



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MAY 6, 2008

NATURAL GAS MARKET NEWS

The EIA today released their latest Short term Energy Outlook. It significantly raised its price estimate for natural gas in 2008 from \$8.59 per Mcf from last month's report to \$9.70 per Mcf. It also raised its 2009 price estimate by \$1.09 per Mcf to \$9.40. Part of this price increase is grounded in higher consumption estimates in 2008, which it now puts at 64.05 bcf/d up 0.4% from last month's report. The EIA also raised its 2009 consumption outlook to 64.40 bcf/d up 0.2% from last month. Total primary supply in 2008 is seen at also growing but at a slower rate than demand, up 0.3% to 64.05 bcf/d. Supply in 2009 is seen growing by 0.6% over 2008 levels.

Gaz de France reported that for the week ending May 4th its natural gas storage levels rose by 1.8% to 53.3 Terawatt hours or 4.8 billion cubic meters or 39.2% of capacity.

Anadarko reported this morning that in the first quarter of 2008 its natural gas production in the United States reached 2.137 bcf/d , down 3% from the same period a year ago, this comes despite record production volumes out of the greater Natural Buttes and Powder River Basin. The lower production estimates for the year does take into account the loss of production from the Independence Hub. The company reported that the average price it received for this gas production was \$6.17 per mcf up 13.8% from last year. This higher price was realized after an average of a \$1.41 per mcf loss from hedging activities. The company appears to have hedged approximately 65% of its natural gas production for 2008 via three way collars, with \$5.32 floor sold, a \$7.50 floor purchased and a \$10.97 ceiling sold. Hedges for 2009 appear to have seen only a quarter of forward production done to date through three way collars, with a \$5.45 floor sold, \$7.50 floor purchased and a \$11.25 ceiling sold. It also noted that it has some 1.415 bcf/d of basis swaps on the books for the remainder of 2008 and 1.2 bcf of basis hedges on for

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	1,561,000	\$11.087	\$0.314	(\$0.174)	\$0.118	(\$0.572)
Chicago City Gate	441,300	\$11.088	\$0.304	(\$0.173)	\$0.173	(\$0.166)
NGPL- TX/OK	1,078,400	\$10.645	\$0.283	(\$0.616)	\$0.152	(\$0.550)
SoCal	773,800	\$10.291	\$0.120	(\$0.970)	(\$0.010)	(\$0.869)
PG&E Citygate	772,900	\$10.904	\$0.221	(\$0.357)	\$0.090	(\$0.243)
Dominion-South	312,000	\$11.649	\$0.284	\$0.388	\$0.153	\$0.396
Transco Zone 6	296,900	\$11.971	\$0.376	\$0.710	\$0.245	\$0.658

designed to connect domestic natural gas supplies originating from the Rockies, Appalachia and the Marcellus

Generator Problems

NPCC – Entergy's 670 Mw Pilgrim Nuclear plant was back to full capacity this morning up 10% from Monday.

Entergy's 825 Mw was at 55% capacity up 3% from Monday's operating levvels.

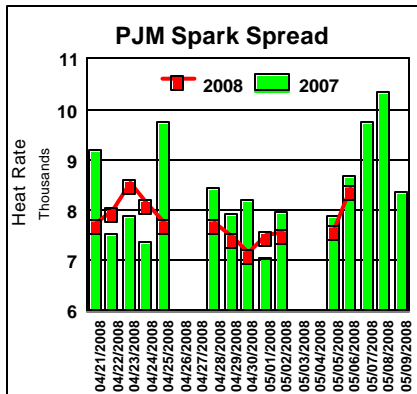
FRCC – FPL's 693 Mw Turkey Point #4 nuclear unit has been restarted to exit a refueling outage and was in hot standby mode. The unit went off line by March 30th.

The NRC reported that 77,991 Mw of nuclear capacity is online, UP 0.1% from Monday but down 7.07% from a year ago.

Production for 2010 sees only basis hedges on accounting for 345 Mmcf/d of production.

