The Windham Group

Energy Futures Brokerage

ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JUNE 5, 2007

NATURAL GAS MARKET NEWS

Weather forecasters continued to see little potential for any tropical development throughout the Atlantic Basin for the next 7-10 days.

Israel said it will likely publish its first tender for construction of a LNG terminal by the end of 2007 in order to diversify its energy sources. The proposed facility would cost an estimated $500 million and bcation would be determined soon. The tender though could reach as high as $5 billion if it included long term purchase on LNG as well.''

Japanese industry sources report that there are several Japanese companies considering importing at least 3.5 million mt/year of LNG from the new Train 5 being built by Australia's North West Shelf venture. While the new Train 5 is scheduled to begin shipments at the end of 2008, Japanese buyers appear to be targeting 2010 as a start date since it coincides with the expiration of long term LNG contracts totaling 12 million mt/year held by a six member Japanese buyer consortium with Indonesia. Meanwhile Indonesia appears only willing to renew this contract for just 3 million mt/year.

Generator Problems

PJM – PSEG's 1100 Mw Salem #2 nuclear unit was back to full power. Up 8% from yesterday.

PSEG's 1050 Mw Hope Creek Nuclear unit was at 83% of capacity, off 17% from yesterday.

SERC – Duke Power has returned production to 89% of power at the 1100 Mw Mcguire #2 nuclear unit, up 10% from Monday.

TVA's 1155 Mw Brown ferry 1 nuclear unit was at 54% of capacity, up 10% from Monday.

Canada – Operators at the the OPG 515 mw Pickering #1 nuclear unit was taken off line today for a short maintenance eoutage. Meanwhile the Lambton #2 coal fired unit returned to service today

The NRC reported that 93,820 Mw of nuclear capacity is on line, up 0.11% from Monday, and up 1.81% from a year ago.

The Massachusetts Department of Environmental Protection has suspended review of the proposed Weaver's Cove LNG terminal following last month's unfavorable decision by the U.S. Coast Guard that cast serious doubt as to the feasibility of the project.

Natural Gas Cash Market

ICE Next Day Cash Market

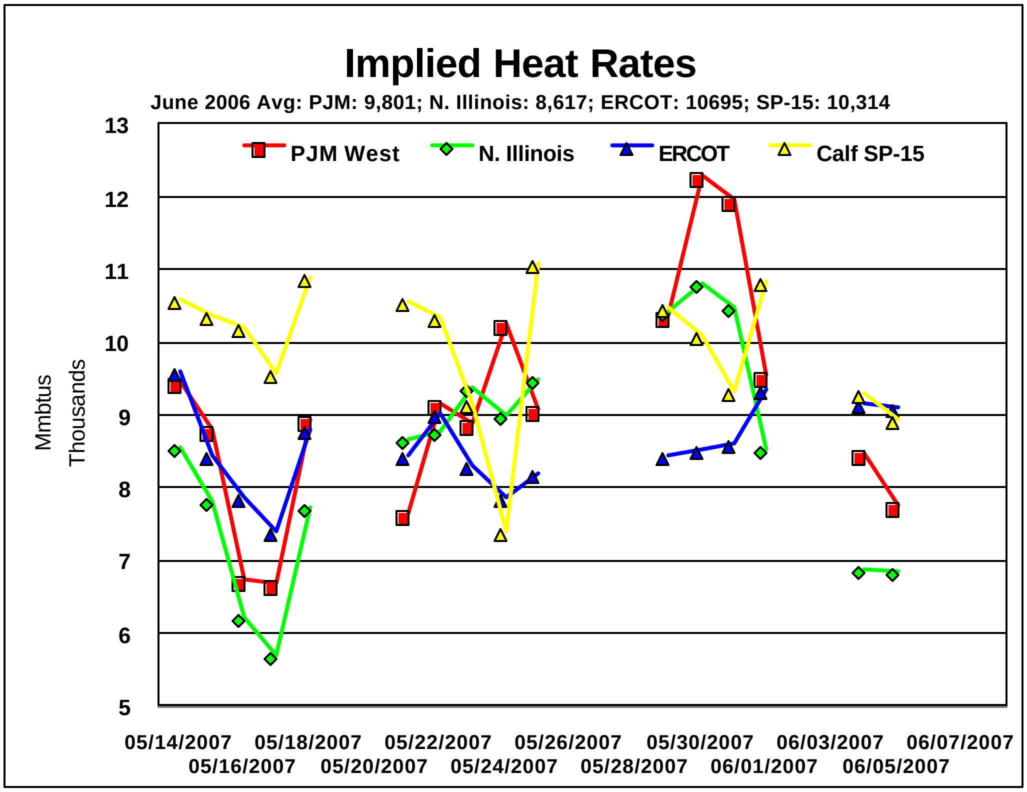
Location	Volume Traded	Avg Price	Change	Basis (As of 12:30 PM)	Change	Basis 5-Day Moving Avg
Henry Hub	1,332,600	$7.829	$0.099	($0.636)	$0.079	($0.607)
Chicago City Gate	660,300	$7.732	$0.044	($0.342)	$0.091	($0.349)
NGPL- TX/OK	677,600	$7.430	$0.064	($0.644)	$0.111	($0.632)
SoCal	1,248,500	$7.313	$0.012	($0.761)	$0.059	($0.829)
PG&E Citygate	492,000	$7.539	$0.002	($0.535)	$0.049	($0.514)
Dominion-South	383,300	$8.374	$0.108	$0.300	$0.155	$0.294
Transco Zone 6	221,200	$8.474	$0.125	$0.400	$0.172	$0.488

