

ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JUNE 24, 2008

NATURAL GAS MARKET NEWS

The tropical weather forecast for the Atlantic basin remains quiet however forecasters are watching the development of a tropical wave over the central Caribbean. The wave is forecast to track into the western Caribbean by late this week. The GFS model has been forecasting that it will develop into an area of low pressure in the western Gulf of Mexico on Sunday and track northward into the northwestern Gulf of Mexico on Monday night and next Tuesday.

The Bureau of Land Management has unveiled a master development plan that would allow a subsidiary of Williams to drill up to 58 new natural gas wells in the Piceance Basin in Colorado.

Alliance Pipeline Inc and Questar Overthrust Pipeline Co^s proposed Rockies Alliance Pipeline, which would transport gas from the Opal and Wamsutter, WY and Meeker, CO to Alliance delivery points in the Chicago area, secured an initial 500 mmcf/d during an open season that closed on June 16.

Aztec Oil & Gas Inc announced it completed the drilling of two new wells for its Aztec 2007A Limited Partnership. The wells Williams #1 and #2 were drilling in Tyler County, West Virginia. The Williams #1 well is currently producing into a sales pipeline at about 100,000 cubic feet/day and continues to increase.

PIPELINE MAINTENANCE

ANR Pipeline Co said it began unplanned engine repairs at various stations along the SE Mainline in ANR^s Southeast Central Fuel Segment late Monday. The total capacity will be reduced by 330 mmcf/day through Friday.

Enbridge Offshore Pipelines said that repairs on Manta Ray^s 16-inch lateral are ongoing. Final testing is currently underway and flow is expected to begin as early as Wednesday.

TransColorado Gas Transmission reminded shippers that it will perform maintenance at its Dolores Compressor Station on Wednesday. Capacity through Segment 220 will be limited to 340,000 Dth and capacity through segment 240 will be limited to 390,000 Dth.

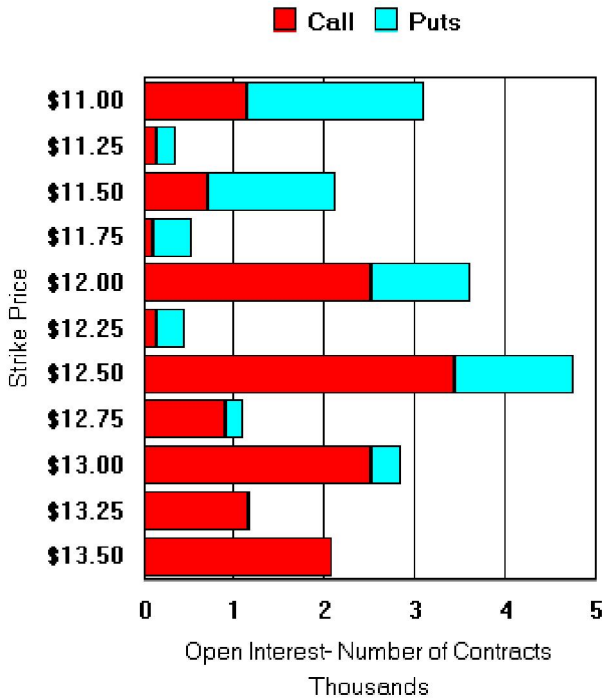
Gulf South Pipeline began unscheduled maintenance on Monday at the Napoleonville Compressor station and will continue for about 14 days. Capacity through the station could be affected as much as 150,000 dth/day during the maintenance period. Also, Gulf South began unscheduled meter facility maintenance at the Exxon-Mobil Bay interconnect on Tuesday. Gulf South said it will also perform scheduled maintenance on the Jackson Compressor Station unit#4 on Monday for five days. Capacity through the station could be reduced by as much as 100,000 Dth during this maintenance.

Generator Problems

SERC – Duke Energy^s 1,129 Mw Catawba nuclear unit 1 continues to ramp up production. It was operating at 98% of capacity on Tuesday, up from 82% on Monday.

NPCC – Ontario Power Generation^s 494 Mw Units 4 at the Lambton coal. fired power station returned to service by early Tuesday. The unit was shut on Monday.

The NRC reported that 98,216 Mw of nuclear capacity is online, up 0.17% from Monday and 4.25% higher than the same date in 2007.



PIPELINE RESTRICTIONS

FGT warned Tuesday that it may issue an Overage Alert Day on one of the upcoming gas days due to high temperatures expected for the next several days.

