



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR FEBRUARY 14, 2007

NATURAL GAS MARKET NEWS

Michael Stoppard, senior director of global LNG for Cambridge Energy Research Associates, said "LNG is coming." The LNG industry has had its ups and downs in recent years, but the long-term outlook, particularly in the U.S. market, is for strong growth. With the first phase of the liquefied natural gas global infrastructure buildout well under way, LNG will one day be a global commodity whose price is subject to multiple factors, the vagaries of international politics among them.

The CME announced today that it will expand its weather futures and options product line to include CME Hurricane futures and options on futures contracts beginning March 12. The underlying indexes will be calculated by Carvill, an independent reinsurance intermediary in specialty reinsurance that tracks and calculates hurricane activity. There will be futures and options on five U.S. defined areas, Gulf Coast, Florida, the Southern Atlantic Coast, the Northern Atlantic Coast and the Eastern U.S.

Several U.S. Senators Tuesday said they would introduce the Oil and Gas Traders Oversight Act, which would require companies that trade in electronic OTC energy markets to keep records for five years on large trading positions and report those positions to the CFTC or the Justice Department upon request.

The second segment of the first leg of the Rockies Express Pipeline project finally entered service today, as gas flowed on a 192 mile section between the Wamsutter Hub in Wyoming to the Cheyenne Hub in Colorado. The 500,000 Dt/d capacity is expected to expand to 750,000 Dt/d later this year. Eventually the line will stretch 1,663 miles from the Rockies to the Northeast with a capacity of 1.8 Bcf/d.

The deputy director of the IEA today said the recent talk of a natural gas cartel does not carry much weight since the gas market is not like the oil market, in that most gas is produced and consumed in IEA countries. In addition, the rigidity of the gas market, given the financial costs of pipeline and LNG projects and their long term commitments would make it difficult for a cartel to emerge.

PIPELINE RESTRICTIONS

Columbia Gas Transmission extended an alert to natural gas shippers on its pipeline system for a 13th consecutive day, as cold weather kept hold over much of the eastern United States. Columbia deemed Thursday a critical day for natural gas shippers in its eastern U.S. market areas, extending the designation of critical days that began on February 3. Therefore, zero non-firm capacity is available.

Generator Problems

NPCC – Entergy Nuclear's 535 Mw Vermont Yankee nuclear unit decreased output to 83% by early today.

SERC – Tennessee Valley Authority's 1,100 Mw Browns Ferry #3 nuclear unit ramped output to 82% capacity as it returns from last week's scram. Browns Ferry #2 is operating at 76% capacity as it prepares for a refueling outage later in the month.

The NRC reported that 94,389 Mw of nuclear capacity is on line, down .19% from Tuesday, but 6.38% higher from a year ago.

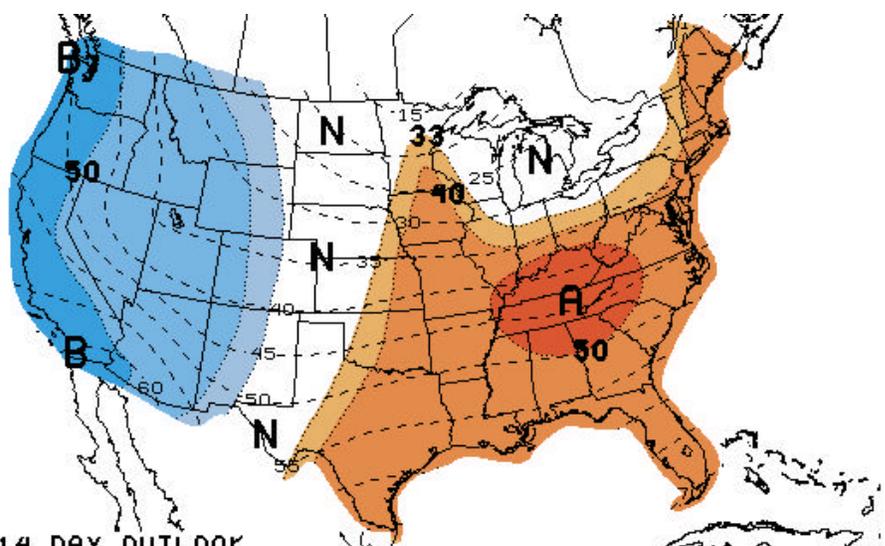
East Tennessee Natural Gas said that it has placed several restrictions on the system effective 9:00 AM ET today because weather forecasts show cold temperatures across the entire ETNG system. ETNG will be implementing the following restrictions: no secondary receipts out of path upstream of station 3104; no secondary receipts out of path upstream of station 3205; no secondary deliveries downstream of station 3313. Also, ETNG will implement its Maximum Allowable Delivery Service effective 9:00 AM today. As posted on February 10, certain shippers on ETNG continue to maintain large due pipe imbalances.

