



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JANUARY 11, 2007

NATURAL GAS MARKET NEWS

The NOAA that tracks El Nino said today that effects from the weather anomaly should continue through spring, with warmer-than-normal North American temperatures extending to March.

San Diego-based Sempra Energy's vast liquefied natural gas stake in North America looks like a pot of gold with more than 2 Bcf/d of LNG capacity sold to LNG suppliers at two of its three permitted terminals that are under construction and set to begin commercial operations next year.

Production at ConocoPhillips' Murdoch gas platform off the coast of Britain has been shut down due to the threat of collision by a cargo ship adrift in the North Sea. High winds and waves are making it difficult to get to the 3,000-tonne cargo ship. The platform is 43 miles off of Britain's east coast.

Bluewater Gas Storage said it received federal regulatory approval to sell interstate natural gas storage service for its two reservoirs in Michigan. Bluewater said it was conducting an open season to gauge interest in its firm storage services for capacity beginning April 1.

EIA Weekly Report

	01/05/2007	12/29/2006	Net chg	Last Year
Producing Region	933	942	-9	758
Consuming East	1712	1740	-28	1495
Consuming West	380	392	-12	370
Total US	3025	3074	-49	2624

*storage figures in Bcf

Further, Enbridge maybe restricting the amount of payback that may be taken off any Enbridge system for at least the next seven days.

KM Interstate Gas Transmission said that it is at capacity for deliveries through Segment 190 (Big Springs) effective for gas day January 12, and until further notice. KMIGT will only schedule primary and secondary in-path quantities through Segment 190.

Natural Gas Pipeline Company said that a leak was discovered on Natural's 8-inch Lateral in Wheeler County, Texas (Segment 6 of

Generator Problems

ERCOT – TXU Corp.'s 750 Mw Monticello #3 coal-fired power station restarted after fixing a feedwater heater. The unit closed January 9 for the repairs.

MAPP – Xcel Energy's 569 Mw Monticello nuclear unit shut late yesterday during routine testing due to an equipment problem with the main turbine control valve.

SERC – Tennessee Valley Authority's 1,118 Mw Browns Ferry #2 nuclear unit shut early today. The unit is expected to return by the end of the weekend. The unit had been operating at full power. Browns Ferry #3 continues to operate at full power.

The NRC reported that 96,812 Mw of nuclear capacity is on line, down .55% from Wednesday, but 2.48% higher from a year ago.

PIPELINE RESTRICTIONS

Enbridge Offshore Pipelines said that due to the colder than normal temperatures expected beginning January 13, several Enbridge pipelines may not be able to extend the normal flexibility to absorb imbalances that may occur due to production shortfalls and/or overtakes from the

