



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JUNE 11, 2008

NATURAL GAS MARKET NEWS

Negotiations between the CFTC and the U.K.'s Financial Services Authority apparently have seen the CFTC pressuring the FSA to set speculative limits on trading of the front month WTI crude contracts on ICE.

Norway's gas network operator, Gassco said that planned maintenance work at its Kollsnes gas processing terminal has cut capacity there by 26% to 106 million cubic meters for the next 7-10 days. The company also confirmed that the Kvitebjørn and Visund fields connecting through Kollsnes, are scheduled to be offline for two months from July 16 through September 15th to repair an anchor damaged section. The company has received authorization to flare 7.5 million cubic meters of gas from the pipe during the repair period.

Generator Problems

NPCC – Entergy Nuclear's 535 Mw Vermont Yankee nuclear plant was at 88% capacity this morning of 12% from Wednesday.

OPG's 490 Mw coal fired Nanticoke 3 power plant returned to service today. The unit went out of service on Wednesday.

The NRC reported that 94,104 Mw of nuclear capacity is online, up 176% from Wednesday and up 0.84% on the year.

Oregon LNG continues to move forward in its regulatory review of LNG project slated for Skipanon Peninsula in Warrenton, Oregon. The company delivered its Water Suitability Assessment to the U.S. Coast Guard. The project would be the only on shore LNG receiving terminal on the U.S. West Coast capable of handling larger vessels, the project would have a 1.5 bcf/d capacity. The company noted that it hopes to receive final federal permit approval in 2009 and begin commercial operations by late 2013.

EIA Weekly Report

	06/06/2008	05/30/2008	Net chg	Last Year
Producing Region	660	650	10	810
Consuming East	959	905	54	1080
Consuming West	267	251	16	339
Total US	1886	1806	80	2132

*storage figures in Bcf

The chairman of the FERC said today that expanding the use of natural gas into the transportation sector would put significantly more upward pressure on the natural gas market, which already is recording the highest sustained prices ever.

The California Public Utilities Commission is recommending changes in three general rate case requests by Southwest Gas Corp.

The Senate is scheduled to hold a joint committee meeting on June 17th to examine the need for additional funding, staffing and authority for the CFTC in order for it to carry out its complete oversight of the energy markets.

Canadian Gas Association

Weekly Storage Report

	06-Jun-08	30-May-08	08-Jun-07
East	97.1	87.9	119.0
West	197.6	185.8	273.4
Total	294.7	273.7	392.3

storage figures are in Bcf

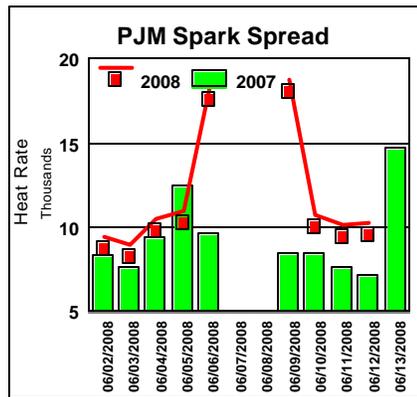
PIPELINE MAINTENANCE

Tennessee Gas Pipeline reported that it has still scheduled the upcoming outage from MLV 229-2 to MLV 232-2 for internal pipeline inspections and pigging operations for June 16-20. The Niagara Spur will be isolated from the Tennessee mainline for a 10 hour period each day during pigging operations limiting the amount of gas which can be moved through MLV 230B. The company may be required to restrict through a pro rata portion of Secondary in Path nominations through MLV 230B.

**ELECTRIC
MARKET NEWS**

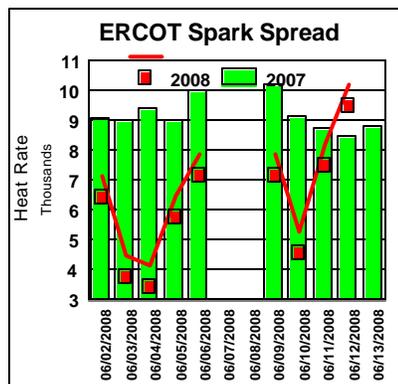
Congressman Boucher is proposing legislation in Congress that would levy fees on fossil-fueled power plants and use the tax revenues to fund grants to large scale projects that

capture and store carbon-dioxide emissions from power facilities. The bill would create a Carbon Storage Research Corporation that would be authorized to impose a surcharge for 10 years on electricity generated from



evening. Some 7,700 customers remained without service, and some may not see service returned until possibly Friday.

