



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,
Karen Palladino & Zachariah Yurch
(212) 624-1132 (888) 885-6100

www.e-windham.com

POWER MARKET REPORT FOR JUNE 19, 2007

NATURAL GAS MARKET NEWS

National Grid in its winter update released today said that British gas supplies look a bit more comfortable for next winter than they did in the early part of this spring. The company said that investments in import projects have improved the supply outlook over the past year. These projects included the Langeled pipeline from Norway connecting at Easington; enhancements to the Belgian Interconnector; and the BBL pipeline linking the UK market at Bacton with Holland. In addition, Excelerate Energy commissioned its import LNG facility at Teeside. The company also noted that it expects the commencement of flows from LNG at Milford Haven and the Aldbrough storage facility. Storage space at Hole House Farm is also expected to increase. These improvements have removed the need for safety monitor alerts on short and medium range gas storage levels. The company looks for gas supplies to be some 55 mcm/d higher this winter than in 2006. On the demand side the company continues to see coal as the preferred fuel for power generation in the U.K.

Generator Problems

MAIN – Exelon's 1052 Mw Clinton nuclear power station was taken off line early Tuesday morning for repairs. The unit had been at 97% of capacity on Monday.

FPCC – FPL's 693 Mw Turkey Point #3 nuclear unit was shut once again Tuesday as operators investigated a voltage problem. The unit had tripped off line Sunday evening and was at 7% power Monday. Operators estimate it will take several days to make the necessary repairs.

WECC – SCE's 1070 Mw San Onofre #2 nuclear unit was at 96% capacity this morning up from 28% of power registered Monday morning. The unit was taken off line on repairs

The NRC reported that 93,800 Mw of nuclear capacity is on line, up 0.2% from Monday, and up 0.41% from a year ago.

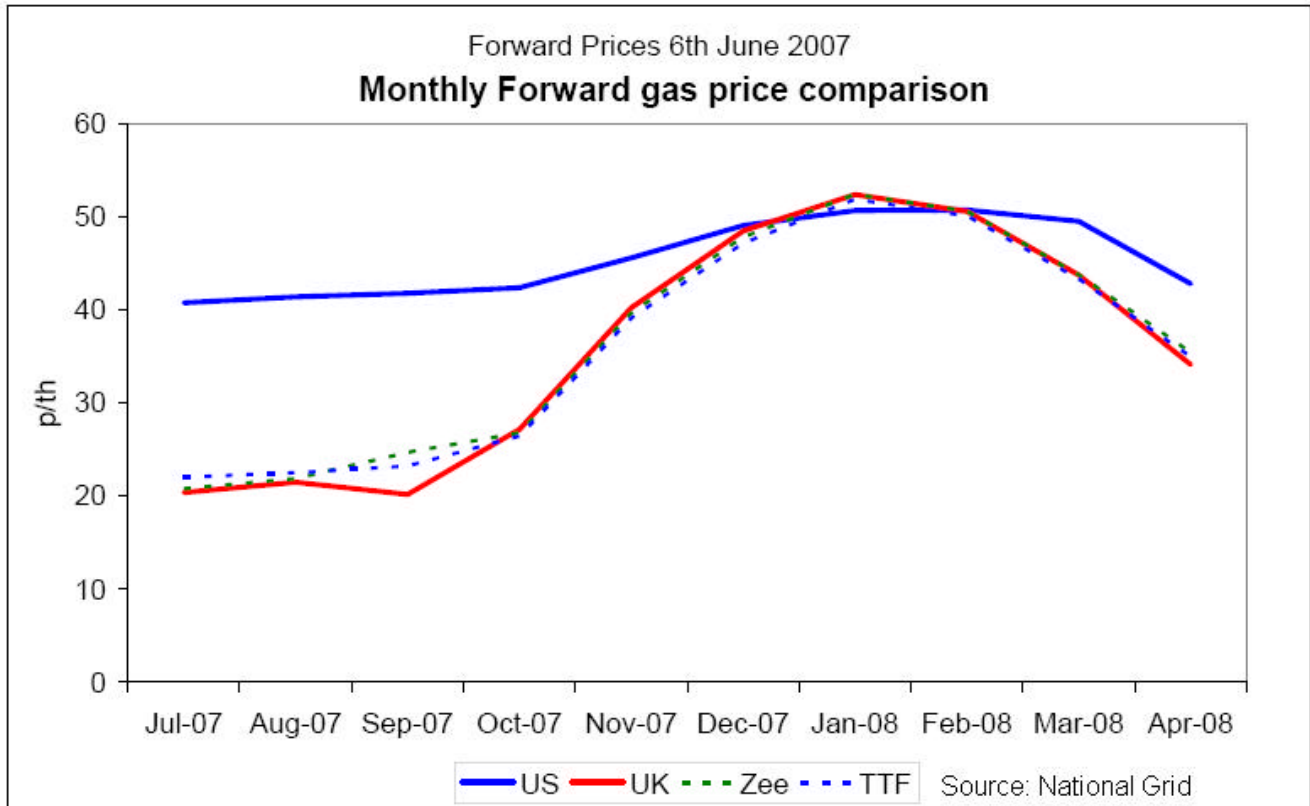
China's CNOOC reportedly has purchased a third spot LNG cargo for delivery in late July at its Guangdong Dapeng LNG terminal. The cargo reportedly was purchased from Mitsui, which also sold the Chinese its previous LNG cargo. The LNG will originate in Algeria and the Chinese are believed to have paid between \$8.00-\$8.50 Mmbtu. The size of the cargo is believed to be 130,000 cubic meters.

