



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR APRIL 10, 2006

NATURAL GAS MARKET NEWS

A bipartisan coalition of 115 lawmakers led by Rep. Lois Capps (D-CA) has sent a letter to a House appropriations subcommittee urging it to once again include the congressional moratorium on drilling in much of the Outer Continental Shelf (OCS) in the fiscal 2007 spending bill for the Interior Department and related agencies.

Sen. Kent Conrad (D-ND) has introduced a \$40 billion sweeping energy bill that, among other things, calls for the Interior Department to open additional acreage in Lease Sale 181 in the eastern Gulf of Mexico for oil and natural gas drilling.

FERC on Friday gave a final environmental nod to two associated pipeline projects -- Southern Natural Gas' Cypress Pipeline, which will transport augmented deliveries of regasified liquefied natural gas (LNG) supplies from a proposed expansion of Southern's Elba Island LNG terminal in Georgia, and Florida Gas Transmission's (FGT) expansion project that will interconnect with Cypress to allow regasified LNG to reach Florida.

National Fuel Gas Supply Corp. allegedly overcharged transportation and storage customers about 17.36 Bcf in fuel costs over the five years from 2000 through 2004 and still continues overcharging customers today, according to a complaint and motion for summary disposition filed at FERC by the Public Service Commission of New York, the Pennsylvania Public Utility Commission and the Pennsylvania Office of Consumer Advocate. The Williamsville, NY-based utility vowed to fight the complaint, saying that its fuel percentages have been in place and in public view for more than a decade.

With news last week that the New York Mercantile Exchange had teamed with the Chicago Mercantile Exchange in an electronic energy trading venture, the IntercontinentalExchange (ICE), which arguably

Generator Problems

FRCC— FPL's 839 Mw St. Lucie #1 nuclear unit remains reduced at 90% for planned maintenance. St. Lucie #2, which is scheduled to shut April 24 for refueling and maintenance, remains at full power.

FPL's 693 Mw Turkey Point #3 started to exit an outage and ramped up to 4% of capacity offline. The unit shut on March 6. Turkey Point #4 continues to operate at full power.

MAAC— FirstEnergy's 873 Mw Beaver Valley #2 nuclear unit continued to ramp production, operating the unit at full power. The unit was operating at 75% ahead of the weekend.

Constellation Energy's 873 Mw Calvert Cliffs #1 nuclear unit stopped its startup because a control assembly stuck during physics testing. The unit has been shut since February 20. Calvert Cliffs #2 continues to operate at full power.

NPCC— Dominion Energy's 866 Mw Millstone #2 nuclear unit restarted over the weekend and has ramped up to 87% capacity. Millstone #3 continues to operate at full power.

SERC— Progress Energy's 938 Mw Brunswick #1 nuclear unit exited a refueling outage and ramped up to 87% of capacity by early today. On Friday the unit was operating offline at 4%. Brunswick #2 continues to operate at full power.

Southern Nuclear Operating Company's 888 Mw Farley #1 power unit shut for a refueling. Farley #2 continues to operate at full power.

Progress Energy's 900 Mw Harris nuclear unit shut yesterday for a planned refueling.

Southern Co.'s 883 Hatch #2 nuclear unit ramped up to 99% power by this morning. On Friday, the unit was operating offline at 2% following a restart. Hatch #1 dipped to 94% from 95%.

Dominion Resources' 925 Mw North Anna #1 restarted over the weekend and is operating offline at 12% power. The unit shut March 11 for a month-long refueling. North Anna #2 continues to operate at full power.

stands the most to lose from the deal, said Friday that it will continue to expand its energy offerings.

PIPELINE RESTRICTIONS

Natural Gas Pipeline Company said that it has capacity available for deliveries to KMTP-Goodrich located in Polk County, Texas. Interruptible flow, authorized overrun and secondary transports are available.

Southern Natural Gas Pipeline Co. said that it has experienced an unscheduled outage on its north mainline system in Alabama near the Calhoun Power delivery point. Consequently, Southern will not be able to accept nominations for deliveries to the Calhoun Power delivery point until repairs are completed. Repairs are underway and based on the best information available the company anticipates being able to accept nomination for April 12. This repair date is dependent on the availability of required materials.

