



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JANUARY 17, 2007

NATURAL GAS MARKET NEWS

The head of the Natural Gas Supply Association warned that any new US policies to restrict carbon emissions could lead to increased reliance on natural gas at a time when new resources are "artificially constrained" by federal access policies. The government's existing exploration and production access restrictions pose a problem if future demand increases. The NGSA said congress should avoid any backward steps in terms of fostering additional natural gas supply. Measures to take away certain tax and royalty relief for high-risk production, as well as to penalize existing OCS leaseholders, represent a disincentive for ongoing investment and threaten the gains we are witnessing in record domestic rigs and natural gas well completions.

Generator Problems

ERCOT – TXU Corp.'s 750 Mw Martin Lake #3 coal-fired power station shut to fix a boiler tube leak. The unit is expected to return within a few days.

TXU Corp.'s 565 Mw Monticello #2 coal-fired power station restarted today following repairs to a tube leak.

The NRC reported that 96,805 Mw of nuclear capacity is on line, unchanged from Monday, and 7.21% higher from a year ago.

PIPELINE RESTRICTIONS

Algonquin Gas Transmission said several restrictions will be in place today, including all IT and a portion of priority 3 nominations flowing through Stony Point compressor station. Also, no increases for nominations flowing through Stony Point, except for Firm No-Notice nominations, will be accepted. Also, due to weather forecasts and anticipated demand, AGT requires 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.

East Tennessee Natural Gas announced that effective today, ETNG will lift all secondary restrictions currently in effect. Additionally, Maximum Allowable Delivery Service will be lifted. The force balancing letters currently suspended due to the implementation of MAD yesterday will be placed back in effect.

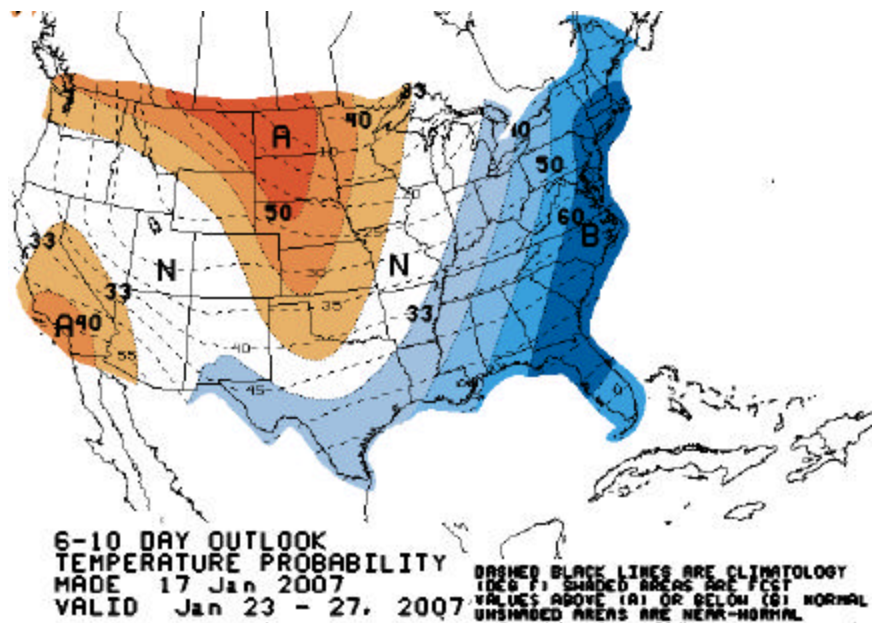
Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	Volume Traded	Avg Price	Change	Basis (As of 12:30 PM)	Change	Basis 5-Day Moving Avg
Henry Hub	1,041,900	\$6.571	(\$0.244)	\$0.321	(\$0.034)	(\$0.068)
Chicago City Gate	561,700	\$6.626	(\$0.264)	\$0.236	(\$0.024)	(\$0.038)
NGPL- TX/OK	751,600	\$6.426	(\$0.271)	\$0.036	(\$0.031)	(\$0.348)
SoCal	815,600	\$6.741	(\$0.195)	\$0.351	\$0.045	(\$0.055)
PG&E Citygate	1,159,800	\$6.966	(\$0.142)	\$0.576	\$0.098	\$0.304
Dominion-South	328,700	\$6.663	(\$0.386)	\$0.273	(\$0.146)	\$0.014
Transco Zone 6	175,600	\$7.696	(\$2.353)	\$1.306	(\$2.113)	\$1.069

effective today, a Strained Operating Condition will be in effect for the entire EPNG system. This declaration will cause Draft imbalances that exceed a 5% threshold to be subject to penalty under Section 33.1 of the EPNG FERC Gas Tariff.

