



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,
& Karen Palladino

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

www.e-windham.com

POWER MARKET REPORT FOR JUNE 10, 2008

NATURAL GAS MARKET NEWS

The EIA released their latest Short Term Energy Outlook this morning and it substantially raised its price outlook for natural gas in 2008 and 2009. It now looks for natural gas to average \$11.00 per Mcf both this year and next up 13.4% and 17% respectively from just last month's report. The EIA estimated that given the current NOAA hurricane season forecast it sees production shut ins on the U.S. Gulf during the upcoming hurricane season of about 11 million barrels of crude oil and 78 bcf of natural gas. The EIA also raised its estimates for natural gas consumption this year and next. They now see 2008 consumption growing by 2.2%, a 0.8%

improvement over last month's estimate and in 2009 now sees demand growing by 0.9% up 0.4% from last month's report. It made this revision based on estimates of industrial demand in the first quarter, which appears to have grown by 4.8% during the period, tied to export strength and some resurgence in natural gas intensive industries, such as fertilizers. U.S production in 2008 is now estimated at 58.54 bcf/d up 6% from last year and a 1.4% improvement over last month's estimate. In 2009 the agency sees production reaching 59.45 bcf/d some 4% higher than last month's outlook. Imports are seen at 8.94 bcf/d in 2008 and 9.38 bcf/d in 2009. These estimates are up 0.7% and down 1.3% respectively.

The Atlantic basin remained very quiet again today as satellite images showed little or no convection across the

entire area. None of the computer models see any development this week or through the weekend. The GFS model though does hold out the possibility of a low-pressure system developing out around 40 West Longitude during the early part of

Generator Problems

NPCC – PPL's 1125 Mw Susquehanna #1 nuclear unit saw operations reduced to just 25% power this morning down 69% from Monday.

FRCC- FPL's 839 Mw St Lucie #2 nuclear unit was at 98% capacity, up 45% from Monday.

WSCC – Southern California Edison's 1070 Mw San Onofre #2 nuclear unit has exited from its recent outage. The unit was at 19% capacity this morning. The unit had been shut back on June 5th.

Northwest Energy's 1200 Mw Columbia Generating nuclear station was at 85% capacity up 25% from yesterday.

APS reported that all three of its Palo Verde nuclear plants were back to full power this morning.

The NRC reported that 94,104 Mw of nuclear capacity is online, up 1.6% from Monday and up 0.1% on the year.

Natural Gas Cash Market

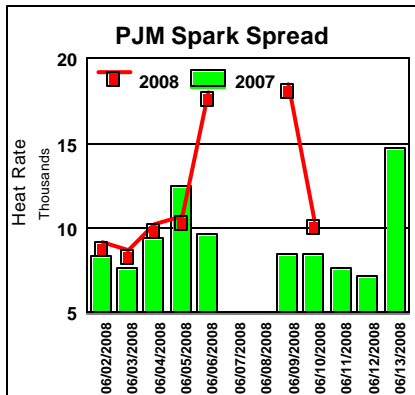
ICE Next Day Cash Market

Location	Volume Traded	Avg Price	Change	Basis		Basis 5-Day Moving Avg
				(As of 12:30 PM)	Change	
Henry Hub	987,000	\$12.717	\$0.003	\$0.181	\$0.114	(\$0.729)
Chicago City Gate	516,100	\$12.570	\$0.014	\$0.034	\$0.181	(\$0.112)
NGPL- TX/OK	857,000	\$12.115	\$0.012	(\$0.421)	\$0.179	(\$0.572)
SoCal	1,226,200	\$11.665	\$0.489	(\$0.871)	\$0.656	(\$1.857)
PG&E Citygate	703,100	\$12.033	\$0.177	(\$0.503)	\$0.344	(\$0.849)
Dominion-South	399,300	\$13.387	(\$0.168)	\$0.851	(\$0.001)	\$0.687
UStTrade Weighted	20,709,100	\$12.121	(\$0.053)	(\$0.415)	\$0.11	(\$0.729)

next week. The model then moves this system toward the Windward Islands by a week from Thursday.

