



ENERGY RISK MANAGEMENT

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

www.e-windham.com

POWER MARKET REPORT FOR JUNE 25, 2008

NATURAL GAS MARKET NEWS

According to U.S. EIA forecasts released on Wednesday, global consumption of natural gas is projected to grow 52% from 2005 to 2030, as electricity generation nearly doubles over the same period. If current laws and policies stay the same, gas consumption would grow to 158 trillion cubic feet in 2030 from 104 trillion in 2005. Meanwhile, the head of the EIA, Guy Caruso said expanded offshore drilling in the US will not affect oil and natural gas prices much.

The results of a report conducted by Ernst and Young of 40 exploration and production companies indicates that natural gas reserves and production for the year increased 7% to 138.6 trillion cubic feet and 10.2 trillion feet, respectively. Oil companies have struggled to replace new production in recent years due to restricted access to new fields, project delays and other factors.

A FERC administrative law judge Tuesday granted enforcement staff's request to issue subpoenas for several nonparty companies to appear or produce documents at the hearing of Energy Transfer Partners LP, which is accused of manipulating physical natural gas prices at the Houston Ship Channel and Waha trading hub on various dates from December 2003 through December 2005.

The FERC approved a procedural request from BP and ConocoPhillips to initiate a pre-filing process during which the regulator's staff will review the companies' proposal to build the Denali-Alaska pipeline, with a capacity of 4 bcf, before the official application. The companies said they hope to file the application by August 2011. They said that once the pipeline project is approved it would take 10 years to complete. The project will include a gas treatment plant on Alaska's North Slope and a large diameter pipeline that travels more than 700 miles through Alaska, then into Canada through the Yukon Territory and British Columbia to Alberta. If it is necessary to transport gas from Alberta, the project will also include a pipeline from Alberta to the lower 48 states.

El Paso Corp. announced today that its subsidiary, Ruby Pipeline, LLC, has received more than 1.1 billion cubic feet per day of binding commitments from customers under 10- to 15-year contracts and is moving forward with the pipeline project, subject to regulatory approvals. The Ruby Pipeline is an approximately 670-mile interstate pipeline that will extend from the Opal Hub in Wyoming to a pipeline interconnect at Malin, Oregon, near California's northern border. Initial capacity will be between 1.3 Bcf/d and 1.5 Bcf/d, depending on the final level of customer commitments and will be in service by March 2011.

Generator Problems

NPCC – Ontario Power Generation's 494 Mw Units 1 at the Lambton coal-fired power station returned to service by early Wednesday. The unit was shut on June 23.

Constellation Energy has trimmed production at its 1,120 MW Nine Mile Point Nuclear Station unit 2 to 80% capacity this morning, down from full power on Tuesday, 6/24. The reason for the curtailment and forthcoming production schedule remain unknown.

Entergy Nuclear has curtailed production to 93% capacity at its 535 Mw Vermont Yankee nuclear plant, decreasing output from full capacity on Tuesday, 6/24. A reason for the reduction remains unknown.

ERCOT- Luminant restarted the 565 Mw Unit 2 at the Monticello coal-fired power state power station in Texas at least twice on June 24. The company restarted the unit by June 24 after fixing a boiler tube leak that shut the unit by June 21.

The NRC reported that 98,009 Mw of nuclear capacity is online, down 0.21% from Tuesday and 2.88% higher than the same date in 2007.

Colombia Gas Transmission Corp intends to expand its Ohio storage facilities by 6.7 bcf of working capacity and enhance daily deliverability from its Weaver and Crawford storage fields by 100 mmcf/d under its Ohio Storage Expansion project.

Qatar has sent its first shipment of LNG to the US, according to Qatargas. It has shipped its LNG cargo in new tankers that have a capacity of 216,000 cubic meters, about 60% larger than Qatargas' current fleet of vessels with capacity of about 135,000 cubic meters. The cargo is the second to arrive at the new US Sabine Pass LNG terminal in southwest Louisiana. Qatar plans to more than double its LNG capacity to 77 million tons in 2010 from about 31 million tons.