El Paso Natural Gas Company said that

Natural Gas Pipeline Company said that due to current operating conditions, effective today and until further notice, El Paso Jal is at capacity for deliveries. ITS/AOR and Secondary Firm transports are at risk of not being

fully scheduled. El Paso Jal is located in Lea County, New Mexico (Segment 9) in Natural's Permian Louisiana Receipt/Delivery Zone.



Northwest Pipeline said that due to warmer temperatures in the Grants Pass area, Northwest is adjusting the Overrun Entitlement for receiving parties on the Grants Pass Lateral (Oregon City South) from a Stage II (8%) Overrun Entitlement to a Stage III (13%) Overrun Entitlement beginning gas day January 18 and until further notice.

Texas Eastern Transmission said that weather forecasts show cold temperatures this week across the Texas Eastern system. Effective for today, no due shipper imbalance resolution and no due pipe creation will be accepted until further notice.

PIPELINE MAINTENANCE

National Fuel Gas Supply announced that the date for Line N Long Wall Mining Shutdown has been changed to January 19 through January 24. During this period there will be no receipts accepted at 70015 Texas Eastern, Bristoria interconnect with National Fuel.

Natural Gas Pipeline Company said that the remediation work being performed on the Wise County Lateral (Segment 1 of Natural's MidContinent Zone) could require a temporary reduction in the amount of firm Segment 1 capacity depending on the type of repair required.

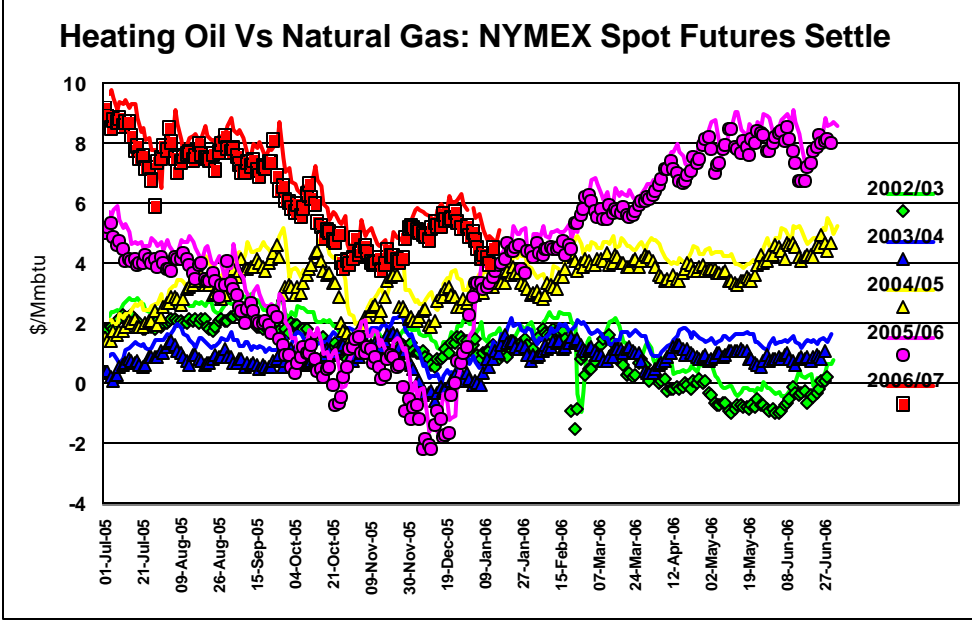
Williston Basin Interstate Pipeline Company said that unplanned maintenance was performed yesterday at the Monarch Compressor Station but the company does not anticipate any restrictions to the system.

ELECTRIC MARKET NEWS

ERCOT reported that Texas set a second consecutive winter power consumption yesterday as freezing temperatures and precipitation covered much of the state. The operator said power demand reached an unofficial peak of 51,444 Mw early Tuesday evening, surpassing Monday's peak-hour demand by 722 Mw. Before this week's storm, ERCOT's winter peak was 48,064 Mw, set December 8, 2005.

ECONOMIC NEWS

U.S. industrial output gained a stronger-than-expected 0.4% in December, fueled



by robust increases in manufacturing and mining.

