



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR APRIL 25, 2008

NATURAL GAS MARKET NEWS

Accuweather today announced that they are looking for the 2008 hurricane season in the Atlantic basin will be slightly more active than normal, with an increased chance that the storms will make landfall. The private weather forecasting service noted that warming La Nina conditions in the Pacific and a warm water cycle in the Atlantic Ocean are the two main factors behind their above average forecast. In addition Joe Bastardi at Accuweather was noting that given that they see the upcoming month of May will be relatively cool one along the Ohio River Valley this typically has a strong correlation to the increased likelihood of hurricanes making U.S. landfall especially on the Carolina coast during the upcoming hurricane season. But this forecaster incorrectly has also been calling for such a spike in land falling hurricanes along the East Coast for the past several years.

Generator Problems

ERCOT Luminant's 750 Mw Unit #3 at the martin lake coal fired power plant returned to service early Friday.

NPCC – Entergy's 1020 MW Indian Point #2 nuclear unit was up 7% and was at 98% of capacity Friday morning.

PJM - PPL's 1135 Mw Susquehanna 1 nuclear power plant ramped up to 88% of power on Friday.

SERC – Southern's 1,215 Mw Vogtle #1 nuclear unit was at 29% this morning up 2% from Thursday.

The NRC reported that 79,970 Mw of nuclear capacity is online, up 0.3% from Thursday and up 1.32% from a year ago.

The FERC today gave preliminary approval to AES Corp's Sparrows Point LNG project in Baltimore County, MD. The terminal would have an initial capacity of 1.3 bcf/d. Meanwhile the FERC has suspended review of the Quoddy Bay LNG Import project in Maine because project backers have said they are unable to provide requested information.

Operations at the Pioneer cryogenic gas processing facility in Lincoln County, WY resumed on Thursday following completion of repairs. The unit had been off line since March 27th. The facility is currently processing approximately 560 million cubic feet.

Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
Location	Traded	Price		<small>(As of 12:30 PM)</small>		Moving Avg
Henry Hub	1,181,300	\$10.720	\$0.143	(\$0.240)	(\$0.017)	(\$0.447)
Chicago City Gate	413,800	\$10.731	\$0.336	(\$0.229)	\$0.137	(\$0.326)
NGPL- TX/OK	1,008,500	\$10.319	\$0.239	(\$0.641)	\$0.039	(\$0.654)
SoCal	853,600	\$10.235	\$0.030	(\$0.725)	(\$0.169)	(\$0.609)
PG&E Citygate	600,600	\$10.810	\$0.093	(\$0.150)	(\$0.106)	(\$0.091)
Dominion-South	234,300	\$11.330	\$0.165	\$0.370	(\$0.034)	\$0.322
Transco Zone 6	107,300	\$11.431	\$0.155	\$0.471	(\$0.044)	\$0.476

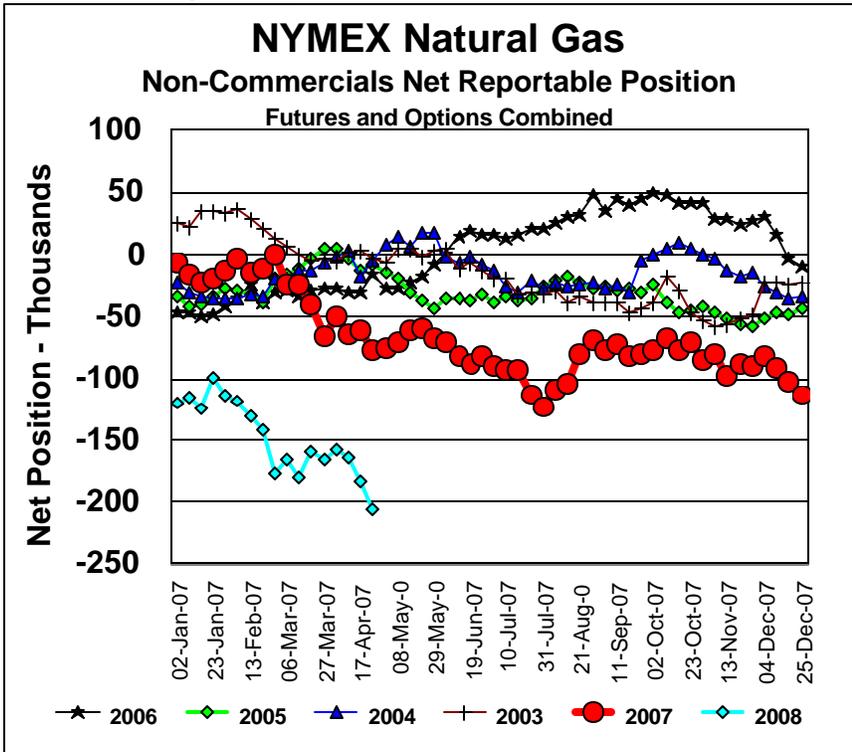
The NYMEX reported today that effective April 28th it was changing margins for its natural gas futures, Henry Hub swap, swing swap and penultimate swap; natural gas penultimate and last day financial; and

NYMEX miNY natural gas futures contracts, effective at the close of business on April 28th. Margins for the first and second months will go to \$9788 for the futures contracts, up from \$8,438 for customers. Margins on the third

through the fifth months will be \$10,125, up \$1,350. Margins for the sixth through tenth months will be \$10,463 for customers up \$1,013. Margins for the 11th through 22nd months will be \$7,425 up \$675.

