



ENERGY RISK MANAGEMENT

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

www.e-windham.com

POWER MARKET REPORT FOR JUNE 5, 2008

NATURAL GAS MARKET NEWS

Weather forecasts still were the driving force for market direction today. Weather forecasts continue to ratchet up the intensity of the heat wave over the next week. This morning's temperature forecast is for some 3.9% hotter than yesterday's for the nation for the period ending June 12th.

Oil & Natural Gas Corp, India's biggest petroleum explorer, reported that it was forced to shutdown the offshore Panna and Mukta production fields following an explosion at the Panna field. There was some minor damage to equipment at the Panna field. The company has declared force majeure. Gas production at the fields has been but to 13.6 million cubic meters a day off 22%. The fields normally account for 20% of the nation's total natural gas supply.

Canadian Gas Association

Weekly Storage Report

	30-May-08	23-May-08	01-Jun-07
East	87.9	77.9	108.2
West	185.8	171.6	265.6
Total	273.7	249.6	373.9

storage figures are in Bcf

BG Group said its Dragon LNG terminal in Milford Haven in South Wales is on target to begin operations this winter, a year behind its original start up date. The terminal will have a capacity to handle 4.4 million metric tons of LNG per year.

Generator Problems

SERC – TVA has restarted its 1125 Mw Sequoyah #2 nuclear unit and it was at 15% of capacity but had not yet reconnected to the grid.

FRCC- FPL's 839 Mw St Lucie #2 nuclear unit tripped off line yesterday and remained in hot shutdown today.

MAIN – Exelon's 855 Mw Quad Cities #1 nuclear unit was reduced to 85% of capacity, down 13% on the day.

SPP – Entergy's 1091 Mw Waterford nuclear plant was at full power this morning up 24% from Wednesday.

NPCC – OPG's 490 Mw Unit #5 at the Nanticoke coal fired power plant returned to service this morning. The unit went off line yesterday.

OPG's 494 Mw Unit #1 at the Lambton coal fired power plant was taken off line this morning.

FPL's 1161 Mw Seabrook nuclear unit saw operations reduced today to allow plant workers to investigate a problem with a condenser. Operations were expected to be reduced to 30% of capacity.

Entergy's 956 Mw Indian Point #2 nuclear unit returned to full power this morning, up 50%.

ERCOT- Luminant's 750 Mw Unit #3 at the Martin Lake coal fired power station was expected to be restarted today.

WSCC – Southern California Edison's 944 Mw Mountainview natural gas fired power plant was reduced to 50% of power.

APS 1270 Mw Palo verde #2 nuclear unit was ramping up and was at 3% power this morning.

SCE&G's 1070 Mw San Onofre #2 nuclear unit was at 95% of capacity this morning, up from 53% on Wednesday.

The NRC reported that 92,033 Mw of nuclear capacity is online, up 0.9% from Wednesday and down 1.6% on the year.

StatoilHydro's Kvitebjørn North Sea natural gas field reportedly will be shut from July 16th through September 27th, to facilitate repairs to a damaged pipeline. The field which normally supplies 8% of the UK, normally produces 20 million cubic meters a day, but had been operating at 50% of this level for the first three months of

this year according to government statistics. Production at the Troll field may be increased to make up for this production shortfall.

