



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MAY 13, 2008

NATURAL GAS MARKET NEWS

A survey of economists conducted by the Federal Reserve Bank of Philadelphia said today that it sees the U.S. economy as barely growing in the second quarter of this year, while inflation is expected to rise.

PIPELINE MAINTENANCE

Gulf South Pipeline said today that they would be performing scheduled pigging maintenance on Index 293 from Pointe A La Hache to Chalmette, Louisiana starting on May 20th and lasting for four days. Meraux Refin, 10676 will be unavailable as a result.

Northern Natural Gas said that it will be conducting required annual station electrical testing at the Perryton Barlow Compressor Station on May 15th. The station will be off line during the testing. While pressures will build behind the station during testing, after the testing is completed, the station will pull field pressures back down and as a result the company does not anticipate any allocations due to the maintenance work.

StatoilHydro said today that it hopes to bring the big South Pars gas project off of Iran on stream by the middle of this year. The company however sees output this year being below 10,000 boe/d.

Williston Basin Interstate Pipeline said that maintenance will be performed at the Saco Compressor Station on May 20-23.

ELECTRIC MARKET NEWS

The US Department of Energy released its first report that examines the technical feasibility of using wind power to provide up to 20% of the country's total electricity needs by 2030. The report outlines a potential scenario to increase wind electric generation from its current production of 16.8 gigawatts to 304 GW by 2030. The report identifies opportunities for 7.6 cumulative gigatons of CO₂ to be avoided by 2030, saving 825 million metric tons in 2030 and every year thereafter if wind energy is used to provide 20% of the country's electricity needs. It concluded that reaching that level of wind energy would require enhanced transmission infrastructure,

Generator Problems

NPCC – Constellation Energy's 498 Mw Ginna nuclear unit continued to ramp higher and was at 85% of capacity this morning, up 51% from Monday.

OPG's 515 Mw Pickering #8 nuclear unit was taken off line today for short term maintenance work.

PJM – PSEG shut its 1130 Mw Salem #2 nuclear unit due to inoperable steam generator flow channels. The unit was up to 80% of capacity on Monday.

MAPP

MAIN – FPL's 516 Mw Point Beach #1 nuclear unit was reconnecting to the grid and was up to 28% of capacity, up 8% from yesterday

Dominion Resources continues to ramp up output at its 591 Mw Kewaunee nuclear plant. The unit was at 97% of capacity this morning up 13% from Monday.

WECC – Southern California Edison's 1080 Mw San Onofre nuclear unit #3 has started to exit its maintenance outage and was at 1% of capacity.

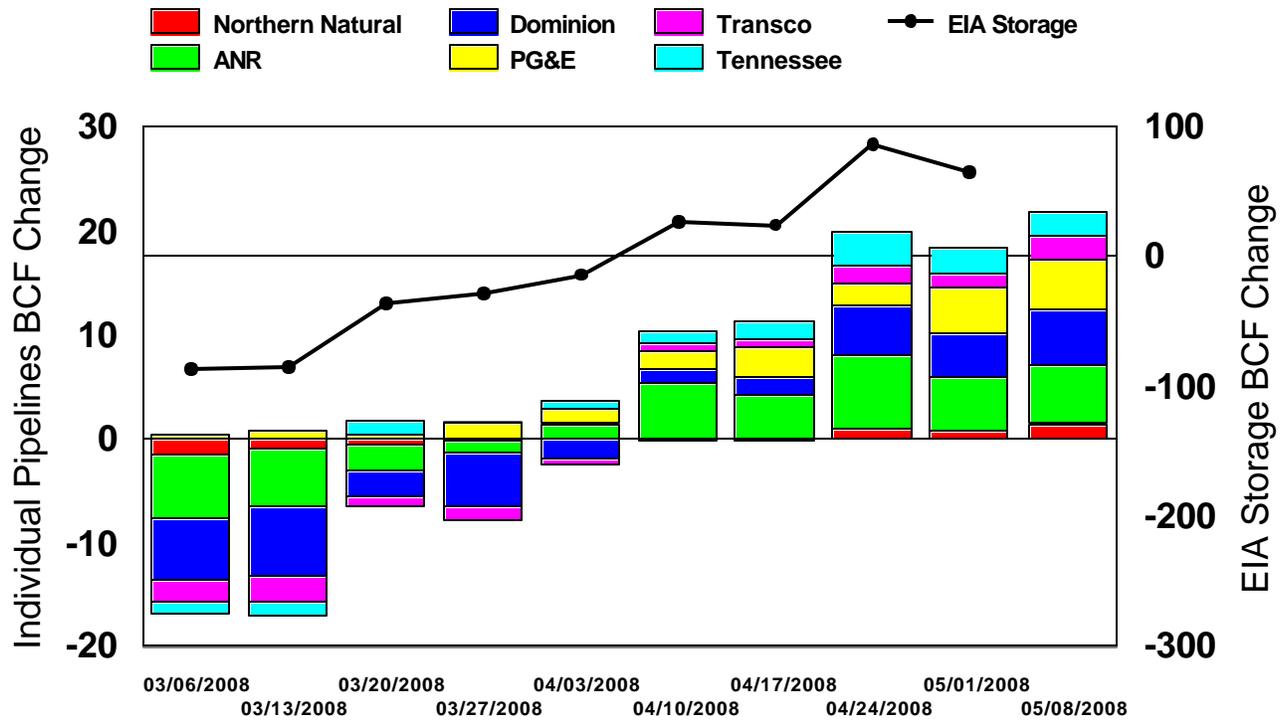
PG&E's 1100 Mw Diablo Canyon nuclear unit #2 was back to full capacity this morning, up 27% from Monday.

FRCC- FPL's 760 Mw Turkey Point #4 nuclear unit was at 48% of capacity, up 8% from yesterday.

SERC – Southern Nuclear's 862 Mw Hath #2 nuclear unit was at 72% of capacity this morning, up 24% from Monday.

The NRC reported that 81,166 Mw of nuclear capacity is online, down 0.68% from Monday and down 6% from a year ago.

Weekly Change In Nat Gas Stocks



streamlined site and permitting regimes, improved reliability and operability of wind systems and increased US wind manufacturing capacity.

Genscape reported that US power stations has 56 days of average coal burn in the week ending May 5, up 1 from last week. US power generators had more than 156.2 million short tons of coal inventories, up 1,081,057 tons from the previous week.

MARKET COMMENTARY

The natural gas market ended in positive territory as it was well supported by the strength in the oil complex. It retraced Monday's losses early in the session and rallied to a high of \$11.649 as the oil markets traded to record highs, with the heating oil market leading the way. The natural gas market however failed to test Monday's high and retraced nearly 62% of its earlier move late in the session and settled up 12.1 cents at \$11.422.

The market may be losing its upside momentum after it failed to test its previous high despite the strength in the oil complex that have been the driving force behind its recent moves. Market expectations for this week's storage number appear to range between an 80-90 bcf build, with our model looking to come on the higher side with a 90-95 bcf build. Technically, the market is seen finding support at \$11.21 followed by \$11.14 and \$11.078. More distant support is seen at \$10.995, \$10.936 and \$10.774. Resistance is seen at \$11.49, \$11.625 and \$11.649. More distant resistance is seen at \$11.863 and \$12.076.