Natural Gas Cash Market							
ICE Next Day Cash Market							
Location	Volume Traded	Avg Price	Change	Basis	Change	Basis 5-Day	
						(As of 12:30 PM)	Moving Avg
Henry Hub	1,230,300	\$8.085	\$0.305	\$0.556	\$0.383	\$0.118	
Chicago City Gate	790,900	\$8.350	\$0.534	\$1.040	\$0.604	\$0.418	
NGPL- TX/OK	1,027,500	\$7.226	\$0.183	(\$0.084)	\$0.254	(\$0.398)	
SoCal	1,143,700	\$7.084	\$0.079	(\$0.226)	\$0.149	(\$0.434)	
PG&E Citygate	576,100	\$7.419	\$0.023	\$0.109	\$0.093	(\$0.062)	
Dominion-South	502,200	\$9.534	\$0.631	\$2.224	\$0.701	\$1.285	
Transco Zone 6	170,000	\$16.599	\$5.031	\$9.289	\$5.101	\$5.009	

Florida Gas Transmission issued an alert to natural gas shippers, as near-freezing temperatures forecast for the northern part of the state were expected to boost demand on its pipeline system. To maintain system integrity, the company issued an overage alert at 25% tolerance.

KM Interstate Gas Transmission announced AOR/IT/Primary and Secondary at Risk restriction for today at the following points: SSC Grant, CIG Weld, WBI Bridger, CIG Glenrock and CheyPGP Cheyenne.

Natural Gas Pipeline Company announced capacity constraints for several sections of its delivery system effective for today and until further notice. NGPL said that Florida-Vermillion is at capacity for deliveries. The Texas Gas Lowry point is at capacity for deliveries. NGPL also said that MRT-Harrison, and all Louisiana Line Segments (25, 23 and 24) are at capacity.



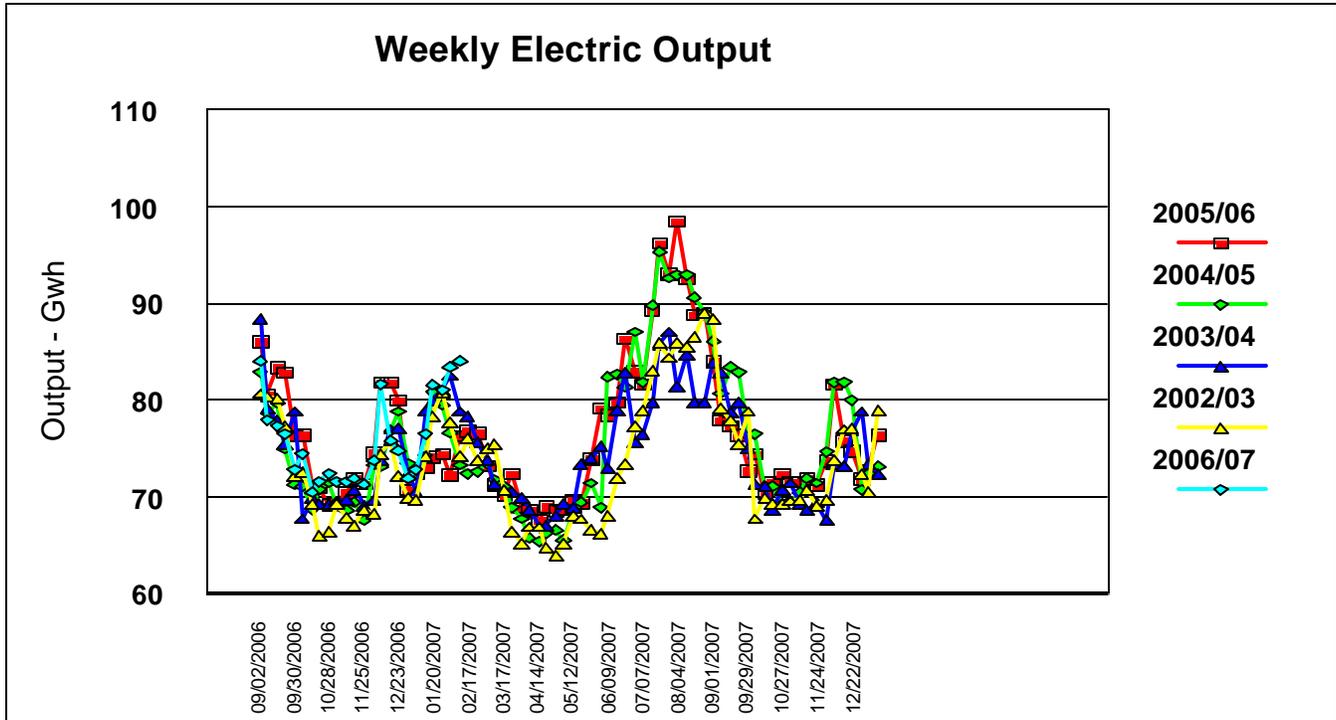
Northern Natural Gas Company said that due to extreme cold at most reporting stations in the market area, and SOL is being called for all market areas for today.