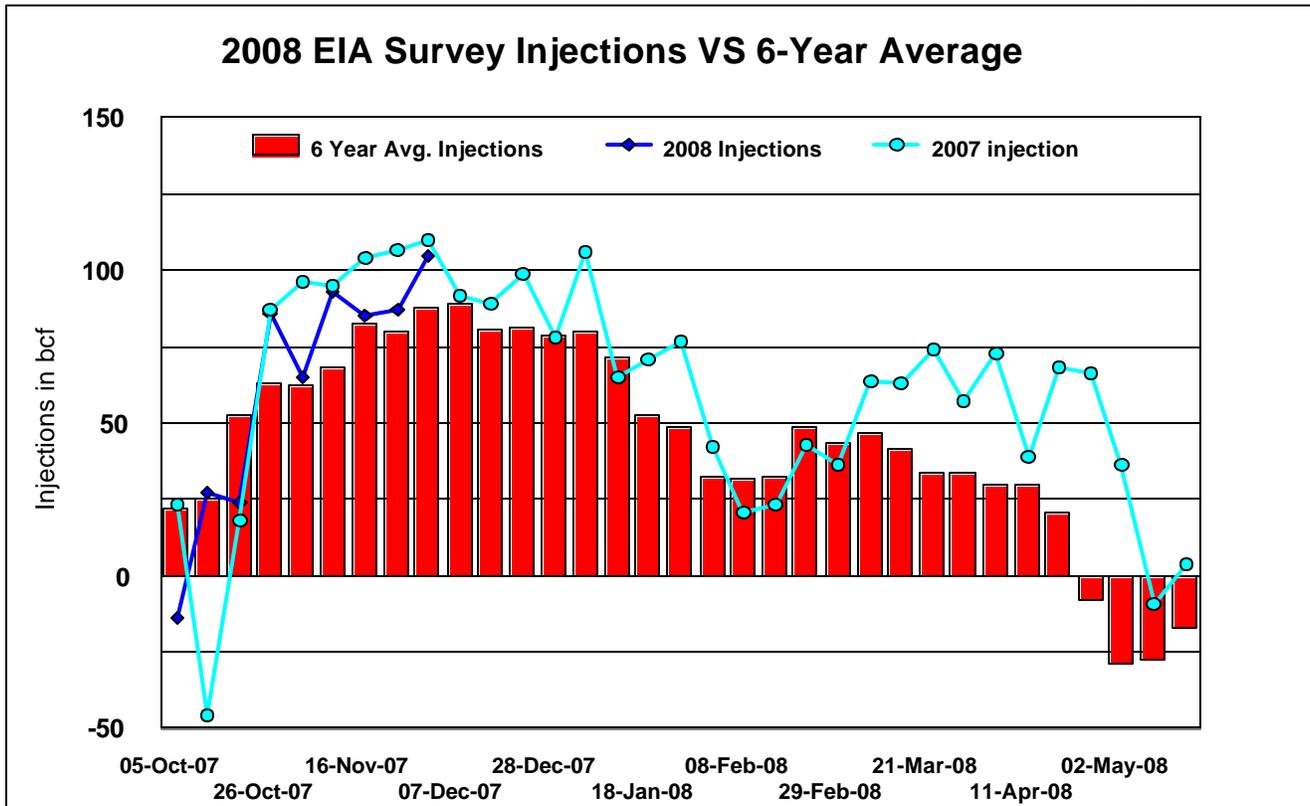
EIA Weekly Report

	05/30/2008	05/23/2008	Net chg	Last Year
Producing Region	650	622	28	788
Consuming East	905	845	60	1017
Consuming West	251	234	17	326
Total US	1806	1701	105	2132

*storage figures in Bcf

The chairman of the US House Energy Oversight Committee, Bart Stupak said that the biggest trading houses in the futures markets were manipulating oil and product markets. He however said that an investigation has not uncovered illegal activity. He

named Goldman Sachs and Morgan Stanley as two of the trading houses. He said the committee has not subpoenaed the banks and was basing its findings on data from the Commodity Futures Trading Commission. He said he and other congressmen planned to file legislation next week that would target speculation through swap deals, foreign exchanges like the IntercontinentalExchange and over the counter trades. He said the Prevent Unfair Manipulation of Prices Act of 2007, introduced in the House of Representatives in January 2007, is aimed



at reducing excessive speculation in all energy markets by requiring marketers to report all energy trades, including over the counter traded to the CFTC. He said the subcommittee would hold a hearing on June 23 to

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	900,500	\$12.490	\$0.320	\$0.114	\$0.230	(\$0.879)
Chicago City Gate	586,300	\$12.379	\$0.226	\$0.003	\$0.255	(\$0.163)
NGPL- TX/OK	784,200	\$11.930	\$0.257	(\$0.446)	\$0.286	(\$0.583)
SoCal	1,142,600	\$10.418	(\$0.057)	(\$1.958)	(\$0.028)	(\$1.893)
PG&E Citygate	540,800	\$11.365	(\$0.019)	(\$1.011)	\$0.010	(\$0.831)
Dominion-South	333,100	\$12.995	\$0.326	\$0.619	\$0.355	\$0.367
Transco Zone 6	215,900	\$13.466	\$0.305	\$1.090	\$0.33	\$0.765

