

ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JUNE 23, 2008

NATURAL GAS MARKET NEWS

While the tropical weather forecast for the Atlantic basin is fairly quiet in the short term, the GFS continues to point to the possibility of some tropical development starting next week.

The Commodity Futures Trading Commission said the agency will provide Congress with a report by mid-September on the role commodity index funds have played in the rally in energy prices. The House Subcommittee on Oversight and Investigations said it found that CFTC data showed that speculators accounted for the vast majority of oil futures contracts held by traders at the NYMEX. It said speculators have increased their share of NYMEX oil futures contracts to 71% in April from 37% in 2000.

The head of Russia's gas company, Gazprom, said an OPEC style gas charter is not feasible as its oil equivalent is failing in its task of regulating prices. Russia has previously hinted at its interest in creating an OPEC style gas group, which the US and Europe have warned against, saying it could pose a danger to world energy security.

Cardinal Gas Storage Partners LLC announced today that Perryville Gas Storage LLC, wholly owned subsidiary of Cardinal, is holding a non-binding open season for 15.0 Bcf of capacity at a planned storage facility to be located approximately 12 miles south of Delhi, LA. Commercial storage services for the first of two 7.5 Bcf working gas storage caverns are expected to commence in 2012.

A conservation group has asked a federal judge to halt new natural gas drilling in the Pinedale Anticline of Wyoming, claiming the Bureau of Land Management failed to implement monitoring and mitigation that are required under a July 2000 record of decision.

A federal appeals court has lifted a temporary injunction it issued to halt construction of a natural gas pipeline in western Colorado.

InterGen and Conduit Capital Partners LLC entered into an agreement under which InterGen will acquire the Libramiento natural gas compression facility, located adjacent to InterGen's Compression Bajio Project in northern Mexico and an associated natural gas pipeline.

Generator Problems

MAPP – The Omaha public Power District said that its 492 Mw Ft. Calhoun nuclear power plant is at 98% capacity this morning, up from 53% on Friday. The unit had been shut since April 21.

WSCC – Calpine Corp's 530 MW Sutter natural gas fired power station was shut for unplanned reasons by Sunday afternoon.

Duke Energy Corp's 1,129 Mw Unit 1 at the Catawba nuclear power station exited a refueling outage and ramped up to 83% by Monday, up from 10% on Friday. The unit was shut by May 3 for refueling.

ERCOT – Luminant has restarted the 750-Mw Unit 1 at the Martin Lake coal-fired power station, in TX on June 23. The unit shut on June 22 due to the trip of an electrical breaker.

Luminant planned to shut the 565 Mw Unit 2 at the Monticello coal fired power station in TX, by June 21 to fix a boiler tube leak. The company did not say when the unit would return to service.

Luminant's 545 Mw Unit 4 at Sandow coal fired station in TX returned to service over the weekend. The unit shut was June 17 to fix a boiler leak.

NPCC – Ontario Power Generation's 494 Mw Units 1,2 and 4 at the Lambton coal fired power station in Ontario were shut by early Monday. All of the other units were available for service.

The NRC reported that 98,051 Mw of nuclear capacity is online, up 1.05% from Friday and some 5.48% higher than the same date in 2007.

drill for oil and natural gas in the Beaufort Sea offshore Alaska through the rest of the year.

