



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JULY 31, 2008

NATURAL GAS MARKET NEWS

The National Hurricane Center today noted the area of low pressure in the vicinity of the Cape Verde Islands continued to diminish as cooler sea surface temperatures and dry air took their toll on the system. By midday the NHC was no longer providing updates on the system. Forecasters though were noting that the computer models were warning of the potential of an upper level low forming over the northern Gulf of Mexico late this weekend and early into next week and as a result some forecasts noted that the area was worth keeping an eye on over the next several days.

Generator Problems

ERCOT- Luminant's 750 Mw coal fired Martin Lake #3 generating unit was having maintenance on its fly ash handling system. The work was expected to be completed by Thursday afternoon.

The NRC reported that 97,903 Mw of nuclear capacity is online, up 0.1% from yesterday and down 0.35% from the same day a year ago.

Algeria's energy minister today said that his nation will look to increase its LNG export volume by 50% to 30 million mt/year by 2012, as it new LNG facilities at the Skikda complex come online in 2011. He also looked for LNG prices to reach parity with crude oil values and even go beyond them in the future.

EIA Weekly Report

	07/25/2008	07/18/2008	Net chg	Last Year
Producing Region	752	752	0	923
Consuming East	1363	1308	55	1495
Consuming West	346	336	10	400
Total US	2461	2396	65	2818

*storage figures in Bcf

Enterprise Products Partners said today that its Independence Hub natural gas production platform should return to service late Saturday following its planned four-day maintenance outage. Following the work, the company expects production to ramp up quickly to more than 800 million cf/d.

AGL Resources today reported a net loss of \$11 million for the second quarter of 2008, versus a net income of \$30 million in the second quarter of last year. The losses this quarter were the result of \$55 million in pre-tax hedging loss in the wholesale services segment related to a segment increase in forward NYMEX natural gas prices, and the widening of transportation basis spreads during the quarter.

Canadian Gas Association

Weekly Storage Report

	25-Jul-08	18-Jul-08	27-Jul-07
East	163.0	152.6	185.7
West	259.6	252.4	306.3
Total	422.6	405.1	492.0

storage figures are in Bcf

Chesapeake Energy reported a second-quarter net loss of \$1.6 billion versus a profit of \$492 million last year during the same quarter as a result of losses from hedging activity.

Gill Ranch Storage LLC, a subsidiary of Northwest Natural Gas Company, filed an application this week with the California Public Utilities Commission requesting authorization to construct an operate an underground natural gas storage facility. The project would have an initial capacity of 20 bcf located near Fresno.

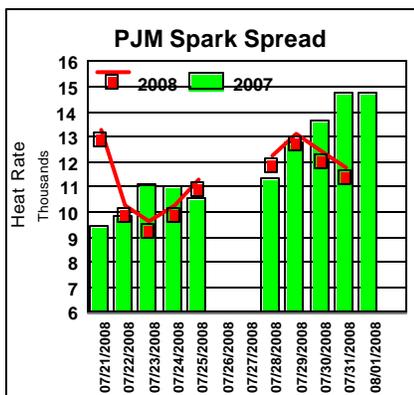
PIPELINE MAINTENANCE

Alliance Pipeline said that scheduled maintenance would require Unit #1 at the Whitecourt Lateral Meter/Compression Station would be unavailable for 10 hours on August 6th. Station capacity will be reduced to 627 e3m3/day.

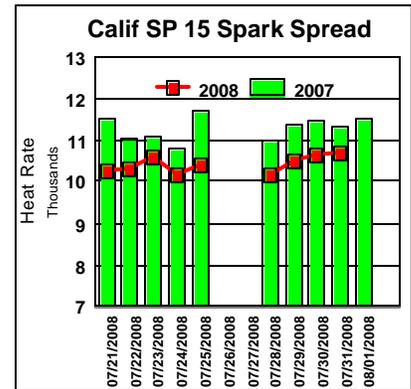
Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	Volume Traded	Avg Price	Change	Basis (As of 12:30 PM)	Change	Basis 5-Day Moving Avg
Henry Hub	803,700	\$9.257	\$0.244	\$0.092	\$0.093	(\$0.320)
Chicago City Gate	784,500	\$9.161	\$0.318	(\$0.004)	\$0.208	(\$0.117)
NGPL- TX/OK	821,700	\$8.800	\$0.300	(\$0.365)	\$0.190	(\$0.453)
SoCal	1,034,700	\$8.190	\$0.226	(\$0.975)	\$0.116	(\$0.794)
PG&E Citygate	774,000	\$8.601	\$0.284	(\$0.564)	\$0.174	(\$0.454)
Dominion-South	346,900	\$9.860	\$0.310	\$0.695	\$0.200	\$0.600
UTrade Weighted	19,839,200	\$8.784	\$0.203	(\$0.381)	\$0.09	(\$0.320)

Northern Natural gas said that it has again changed the dates for some pipeline modifications on the Connect/NNG B Line. The work will now begin on August 4th and continue through August 22nd. As a result OPOI 59370

will be shut in for the duration of the work and the point will be allocated to zero. The company also reported that the Roger Mills Pipeline system capacity will be zero from November 1-11th due to required maintenance at the Hemphill pipeline system.