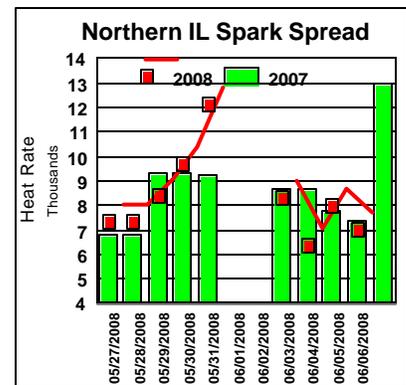
The EIA reported today that U.S. coal production for the week ending June 7th some 21.784 million tons were produced, up 2.7% from the prior week and 1.4% higher than the same week a year ago. Year to date coal production has been running some 3.9% higher than a year ago.



fossil fuels. The size of the surcharge would vary according to the carbon emissions of each fuel source. The Congressman estimates the fees would raise \$1 billion annually. The corporation, which would operate as an affiliate of the Electric Power Research Institute, would use the funds to provide grants to private, governmental and academic developers of CSS technology. Boucher estimates the average retail customer would see an increase in electric bill by \$10-\$12 per year.

The NRC has tentatively scheduled a meeting for June 16th to decide on a motion to stay the license renewal proceedings for Exelon's Oyster Creek's nuclear plant.

PSE&G reported this morning that it had restored power to 248,000 customers that had lost power due to severe thunderstorms on Tuesday



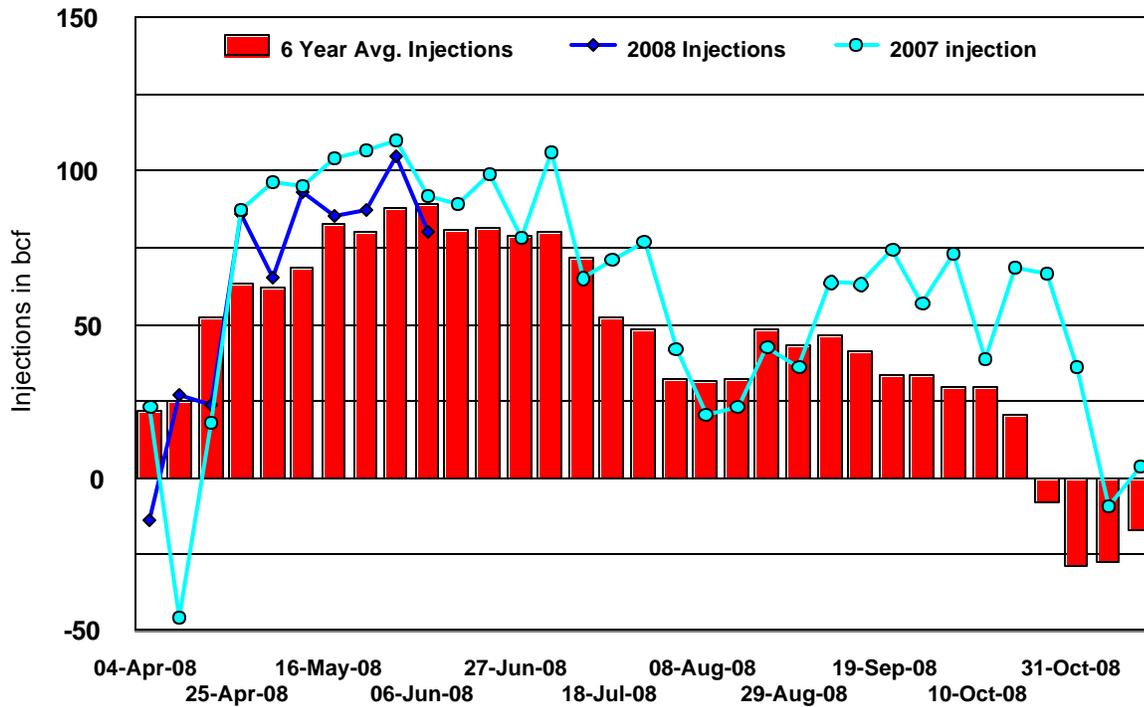
The chairman of the Texas Public Utility Commission said today after the conclusion of a two day hearing on proposed plans for new electric transmission lines to accommodate expanding wind generation, that he was leaning towards a less ambitious plan for power line construction that would accommodate about 18,000 Mw of wind generation by 2012. Prior to the hearings he said he was leaning towards a more aggressive plan of some 24,000 MW. The whole commission is expected to announce their final decision in July. Texas currently has 5500 Mw of wind generating and this total could exceed 9000 Mw by the end of the year, long before new power lines can be built to move the power eastward.

