



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,
& Karen Palladino

(212) 624-1132 (888) 885-6100

www.e-windham.com

POWER MARKET REPORT FOR AUGUST 6, 2008

NATURAL GAS MARKET NEWS

The National Hurricane Center this morning noted that the tropical Atlantic basin remains very quiet with no potential threats seen for the next several days. But one should note that the GFS model is beginning to point to the tropical Atlantic coming to life big time after August 14th, and that the second half of August could be even more active than normal. The 14 day GFS model is currently looking for three tropical cyclones out in the Tropical Atlantic at once. Meanwhile Accuweather forecaster Joe Bastardi this morning noted that with the heart of the hurricane season upcoming he sees the greatest threat to the U.S East Coast since the greatest concentration of storms forming will come from the southwest Atlantic, as opposed to 2005 which saw the gulf as the target, and in 2004 it was Florida.

Generator Problems

MRO – Entergy's 792 Mw Palisades nuclear reactor was taken off line due to a leak in a control rod drive mechanism.

Dominion's Kewaunee nuclear unit returned to full power following a week of running at reduced rates since last week's maintenance outage.

SPP – Operators at Entergy's 967 Mw River bend nuclear unit reduced output to 75% of capacity Wednesday morning for a routine rod adjustment.

The NRC reported that 96,478 Mw of nuclear capacity is online, down 1.6% from yesterday and down 0.47% from the same day a year ago.

Cali ISO reported that it had 6731.44 Mw of generating outages today with 3953.73 of limitations. The WECC was reporting that overall in its region there was 11946 of generating outages and limitations down 18% from yesterday.

The U.S. Minerals Management Agency reported that as of midday today, some 36,076 b/d of crude oil production remained shut in as a result of the passage of Tropical Storm Edouard. Natural gas production shut in was reported to be 734 MMcf/d. The total amount of natural gas production lost due to the storm is currently estimated at 2.235 bcf.

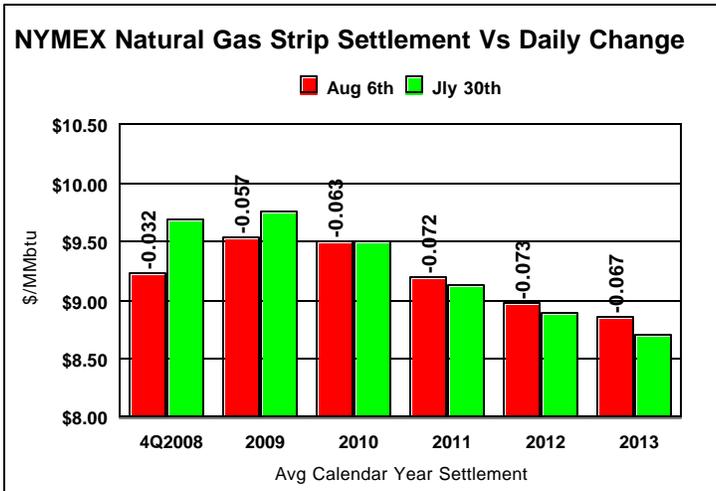
In the UK natural gas market it was reported that the one of the largest natural gas fields, Britanna was expected to be restarted Wednesday afternoon, following completion of maintenance work, but another production field, the Alwyn gas field, was reported to be having problems as flows into St. Fergus, Scotland were reported to be dropping.

The FERC today approved an expansion of Dominion Transmission's pipeline system that will provide takeaway capacity to eastern markets for the Rockies natural gas delivered by the Rockies Express Pipeline.

PIPELINE MAINTENANCE

Northern Natural Gas Company reported that it has once again revised the dates for planned maintenance on the Matagorda Offshore Pipeline System. The work initially set for July 22-24 has now been delayed for the third time, now set at August 23-26th.

