



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR APRIL 9, 2007

NATURAL GAS MARKET NEWS

The Minerals Management Service said that it is proposing new regulations to resolve disputes over the requirement that pipeline companies provide open and nondiscriminatory access to their offshore pipelines.

Breaking down the respective costs of various mainstream home energy sources, natural gas will be the cheapest to use in 2007, according to the Department of Energy's (DOE) Office of Energy Efficiency and Renewable Energy. The DOE forecast of projected costs of natural gas, heating oil, electric, propane and kerosene energy use was published in the March 21 *Federal Register*.

Backers of the state's most advanced proposal to build an offshore liquefied natural gas (LNG) terminal stormed into a California State Lands Commission hearing in Oxnard, CA, Monday, touting 18 potential large buyers of its supplies along with nearly 100 groups supporting its Cabrillo Port Project, 14 miles offshore Southern California between Malibu and Oxnard in Ventura County.

PIPELINE RESTRICTIONS

Williston Basin Interstate Pipeline Company said that 019 Madden-Worland and 020 Worland-Lovell line sections are still in pipeline capacity constraint for Timely Cycle receipts. Penalties will be imposed.

Southern Natural Gas Pipeline said that it has scheduled shut-in tests at its two storage fields during the month of April. The Bear Creek Storage Facility spring shut-in test is scheduled to begin April 10 and continue through April 16. Southern also will conduct

Generator Problems

NPCC – Entergy's 979 Mw Indian Point #3 is offline following a main generator transformer. The situation is currently under investigation. Indian Point #2 continues to operate at full power.

Dominion's 1,131 Mw Millstone #3 nuclear unit shut for planned maintenance and refueling outage. Millstone #2 remains at full power.

Entergy's 670 Mw Pilgrim nuclear unit shut for a refueling outage.

Entergy's 535 Mw Vermont Yankee nuclear unit reduced output to 38% power as the unit prepares for a refueling and maintenance outage later this month.

PJM – Constellation Energy's 825 Mw Calvert Cliffs #2 nuclear unit returned to full power over the weekend.

Exelon's 1,143 Mw Limerick #2 nuclear unit shut following a restart from a refueling outage.

SERC – Progress Energy's 710 Mw Robinson #2 shut for a planned refueling and maintenance outage.

Southern Nuclear's 888 Mw Farley #2 nuclear unit shut today to begin a planned refueling and maintenance outage.

Progress Energy's 938 Mw Brunswick #1 nuclear unit restarted over the weekend and has ramped up to 92% capacity.

MAPP – Xcel Energy's 522 Mw Prairie Island #2 nuclear unit restarted and is operating at 86% capacity. Prairie Island #1 continues to operate at full power.

FPL's 580 Mw Duane Arnold nuclear unit exited an outage and ramped up to 98% power by early today. On Thursday the unit was operating at 5% power.

WSCC – PG&E's 1,100 Mw Diablo Canyon #2 returned to full power following maintenance to the water intake tunnel.

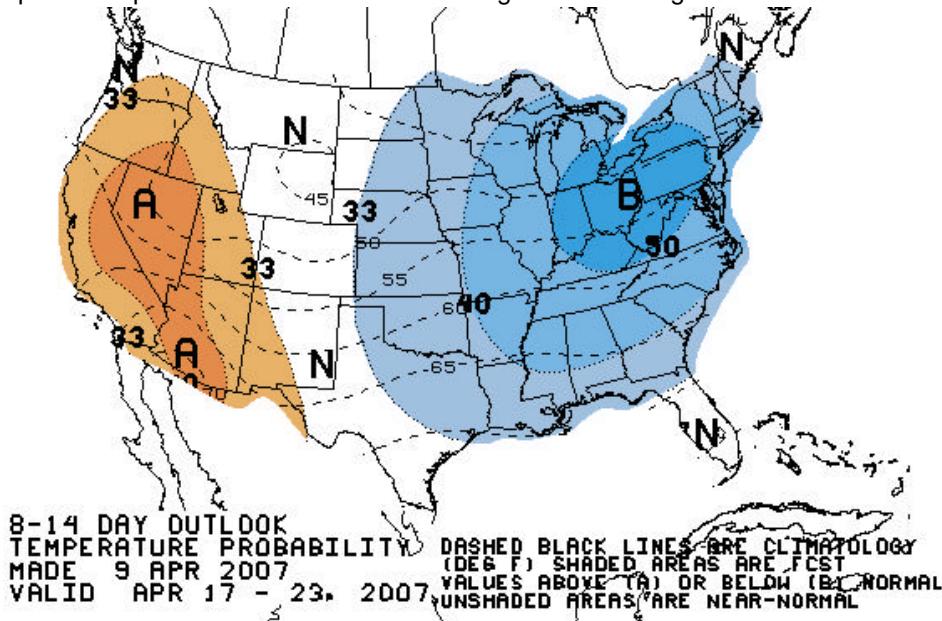
Energy Northwest's 1,200 Mw Columbia Generating nuclear unit is preparing to shut down after the loss of back-up power. The unit is operating at 85%.

