



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JUNE 13, 2008

NATURAL GAS MARKET NEWS

While the tropical weather forecast near term for the Atlantic basin remains fairly quiet., longer term the GFS model continues to point to the possibility of some potential tropical development late next week that could form east of the Windward Islands. This looks like it will come from an area of strong disturbed weather soon to emerge off the western African coast. that is partially associated with a tropical wave. But currently it is only the GFS model that raises this development as a possibility.

Baker Hughes reported that for the week ending June 13th, the number of drilling rigs searching for natural gas in the United States stood at 1,504, up 11 from last week and some 20 higher than a year ago.

Five U.S. senators yesterday introduced a bill that would direct the CFTC to regulate oil and energy commodity trades carried out in the US on international exchanges. The sponsors of the bill called "Close the London Loophole Act", said the legislation would compliment a measure enacted by Congress earlier this year that authorized the CFTC to police US electronic exchanges for price manipulation and excessive speculation. The bill would give the CFTC legal authority to obtain trading data from international exchanges operating in the US through direct trading terminals. In addition the bill would require the agency to obtain agreements from international exchanges before

Generator Problems

ERCOT - uminant's 565 Mw Monticello #2 coal fired generating unit was expected to be taken off line later today for repairs to fix a tube leak. The unit is expected back over the weekend.

Unit #1 at the Harrington coal fired power plant was expected to be taken off line Friday evening for a maintenance outage. The unit is expected to be back inservice Friday evening.

MAPP – Allaint Energy said that it was forced to shut three power plants in Iowa due to flooding and reported some 23,000 customers in the state were without power.

NPCC – Hydro-Quebec has restarted the 675 Mw Unit #2 at the Gentilly nuclear power station this week, and was expected to reach full power over the next few days. The unit had gone off line back on April 4th for maintenance.

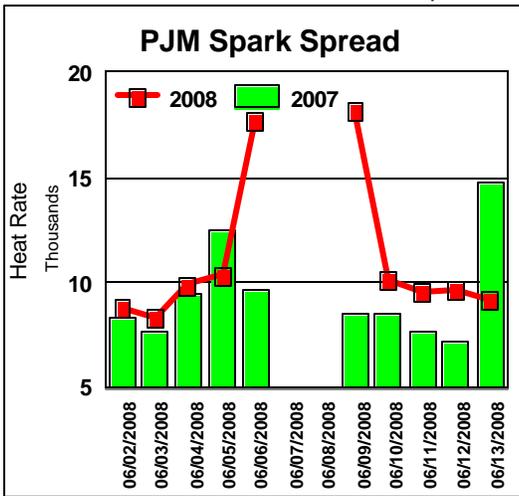
OPG's 490 Mw coal fired Nanticoke #4 and #7 generating units were taken off line early Friday for "short outages".

The NRC reported that 95,740 Mw of nuclear capacity is online, basically unchanged from Thursday and some 1.58% higher than the same date in 2007..

Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
<u>Location</u>	<u>Traded</u>	<u>Price</u>		(As of 12:30 PM)		<u>Moving Avg</u>
Henry Hub	985,900	\$12.507	(\$0.002)	(\$0.155)	\$0.030	(\$0.681)
Chicago City Gate	470,900	\$12.398	(\$0.002)	(\$0.264)	\$0.144	(\$0.200)
NGPL- TX/OK	963,600	\$11.968	(\$0.013)	(\$0.695)	\$0.133	(\$0.649)
SoCal	841,400	\$10.769	(\$0.660)	(\$1.893)	(\$0.514)	(\$1.382)
PG&E Citygate	870,100	\$11.963	(\$0.028)	(\$0.699)	\$0.118	(\$0.729)
Dominion-South	270,400	\$13.042	(\$0.063)	\$0.380	\$0.083	\$0.569
USTrade Weighted	19,025,500	\$11.816	(\$0.116)	(\$0.846)	\$0.03	(\$0.681)

allowing them to establish direct trading terminals in the U.S. Those agreements would require the exchanges to impose speculative limits and reporting requirements on traders of US energy commodities

comparable to those imposed by the commission on US exchanges. Another bill was introduced by Senators Cantwell and Snowe that would require ICE Futures Europe to register with CFTC as a “designated contract market” and allow the commission to regulate all US oil futures markets.



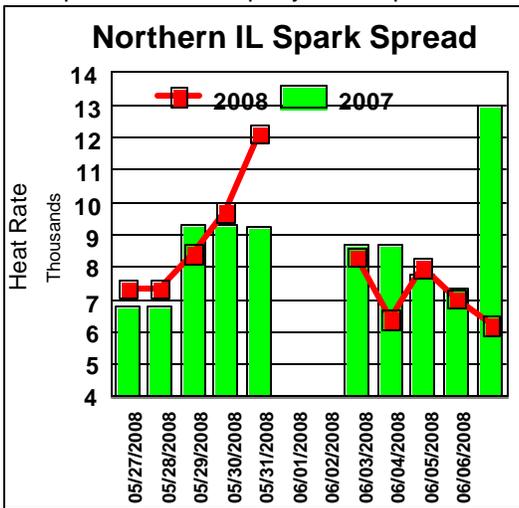
The NYMEX on Friday urged U.S. regulators to boost surveillance of commodity index funds and to impose stricter regulations on rival ICE Futures Europe to improve market transparency. The president of the exchange went on to say “additional transparency is needed in the energy market relative to the activity of swap dealers.” He noted that the CFTC “should take steps to identify more precisely the counterparties to transactions with swap dealers, such as index funds.”

