The Windham Group
Energy Futures Brokerage

ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JUNE 6, 2008

NATURAL GAS MARKET NEWS

Weather forecasters saw basically no threats of tropical development across the Atlantic basin today for the next 10 days as not one of the major computer forecast guidance models sees any risk of development for the next 10 days. Typically June sees on average one named storm per season. Meanwhile forecasters continue to warn of a dangerous heat wave moving into the mid Atlantic and northeastern states this weekend and into early next week in which heat index values could reach 100 to possibly 110 before cooler temperatures move in middle of next week.

The Board of the Port of Dunkerque has given its approval for the French utility Electricite de France to proceed forward with its proposed LNG terminal at the port. The proposed 700 million euro facility would handle 6 billion cubic meters of gas annually starting in 2012. The company hopes to make a final decision by July.

Generator Problems

SERC – TVA's 1125 Mw Sequoyah #2 nuclear unit was back on line today and at 48% power, up 33% from yesterday.

MAIN – Exelon's855 Quad Cities Nuclear #1 unit was at 98% power this morning up 13% from Thursday.

NPCC – FPL's 1244 Mw Seabrook nuclear plant was reduced to 30% capacity for unplanned maintenance on one of the units three water condensers.

ERCOT – NRG Energy said it would shut its 836 Mw unit #2 at the Limestone coal fired power station Friday evening to fix a boiler tube leak.

WSCC – APS 1314 Mw Palo Verde #1 nuclear unit was shut early Friday due to a problem with a pipe weld. Unit #2 though was ramping higher and was at 19% as operators reconnected it to the grid.

Southern California Edison's 1070 Mw San Onfre nuclear Unit #2 was taken off line shortly after the unit had returned to full power.

The NRC reported that 92,889 Mw of nuclear capacity is online, up 1% from Thursday and down 1.1% on the year.

Officials from Gazprom and Shell were reportedly meeting in St. Petersburg over the past several days discussing their joint Sakhalin-2 LNG project. Dow Jones reported that a deal was close to being signed that would help finance the second phase of the project's development

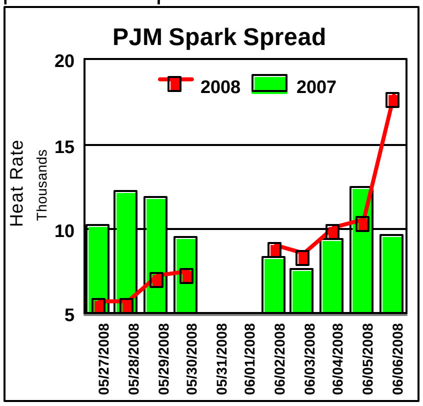
Russian President Medvedev warned Ukrainian officials that the price of natural gas it will charge to the Ukraine will rise "significantly" at the start of next year as prices will move to

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	711,800	$12.709	$0.220	($0.025)	($0.179)	($0.820)
Chicago City Gate	397,000	$12.538	$0.159	($0.196)	($0.199)	($0.145)
NGPL- TX/OK	885,300	$12.071	$0.141	($0.663)	($0.217)	($0.596)
SoCal	825,200	$9.732	($0.687)	($3.002)	($1.045)	($1.879)
PG&E Citygate	678,900	$11.873	$0.509	($0.861)	$0.151	($0.858)
Dominion-South	463,700	$13.583	$0.588	$0.849	$0.230	$0.489
Transco Zone 6	261,200	$14.243	$0.777	$1.509	$0.42	$0.989

comparable European price for the gas. Prices will basically double.

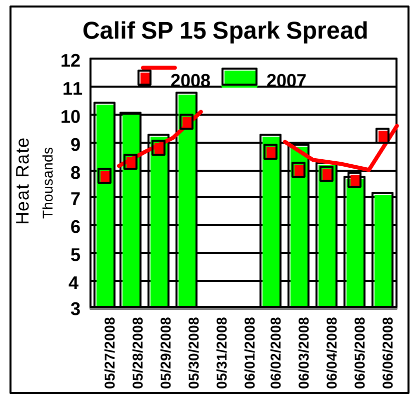
Apache Corp, the operator of the Varanus Island gas plant off the northwest coast of Australia said today that partial resumption of deliveries of natural gas could last for two months.



Mitsubishi today withdrew its application to build an $800 million LNG terminal in Long beach, California, after an environmental review was suspended.

