

W The Windham Group



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JUNE 23, 2006

NATURAL GAS MARKET NEWS

The National Hurricane Center reported that a spot of tropical disturbance northeast of the Bahamas could develop over the next day or so into a tropical storm. The NHC said that satellite imagery and surface observations indicate that the broad area of low pressure centered about 200 miles east of the northwestern Bahamas has become better organized today. If the system continues to move to the west-northwest, it would likely avoid the oil and natural gas fields in the Gulf of Mexico.

In the last month there has been substantial improvement in Gulf of Mexico energy production numbers warranting another release by the Minerals Management Service. Current shut-in natural gas production is 935.67 MMcf/d, an improvement of 0.163 Bcf/d since June 5. The 935.67 MMcf/d still shut-in is equivalent to 9.36% of the daily gas production in the GOM.

Generator Problems

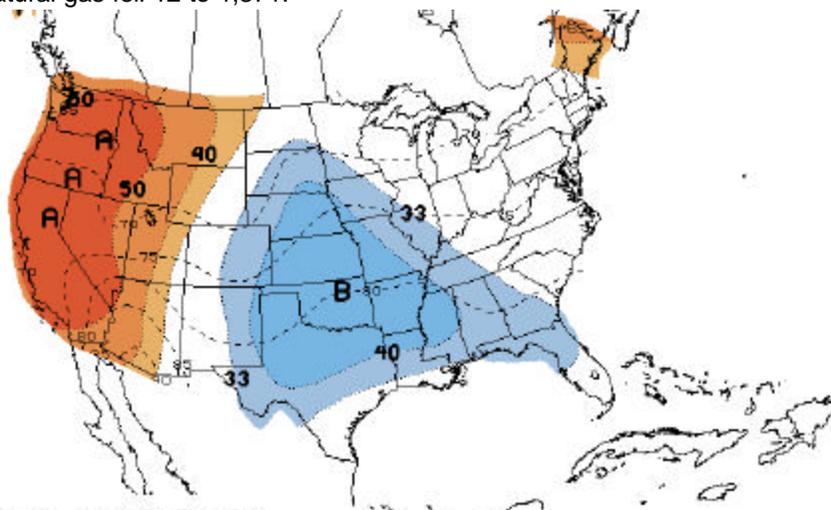
ECAR— TXU Corp.'s 565 Mw Monticello #2 coal-fired power unit restarted following turbine repairs. The unit shut for repairs June 19.

NPCC— Entergy's 670 Mw Pilgrim nuclear unit returned to full power. The unit was operating at 87% capacity yesterday.

SERC— Progress Energy's 938 Mw Brunswick #1 nuclear unit increased to full power. The unit was operating at 92% yesterday. Brunswick #2 continues to operate at full power.

The NRC reported that U.S. nuclear generating capacity was at 94,418 Mw up .14% from Thursday and up 1.73% from a year ago.

Baker Hughes reported that the number of rigs searching for oil and gas in the United States fell three to 1,669 in the week ending June 23. The number of rigs searching for oil rose nine to 294, while the number searching for natural gas fell 12 to 1,371.



6-10 DAY OUTLOOK
TEMPERATURE PROBABILITY
MADE 23 Jun 2006
VALID Jun 29 - Jul 03, 2006

DASHED BLACK LINES ARE CLIMATOLOGY
LINES (°F). SHADDED AREAS ARE (°F)
VALUES ABOVE (A) OR BELOW (B) NORMAL.
UNSHADDED AREAS ARE NEAR-NORMAL.

PIPELINE RESTRICTIONS

Algonquin Gas Transmission said Tennessee Bas Mahwah has been scheduled to capacity on its system.

Florida Gas Transmission said that due to warm temperatures, it is issuing an Overage Alert Day at 20% tolerance.

Texas Eastern Transmission said that it has scheduled and sealed M1 and M2 24-inch to capacity. No increases between Little Rock and Circleville for delivery outside that area will not be accepted. Tetco has also restricted and sealed receipts between Longview and Little Rock in zone ETX. No increases in receipts

between Longview and Little Rock for delivery outside that area will be accepted. Tetco has scheduled and sealed receipts in STX and ETX. No increases in receipts sourced between Mt Belvieu and Longview for delivery outside that area will be accepted. Tetco noted that due to heavy rain in the outage area, the end date for the currently in-progress outage on the discharge of Circleville has slipped. The outage is now estimated to extend until June 26.

PIPELINE MAINTENANCE

Alliance Pipeline said that inspections and maintenance will require the Gold Creek Compressor Station to be unavailable for 5 hours beginning June 29. Station capacity will be reduced to 41.9 MMcf/d. The Gold Creek Station is located in Alberta. Alliance also said that inspections and maintenance will require Unit #1 at the Whitecourt Meter/Compressor Station to be unavailable for 36 hours beginning June 27. Station capacity will be reduced to 17.4 MMcf/d for June 27 and 26.2 MMcf/d for June 28. The Whitecourt Station is located in Alberta.

Williston Basin Interstate Pipeline Company said the planned maintenance at the Saco Compressor Station may be completed earlier than anticipated today. It is anticipated that start up may occur around 11:00 AM MT. During the Saco work, volumes at Receipt Point ID 00885 Bowdoin, Point ID 00880 Whitewater and Point ID 00900 Vandalia were zero.

MARKET COMMENTARY

The natural gas market opened 18.9 cents lower today as a weak cash market signaled little demand given the mild conditions in the Midwest and Northeast. In a relatively quiet day session, natural gas slowly skidded south, reaching a low of 6.17 before recovering modestly to settle down 21.3 cents at 6.226. The market is down about a dollar from a week ago as cooling demand came and left.

The market is back where it started, waiting for summer to kick in. With no hot temperatures to boost demand and the long holiday weekend ahead next week, which traditionally is a period of low industrial demand, this market will take a serious look at the 6.00 level before the July contract goes off the board next Wednesday. Given the glut of supply, only sustained demand will be able to lift prices off this floor and maintain any sort of upside. The Commitment of Traders Report showed that non-commercial traders increased their net long futures position by 6,660 contracts to 15,819 lots as of Tuesday June 20. The combined report showed that non-commercial traders increased their net long futures and options positions by 4,413 contracts. Given the weeks decline we anticipate that those positions have been significantly reduced. We see support at \$6.17, \$6.00, \$5.94 and \$5.90. We see further support at \$5.70-\$5.71. We see resistance at \$6.47, \$6.82, \$7.00 and \$7.33-\$7.37. We see further resistance at \$7.50, \$8.00 and \$8.28.

