



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JANUARY 19, 2007

NATURAL GAS MARKET NEWS

Marathon Oil Corp. and ConocoPhillips said they have jointly filed for a two-year extension of the Kenai liquefied natural gas (LNG) facility's export license with the U.S. Department of Energy. The current license ends March 31, 2009 and this application would extend the export license through March 31, 2011.

A new contender has stepped forward to help complement the ever dwindling conventional natural gas supplies in the main Canadian producing province of Alberta -- coal gasification, on a large scale.

The number of players competing for natural gas storage assets is diverse and growing, and when new infrastructure is for sale, "at least a half dozen players" likely will be ready -- and able -- to bid, ensuring asset values will continue to rise, industry experts said Thursday.

In the 2012-2015 time frame, liquefied natural gas (LNG) makes sense for the Pacific Northwest, which could be

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	1,261,700	\$6.397	\$0.110	(\$0.454)	(\$0.513)	(\$0.012)
Chicago City Gate	501,300	\$6.431	\$0.083	(\$0.398)	(\$0.479)	\$0.008
NGPL- TX/OK	556,600	\$6.148	\$0.018	(\$0.681)	(\$0.544)	(\$0.257)
SoCal	841,100	\$6.265	(\$0.104)	(\$0.564)	(\$0.666)	(\$0.042)
PG&E Citygate	593,100	\$6.572	(\$0.030)	(\$0.257)	(\$0.592)	\$0.241
Dominion-South	364,200	\$6.613	\$0.193	(\$0.216)	(\$0.369)	\$0.067
Transco Zone 6	170,600	\$7.422	\$0.489	\$0.593	(\$0.073)	\$1.226

losing Canadian and U.S. Rockies supplies by then, according to a developer of a proposed Oregon LNG receiving terminal. And the prices of LNG supplies will be very attractive, NorthernStar Natural Gas CEO Paul Soanes said at an energy conference Thursday in Seattle.