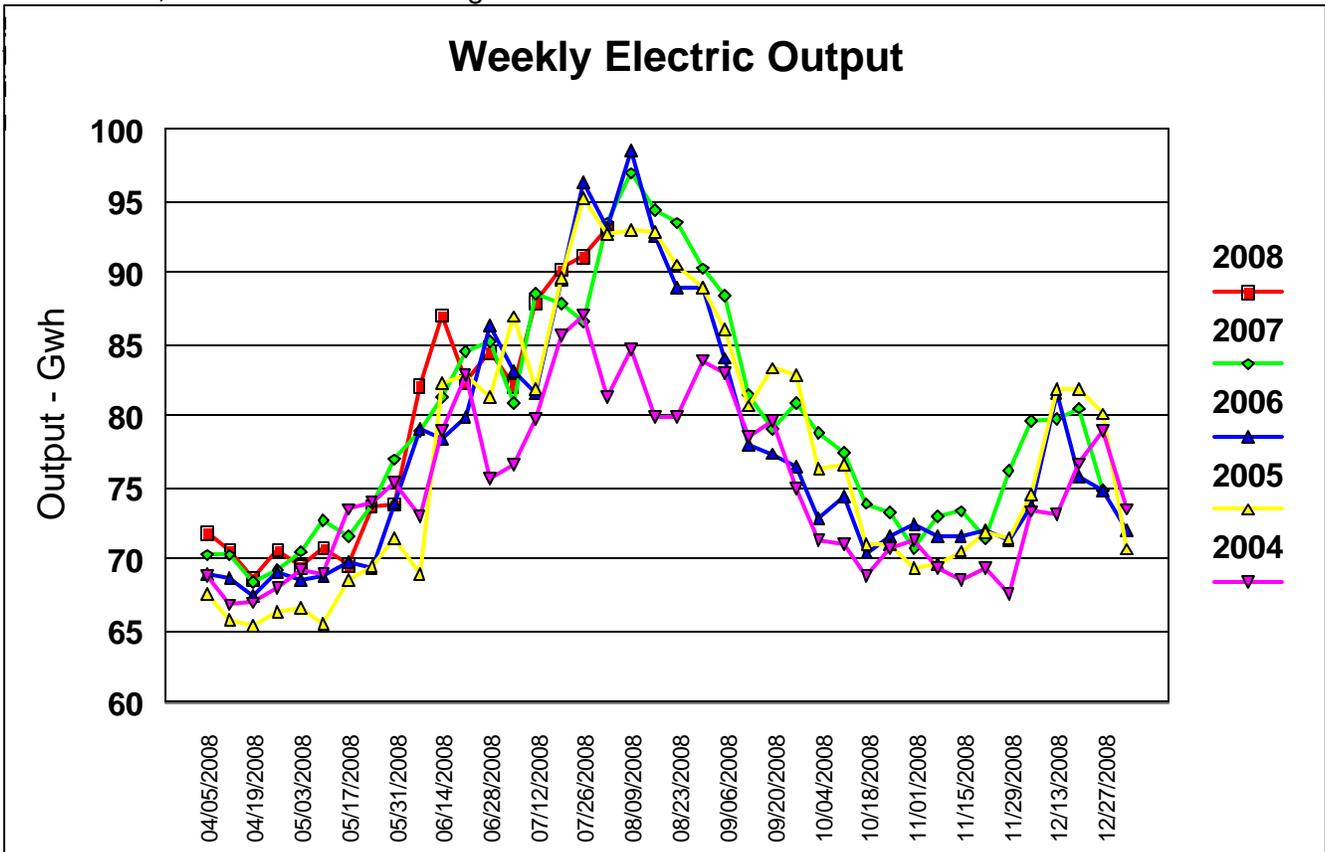
Gulf South Pipeline said that it would be performing scheduled maintenance at the Carthage Junction Compressor Station on the Expansion Turbine Units #5 and #6 beginning August 23rd and lasting for six days. Based on daily operational conditions, during the maintenance work, capacity could be limited to 1.1 bcf/d. If constrained conditions occur then nominations will be restricted.



Colorado Interstate Gas said it has experienced an unexpected outage at its Niobrara Compressor Station on its Northeast Colorado lateral. At this time significant repair work is anticipated prior to the unit's return to service. The capacity at NIO will be reduced from 44,200 Mcf/d to zero starting August 7th. Repairs are expected to last August 18th. As a result the company has declared a force majeure event.