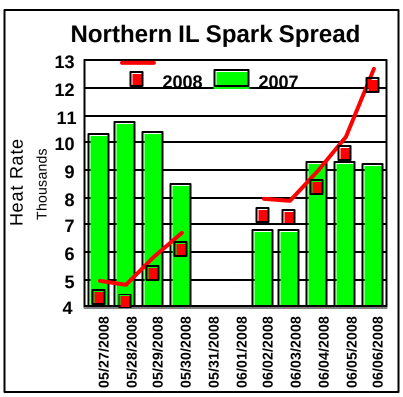
The president of Pan EurAsian Enterprises estimated today that LNG imports into the U.S. totaled 29.7 bcf of natural gas in May. This compares to 91.5 bcf in May 2007, 63.1 bcf for the same month in 2006 and 52.6 bcf and 53.2 bcf in 2005 and 2004 respectively.

The U.S. Department of Labor today surprised the market by reporting an unemployment rate that jumped to 5.5% in May, the largest monthly rise since 1986, as 49,000 jobs were cut.



The IEA today called for an "energy revolution" worldwide to reduce the world's dependence on fossil fuels. The agency estimated that in order to cut the world's green house gases by 50% by 2050, at least $45 trillion will needed to be invested by governments and the private sector into the energy sector. Meanwhile the climate bill before the U.S. Senate died today as supporters of the bill fell well short of the 60 votes needed to move the bill forward. The legislation now will not be taken back up until the next year it appears.

NYMEX CEO Newsome today appearing on CNBC said that "I'm not saying that (speculation) is no factor; I'm saying it's not the primary factor," in driving up oil prices. Instead he attributed the surge in price to market fundamentals.



The FERC staff today said that NorthernStar Natural Gas' proposed Bradwood Landing LNG in the Pacific Northwest would have limited environmental impacts. The project still needs approval by the FERC's five commissioners. The project would provide 1.3 bcf/d capacity of natural gas to be delivered into Pacific Northwest markets via a 36.3 mile pipeline that would interconnect with Northwest Pipeline's system in Washington State.

Baker Hughes reported that the number of drilling rigs searching for natural gas in the United States this week stood at 1,493 lots up 14 from last week and 22 better than the same time a year ago.

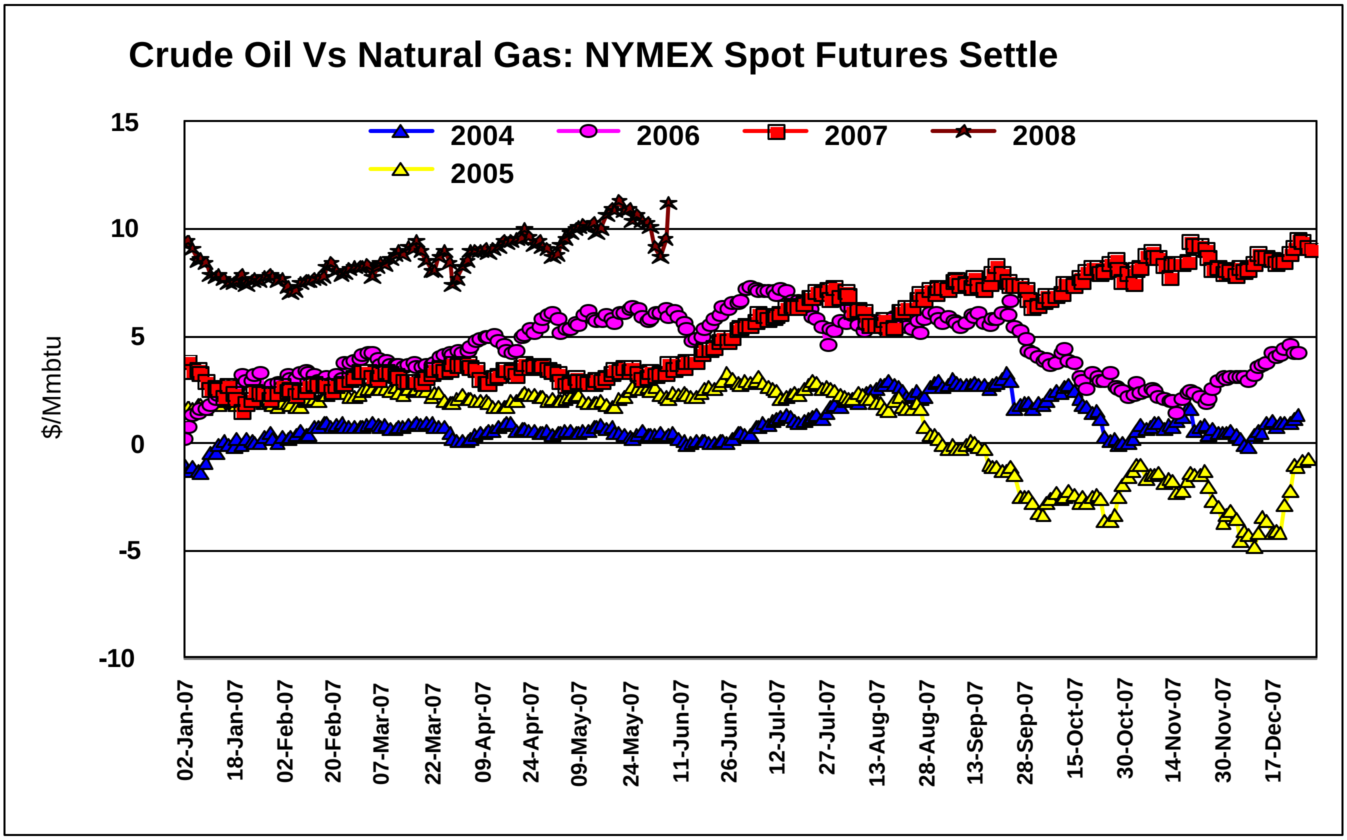
European Union energy ministers agreed today to open their gas and power markets to more competition. The agreement still needs to be approved by the European Parliament before becoming law, but seeks to split ownership of gas and electricity supply from pipelines and grids to help bring about new entrants and force down prices.

