



ENERGY RISK MANAGEMENT

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

www.e-windham.com

POWER MARKET REPORT FOR APRIL 2, 2007

NATURAL GAS MARKET NEWS

Platts reported that according to a Japanese source, Qatar could potentially divert up to 1 million metric tonnes per year of LNG on a term basis to Japan from its proposed Qatargas 2,3 and 4 projects, which originally were planned to serve European and American markets. Qatar reportedly is offering to divert LNG cargoes to Japan from their new projects at a price formula that would have a stronger link to crude oil levels than in the existing long-term contracts with Japan. The proposed new formula would see LNG prices rise more in tandem with crude oil markets, unlike the existing term price formula which has a "S" curve mechanism to limit the impact on LNG prices from extreme oil price fluctuations. First LNG delivery from Qatargas2 venture is scheduled in the first quarter of 2008. The Qatargas 2 project will comprise of two trains of 7.8 million metric tonnes per year. Most of the capacity from the two trains has been committed to ExxonMobil and Total for the markets in UK, France, Mexico and the U.S. Qatargas 3 is scheduled to have one train and come online in 2009 with a capacity of 7.8 million tonnes per year. ConocoPhillips has a deal to take the output to the North American market. Qatargas 4, which will have one train of 7.8 million mt/year is scheduled to start in 2010. The contract between Qatar and its western partners allows for the flexibility to divert cargoes to take advantage of higher priced world markets since it allows for profit sharing between the producer and the original buyers, these cargoes could have a strong price incentive to be moved.

The Hardy Storage Facility reported that the conversion of a former West Virginia natural gas production field into a storage facility

Generator Problems

NPCC – Entergy restarted its 979 Mw Indian Point #3 nuclear unit this weekend and the unit was up to 60% of its capacity this morning.

FPL, over the weekend shutdown its 1240 mw Seabrook nuclear unit for its planned refueling outage.

ECAR – FirstEnergy's 1260 Mw Perry nuclear unit was taken offline early this morning as operators began its planned refueling outage

SERC – FPL shut is 839 Mw Unit #2 at the St. Lucie nuclear plant for planned refueling on April 1st.

Progress Energy's 938 Mw Brunswick #1 nuclear unit was taken off line early today after operators detected a problem with an emergency diesel generator.

WSCC – LS Power Group's 739 Mw Unit #6 at the natural gas fired Moss Landing power plant was taken off line Sunday for planned maintenance.

AES 480 Mw Unit #7 at the natural gas fired Redondo Beach power station returned to service on Sunday after being taken off line on Thursday of last week.

ERCOT - LCRA's 445 Mw Unit #3 at the coal fired Fayette power station was shut on Sunday due to ruptured boiler tubes. Repair work was expected to take up to 5 days.

MAPP - Ameren's 1190 Mw Callaway nuclear unit was taken off line today for its planned refueling outage.

Wisconsin Energy's 512 Mw Unit #1 at the Point Beach nuclear plant was taken off line Saturday evening for its planned refueling outage.

MAIN – Exelon's 1136 Mw Unit #2 at the Byron nuclear power station was taken off line Sunday for its scheduled refueling outage.

Canada – OPG's 490 Mw coal fired Unit #4 at the Nanticoke power plant returned to service Monday after being taken off line on Friday.

The NRC reported that 75,712 Mw of nuclear capacity is on line, down 5.81% from Friday, and off some 3.1% from a year ago.

has been completed and that operators have begun receiving nominations for injections. When this field is fully developed storage at the field will reach 12 bcf in 2009. Injections this year will allow the field to deliver up 100,000 Dth/d during the upcoming heating season, rising to 150,000 dth/d in 2008 and 176,000 Dth/d in 2009. Columbia Gas Transmission, which operates the field is expanding its transmission system to accommodate the volumes.

Kinder Morgan reported today that it has completed the sale of its natural gas distribution and related operations in three states and Mexico to GE Financial Services and Alinda Investments. The \$710 million sale will affect 260,000 residential, commercial and agricultural and industrial customers in Colorado, Nebraska, Wyoming and Hermosillo, Mexico.

The Institute for Supply Management reported today that its index for manufacturing activity in the U.S. dipped in March to 50.9, a bit below market expectations, while at the same time its prices paid index jumped to 65.5 from 59.0 in February indicating a weakening economy coupled with rising prices.

Joe Bastardi, a weather forecaster for Accuweather, today noted that the market should focus more on the intensity of forecasted storms rather than the number of storms expected for the season. Dr. Gray and his team at Colorado State are expected to release their updated forecast for this hurricane season Tuesday.