EnCana Corp said Monday that it has set a 3% growth target for natural gas production in 2007 and 5% annual growth in the years following. But this is down from the 10% annual growth forecast last year by company executives. This downward revision in production was the result of declining natural gas output due to a slump in drilling activity in Canada.

Duke Energy Ohio has filed an application with the Ohio Public Utilities Commission seeking an increase of \$34 million or 5.8% in natural gas rates in the state. This is the first general rate filing since 2001 and would be effective in early to mid 2008. The company is seeking to increase the rate for residential customers over a three-year period.

GE Financial Services announced today that it acquired interests in Regency Energy Partners LP, a natural gas gathering and processing company operating in Texas, Louisiana, Oklahoma and Kansas as well as a intrastate pipeline in Louisiana. The cost of the transaction was \$603 million as GE Energy Financial Services acquired 37% of the outstanding limited partner units.

The U.S. Senate late today defeated a floor amendment to the Clean Energy Act that would have given states veto power over LNG terminals sited within their borders or within 15 miles of their borders.



PIPELINE RESTRICTIONS

PG&E California Gas Transmission has called a system-wide operational flow order on its California natural gas pipeline for gas flows on Wednesday June 20th. PG&E issued the restriction because of high inventory on the system. The OFO was eased yet still carries a 9% tolerance and Stage 2 noncompliance charge of \$1.00 Dth.

FGT has extended its Overage Alert Day notice due to the continued warm temperatures in its market area. The Overage Alert Day tolerance is set at 25%.

PIPELINE MAINTENANCE

Gulf South Pipeline said that planned maintenance at its Bistineau Compressor Station Unit #4 may affect capacity by as much as 150,000 Dth for approximately the next 30 days. The company also reported that beginning on June 26th, maintenance at the Index 266-17 Bistineau Storage Mainline will keep pipeline capacity limited to 200,000 Dth/d. In addition the company plans to take one unit at a time down at the Olla Compressor

