



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 MAY 7, 2007

NATURAL GAS MARKET NEWS

Vowing to reduce her state's carbon footprint, a refrain ringing throughout the West these days, Washington Gov. Christine Gregoire last Friday signed a new climate change law. The new statute sets enforceable limits on greenhouse gas emissions from electric generation plants, and it is expected to boost the development of natural gas-fired and renewable energy generation.

An explosion destroyed a 30 meter section of the trunk gas pipeline taking Russian gas across Ukraine to Europe today, but Gazprom said flows of gas were unaffected.

Steve Howell, president of Howell Oil and Gas in Texas, applauded FERC for its increased transparency proposal for the Texas intrastate natural gas market. FERC would require intrastate pipelines to post daily capacity and volumes of natural gas flowing through their major receipt and delivery points and mainlines. Howell encouraged FERC not to allow the pipeline lobby to convince them to limit transparency.

PIPELINE RESTRICTIONS

MRT said that as required by federal pipeline integrity regulations, due to high line pack and the unavailability of Unionville storage, effective 9:00 AM CT tomorrow and until further notice, several SPW shall be in effect.

Tennessee Gas Pipeline said that effective Timely Cycle 9:00 AM CT today, 12% of supply to market secondary out of the path nominations were restricted. In addition, the pipe

Generator Problems

SERC – Entergy's 966 Mw River Bend nuclear unit dipped to 16% capacity over the weekend. On Friday, the unit was operating at full power.

Southern Co.'s 1,149 Mw Vogtle #2 nuclear unit ramped up to 88% power. Vogtle #1 continues to operate at 98% power.

NPCC – NB Power's 635 Mw Point Lepreau nuclear unit restarted following planned work.

Entergy's 979 Mw Indian Point #3 ramped up to full capacity.

PJM – Exelon's 619 Mw Oyster Creek nuclear unit returned to full power by early today.

PSEG's 1,100 Mw Salem #1 nuclear unit increased output to 85% capacity. Salem #2 continues to operate at full power.

MAIN – Exelon's 1,136 Mw Byron #2 nuclear unit ramped up to 80% power over the weekend. On Friday, the unit was operating at 53% as it returns from a refueling outage. Byron #1 continues to operate at full power.

Exelon's 867 Mw Dresden #2 nuclear unit shut from 98% power over the weekend due to the loss of feedwater.

Wisconsin Energy's 512 Mw Point Beach #1 nuclear unit started to exit a refueling outage and ramped up to 14% power. Point Beach #2 continues to operate at full power.

Exelon's 867 Mw Quad Cities #1 shut for planned refueling outage over the weekend. Quad Cities #2 continues to operate at 96%.

ERCOT – International Power's 632 Mw Coletto Creek coal-fired power station restarted following maintenance over the weekend.

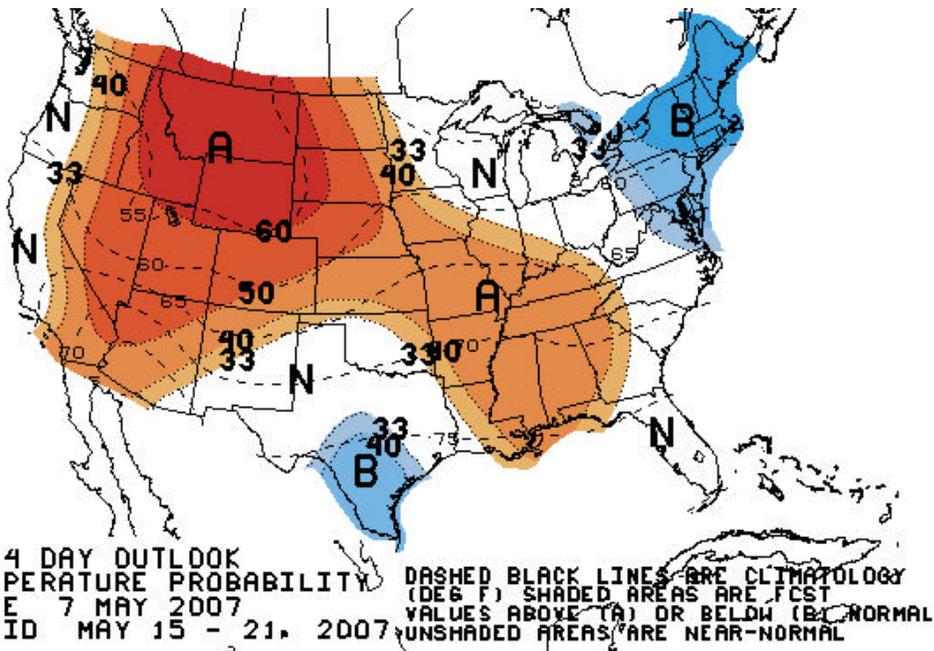
TXU Corp.'s 575 Mw Big Brown coal-fired power station shut late last week for planned work.