The NRC reported that 77,754 Mw of nuclear capacity is on line, up 1.10% from Thursday, but off some .61% from a year ago.

the Muldon Storage Facility shut-in test from April 24 through April 30.

Pipeline Maintenance

Natural Gas Pipeline Company said that through April 18, Natural will be installing VFD upgrades at Station 302 in Montgomery County, Texas. Therefore, from April 10 though April 17, Natural will be performing tie-in and pipeline replacements on the Louisiana #1 line in Segment 25 of the TXOK Zone. ITS/AOR and Secondary out-of-path transports will be unavailable into Segment 25 during this work.



Northern Natural Gas Company said it will be conducting planned unit maintenance at the Plains Compressor station on April 12-13. Northern has made alternate arrangements for transportation of receipt volume during this compressor maintenance. Scheduled deliveries will not be affected during this maintenance. Lower delivery pressures may be experienced.

Panhandle Eastern Pipe Line Company said that there will be an outage on the Houstonia 100 line from Gate

Valve 105 to Gate Valve 106 to repair coupling leaks beginning April 17. Expected duration is seven days. Capacity will be limited to 250 MMcf/d through Houstonia for the duration of the outage.

Tennessee Gas Pipeline said that effective Timely Cycle 9:00 AM CT for today, the company has restricted Muskrat 500 Line by 100% of supply to market secondary out of the path nominations are restricted.

Electric Market News

TXU Corporation's CEO clarified statements regarding plant closures, apologizing for creating any perception of threatening to shut down power plants in Texas. He said TXU is not permitted to unilaterally shut down power plants. Such a step can only be done after a review by ERCOT. He further stated that there is no intention to shut down plants especially those needed to ensure reliability.

Tampa Electric announced that construction is complete on Polk Units 4 and 5, two new 160 Mw units at the company's Polk Power Station. The peaking units will provide power during times of peak customer electric demand in a reliable and environmentally friendly manner. The two new simple-cycle combustion turbines will use natural gas to generate electricity.

Interstate Power and Light Co. decided to utilize super-critical pulverized coal boiler technology at its new generation facility planned for Marshalltown, Iowa. Design work on the new plant continues and permitting and regulatory approval efforts are underway. The plant is expected to produce approximately 600 Mw of electricity once it enters commercial operation in 2013 or 2014.

Mass Megawatts Wind Power announced a 23% cost reduction of its wind power plants because of improved design modifications. The company will immediately use the improvements with its current and future sales contracts. The improvements will allow Mass Megawatts to compete more effectively with fossil fuel energy sources like oil and natural gas in high wind areas.

Market Commentary

The natural gas market opened a few pennies higher supported by continued strength in the cash market, as old man winter simply will not go away. Lingering cold in the northern half of the country, which provided a white Easter for many, especially around the Great Lakes, is lending heating demand, while some cooling demand in the south has natural gas consumers burning at both ends. The day's high of 7.693 was reached early in the morning, but as the oil complex came under consistent pressure and weather forecasts lightened their call for cold a bit, natural gas was pressured to a low of 7.535 by the end of the session, though could not make new lows like those seen in crude oil, which finished down 2.77. May natural gas finished the day down 6.1 cents at 7.546.

Natural gas held its uptrend in light of the meltdown seen in the oil complex and with the unseasonably colder temperatures and an abundance of commercial and fund short positions a short covering either directly off this cold or on the draw form storage that will follow would undoubtedly keep the market firm and maintain its up trend. We see support at \$7.53-\$7.50, \$7.42, \$7.34, \$7.29, \$7.20 and \$7.00. We see resistance at \$7.67, \$7.82-\$7.87, \$8.00, \$8.35 and \$8.68.