



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR APRIL 15, 2008

NATURAL GAS MARKET NEWS

June, July and August will be 8% cooler nationally than last year and the coolest summer months since 2004, according to forecasters at MDA EarthSat in Rockville, MD.

Maryland Sens. Barbara A. Mikulski and Benjamin L. Cardin, both outspoken critics of AES Corp.'s Sparrows Point liquefied natural gas (LNG) terminal proposed for Baltimore County, MD, said Tuesday they support legislation to repeal a provision in the Energy Policy Act of 2005 that gives FERC exclusive authority over the siting of onshore LNG terminals.

High commodity prices will drive oil and natural gas industry spending in the offshore to a total of \$380 billion between now and 2012, a 60% jump from the previous five-year period, Douglas-Westwood Ltd. reported Tuesday.

U.K. gas prices rose again as Norwegian exports to Britain dipped after an overnight increase in flows, leaving the system short. With Norwegian export capacity expected to be reduced by up to 18 million cubic meters by maintenance work at a gas processing plant this week, the U.K. gas system was left short of gas, pushing with-in day gas up to around 64.90 pence per therm, while day-ahead rose above 64.00 pence.

Egyptian gas deliveries to Israel that were expected to start last week have been delayed due to a hitch over commercial terms for the transit of the gas within Israel by state-owned Israel Gas Lines Company.

Israel has asked Qatar to consider selling it natural gas, a deal that could help warm ties between the Jewish state and the Arab world.

PIPELINE RESTRICTITONS

Colorado Interstate Gas Company said that it has experienced an outage at its Niobrara compressor station, located immediately downstream of CIG's interconnect with High Plains Gathering at receipt point Niobrara. Until further notice, all flows at the Niobrara receipt point are currently at zero pending further information. CIG will schedule this point to zero beginning Cycle 2 for today.

Generator Problems

ECAR – First Energy's 1,260 Mw Perry nuclear unit ramped up to 91% power. The unit was operating at 68% power yesterday.

ERCOT – Luminant's 750 Mw Martin Lake #2 coal-fired power station shut for planned maintenance. The work is expected to last for about a week.

MAIN – Exelon's 855 Mw Quad Cities #1 nuclear unit reduced output to 85% power. The unit was operating at 97% capacity yesterday. Quad Cities #2 remains at 96% power.

Exelon's 1,252 Mw Byron #1 nuclear unit reconnected to the grid and ramped up to 48% power following refueling outage. Byron #2 continues to operate at full power.

SERC – Southern Nuclear's 888 Mw Farley #2 nuclear unit reduced power from full capacity to 61% power today. Farley #1 continues to operate at full power.

WSCC – Southern California Edison's 1,070 Mw San Onofre #2 nuclear unit ramped up to 99% power. The unit was operating at 65% capacity yesterday.

PG&E's 1,100 Mw Diablo Canyon #2 nuclear unit ramped up to 67% capacity. Yesterday, the unit was operating at 48% power.

The NRC reported that 76,204 Mw of nuclear capacity is online, up 1.18% from Monday and up .63% from a year ago.

Questar Pipeline said that the Clay Basin withdrawal test will be completed today and the storage field will return to normal operations April 16 with the following capacities: Withdrawal – 460 MMcf/d; Injection – 325 MMcf/d; Park and Loan – 25 MMcf/d; Total Injection – 350 MMcf/d.

Southern Natural Gas Pipeline said that the Bear Creek Storage Facility spring shut-in test is complete. As a result, the Force Majeure issued for the Bear Creek Storage Facility shut-in test will be canceled effective immediately. Each CSS customer will be allocated 100% of its currently effective DIQ and DWQ posted on SoNet Premier. Southern will also be performing a shut-in test at its Muldon storage Field beginning April 22 through April 28.

PIPELINE MAINTENANCE

Gulf South Pipeline said that three maintenance projects are set to begin April 21. Gulf South will perform Maintenance on Montpelier Compressor Station Unit #4, continuing for approximately five days. Capacity through Montpelier Compressor Station could be reduced by as much as 75,000 Mcf/d during this maintenance. Also, maintenance will be performed on Goodrich Compressor Station Unit #3 beginning at 7:00 am Monday and continuing through May 26. Capacity through the Goodrich Compressor Station could be reduced by as much as 50 MMcf during this maintenance. Finally, Gulf South will perform maintenance on Hall Summit Compressor Station Unit #3 beginning at 7:30 Am Monday and continuing for approximately five days. Capacity through Hall Summit Compressor Station could be reduced by as much as 125 MMcf during the maintenance.

Gulf South also said that scheduled maintenance at the Carthage #2 Compressor Station on Unit #3 is complete. The project began April 7 and had reduced capacity by as much as 50 MMcf.

ELECTRIC MARKET NEWS

Xcel Enery has filed with the U.S. NRC to extend the operating life of the 1,096 Mw Prairie Island nuclear plant. The plant's current 40-year licenses expire in 2013 and 2014. The application requests 20-year license extensions for each reactor.

American Electric Power will continue to try and build integrated gasification combined cycle power plants using coal, but it is being forced to do some additional work following rejection of plans in Ohio and Virginia. AEP maintains that coal-fired generation will have to play a part in bridging a baseload gap that is on the horizon, with capacity reserve margins declining in many parts of the country. AEP has an aging coal-fired generation fleet with some plants approaching 50 years old, and that the company has not added a baseload power plant since 1991.

U.S. coal stocks rose .76% last week, but the stockpile cushion over last year fell and shortfalls in the East are a concern. The stockpile cushion over the same week last year fell 1.34% to 7.46%. U.S. power stations had 53 days of average coal burn, unchanged from last week. U.S. power generators had nearly 149.3 million tons of coal as of the week ended April 14, up 1,118,606 tons from the previous week.

MARKET COMMENTARY

The natural gas market received the boost from the crude oil market that it needed to scale back up the charts to the recent spot contract high. The May contract traded early in the session to a high of 10.28, shy of last Thursday's 10.314 high, as crude oil approached the 114.00 level. The market chopped on either side of 10.20 for the remainder of the session before settling up 15.2 cents at 10.205.

Early expectations for this week's EIA inventory report call for a build of between 8 and 22 Bcf, slightly higher than the five-year average injection of 7 Bcf for the first build of the injection season. The natural gas market will continue to be tied to the macro moves of the overall energy complex as shoulder season offers little fresh fundamental news. The underlying tightness of supply and the shut-in Independence Hub will offer a floor for the market but it will not be tested as long as the rest of energy complex continues its drive. We see support at 10.106, 9.995, 9.908, 9.50 and 9.36. We see resistance at 10.304, 10.391, 10.502 and 10.70.