The CEO of Schlumberger said today that his company feels that fundamentals are in place for reinforced natural gas activity later this year or early next as strong prices keep up demand for drilling.

Venezuelan officials confirmed that the country is in talks to convert two privately run natural gas projects to state majority joint ventures

PIPELINE RESTRICTIONS

MRT reported today that it was lifting the System Protection Warning it had in place since March 21st, effective for the April 13th Gas Day.

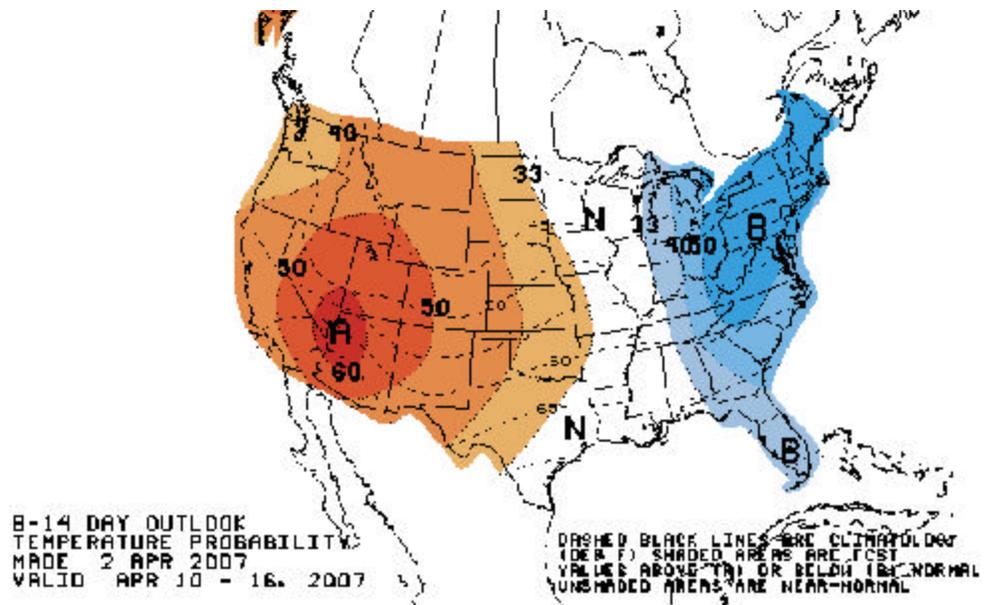
Enbridge Offshore Pipelines said that ANR, Bluewater, Sea Robin and Transco are now accepting nominations at their Garden Banks interconnection points.

Texas Eastern said that it has scheduled and sealed deliveries downstream of Castor on the Castor lateral.

No increases in deliveries downstream of Castor, except to comply with NAESB bump guidelines will be accepted.

Tennessee Gas Pipeline said today that due to reduced nominations, it will be accepting increases for nominations on the Carthage Lateral.

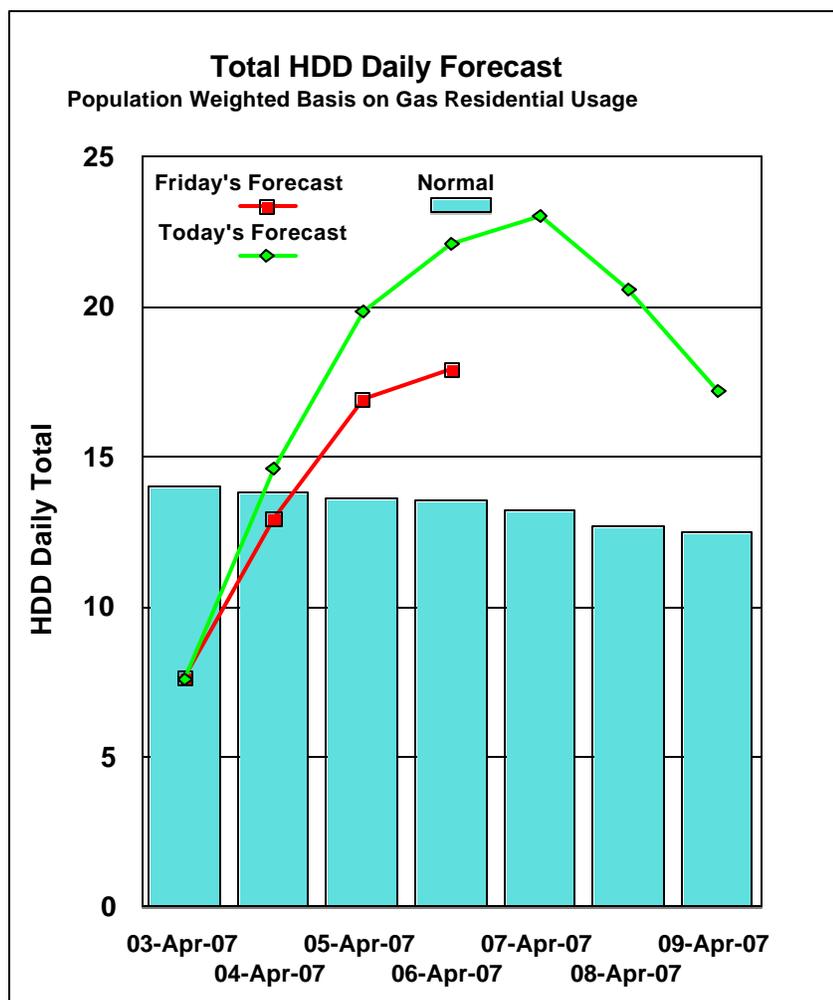
Trailblazer Pipeline reported that until further notice it is at capacity for gas going eastbound through Compressor Station 602. ITS/AOR and Secondary out of path Firm transports will be at risk of not getting scheduled.