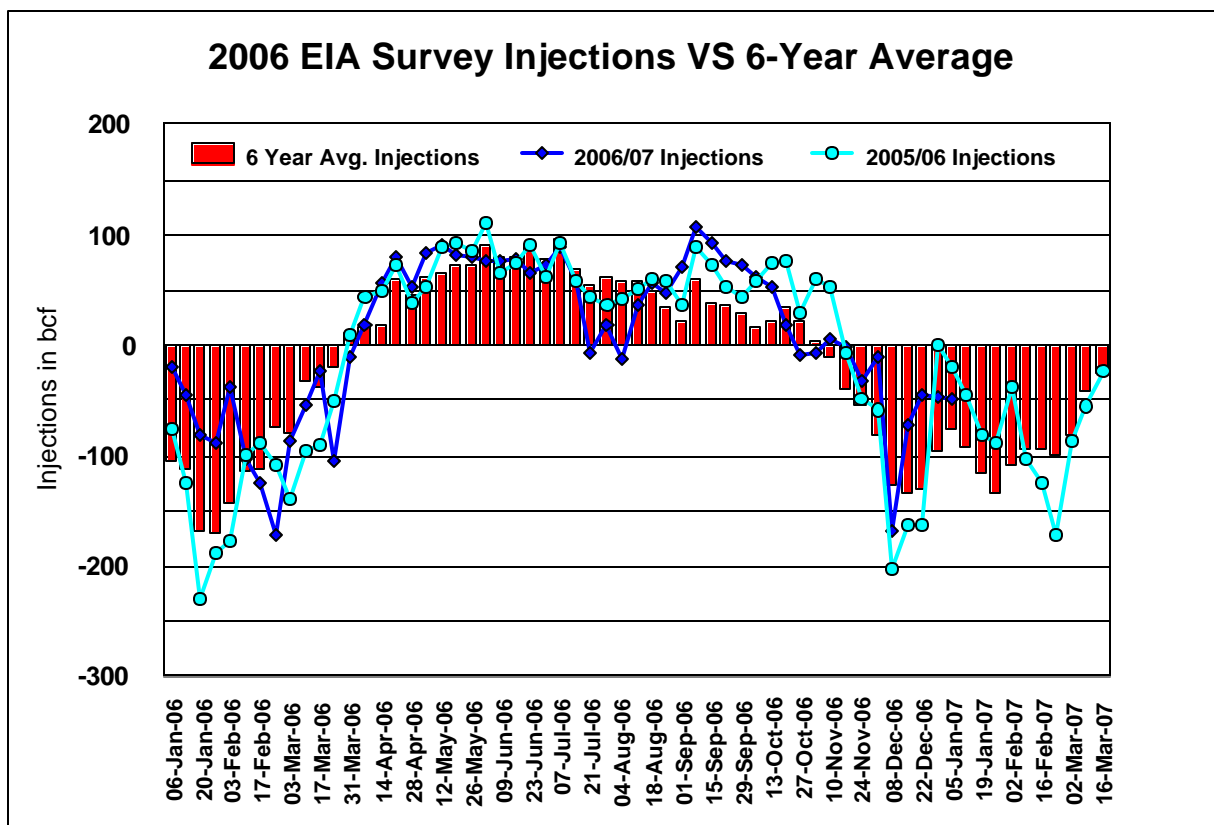
Canadian Gas Association

Weekly Storage Report

	05-Jan-07	29-Dec-06	06-Jan-06
East	227.4	229.3	188.0
West	186.0	187.9	185.1
Total	413.5	417.2	373.2

storage figures are in Bcf

Natural's MidContinent Zone. This leak and needed repairs will not impact transport scheduling in Segment 6, but one point on this lateral will be unavailable effective today and until further notice: Kaiser-Francis-Scott #1-Wheeler.



ELECTRIC MARKET NEWS

Pennsylvania utility regulators approved a power rate increase that was lower than the increase FirstEnergy Corp. requested for two of its subsidiaries, Metropolitan Edison Co. and Pennsylvania Electric Co. The Pennsylvania Public Utility Commission said it voted to allow Met-Ed to increase revenue by about \$58.7 million or 5.1%, and Penelec by about \$50.2 million or 4.6%, starting January 11, 2007. Met-Ed had requested an increase of about \$216 million or 19% while Penelec requested an increase of \$157 million or 15%.

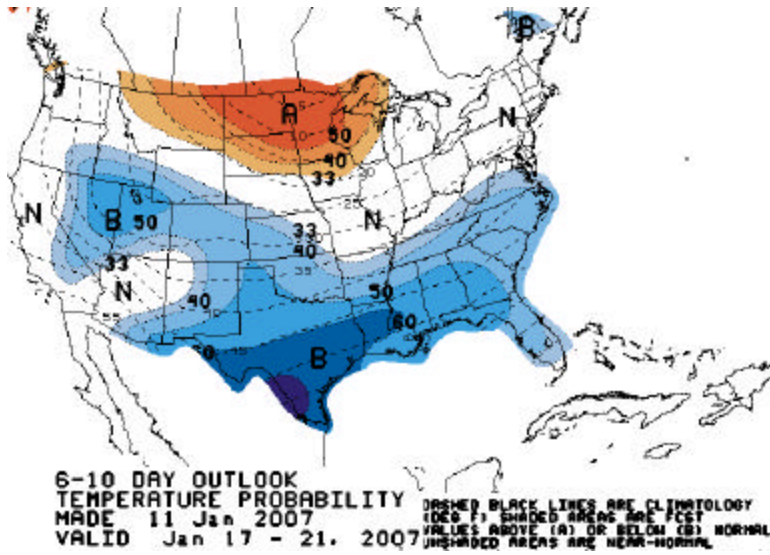
A Virginia lawmaker viewed as influential on utility issues introduced a bill that would end the cap on Dominion Virginia Power's retail rates on December 31, 2007, and return the utility to cost-of-service rates.

Kansas Governor Kathleen Sebelius called for the state to obtain 10% of its electricity supply from wind by 2010 and expand that to 20% by 2020.

