



ENERGY RISK MANAGEMENT

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

www.e-windham.com

POWER MARKET REPORT FOR JULY 15, 2008

NATURAL GAS MARKET NEWS

The National Hurricane center today continued to watch a tropical disturbance that was some 770 miles east of the Lesser Antilles. While satellite imagery has been showing some signs of increased convection, the system remains having a hard time in getting better organized. As a result while there is the potential for this system to become a tropical depression within the next day or so still, environmental conditions are becoming less favorable for development. By the afternoon the system was even less organized than it was at the start of the day. The computer models though continue to point to this system following a potential path that could threaten the Gulf of Mexico.

Generator Problems

NPCC – Constellation Energy's 1140 Mw Unit #2 at the Nine Mile Point nuclear power plant was at 65% of capacity. The unit had been running at full power on Monday.

OPG 490 Mw Unit #7 at the Nanticoke coal fired power plant was taken off line early Tuesday.

SERC – TVA's 1120 Mw Browns Ferry nuclear unit #2 was at 77% of capacity this morning, down 13% from Monday.

The NRC reported that 97,632 Mw of nuclear capacity is online, up 0.3% from Friday and up 1.53% from the same day a year ago.

Qatar Petroleum said that they are on target to begin supplying ExxonMobil's South Hook LNG terminal in the U.K. by the end of the year. The company noted that the fourth liquefaction unit is in the process of being commissioned and start up and should see the first exports bound to the U.K. before the end of the year. The company also noted that its fifth train would start production in 2009. A year ago though the company had hoped to have the the fourth train on line by June 2008 and he fifth train by the end of 2008.

Petronas, the world's second largest LNG producer said today that Iran's South Pars LNG project might not be viable because of rising construction costs and the constraints of sourcing equipment given the geopolitical situation. Petronas holds a 20% stake in the project. On July 10th Total which holds a 30% stake said that it postponed plans to invest in a project linked to the South Pars gas field.

Turkmenistan said it is ready to support and start construction on a new Russian controlled gas export line, that will move up to 10 bcm of Turkmen gas and 10 bcm gas from Kazakhstan gas as well. Some western interests had been pushing for the country to support the Nabucco project which sought to connect Caspian Sea natural gas production to European markets by bypassing Russia.

Congressman Emanuel of Illinois, the fourth highest member of the House leadership team said today he would introduce legislation that

Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	Volume Traded	Avg Price	Change	Basis	Change	Basis 5-Day Moving Avg
				<small>(As of 12:30 PM)</small>		
Henry Hub	781,800	\$11.466	(\$0.114)	(\$0.019)	\$0.717	(\$0.553)
Chicago City Gate	649,700	\$11.808	\$0.241	\$0.323	\$0.650	(\$0.143)
NGPL- TX/OK	617,100	\$11.321	\$0.221	(\$0.164)	\$0.630	(\$0.595)
SoCal	858,300	\$10.975	\$0.155	(\$0.510)	\$0.564	(\$0.991)
PG&E Citygate	805,500	\$11.177	\$0.218	(\$0.308)	\$0.627	(\$0.740)
Dominion-South	507,400	\$12.620	\$0.290	\$1.135	\$0.699	\$0.686
UTrade Weighted	20,499,000	\$11.416	\$0.308	(\$0.069)	\$0.72	(\$0.553)

would require U.S. automakers to make 10% of their car fleets to run on natural gas by 2018. The measure would also offer new incentives to make natural gas more readily available to motorists and could enable contraction of natural gas pumps at some 20,000 gas stations across the United States.

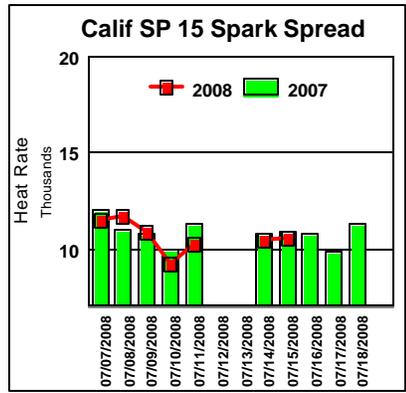
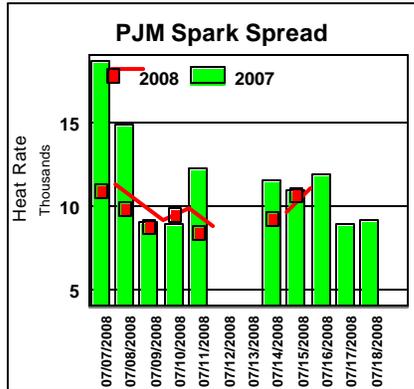
Petrobras said today it might build a third LNG terminal in southern Brazil. The terminal will probably be a floating maritime terminal rather than a fixed point on land. The company is looking for a site with close proximity to the natural gas pipeline grid as well as location of natural gas fired power units, since power generation will be major justification for the facility. Petrobras is expected to complete two other LNG terminals this year.

Noble Energy reported today it expects to post an \$828 million pretax loss in the mark-to-market value of its crude oil and natural gas derivatives. Of the \$828million, \$716 million was unrealized.

The federal coordinator for Alaska Natural Gas Transportation Projects said on Monday that there is no clear front runner at this stage of the review process despite Denali and TransCanada are the most widely discussed export pipeline projects.

