



ENERGY RISK MANAGEMENT

Howard Rennell & Pat Shigueta
(212) 624-1132 (888) 885-6100

www.e-windham.com

POWER MARKET REPORT FOR JANUARY 6, 2006

NATURAL GAS MARKET NEWS

Baker Hughes reported that the number of rigs searching for oil and gas in the U.S. fell by 7 to 1,464 in the week ended January 6. The number of rigs searching for oil in the U.S. rose 8 to 243, while the number of rigs searching for gas fell 15 to 1,219.

PIPELINE RESTRICTIONS

East Tennessee Natural Gas said that there will be: no secondary receipts out of path upstream of station 3104; no secondary receipts out of path upstream of station 3205; and no secondary deliveries downstream of station 3313 on the 8 inch 3300 line between Rural Retreat and Roanoke. In addition, Maximum Allowable Delivery Service will be in effect beginning gas day January 6. The unauthorized overrun charges for exceeding MAD will remain in effect until further notice.

Florida Gas Transmission said that cold weather is forecasted in Florida tonight. Therefore, FGT would like to notify their customers in FGT's Market Area that there is the potential that FGT may issue an Overage Alert Day on one of the upcoming gas days.

Gulf South Pipeline said that based upon its initial review of nominations, NNS demand, and other factors, Gulf South may be required to schedule available capacity and implement scheduling reductions on Sarepta to Sterlington 18-inch Index 250; Tyler 12-inch Index 8 / Palestine 8-inch Index 11 & 70 / Dallas 18-inch Index 1; Hall Summit; Koran Station; West 30 North; Barron (To Columbia Gulf); Bayou Sale to Napoleonville; Montpelier to Kosciusko, Kiln to Mobile, and Lake Charles Receipts – Capacity Area 6.

Kern River Pipeline said that linepack is at a high level, according to an informational posting on their web site. There will be no new banking arrangements until line pack returns to normal.

Texas Eastern Transmission said it has restricted STX and ETX to capacity. No increases in receipts between Mt. Belvieu and Little Rock for delivery outside that area will be accepted. Tetco has also scheduled and sealed M1 and M2 24-inch. No increases between Little Rock and Batesville for delivery outside that area will be accepted. Tetco has scheduled and sealed receipts sourced at Monroe Station. No increases in receipts sourced at Monroe will be accepted.

PIPELINE MAINTENANCE

Generator Problems

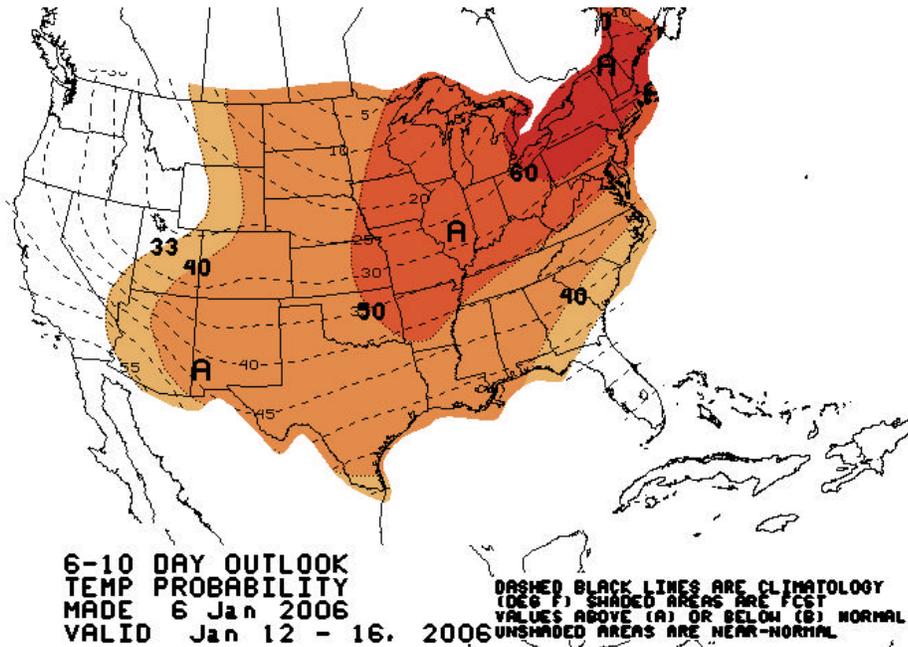
ERCOT— American Electric Power's 528 Mw Welsh #1 coal-fired power unit will continue to be worked on January 6-10. The unit shut yesterday to fix a boiler tube leak.

MAAC— Exelon Generation's 1,143 Mw Limerick #1 nuclear unit decreased power to 87%. The unit was operating at full capacity yesterday. Limerick #2 continues to operate at full power.

WSCC— Energy Northwest's 1,200 Mw Columbia Generating nuclear unit reduced power to 60%. Yesterday, the unit was operating at 85% power.

The NRC reported that U.S. nuclear generating capacity was at 92,794 Mw down .50% from Thursday and up .84% from a year ago.

Alliance Pipeline said that routine inspections require the Gold Creek compressor to be offline for five hours on January 12. Station capacity will be lowered to 41.9 MMcf/d for January 12.



