



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MAY 8, 2008

NATURAL GAS MARKET NEWS

The Climate Prediction Center said the La Nina weather pattern has weakened and may last only until early in the Northern Hemisphere summer. It said a transition from La Nina to neutral conditions is possible during June-July 2008. Earlier in the year, the CPC warned that La Nina could last well into the summer.

The FERC has granted a request by Energy Transfer Partners LP for a subpoena to require McGraw-Hill Companies Inc to provide data and information related to allegations brought by FERC that ETP violated commission regulations by manipulating wholesale natural gas prices. On July 26, 2007, the FERC directed ETP to show that it had not manipulated wholesale natural gas prices at the Houston Ship Channel by suppressing prices to benefit its financial and physical positions from December 2003 to December 2005.

Matrix Service Co announced that it successfully met the required completion date on the third and final tank on its Gulf Coast LNG project. The project is more than 95% complete. The remaining work on the site is expected to be completed in June as originally scheduled.

EIA Weekly Report

	05/02/2008	04/25/2008	Net chg	Last Year
Producing Region	549	531	18	688
Consuming East	690	652	38	760
Consuming West	197	188	9	272
Total US	1436	1371	65	1626

*storage figures in Bcf

imports of LNG should increase to about 43 bcf in June from about 36 bcf in both April and May. However it reported that it is still about half of last June's total when the US imported 88 bcf of LNG. It expects European imports of LNG to show signs of slowing later this month while Far East demand should also fall as heating needs decline. It expects most of the increase in US LNG imports to discharge at the Cove Point terminal in Maryland.

Generator Problems

NPCC – Entergy's 852 Mw FitzPatrick nuclear unit ramped up to 86% power on Thursday up 31% from Wednesday.

FPL's 1244 Mw Seabrook nuclear unit ramped up 14% power this morning. The unit is returning from a refueling outage that began on April 1st.

OPG's 490 Mw Unit #1 coal fired Nanticoke power station returned to service this morning after being off line for one day.

PJM – PSEG Nuclear's 1100 MW Salem #2 nuclear unit ramped up to 15% on Thursday. The unit is returning from a refueling and maintenance outage that started on March 11.

WECC – SoCal Ed's 525 Mw natural gas fired Mountainview #4 natural gas unit was taken off line yesterday.

SERC – Southern's 883 Mw Unit #2 at the Hatch nuclear unit was shut down again after operators were trying to restart the unit on Wednesday.

The NRC reported that 78,746 Mw of nuclear capacity is online, up 0.72% from Wednesday but down 6.89% from a year ago.

