



ENERGY RISK MANAGEMENT

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

www.e-windham.com

POWER MARKET REPORT FOR JUNE 30, 2008

NATURAL GAS MARKET NEWS

Accuweather reported that there are no organized features in the Atlantic Basin. However there are a few tropical waves. A wave is currently over the central Caribbean. Strong westerly winds are causing too much shear for the wave to become any better organized. Another wave found in the open Atlantic is trading westward is expected in the Lesser Antilles by Tuesday. It is unlikely the strong westerly winds over the Caribbean will weaken by the time the wave arrives, lessening the likelihood for further development of this wave over the next several days. A third tropical wave has emerged from the African coastline. A private weather forecaster also reported that a tropical disturbance is expected to emerge into the eastern Atlantic within the next 48-60 hours. The GFS model and the European model agreed that this system would become a tropical cyclone later this week as it tracks westward across the central and eastern Atlantic.

The EIA in its latest Natural Gas Monthly report, it estimated that natural gas production at 54.1 bcf/d, up 3.6% on the year. It reported that natural gas consumption was 61.23 bcf/d, up 2.2% on the year. The EIA also reported that U.S. liquefied natural gas imports fell 67% from the previous year, to the lowest level for any April month over the past 6 years. The Energy Department's monthly gas report showed that U.S. imports of LNG shipments dropped to 32.2 bcf in April from 98.7 bcf the previous year. Imports for April increased from a low of 23.7 bcf in March. The last time LNG imports were lower in April was in 2002 when monthly imports totaled 17.2 bcf. The EIA is expecting LNG imports to average 1.45 bcf per day this year, which is significantly lower than 2.11 bcf per day the previous year. The EIA is expecting imports to increase to 2.32 bcf per day in 2009.

An industry analyst said fundamental factors within the market this summer could push natural gas prices as high as \$18-\$20/mmbtu.

Petrohawk Energy Corporation has announced that they have finished the initial horizon well in Haynesville Shale. The Elm Grove Plantation #63 started production on June 27 and by June 29, production was at an average rate of approximately 16.8 mmcf/d.

Generator Problems

SERC – Duke Energy Corp's 1,100-Mw McGuire 1 nuclear power unit began to exit an outage and increased to 15% power as early as Monday.

Entergy Corp's 967-Mw River Bend nuclear power reactor in Louisiana was reduced to 87% as of Monday, the U.S. Nuclear Regulatory Commission said. On Friday, the unit was operating at 18%.

Southern Nuclear decreased production at its 862 MW Edwin I. Hatch 2 this past weekend. Output dropped from full power capacity on Friday to 88% reported this morning.

ERCOT – The 675-Mw Pirkey coal-fired power station will be shut down from today, Monday June 30 until July 6. The American Electric Power Co Inc told regulators in reports that this was planned in order to fix the boiler.

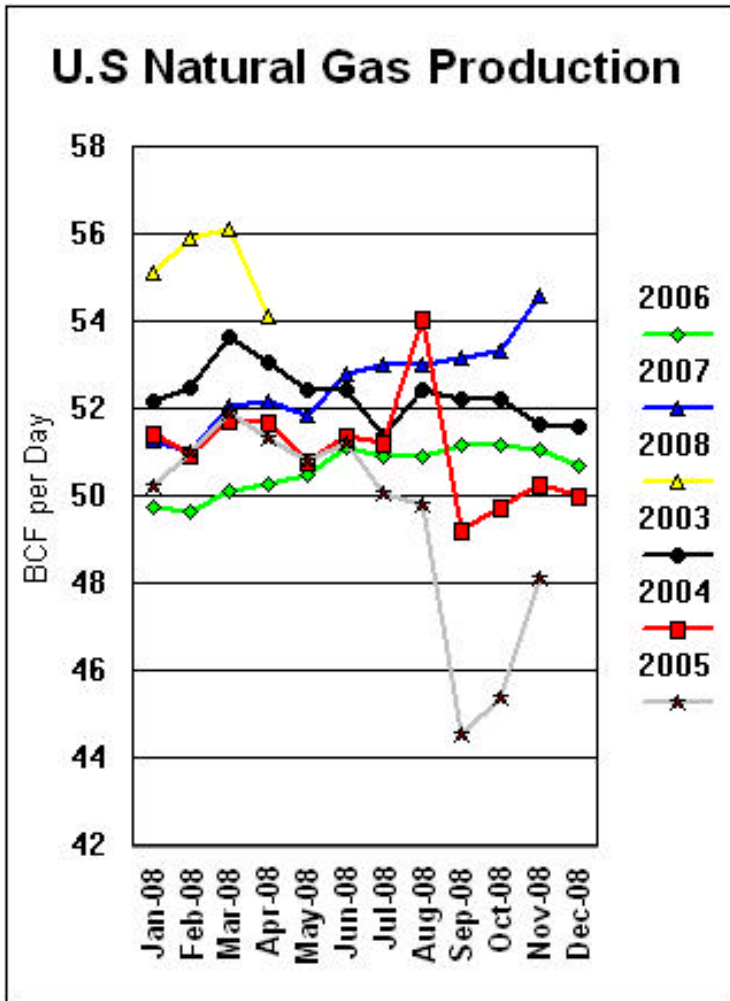
NPCC – Ontario Power Generation's 490-Mw Unit 2 was shut at the Nanticoke coal-fired power station by early Monday.