Tokyo Gas is in talks with several LNG producers to review its contract prices for LNG. The utility noted that the rapid rise in crude oil prices has impacted these LNG discussions. Without a price change the company would look possibly to reduce imports of LNG. Last year the company consumed 11 million mt of LNG.

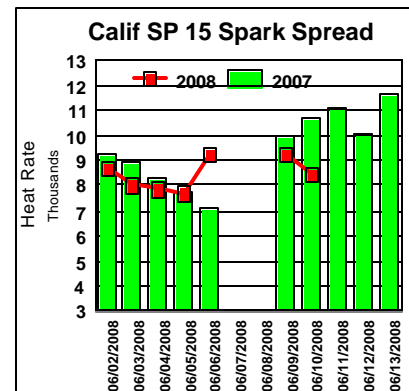
Gazprom said today that it has finalized the route of its planned South Stream gas pipeline, which will carry 30 billion cubic meters per year of Russian gas to Europe. The company announced that Slovenia and Austria would participate in the project.



National Grid today released its winter outlook report for the UK natural gas market. It noted that UK natural gas supplies next winter are highly uncertain due to difficulty in forecasting trade flows of LNG and doubts over the quantity of Norwegian natural gas imports could grow in the year ahead. The company pegged supply next winter could range 300 million to 450 million cubic meters per day, excluding gas held in storage. It also noted that it was unclear if two new LNG import terminals, which will add 70 million cubic meters of import capacity will be ready in time and the number of cargoes delivered to them will thus be even more uncertain. It noted that the Asian market could cause LNG cargoes to be diverted away from the UK given the price premium those consumers may be willing to pay. The company noted that they see U.K. gas production will be 10%

lower this winter. While they see higher U.K. imports from Norway as production from Ormen Lange ramps up, there is still the potential for Norwegian gas to shift to the continent at the expense of the U.K. market.

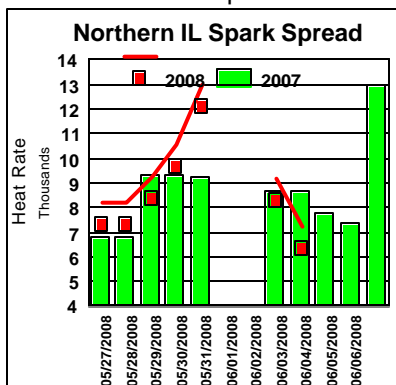
Algonquin Gas Transmission today announced it has submitted an application to the FERC for its East to West Expansion Project. The project would seek to move significant new supplies of LNG from the eastern end of its system westward into population areas. The project would increase current transportation capacity by more than 746 MMcf/d and would also provide the company with the flexibility to reverse flow on its system



BP reportedly has notified U.S. Minerals Management Service that it will begin production at its Thunder Horse platform by June 14th. While no initial production levels were released the platform is designed to handle up to 250,000 b/d of crude oil production and 200 million cubic feet of natural gas. An earlier forecast had pegged production would not start until the end of 2008.

ELECTRIC MARKET NEWS

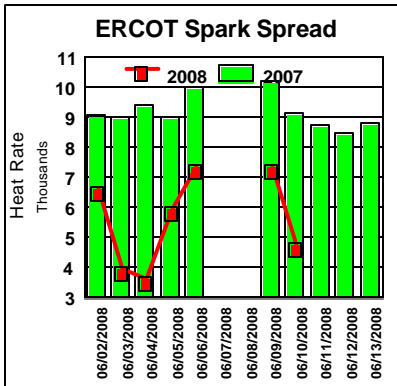
New York ISO and New England ISO estimated today would see even higher demand for power across their regions while PJM expects to see slightly lower demand than Monday but still relatively high seasonal, but still off from their summer peak demand records. None of the grid operators were expected to take any steps to maintain reliability on their bulk power systems. Meanwhile since June 6th some 700,000 customers in the Midwest had lost power, with some 250,000 customers in Michigan still without power as of Tuesday morning.