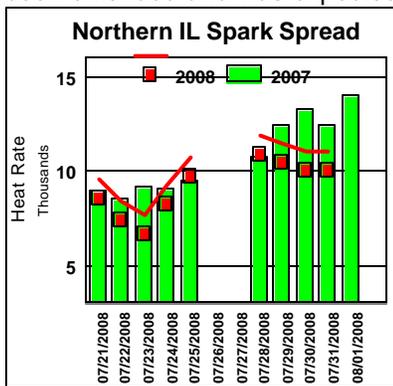
Transco Pipeline said that anomaly repair work on the Central Louisiana Gathering system between Egan Junction and the mainline would begin on August 4th and continue through the 7th. The repair work will require a line cut to the Central Louisiana Lateral; therefore all supply upstream of this location will be shut in for the duration of the outage. This should affect some 75 Mtdh/d.



Columbia Gas Transmission said that it is constructing new facilities at its Greeley Chapel Regulation Station, in

Allen County, Ohio. The work will restrict non-firm capacity at the Paulding and Cecil interconnects, MLI's F1 and A2 beginning August 4th through August 8th. The company does not expect any impact on primary firm capacity at this time.

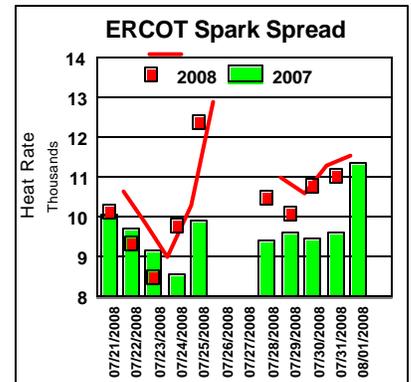
Gulf South Pipeline said that its unscheduled maintenance at the Carthage Junction Compressor Station had been extended and was expected to be completed by late this afternoon.



ELECTRIC MARKET NEWS

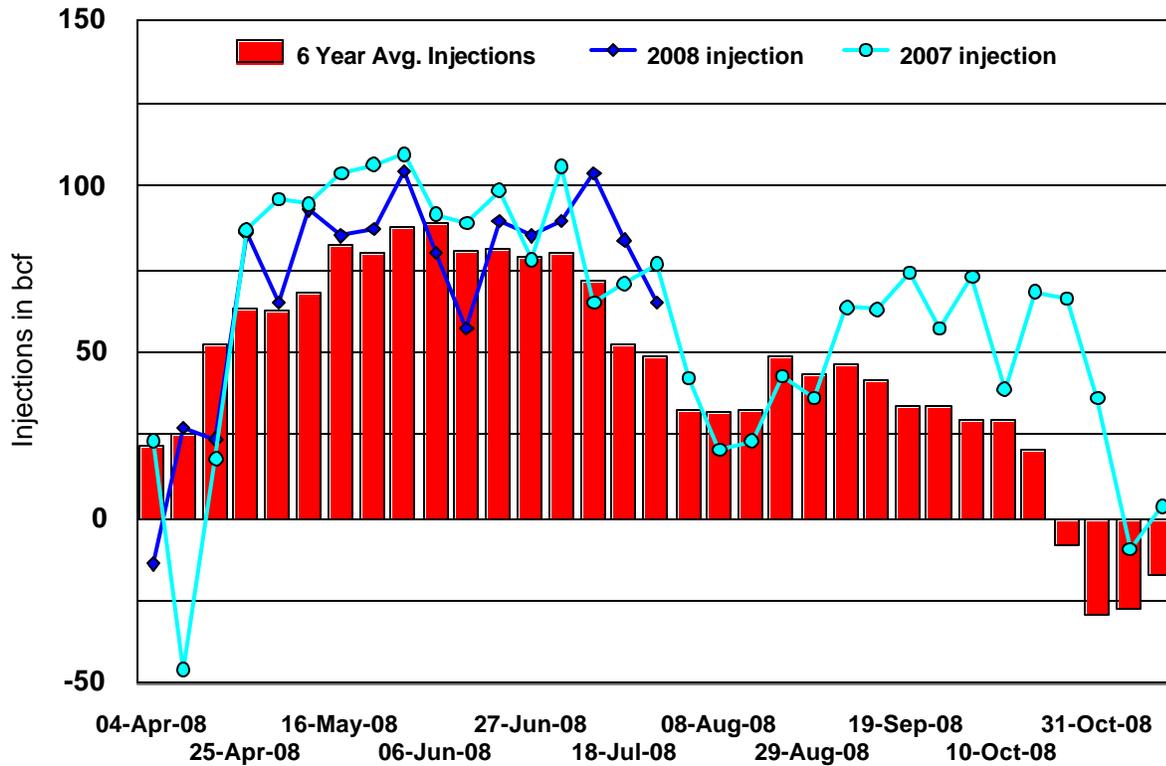
AEP's Ohio unit filed a plan with state utility regulators seeking to increase retail power rates by 15% a year over the next three years. The company said that most of the rate increase was to cover rising fuel costs and to invest in more renewable and energy efficient projects.