TXU Corp.'s 545 Mw Sandow coal-fired power unit is expected to restart tomorrow.

WSCC – Calpine Corp.'s 530 Sutter natural gas-fired power station shut over the weekend.

The NRC reported that 83,020 Mw of nuclear capacity is on line, down .16% from Friday, and up 4.32% from a year ago.

operator will not accept any supply to market increases pathed from meters located on the Terminus SW Loop. Due to reduced nominations, Tennessee will accept increases for nominations pathed from meters located on the Carthage Line Lateral.



Texas Eastern Transmission has scheduled and sealed nominations flowing through Fagus. Increases in nominations for receipts sourced between Little Rock and Fagus for delivery downstream of Fagus will not be accepted. In addition, Tetco has scheduled and sealed nominations flowing through Batesville. Increases in nominations for receipts sourced between Little Rock and Batesville for delivery downstream of Batesville will not be accepted. Finally, Tetco has

scheduled and sealed deliveries downstream of Castor on the Castor lateral. No increases in deliveries downstream of Castor will be accepted.

Williston Basin Interstate Pipeline Company said that there will be two points in capacity constraints for today's Timely Cycle deliveries. Penalties will be imposed at the following points: Northern Border-Manning, Northern Border-Glen.

PIPELINE MAINTENANCE

Gulf South Pipeline said that the scheduled maintenance pipeline shutdown on Index 300-11 Jackson County, Mississippi is complete.

Northern Natural Gas Company said that it will perform planned station maintenance and Emergency Shutdown testing at several Anadarko/Beaver area facilities during the month of May. NNG also said that it will perform planned pipeline maintenance and construction on the B Mainline from Beaver to Mullinville from May 9 through May 30. In order to perform the maintenance, several points will require being shut-in for a period to complete the maintenance. Service to farm taps in the affected segments of the B Mainline will also be interrupted.

PG&E California Gas Transmission said that Burney compressor K-2 would undergo bearing replacement. On May 8-9, capacity will be reduced to 1,991 MMcf (95%) for the maintenance work. On May 10, capacity will be at 2,048 MMcf (98%).

MARKET COMMENTARY

The natural gas market opened down 17.8 cents as mild weather curtailed demand across the country

Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	Volume Traded	Avg Price	Change	Basis	Change	Basis 5-Day Moving Avg
				(As of 12:30 PM)		
Henry Hub	865,100	\$7.686	(\$0.139)	(\$0.404)	\$0.020	(\$0.395)
Chicago City Gate	464,800	\$7.557	(\$0.087)	(\$0.258)	(\$0.025)	(\$0.181)
NGPL- TX/OK	827,200	\$7.289	(\$0.117)	(\$0.526)	(\$0.055)	(\$0.459)
SoCal	946,800	\$7.276	\$0.479	(\$0.539)	\$0.541	(\$0.731)
PG&E Citygate	671,700	\$7.585	\$0.134	(\$0.230)	\$0.196	(\$0.263)
Dominion-South	352,600	\$8.162	(\$0.157)	\$0.347	(\$0.095)	\$0.379
Transco Zone 6	263,300	\$8.263	(\$0.090)	\$0.448	(\$0.028)	\$0.448

and ample inventories eased concern that consumption might outstrip supplies later this year. The June natural gas contract traded liberally between a high of 7.875 and a low of 7.751 during the session. Refinery chatter added a boost to the oil complex and overflow buying lifted natural gas into the close resulting in a settle of 7.779. The market resumed its sell off following the close, trading to a low of 7.732.

We feel that the market will continue to drift lower as shoulder season demand gives the bulls a break. Demand for cooling in the Northeast will average 47% below normal from tomorrow through May 14 and air conditioning requirements in the Southeast will average 9% lower than normal during the next seven days. We see support initially at 7.70 followed by 7.667, a 62% retracement from Friday's high to April 23rd low. Strong support at the daily upward trend from the end of January crosses at 7.551 and if the market fails to break below that support, the continued net short positions will cover providing support to the market as they look to turn their short positions into long positions with summer heat and hurricanes looming. We see resistance at 8.00-8.04, 8.20 and 8.68.