



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,
& Karen Palladino
(212) 624-1132 (888) 885-6100

www.e-windham.com

POWER MARKET REPORT FOR MAY 5, 2008

NATURAL GAS MARKET NEWS

The U.S. economy was seen in a better light again this morning as the Institute for Supply management reported that the U.S. service sector grew unexpectedly in April, breaking a three month period of contraction. Economists had been expecting a slight contraction again in April.

EnCana Corp's Deep Panuke project off the coast of Halifax in Nova Scotia reportedly remains on schedule to ramp up in 2010.

ExxonMobil said today that it is committing more than \$100 million to complete development and testing of an improved natural gas treating technology that could make carbon capture and storage more affordable and significantly reduce greenhouse gas emissions.

TranCanada's officials said today that an Alaskan gas pipeline project that would move North Slope natural gas into western Canada for further transport on TransCanada existing pipeline system would help bring a benefit to Canadian producers in the form of lower tolls to ship their own production.

The CFTC announced on Friday that in an effort to develop a public forum to examine emerging issues related to the energy markets it has put together a 25 member Energy Markets Advisory Committee from people within the oil, natural gas and power industry, with CFTC Acting Chairman Lukken as the committee chairman.

BHP Billiton said today that it was performing remediation work to reinforce certain structural components in the Neptune production platforms hull's pontoons. As a result

Generator Problems

ERCOT – AEP planned to restart its 528 Mw Unit #1 at the coal fired Welsh power plant.

Luminant's 575 Mw coal fired Units #1 and #2 were restarted over the weekend.

AEP's Pirkey 675 Mw coal fired power plant was shut on Sunday due to an electrical switchgear malfunction.

Luminant's 545 Mw Unit #4 at the coal fired Sandow power plant was taken off line on Friday for maintenance.

NPCC – OPG reported that its 490 Mw Unit #1 at the Nanticoke coal fired power plant was shut for short-term repairs today. The company though noted that its sister unit, Unit #2 returned to service from an outage that began on April 22nd.

OPG'S 580 Mw Brighton Beach natural gas fired power plant returned to service this morning after going off line on May 2nd.

OPG's 535 Mw Unit #1 at Lennox oil and natural gas fired power unit returned to service early Monday.

Pilgrim 670 Mw nuclear unit was at 90% of capacity off 10% from Friday's level.

The 825 Mw FitzPatrick nuclear unit was at 48% of capacity.

SERC – TVA's 1127 Mw Sequoyah #2 nuclear unit was taken off line late Sunday night for a scheduled refueling outage. The unit had been at 83% power on Friday.

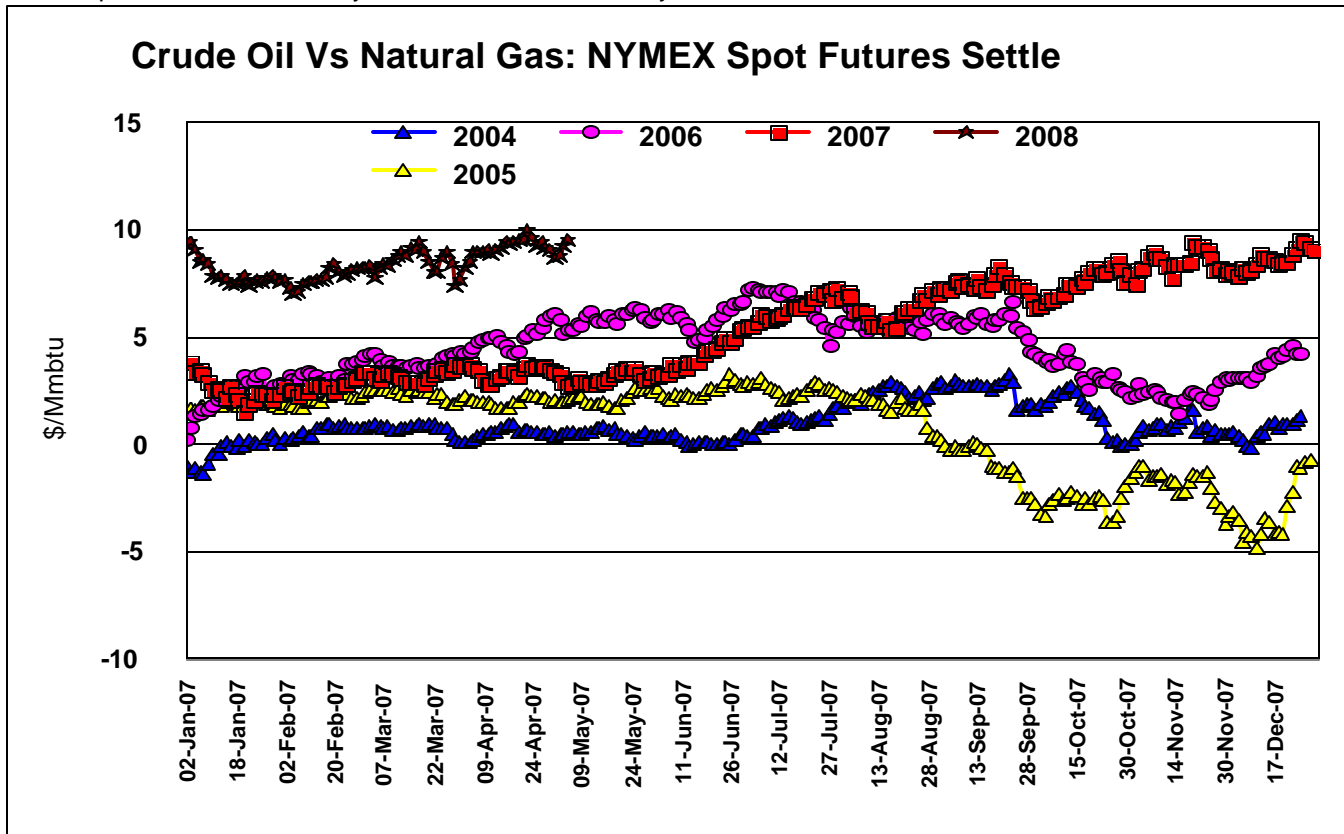
Duke Energy's 1129 Mw Catawba #1 nuclear unit was taken off line over the weekend for a scheduled refueling outage.

