



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR APRIL 3, 2006

NATURAL GAS MARKET NEWS

Utility operator Duke Energy Corp., which closed its \$9 billion acquisition of Cinergy Corp. has hired a strategic advisor to explore options for the newly merged company's gas business. The gas business includes more than 17,500 miles of transmission pipeline and other assets. Duke is not sure what it will do with the gas business, but a decision is expected within the year.

Cheniere Energy said it was seeking customers interested in leasing long-term regasification capacity of up to 500 MMcf/d at its Sabine Pass LNG Sabine Pass LNG receiving terminal in Louisiana. The capacity offering will close on May 15.

PIPELINE RESTRICTIONS

Alliance Pipeline said that routine inspections require the Gold Creek compressor to be offline for five hours on April 6. Station capacity will be lowered to 41.9 MMcf for gas day April 6. The Gold Creek compressor is located in Alberta.

Florida Gas Transmission said that due to warm temperatures, it is issuing an Overage Alert Day at 25% tolerance

Northwest Pipeline said that after installing new bearings in the Vernal Compressor Station unit #1 over the weekend, it will test the unit today and if the vibration issues are resolved, the unit will then be placed back into service on Tuesday. The capacity will remain at 319 MMcf until the unit is placed back into service and full design capacity is restored. It is unlikely that this will occur before timely nominations for Tuesday. Northwest will raise the capacity for intraday nominations and notify the customers as soon as the unit is available. Due to the unavailability of parts, unit #2 is expected to be out of service for an additional two weeks. However, Northwest can support the full design capacity of 333 MMcf with one unit and the mobile compression.

Generator Problems

ECAR— CMS Energy Corp.'s 767 Mw Palisades nuclear unit shut late on Friday due to problems with a cooling valve and will remain shut for a planned refueling outage.

ERCOT— TXU Corp.'s 750 Mw Martin Lake #1 coal-fired power station is expected to return to service April 13-14 following a planned maintenance outage. The unit shut March 3.

MAAC— FirstEnergy Corp.'s 831 Mw Beaver Valley #2 nuclear unit shut yesterday after an automatic reactor trip was caused by a main generator trip.

NPCC— Dominion Energy's 866 Mw Millstone #2 nuclear unit shut after operators discovered a failed feedpump. Millstone #3 continues to operate at full power.

SERC— Southern Nuclear Operating Co. restarted its 1,215 Mw Vogtle #2 nuclear unit this week and has since returned production to full capacity. Vogtle #1 continues to operate at full power.

WSCC— Arizona Public Service will keep its 1,270 Mw Palo Verde #3 nuclear unit offline to perform its regularly scheduled refueling and maintenance outage after the unit was grounded due to the loss of power on a safety bus.

AES Corp.'s 495 Mw Alamitos #6 natural gas-fired power station shut yesterday afternoon for planned work.

Calpine Corp.'s 811 Mw Delta Energy Center reduced output by over 600 Mw for planned reasons.

Sempra Energy's 550 Mw Palomar natural gas-fired power station shut yesterday for unplanned reasons. On Friday, the unit was curtailed by 231 Mw for planned and unplanned reasons.

Mirant Corp.'s 682 Mw Pittsburg #7 natural gas-fired power unit shut yesterday.

AES Corp.'s 480 Mw Redondo #7 natural gas-fired power station returned to service by Sunday afternoon. The unit shut March 31 for unplanned work.

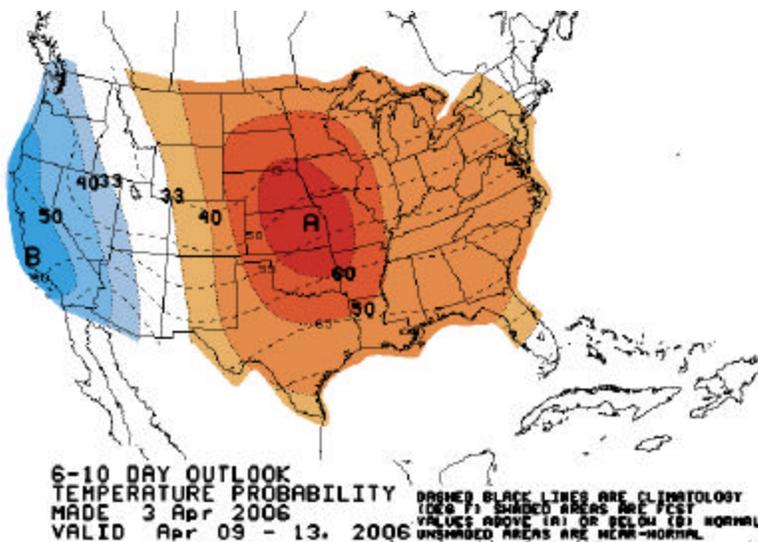
Texas Eastern Transmission Corp. said it has scheduled and sealed M1 and M2 24-inch. No increases between Little Rock and Batesville for delivery outside that area will be accepted. Tetco also said that it cannot accept requests for due pipe imbalance resolution or due shipper creation. Customers need to resolve existing due shipper imbalances. Tetco will force balance TABS-1 pools or restrict the system as required.