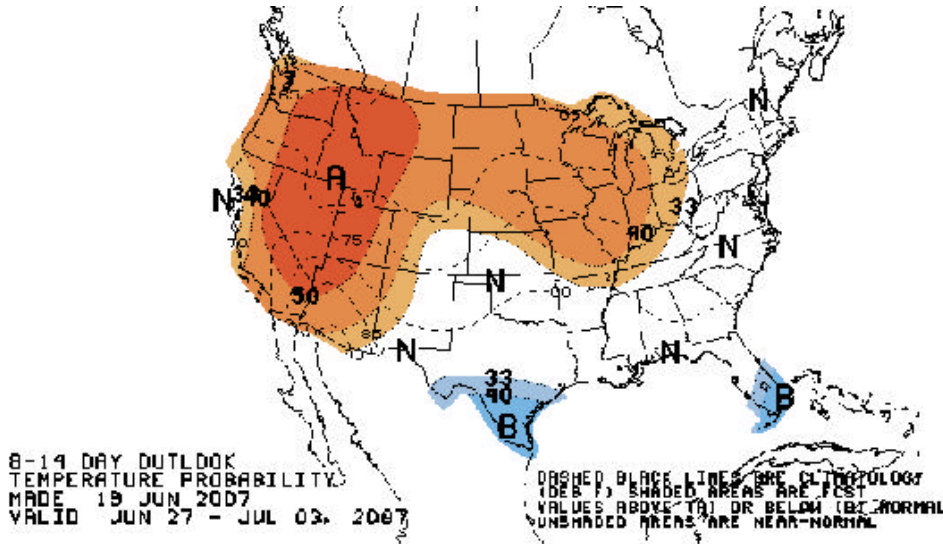
Station from July 9th through the 20th. As much as 250,000 Dth/d of capacity could be limited at the facility.

El Paso Natural Gas Company said that Belen #2 will be taken down for unscheduled maintenance from June 19th through

| 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 | 1,087,300 | \$7.464 | (\$0.233) | (\$0.318) | \$0.038 | (\$0.507) |
| Chicago City Gate | 319,200 | \$7.313 | (\$0.281) | (\$0.245) | (\$0.101) | (\$0.294) |
| NGPL- TX/OK | 457,700 | \$7.157 | (\$0.210) | (\$0.401) | (\$0.030) | (\$0.536) |
| SoCal | 1,059,000 | \$7.161 | (\$0.101) | (\$0.397) | \$0.079 | (\$0.728) |
| PG&E Citygate | 777,600 | \$7.430 | (\$0.073) | (\$0.128) | \$0.107 | (\$0.475) |
| Dominion-South | 440,700 | \$7.966 | (\$0.159) | \$0.408 | \$0.021 | \$0.262 |
| Transco Zone 6 | 212,000 | \$8.243 | (\$0.306) | \$0.685 | (\$0.126) | \$0.486 |

June 2nd, with a reduction of 20 Mmcf/d.

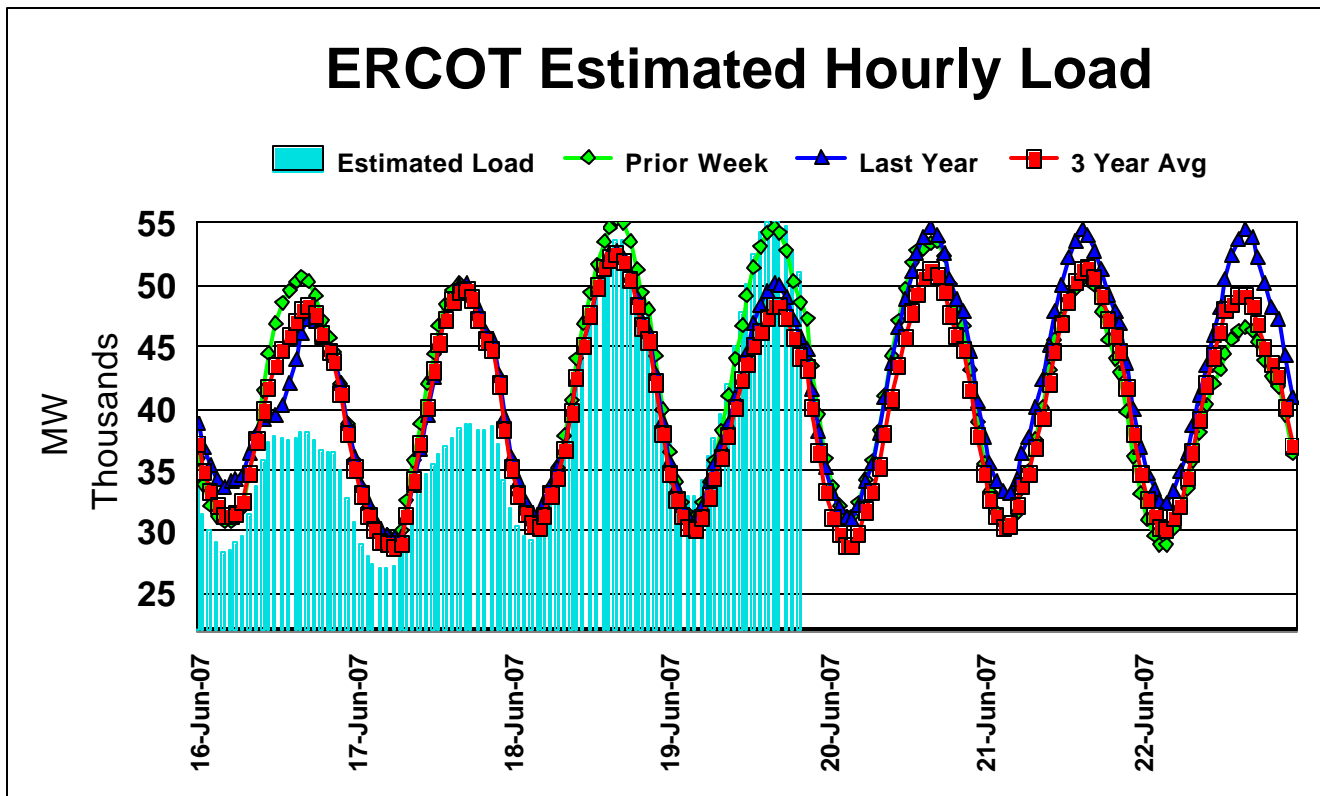
ANR Pipeline Company said that it began unplanned engine repairs at its St. John Compressor Station in Indiana, which will result in capacity being reduced by 115 mmcf/d. It is anticipated that the reductions will result in the curtailment of IT and Firm Secondary nominations.