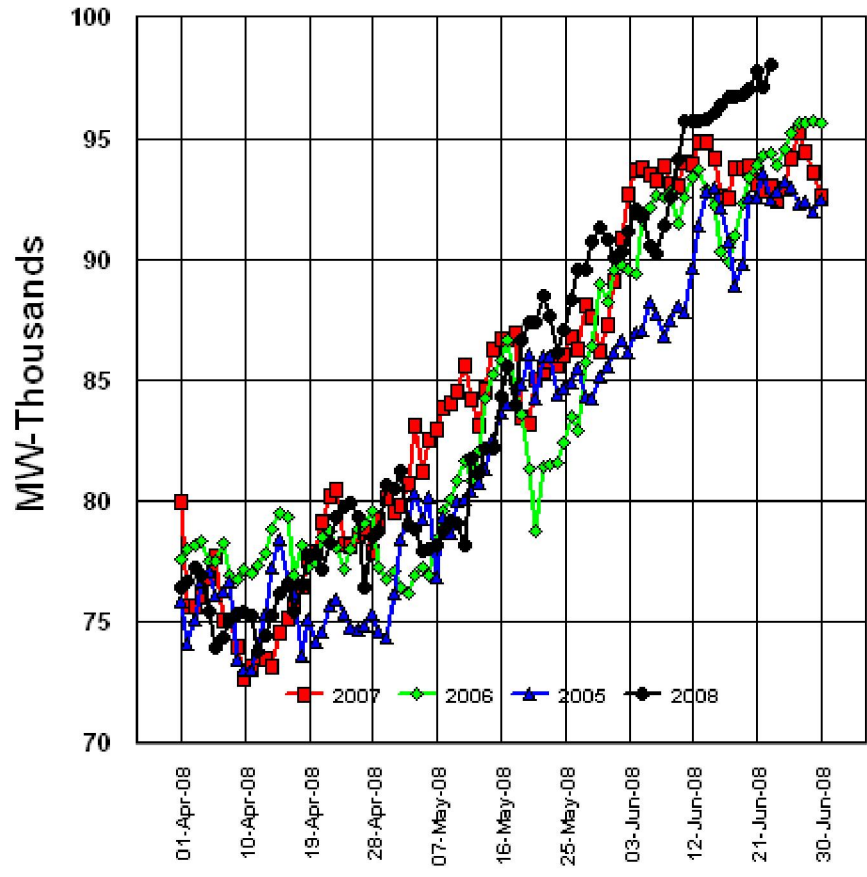
PIPELINE MAINTENANCE

Alliance Pipeline said Sunday that Unit #2 at the Whitecourt meter/compression station experienced unanticipated mechanical difficulties and was off-line. Alliance began corrective maintenance and anticipates it will remain off for eight hours today. Station capacity has been lowered to 660 e3m3 for Cycle #2.

Kern River Pipeline said that on Wednesday, June 25, it will complete a required inspection of the unit #4 fuel injectors at the Muddy Creek compressor station. During the inspection, the other four units will be available. Kern River does not anticipate that there will be any impact to primary firm transportation.

Northern Natural Gas Company, a division of MidAmerica Energy, said that the Earlville Station will be down Wednesday, 6/25, for compressor maintenance and inspections.

Daily U.S. Nuclear Power Generation



ELECTRIC MARKET NEWS

Genscape reported that US power generation in the week ending June 19 was down 7.85% on the week but up 0.64% on the year.

The Los Angeles Department of Water and Power said that crews have restored power to nearly all customers who experienced a power outage Friday, June 20, due to soaring temperatures and customer demand for power. While LADWP said it had enough power to meet the city's needs during the heat wave, extraordinary demand during prolonged hot temperatures put a large strain on the city's electrical distribution equipment. LADWP urged customers to cut back on energy consumption this weekend, as the potential for record-breaking temperatures remained high.

Widespread flooding halted coal delivery going through Iowa, Missouri and Illinois, forcing power plants to rely on stockpiles. Additional transportation problems could come as high water moves down the Mississippi River. Floodwaters are receding in some areas, allowing the reopening of train lines for coal delivery. However it will take time for transportation schedules to return to normal.

Market Commentary

Following Friday's inside trading day, the natural gas market bounced off its low early in the session and rallied higher but still remained within last Thursday's trading range. The market, which posted a low of \$13.021, rallied over 27 cents as it posted a high of \$13.266 by mid-day. The market was well supported by a firm cash market,

week, and a rebound of over \$2 in the oil market. The natural gas
change during the remainder of the session and settled up 20.9 cents
natural gas market still lost value to the oil market amid the lack of a

tropical threat.

The natural gas market on Tuesday will likely trade sideways as it failed to test its record high during today's
upmove. There is also a lack of
any possible tropical threat to
further support the market while
the weather forecasts are calling
for normal to above normal for
much of the country. We see
support for natural at \$13.175,
\$13.067, \$13.021, \$12.918,
\$12.816 and \$12.625. Resistance
we see at \$13.266, \$13.306,
\$13.35, \$13.408 and \$13.55.