PIPELINE RESTRICTIONS

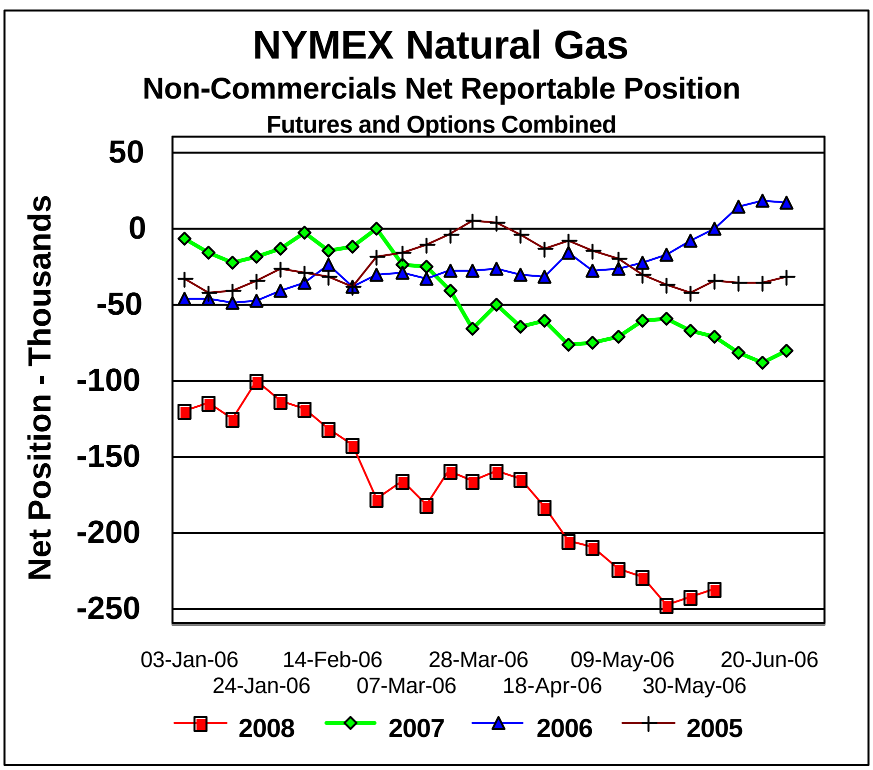
FGT once again extended its Overage Alert Day today and placed the tolerance at 25%.

PIPELINE MAINTENANCE

PG&E California Gas Transmission reported that a maintenance outage at a facility located in Canada is causing high BTU gas in pipelines upstream of PG&E. The company has been notified that in order to maintain deliveries within acceptable pipeline BTU limits, upstream pipelines are reducing deliveries from Kingsgate to California effective with the Intraday 2 cycle on June 5th and the Evening cycle for today's gas day. The duration of this reduced flow is unknown at this time.



