



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,
Karen Palladino & Zachariah Yurch
(212) 624-1132 (888) 885-6100

www.e-windham.com

POWER MARKET REPORT FOR MAY 29, 2007

NATURAL GAS MARKET NEWS

With the Atlantic hurricane season set to officially begin June 1st, AccuWeather's forecaster Joe Bastardi still looks for a tropical system to develop in the Caribbean this week and feed northwest into the Gulf of Mexico and then move northeastward this weekend into Florida. He looks for the system to possibly reach named status. The most severe weather of the storm though should stay to be on the east side of the system. Meanwhile Dr. Gray and his tropical forecasting team at Colorado State are expected to release their updated 2007 Atlantic hurricane forecast on May 31st.

Texas Railroad Commission reported today that oil output in the state in March averaged 898,773 down 0.2% from a year ago. Meanwhile natural gas production in the state reached 491.4 bcf/d up 13% from the same month a year ago.

Foothills Energy Ventures LLC announced it is developing up to 12 bcf of underground natural gas storage in Monroe County, Mississippi. Expected in service date is set for late 2008.

Dominion Resources said today it would sell off its Canadian oil and gas business for \$583 million to concentrate on its power generation and energy distribution businesses. The Canadian operations include 60 million cubic feet equivalent of natural gas and oil production per day and reserves of about 267 billion cubic feet.

U.S. consumer confidence index rose more sharply than expected when released by Conference Board this morning. The group estimated that in May its index of consumer sentiment climbed to 108.0 versus and upwardly revised April 106.3 from 104.

Korea Gas Corp. today announced it had reached agreement with Oman to establish a \$10 million venture for joint LNG trading and storage. Kogas and the Oman government will each hold a 50% ownership in the venture. Under the terms of the agreement, South Korea would be able to bring in LNG from the joint venture facility in

case of supply disruptions in the winter season

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	714,300	\$7.507	\$0.034	(\$0.336)	\$0.302	(\$0.457)
Chicago City Gate	331,700	\$7.287	\$0.236	(\$0.268)	\$0.274	(\$0.373)
NGPL- TX/OK	764,700	\$7.021	\$0.172	(\$0.535)	\$0.210	(\$0.625)
SoCal	865,000	\$7.185	\$0.837	(\$0.371)	\$0.875	(\$0.687)
PG&E Citygate	821,100	\$7.389	\$0.463	(\$0.166)	\$0.501	(\$0.375)
Dominion-South	418,200	\$8.068	\$0.044	\$0.513	\$0.082	\$0.418
Transco Zone 6	172,600	\$8.280	\$0.226	\$0.725	\$0.264	\$0.527

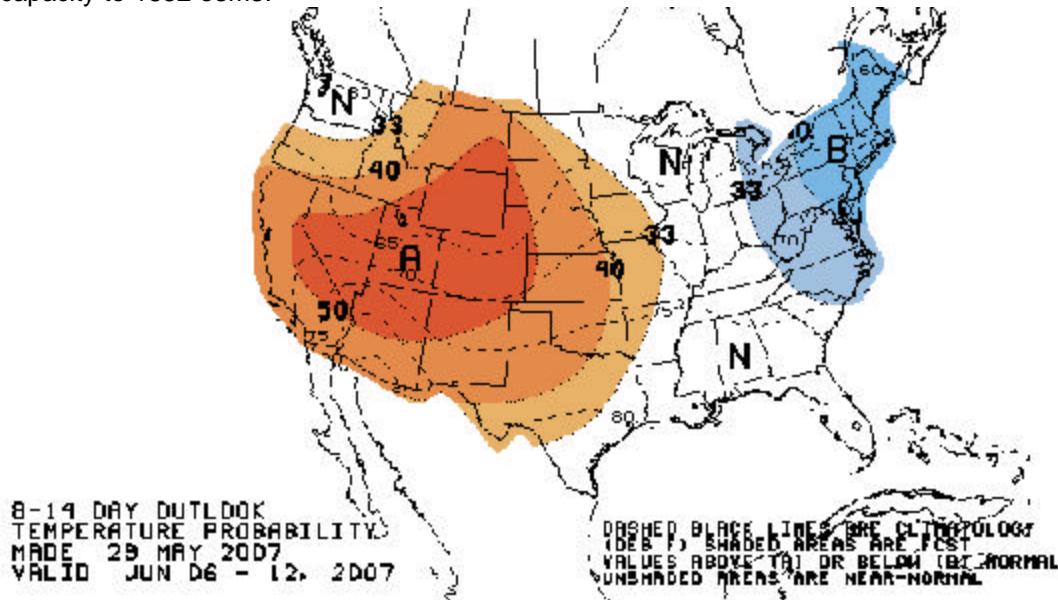
Caltex, the second largest refiner in Korea, signed an agreement with Oman to buy LNG from its 3.3 million mt/year Qalhat LNG project. No volume levels were provided. Earlier this month the company had also

agreed to buy 500,000 mt/year from its 50% owner Chevron. These LNG supplies are seen as supporting Caltex's attempt to expand into the power sector in South Korea.

PIPELINE MAINTENANCE

TransCanada said it will start maintenance on part of its Alberta natural gas pipeline network on Thursday. The work will restrict firm service on that section to 61% of normal volume along the Peace River Mainline. The work will impact 17 stations north of the Dryden Compressor station.