The CEO of PJM told Congress today that any move to increase renewable electric generation or the institution of climate change goals will require a substantial investment in new transmission and new grid technology.



The EPA reportedly has given final approval to a final air permit for a proposed 1500 Mw coal fired power plant in New Mexico. The Desert Rock project is being developed jointly by the Navajo Nation and Sithe Global.

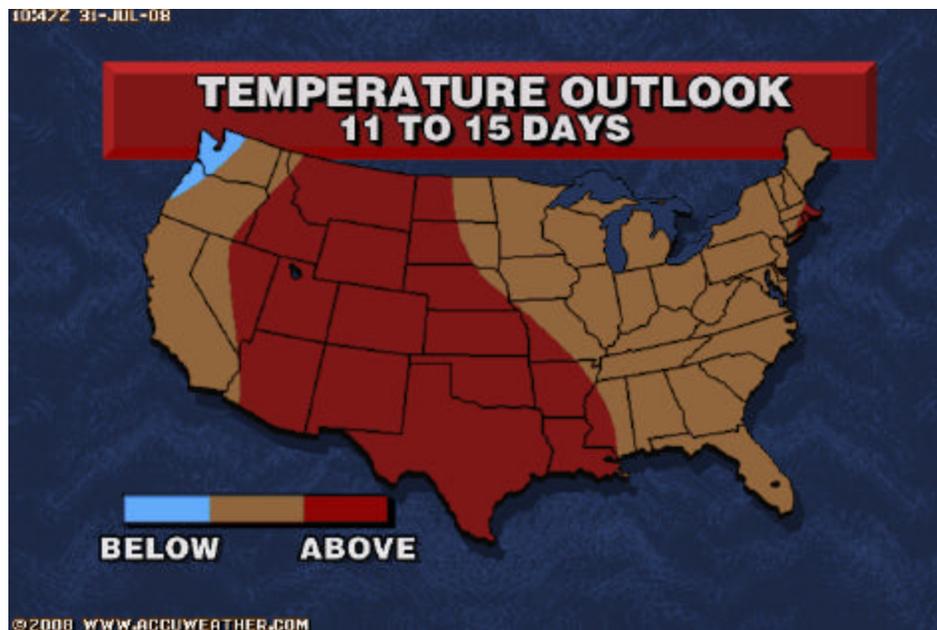
2008 EIA Survey Injections VS 6-Year Average



The EIA reported today that for the week ending July 26th, U.S. production of coal totaled 22.73 million tons, up 1.2% from the prior week and some 2.5% higher than the same week a year ago. Year to date production is running 1.0% higher than the same period a year ago.

MARKET COMMENTARY

Despite a mildly supportive inventory report this morning and a stronger cash market given the approach of the hottest temperatures for the season over the next week the natural gas market could not break above the highs recorded late yesterday afternoon and as a result the market basically saw prices erode throughout the late morning and early afternoon and as a result finished down on the day. The widely watched March April spread while remaining mired in the same congestion area of the last week did finally settle below the 70 cent level for the first time since December 31st. The total traded volume



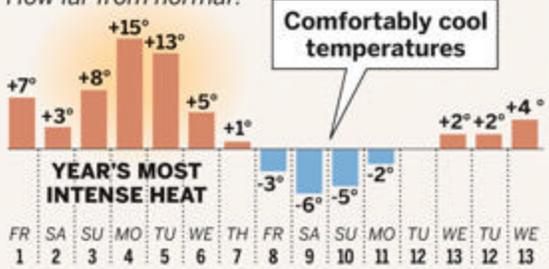
JET STREAM TO PLAY ROLE IN MONDAY'S HEAT

Predicted 1 p.m. Monday set-up



COMING IMPRESSIVE HEAT TO BREAK BY THE MIDDLE OF NEXT WEEK

Chicago's predicted 15-day temperature trend: How far from normal?



SOURCES: Frank Wachowski, National Weather Service archives

was light with just 138,239 contracts changing hands, the lightest trading day since the pre-holiday session of July 3rd.

We continue to feel that this market is build a support base down here in the September contract from \$8.80- \$9.50. Given the outlook for nationwide heat wave for the next week we feel that this base will hold and possibly try to grind higher. We look for support \$8.995, \$8.872 and \$8.694. Resistance we see at \$9.296, \$9.474, \$9.50 and \$9.597. More distant resistance we see at \$9.94 and \$10.70.