Genscape reported that coal stocks at U.S. power plants grew by 0.15% on the week and stocks now stand some 5.7% higher than the same time a year ago.

The EIA in its latest Short Term Energy Outlook called for residential electricity prices to grow by 3.7% this year on the heels on rising generating fuel costs. It continued to call for power demand to grow by a mere 0.6% this year, on forecasts of near normal summer temperatures. The agency noted that slow growth in electricity demand is expected to limit growth in coal

consumption by power companies to 0.9% this year down from 1.9% in 2007. Expected increases in other sources of generation, from natural gas to wind power should result in just a 0.6% increase in coal consumption by the power sector. U.S. coal consumption and exports is expected to result in a boost to coal production this year by 2.9%.



A fourth small Texas electric retailer has defaulted, forcing ERCOT to shift its retail customers to higher cost suppliers. Some 6,000 customers of Sure Electric LLC or Riverway Power have been switched to other power providers. This brings the number of customers that have been forced to change their power providers in Texas due to defaults to 42,000 customers. The Texas Public Utility Commission has urged customers of failed suppliers to switch to a new retailer rather than pay the high default prices.

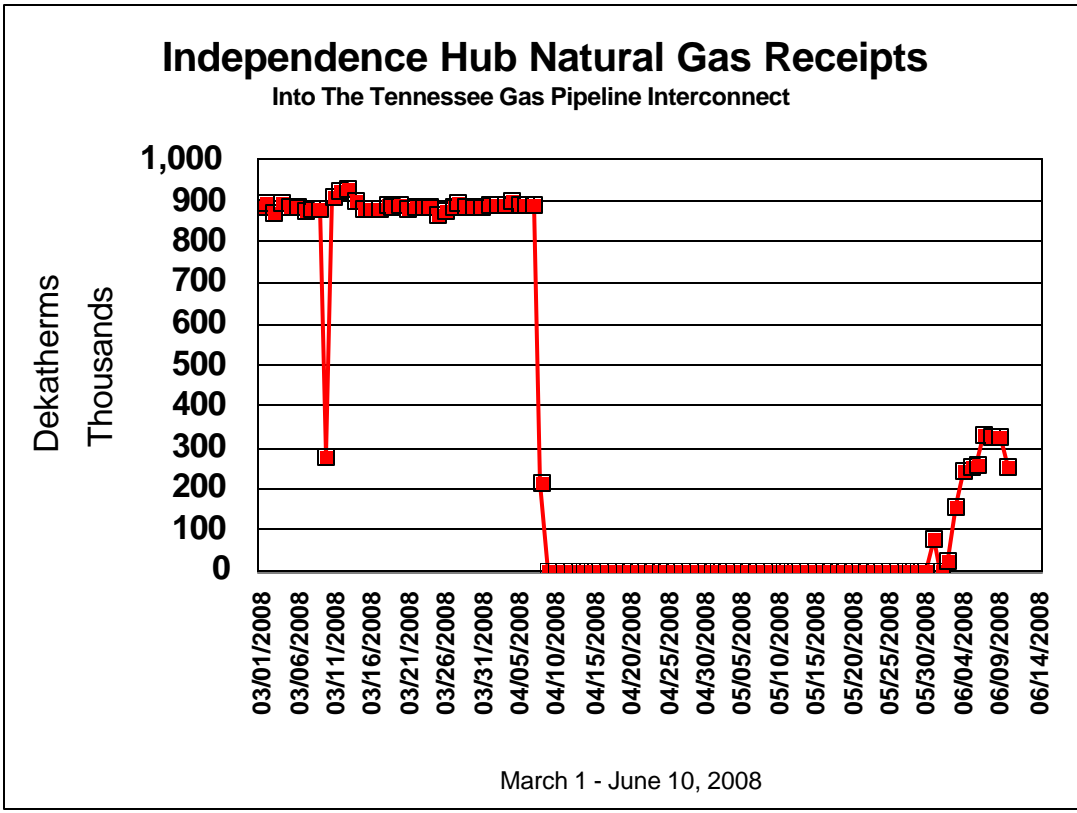
MARKET COMMENTARY

The natural gas market set its highs for the day just prior to the opening for trading of the floor session. Prices appeared to have been supported by the oil markets, which started out the morning higher once again. But given the inability of this natural gas market to breach the highs set the prior two days

and the softening of the oil markets, as the dollar strengthened, natural gas prices reversed itself and slid lower until the early afternoon, when prices finally stabilized.