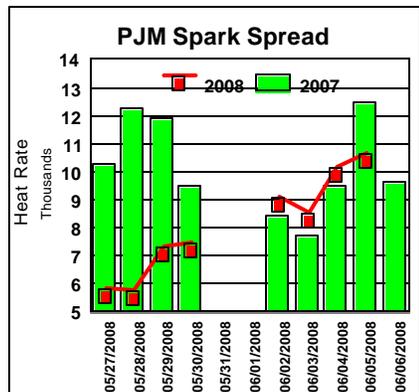
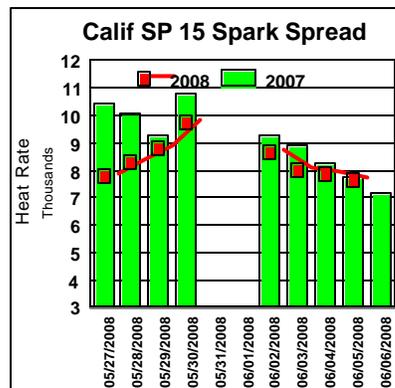
investigate the CFTC's limited oversight of the OTC markets. The US Commodity Futures Trading Commission and international market regulators are scheduled to meet on June 11-12 in Washington to address concerns about possible

manipulation in the energy markets.

The U.S. Senate climate change bill stalled in the Senate today as Senate Majority Leader Reid narrowed the amendment process and called for a Friday vote on debate on the carbon market legislation. As a result no action was taken as Republicans rebelled and forced the entire 492 page piece of legislation be read before the chamber as a protest. The reading of the bill word for word took nine hours to complete.

PIPELINE RESTRICTIONS

FGT again extended its Overage Alert Day due to high temperatures through



its Market Area. The tolerance was set at 15%.

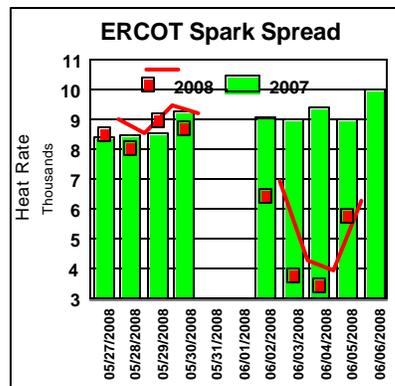
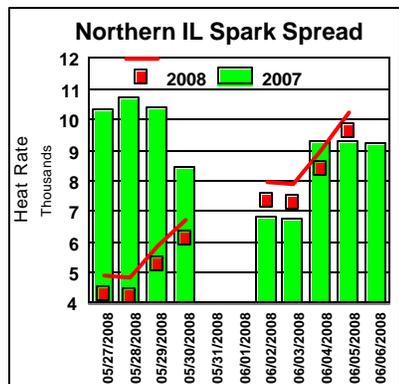
PIPELINE MAINTENANCE

Panhandle Eastern said its outage at the Zionsville Station, which began June 3^d for annual inspection is expected to run through September 5th. During this outage the capacity through Montezuma will be limited to 1325 Mmcf/d through June 30th and after that time to 1400 mmcf/d.

Williston Basin Interstate Pipeline said that planned maintenance would be performed on Line Section 14- Belle Fourche on June 10th reducing capacity in thee area to 87,000 Dth/d. Also unplanned maintenance will be performed June 12th at the Billy Creek Compressor Station. Storage injections to the Billy Creek storage reservoir will be limited to approximately 2000 Dth/d.

Questar Pipeline reported that it has several planned maintenance projects next week. The Cameron facility will see service construction lasting for 8 hours while the Eakin station will have preventive inspections for June 9-12. Red Mesa will also undergo 60 hours of annual service on June 10-13.

ANR Pipeline said it will begin engine repairs at various compressor stations along its SE Mainline in ANR's Southeast Central Fuel Segment. The total SEML capacity will be reduced by 275 mmcf/d. based on current nominations it is anticipated that the reductions will have no impact on service.