Canadian Gas Association

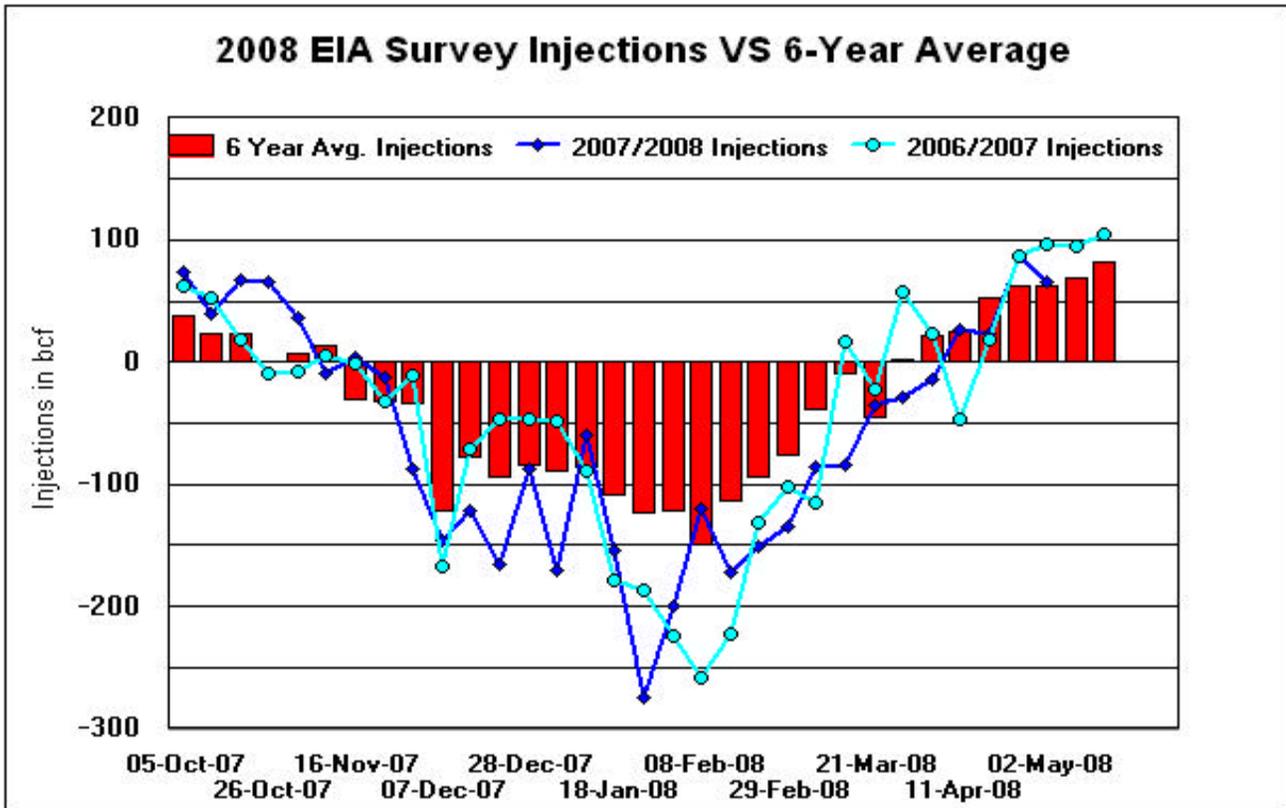
Weekly Storage Report

	02-May-08	25-Apr-08	04-May
East	51.8	51.1	70.4
West	133.0	124.8	50.8
Total	184.8	175.9	121.6

storage figures are in Bcf

The U.S. Labor Department reported this morning that first time jobless claims fell to 365,000 in the week ending May 3rd from an upwardly revised 383,000 for the prior week.

U.S. Senators Levin and Feinstein introduced a bill today, the Oil Trading Transparency Act would direct the CFTC to require foreign exchanges to meet the same requirements that U.S. exchanges do now, speculative trading limits to prevent price manipulation and excessive speculation and daily publication of trading information.



The bill also would require CFTC to obtain information from foreign exchanges to enable the commission to determine how much trading in U.S. energy commodities results from speculation. The bill is similar to a provision in a broad energy bill introduced in the Senate yesterday that would seek to increase the margin requirement for all oil futures trades contracts or transactions

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	1,422,300	\$11.329	\$0.249	(\$0.053)	\$0.066	(\$0.723)
Chicago City Gate	514,700	\$11.433	\$0.306	\$0.051	\$0.187	(\$0.188)
NGPL- TX/OK	1,216,800	\$10.949	\$0.268	(\$0.433)	\$0.149	(\$0.622)
SoCal	565,700	\$9.829	\$0.314	(\$1.553)	\$0.195	(\$1.338)
PG&E Citygate	658,200	\$11.064	\$0.234	(\$0.318)	\$0.115	(\$0.406)
Dominion-South	321,100	\$11.876	\$0.262	\$0.494	\$0.143	\$0.330
Transco Zone 6	269,700	\$12.170	\$0.165	\$0.788	\$0.046	\$0.606

PIPELINE RESTRICTIONS

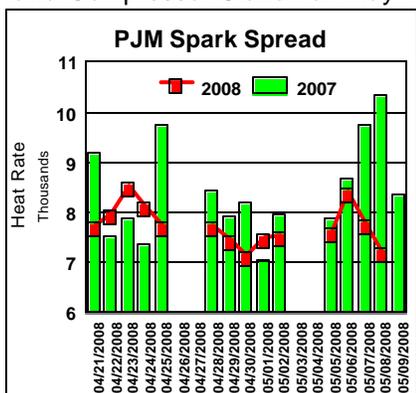
FGT continued to state that due to the 90 degree temperatures and its lower line pack, it was forced to extend its Overage Alert Day at 25% tolerance.

PIPELINE

MAINTENANCE

Gulf South Pipeline said it would perform scheduled maintenance on Jackson Compressor Station unit #4 starting on May 13th for eight hours. Capacity could be reduced by as much as 100,000 Dth.