Ontario Power Generation's 494-Mw Unit 2 was shut at the Lambton coal-fired power station by early Monday.

Dominion Resources Inc.'s 882-Mw Milestone nuclear power station was shut by early Monday. The unit was operating at full capacity on Friday.

The Independent Electricity System Operator reported that the Bruce Power LP's 822-Mw Unit 5 at the Bruce B nuclear power station returned to service Monday morning. The unit was shut on April 28 for repair work on control room computer equipment.

The NRC reported that 96,073 Mw of nuclear capacity is online, down 0.28% from Friday and up 2.19% on the year.



Dominion plans to launch an open season July 7 for the proposed Dominion Keystone pipeline to transport up to 1 bcf/d from southwestern Pennsylvania to the East Coast markets.

Pepco Energy Services has been awarded a two year contract to supply natural gas to various Department of Defense facilities and federal civilian agencies in the Northeast and across the central part of the US.

PIPELINE MAINTENANCE

Gulf South Pipeline plans to begin scheduled meter maintenance at 9:00 AM today. This will take place on its facilities at the Henry Hub interconnect with Sabine Pipeline for 2 weeks. The interconnect's available capacity is limited to approximately 300,00 Mcf/d during this time of maintenance. It also said it started unscheduled maintenance at the Carthage Junction Compressor Station on the Expansion Turbine Unit T6. It anticipates the maintenance to be completed today.

PIPELINE RESTRICTIONS

Florida Gas Transmission notified customers that its Overage Alert Day has been reissued at 10% tolerance as Florida's forecasted weather for today is 90-degrees and the company's linepack is significantly lower than target levels.

ELECTRIC MARKET NEWS

Genscape reported that during the week ending

June 26, U.S. power generation was up 1.38% from the previous week. It was also up .17% from the same week one year ago.

Luminant's plan to increase output to two reactors was approved by Federal nuclear regulators. This increase will boost the power station, Comanche Peak 1's, electric capacity by 49-Mw or 4% to 1,259-Mw, according to the NRC.

The Alliant Energy Corporation subsidiary, Wisconsin Power and Light Company (WPL), has filed Site Permit and Certificate of Need applications with the Minnesota Public Utilities Commission (MPUC) for the Bent Tree Wind Farm. This wind farm in Freeborn County has the ability to produce up to 400 MW of emissions-free energy. The site permit application requires MPUC approval for the 400 MW, so the project will come online in phases. The first phase will consist of a 200 MW wind farm. WPL expects 200 MW of the Bent Tree Farm to be commercially operable by 2010.

Market Commentary

Early in the session, the natural gas market was once again well supported by the strength in the crude market. The natural gas market allied to a high of \$13.448, a new 30 month spot month high. The market was also supported amid the stronger cash market and more supportive weather forecasts, calling for normal to above normal for much of the country. The market later gave up some of its gains and traded to a low of \$13.21 as the crude market fell off about \$4 from its new record high. The natural gas market's losses were however limited amid the change in the weather forecasts and traded back towards the \$13.40 level ahead of the close. It settled up 15.5 cents at \$13.353.

The natural gas market, which took its cue on the change in weather forecasts, is seen retracing some of its gains on Tuesday. Its gains are still seen limited amid the expected fall in industrial demand ahead of the 4th of July holiday and the lack of any tropical threat. The market is seen finding support at \$13.226, \$13.21, \$13.099 and \$12.988. Resistance is seen at \$13.40, \$13.455, \$13.464, \$13.575 and \$13.702.