The Italian Economy Minister said today that ministers from the Group of Eight industrialized nations wanted the IMF to investigate rising oil and commodity prices. The IMF has been asked to come up with proposals to

deal with any issues it finds during its inquiries.

PIPELINE MAINTENANCE

Gulf South Pipeline said it would perform routine maintenance at the Vixen Compressor Station on Unit T1 beginning June 17th and Unit T2 starting June 18th and each lasting 12 hours each day. No further reductions in capacity on the expansion facilities are anticipated. The company also reported that it would be performing scheduled pigging maintenance on



Index 132 beginning at MP9 Brule, LA to MP 49 Lirette, LA starting on June 18th and lasting for three weeks.

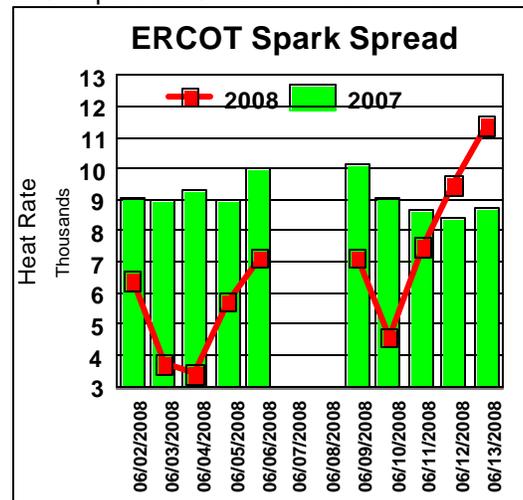
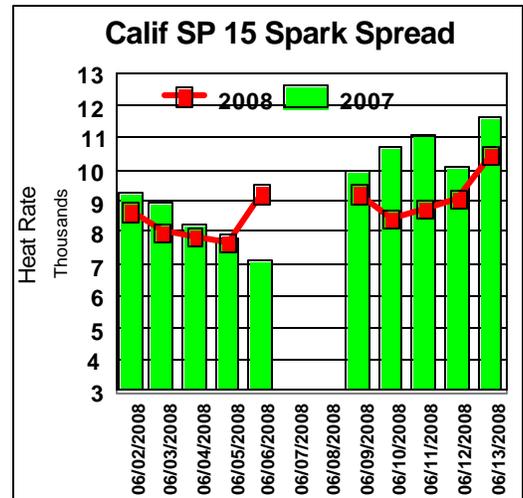
ANR Pipeline said that it began unplanned engine maintenance yesterday at its St John Compressor Station located in Indiana in the Northern Fuel Segment (ML-7), which will reduce the total St John W-E capacity by 115

MMcf/d through June 16th. Based on current nominations the capacity reductions may result in the curtailment of IT and Firm Secondary nominations.

Northern Natural Gas said Thursday that a force majeure event has occurred at the Seminole Compressor Station in Texas, affecting the Kermit Allocation Group. A return to service date is not known at this time. While the unit is down all deliveries in the group must balance with receipts.

ELECTRIC MARKET NEWS

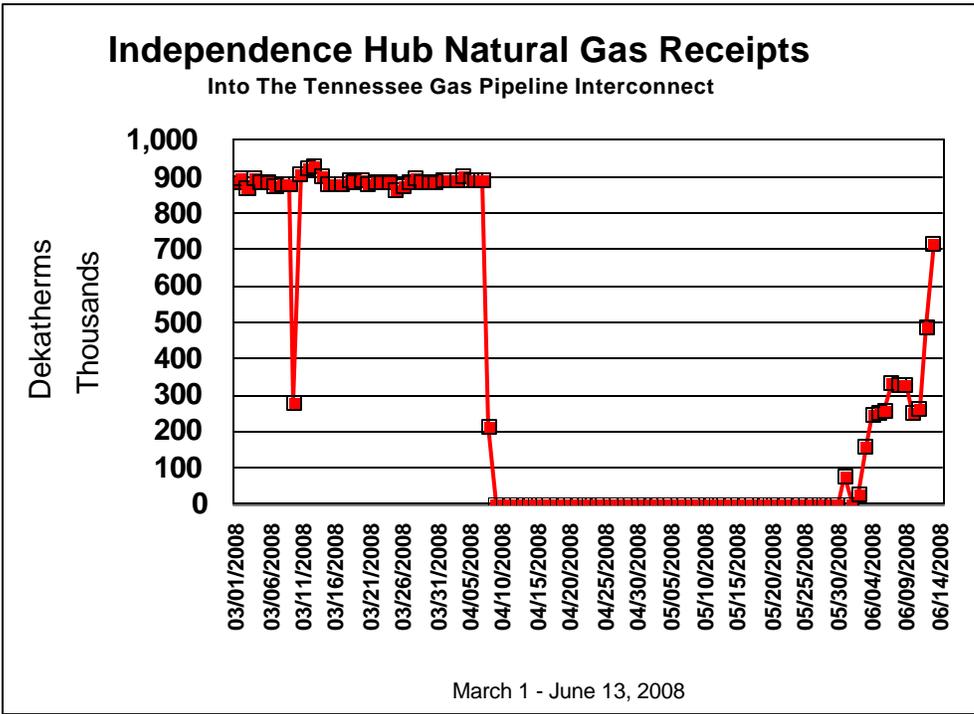
The grid operator Cal ISO reported that it has reduced the flow of