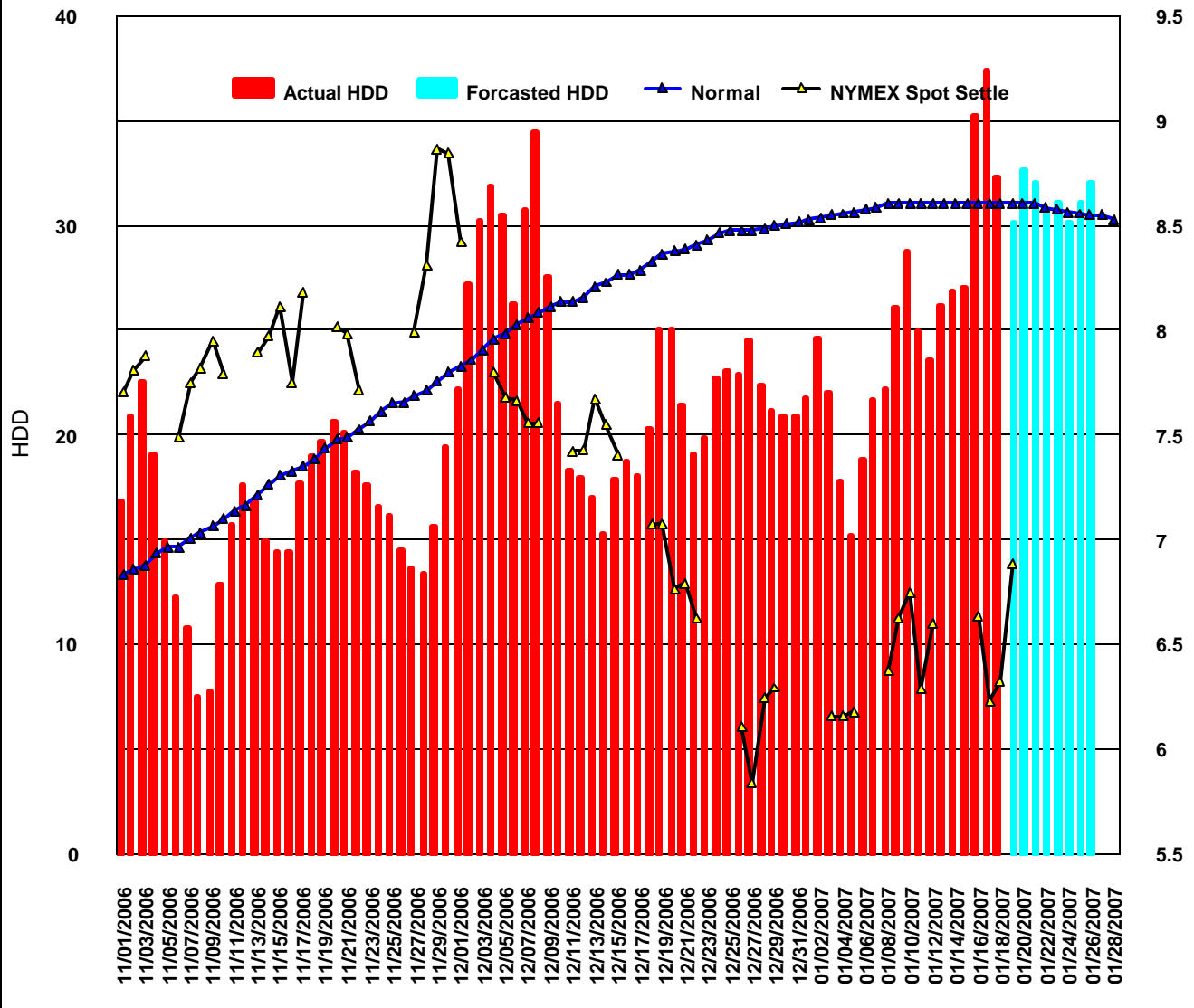
PIPELINE RESTRICTIONS

Alliance Pipeline said that inspections at Gold Creek Lateral Meter/Compressor Station and the 15A Alameda Compressor Station will cause outages next week. Inspections require the Alameda Compression Station to be offline for six hours on January 24. System throughput (AOS) may be impacted but will be determined closer to the outage date. Also, routine inspections and maintenance will require the Gold Creek compressor station to be offline for five hours on January 25. Station capacity will be lowered to 950 for gas day January 25.

KM Interstate Gas Transmission said that PIN 6501 SSC Grant remains At Risk for AOR/IT/Secondary shipments as well as at Risk for Primary shipments. In addition, PIN 6997 CIG Weld has deliveries unavailable and PIN 8737 WBI Bridger is at Risk for AOR/IT/Secondary flow. Also, the following points were declared At

