



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR APRIL 18, 2008

NATURAL GAS MARKET NEWS

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. The drying process has been completed on one of the three remaining segments and continues on a second segment. The company expects to start the drying process of the third and last segment over the weekend. Purging and packaging will commence on each segment once it is determined to be ready. Putting the remaining portion of REX WEST in service will occur pursuant to the completion of construction activities on all three segments and regulatory approvals.

With liquefaction -- not regasification -- recognized as the choke point in the supply chain for liquefied natural gas (LNG) a number of companies are looking at developing offshore liquefaction. Benefits of offshore versus onshore liquefaction are lower costs and quicker construction, according to a research note from Citigroup Global Markets.

A little more than a month after the alliance between Atlanta-based IntercontinentalExchange (ICE) and Calgary-based Natural Gas Exchange Inc. (NGX) began offering clearing and settlement services for physical over-the-counter (OTC) natural gas contracts at certain western market points, the response from the industry has been favorable.

The U.S. FERC approved a policy for integrating interstate pipeline companies organized as master limited partnerships into FERC's rate-setting process. Under the policy, gas and oil pipelines can propose that the commission include MLPs in the proxy group of companies used as a basis for setting their rates of return on equity. The policy is a significant shift in the process for setting regulated pipeline rates.

Mexico's national oil company Petroleos Mexicanos (Pemex) has reported that a recent natural gas discovery at its deepwater Lakach field in the Gulf of Mexico (GOM) may hold 308 Bcf in gas reserves, with estimated total possible, probable and proven reserves of up to 1.3 Tcf.

Generator Problems

ERCOT – AEP's 675 Mw Pirkey coal-fired power station shut to repair the air heater.

Luminant's 545 Mw Sandow #4 coal-fired power station shut to fix a boiler tube leak.

MAIN – Exelon's 1,252 Mw Byron #1 nuclear unit ramped up to 87% power. Yesterday, the unit was operating at 84% capacity as it returns from a refueling outage. Byron #2 continues to operate at full capacity.

NPCC – Constellation Energy's 1,120 Mw Nine Mile Point #2 nuclear unit reconnected to the grid and ramped up to 30% capacity as it returns from a refueling outage. Nine Mile Point #1 remains at full power.

PJM – PPL's 1,115 Mw Susquehanna #1 nuclear unit reconnected to the grid and ramped up to 38% capacity today. The unit was operating at 16% capacity yesterday. Susquehanna #2 remains at full power.

SERC – Southern Nuclear's 888 Mw Farley #2 nuclear unit ramped up to full capacity. Yesterday, the unit was operating at 60% power. Farley #1 continues to operate at full power.

Duke Power Company's 1,100 Mw McGuire #2 nuclear unit ramped up to 29% power as it returns from a refueling outage.

The NRC reported that 76,532 Mw of nuclear capacity is online, up 1.47% from Thursday and down 1.85% from a year ago.

Prompt U.K. gas prices fell today as supplies improved and milder weather promised to sap demand next week, while upward pressure on forward contracts eased as oil prices edged back from record highs. With the national pipeline well supplied, gas for delivery Friday eased a penny to 61.75 pence per therm, while contracts for Monday fell to 59.85 pence because the weather is forecast to be warmer next week.

PIPELINE MAINTENANCE

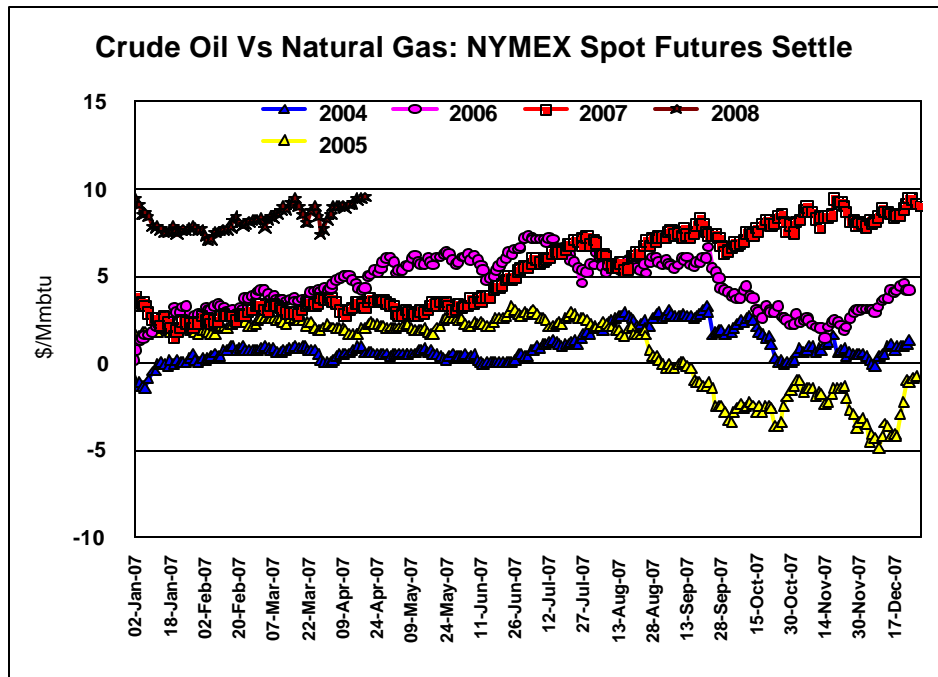
Alliance Pipeline said that it has scheduled three maintenance projects for next week. Inspections and maintenance require the Fairmount Compression Station to be offline for 96 hours starting on April 21. System capacity will be impacted for gas days April 22-25, but will be determined closer to the outage date. Alliance also said that inspections and maintenance requires the Blueberry Hill Compression Station Unit #1 to be offline for 96 hours starting on Monday. Finally, the Tampico Compression Station will be offline for 26 hours starting on April 22.