ELECTRIC MARKET NEWS

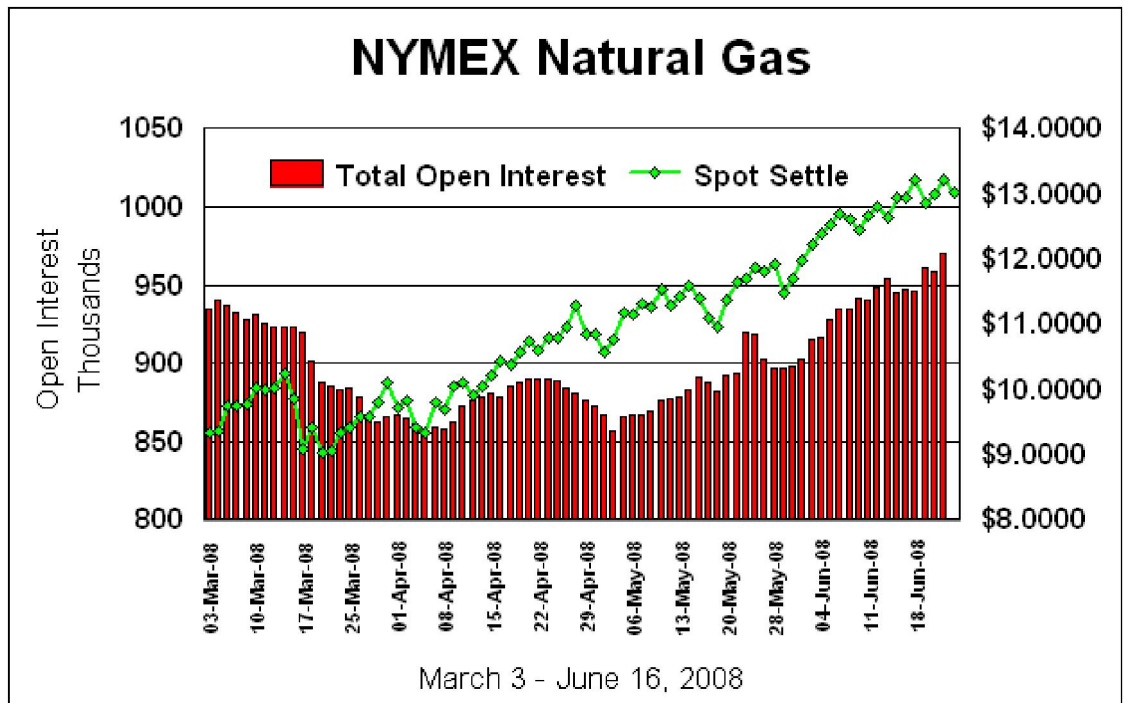
Genscape reported that US coal stocks fell by 1.1% on the week as summer heat and floods contributed to stockpile depletion. It reported that utilities had 150.2 million short tons of coal stockpiled compared with 151.8 million tons last week and 147 million tons in the same week last year.

A plan for the first US offshore wind farm advanced on Monday when the company that is seeking to build it announced it has agreed to sell the power generated to a local utility. Up to 200 Mw of electricity from 60 turbines to be built off the coast of Delaware will be sold to Delmarva Power in a 25 year contract. The wind farm will be able to generate up to 400 Mw in addition to the 200 Mw that will be purchased by Delmarva. The plan is pending the approval of legislators and several states and federal agencies. If approved, the wind farm will be constructed and operational by 2012 or 2013.

Market Commentary

The natural gas market spent much of today's trading session in negative territory as traders took profits after the market once again failed to test its recent record high. The market traded to a high of \$13.269 in early Globex trading and erased some of its gains on revised weather forecasts that do not indicate significant cooling demand over the next two weeks. The market, which was further pressured by the weakness in the crude market, sold off to a low of \$12.903 late in the session. The soon to expire July contract however bounced off its low and settled above the psychological level of \$13.00, at \$13.011, down 19.2 cents. The natural gas market was once again driven by the crude market, which saw its premium over natural gas increase by about 24 cents to \$10.61.

Open interest reported today showed that total open interest built by 11,505 contracts as the market retraced its previous losses. Open interest in the July contract fell by 15,596 while open interest in the August and September contracts built by 9,821 and 3,126 lots respectively. There were also builds in the further out months, with





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,122 in the April and a total of 6,425 in the August 09 to December

While the natural gas market may trade lower amid the lack of any supportive weather forecasts, its losses are seen limited after the market was able to settle above the \$13.00 level. The market's losses are also seen limited ahead of the natural gas option expiration on Wednesday. We see support for natural gas at \$12.903, \$12.853, \$12.695, \$12.625 and \$12.487. Resistance is seen at \$13.219, \$13.269, \$13.427 and \$13.585.