ELECTRIC MARKET NEWS

The two largest investor owned utilities in Connecticut, Connecticut Light & Power and United Illuminating were reportedly seeking proposals for long term power supply contracts in an attempt to stabilize power prices in the state. Since 2000, when the state deregulated its electric market and forced the utilities to sell their



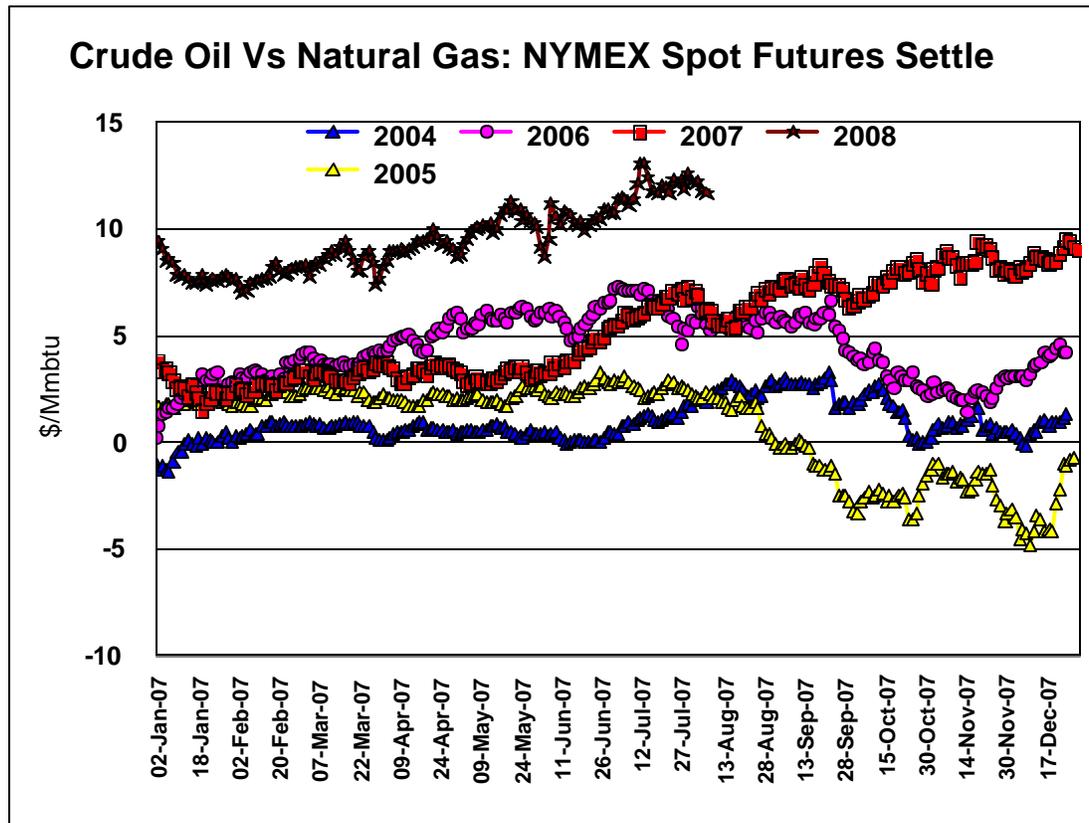
The Edison Electric Institute reported today that for the week ending August 2nd, electric power production reached 93,147 Gwh, up 2.07% from the previous week but 0.42% less than the same week a year ago.

The NRC reported that it has accepted for review a combined license application for two new reactors at Summer site near Columbia, South Carolina. The applicants, South Carolina Electric & Gas and Santee Cooper submitted the applications back on March 31st. the application seeks to build two 1100 Mw reactors.

The NRC reported that it is conducting a special investigation at the Prairie Island Nuclear Power Station to review the causes of a reactor trip and subsequent trip of one of two auxiliary feed water pumps. The trip occurred back on July 31st.

