.

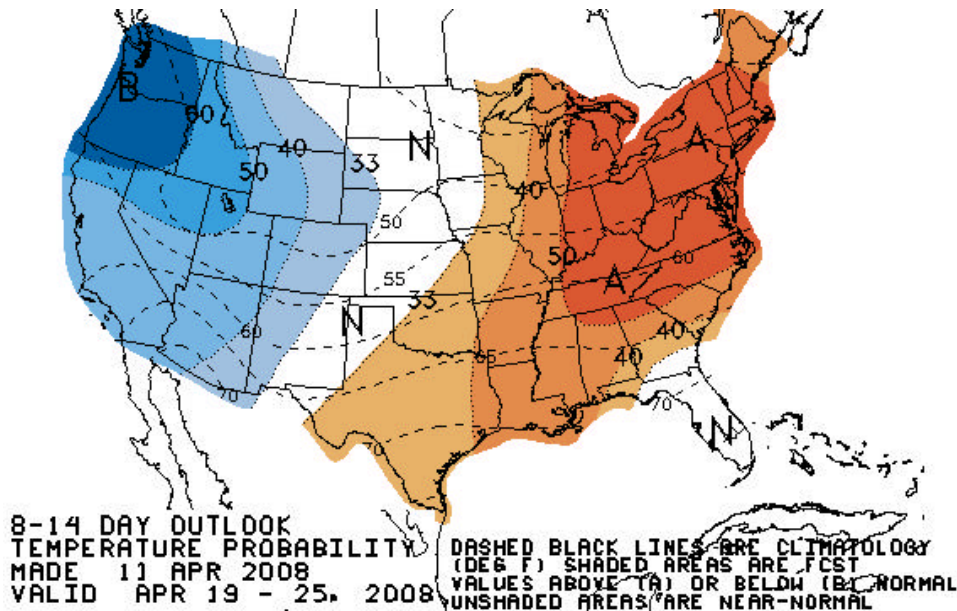
SERC – Entergy's 988 Mw Arkansas #2 nuclear unit started to exit a refueling outage and ramped up to 17% power. Arkansas #1 continues to operate at full power.

WSCC – Southern California Edison's 1,070 Mw San Onofre #2 nuclear unit reduced output to 65% capacity. The unit was operating at full power yesterday.

Canada – Ontario Power Generation's 494 Mw Lambton #3 coal-fired power station shut for short work by early today. The unit is expected to return to service in about a week.

OPG's 490 Mw Nanticoke #1 coal-fired power station shut for short work and is expected to return in about a week.

The NRC reported that 75,296 Mw of nuclear capacity is online, down .20% from Thursday and up 2.46% from a year ago.



Alliance Pipeline announced several maintenance projects that are set for next week. A routine inspection will require the Carson Creek Unit #1 compressor to be offline for 10 hours on Tuesday. Station capacity will be lowered to 335 e3m3 for this gas day. Minor maintenance will require the Morinville Compression station to be offline for four hours on April 15. System throughput (AOS) is not likely to be impacted but will be determined closer to the outage date. Also, minor maintenance will require the Albert Lea Compression

station to be offline for six hours on Tuesday. System throughput (AOS) is not likely to be impacted but will be determined closer to the outage date. Finally, Alliance said that minor maintenance will require the Fairmount Compression station to be offline for four hours on April 17. System throughput (AOS) is not likely to be impacted but will be determined closer to the outage date.

Gulf South Pipeline said that it began unscheduled maintenance on Montpelier Compressor Station Unit #3 yesterday afternoon and will continue through April 15. Capacity through the Montpelier Compressor Station could be reduced by as much as 75 MMcf/d.

Northern Natural Gas said that it began maintenance on unit 1 at the Spearman, Texas Compressor station. The unit maintenance, which is scheduled to run through April 18, will limit the capacity of the Spearman Station to 70 MMcf/d.

ELECTRIC MARKET NEWS

Southern California Edison said it will commence a two-year, \$50 million study of methods of burning coal for electricity while drastically cutting carbon dioxide emissions.

Oncor continues to make progress to restore power following Thursday morning's storm. Only 24 hours after the storm pounded the area, power has been restored to more than three-fourths of customers affected. Outages in the Dallas/Ft. Worth area have been reduced to 56,000, down from the original 250,000 at the height of the storm.

As estimated by the EIA from data on railroad car loadings, U.S. coal production totaled approximately 22.5 million short tons during the week ended April 5. This production estimate is 3% lower than in last week's estimate, and 6% higher than in the estimate reported for the comparable week in 2007. Production east of the Mississippi River totaled 9.5 mmst and production west of the Mississippi River totaled 13.0 mmst. Coal production for March 2008 totaled 99.0 mmst, this was about the same as in March 2007.

MARKET COMMENTARY

The natural gas market exhibited follow-through selling from yesterday, as profit taking and technical driven selling pressured prices below the 10.00 level. A less supportive weather outlook and weaker oil complex helped to pressure natural gas, which traded to a low of 9.83. The bull form held and natural gas was able to pull off the lows to settle at 9.901, down 19.7 cents on the day.

The market was up just over 6% this week and traded to a multi year high yesterday. Many constructive elements still exist, a dwindling storage, cool start to spring, the Independence Hub shut-in and a weak dollar.

Natural gas continues to have significant risk to the upside, with 10.70 as a potential target price. We see support at 9.80, 9.767, 9.659, 9.50, 9.29, 9.00 and 8.664. We see resistance at 10.00, 10.197, 10.305, 10.40 and 10.70.