Southern's 883 Mw Hatch #2 nuclear unit was shut over the weekend for planned maintenance.

Entergy's Arkansas Nuclear One unit #1 was down to 87% capacity down from full power on Friday.

The NRC reported that 77,912 Mw of nuclear capacity is online, down 4.2% from Friday but down 6.15% from a year ago.

production start up from the platform has been pushed back toward the end of the 2Q2008. The platform had been expected to be on line by the end of March of this year.



MoBay Storage Hub announced today that all 10 bcf of the Phase 1 firm storage service offered during the recently concluded open season has been awarded. The company hopes to execute binding agreements with winning bidders by May 15th.

Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	Volume Traded	Avg Price	Change	Basis (As of 12:30 PM)	Change	Basis 5-Day Moving Avg
Henry Hub	1,387,400	\$10.773	\$0.404	(\$0.357)	\$0.054	(\$0.490)
Chicago City Gate	480,800	\$10.784	\$0.390	(\$0.346)	(\$0.010)	(\$0.110)
NGPL- TX/OK	1,039,300	\$10.362	\$0.346	(\$0.768)	(\$0.054)	(\$0.495)
SoCal	783,200	\$10.171	\$0.900	(\$0.959)	\$0.500	(\$0.775)
PG&E Citygate	666,000	\$10.683	\$0.426	(\$0.447)	\$0.026	(\$0.167)
Dominion-South	287,500	\$11.365	\$0.455	\$0.235	\$0.055	\$0.448
Transco Zone 6	275,900	\$11.595	\$0.538	\$0.465	\$0.138	\$0.703

The NYMEX reported today that that it was increasing its margin requirements on some of its natural gas basis and Index Swap futures contracts. These changes included the CIG Rockies basis, ANR OK basis, Michcon basis, Houston Ship

Channel basis, San Juan basis, Sumas basis, NGPL basis, Northwest Pipeline basis, Texas Eastern Zone M-3 Swap futures, Transco Zone 6 basis, Northern Natural Gas Demarcation and Ventura basis, Panhandle and El Paso Permian basis and the Centerpoint basis swap.

API released a new report today that indicates that natural gas production in the United States could drop substantially if clean air legislation now being considered by the U.S. Senate is adopted as-is. The Lieberman-Warner legislation is seen as doubling the annual price per operating wells.

Alliance Pipeline and Questar Overthrust Pipeline will conduct a binding open season for the proposed Rockies Alliance Pipeline for May 12- June 16th. The proposed capacity for the new line is 1.2 bcf/d with an expansion to 1.8 bcf/d. The in service date would be 3Q2011.

