



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,
& Karen Palladino

(212) 624-1132 (888) 885-6100

www.e-windham.com

POWER MARKET REPORT FOR MAY 15, 2008

NATURAL GAS MARKET NEWS

The US Senate on Thursday passed a bill that includes a measure giving federal regulators greater oversight of energy markets, closing the Enron loophole. The provision that gives regulators greater oversight was approved as part of the Farm Bill, which would go to the President for approval. The provision puts all significant energy trades on electronic platforms within the regulatory confines of the Commodity Futures Trading Commission and would impose limits on the size of the traders' positions to prevent excessive speculation. It would also require traders to maintain audit trails by supplying reports on any large trades to the CFTC, imposes record keeping requirements and force electronic exchanges to monitor trading behavior and prevent manipulation.

The National Oceanic and Atmospheric Administration predicted that for June-August, above normal temperatures are predicted for the Northeast and Mid-Atlantic states. The Southwest and Alaska would continue to experience above normal temperatures from June through August while the other regions have equal chances of normal, above-normal or below normal temperatures. The NOAA said La Nina is expected to have negligible impact on US temperatures and precipitation in June.

Sempra LNG announced that its Energia Costa Azul liquefied natural gas receipt terminal in Baja California, Mexico has successfully completed all performance testing and is ready for commercial operations. It is the first

Generator Problems

NPCC –Constellation Energy Group has returned production at its 600 Mw Ginna facility to full capacity as of this morning, up from 85% on Wednesday. The unit was April 21 for regular maintenance.

ERCOT- Luminant's 750-megawatt Unit #3 at the Martin Lake coal-fired power station in TX tripped Wednesday afternoon. The unit shut after a boiler feed pump failed. It is not known when the unit will return.

MAIN – FPL Energy continues to ramp production at its 516 MW Point Beach 1, ramping output to 94% power this morning, up from 70% on Wednesday. This unit was shut on April 5 and restarted late last week. Point Beach 2 remains at full power this morning.

WSCC –Southern California Edison's Mw San Onofre Nuclear Generating Station unit #3 has reached 80% capacity, up from 58% power at this time yesterday. The unit restarted early Tuesday after shutting April 17 for mid-cycle outage, the details of which were not disclosed.

AES Corp's 493 Mw Unit#7 at the Redondo Beach natural gas-fired power station in CA went off-line for unplanned maintenance on Wednesday. It was not mentioned when the unit would return to service.

PG&E said its 1,100 Mw Diablo Canyon nuclear unit #1 remains at 57% capacity this morning after being cut back to 50% on Tuesday. A reason for the curtailment remains unknown. Diablo Canyon 2 is running at full power, unchanged on the day after experiencing a similar cut in production this past weekend.

SERC – Wolf Creek Nuclear Operating Corp's 1,167 Mw nuclear plant is being ramped up for production. The unit has been reconnected to the regional grid at 30% capacity, after completing a refueling outage that lasted close to two months. This unit was shut March 17 for refueling.

The TN Valley Authority has restarted its 1,100 Mw Browns Ferry nuclear unit #3, warming up the unit off line at 1% capacity. The unit shut March 19 for an extended refueling maintenance outage, which occurs every two years at the Brown Ferry plant. The equally rated units 1 and 2 remain at full power.

FRCC – FPL said its 760 Mw Turkey Point nuclear unit #4 is at 73% capacity, up from 48% on Wednesday. The unit restarted this past weekend after shutting March 30 to begin its regularly scheduled refueling and maintenance outage, which occurs every 18 months at the plant.

The NRC reported that 82,154 Mw of nuclear capacity is online, down 0.04% from Wednesday and down 5.27% on the year.

EIA Weekly Report

	05/19/2008	05/02/2008	Net chg	Last Year
Producing Region	576	549	27	711
Consuming East	743	690	53	821
Consuming West	210	197	13	284
Total US	1529	1436	93	1815

LNG receipt facility on the West Coast. Its first cargo of imported natural gas arrived April 18 while the second LNG shipment arrived on May 6 from Trinidad. The terminal is fully contracted and capable of processing 1 bcf/d of natural gas. A second Sempra LNG receipt terminal, Cameron LNG, is under construction near Lake Charles,

Louisiana and will be capable of processing 1.5 bcf/d. It is scheduled for completion by the end of the year. Sempra however has pushed back indefinitely the opening of its 17 bcf Liberty Gas Storage project in Louisiana that is tied to its liquefied natural gas receiving terminal in the final months of construction at Cameron, LA.

The FERC established a hearing to determine whether Energy Transfer Partners LP and its affiliates, Energy Transfer Co, ETC Marketing Ltd and Houston Pipeline Co engaged in market manipulation in violation of FERC rules. The companies are alleged to have manipulated wholesale gas prices at the Houston Ship Channel to benefit ETP's financial positions and other physical positions between December 2003 and December 2005.

Anadarko Petroleum Corp agreed to be a foundation shipper on the proposed Bison Pipeline Project, which would carry its Powder River Basin natural gas supplies out of the Rockies.