MARKET COMMENTARY

The natural gas market opened 18.5 cents lower in anticipation of today's bearish EIA report and a relentlessly weak oil complex. February natural gas trended lower ahead of the number, which

Natural Gas Cash Market							
ICE Next Day Cash Market							
	Volume	Avg	Change	Basis	Change	Basis 5-Day	
Location	Traded	Price		(As of 12:30 PM)		Moving Avg	
Henry Hub	878,700	\$6.092	(\$0.324)	(\$0.385)	(\$0.095)	(\$0.382)	
Chicago City Gate	564,300	\$6.257	(\$0.208)	(\$0.294)	(\$0.044)	(\$0.275)	
NGPL- TX/OK	615,100	\$5.839	(\$0.313)	(\$0.712)	(\$0.149)	(\$0.650)	
SoCal	985,600	\$6.268	(\$0.204)	(\$0.283)	(\$0.040)	(\$0.278)	
PG&E Citygate	729,300	\$6.767	(\$0.123)	\$0.216	\$0.041	\$0.199	
Dominion-South	475,400	\$6.249	(\$0.437)	(\$0.302)	(\$0.273)	(\$0.203)	
Transco Zone 6	250,700	\$6.625	(\$0.494)	\$0.074	(\$0.330)	\$0.178	



was within expectations showing that 49 Bcf was drawn from the ground. As crude oil broke lower below the 52.00 level, natural gas could not hang on to its levels and trekked lower to a low of 6.25. The front spread widened back out 10.5 cents as the market returned to levels from last week. February natural gas settled down 46.3 cents at 6.292.

Despite bouts of cold this week and next week and a modest pick up in demand, many traders remained skeptical of the upside, expecting the huge inventory overhang to limit price gains until arctic air is sustained. Rumors and forecasts are not enough to move prices higher at this point. Black and white supply and demand numbers are

keeping the bears in charge. Nationwide storage stands at 3,025 Bcf, 401 Bcf, or 15%, above last year, and 461 Bcf, or 18% above the five-year average, a huge cushion to meet even the strongest winter heating demand. We see support at \$6.00, \$5.74, \$5.50, \$5.00 and \$4.07. We see resistance at \$7.00, \$7.29-\$7.30, \$7.40 and \$7.50.

NYMEX Nat Gas Options Most Active Strikes for January 11, 2007

Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LN	5	7	P	4.5	04/25/2007	0.0524	4,100	53.04
LN	2	7	C	7.25	01/26/2007	0.0608	3,000	62.97
ON	4	7	C	10	03/27/2007	0.044	2,520	58.16
LN	2	7	C	7.5	01/26/2007	0.0375	2,325	63.75
LN	3	7	P	5	02/23/2007	0.0401	2,300	54.10
LN	2	7	C	7	01/26/2007	0.0967	2,075	62.14
LN	2	7	C	8	01/26/2007	0.0137	1,650	65.29
LN	3	7	C	8	02/23/2007	0.1122	1,625	59.91
LN	3	7	C	9	02/23/2007	0.0431	1,550	62.72
LN	4	7	C	8	03/27/2007	0.193	1,550	51.68
ON	5	7	C	10	04/25/2007	0.079	1,500	54.72
LN	2	7	C	6.5	01/26/2007	0.2266	1,450	60.27
LN	4	7	C	10	03/27/2007	0.0436	1,450	56.18
LN	3	7	P	6.45	02/23/2007	0.5241	1,350	60.41
LN	3	7	C	6.45	02/23/2007	0.4714	1,350	53.50
LN	2	7	P	5	01/26/2007	0.008	1,300	61.06
ON	4	7	C	9	03/27/2007	0.089	1,160	56.02
LN	7	7	C	10	06/26/2007	0.1847	1,150	48.32
LN	4	7	C	9	03/27/2007	0.0892	1,100	53.85
LN	6	7	C	10	05/25/2007	0.1267	1,100	50.08
LN	5	7	C	10	04/25/2007	0.0784	1,050	52.18
LN	8	7	C	10	07/26/2007	0.2574	1,050	47.87
LN	9	7	C	10	08/28/2007	0.3294	1,050	47.01
LN	10	7	C	10	09/25/2007	0.4294	1,050	47.03
LN	4	7	P	5.5	03/27/2007	0.1899	1,000	53.83
ON	2	7	C	8	01/26/2007	0.014	946	66.29
ON	2	7	C	8.5	01/26/2007	0.005	902	67.68
ON	3	7	P	6	02/23/2007	0.298	855	55.84
LN	3	7	P	6	02/23/2007	0.2973	850	58.24
LN	4	7	P	5	03/27/2007	0.0846	850	53.29
LN	4	7	C	6.55	03/27/2007	0.577	835	47.31
LN	4	7	P	6.55	03/27/2007	0.6343	835	56.45
LN	7	7	C	9	06/26/2007	0.2911	800	46.47

