



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JANUARY 12, 2007

NATURAL GAS MARKET NEWS

The fertilizer vessel adrift in the U.K. North Sea narrowly missed two natural gas platforms owned by ConocoPhillips. The ship passed safely by the Murdoch platform last night and then passed within 800 yards of the unmanned Caister platform at about 12:30 am.

US House Democrats will seek to force producers to renegotiate flawed 1998-1999 lease contracts, eliminate deepwater Gulf of Mexico oil and gas royalty relief, remove a tax deduction for US production activities and raise the taxes on majors' exploration activities, according to a draft of the bill.

Generator Problems

MAPP – Xcel's 578 Mw Monticello #1 nuclear unit remains offline after automatically scrambling shut on January 10.

SERC – Tennessee Valley Authority's 1,100 Mw Browns Ferry #2 nuclear unit shut from full capacity yesterday after a main turbine trip.

The NRC reported that 95,733 Mw of nuclear capacity is on line, down 1.12% from Thursday, but 1.17% higher from a year ago.

Williams said it had restored the Cameron Meadows natural gas processing plant in southern Louisiana to its full design capacity of 500,000 Mcf/d. The facility sustained severe damage in September 2005 from Hurricane Rita, which filled the plants' compressors and engines with salt water and dirt, and essentially destroyed the control room, administrative office and warehouse.

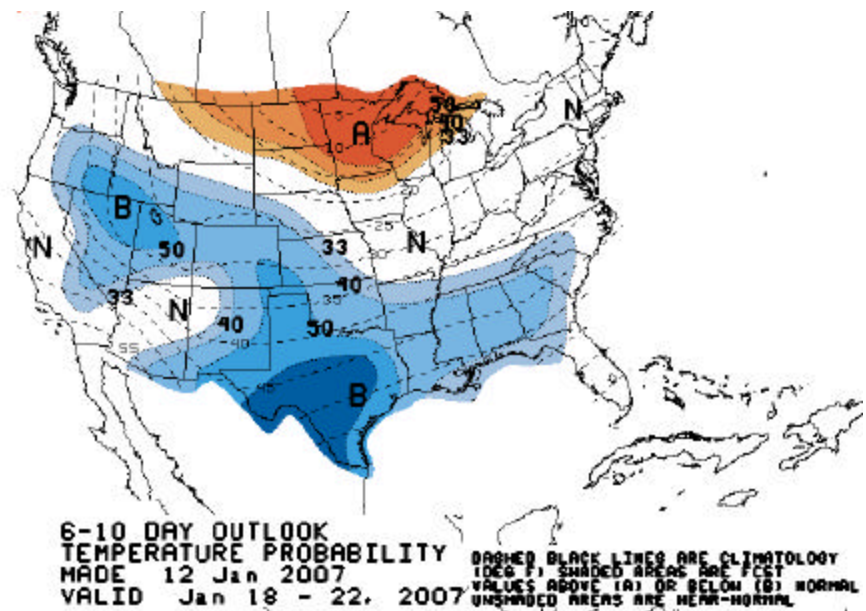
Lehman Brothers energy analyst Tom Driscoll cut his 2007 natural gas price outlook 10% to \$6.75/MMBtu,

Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
<u>Location</u>	<u>Traded</u>	<u>Price</u>		(As of 12:30 PM)		<u>Moving Avg</u>
Henry Hub	1,126,800	\$5.974	(\$0.118)	(\$0.342)	\$0.043	(\$0.346)
Chicago City Gate	712,200	\$6.341	\$0.084	(\$0.141)	\$0.153	(\$0.233)
NGPL- TX/OK	636,600	\$5.912	\$0.073	(\$0.570)	\$0.142	(\$0.614)
SoCal	963,800	\$6.078	(\$0.190)	(\$0.405)	(\$0.121)	(\$0.302)
PG&E Citygate	872,200	\$6.557	(\$0.211)	\$0.075	(\$0.142)	\$0.168
Dominion-South	557,900	\$6.190	(\$0.059)	(\$0.292)	\$0.010	(\$0.168)
Transco Zone 6	123,500	\$6.625	\$0.000	\$0.143	\$0.069	\$0.266

saying that the large amount of gas in storage and warm weather could depress gas prices for most of the year. Driscoll warned gas prices could drop even further than his 6.75 prediction if gas begins to trade, as it did last year, at a 10-to-1 ration with crude.

