



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JUNE 11, 2007

NATURAL GAS MARKET NEWS

Goldman Sachs late Friday raised their natural gas price forecast due to tighter natural gas fundamentals and strong fuel oil prices. The company sees industrial demand continuing to expand for natural gas, while demand in Europe and Asian in July and August should result in declines of LNG imports. The company looks for the next three months for a natural gas price of \$8.50, the 6 month period to \$9.00 and 12-month at \$9.00. It also lowered its end of October inventory estimate for natural gas by 0.4% to 3.595 tcf.

Natural Gas Intelligence reported that a new set of investors have revived the Skipanon LNG terminal that Calpine originally was seeking to develop at the mouth of the Columbia River in Oregon.

The FERC on Friday approved Texas Eastern's proposal to install new natural gas pipeline and compression facilities in Ohio and Pennsylvania and abandon and replace existing pipeline facilities in the two states to provide up to 150,000 Dth/d of new transportation service into New Jersey.

PIPELINE RESTRICTIONS

Tennessee Gas Pipeline said that effectively Timely Cycle 9:00 Am Ct today, several restrictions are in place. At station 32, Tennessee restricted through approximately 31% of supply to market secondary out of the Path nominations. At Niagara River Meter, Tennessee restricted through approximately 38% of supply to market secondary out of the Path nominations.

Texas Eastern Transmission Corp. said it has restricted and sealed nominations flowing through Batesville. Increases in nominations for receipts between Little Rock and Batesville for delivery downstream of Batesville will not be accepted. Tetco also has restricted and sealed nominations sourced in zones STX and ETX for delivery outside that area. No increases in receipts between Little Rock and Mt Belvieu for delivery outside that area will be accepted. Additionally, Tetco has forced balanced all long TABS-1 pools in STX, ETX, and M1 24-inch.

Williston Basin Interstate Pipeline Company said that 019 Madden-Worland and 020 Worland-Lovell line sections are in pipeline capacity constraint for Timely Cycle deliveries. Penalties will be imposed.

PIPELINE MAINTENANCE

Generator Problems

NPCC – Bruce Power's 822 Mw Bruce nuclear unit #6 was taken off line for a short term outage starting on June 8th.

Entergy's 506 mw Vermont Yankee nuclear unit was back at full power this morning. The unit was at only 75% of capacity on Friday as operators were ramping the unit back up from a recent refueling outage.

MAPP – WEC's 512 Mw point Beach #1 nuclear unit was back at full power Monday morning. The unit had been taken off line on June 5th due to the failure of a feedwater valve.

SPP – Entergy's 966 Mw River Bend nuclear power station has returned to service and was at 74% of power this morning. The unit had been taken off line back on May 23rd for a problem with low water in a recirculation loop.

SERC – TVA's 1155 Mw Browns ferry #1 nuclear unit was taken off line on June 9th, due to an automatic reactor trip due to a high moisture separator reheater tank level. Over the next several weeks operators plan to shut and restart the unit a few times to test systems as part of its plan to return the unit after a 22-year shutdown.

The NRC reported that 94,019 Mw of nuclear capacity is on line, up 0.16% from Friday, and up 0.7% from a year ago.

horizon, giving bulls hope that support over 7.50 may provide some semblance of strength in the coming sessions. July finished the day by settling down 5.5 cents at 7.608.

Although the storage situation remains bearish, the momentum may be slowing. Current expectations for this week's storage report call for a build of between 88-103 Bcf, which could be the sixth larger-than-normal and fourth triple-digit build in a row. On the other hand, if actual data comes in at the low side of current estimates, the industry could be looking at its first sub-par injection since late April. Also limiting downside momentum are the most recent long-range weather forecasts calling for above average temperatures for many major consuming markets over the next two weeks. We see resistance at 7.705, 7.829 and 7.90. We see further resistance at 8.00, 8.16 and 8.21. We see support at \$7.56, \$7.50-\$7.51, 7.439 and 7.316.