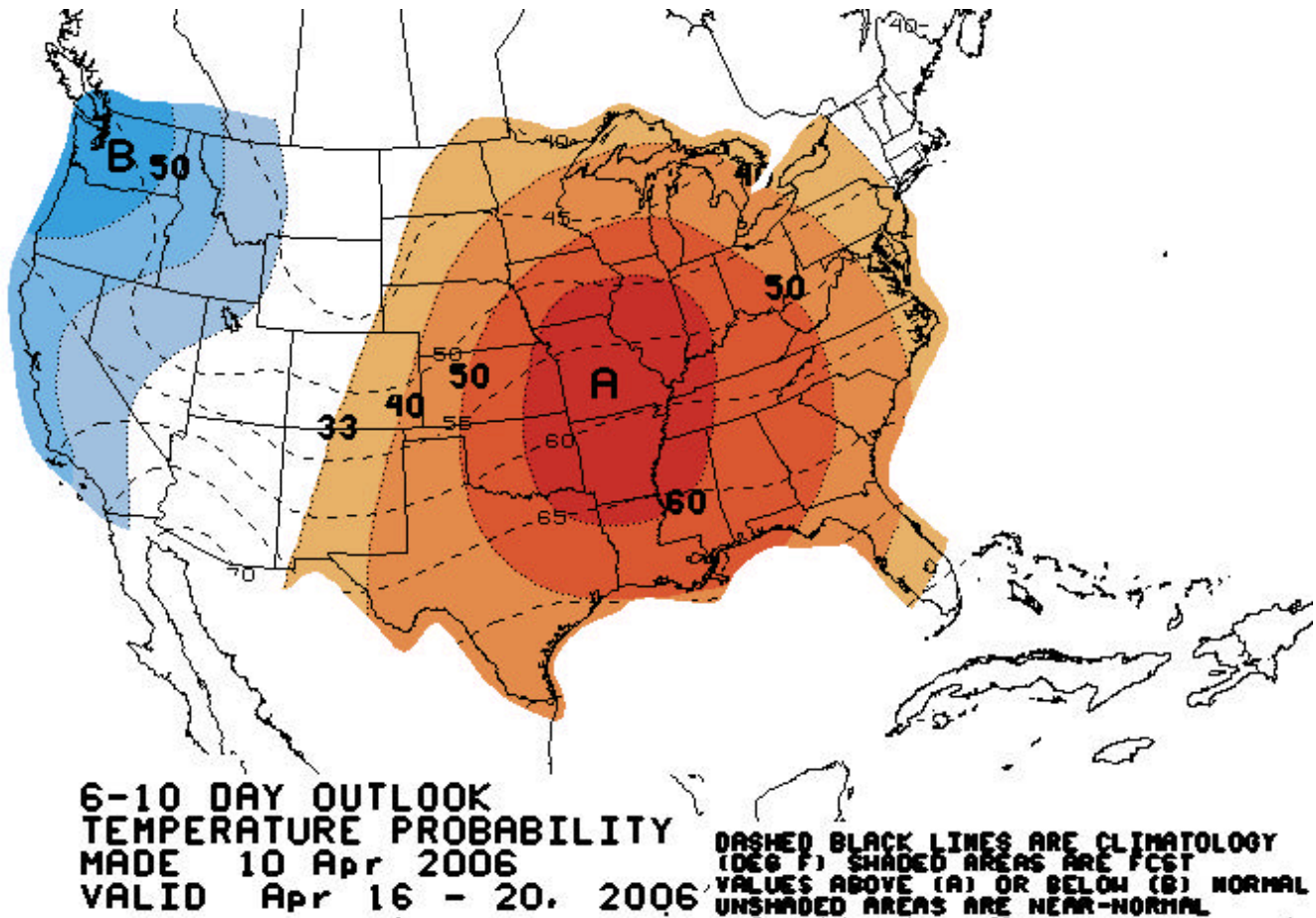
Generator Problems

SERC(cont'd)— TVA's 1,125 Mw Sequoyah #1 nuclear unit shut for its regularly scheduled refueling and maintenance outage. Sequoyah #2 continues to operate at full power.

WSCC— AES's 485 Mw Alamitos #5 natural gas-fired power station shut Sunday afternoon for unplanned work. On Friday, the unit was available for service.

Sempra Energy's 525 Mw Elk Hills natural gas-fired power station shut for planned reasons by Sunday afternoon. On Friday, the unit was available for service.

The NRC reported that U.S. nuclear generating capacity was at 77,169 Mw down 1.36% from Friday and up 5.56% from a year ago.



Texas Eastern Transmission 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.

PIPELINE MAINTENANCE

Alliance Pipeline said that scheduled maintenance will require the Irma Compression Station to be offline for four hours starting at 9:00 AM CT on April 11. This work may impact AOS levels but will be determined closer to the outage date. The Irma Creek Compressor is located in Saskatchewan.