PIPELINE RESTRICTIONS

Algonquin Gas Transmission said that due to the weather forecasts and anticipated demand beginning January 16, AGT urges all shippers and point operators to carefully review demands for gas and schedule gas consistent with daily needs and to tender and receive gas consistent with confirmed nominations. AGT believes that if shippers and point operators limit due pipe imbalances to 2% or less of scheduled deliveries to actual deliveries, the necessity of enforcing restrictions contemplated by the AGT tariff to maintain service to firm customers will be avoided. However, if necessary to protect system integrity and prevent impairment of firm service, AGT will take further actions as permitted by the General Terms and Conditions of the AGT FERC Gas Tariff. Furthermore, beginning on January 15, AGT anticipates that imbalance gas will not be allowed to be taken off AGT, until



further notice. More specifically, AGT anticipates that due shipper make-up and/or due pipe creation will not be allowed.

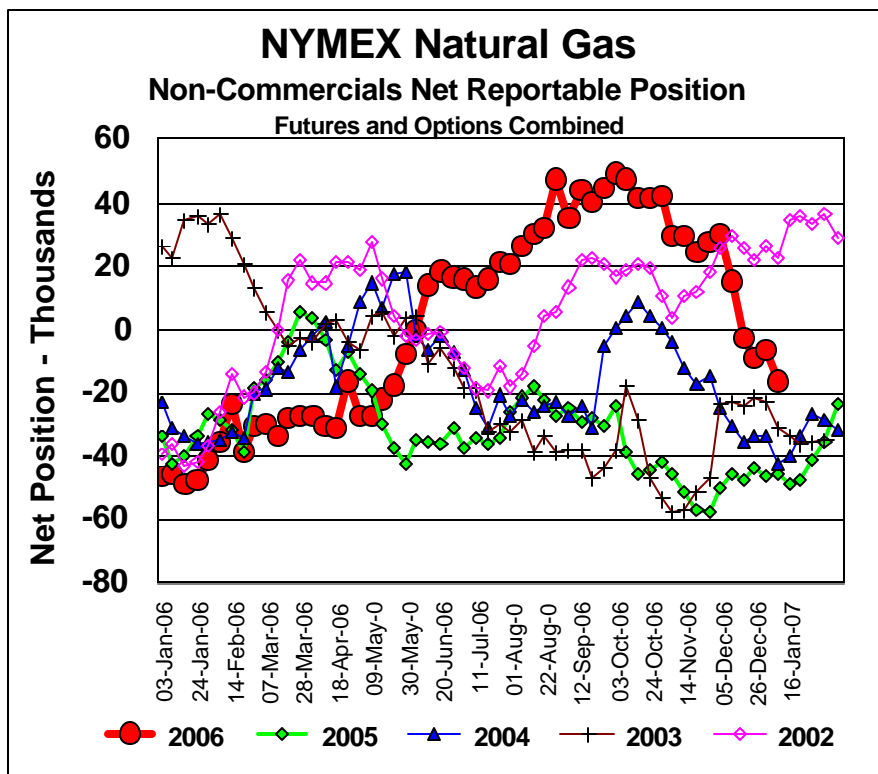
Natural Gas Pipeline Company said that a leak was discovered on Natural's 8-inch Lateral in Wheeler County, Texas (Segment 6 of Natural's MidContinent Zone). This leak and needed repairs will not impact transport scheduling in Segment 6, but one point on this lateral will be unavailable effective today and until further notice: Kaiser-Francis-Scott #1-Wheeler. NGPL also said that effective today and until further notice, Trunkline Lakeside is at capacity for deliveries. ITS/AOR and Secondary Firm transports are at

risk of not being fully scheduled. Trunkline Lakeside is located in Cameron Parish, Louisiana (Segment 23) in Natural's Louisiana Receipt/Delivery Zone.

