



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MAY 12, 2008

NATURAL GAS MARKET NEWS

TransCanada announce today that it has agreed to partner with Enterprise Products Partners and Quicksilver Gas Services to build the Pathfinder natural gas pipeline. Under the agreement Enterprise and Quicksilver would have a 50% stake in the project that would move 500 million cf/d for a 10-year commitment out of the Rockies towards eastern and midwestern markets. The Pathfinder pipeline will have an initial capacity of 1.2 bcf/d and would provide service from Meeker, CO to the Northern Border Pipeline Company system. An expected in service date for this pipeline is late 2010. A subsequent expansion would extend the service from Northern Border to both the Great Lakes Gas Transmission System and TransCanada's Canadian Mainline pipeline system. The expansion could be in service by the 4Q2012.

Shell announced today that it has started up the Shamrock gas field in the North Sea and delivered the gas to the market place. Production capacity at the field is expected to average 120 million cf/d. The gas is brought to the market through the Bacton terminal.

The Rockies Express Pipeline late Friday said the projected in-service date on the REX-WEST pipeline is seen as on or after May 13th. The pipeline had originally been planned to be in service in late March.

Abu Dhabi based Dolphin Energy will begin to supply natural gas to Oman in August or September, a few months later than planned. The delay was due to Oman being behind in completing the infrastructure need to allow the imports to flow into the country. Originally the project was expected to begin service in June. As Dolphin waits for the infrastructure to be completed, it is supplying the gas that would have been pumped to Oman to the UAE's Federal Electricity and Water Authority and the federation's northern emirates of Ras al-Khaimah and Sharjah. Dolphin will end those shipments once it begins export to Oman.

Generator Problems

NPCC – OPG's 494 Mw Unit #2 at the Lambton coal fired power plant returned to service Monday. The unit went off line on Friday.

FPL's Seabrook nuclear unit returned to full power today.

Constellation Energy's 498 Mw Ginna nuclear unit had exited its refueling outage and was at 34% of capacity this morning.

PJM – PSEG's 1130 Mw Salem #2 nuclear unit exited its weekend outage and was up to 80% of capacity. Operators had manually shut the unit on Friday due to high steam generator level.

MAPP – Wolf creek 1166 MW nuclear reactor was in hot standby mode. The unit went off line back on March 17th for scheduled refueling. Operators were attempting to restart the unit over the weekend but a problem was identified to delay ramping the unit higher.

MAIN – Dominion Resources 556 Mw Kewaunee nuclear plant was at 84% capacity. The unit had been off line since March 28th.

WECC – Dynegy reported that it had shut its 510 Mw natural gas fired Moss Landing power unit for planned maintenance on Sunday afternoon.

PG&E's 1118 Mw Diablo Canyon 1 nuclear unit was at 73% capacity down 27% from Friday's levels.

FRCC- FPL's 693 Mw Turkey Point Unit #4 exited its refueling outage and ramped up to 40% power today. The unit had been off line since March 30th.

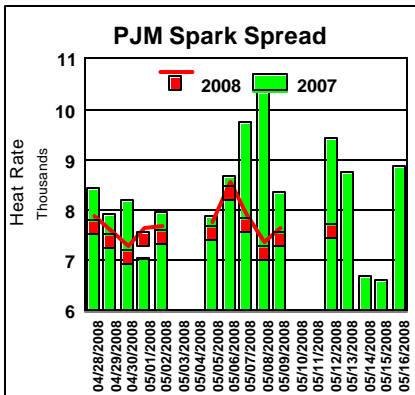
SERC – Southern's 883 Mw Hatch #2 nuclear unit has exited its recent outage and was at 48% power. The unit was only at 2% power on Friday.

The NRC reported that 81,719 Mw of nuclear capacity is online, up 3.2% from Friday but down 3.5% from a year ago.

| 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 | 1,369,800 | \$11.385 | \$0.093 | (\$0.073) | (\$0.029) | (\$0.711) |
| Chicago City Gate | 814,900 | \$11.373 | \$0.021 | (\$0.084) | (\$0.030) | (\$0.079) |
| NGPL- TX/OK | 949,600 | \$10.927 | \$0.015 | (\$0.530) | (\$0.036) | (\$0.531) |
| SoCal | 559,100 | \$10.605 | \$1.074 | (\$0.852) | \$1.023 | (\$1.400) |
| PG&E Citygate | 678,500 | \$11.122 | \$0.208 | (\$0.335) | \$0.157 | (\$0.387) |
| Dominion-South | 223,600 | \$11.926 | \$0.063 | \$0.469 | \$0.012 | \$0.432 |
| Transco Zone 6 | 157,900 | \$12.135 | \$0.061 | \$0.678 | \$0.010 | \$0.717 |

AccuWeather.com predicted that the 2008 Caribbean hurricane season would be near average in the number of storms following his previous prediction that the hurricane season would be slightly above average with 12-13 named storms.