ELECTRIC MARKET NEWS

A survey conducted by the Washington-based consulting firm GF Energy found that more than 90% of US utility executives felt that a global policy would be in place before 2015 in regards to greenhouse gases and that 43% of the respondents believe such a regime will be in place by as early as 2009. Most utility executives also believe that climate change policy will increase investment in nuclear power as well as advanced coal fired power plants with

carbon capture. But the group of executives also expects that more natural gas fired power plants will be built as a quick alternative to keep pace with any climate change mandates.



Genscapre reported that coal supplies at U.S. power plants rose by nearly 1.17 million tons in the week ending June 18th. Coal supplies at power stations are seen as some 25% higher than a year ago, as some 55 days of forward supply are on hand.

MARKET COMMENTARY

The natural gas market this morning opened a few pennies lower but basically held its major support at the \$7.59-\$7.60 area through midday. But the midday updates from several private weather forecasters, turned bearish as forecasters moderated their calls for temperatures across the nation once again especially in the 11-15 day period. This allowed prices to basically tumble another dime and post its lowest price level in the spot contract since May 29th and the lowest level in the July contract since March 21st. Prices though did stabilize around the time of the close of the floor trading session, settling off 17 plus cents.

Open interest reported at mid day by the exchange showed a 6925 lot increase, in what appears to have been the shorts who may have exited the market on the run up on Friday returned yesterday to re-establish their bearish positions.

While the market seems to be very impatient for hot weather or hurricanes to appear this summer season, tonight's NWS temperature outlook though sure does not appear bearish to us, especially as they have assigned an average to above average confidence in their warmer forecasts for much of the nation over the 6-14 day period. It also interesting to note the observation made this evening by Accuweather. They reported that by the end of June they do not expect one U.S. city of more than 200,000 people more than 150 miles from a coast will record average temperatures for June that will be below normal. In fact they expect that by the end of June the nation will be off to its warmest start to the summer cooling season since 1994. In addition they continue to hold that the blistering heat for this summer will be in the second half of the season. The continued rains in Texas over the past several days has gone a long way in keeping ERCOT electrical demand limited and below normal, and in part responsible to seeing spot volume on ICE at Henry Hub and Houston Ship Channel have been running below. But we feel that this demand will begin to rebound and should throw a life line to natural gas futures from falling substantially lower. As a result we would continue to look at selling out of the money puts in natural gas.

We see support tomorrow \$7.50-\$7.49 followed by \$7.419, \$7.36, \$7.28 and \$7.218. Resistance we see at \$7.619, \$7.703, \$7.765, \$7.823 and \$7.929.