KMIGT said that maintenance at its Herdon Compressor Station has been completed early. As a result the company was able to schedule limited increases to nominations for Intraday 1 cycle.



Enbridge Offshore Pipelines said yesterday that its MantaRay unit continues preparations for repairs on its 16-inch lateral. The work is expected to begin in the next several days and should last 10-14 days. Once work begins the lateral will be shutdown.

ELECTRIC MARKET NEWS

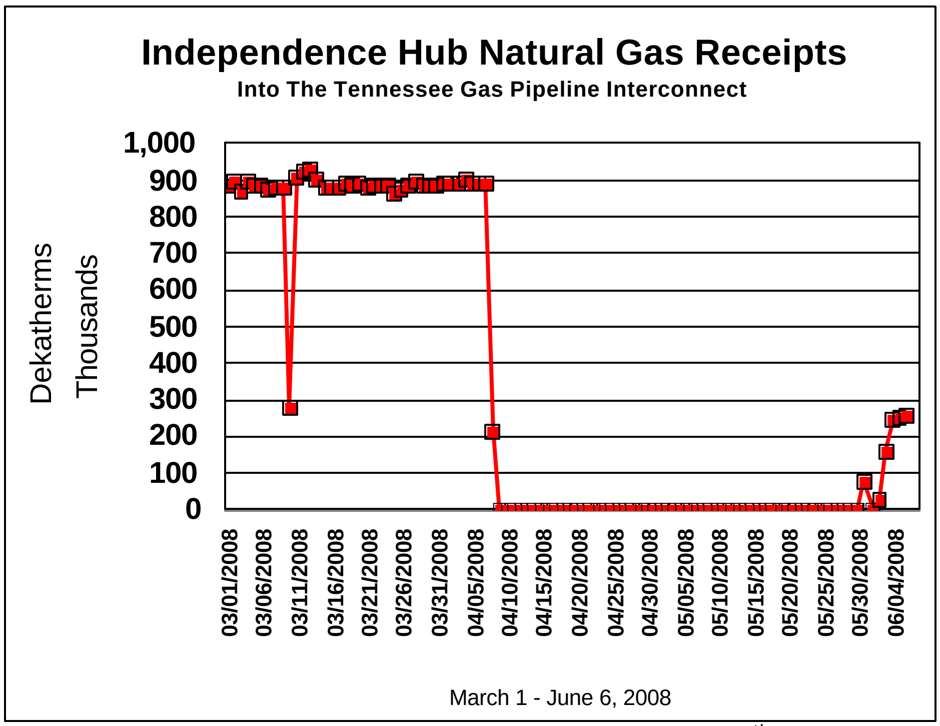
Genscape's U.S. coal burn index rose 1% for the week ending June 5th but was off 7% from the same time a year ago.

The directors of ERCOT today approved a protocol revision in an emergency meeting that will allow the grid operator to resolve certain congestion situations with "local" congestion methods, rather than the "zonal" methods used now. The change is scheduled to take effect Monday.

The U.S. Northwest River Forecast center today said its April through August water flow forecast would be 99% of normal at the Dalles Dam, down 1% from the previous forecast a week ago.

MARKET COMMENTARY

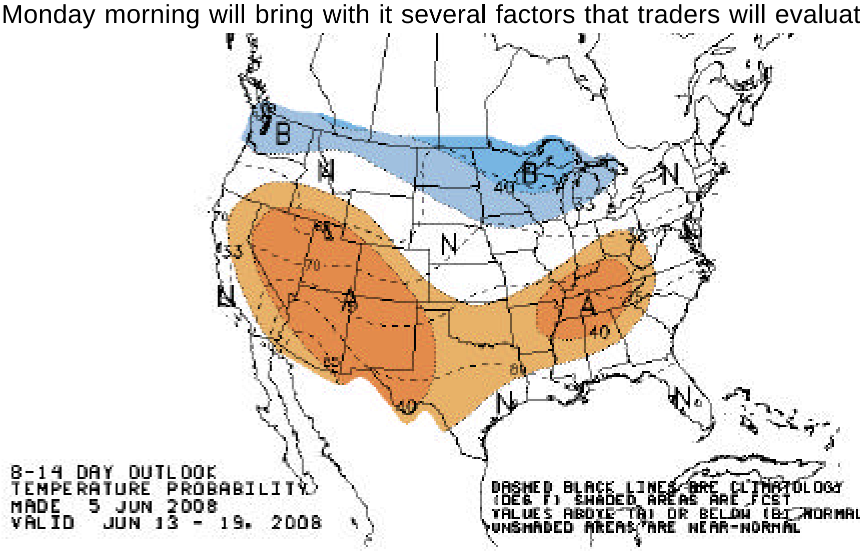
We never thought we would use the word "stable" when referring to the trading pattern with natural gas, but today's price action appears to warrant it when viewed with the perspective of energy markets as a whole. While natural gas prices firmed quickly on the opening bell of the floor session, the market then went into a relative sideways 20 cent trading pattern for the remainder of the day, despite oil prices marching ever higher, at a breathtaking pace. As a result natural gas has seen crude oil prices regain over $2.50 per Mmbtu premium over natural gas, back to record levels.