Natural gas flows from Statoil's ASA's Norwegian North Sea Troll gas field will be reduced starting Wednesday as well as flows from the BP operated CATS pipeline system from June 10-24th.

The Sur LNG export terminal in Oman, which handles 10 million tones per year is expected to be closed for 48 hours as operators wait for Tropical Cyclone Gonu was expected to pass by the area.

PIPELINE MAINTENANCE

Northwest Pipeline said it will perform annual inspection at the La Plata B Compressor Station today. Primary firm nomination requests through this point currently exceed the avaialable capocity of 187,000 Dth/d. and as a result were giving notice to customers of a Declared Deficiency Period for today.



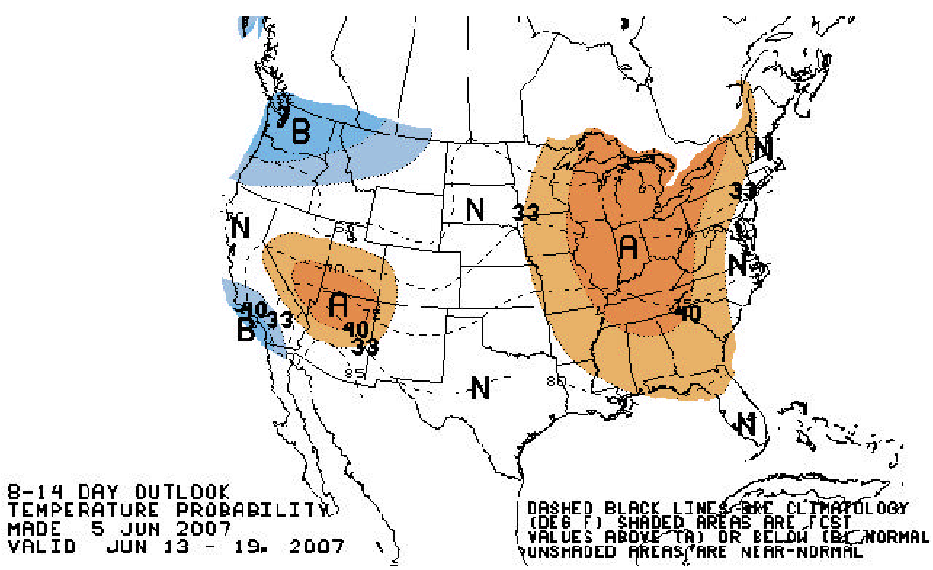
Gulf South Pipeline has started unscheduled maintenance on Marksville Compressor Station Unit #1 that will continue for some four days. Capacity through the station could be reduced by as much as 125,000 Dth/d.

