



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta &
Zachariah Yurch

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

www.e-windham.com

POWER MARKET REPORT FOR FEBRUARY 27, 2006

NATURAL GAS MARKET NEWS

U.S. demand for heating fuels is expected to be about 11.25% below normal this week as most of the nation's heat-using regions return to average or above average temperatures. Total U.S. natural gas heating demand will be about 12% below normal versus 10% above normal the week earlier.

Kinder Morgan Energy Partners announced a binding open season for about 250,000 Dth/d of northbound firm transportation capacity on a proposed expansion of the \$300-mile TransColorado Gas Transmission system in Colorado. The company said the expansion would support flows into the Rockies Express project, a 1,350 mile 2 Bcf/d gas pipeline system that would bring Rocky Mountain gas to Ohio and ultimately to markets in the Midwest and Northeast.

FERC's December initiative proposing reforms of the agency's market-power test to promote the construction of more natural gas storage sites goes beyond what Congress intended when it adopted additional storage incentives as part of the Energy Policy Act of 2005 (EPAct), the Natural Gas Supply Association (NGSA) told FERC Monday.

PIPELINE RESTRICTIONS

Algonquin Gas Transmission said it has restricted a portion of priority 3 nominations flowing through Stony Point compressor station. No increases for nominations flowing through Stony Point, except for Firm No-Notice nominations, will be accepted.

El Paso Natural Gas Company said that Line 1600 will be out of service between El Paso and Deming Stations February 26 – March 3, reducing the capacity of the South Mainline by 400 MMcf/d. Based on recent scheduled volumes through this section of the pipeline, markets will not be affected.

Gulf South Pipeline said that based upon its initial review of nominations, NNS demand, and other factors, Gulf South may be required to schedule available

Generator Problems

MAAC— Exelon Corp.'s 1,134 Mw Limerick #2 nuclear unit exited an outage and ramped up to full power by early today. Limerick #1 is operating at 91% capacity as it coasts down for a refueling.

MAIN— Exelon Corp.'s 1,043 Mw Clinton nuclear unit exited a refueling outage and ramped up to 20% of capacity.

Exelon Corp.'s 867 Mw Quad Cities #1 nuclear unit ramped up to 85% capacity over the weekend. Quad Cities #2 continues to operate at 85% capacity.

MAPP— Nebraska Public Power District's 800 Mw Cooper nuclear unit shut yesterday after the main turbine reheat valve remained closed following testing concurrent with a high level in the moisture separator.

NPCC— Dominion Resources' 882 Mw Millstone #2 nuclear unit exited an outage and ramped up to full power by early today. The unit shut February 23. Millstone #3 continues to operate at full power.

SERC— TVA's 1,121 Mw Watts Bar nuclear unit is operating at 72% up from 46% on Friday.

WSCC— Calpine Corp.'s 567 Mw Los Medanos natural gas-fired power station reduced power for unplanned reasons yesterday. On Friday, the unit was operating at full power.

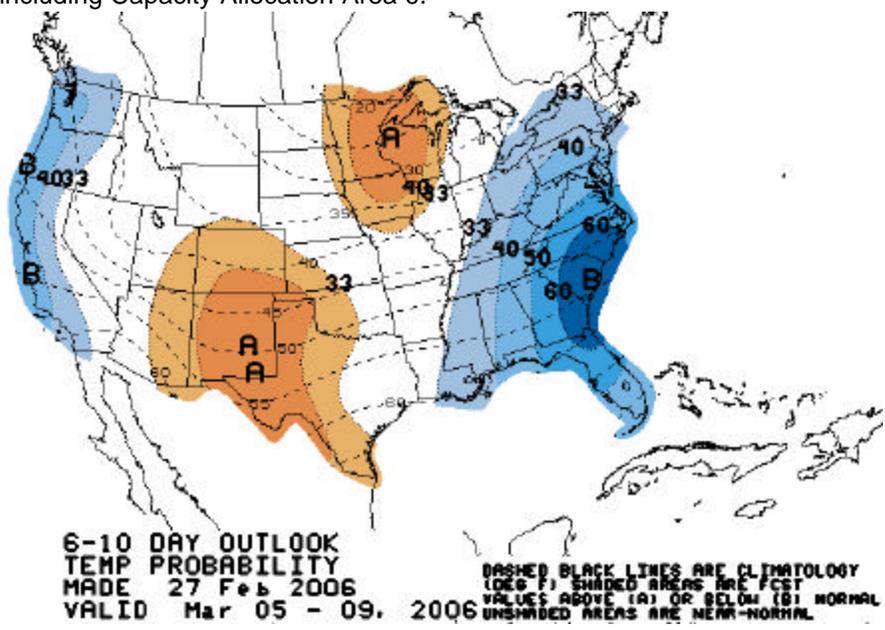
Duke Energy's 739 Mw Moss Landing #6 natural gas-fired power station returned to service by Sunday. The unit shut Friday for planned reasons.

Canada— Ontario Power Generation's 215 Mw Atikokan coal-fired power unit shut for a short-term planned outage.

OPG's 490 Mw Nanticoke #5 coal-fired power unit returned to service by early today

The NRC reported that U.S. nuclear generating capacity was at 89,143 Mw up 2.57% from Friday and up 6.04% from a year ago.

capacity and implement scheduling reductions on: East Texas, Capacity Allocation Area 8; and West 30 South, including Capacity Allocation Area 9.



Kern River Pipeline said that its system is experiencing high pack due to significant banking. Therefore, it is imperative that operators do take the gas that is scheduled.