While we have been beating the drum for natural gas to drop back towards the \$11 level, it may take a bit longer,

given the slight set back in production it appears that has occurred at the Independence Hub. Today's production was some 25% less than yesterday as overall production fell to the lowest level since June 4th. This production level warrants keep a close eye on over the remainder of the week now that the heat wave appears to have been broken in many of the population centers for the time being. The news late today that the Thunder horse platform was starting up should give the bears a little more comfort in looking at returning to this market once again.



We see support tomorrow \$12.36 followed by \$12.29-\$12.28, and \$12.13-\$12.12. Additional support we see at \$11.962 and \$11.896. Resistance we see at \$12.519, \$12.823, \$12.90, \$12.96 and \$13.057.

NYMEX Natural Gas Options Most Active Strikes for June 10, 2008

Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LN	7	8	C	14	06/25/2008	0.0484	6,425	42.68
LN	3	9	C	13	02/24/2009	2.1673	6,058	42.01
LN	7	8	C	13.5	06/25/2008	0.0927	3,900	40.12
LN	11	8	P	10	10/28/2008	0.33	3,334	49.23
LN	7	8	P	11.75	06/25/2008	0.1287	3,200	39.74
LN	7	8	P	10.5	06/25/2008	0.0031	2,850	36.99
LN	8	8	C	14	07/28/2008	0.3126	2,365	42.65
LN	8	8	C	18.5	07/28/2008	0.025	2,250	52.64
LN	7	8	C	13	06/25/2008	0.1914	2,000	38.91
LN	8	8	P	11.5	07/28/2008	0.3222	1,935	43.98
LN	7	8	P	12	06/25/2008	0.2046	1,775	40.32
LN	3	9	C	14	02/24/2009	1.8657	1,750	44.92
LN	9	8	C	13	08/26/2008	0.9359	1,750	45.48
LN	2	9	C	14	01/27/2009	1.8701	1,750	44.87
LN	7	8	P	11	06/25/2008	0.0193	1,590	38.03
LN	3	9	P	9	02/24/2009	0.3986	1,500	51.99
LN	2	9	C	13	01/27/2009	2.2074	1,500	42.14
LN	9	8	C	14	08/26/2008	0.6357	1,450	47.69
LN	8	8	C	15	07/28/2008	0.177	1,365	45.64
LN	8	8	P	11	07/28/2008	0.1895	1,100	43.49
LN	4	9	P	9	03/26/2009	0.4809	1,060	40.20
LN	5	9	P	9	04/27/2009	0.5364	1,060	39.50
LN	11	8	P	12	10/28/2008	1.1143	1,000	54.48
LN	8	8	P	10.5	07/28/2008	0.1015	1,000	43.09
LN	1	9	P	10	12/24/2008	0.4058	950	49.73
LN	8	8	P	11.25	07/28/2008	0.245	950	43.35
LN	7	8	P	12.25	06/25/2008	0.3054	950	40.97
LN	3	9	P	13	02/24/2009	2.1507	908	59.46
LN	9	9	P	8	08/26/2009	0.339	850	38.74
LN	8	8	P	8	07/28/2008	0.0005	850	41.22
LN	10	9	P	8	09/25/2009	0.4163	850	41.28
LN	1	9	P	9.5	12/24/2008	0.2897	850	48.99
LN	12	8	C	17	11/21/2008	0.6971	800	48.55
LN	11	8	C	17	10/28/2008	0.5461	800	50.82
LN	12	8	P	12	11/21/2008	1.0617	750	52.69