PIPELINE RESTRICTIONS

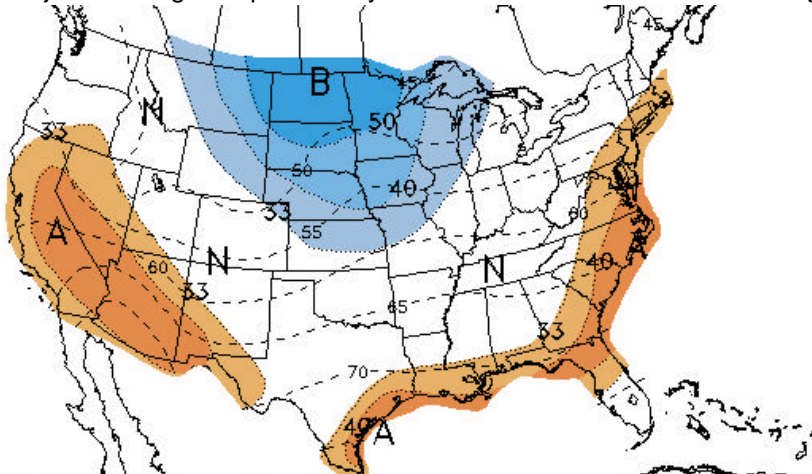
Colorado Interstate Gas Company said that it expects the force majeure outage affecting Niobrara Compressor Station to continue through the rest of April. All nominations at this point will be scheduled to zero. Until further notice, all flows at the Nobrara receipt point are currently at zero.

ELECTRIC MARKET NEWS

Genscape's U.S. coal burn index fell 0.7% for the week ended April 17. The index, a gauge of power plant demand for coal, was unchanged from the same week last year. Coal usage east of the Mississippi River was virtually unchanged while consumption in the west was down 9.5% during the week. Compared with the same week a year ago, coal consumption was up 0.8% in the east and down 4% in the West.



Quebec said it joined a regional pact led by states in the U.S. West that have agreed to limit emissions of gases



blamed for global warming. Quebec joined the Western Climate Initiative, who early last year set an economy-wide greenhouse gas emissions target of 15% below 2005 levels by 2020, or approximately 33% below business-as-usual levels.

MARKET COMMENTARY

The natural gas market was weaker to start the session as a firmer dollar situation pressured commodities. Weak fundamental support also

helped prices lower, as moderate weather has inhibited demand. The May contract probed below the 10.30 level, to a low of 10.212 as crude oil was down near 2.00 at one point early in the session. But as crude oil violently reversed course, natural gas also sprang higher, racing to new 27-month highs, trading to a high of 10.622. The market settled up 20.4 cents at 10.587 and in after hour trading it appears weak shorts covered their positions, lifting the May contract to a daily high of 10.658.

| Natural Gas Cash Market | | | | | | |
|--------------------------|-----------|----------|-----------|------------------|-----------|-------------|
| ICE Next Day Cash Market | | | | | | |
| | Volume | Avg | Change | Basis | Change | Basis 5-Day |
| Location | Traded | Price | | (As of 12:30 PM) | | Moving Avg |
| Henry Hub | 1,513,100 | \$10.080 | (\$0.189) | (\$0.494) | (\$0.250) | (\$0.372) |
| Chicago City Gate | 562,000 | \$9.992 | (\$0.230) | (\$0.583) | (\$0.327) | (\$0.201) |
| NGPL- TX/OK | 1,153,800 | \$9.721 | (\$0.137) | (\$0.853) | (\$0.234) | (\$0.536) |
| SoCal | 992,200 | \$9.660 | (\$0.209) | (\$0.914) | (\$0.306) | (\$0.585) |
| PG&E Citygate | 877,700 | \$10.223 | (\$0.057) | (\$0.351) | (\$0.154) | (\$0.156) |
| Dominion-South | 466,600 | \$10.550 | (\$0.116) | (\$0.024) | (\$0.213) | \$0.322 |
| Transco Zone 6 | 182,500 | \$10.690 | (\$0.188) | \$0.116 | (\$0.285) | \$0.527 |

The market's relationship to crude oil and the overall macro dollar relationship continue to lead this market. With underlying support coming from a slightly tighter supply scenario, and the shut-in of the Independence hub,

the major risk will continue to be to the upside. Moderate weather should increase injections over the coming weeks, and when the Independence Hub comes back online, much of the upward pressure should be alleviated. Yet the use of commodities as a hedge against the slumping dollar will keep the market loosely connected to its fundamentals. We see resistance at 10.70, 11.00 and 11.20. We see support at 10.30, 10.20, 10.00, 9.95, 9.36 and 9.00.