NYMEX Nat Gas Futures Most Active Strikes for January 17, 2007								
Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LN	4	7	P	5	03/27/2007	0.1293	3,600	62.39
LN	2	7	P	6	01/26/2007	0.1567	3,445	68.33
LN	3	7	P	6	02/23/2007	0.3004	3,350	58.85
LN	3	7	P	5	02/23/2007	0.0369	3,200	54.68
ON	10	7	P	4	09/25/2007	0.076	3,150	49.03
ON	10	7	P	5	09/25/2007	0.257	3,150	49.30
LN	3	7	P	5.5	02/23/2007	0.1255	3,110	56.66
LN	4	8	C		20 03/26/2008	0.0298	2,825	38.88
LN	3	7	C	8	02/23/2007	0.0795	2,450	60.87
LN	3	7	C		11 02/23/2007	0.0032	2,400	67.83
LN	2	7	C	7	01/26/2007	0.0532	2,350	68.71
LN	4	7	C		11 03/27/2007	0.037	2,300	67.45
LN	5	7	P	5	04/25/2007	0.1079	2,100	51.76
LN	2	7	C	8	01/26/2007	0.0039	2,050	71.67
LN	10	7	P	5	09/25/2007	0.2538	2,025	53.22
ON	4	7	P	6	03/27/2007	0.451	2,012	60.86
ON	5	7	P	6	04/25/2007	0.394	2,010	49.13
LN	7	7	P	5	06/26/2007	0.1577	1,925	50.21
LN	8	7	P	5	07/26/2007	0.1872	1,925	50.80
LN	9	7	P	5	08/28/2007	0.222	1,925	51.51
LN	6	7	P	5	05/25/2007	0.1265	1,900	49.87
LN	8	7	C		10 07/26/2007	0.2214	1,800	46.93
ON	2	7	C	7	01/26/2007	0.053	1,565	69.44
LN	2	7	P	5.75	01/26/2007	0.0794	1,350	67.75
LN	4	7	C	8	03/27/2007	0.2398	1,200	60.76
LN	5	7	C	8	04/25/2007	0.2271	1,200	46.69
LN	5	7	P	7	04/25/2007	0.926	1,200	54.94
LN	8	7	C		12 07/26/2007	0.1068	1,200	50.47
LN	3	7	C		10 02/23/2007	0.009	1,100	65.75
LN	9	7	C	8	08/28/2007	0.6234	1,100	42.02
LN	6	7	C	8	05/25/2007	0.3127	1,075	44.49
ON	2	7	P	6.2	01/26/2007	0.245	1,070	67.33
ON	2	7	P	5	01/26/2007	0.004	1,050	67.52
LN	3	7	C	6.5	02/23/2007	0.379	1,025	54.92
LN	12	9	C		10 11/23/2009	0.9103	1,000	14.20
LN	3	7	P	6.5	02/23/2007	0.568	975	61.35
LN	10	7	C		10 09/25/2007	0.3853	950	46.13
LN	7	7	C	8	06/26/2007	0.4103	900	42.95
LN	8	7	C	8	07/26/2007	0.5191	900	42.62
LN	10	7	C	8	09/25/2007	0.7561	900	41.85
LN	10	7	C		11 09/25/2007	0.2913	900	48.27
ON	2	7	C	6.5	01/26/2007	0.159	877	68.21
LN	1	8	C		12 12/26/2007	0.6393	850	41.17
LN	2	8	C		12 01/28/2008	0.7117	850	40.85
LN	3	8	C		12 02/26/2008	0.7234	850	41.32
LN	9	7	C		10 08/28/2007	0.2911	850	46.16
LN	11	7	C		12 10/26/2007	0.3558	850	46.48
LN	12	7	C		12 11/27/2007	0.5062	850	42.33

MARKET COMMENTARY

The natural gas market opened 9 cents softer to start a session that reinforced the bears technical control of the market. February natural gas posted an intra day high of 6.58 before breaking from a firming and recovering crude oil market to make new weekly lows. The sell off was fueled by some conflicting weather forecasts, which showed a shift back to warmer-than-normal temperatures in the 11-15 day period. The front month contract broke through recent support at 6.45-6.50 to a low of 6.20 before settling down 40.4 cents at 6.234.

With another bearish EIA report expected tomorrow, and the storage overhang expected to increase, weather remains the key. As the current cold snap boosts heating demand in the short-term, market players are already citing breaks in that cold and a return to bearish dominated fundamentals. Expectations for tomorrow's EIA inventory data call for a withdrawal of 60-80 Bcf with the average withdraw being a 68 Bcf. Further moderating weather forecasts will pressure the market to the psychological 6.00 level. We see support initially at 6.20 then 6.00 followed by the spot continuation chart low of 5.75. We see further support at \$5.58, \$5.35, \$5.20, 5.00 and \$4.07. We see resistance at \$6.58, \$6.80, \$7.00, \$7.20 and \$7.40.