ELECTRIC MARKET NEWS

ERCOT's technical advisory committee was meeting Thursday to discuss proposed changes in the grid operator's congestion management rules in an effort to reduce high real time prices, which have been blamed for the default in the poast several months of three small Texas power retailers.

Black Hills Corporation announced its 149 Mw gas fired Valencia Power Plant has entered into service.

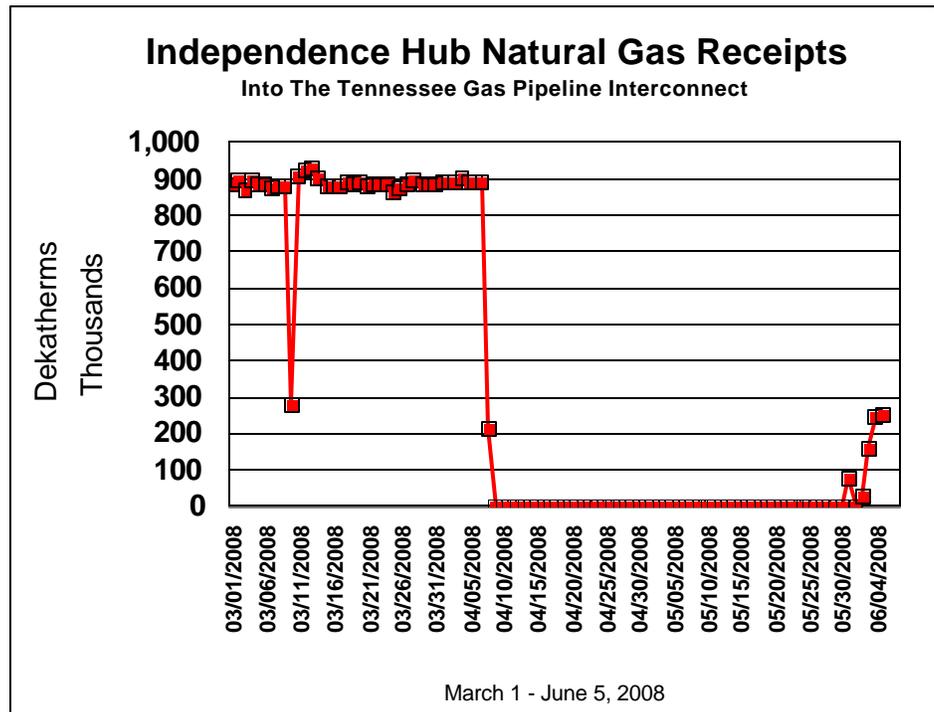
The EIA reported that coal production for the week ending May 31, 2008 stood at 21.203 million tons down 3.2% from the previous week and off 3.8% from the same week a year ago. So far this year production though has been 3.1% higher than the same time of year, last year.

Duke Energy got approval from the North Caroline Utilities Commission to build two natural gas fired generators to replacing older coal burning units. The first 620 Mw unit will be in operation in 2010 pending environmental approval in Charlotte, North Carolina.

MARKET COMMENTARY

The continued march higher of this market remains driven by bullish weather forecasts. Traders again this morning were greeted by yet another revised forecast for the next 7-day period, 3.9% hotter for the nation as a whole, than was issued just yesterday. This should keep traders in a bullish frame of mind going into the weekend as temperatures in the east soar into the 90's and could top 100 degrees at some inland locations. In addition just as the before the close traders made an attempt to breach the four month trend line once again but fell short for the third day in a row, this time by just 1.1 cents.

But what appears to have escaped traders attention is the temperature forecast by some private forecasters for the 8-14 day period which now on a nationwide basis we believe will see cooling demand drop by 22% from the previous week and run some 13.1% less than normal. This coupled with the return of production from the Independence Hub, which for the second straight day was over 250,000 Dth/d should begin to be felt in the market sometime next week. As a result while we recognize the freight train of this market may not be stopped on a dime, we feel that tomorrow could offer a put spread buying opportunity. We would look at the \$12-\$11 July put spread which tonight settled at 20.7 cents.



We see resistance tomorrow at at \$12.594-\$12.605, \$12.692 and \$12.838. Support we see at \$12.372, \$12.225, \$12.13-\$12.12 and \$12.00.