The University of Michigan reported that its Consumer Index Survey for April showed its index falling to its lowest level in 26 years to 62.6 down from 69.5 in March and lower than market expectations had been of 63.2.

Turkmenistan Friday resumed natural gas deliveries to Iran after a four-month suspension centered around payment delays. No immediate confirmation on the export volume was given but prior to the suspension Turkmenistan was exporting 20-23 million cubic meters per day to Iran. Iran reported has agreed to raise the price of natural gas it imports.



Britain's J-Block gas fields in the North Sea were approaching normal output levels on Friday after restarting Thursday evening. Production has resumed on Tuesday evening but problems getting the fields running smoothly slashed output again until flows of gas climbed steeply early Friday.

Baker Hughes reported that for the week ending April 25th the number of drilling rigs search for natural gas in the United States stood at 1,473 rigs, up 12 from the previous week and 13 higher than the same week a year ago.

Centerpoint Energy Gas Transmission announced yesterday the start of two non-binding, 31-day open seasons to gauge market interest in new interconnect and interstate pipeline facilities to

connect growing supplies of natural gas in the Fayetteville Shale in northeast Arkansas to existing interstate facilities servicing the Midwest and Northeast.

PIPELINE RESTRICTIONS

FGT said today that its linepack is lower and given expectations for warmer temperatures it may be forced to call an Overage Alert Day.

PIPELINE MAINTENANCE

Westcoast Energy said that its Fort Nelson Gas Plant has completed repairs to the Dehydrator Main Flow Valve on D Process Train.

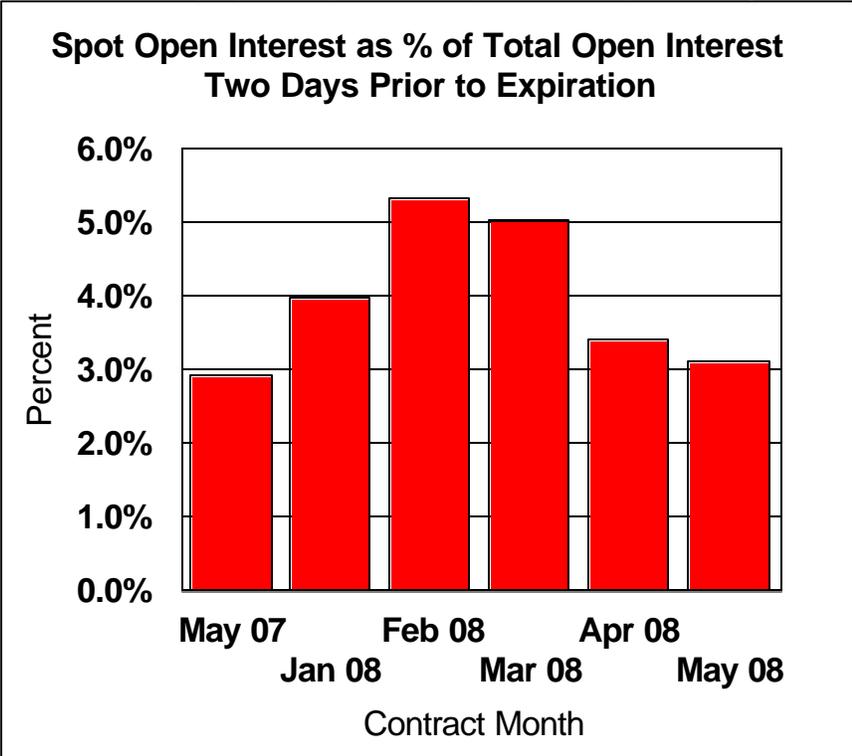
Alliance Pipeline said the Irma Compression Station will be offline for four hours on April 29th to perform minor maintenance. It is anticipated that system throughput (AOS) will not be impacted but will be determined closer to the outage date.

ELECTRIC MARKET NEWS

Genscape's U.S. coal burn index fell 5% for the week ended April 24th and was off 4% from the same week a year ago.

MARKET COMMENTARY

Natural gas prices worked steadily higher today helped by escalating oil prices and colder than normal temperatures forecasted to move across most of the northern half of the nation next week. Prices received an addition boost by option expiration as prices were pushed higher after the close to trigger short covering by \$11.00 call shorts.



While Monday initially may see some short covering scramble by writers of \$11.00 calls we feel that the market will most likely then settle down and should see a relatively stable expiration given the appearance that the remaining open interest in the May contract is a rather modest level. While this market continues to remain firmly entrenched in its upward channel, but we still do not want to jump in at these levels to establish a new long term bullish position but rather want look for some price correction before jumping in. We see resistance on Monday being found at \$11.10, with more distant points at \$11.235, \$11.387 and \$11.42. Support we seat \$10.778, \$10.684 and \$10.593. Additional support we see at \$10.457, \$10.378 and \$10.17.

High = 11.050
 Low = 10.729
 Open = 10.801
 Last = 11.020
 1 = 10.594
 2 = 11.297
 3 0.00% = 11.050
 4 100.0 = 9.290
 5 38.20 = 10.378
 6 50.00 = 10.170
 7 61.80 = 9.962
 4/25/08

MEX ACCESS Natural Gas (QNGK8)



No Gaps:

Feb 2/11 2/19 2/25 3/3 3/10 3/17 3/24 4/1 4/7 4/14 4/21
 Mar Apr

Day