Southern Natural Gas Pipeline said that while it is not currently issuing an OFO notice, the company projects the likelihood of implementing a Type 6 OFO for the following dates based on current receipts and projected deliveries. The probability for an OFO exists today-UL for longs/UL for short imbalances; January 13-HL for longs/UL for short imbalances; and Sunday January 14-HI for longs/UL for short imbalances.

Texas Eastern Transmission Corp. said that as previously posted due to operating pressures between Texas Eastern and Transco, the Ragley interconnect remains unavailable for nominations until further notice.

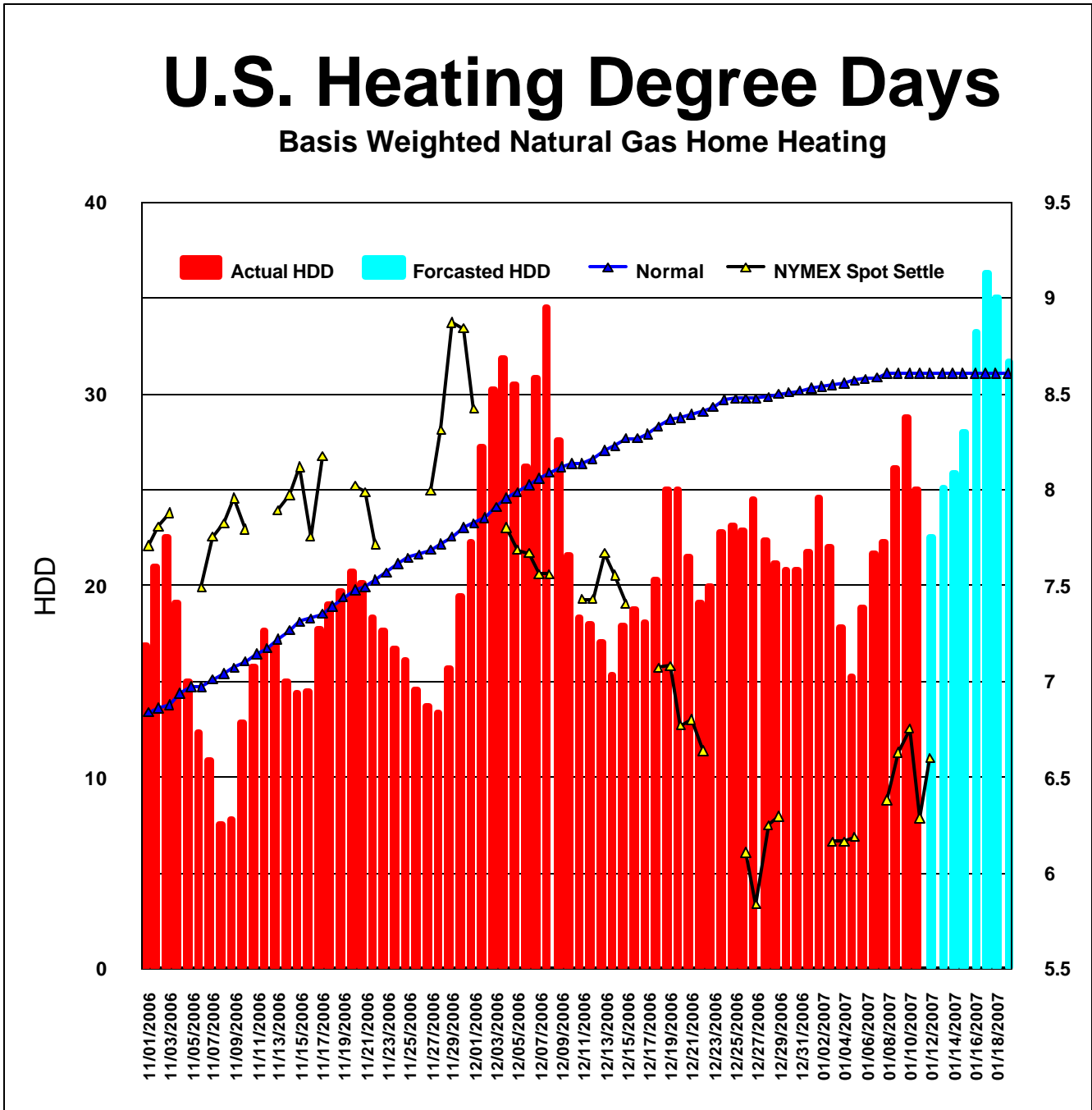
Trailblazer Pipeline said that effective for today and until further notice, it has capacity available for gas going eastbound through Compressor Station 602 in Lincoln County, Nebraska. ITS/AOR and Secondary out-of-path Firm transports are available.