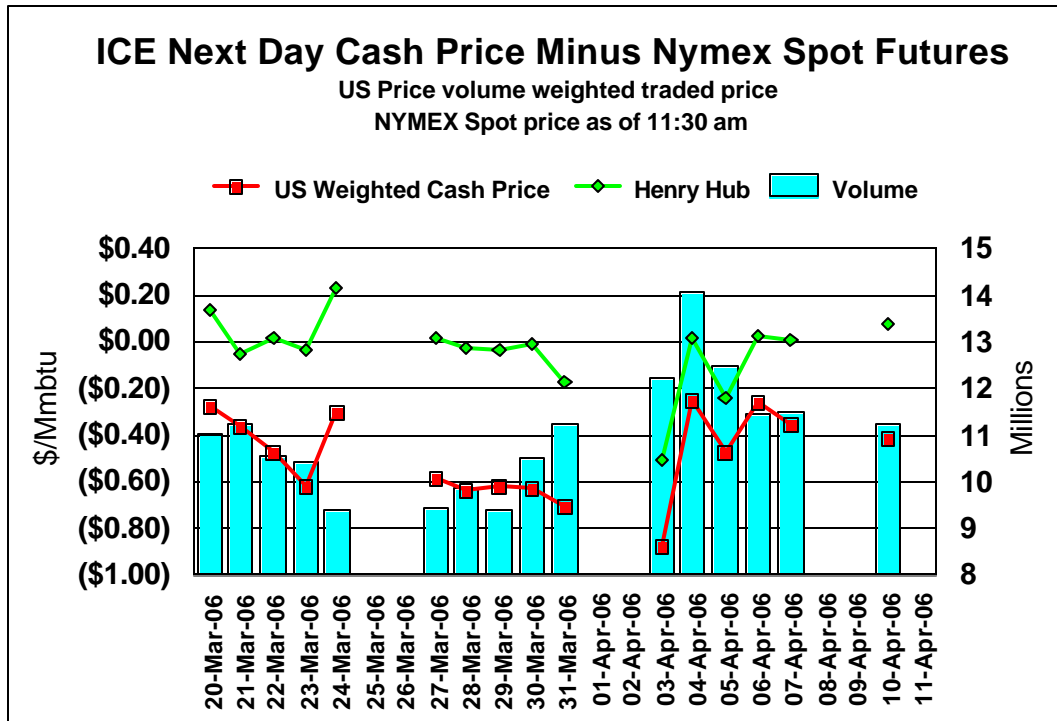
Gulf South Pipeline said that force majeure conditions no longer exist on the Davison 12-inch Index 196. Service is available. The pipeline began scheduled maintenance on April 4. Gulf South Pipeline also said that it will be performing scheduled pigging maintenance on Index 8 beginning April 12 for approximately 8 hours. Due to the nature of the pigging maintenance temporary shut-ins will occur during the maintenance. However, Gulf South does not anticipate any effect to capacity or 24-hour flow rates as a result of this maintenance activity.

ELECTRIC MARKET NEWS

Maryland Gov. Bob Ehrlich late Friday vetoed two pro-consumer bills that had threatened to topple the proposed merger of Constellation Energy Group Inc. and FPL Group. A third measure vetoed by Ehrlich called for the dismissal of the state's Public Service Commission (PSC) members.

Pacific Gas and Electric Co. said it chose Wartsila North America as the contractor for a new generation facility at the existing Humboldt Bay Power Plant. PG&E will own and operate the 163 Mw plant once construction is finished, which is expected by mid-2009.

The 7,885 voters on the island of Nantucket, 30 miles off Cape Cod will vote tomorrow on a ballot question for or against the hotly contested wind farm project that would include building 130 windmills in the middle of Nantucket Sound. The island's 12-member regional planning board, the Nantucket Planning and Economic Development Commission, placed the question on the ballot. It asks voter if the town should support the generation of electricity by wind power as proposed for a site in Nantucket Sound. The vote results will have no direct effect on the outcome of the project, but are likely to influence future positions taken by local officials. The proposed wind farm would be six miles from the Cape at its closest point, compared with 14 miles from the town of Nantucket.



MARKET COMMENTARY

The natural gas market opened 7.7 cents higher after trading down to the 6.65 support level in overnight trading, but strength in the crude oil market limited further downside pressure. Initial softness in the market saw prices immediately trade to a low of 6.68. But, Friday's dip in the crude oil market was seen as a buying opportunity, so as crude oil traded higher today on geopolitical tensions, natural gas again felt the upward tug, making the market unable to pressure the lows. The May contract initially found resistance at 6.85, but as crude oil found more buying interest sending it hear 69.00, natural gas extended its gains on the day to a high of 6.94. May natural gas settled up 13.9 cents at 6.882.

With little news of its own to focus on, the natural gas market seemed content to play second fiddle as it hovers in familiar territory. As long as crude oil continues its geopolitical rally, natural gas will not be able to slide too far, especially with key support at \$6.65-\$6.66. The bearish shoulder fundamentals will contain upside potential until the temperatures heat up driving cooling demand for natural gas. Until then, the tug of war will continue in familiar territory. We see support at \$6.65-\$6.66, \$6.62 and \$6.45-\$6.50. We see further support at \$6.13 and \$5.68. We see resistance at \$7.00, \$7.25, and \$7.562. Further resistance we see at \$7.62, \$7.85, \$8.00 and \$8.13.

U.S. Daily Heating Degree Days Basis Gas Customer Weighted Basis