PIPELINE MAINTENANCE

Southern Natural Gas Pipeline reported that planned maintenance on the 14-inch Chattanooga Branch Line, which is scheduled to start on April 16th and will last 710 days. Capacity on the line will be reduced by approximately 120,000 Dth/d during the period.

TransColorado Pipeline reported that it will be performing maintenance at its Redvalve Compressor Station Tuesday, April 3rd. Capacity through Segment 230 will be limited to 362,000 Dth/d. Based on current level of nominations, AOR/IT, secondary and primary FT quantities are at risk of not being scheduled. The company also reported that it will be doing maintenance work at its Mancos Compressor Station on April 11th. Capacity through Segment 250 will be limited to 397,000 Dth/d. Based on the current level of nominations, AOR/IT, secondary and primary FT quantities are at risk of not being scheduled. The company will also be doing work on April 17th at its Dolores Compressor Station. Capacity through Segment 240 will be limited to 390,000 Dth/d. Based on the current level of nominations, AOR/IT, secondary and primary FT quantities are at risk of not being scheduled.



Westcoast Energy said that it has completed repairs to K-400 Acid Gas Compressor at the Kwoen Gas Plant.

Southern Natural Gas Pipeline reported today an unscheduled outage at its Pavo Compressor Station. The outage is expected to last until April 6th, but based on current forecasted demand, the operator does not expect an impact to firm volumes but interruptible volumes could be impacted.

ELECTRIC MARKET NEWS

The Electric Power Research Institute reported today that it estimates that U.S. hydropower capacity could increase by 23,000 Mw by 2025, as a result of utilizing new technologies such as ocean and hydro kinetic power, as well as the expansion of existing facilities, and adding facilities at dams currently with no powerhouses. The group saw some 10,000 Mw coming from conventional hydropower, 3,000 Mw from new hydrokinetic technologies and 10,000 Mw from ocean wave technologies. The group recommended that Congress extend production tax credit and clean renewable energy bond programs to 2015.

TXU said today that it has entered into confidentiality agreements with at least nine potential buyers, but does not believe it will receive anything better than the existing \$45 billion offer it received from two private equity firms in February. Meanwhile Texas Energy Futures Holdings, the entity established by the private equity groups seeking to purchase TXU, today made an initial filing with the Public Utility Commission of Texas setting forth its commitments regarding TXU.

The U.S. Supreme Court today rejected the Bush Administration's argument that the EPA does not have the authority to regulate emissions of carbon dioxide and other so called green house gases. While the court did not

order the EPA to devise a regulatory scheme for vehicular greenhouse gas emissions, it did order the agency to further justify its reasons for its "inaction" on global warming.