Transco said that market area temperatures along Transco system for the upcoming weekend are again forecasted to be significantly above normal and, as a result the company is notifying buyers and shippers of pool tolerance and makeup restriction. Effective today and until further notice, Transco will not allow any due-from-shipper imbalance nominations and encourages shippers with due-to-shipper imbalances to resolve those imbalances as quickly as possible.

PIPELINE MAINTENANCE

ANR Pipeline Company said that it will continue engine repairs at Patterson Compressor Station, restricting the Southeast Gathering Area, Patterson to Eunice delivery capacity located in Louisiana in the Southeast Area Fuel Segment to 650 MMcf/d through February 28. Based on current nominations for this segment, it is anticipated that the above reductions will result in the curtailment of Firm Secondary and IT nominations. It is also anticipated that meters between Patterson and Eunice will experience lower than normal delivery pressures for the duration of this outage.

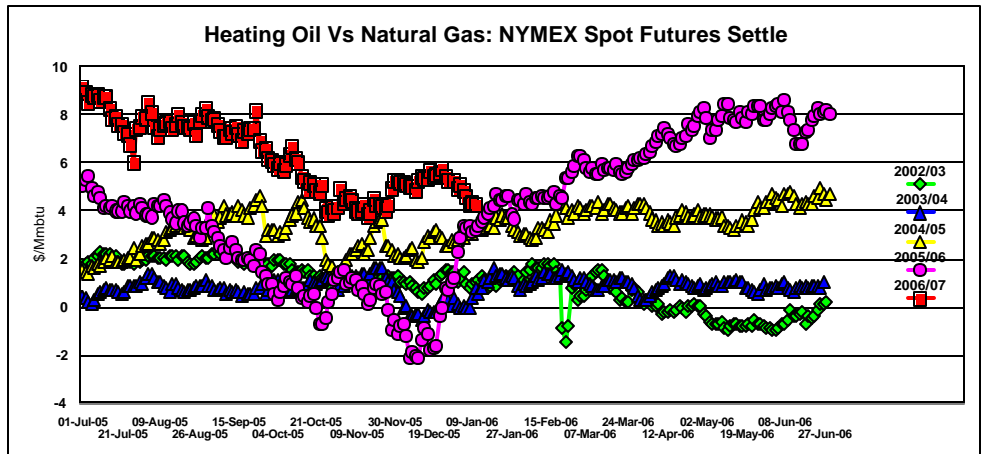


Florida Gas Transmission said that unscheduled pipeline repairs on its mainline system just upstream of Galveston Bay in Texas were complete and gas flows were back to normal.

Williston Basin Interstate Pipeline Company said that unplanned maintenance will be performed at the Glenn Ullin Compressor Station through January 15. Maximum capacity at the Glenn Ullin Compressor Station will be approximately 36 MMcf/d.

ELECTRIC MARKET NEWS

Houston-based BP Alternative Energy North America said it expects to



begin construction on five wind power generation projects in the US in 2007. The project, which will be located in California, Colorado, North Dakota and Texas, are expected to deliver a combined generation capacity of some 550 Mw. When complete, BP said the projects will exceed its previously announced target to build 450 Mw by end of 2008.