PIPELINE RESTRICTIONS

FGT again today noted that due to expected high temperatures it was notifying customers in its Market Area Market Area that it is issuing an Overage Alert Day at 25% tolerance.

TransColorado Gas Transmission said that effective today and until further notice, Segment 220 and 240 are listed as IT/AOR/Secondary at Risk as well as PIN 36100 Questar Greasewood.

KMIGT said that effective today and until further notice Segment 340 Ulysses, Segment 620-790 Rockport, Segment 773 Herndon and Segment 775 Solomon River are at AOR/IT/Secondary at Risk. The company also reported that SSC Grant receipts were unavailable, CIG Weld for deliveries and receipts were unavailable and NNG Milligan, WBI Bridger and Petr Dev Newton are at IT/AOR/Secondary at Risk. SSC Grant is also at Primary at Risk.



Williston basin Interstate Pipeline said that 01010 Northern Border – Manning will be at capacity constraint for today's Timely Delivery Cycle.

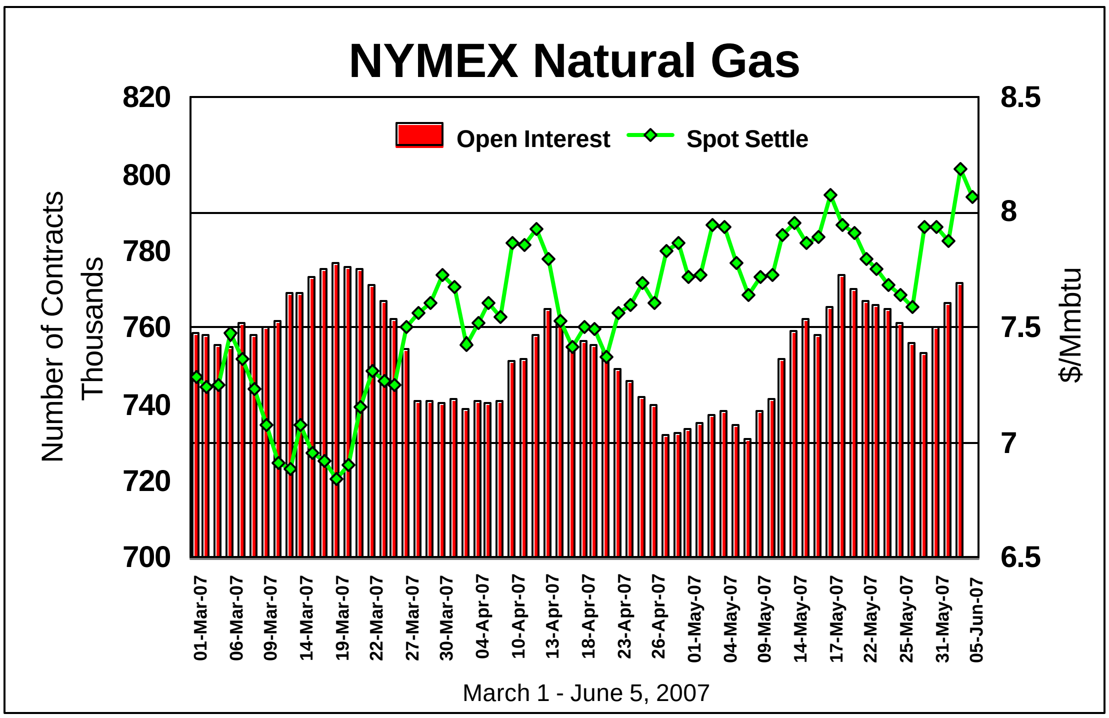
Tennessee Gas Pipeline noted that it expected restricting through approximately 10% of Supply to Market Secondary out of Path nominations at the Carthage Lateral. At the Niagara River Meter it expects restricting through 100% of Supply to Market Secondary Out of Path nominations. At Station 834 the company reported restricting through approximately 21% of Supply to Market Secondary Out of Path nominations.