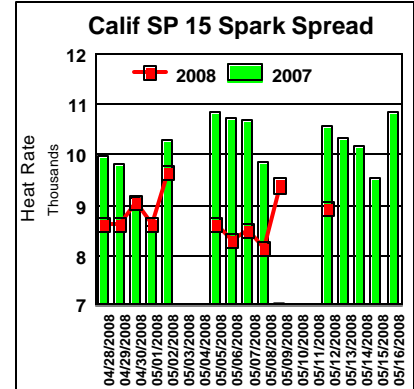
Joe Bastardi said he expected a total of 12 named storms in the 2008 Atlantic hurricane season. He said at least 40% of the named storms would be of tropical or hurricane strength on the US coastline. Two or three storms would bring at least tropical storm force winds to the coastline between Florida and New England, including one or two that bring hurricane force winds and one major hurricane. For the Gulf of Mexico, he forecast two or three storms would affect the energy infrastructure.



EnCana announced today that it will split its combined North American production oil and gas production into separate publically traded entities in early 2009. One company will focus on oil sands production and refining and control about 2 tcf of gas reserves. Expected production of the new firm will be 860,000 mcf/d of gas 102,000 b/d of oil and NGL production. The other company will concentrate on developing natural gas properties in the Canadian Foothills, the U.S. Rocky Mountain states and Texas. This company is expected to have an output of 2.92 bcf/d and 30,000 b/d of oil production.

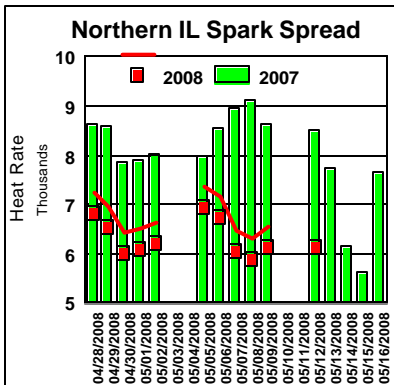
PIPELINE MAINTENANCE

ANR Pipeline said that it would be performing inline inspections on its 24-inch Marshfield to Appleton line on May 14, 20 and 22nd. Total receipt capacity will be reduced by 90 Mmcf/d during the inspections. Based on current level of nominations the work may result in the curtailment of IT and Firm Secondary nominations.



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Alliance Pipeline said that routine inspection would require Unit #1 at the Whitecourt Compressor Station to be unavailable for 10 hours May 14th. Station capacity will be reduced to 627 e3m3 on that day.



KMIGT said it will be performing maintenance at its Herdon Compressor Station on May 13th. Capacity through Segment 775 will be limited to 200,000 Dth. Based on the current level of nominations AOR/IT, secondary and primary FT quantities are at risk of not being fully scheduled.

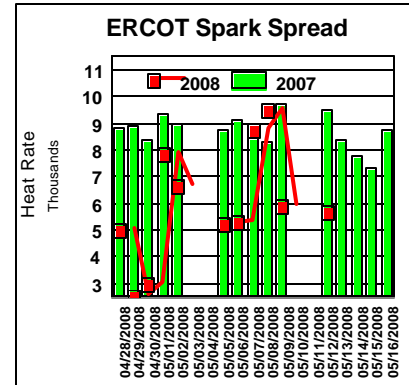
SONAT reported that repairs along the Main Pass 107 Pipeline over the weekend were completed and producers upstream of Toca have been notified they may resume flow, as the Force Majeure has been cancelled.

Enbridge Offshore Pipelines said that its Nautilus Pipeline Company has been shut in due to an excessive amount of liquids being handled at the Slug Catcher. Nominations have been redirected to other available markets until further notice.

ELECTRIC MARKET NEWS

TransCanada reported that Salt River Project has signed a 20-year power purchase agreement to secure 100% of the output from TransCanada's planned 575 Mw natural gas fired Coolidge peaking power plant. The \$500 million facility is expected to be operational by May 2011. The facility is expected to receive natural gas from both the El Paso Natural Gas and Transwestern pipelines.

Genscape reported today that U.S. power generation in the week ended May 8TH rose by 1.92% from the week before, but was 3.65% lower than the same week a year ago.



