



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JANUARY 5, 2007

NATURAL GAS MARKET NEWS

The new Congress wasted little time in taking action on the energy issue that always seems to draw the most headlines: drilling in the Arctic National Wildlife Refuge (ANWR) in Alaska. Rep. Edward Markey (D-MA) was joined by Rep. Jim Ramstad (R-MN) in introducing the Udall-Eisenhower Arctic Wilderness Act, which would designate the coastal plain of the Arctic National Wildlife Refuge as a wilderness area with permanent protections.

FERC Thursday upheld a June order approving an expansion of Dominion Cove Point LNG LP's terminal in Calvert County, MD, and pipeline system, despite claims by Washington Gas Light Co. (WGL) that high-Btu LNG from the terminal caused widespread leaks on its distribution system in Prince Georges County, MD, in 2005.

Generator Problems

ECAR – Dominion Resources' 1,581 Mw Mount Storm coal-fired power station shut by early today.

ERCOT – American Electric Power's 675 Mw Pirkey coal-fired power station shut due to the lockup of the primary air heater.

The NRC reported that 96,817 Mw of nuclear capacity is on line, down .24% from Thursday, but 4.33% higher from a year ago.

EIA Weekly Report

	12/29/2006	12/22/2006	Net chg	Last Year
Producing Region	942	947	-5	747
Consuming East	1740	1773	-33	1523
Consuming West	392	401	-9	371
Total US	3074	3121	-47	2641

*storage figures in Bcf

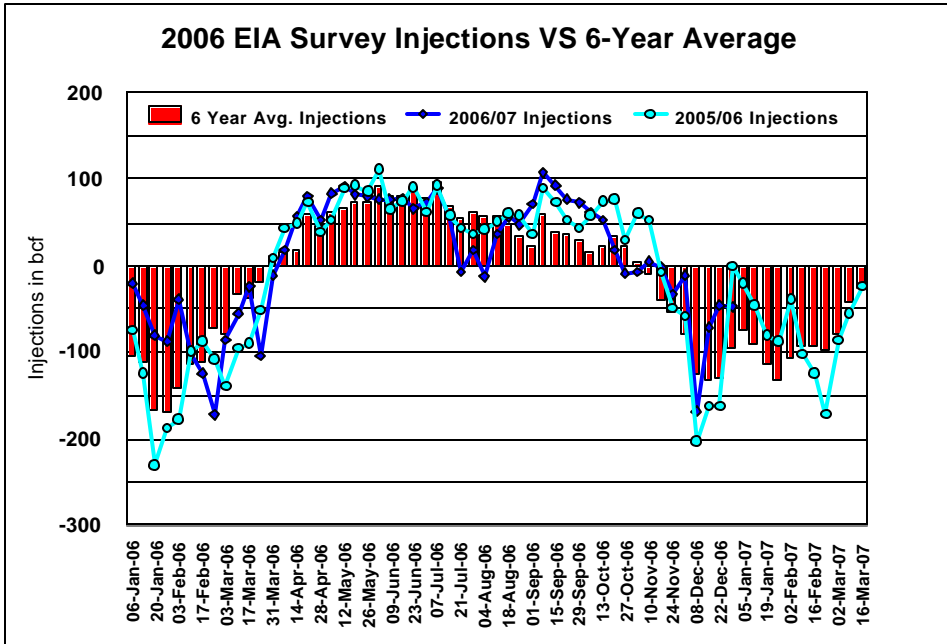
British gas prices rose today on reduced supply from the Norwegian Troll field because of technical problems. Gas for Friday closed a penny higher at 29.20 pence per therm. Gas for Monday closed at 28.70 pence. Demand was low because of mild weather but this was offset by reduced output from the Troll A platform, which supplies Britain through the Langede pipeline.

Norwegian Energy company Statoil aims to complete repairs to its Troll A gas platform at the weekend. While repairs are carried out, production from the platform is fluctuating between 75 million cubic meters and 105 million cubic meters per day, versus the platform's full capacity of 125 million cubic meters.