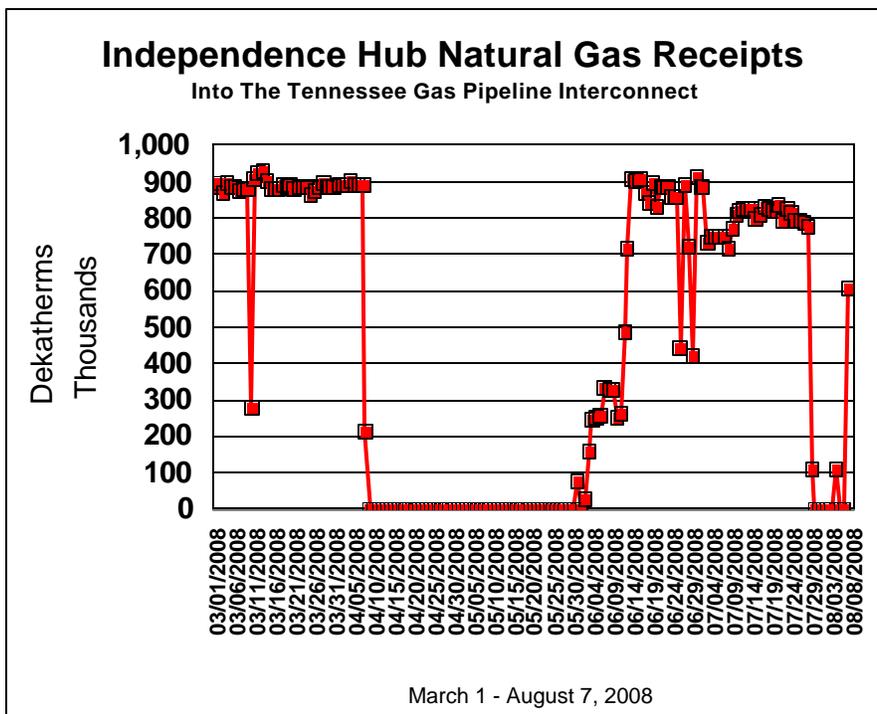
MARKET COMMENTARY

The natural gas market today appeared to tread water in front of tomorrow’s EIA storage report. While the oil market received a slightly bearish inventory report this morning that led to an oil market sell off at mid morning, the natural gas market did not follow and as a result recaptured some of its value relative to crude oil. In fact the natural gas market appeared to get a price bump at midday as technically triggered buying seemed to touch off stops that led to a 20 cent price spike, but by mid afternoon most of these gains were erased, even though the government reported that still some 734 MMcf/d of production in the U.S. Gulf remained off line. Volume today was also light with just 138,344 lots of futures traded on the day.



The March April spread also saw a relatively light trading day with just 723 lots booked via the spread on Globex today. The spread appeared to attract a very limited interest by traders as it posted its smallest trading range since July 28th with just a miniscule 5.1 cent trading range, as well as being an inside trading day for the spread as well.

We are looking for tomorrow's EIA Storage Report to show that working stocks of natural gas rose by 62-67 bcf for the week ending July 31, 2008. Market expectations for the report appear to range between 50-65 bcf with the majority of reported expectations falling between 57-63 range. The five year seasonal build in stocks is 50 bcf while a year ago the same week saw a 52 bcf build.



Given our storage report expectation would be lightly bearish and the return of production at the Independence Hub, we feel that this market will probably look to retest this week's lows, especially in the March April spread. But we feel that the downside for this market is very short term, given that we are on the verge of entering the heart of the Atlantic hurricane season, and various computer models are already raising the warning signs that tropical development will jump up in the second half of the month. As a result we would look to jump out of the March April short below 40 cents and reverse and go long the spread.

In addition we would still stay with our call spread position in October done at much higher levels, but still feel it would be worth to add to it over the next week. Flat price we look for support tomorrow at \$8.558, \$8.34-\$8.329 and \$8.13. More distant support we see at \$7.57 Resistance we see at \$8.98-\$9.00, \$9.19, \$9.408 and \$9.60. More distant resistance we see at \$10.38