Spain's Gas Natural said it won approval from Italy's Ministry to build a regasification plant for liquefied natural gas imports at the northern Italian port Trieste. The plant is due to come onstream in 2012. The onshore plant will have two tanks each with the capacity to hold 140,000 cubic meters of LNG and to process 8 billion cubic meters of gas/year.

PIPELINE MAINTENANCE

Enbridge Offshore Pipelines said that it has resolved the liquids issue at Manta Ray 16 – inch lateral and the company will lift the force majeure. Completion of repairs is expected for Thursday, 6/26. Nautilus requests that, beginning with the gas day at 9:00 AM CST, all shippers move gas to nautilus as capacity increases and nautilus returns to normal operating conditions.

Gulf South Pipeline said that the scheduled maintenance at the Kiln Compressor Station on Unit # 2 has been rescheduled to begin Thursday, 6/26. The project was originally slated to begin today. Maintenance will last approximately 8 hours and capacity through Kiln could be reduced by as much as 75,000 DTH.

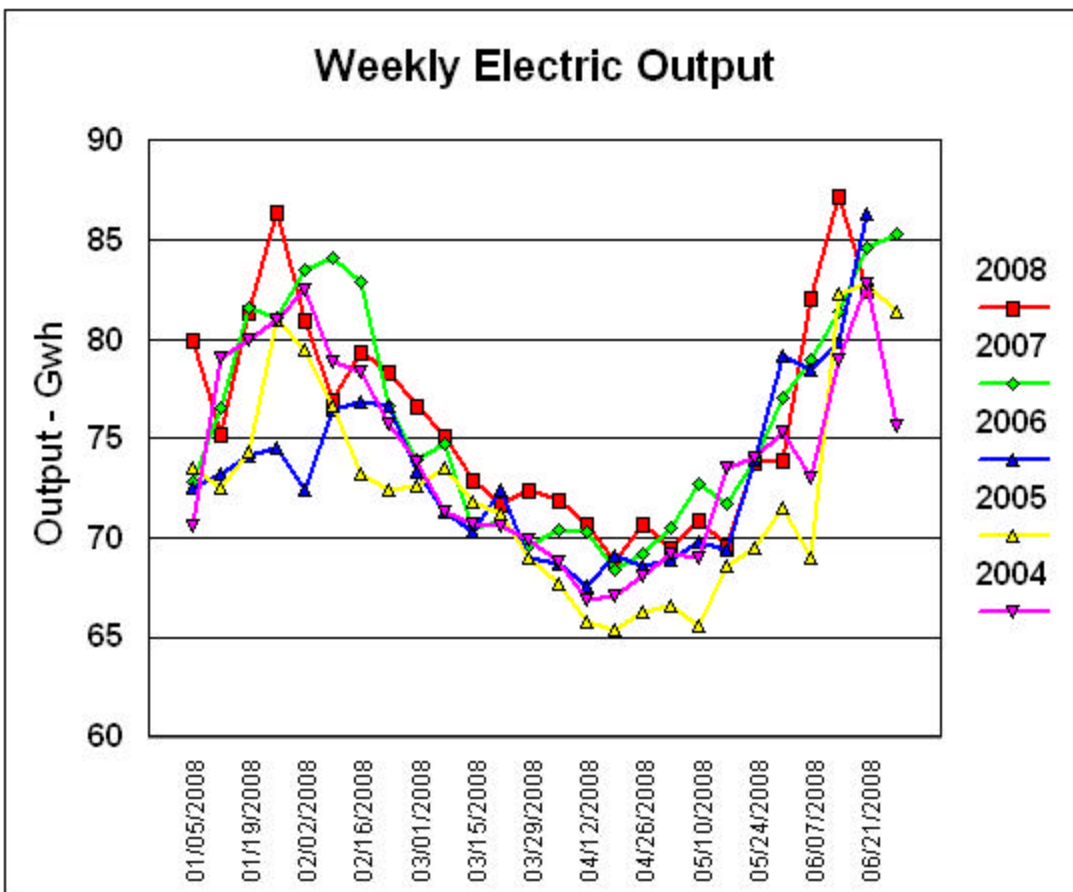
PIPELINE RESTRICTIONS

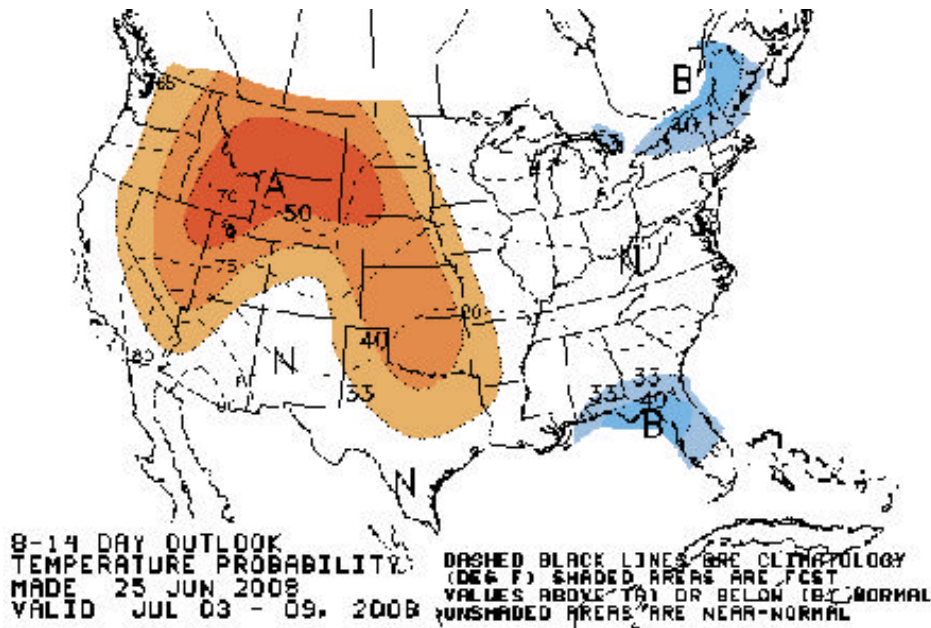
Northwest Pipeline Co., a subsidiary of Williams, said that beginning gas day Thursday, 6/26, and until further notice, Northwest is invoking

realignment OFO provisions. Northwest must take this action because the net scheduled quantities for gas day June 25, northbound in the timely cycle through Meacham were 462,000 DTH compared to the operational capacity of 440,000 DTH/d, and shipper feedback indicates nominations are likely to exceed capacity in the absence of an OFO.

ELECTRIC MARKET NEWS

Edison Electric Institute reported