PIPELINE RESTRICTIONS

ANR Pipeline Company said that due to a force majeure event arising from third party damage to its pipeline, the company is continuing inspection and repairs on its pipeline segment just west of the LaGrange CS. The 24-inch line segment between MLV 82-83 located in Cass County, Michigan, remains isolated until further notice. During this period, the total Bridgman East CFTP capacity will be limited to 1,091 MMcf/d. Based on current nominations, it is anticipated the above reductions may result in the curtailment of nominations associated with Firm Secondary and IT through Bridgman East CFTP.

Southern Natural Gas issued a Type 6 OFO Probability Update, stating that while the following information is not an OFO notice, it is the company's best projection of the likelihood of implementing a Type 6 OFO for the following dates based on the current receipts and projected deliveries. SONAT said that there is a probability UL for long or short imbalances for today and TCTC for long and UL for short imbalances January 6 and January 7.



PIPELINE MAINTENANCE

Colorado Interstate Gas Company revised its previously released maintenance schedule. The revised schedule now calls for the Cheyenne Compressor Station to be out of service January 9 through January 12 for maintenance. Capacity through (CYC) will be reduced from 600.0 to 557.0 MMcf/d. Initial plans called for the Cheyenne Compressor Station to be out of service from today through January 26 with a capacity reduction to 550.0 MMcf/d.

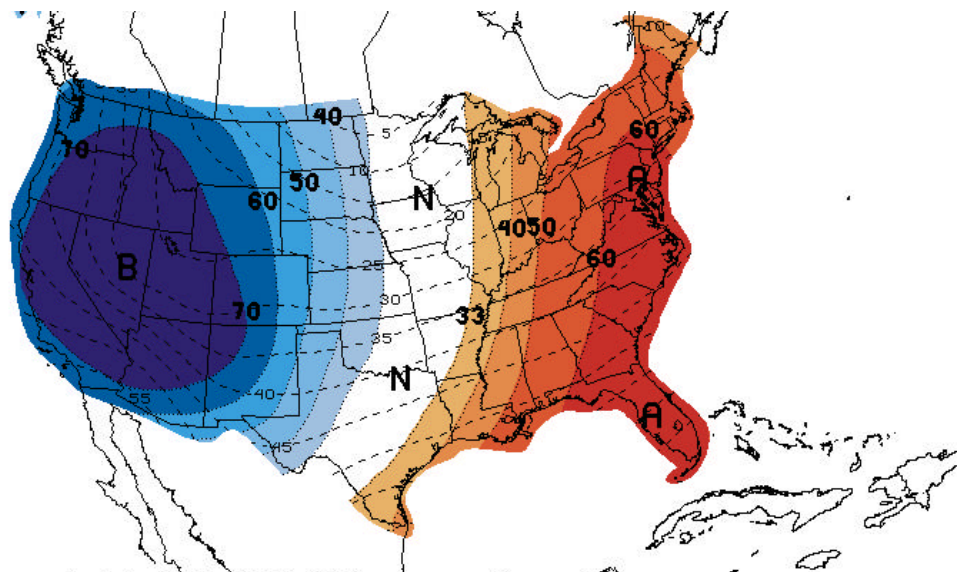
Questar Pipeline Company said that beginning January 8 and continuing until January

29, the company will be performing maintenance on the compressors at its Clay Basin storage facility. As a result, Questar's ability to physically inject gas into the reservoir will not be available for this time period. Customers with questions should contact their Scheduling representative.

ELECTRIC MARKET NEWS

Pennsylvania regulators approved of Conectiv Energy's air permit proposal that will allow the company to build a 1,100 Mw natural gas fired power plant in Peach Bottom Township, Pennsylvania. Before building the plant, expected to cost \$600 million, the company would assess the public need for the project and seek financing and buyers for its power output.

A group of municipal utilities in Iowa released plans for a generation project using compressed air and wind generation to meet the state's growing energy needs. The project would be the third type of compressed-air energy storage facility to be built in the world. The planned Iowa Stored Energy Park involves using compressed air in an underground storage facility, along with wind turbines to generate up to 300 Mw. The ISEP is designed to take advantage of the intermittent nature of wind generation by compressing and storing air in an aquifer. When electricity demand rises, the stored air will be released, heated, and used to drive generators.