Williams announced today that its Transco pipeline is holding a binding open season from May 6th through June 2nd to obtain shipper commitments for an expansion

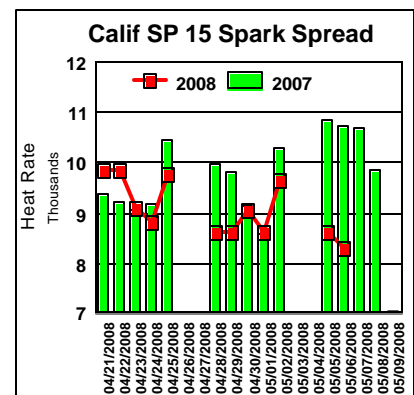
shale supply region to the U.S. east coast. The proposed Northeast Supply Project includes a 250-mile extension of the Transco system that would connect the Rockies Express Pipeline near Clarington, Ohio to Transco's mainline in southeastern Pennsylvania.



Inergy announced today that its Arlington Storage Company has sold out the available capacity at its Thomas Corners Natural Gas Storage Project located in Steuben County, New York. The agreements reached with shippers total 5.7 bcf or working gas capacity.

The Millennium Pipeline said today that they expect to have the 182-mile cross New York State pipeline finally in operation by November 2008. The pipeline is designed to move up to 525,000 Dth/d to four anchor shippers, Con Ed, National Grid, Central Hudson Gas & Electric and Columbia Gas Transmission. The system could be expanded to 1 bcf/d.

Boardwalk Pipeline Partners has received approval from the FERC to construct its Gulf Crossing Pipeline project and the Fayetteville and Greenville Laterals. Service on the first 60 miles of the Fayetteville lateral is expected to start in the 3Q2008 with the service on the Gulf Crossing, the Greenville Lateral and the remaining segment of the Fayetteville Lateral should be in service in 1Q2009,

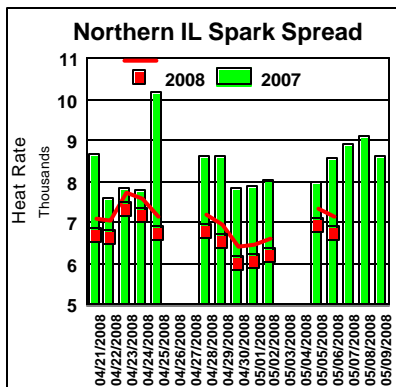


PIPELINE RESTRICTIONS

FGT continued to note that given the 90-degree temperature forecast and given its lower line pack, it was forced to call an Overage Alert Day at 25% tolerance.

PIPELINE MAINTENANCE

Northern natural Gas said late Monday that it experienced a Force majeure situation on the A mainline near Spearman, Texas. The line has developed a leak and must be repaired immediately. Repairs were expected to be completed by the end of the day May 6th. All receipt points through the area were being shut in.



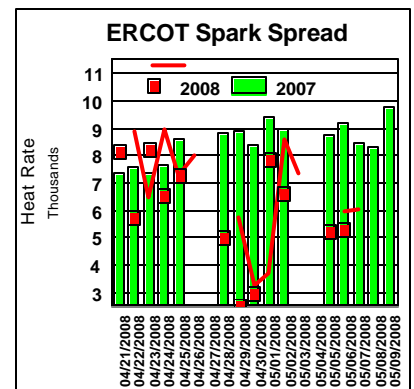
ELECTRIC MARKET NEWS

Jacksonville Electric Authority said today that it plans to build a 539 Mw gas fired plant at a Greenfield site by June 2012. It also noted that it is looking at taking an equity stake in one or more new nuclear plants currently being developed in the region.

Sithe Global Power said it expects to have its 875 Mw Goreway natural gas fired power plant in Ontario in operation by the end of this year.

MARKET COMMENTARY

The cash markets firmed this morning, as generation and heating needs near term seemed to allow the cash markets to catch up to the gains of the futures markets of the past several days. But the main driving force for the strength in natural gas seems to have come from the crude oil market, which once again saw its premium over natural gas widen for the fourth consecutive day to \$9.857, the highest level since the all time high on April 22nd. The June natural gas market though failed to seriously challenge last week's highs despite crude oil marking new highs through midday. While oil prices moved in a sideways patten in the afternoon, natural gas values began to erode and finished the day basically back where prices began the session.



We continue be patient and wait for this market to pull back to more sane levels in our mind. to look at as longer term entry points for a new long position. We see support tomorrow starting at \$11.113 and \$11.034. Additional support we see at \$10.93, \$10.83-\$10.814 and \$10.713. More distant major support we see at \$10.50-\$10.48. Resistance we see at \$11.34-\$11.36, \$11.412, \$11.465, \$11.537 and \$11.711.