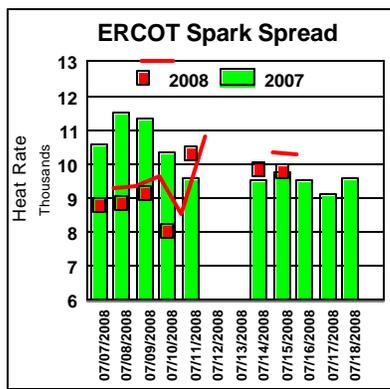
PIPELINE MAINTENANCE

Rockies Express Pipeline announced it will be performing a hydrostatic test in September on a section of its pipeline between the Steele City and Turney stations. The work is scheduled to begin on September 3rd and last until September 26th. During this work, deliveries to ANR Brown and PEPL Audrain will be unavailable.



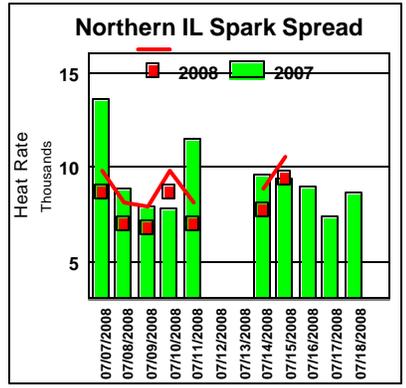
Northern Natural Gas said that the Matagorda Offshore Pipeline System will be conducting planned maintenance and pigging operations on August 21-23rd. The work had been originally planned for late July but was moved back. The company warned though that weather conditions at the time may push the activities back again. Scheduled volumes will be affected because of the large amounts of liquids anticipated. All production is expected to be shut in.

The company also noted it will be performing maintenance and testing at its Pierz, MN compressor Station on July 29-31st. During this outage no gas can flow to or from the Viking/NNG Perz bi-directional interconnect. All nominations will be allocated.



Gulf South Pipeline said it would be performing maintenance on a six-mile section of Index 381 at Jackson, MS beginning July 22nd and lasting until July 24th. The company though does not anticipate any service disruptions due to the work though.

TransColorado Gas Transmission confirmed today that it would be performing maintenance at its Whitewater Compressor Station on July 16th. Capacity through Segment 220 will be limited to 340,000 Dth and capacity through Segment 240 will be limited to 390,000 Dth. Based on the current level of nominations, AOR/IT, secondary and primary FT quantities are at risk of not being fully scheduled.



TransColorado Gas Transmission confirmed today that it would be performing maintenance at its Whitewater Compressor Station on July 16th. Capacity through Segment 220 will be limited to 340,000 Dth and capacity through Segment 240 will be limited to 390,000 Dth. Based on the current level of nominations, AOR/IT, secondary and primary FT quantities are at risk of not being fully scheduled.

ELECTRIC MARKET NEWS

Genscape reported today that U.S. power plants had 2% less coal inventories for the week ending July 14th than from the prior week but still stocks were some 1.2% higher than the same period a year ago.

The New York State Attorney General said today that his office was investigating First Wind and Nobel Environmental Power, two wind generators operating in New York State. The companies were being investigated as a result of the Attorney General's office receiving numerous complaints that the companies had given "improper benefits" to public officials or took part in anti-competitive actions.

The Florida Public Service Commission approved today a petition by Progress Energy Florida for a determination of need for two nuclear units at an energy complex to be constructed in Levy County, Florida, some 10 miles north of the company's Crystal River Energy Complex. The two nuclear units would come online in 2016 and 2017 and generate 2200 MW of power.

Exelon Corporation announced today a comprehensive environmental plan that the company is seeking to slash its carbon footprint by 2020. The plan Exelon 2020, set a goal reducing, offsetting or displacing more than 15 million metric tons of greenhouse gas emissions per year by 2020. This is more than the company's current annual carbon footprint and is equivalent of taking nearly 3 million cars off American roads.

The BPA reported the Cal-Oregon AC Intertie would be limited to 3150 Mw flow north to south on Tuesday for maintenance work on the Captain Jack-Olinda 500 Kv line. For Wednesday and Thursday flow availability will be set at 4,625 Mw.

MARKET COMMENTARY

While expectations for warming temperatures across the nation over the next several days had next day gas and power prices stronger this morning, natural gas futures though were on the defensive, as crude oil prices collapsed this morning on recessionary fears, dragging natural gas futures values with it. While natural gas was able to recover \$1.00 per mmbtu in value relative to crude it still pushed natural gas futures to its lowest level in the August contract since May 19th by the close.

Technically tomorrow could be a critical day for natural gas with the spot contract approaching key support on seven-month trend line, which tomorrow will be found at \$11.22. In addition the 38% retracement of this seven-month rally comes in at \$11.075. If this key area is breached it is possible that natural gas could tumble down to the \$10.52-\$10.30 region. If this price contraction is realized while our call spread above the market will be far from being in the money we would still look at the price action as a golden opportunity to add to the position in October call spreads at just lower strikes, possibly a \$12.50-\$15.00 call spread which tonight settled at 57.9. The \$13.50-\$16.00 call spread settled at 30.1 cents.

Resistance tomorrow we would look for initially at \$11.557, followed by \$11.657, \$11.744, with more significant resistance at \$11.933, \$12.261 and \$12.39. More distant resistance we see at \$12.535, \$12.668 and \$12.809.