El Paso Natural Gas Company said that delays in manufacturing replacement compressor components will extend the Belen 2 outage through February 10. Roswell 1 maintenance will occur as scheduled January 24-26. The reduction of San Juan Crossover capacity will be as follows: January 5-23 - 35 MMcf/d; January 24-26 - 45 MMcf/d; January 27 through February 10 - 35 MMcf/d.

Williston Basin Interstate Pipeline Company said that one unit at the Monarch Compressor Station will be down for maintenance until approximately 1:00 PM ET today. Williston does not

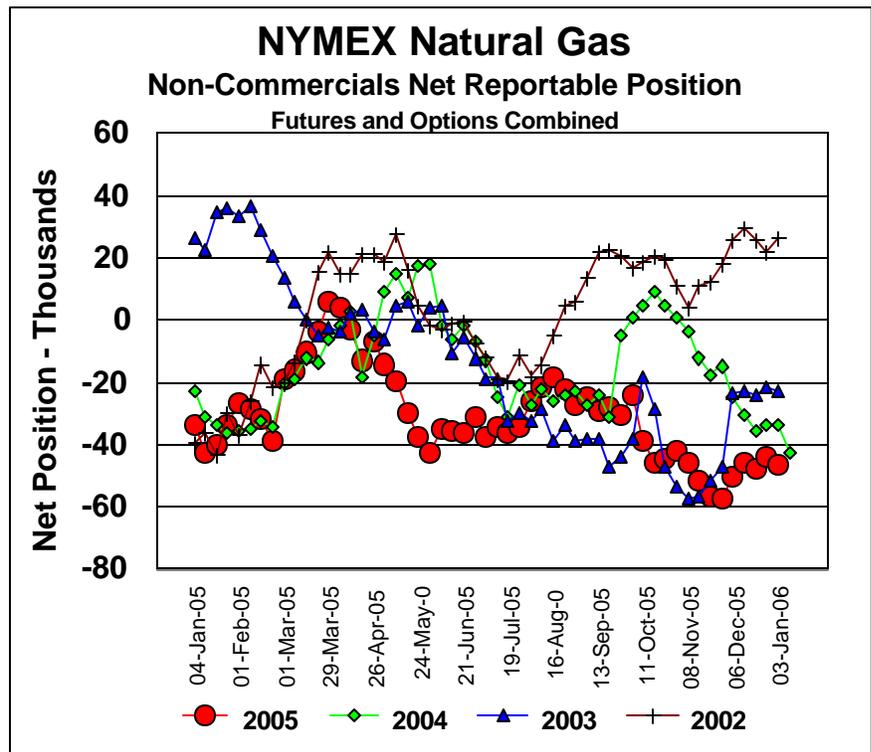
anticipate any restrictions to the system.

ELECTRIC MARKET NEWS

The U.S. Nuclear Regulatory Commission provided Entergy Corp. a draft confirmatory order that would require Entergy to install back-up power to the emergency notification system at its Indian Point nuclear power facility, 25 miles north of New York City. The NRC's proposed action would implement the direction by Congress in the Energy Policy Act of 2005. The act included a provision directing the NRC to require nuclear power plants located within certain population densities to have back-up power for their emergency notification systems, including sirens. The Indian Point nuclear power plant was the only plant that fell within the requirement.

ECONOMIC NEWS

The U.S. Labor Department reported that hiring slumped a bit in December, though the economy created 2 million jobs for the second straight year. In December, the economy created 108,000 jobs, compared with a revised gain of 305,000 jobs in November. The December gain was the smallest of the year aside from September and October, when Hurricanes Katrina and Rita slowed hiring. The street had been expecting a gain of 200,000 jobs for December.



MARKET COMMENTARY

The natural gas market opened 28 cents higher, as short covering ahead of the week spurred traders to rethink this over sold market. The February contract had an inside trading day, and traded as high as 9.82 early in the part of the session but with no new supportive weather, the market slumped to the 9.60 level, trading as low as 6.58 before settling up 13.3 cents at 9.632, the first positive settlement this week. Overall this week, natural gas slid \$1.59, or 14.2%.

Some of the early gains in the market today came amid speculation of a revision to the EIA's storage data that showed a surprise build in supplies last week. The EIA's policy is to post any information regarding a revision by 1PM EST so selling held off until after that time, when traders realized that yesterday's number would stand. After 1PM there was a little more selling pressure, which helped natural gas go out near its low in the day. Today's small climb is not the correction to the market's oversold position that will come when the market feels it has some supportive weather. Forecasts for the key consuming regions of New York and Chicago have temperatures remaining above normal through the end of next week, giving the bears some time to pressure this market some more. Come next week, we feel that this market will work lower towards the 9.00 level until forecasts give it a reason to reverse.

The Commitment of Traders report showed that non-commercial traders increased their net short futures position by 1,455 contracts. In the combined futures and options report, non-commercial traders increased their net short position by 2,800 contracts. We see support at \$9.20, \$9.00 and \$8.25. We see resistance at \$10.00, \$10.20 and \$10.50. Further resistance we see at \$11.00 and \$11.38.