Trailblazer Pipeline said that it has limited capacity available. Limited capacity for interruptible flow, authorized overrun and secondary out-of path firm transportation is available going eastbound through Compressor Station 602. ITS/AOR and secondary out-of-path firm transportation will only be available to the extent that primary in-path firm and secondary in-path firm transportation are not full unutilized.

PIPELINE MAINTENANCE

Alliance Pipeline said that inspections and maintenance require the Alameda Compression Station to be offline for 12 hours on April 4 and 12 hours on April 5. System throughput will be impacted but will be determined closer to the outage date. The Alameda Compressor is located in Saskatchewan. Alliance also said that inspections and maintenance require the Albert Lea Compression Station in Minnesota to be offline for 24 hours on April 4. System throughput will be impacted but will be determined close to the outage date.

Gulf South Pipeline said that it will be performing scheduled maintenance on the Davison 12-inch Index 196, beginning April 4, and continuing for six days. Due to this maintenance Gulf South said that force majeure conditions will exist on Index 196. Gulf South also said it completed scheduled maintenance on a portion of its 16-inch Belle Isle natural gas pipeline and its Bistineau compressor station, in Louisiana.



KM Interstate Gas Transmission said that it will continue to perform maintenance at its Huntsman Storage facility through July 7. KMITG does not anticipate scheduling reductions to any storage services. KMITG will also be performing maintenance at its Herndon Compressor Station from April 4-6. Capacity through segment 775 will be limited to 220 MMcf/d. AOR/IT, secondary and primary FT quantities are at risk of not being scheduled. However, based on the current level of nominations, KMITG does not anticipate any scheduling reductions.

TransColorado Gas Transmission said it will be performing maintenance at its Dolores Compressor Station April 4 and April 5. Capacity through Segment 240 (Red Vale Compressor to Dolores Compressor) will be limited to 400 MMcf/d. Based on the current level of nominations, AOR/IT, secondary and primary FT quantities are at risk of not being scheduled.

Generator Problems

WSCC— Southern California Edison's 525 Mw Mountainview #4 power unit shut by yesterday afternoon.

Intermountain Power Agency's 900 Mw Intermountain #2 coal-fired power station shut yesterday for planned 30-day maintenance.

Canada— Ontario Power Generation shut the 490 Mw Nanticoke #8 coal-fired power station for planned maintenance. The unit is expected to return in about a month.

Ontario Power Generation's 535 Mw Lennox oil- and natural gas - fired power station returned to service by early today.

The NRC reported that U.S. nuclear generating capacity was at 78,157 Mw down 3.07% from Friday and up 1.91% from a year ago.

Williston Basin Interstate Pipeline Company said there will be maintenance at the Saco Compressor Station on April 12. Maximum capacity at Receipt Point ID 00880 Whitewater will be approximately 15MMcf. Maximum capacity at the Saco Compressor Station will be approximately 24 MMcf/d.

ELECTRIC MARKET NEWS

The Florida Public Service Commission moved to intervene in a federal proceeding Monday regarding a proposed merger between FPL Group and Constellation Energy. By intervening in the FERC proceedings, the agency will have the ability to scrutinize confidential documents filed in connection with the merger to independently verify assertions that the proposed merger holds no surprises for Florida customers.

ECONOMIC NEWS

The ISM's non-manufacturing index eased to 55.2 in March, from 56.7 in February and below Wall Street forecasts of a rise to 57.9. U.S. manufacturing growth moderated, but the report showed an unexpected large spike in construction spending, though pending home sales dropped.

MARKET COMMENTARY

The natural gas market opened 9 cents stronger to start the second quarter, rallying with crude oil to a high of 7.63. But with no solid fundamental news to support the rally, natural gas eased in the second half of the session, backfilling the gap from the open. May natural gas soften to 7.22 before settling up 3.4 cents at 7.244.

The market got ahead of itself early in the session, fueled by continued Mideast jitters, short covering and strength in the oil complex. With the large net-short position in natural gas, and crude oil rallying, the spread between the two is historically so wide that at some point market players must start buying to bring that spread in. With the shoulder season upon us, mild weather and more than ample storage stocks will continue to weigh on the market. We see support at \$7.12, \$7.00 and \$6.86. We see further support at \$6.66, \$6.45, \$6.13 and \$5.68. We see resistance at \$7.63, \$7.85 and \$8.00. Further resistance we see at \$8.40.