Texas Eastern continues to have scheduled and sealed nominations flowing through Batesville. Increases in nominations for receipts sourced between Little Rock and Batesville for delivery downstream of Batesville will not be accepted.

NGPL said that effective today and until further notice Segment 14 and 15 on the Amarillo system are at capacity while Segment 1 and 13 have limited capacity. The company also reported that all Louisiana Line Segments 23,24 and 25 are at capacity.

ELECTRIC MARKET NEWS

Genscape reported today that coal power supplies rose nearly 860,000 tons last week to more than 150.17 million tons of coal. Supplies held by electric generators are currently 27% higher than the same time a year ago. Current supplies represent 55 days of forward average burn, up some 12 days from a year ago.



The California Public Utilities Commission approved the agreement between PG&E and Energy Curtailment Specialists (ECS). ECS is the largest demand response provider in the United States. Under the agreement ECS will provide PG&E with a minimum of 40 Mw of power over the next 5 years. ECS program patterned after the one they developed in New York in 2001, is designed to alleviate pressure on the electric grid during peak energy use. The program offers financial incentives to various commercial and industrial customers who agree to cut back the power usage during these peak periods. ECS' total contracted demand response portfolio is nearly 700 Mw and looks to add another 300 Mw in California over the next 2-3 years.

Officials at the PJM Interconnection noted it has successfully begun considering transmission line losses in the price of electricity in its competitive wholesale market, having implemented marginal loss pricing on June 1st.

North to South capacity on the California-Oregon AC would rise from 3400 Mw on Tuesday to 4200 on Wednesday , while capacity on the Pacific DC would drop from 2900 Mw to 2600 Mw on Wednesday.

Uranium spot prices may reach $200/pound within the next two years, supported by a shortfall in supply and increasing investment in the nuclear fuel by speculators. According to Australia's Macquarie Bank Ltd, the price could average $125/pound this year, rising to $135/pound next year. It also stated that the start of the uranium futures market may add to price swings in the spot market through 2008. However any turn in sentiment by traders, speculators and funds would quickly push prices lower. The uranium supply deficit, which was 10,572 metric tons last year, could fall by 50% this year and fall further to 3,945 tons next year as supplies increase from new mines. Beyond 2008, the market would likely move into surplus as supply responds to higher prices.

MARKET COMMENTARY

The natural gas market started out this morning about a dime lower as it appeared the impact of lower oil prices coupled with expanding nuclear generation kept power prices restrained and thus natural gas values as well. The market failed to come close to matching yesterday's volatility and thus trading action posted an inside trading session for the second time out of the last three trading sessions. In general the market gradually trended lower as the day wore on but still was able to settle above the 20 day moving average and the key $8.00 level for the second day in a row. Volume though was off about 30% from yesterday's break up day with close to 100,000 lots traded on the day.

Open interest in natural gas yesterday increased by 5,303 contracts in what has to be seen as new buyers flooding into the market given the price action on the day. This new buying seems to have been spread fairly evenly across the contract months of July through October 2007. We feel though that these buyers could exit the market as quickly as they came if prices are able to breach the $8.00 - $7.97 level tomorrow. We see initial resistance at $8.162, $8.21, $8.283, $8.353, and $8.395. Support we see at $8.00, $7.988, $7.97, $7.92, $7.891, $7.852 and $7.77.