Northern Natural Gas co said that annual maintenance, testing and inspections would take place at the Waterloo, Iowa Compressor Station on May 12-16. The station would be completely offline.

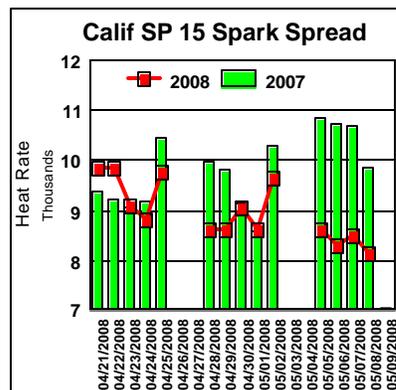


ELECTRIC MARKET NEWS

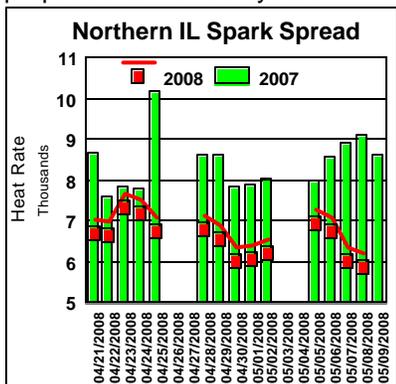
The Northwest River Forecast Center on Wednesday predicted water runoff at the Dalles Dam for the April – August period will be at 98% of normal, down 1% from last week’s forecast. A year ago saw waterflow of 85% of normal. Water flows at the Grand Coulee Dam are seen at 99% also off 1% from last week’s forecast.

The EIA reported that US coal production in the week ending May 3rd fell to 22.553 million short tons, down 0.48% on the week but up 4.52% on the year.

The US NRC expects to announce a decision on the license renewal of Exelon Corp’s 619 Mw Oyster Creek nuclear power plant on May 16. It is the second time the Commissioners have scheduled a tentative meeting in which they will publicly affirm how they have already voted. Without the license, the power plant will have to shut in 2009.



Florida Municipal Power Agency is seeking approval from the Florida Public Service Commission to expand the Cane Island Power Park by adding a new power generator, known as Cane Island unit 4. The proposed combined cycle unit would be capable of generating 300 Mw.



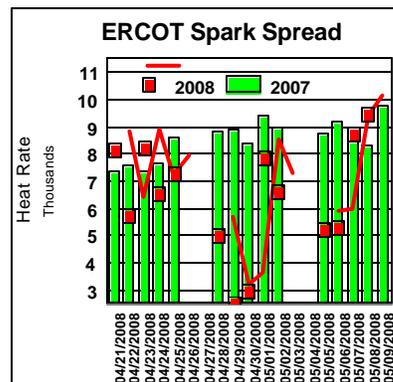
The US Department of Energy released a draft Funding Opportunity Announcement to solicit public input on the demonstration of multiple commercial-scale Integrated Gasification Combined Cycle or other clean coal power plants with carbon capture and storage technology under the Department’s restructured FutureGen approach. Under Secretary of Energy Bud Albright said the plants would sequester at least 1 million metric tons of carbon dioxide annually and would help meet the country’s growing demand for energy.

ISO New England Thursday called on customers to conserve electricity due to a combination of unplanned generation and transmission outages have strained power supplies in northeastern Massachusetts and Boston area.

MARKET COMMENTARY

The natural gas market rallied higher in overnight trading as the strength in the oil market continued to spillover and support the market. The crude market’s premium over natural gas continued widen to \$10.063, a new all time high. The natural gas market, which rallied to \$11.426 early in the session sold off to \$11.255 following the release of the mostly neutral EIA inventory report that showed a build of 65 bcf. However the market later traded to a high of \$11.428 before it gave up its gains and settled down 6.4 cents at \$11.263.

While the natural gas market failed to continue trading higher along with the crude late in the session, it is still seen holding its support at its double bottom of \$11.06. As long as the strength in the crude market continues to support the energy complex, any retracement in the natural gas market will be limited. More distant support is seen at \$10.932 and \$10.804. Resistance is still seen at \$11.456-\$11.465 followed by \$11.584 and \$11.781.



Crude Oil Vs Natural Gas: NYMEX Spot Futures Settle