PIPELINE RESTRICTIONS

FGT said that due to 90-degree weather forecasted in Florida over the next several days could lead to the company declaring an Overage Alert Day.

PIPELINE MAINTENANCE

Gulf South Pipeline said that it will perform scheduled maintenance at Clarence Compressor Station Unit #1 beginning May 8th for eight hours. Capacity could be reduced by 200,000 Dth.

Alliance Pipeline said that it has scheduled four maintenance projects and postponed another this week. Maintenance on the Teepee Creek Lateral Compressor Station is going to be off line for eight hours on May 7th. Maintenance and inspections at the Albert Lea Compressor Station will be off line for 12 hours on May 6th and 12 hours on May 7th. Routine maintenance on the Gold Creek Lateral will occur for 8 hours on May 8th. The Alameda Compressor Station will be off line for 12 hours on May 6-7. The scheduled work at the Morinville Compressor Station has been to a yet to be determined future date.

ELECTRIC MARKET NEWS

Genscape reported that U.S. power generation in the week ending May 1st fell 0.7% from the previous week and some 1.6% below the same week a year ago.

NYMEX Nat Gas Options Most Active Strikes for May 5, 2008									
Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV	
LN	10	8	P	6	09/25/2008	0.0273	16,300	55.72	
LN	6	8	C	13	05/27/2008	0.0374	11,750	40.49	
LN	6	8	C	12	05/27/2008	0.1496	5,202	37.77	
LN	6	8	P	9.5	05/27/2008	0.0118	4,550	36.91	
LN	6	8	C	11.5	05/27/2008	0.2769	2,590	35.76	
LN	7	8	C	13	06/25/2008	0.188	2,100	39.21	
LN	10	8	C	15	09/25/2008	0.5353	1,850	50.53	
LN	6	8	C	11	05/27/2008	0.4919	1,700	33.68	
LN	6	8	P	10	05/27/2008	0.045	1,562	36.88	
LN	7	8	P	11	06/25/2008	0.4921	1,500	41.79	
LN	8	8	C	13	07/28/2008	0.4698	1,450	43.69	
LN	8	8	P	11	07/28/2008	0.7671	1,350	49.12	
ON	4	10	P	10	03/26/2010	1.725	1,310	31.52	
ON	4	10	C	10	03/26/2010	1.095	1,310	30.00	
LN	10	8	P	11	09/25/2008	1.1294	1,300	54.69	
LN	2	9	P	10	01/27/2009	0.8411	1,300	52.87	
LN	11	8	C	14	10/28/2008	0.9321	1,300	47.82	
LN	2	9	C	12.5	01/27/2009	1.952	1,300	42.20	
LN	10	8	C	20	09/25/2008	0.1737	1,200	57.63	
LN	7	8	C	12	06/25/2008	0.4032	1,125	37.04	
LN	12	8	C	14	11/21/2008	1.0969	1,100	44.82	
LN	11	8	P	11	10/28/2008	1.1351	1,100	53.58	
LN	12	8	P	11	11/21/2008	1.0191	1,100	50.73	
LN	7	8	P	9	06/25/2008	0.0227	1,100	36.88	
LN	10	8	C	14	09/25/2008	0.6978	1,100	48.87	
LN	8	8	P	8	07/28/2008	0.0357	1,025	45.20	
LN	6	8	P	10.5	05/27/2008	0.1354	1,000	37.61	
LN	11	9	P	9	10/27/2009	0.9384	1,000	43.43	
LN	8	8	C	12	07/28/2008	0.7487	1,000	41.81	
LN	8	8	C	14	07/28/2008	0.2918	1,000	45.23	
LN	9	8	C	20	08/26/2008	0.0789	920	55.77	
LN	9	8	C	12	08/26/2008	0.9763	900	43.44	
LN	7	8	P	8.5	06/25/2008	0.006	900	35.84	
LN	6	8	P	11	05/27/2008	0.3142	883	38.74	
LN	6	8	P	10.75	05/27/2008	0.2126	875	38.14	
LN	10	8	C	12	09/25/2008	1.2056	800	44.47	
LN	7	8	P	10	06/25/2008	0.1513	775	39.41	
LN	6	8	P	9	05/27/2008	0.0033	760	38.91	