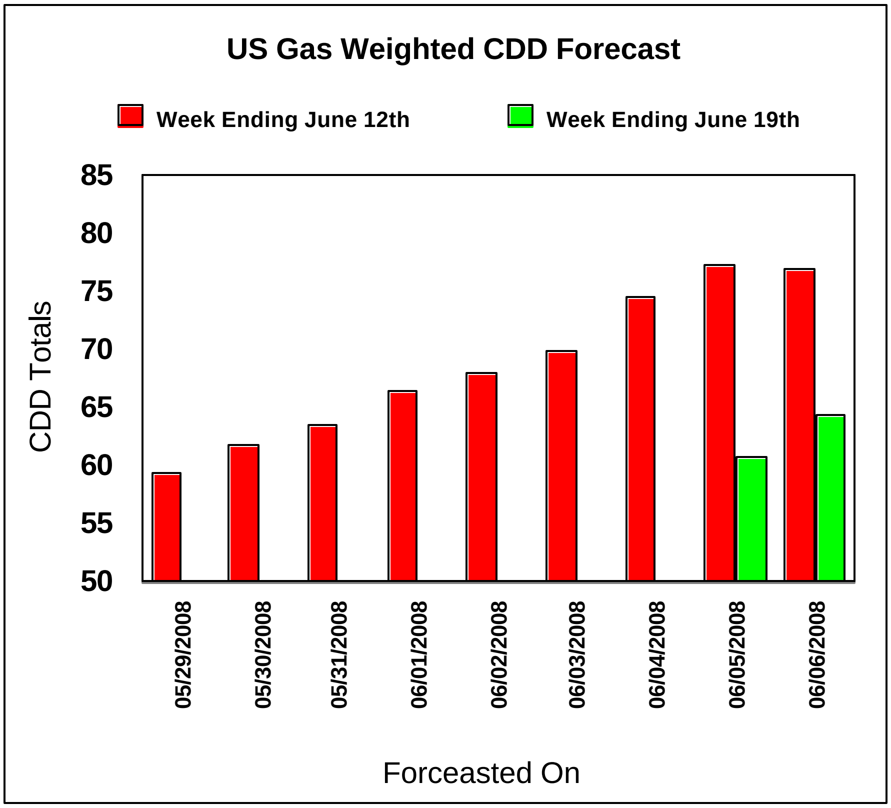
Technically on the day the market was able to breach the four month trend line this morning and was able to settle for the fifth day in a row above the $12 price level and setting yet another new high settlement. Based on the open interest report released this afternoon, yesterday's price action has to be seen as new longs coming into the market not only in the August through December contracts, but over 3,000 new positions were added in the April and October 2009 contract months. Tofay's price action would seem as new longs again coming into the market.

The Commitment of Traders Report released this afternoon showed that non-commercials net short position declined during the week ending June 4th by over 4800 contracts, but still remaining near record short positions.

Monday morning will bring with it several factors that traders will evaluate before starting a new week of trading.



First and the most obvious will be the oil market, will new buyers still be flocking to the market or will have the geo-political fears and the the U.S. dollar have stabilized. Second will be the weather forecast. While it appears we will be in the midst of a scorching heat wave in the Midwest and Northeast, this hot weather looks to be very finite and if in fact does begin to ease in 24 hours the buying frenzy in the cash market by utilities could be a thing of the past, especially if nuclear generation levels rebound over the weekend. Finally we would look to see what the production flows from the



Independence Hub look like., have they been stable over the weekend and begun to ratchet higher or not. We still feel comfortable in sticking with our put spread which tonight settled at 16.5 cents. We would look for this market to see resistance Monday at $12.823, $12.963 and $13.103. Support we see at $12.60 followed by $12.553, $12.413 and 412.278.