power on two of the three lines that comprise the California-Oregon Intertie on Thursday. The lines were the Round Mountain-Table Mountain #1 and #2 lines. WECC reported that the fire near these lines was no longer a threat.

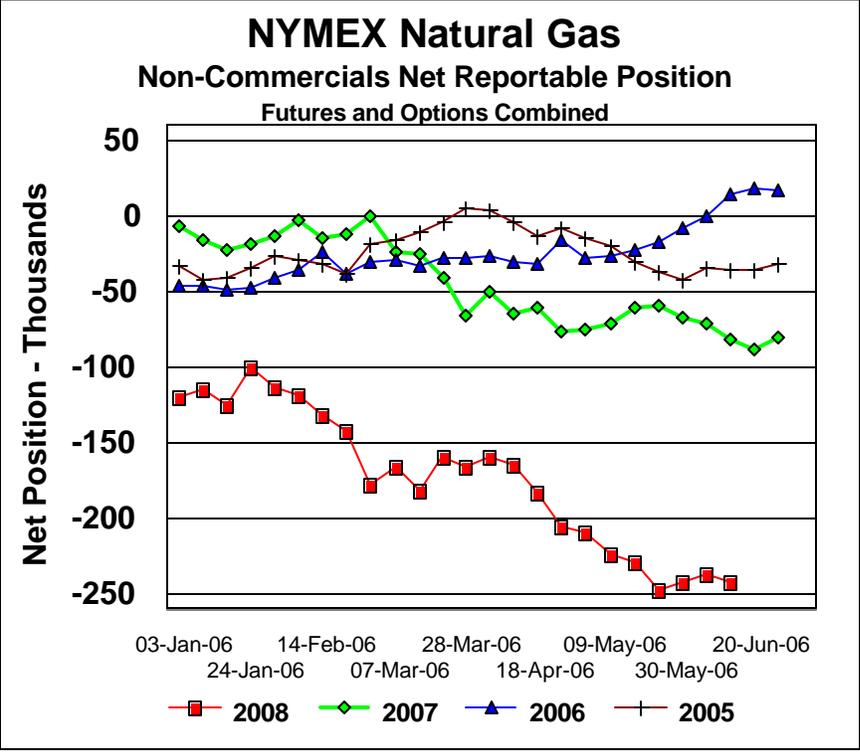
Genscape's U.S. coal burn index rose 15% for the week ending June 12th reflecting hot weather and high natural gas prices. The index was some 3% higher than the same time a year ago.

The NYMEX announced that effective the close of business on June 16th it was increasing margin rates on its NYISO electric contracts. For the first month the margin for customers will be \$4,050 up from \$3,375 for the NYISO A peak electricity contract and \$5400 up from \$4050 in the NYISO Zone G and J peak electric contracts. Margins for second to sixth months will be changed to \$4725 up from \$4050 for the NYISO Zone A contract and \$6,075 up from \$5400 for the Zone G and J contracts. Margins on all other months will remain unchanged.



MARKET COMMENTARY

The natural gas market as we suspected last night did in fact post an inside trading session today as traders seemed willing to finish the week basically at where it started. The past seven trading sessions basically have seen only a 30-cent price range of the daily settlements as this market seems to have been unable to gain traction in either direction. But we continue to feel that with the rebounding production levels at the Independence Hub coupled with moderate temperatures, which appear will keep cooling demand lighter than normal for the next two weeks, should keep this market on the defensive, especially if oil prices can retrace some of their recent gains. We see support initially at \$12.574 followed by \$12.525, \$12.424 and \$12.321. Additional support we see at \$12.275, \$12.159 and major



support at a trendline that comes in on Monday at \$11.987. Resistance we see at \$12.775, \$12.884, \$12.924 and \$13.025.

This afternoon's Commitment of Traders Report showed little change in the non-commercial's net short position in this market. The futures only report showed that for the week end June 10th, their net short position increased by 1,461 contracts while the combined futures and options report grew by 5,676