Southern Natural Gas Pipeline Co. said that based on current and projected system conditions, Southern does not expect that it will be able to accept increases in nominations for interruptible services that rely on storage on the evening cycle for today.

Tennessee Gas Pipeline

will not accept any nomination increases pathed from the Carthage Line Lateral effective Cycle 1 today due to increased nominations.

Texas Eastern Transmission Corp. said that it has scheduled all receipts sourced between Vidor and Little Rock for delivery outside of that area. No increase of receipts between Vidor and Little Rock for delivery outside of that area will be accepted. Tetco has also scheduled all receipts sourced between Little Rock and Batesville for delivery downstream of Batesville. No increases in receipt nominations will be accepted between Little Rock and Batesville. Due to the impending cold weather and high demand expected this week and to ensure system integrity, Texas Eastern requires shippers to schedule receipts commensurate with scheduled deliveries.



Therefore, Texas Eastern will continue to restrict due pipe creation and due shipper makeup until further notice. Additionally, TABS-1 parties are expected to schedule their pools balanced.

TransColorado Gas Transmission said that southbound transportation on Segment 220 is at AOR/IT/Secondary Risk for today.

Williston Basin Interstate Pipeline Company said that one point and numerous line sections are in pipeline capacity constraint for today's timely cycle. Penalties will be imposed at the following line sections: Cabin Creek-Dickinson; Dickinson-Bismarck; Bismarck-Cleveland; Cleveland-Grafton; Williston-Bismarck; Belle Fourche-Recluse; Cleveland-Mapleton; Portal-Tioga; Belle Creek-Manning.

PIPELINE MAINTENANCE

Colorado Interstate Gas Company revised its maintenance plans for February. The Echo Springs WIC Compressor Station will be out of service today through February 15. Flow through will be reduced to zero during this outage. In addition, in Colorado the Springfield Compressor Station will be out of service through February 15. Capacity through will be reduced from 195.0 to 150.0 MMcf/d. Also, the Greasewood Compressor Station will be out of service February 15. Capacity through will be reduced from 195.0 to 150.0 MMcf/d. One unit at Utah's Natural Buttes Compressor Station will be out of service February 20 through February 21. Capacity through will be reduced from 155.0 to 110.0 MMcf/d.

Gulf South Pipeline said that it will be performing scheduled pipeline maintenance on Index 269-Koran 16-inch beginning at 7:00 AM ET February 15.

Southern Natural Gas Pipeline said that it has completed sufficient repairs to facilities such that the Main Pass 311-B point has been approved for flow. Prior to nominating gas, shippers and poolers at Main Pass 311-B should check with suppliers about the condition of facilities upstream of Southern's facilities. Further, the receipt

point operator at this point should not resume flow until a nomination has been submitted to Southern and scheduled by Southern.

ELECTRIC MARKET NEWS

The Edison Electric Institute reported that U.S. weekly power output for the week ending February 10 has set a winter record as 84,063 GWh was produced, a 10% increase from the same 2006 week.

The snow and ice storm ravaging the U.S. Mid-Atlantic states early today knocked out power for more than 100,000 customers from Virginia to New Jersey, local electric companies reported.

U.S. power company Dynegy will look to buy power plants later in 2007 after it completes its merger with LS Poer Group.

The Texas electric grid operator said the return of as much as 3,200 megawatts of older, less-efficient generation and two new power plants should alleviate a dangerously tight supply forecast for 2008.

MARKET COMMENTARY

The natural gas market opened 2.3 cents higher to start a quiet session that saw natural gas trend down the charts as the oil complex sank following its moderately bearish inventory report. March natural gas traded to a low of 7.14, but bounced moderately with crude oil. The natural gas market finished the session on the uptrend as it expects what could be the largest draw of the season. March natural gas settled down 12.6 cents at 7.241.

Expectations for tomorrow's EIA inventory report call for a draw of between 240 and 271 Bcf, with most expectations looking for a draw of 255-260 Bcf. A report in the expected range will cut into the storage overhang, increasing the year-on-year deficit and reducing the five-year average surplus, therefore offering support to the market. But as forecasts continue to call for temperature moderation through the end of the month, the market bears will be quick to return to the market following any rally. This tension continuing between bullish storage expectations and bearish weather will further the volatility that this market has experienced. We see support at \$7.00, \$6.92, \$6.20, \$6.00, \$5.75 and \$5.00. We see resistance at \$7.40, \$8.00, \$8.28-\$8.35 and \$8.45.