NYMEX Nat Gas Options Most Active Strikes for April 2, 2007								
Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LN	5	8	C	20	04/25/2008	0.0375	7,300	39.87
LN	10	7	P	5.5	09/25/2007	0.1216	5,525	51.22
LN	9	7	P	6	08/28/2007	0.1459	5,000	47.92
LN	9	7	P	5.5	08/28/2007	0.0752	4,425	47.58
LN	8	7	P	5.75	07/26/2007	0.0582	4,050	45.10
LN	6	7	P	7.5	05/25/2007	0.3072	4,000	41.47
LN	9	7	P	7	08/28/2007	0.4033	2,600	48.80
LN	5	7	P	6.5	04/25/2007	0.013	2,325	40.07
LN	6	7	P	6.5	05/25/2007	0.051	2,325	39.97
LN	8	8	P	7	07/28/2008	0.6183	2,100	41.24
LN	6	7	C	8.25	05/25/2007	0.2913	2,000	36.53
LN	6	8	P	7	05/27/2008	0.5734	2,000	39.92
LN	4	8	C	11	03/26/2008	0.3917	1,400	32.22
LN	5	8	C	11	04/25/2008	0.3345	1,400	29.64
LN	6	8	C	11	05/27/2008	0.3748	1,400	28.83
LN	7	8	C	11	06/25/2008	0.4281	1,400	28.44
LN	8	8	C	11	07/28/2008	0.4999	1,400	28.52
LN	9	8	C	11	08/26/2008	0.5839	1,400	29.10
LN	10	8	C	11	09/25/2008	0.6967	1,400	29.81
LN	5	7	P	7.5	04/25/2007	0.2157	1,375	40.78
LN	5	7	P	7	04/25/2007	0.0645	1,350	39.74
LN	6	8	C	15	05/27/2008	0.1196	1,300	34.03
LN	6	7	P	7	05/25/2007	0.1393	1,200	40.40
LN	11	7	C	12	10/26/2007	0.4476	1,200	45.67
LN	4	8	P	7.5	03/26/2008	0.7516	1,100	41.98
LN	5	8	P	7.5	04/25/2008	0.7871	1,100	41.09
LN	6	8	P	7.5	05/27/2008	0.7877	1,100	40.89
LN	7	8	P	7.5	06/25/2008	0.797	1,100	41.24
LN	8	8	P	7.5	07/28/2008	0.8309	1,100	42.18
LN	9	8	P	7.5	08/26/2008	0.8809	1,100	43.62
LN	10	8	P	7.5	09/25/2008	0.9161	1,100	44.89
ON	6	7	P	7.5	05/25/2007	0.308	1,062	38.64
ON	7	7	P	7.5	06/26/2007	0.395	1,001	40.50
LN	7	7	P	7.5	06/26/2007	0.3939	1,000	43.95
LN	8	7	P	7.5	07/26/2007	0.4892	1,000	46.96
ON	8	7	P	7.5	07/26/2007	0.491	1,000	43.02
ON	9	7	P	7.5	08/28/2007	0.609	1,000	45.40
LN	9	7	P	7.5	08/28/2007	0.6057	1,000	49.81
LN	10	7	P	7.5	09/25/2007	0.7039	1,000	53.27
ON	10	7	P	7.5	09/25/2007	0.708	1,000	48.56

Cambridge Energy Research Associates said today that the promised U.S. "nuclear renaissance" is already happening, although not through the construction of new plants. The group noted that mostly companies are expanding existing reactors and extending their licenses to operate. The company noted that 20 countries around the world have new nuclear plants under construction. More than half will be built in five countries, China, India, Japan, South Korea and the United States. Actual construction though in the United States is not expected to begin until 2010. In the short term, a lack of manufacturing for reactor components and skilled personnel in the United States could constrict growth. The group also noted the recent spike in uranium prices could also tighten the market.

Reuters reported today that according to several utilities the move to an earlier start for U.S. Daylight Savings Time, has not resulted in any measurable impact on power savings.

BC Hydro said today that they will not appeal a provincial regulator's rejection of a deal to purchase power from Alcan. The firms has previously reached an agreement for BC Hydro to purchase power from the Kemano hydro-electric facility as part of a proposal by the aluminum maker to undertake a \$1.8 billion overhaul of its smelter in British Columbia. The two

companies said that they can still reach a new agreement on the proposed power purchase.

MARKET COMMENTARY

The natural gas market this morning opened a penny better and inched higher to start the day, supported by declining nuclear generation levels, as units entered into seasonal turnaround and further supported by a slightly colder than expected forecast for the latter part of this week. The market stalled up near Friday's high and drifted back into negative territory, only to make one last attempt to set new highs on the day before the close. But the market failed to find once again find follow through buying up near the high and thus sold off on the close to settle lower on the day.

The market appears to be trading water up at these current levels as evidence by the congested pattern on the charts, that seems to be building over these past four trading sessions. We continue to look for these prices to break to the downside but it may take until traders see that the last gasp of the heating season has finally been put to rest.

We see resistance at \$7.72 followed by \$7.79, \$7.917-\$7.924 followed by \$7.99-\$8.032. Support we see at \$7.55 followed by \$7.488, \$7.423, \$7.383. Additional support we see at \$7.31, \$7.278 and \$7.197.