MARKET COMMENTARY

The natural gas market opened relatively unchanged today as it anticipated the release of the EIA storage report. The report was within expectations and showed that 47 Bcf was drawn from the ground, leaving 3,074 Bcf in the ground, a whopping 433 Bcf higher than last year at this time. Natural gas took its lead from crude oil today, chopping to a low of 6.03 as crude tested the 55.00 level.

But as short covering boosted oil higher, natural gas returned to its highs and finished the day in moderately positive territory, up 2.2 cents at 6.184.

Support at the 6.00 level has held for the past six sessions despite the melt down in the oil complex, with the market trading sideways as traders are giving winter the benefit of the doubt. Some cold temperatures are seen in the longer-term forecast, which has put a pause to the markets slide, but if the weather fails to materialize, the outlook could be grim and natural gas will test the low from the end of September of 4.07. With such a large supply of gas in storage and only about four to five weeks of hard winter left, any bit of a demand rally will be a selling opportunity. We see support at \$6.05, \$6.00, \$5.95, \$5.75, \$5.58, \$5.35, \$5.20, \$5.00, \$4.50 and \$4.07. We see resistance at \$6.40, \$6.50, \$6.51, \$6.87, \$6.92, \$7.00, \$7.20 and \$7.40.

NYMEX Nat Gas Options Most Active Strikes for January 5, 2007								
Symbol	Month	Year	Call/Put	Strike	Exp date	Settle	Volume	IV
LN	4	7	C	8	03/27/2007	0.2198	6,200	53.48
LN	4	7	C	10	03/27/2007	0.0557	6,150	57.60
LN	5	7	C	10	04/25/2007	0.0998	5,625	54.28
LN	5	7	C	8	04/25/2007	0.3096	5,150	49.94
LN	6	7	C	8	05/25/2007	0.406	5,150	47.64
LN	7	7	C	8	06/26/2007	0.5145	5,150	46.01
LN	8	7	C	8	07/26/2007	0.6251	5,150	45.11
LN	9	7	C	8	08/28/2007	0.7326	5,150	44.42
LN	10	7	C	8	09/25/2007	0.8718	5,150	44.19
LN	6	7	C	10	05/25/2007	0.1552	5,100	52.12
LN	7	7	C	10	06/26/2007	0.22	5,100	50.24
LN	8	7	C	10	07/26/2007	0.2968	5,100	49.48
LN	9	7	C	10	08/28/2007	0.374	5,100	48.61
LN	10	7	C	10	09/25/2007	0.4789	5,100	48.53
LN	5	7	P	5	04/25/2007	0.1531	4,175	55.75
ON	10	7	P	4	09/25/2007	0.1	4,020	51.97
LN	2	7	P	6	01/26/2007	0.2506	2,700	59.58
LN	3	7	C	7	02/23/2007	0.3098	2,600	56.98
LN	3	7	P	5.5	02/23/2007	0.1667	2,300	57.41
LN	3	7	P	4.5	02/23/2007	0.0161	2,300	54.56
LN	2	7	C	7	01/26/2007	0.1054	2,225	59.49
ON	4	7	P	8	03/27/2007	1.76	2,020	57.97
LN	6	7	P	5	05/25/2007	0.1707	2,000	53.76
ON	10	7	P	5	09/25/2007	0.301	2,000	52.15
LN	3	7	C	6.5	02/23/2007	0.4692	1,950	54.69
LN	4	7	P	6	03/27/2007	0.4201	1,550	57.11
LN	3	7	C	8	02/23/2007	0.1334	1,500	60.81
LN	4	7	C	11	03/27/2007	0.0296	1,200	59.45
LN	5	7	C	11	04/25/2007	0.0596	1,200	56.16
LN	6	7	C	11	05/25/2007	0.0965	1,200	53.49
LN	7	7	C	11	06/26/2007	0.1441	1,200	51.46
LN	8	7	C	11	07/26/2007	0.2081	1,200	50.97
LN	9	7	C	11	08/28/2007	0.273	1,200	50.12
LN	10	7	C	11	09/25/2007	0.3737	1,200	50.68