Alliance Pipeline announced that it will perform corrective maintenance at the Shell Creek meter station for two hours on May 29th. Station capacity will be lowered to 1811 e3m3. Other maintenance work scheduled is for the Gold Creek compressor station for May 31st, when the unit will be off line for five hours and cutting capacity to 950 e3m3. Minor maintenance at Unit #2 at the Whitecourt Meter/Compressor station will take the unit off line for four hours May 29th and cut capacity to 725 e3m3. Also the Valhalla #2 meter station will be offline for four hours on May 31st, lowering capacity to 1925.5 e3m3 and work at the Wapiti meter station on May 30th will reduce capacity to 1832 e3m3.



Westcoast Energy said it will be conducting a pig run on the 26 inch line Alberta mainline for 6.5 hours on June 1st. Gas control will manage flows to receive gas flow from TCPL to Taylor to allow liquid handling at McMahon station.

Sabine Pipeline said that due to a mechanical failure, the Port of Neches compressor has

been taken out service temporarily since Saturday May 26th. Currently the company is not allocating nominations but that may change.

PIPELINE RESTRICTIONS

Tennessee Gas Pipeline said that effective today it restricted through approximately 24% of Supply to Market Secondary Out of Path nominations on the Carthage Line Lateral.

ELECTRIC MARKET NEWS

The Texas legislative session expired today without lawmakers reaching a compromise that would have reduced some retail electricity rates and subjected future utility acquisitions to tighter regulatory review. The compromise legislation would also have required TXU to separate the operation of its three subsidiaries. The legislature now does not meet for another two years unless the governor decides to call a special legislative session. The TXU buyout now moves forward and requires only FERC and NRC approval.

Dynegy announced today that it would sell its Lyondell Power Generation facility in Channelview Texas to a joint venture of PNM Resources and Cascade Investment LLC for about \$470 million. The plant has a summer capacity rating of 534 Mw. The deal is expected close in the third quarter, pending regulatory approvals.

MARKET COMMENTARY

The June natural gas contract today expired in a relatively quiet fashion as only 88,000 contracts changed hands via Globex and open outcry trading. While the market started the morning session a bit stronger as cash values firmed following the long holiday weekend, prices during the afternoon were dragged slowly lower by freefalling oil prices. The market as a result was able to set a lower low from the preceding day for the seventh consecutive trading session. But as the final 30-minute closing period got underway, last minute buying helped to propel

natural gas prices off the lows of the day back toward the day's highs. Prices settled off less than five cents in the June contract and off 6-9 cents in the back months.

While this market may still initially have some downside pressure tomorrow as some traders look for the July contract to move towards the last trading levels of the expired June contract, we would look for some short covering going into Thursday's inventory report as well as the updated weather forecast expected from Dr. Gray's research team at Colorado State University. As a result we would look for the July contract to find support tomorrow at the \$7.65-\$7.63 level followed by \$7.568-\$7.55 and the \$7.50-\$7.48 area. More distant support we see at \$7.245

Generator Problems

NPCC Entergy took its 1019 Mw Indian Point #2 nuclear unit off line Saturday for maintenance to repair a valve that controls the flow of water to the steam generator. Expectations are that the unit will be back in service within a week.

Entergy's FitzPatrick nuclear power station returned to full power today, up 45% from Friday.

OPG's 490 Mw coal fired Nanticoke Units #1 and 7 returned to service Tuesday after being taken down for repairs on May 25th. Unit #3 though was offline Tuesday morning.

Bruce Power's 790 Mw Unit #7 nuclear power plant returned to service over the weekend after being off line since May 21st for valve work.

OPG's 494 Mw Lambton Unit #3 coal fired power plant returned to service Tuesday morning. The unit had been off line since May 21st.

FRCC – FPL's Group 839 Mw St. Lucie #1 nuclear unit has exited its refueling outage and was up to 70% of capacity. The unit was taken down on April 1st for its planned refueling outage.

SERC – Duke Energy's 1100 Mw Unit #1 McGuire nuclear plant has exited its refueling outage and was up to 20% of its capacity Tuesday morning.

Southern's 888 Mw Farley #2 nuclear unit was at 99% of capacity up 14% from Friday.

TVA once again restarted its 1155 mw Browns Ferry #1 nuclear unit and it was at 9% of capacity.

MAIN – Exelon's 867 Mw Quad Cities #1 and #2 nuclear units were up to 97% of capacity this morning, up from Friday's 26% operating level for unit #1 and 78% of capacity at Unit #2.

ERCOT – The Monticello Steam Electric station saw its coal fired 750 Mw Unit #3 trip off line this morning.

TXU's 575 Mw Unit #1 at the coal fired Big Brown power station was expected to be restarted by Tuesday afternoon.

SPP – Entergy's 1266 Mw Grand Gulf nuclear power plant was back to full power this morning. The unit had been at 9% of capacity as it was restarted last week from an outage that began back on May 19th.

Entergy's 836 Mw Arkansas Nuclear One #1 nuclear unit was off line and operating at 9% of power this morning.

WECC – Sunrise Power's 545 Mw Sunrise natural gas fired power plant returned to service Monday afternoon. The unit was taken off line back on May 20th for scheduled maintenance.

SC# 472 Mw Mountainview #3 and #4 natural gas fired power units were operating at 50% of capacity over the weekend. Unit #3 was taken down for planned work but Unit #4 was reduced for unplanned work.

AES' 480 Mw Unit #8 at the Redondo Beach natural gas fired power station was taken off line for unplanned work Friday.

Dynegy's 510 Mw Unit #2 at the Moss Landing natural gas fired power plant returned to service Monday afternoon. The unit had been off line since May 20th for planned work.

PG&E's 1087 Mw Unit #1 at the Diablo Canyon nuclear plant has restarted and was at 8% of capacity this morning. The unit has been off line since April 30th for refueling.

The NRC reported that 87,624 Mw of nuclear capacity is on line, up 0.52% from Friday, but down 1.53% from a year ago.