MARKET COMMENTARY

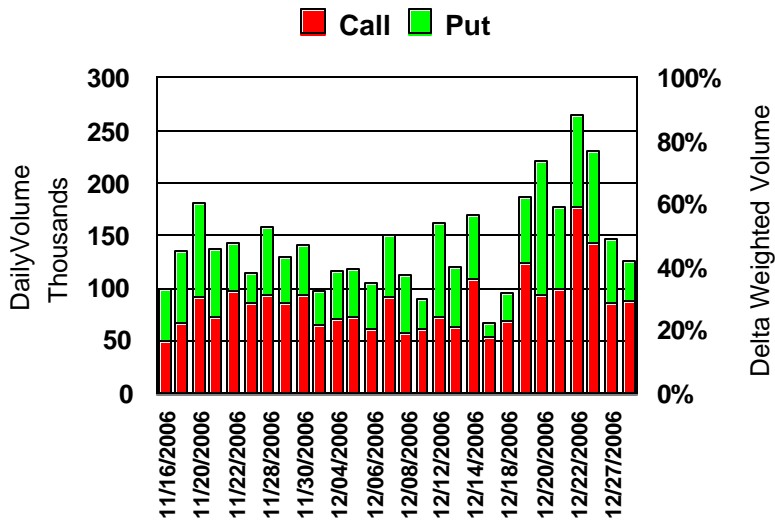
The natural gas market opened 7 cents higher supported by more seasonal weather conditions sweeping across the country. Cash prices firmed ahead of the long weekend giving the futures a boost as the market recovered some of yesterday's losses.

February natural gas traded in a tight 6.40-6.50 range most of the session, then was boosted higher at the close with crude oil. The front month contract traded as high as 6.64 just before settling up 30.9 cents at 6.601.

Forecasts calling for seasonal to cooler-than-normal weather for the next few weeks is keeping the market from tumbling under its bearish supply situation, though the weather actually has to show up to keep the prices from eventually challenging the 6.00 benchmark support level. With as much gas that is in the ground, temperatures have to be below normal for the next 4 to 6 weeks in order to make any dent in that supply overhang and avoid storage operators from confiscating the gas and dumping it on the spot market. The Commitment of Traders report showed that non-

NYMEX Nat Gas Options Most Active Strikes for January 12, 2007								
Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LN	2	7	C	7	01/26/2007	0.1702	4,830	61.25
LN	2	7	C	7.5	01/26/2007	0.0707	2,575	62.98
LN	1	8	C	9.75	12/26/2007	1.1822	2,000	35.64
LN	2	8	C	9.75	01/28/2008	1.257	2,000	35.14
LN	3	8	C	9.75	02/26/2008	1.2442	2,000	35.85
LN	11	7	C	9.75	10/26/2007	0.7455	2,000	41.76
LN	12	7	C	9.75	11/27/2007	1.0103	2,000	37.62
LN	2	7	C	6.5	01/26/2007	0.3666	1,975	59.20
LN	10	7	P	6	09/25/2007	0.5306	1,850	54.58
ON	8	7	C	11	07/26/2007	0.201	1,780	52.44
LN	4	7	P	5.5	03/27/2007	0.1367	1,602	53.28
LN	2	7	P	6	01/26/2007	0.0897	1,560	61.98
LN	2	7	C	7.25	01/26/2007	0.111	1,525	62.14
LN	2	7	C	8	01/26/2007	0.0271	1,500	64.56
LN	3	7	C	7.5	02/23/2007	0.2516	1,425	56.73
LN	5	7	C	14	04/25/2007	0.0173	1,400	60.60
LN	3	7	P	5.5	02/23/2007	0.0749	1,375	54.68
ON	9	7	C	11	08/28/2007	0.268	1,116	52.46
LN	5	7	C	9	04/25/2007	0.1721	1,100	48.31
ON	2	7	C	6.5	01/26/2007	0.367	1,076	61.60
ON	2	7	P	6.5	01/26/2007	0.266	1,033	61.54
LN	9	7	C	8	08/28/2007	0.7583	1,025	41.78
LN	1	8	C	8.5	12/26/2007	1.6057	1,000	30.61
LN	5	8	C	20	04/25/2008	0.0244	1,000	35.80
LN	9	7	C	10	08/28/2007	0.3701	1,000	46.10
LN	10	7	C	10	09/25/2007	0.4674	1,000	45.77

NYMEX Natural Gas Options Volume



commercial traders reduced their net long futures position by 9,525 lots to 2,875 contracts. The report also showed that non-commercial traders increased their net short futures and options position by 9,848 lots to 16,264 contracts. We see support at \$6.42, \$6.05, \$6.00, \$5.75, \$5.58, \$5.35 and \$5.00. We see resistance at \$6.68, \$6.80, \$6.87, \$7.00, \$7.20 and \$7.40.