that for the week ending June 21, about 82,466 Gwh of power was generated, down 5.42% on the week and down 2.5% on the year.

SAS, the leader in business intelligence and analytics software, in coordination with Progress Energy Carolinas and Sun Power Corp, will develop a solar electric power farm on the company's Cary, N.C. headquarters campus. Late 2008, is the expected timeline for going on line. SAS' solar farm is estimated to generate 1.7 million kilowatt - hours per year, reducing carbon dioxide emissions by over 1,600 tons annually.

Market Commentary

The natural gas market ended the session in negative territory amid the softer cash market, the weakness in the crude market and the weather forecasts calling for milder temperatures for much of the country. The market, which traded above the \$13.00 level in overnight trading and posted a high of \$13.027, retraced its gains as a sharp sell off in the crude market triggered much of the selling in natural gas today. The natural gas market sold off more than 35 cents to a low of \$12.654 in early trading. The market later bounced off that level and settled in a sideways pattern during the remainder of the session. It settled down 25.8 cents at \$12.753.

Market expectations for Thursday's EIA storage report appear to range between a 65 and a 99 bcf injection, with the median estimate at a 90 bcf build. Natural gas stocks last year for this week posted a 96 bcf build while the five year average was a 94 bcf build.

The natural gas market will likely remain pressured ahead of the July contract's expiration on Thursday amid the weather forecasts and an expected build of 90 bcf in inventories. Support in the natural gas market is seen at \$12.654, \$12.625, \$12.596 and \$12.223. Resistance is seen at \$12.85, \$12.969, \$13.024, \$13.184 and \$13.342.