Natural Gas Pipeline Company said that it has limited capacity available for gas received in Segment 16 (Arkoma Line). Limited interruptible flow, authorized overrun and secondary out-of-path transports are available.

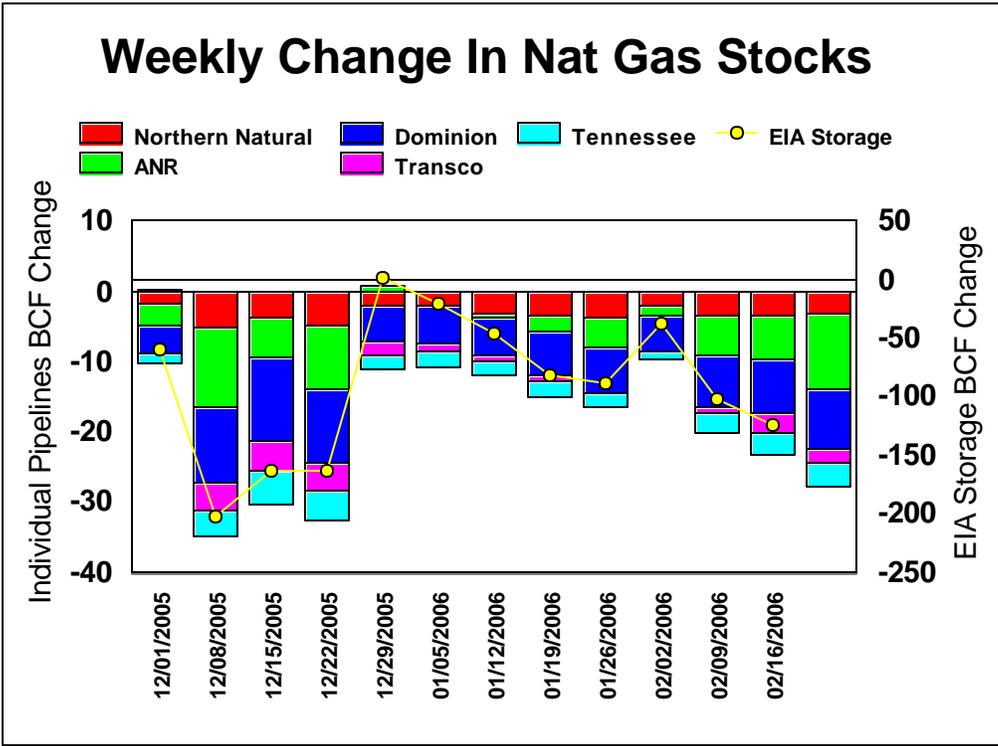
Texas Eastern Transmission Corp. said it has scheduled and sealed M1 and M2 24-inch. No increases between Little Rock and Batesville for delivery outside that area will be accepted.

Tetco has also scheduled and sealed receipts sourced between Mt. Belvieu and Little Rock. No increases between Mt. Belvieu and Little Rock for delivery outside that area will be accepted.

PIPELINE MAINTENANCE

El Paso Natural Gas Company said that the Bondad 2A and Bondad B turbines must be taken down to repair the seal oil systems. One unit will be down for approximately eight hours on March 1 and the other will be down for approximately eight hours on March 2. the capacity through Bondad Station will be reduced by 50 MMcf on March 1 and March 2. During the eight hours of outages, interconnects at Bondad Station will experience higher pressures and may have to reduce flow rates into Bondad.

Questar Pipeline Company said that it will be performing maintenance at its Blind Canyon compressor station that will require an eight-hour shutdown on March 8. As a result, the West Fidlar scheduling point will be reduced to 160 MMcf/d in cycles 1 and 2 for gas day March 8. Based on Current nominations this represents a 100% reduction to flexed nominations. Accepted nominations will return to normal in cycle 3 for same gas day.



ELECTRIC MARKET NEWS

The U.S. Federal Energy Regulatory Commission tentatively determined the upgrade of the Priest Rapids hydroelectric projects on the Columbia River in Washington State would not harm the environment. The proposed upgrades would increase the capacity of the Priest Rapids and Wanapum projects from 1,768 Mw to 1,994 Mw.

National Grid and KeySpan Corporation announced a definitive agreement under which National Grid will acquire KeySpan for \$42.00 per share in cash. The terms of the agreement value KeySpan at approximately \$7.3 billion, with an enterprise value of \$11.8 billion. The boards of both companies unanimously approved the acquisition. The transaction materially expands the size of National Grid's U.S. operations and creates the third-largest energy delivery utility in the country, with well balanced electricity and gas businesses serving nearly eight million customers in New York State and New England regions.

MARKET COMMENTARY

The natural gas market opened 30 cents weaker as forecasts for above normal temperatures later in the week pressured the April contract, as well as forecasted demand for the past week end came in some 1.5% less than forecasted late last week. A weaker oil complex also gave no reason for the bulls to step in the way of natural gas, which definitively broke below the staunch 7.00 level that the March contract had so much trouble with. April natural gas traded to a low of 6.70 before recovering to the 6.80 level, where it vacillated till settling at 6.789, down 52.4 cents.

With the spot natural gas contract settling below 7.00 for the first time over seven months, and just a month of winter left and no sustain cold forecast, natural gas will make its way lower as traders start to focus on the shoulder period. The corresponding 5-year average price is 5.65 and though the market is over a 1.00 away, that is a downside target. We see support at \$6.70, \$6.54, and \$6.03. Further support we see at \$5.94 and \$5.65. Upside targets we see at \$7.70, \$8.00, and \$8.30. Further resistance we see at \$8.84, and \$9.03.