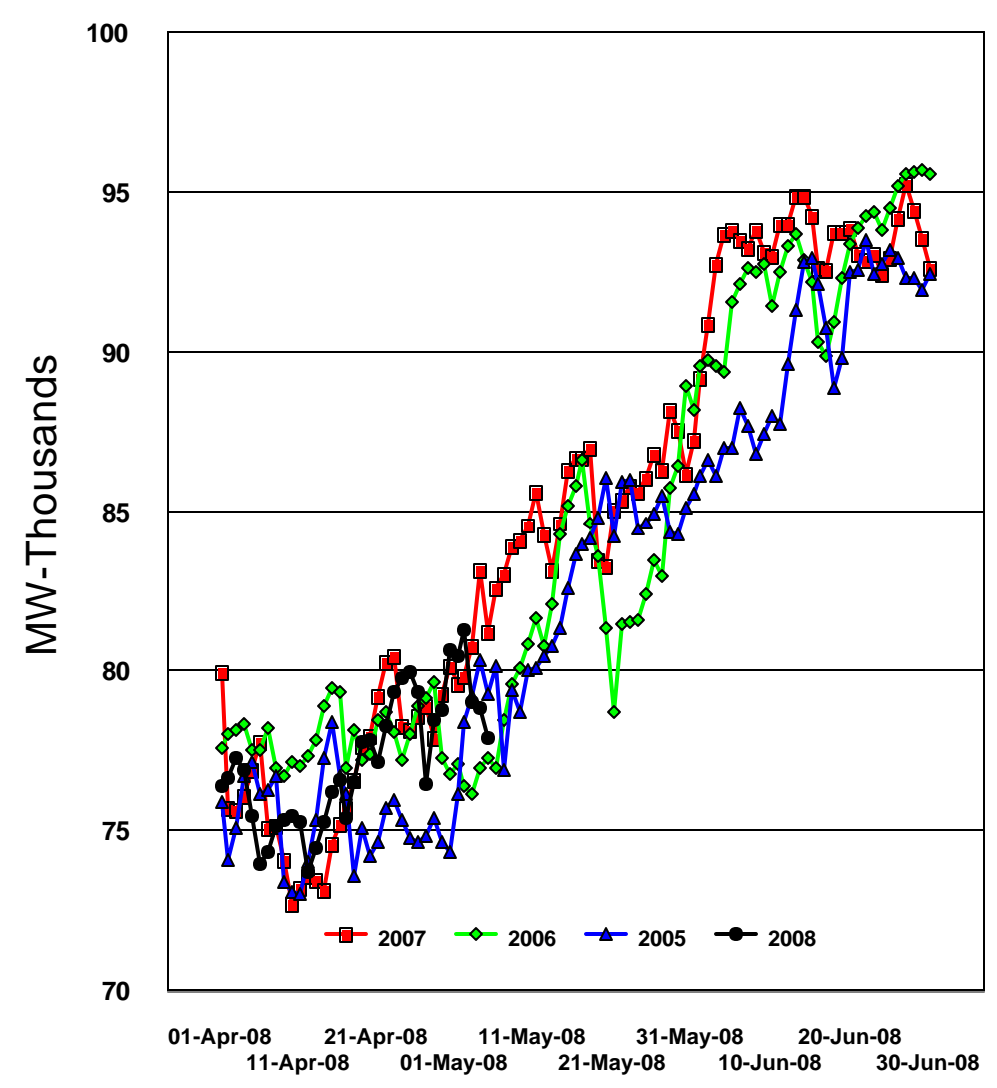
PJM said that power supplies this summer should be adequate. Peak demand this summer is seen reaching 137,950 Mw, higher than last summer but still below the all time demand level. PJM has 159,780 of committed capacity for the summer.

MARKET COMMENTARY

While the natural gas market found support in a bullish weather forecast this morning for higher than normal late season heating demand and declining nuclear output, the market received its primary shove higher from soaring oil prices as crude oil set yet another new high. As a result the short term bearish trend that we had been watching carefully for the past week, that we hoped would provide a buying opportunity was quickly erased today

as prices recaptured more than two thirds of last week's sell off. Once again the old adage that we preach that an inside day in natural gas is usually followed by a volatile trading session was proved again today.

Daily U.S. Nuclear Power Generation



But with the oil markets at new highs today despite a relatively stronger U.S. dollar over levels from several weeks ago make us still skeptical that one should blindly buy the natural gas market at these levels. As a result we would remain patient and willing to wait to see a retracement, but now the \$10.50 level would probably be our new target. We see initial support at \$10.90 followed by \$10.62, \$10.48-\$10.46. Resistance we see at \$11.22 followed by \$11.339, \$11.465, \$11.50 and \$11.78.