PIPELINE MAINTENANCE

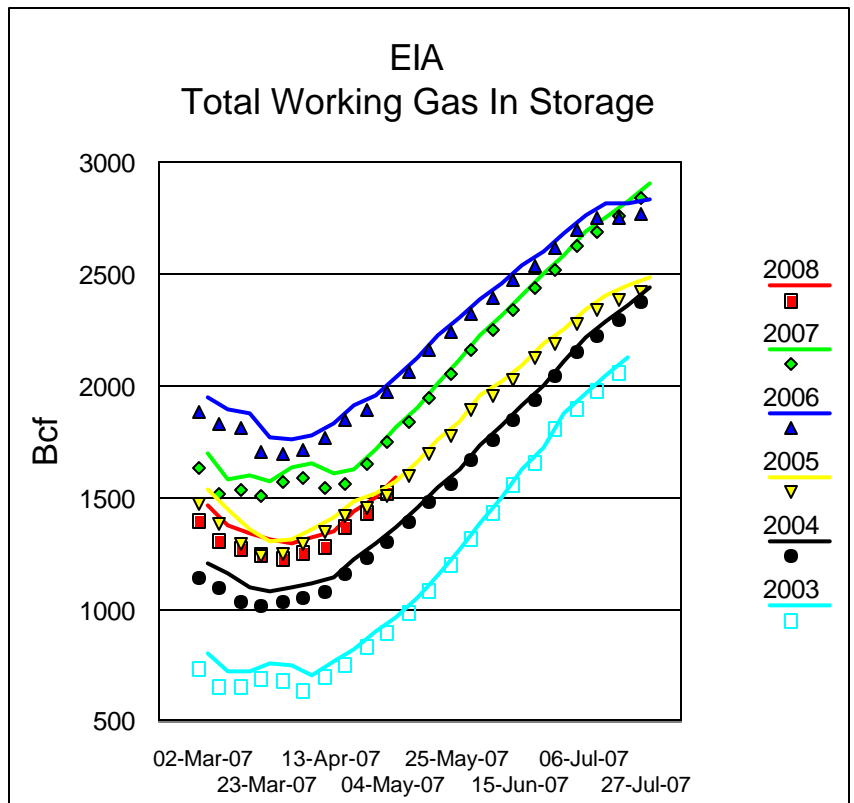
Southern Natural Gas Pipeline Co. declared a force majeure after it discovered a malfunctioning pipeline valve during the installation of a pig receiver at the end of the Chattanooga Branch Line. As a result of the valve removal, Southern will be unable to make any deliveries at the Chattanooga Meter Station on Friday.

ELECTRIC MARKET NEWS

The FERC said the reliability of the power system this summer should be adequate. However it stated that US wholesale electricity prices are likely to be considerably higher this summer compared to last year due to rising costs for natural gas.

The North American Electric Reliability Corp raised its estimates for surplus power that would be available in most areas of the southern US this summer. However it said that the margin of surplus power seen in Texas continued to fall as electric use outpaces the addition of new fossil fuel power plants. It lowered expectations for growth in electric consumption from previous years based on the sluggish US economy. It said the Southeastern Electric Reliability Council continues to boast more than 28,000 Mw of excess generation, most of which is not counted in the region's ample 16.9% capacity resource margin, up from last year's 14.7%. In the Electric Reliability Council of Texas, the peak demand capacity margin fell to 12.9% from 15.5% a year ago.

Pacific Gas and Electric Co. has asked its Critical Peak Pricing customers to voluntarily conserve energy as triple digit temperatures are forecast for many parts of CA. PG&E does not anticipate any power supply shortages this week, but



Canadian Gas Association

Weekly Storage Report

	09-May-08	02-May-08	11-May-07
East	57.5	51.8	78.9
West	144.2	133.0	25.2
Total	201.8	184.8	104.1

from its last auction.

does expect to see higher than average electricity demands for May.

PJM said utilities and other power providers in the US mid-Atlantic and Midwest bought 2,238 Mw of new generation and demand response in an auction run by PJM Interconnection. It was the first auction held by PJM for power capacity with delivery three years ahead. The uniform price for power in the PJM auction was \$110 per Mw-day, down 37% from its last auction.

MARKET COMMENTARY

The natural gas market rallied to a high of \$11.718 early in the session as it followed the crude market higher. However the market gave up some of its gains as it failed to test its previous high ahead of the release of the EIA Storage Report. The market continued to sell off sharply and did not find support until about midday following the release of the report, which showed a slightly larger build of 93 bcf despite the fact that the Independence hub remains shut. The market, which retraced about 50% of its move from a low of \$10.48 to a high of \$11.794, was also pressured by the news that the Senate approved a measure that would give the CFTC greater oversight of the energy markets and close the so called Enron loophole. The natural gas market later retraced some of its losses and settled down 19.9 cents at \$11.399.

The market will initially remain under pressure following today's sharp sell off. However the market's losses will be limited amid low inventories and the delay in restarting the Independence Hub. It also continues to trade with an upward trend channel. The market is seen finding support at \$11.41, \$11.137, \$11.054 and \$10.982. More distant support is seen at \$10.842 and \$10.544. Resistance is seen at \$11.50, \$11.698, its high of \$11.718, \$11.996 and \$12.275.