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	784,200	\$12.509	\$0.022	(\$0.299)	(\$0.139)	(\$0.700)
Chicago City Gate	445,100	\$12.400	(\$0.044)	(\$0.408)	(\$0.194)	(\$0.186)
NGPL- TX/OK	937,900	\$11.980	\$0.022	(\$0.828)	(\$0.128)	(\$0.642)
SoCal	762,000	\$11.429	\$0.013	(\$1.379)	(\$0.137)	(\$1.604)
PG&E Citygate	984,200	\$11.991	\$0.112	(\$0.817)	(\$0.038)	(\$0.761)
Dominion-South	246,400	\$13.105	(\$0.018)	\$0.297	(\$0.168)	\$0.663
USTrade Weighted	20,907,700	\$11.932	\$0.011	(\$0.876)	(\$0.14)	(\$0.700)

2008 EIA Survey Injections VS 6-Year Average



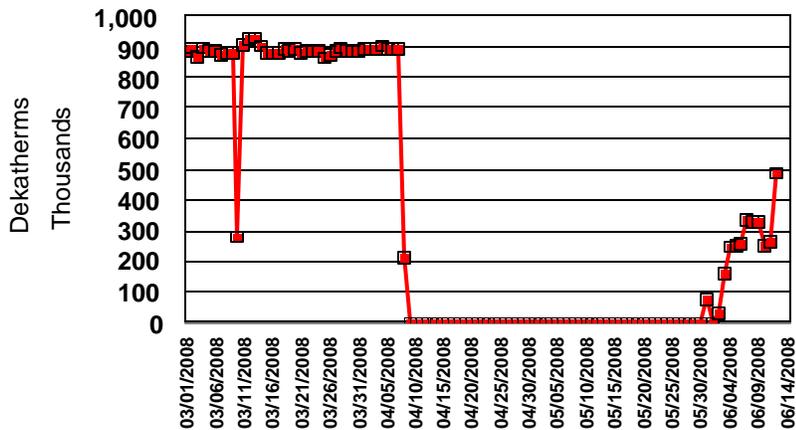
MARKET COMMENTARY

The natural gas market today received a shove higher and for a change it was not from the oil markets. Instead the market got a bullish storage report, that came in some 14 bcf less than most traders were looking for, and within one hour the market moved over 30 cents higher and was able to break above the quadruple top that the market had posted over the four prior sessions. The market though stalled out at midday and drifted a little lower

as the cash market and near term and intermediate term weather reports were not especially bullish. In addition production at the Independence Hub finally posted a strong uptick today jumping 81% over Wednesday's production levels. The 12 month strip today settled up 16.8 cents at \$12.718, the highest level since September 2005.

Independence Hub Natural Gas Receipts

Into The Tennessee Gas Pipeline Interconnect



March 1 - June 12, 2008

This market we feel should have gotten more follow through buying from the technical breach of the quadruple top. As a result we feel that this market could post possibly an inside trading session tomorrow as traders await to see new weather forecasts at the start of next week and potential production levels at the Independence Hub. We see resistance tomorrow at \$12.888

followed \$12.943, \$13.014 and \$13.088. More distant resistance we see at \$13.288. Support we see at \$12.598, \$12.543, \$12.398, \$12.221 and \$12.253. Additional support we see at \$12.159 and \$11.987.

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