



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JUNE 29, 2007

NATURAL GAS MARKET NEWS

Chevron Pipe Line Co. plans to expand its Keystone Gas Storage facility in West Texas by 2 Bcf for a total working capacity of 7 Bcf, the company said Friday. The facility's withdrawal capability is 400 MMcf/d and injection capability is 160 MMcf/d. The expansion is expected to increase injection capability to 200 MMcf/d.

Canadian Enerdata reported that Canadian natural gas storage was at 421.3 Bcf, or 64.51% of capacity. The report shows a net increase in Canadian storage levels of 12.7 Bcf or 3.1% higher.

PIPELINE RESTRICTIONS

Tennessee Gas Pipeline declared a force majeure event Thursday for meters located on the 527A-100 line. The reason for the event is to repair a leak on the line. Tennessee requires that operators and producers keep physical flow and scheduled volumes at zero until further notice.

PIPELINE MAINTENANCE

National Fuel Gas Supply Corporation said that the Knox station that was shut down at 8:00 Am today is complete and the station is back on line.

ELECTRIC MARKET NEWS

Con Edison crews have been working around the clock restoring power to homes and businesses affected by severe thunderstorms in its service area. As of 10 AM ET today, fewer than 150 total customers in Westchester County and Queens, the hardest hit areas, remained without power. The company said all customers would be restored today. About 20,000 customers in Westchester have been restored from the Wednesday and Thursday storms. For Queens, the company has restored about 17,000 customers since Wednesday.

MARKET COMMENTARY

The natural gas market started the session unchanged after trading to an early pre-session low of 6.607. Light short covering after two weeks of heavy selling brought the market off its five-month lows. Also lending support today was the rallying oil complex, which saw August Crude Oil trade above \$71.00. The August Natural Gas contract traded to a high of 6.80 today as traders looked to clear up their books and take profit after natural gas' tumultuous drop. The market traded in a 10-cent range on light volume during the session between 7.70 and 7.80 before settling ahead of the weekend up 11.8 cents at 6.773.

The Commitment of Traders Report showed that non-commercial traders increased their futures only net short position by 8,720 lots to 37,953 contracts. However, in the combined futures and options report, non-commercial traders reduced their net short position by 6,897 lots to 80,888 contracts. Cooler weather has moved into the Eastern U.S. dropping temperatures and pressuring demand for cooling on regional power grids serving markets

Generator Problems

MAIN – Exelon's 1,178 Mw Braidwood #1 nuclear unit exited an outage and ramped up to 26% power today. Braidwood #2 continues to operate at full power.

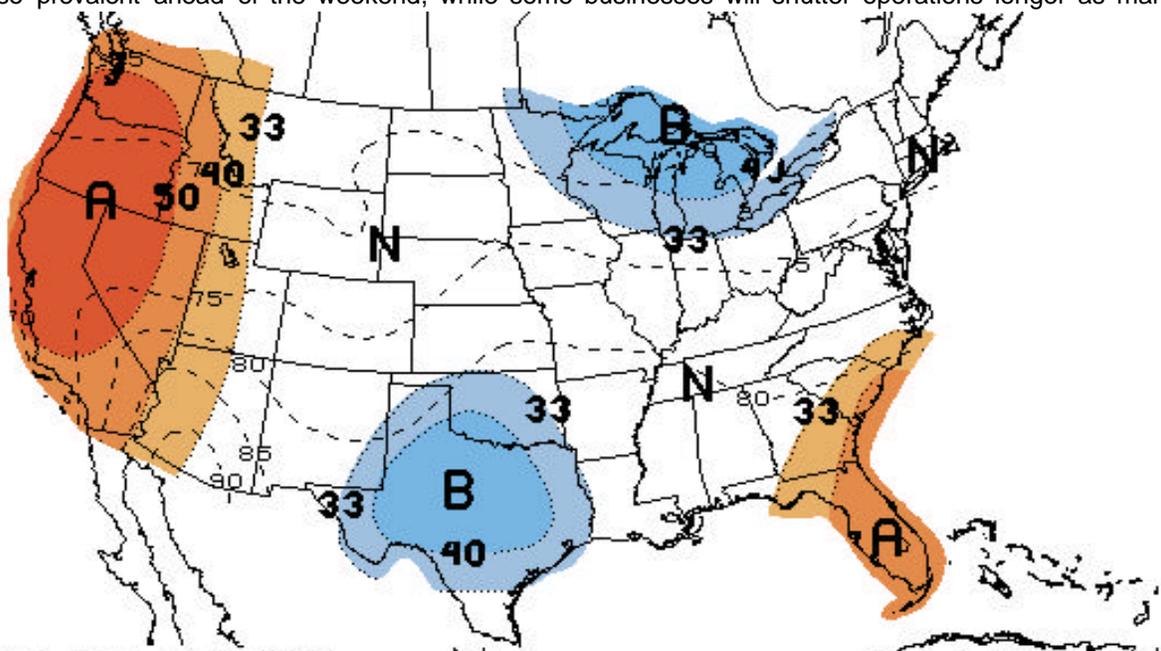
SERC – Progress Energy's 938 Mw Brunswick #1 nuclear unit dipped to 71% by early today. Yesterday, the unit was operating at full power. Brunswick #2 continues to operate at full power.

WSCC – Southern California Edison's 1,070 Mw San Onofre #2 nuclear unit started to exit and outage and ramped up to 2% power by early today. The unit shut June 20 to fix a failed pipe connection. San Onofre #3 continues to operate at full power.

Energy Northwest's 1,200 Mw Columbia nuclear unit shut last night after experiencing a condensate pump trip.

The NRC reported that 93,604 Mw of nuclear capacity is on line, down .94% from Thursday, and off 2.11% from a year ago.

up and down the Eastern Seaboard. In addition to lower cooling load, commercial and industrial load decline was also prevalent ahead of the weekend, while some businesses will shutter operations longer as many take



**8-14 DAY OUTLOOK
TEMPERATURE PROBABILITY
MADE 29 JUN 2007
VALID JUL 07 - 13, 2007**

**DASHED BLACK LINES ARE CLIMATOLOGY
(DEG F) SHADED AREAS ARE FCST
VALUES ABOVE (A) OR BELOW (B) NORMAL
UNSHADED AREAS ARE NEAR-NORMAL**

vacations with the Fourth of July holiday Wednesday. With average and below temperatures forecast for the eastern two thirds of the country the market will remain under pressure until we see a significant shift in the 11-15 forecast. We see resistance at 6.80, 6.92, 7.10 and 7.13. Further resistance we see at 7.25 and 7.60. We see support at 6.70, 6.55, 6.40 and 6.25.