NYMEX Nat Gas Options Most Active Strikes for May 12, 2008

| Symbol | Month | Year | Call/Put | Strike | Exp Date | Settle | Volume | IV |
|--------|-------|------|----------|--------|------------|--------|--------|-------|
| LN | 6 | 8 | C | 12 | 05/27/2008 | 0.1204 | 8,540 | 38.03 |
| LN | 6 | 8 | C | 13 | 05/27/2008 | 0.0206 | 6,289 | 40.84 |
| LN | 9 | 8 | C | 20 | 08/26/2008 | 0.062 | 3,925 | 54.29 |
| LN | 9 | 8 | P | 10 | 08/26/2008 | 0.4514 | 2,750 | 49.13 |
| LN | 6 | 8 | P | 10.75 | 05/27/2008 | 0.1165 | 2,220 | 37.10 |
| LN | 6 | 8 | P | 11 | 05/27/2008 | 0.1991 | 2,045 | 37.94 |
| LN | 10 | 8 | C | 17 | 09/25/2008 | 0.3021 | 2,000 | 52.52 |
| LN | 1 | 9 | C | 20 | 12/24/2008 | 0.4847 | 1,985 | 52.16 |
| LN | 6 | 9 | C | 10 | 05/26/2009 | 1.4509 | 1,900 | 21.99 |
| LN | 7 | 8 | C | 12 | 06/25/2008 | 0.393 | 1,875 | 36.72 |
| LN | 3 | 9 | C | 20 | 02/24/2009 | 0.599 | 1,585 | 51.18 |
| LN | 6 | 8 | P | 11.25 | 05/27/2008 | 0.3117 | 1,550 | 38.88 |
| LN | 1 | 9 | C | 15 | 12/24/2008 | 1.093 | 1,325 | 44.85 |
| LN | 7 | 8 | P | 10 | 06/25/2008 | 0.1036 | 1,300 | 38.60 |
| LN | 10 | 8 | C | 14 | 09/25/2008 | 0.6752 | 1,300 | 47.85 |
| LN | 8 | 8 | C | 15 | 07/28/2008 | 0.1657 | 1,300 | 46.24 |
| LN | 2 | 9 | C | 20 | 01/27/2009 | 0.6377 | 1,285 | 53.45 |
| LN | 12 | 8 | C | 18 | 11/21/2008 | 0.4572 | 1,250 | 49.12 |
| LN | 9 | 8 | P | 11 | 08/26/2008 | 0.8637 | 1,200 | 51.00 |
| LN | 10 | 8 | C | 12 | 09/25/2008 | 1.1991 | 1,150 | 43.34 |
| LN | 11 | 8 | C | 18 | 10/28/2008 | 0.3494 | 1,100 | 51.43 |
| LN | 1 | 9 | C | 18 | 12/24/2008 | 0.6448 | 1,100 | 49.30 |
| LN | 3 | 9 | C | 18 | 02/24/2009 | 0.7843 | 1,100 | 49.07 |
| LN | 2 | 9 | C | 18 | 01/27/2009 | 0.8113 | 1,100 | 50.57 |
| LN | 8 | 8 | C | 17 | 07/28/2008 | 0.0742 | 1,050 | 50.66 |
| LN | 4 | 9 | C | 12 | 03/26/2009 | 0.8435 | 1,000 | 30.71 |
| LN | 12 | 8 | C | 15 | 11/21/2008 | 0.857 | 950 | 44.99 |
| LN | 9 | 8 | P | 8 | 08/26/2008 | 0.0635 | 900 | 46.84 |
| LN | 9 | 8 | P | 8.5 | 08/26/2008 | 0.1166 | 900 | 47.41 |
| LN | 9 | 8 | P | 7 | 08/26/2008 | 0.0107 | 900 | 44.37 |
| LN | 9 | 8 | P | 7.5 | 08/26/2008 | 0.0284 | 900 | 45.57 |
| LN | 3 | 9 | C | 15 | 02/24/2009 | 1.2439 | 853 | 45.36 |
| LN | 9 | 8 | C | 17 | 08/26/2008 | 0.1755 | 800 | 52.04 |
| LN | 6 | 8 | C | 11.5 | 05/27/2008 | 0.2567 | 726 | 35.98 |
| LN | 7 | 8 | C | 15 | 06/25/2008 | 0.0424 | 700 | 45.70 |
| LN | 8 | 8 | P | 9 | 07/28/2008 | 0.1012 | 668 | 45.12 |
| LN | 11 | 8 | C | 15 | 10/28/2008 | 0.726 | 650 | 48.63 |
| LN | 3 | 9 | P | 12 | 02/24/2009 | 1.9463 | 600 | 57.16 |
| LN | 8 | 8 | C | 14 | 07/28/2008 | 0.2697 | 600 | 44.48 |
| LN | 8 | 8 | C | 16 | 07/28/2008 | 0.1089 | 600 | 48.49 |
| LN | 12 | 8 | C | 13 | 11/21/2008 | 1.3609 | 600 | 41.40 |

MARKET COMMENTARY

The prospects of slightly more moderate temperatures over the next couple of weeks limiting heating and cooling demand coupled with rebounding nuclear generation nationwide appeared to start natural gas out on the defensive this morning. But once again the main force in the market was the direction of the oil markets and as oil prices dropped lower it dragged natural gas values down with it, allowing natural gas to settle down near the lows of the day. The 12-month strip also settled lower on the day, posting its largest decline on a daily basis since May 1st.

We continue to look for this market to retrace further, but without fresh fundamental news of a new inventory report or news of the return of the Independence Hub this market appears will be tied closely to the fluctuations of the oil markets. We see support in the natural gas tomorrow at \$11.21 followed by \$11.14, and \$11.078. Additional support we see at \$10.982, \$10.936, \$10.887 and \$10.716. Resistance we see at \$11.568, \$11.83-\$11.84 and \$11.994.