U.S. Heating Degree Days

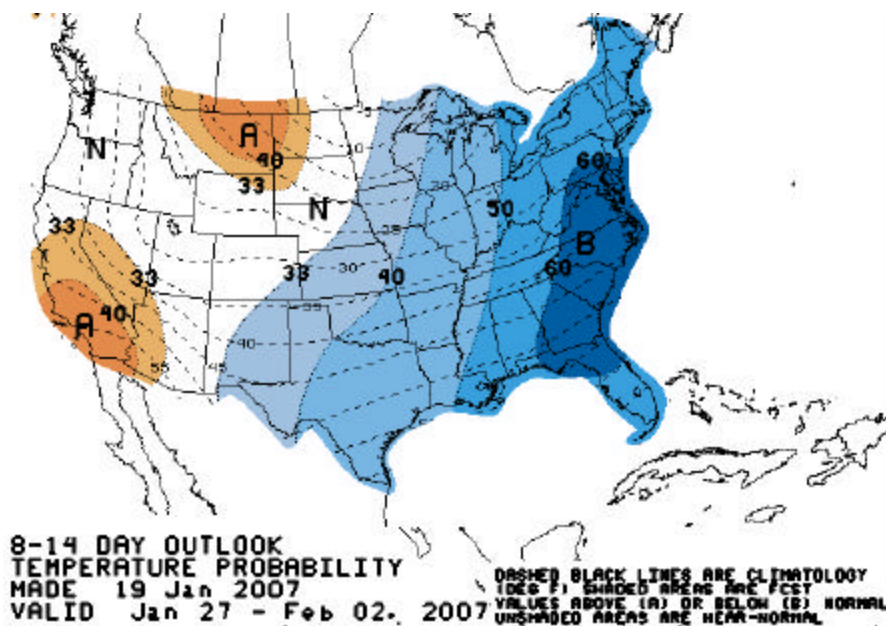
Basis Weighted Natural Gas Home Heating



Risk AOR/IT/Secondary: Segment 190 Big Springs, Casper CS (Segment 45 and 732) for maintenance, and West End (PINS 7738, 8737, 8963).

Natural Gas Pipeline Company said that effective today and until further notice, capacity is available for southbound transports in Segment 8 (through Station 168) and Segment 9 (through Segment 167). AOR/ITS and Secondary out-of-path transports going southbound through these segments are available. Segments 8 and 9 are located in Natural's Permian Zone. NGPL also said that the leak on Natural's 8-inch Lateral in Wheeler County, Texas (Segment 6 of Natural's MidContinent Zone) has been repaired and placed back in service. This leak was reported in EBB dated January 11 and affected only one point. The PIN Kaiser-Francis-Scott #1 Wheeler receipt point is available again effective today.

Northwest Pipeline said that it is lifting the Declared Entitlement for Overruns effective January 20. Northwest encourages its customers to continue securing more Canadian supply in order to avoid Operational Flow Orders and will continue to cut alternate gas as necessary to preserve primary firm service or to move balancing gas from Clay Basin to Jackson Prairie.



Tennessee Gas Pipeline said that due to reduced nominations, Tennessee Gas is accepting nomination increases pathed through MLV 314 effective Cycle 1 5:00 PM CT today.

Williston Basin Interstate Pipeline Company said that several pipeline sections and one point is in capacity constraint for deliveries in today's timely cycle. Penalties will be imposed at the following line sections: Cabin Creek-Dickinson; Dickinson-Bismarck; Bismarck-Cleveland; Cleveland-Grafton; Williston-Bismarck; Belle Fourche-Recluse; Cleveland-Mapleton; Portal-Tioga; and Belle Creek-Manning. In addition, penalties will be imposed at Northern Border-

Manning.

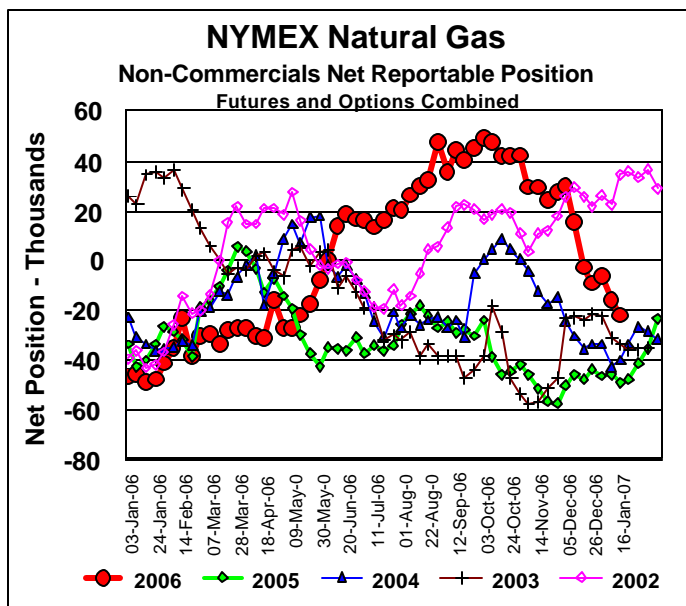
PIPELINE MAINTENANCE

Enbridge Offshore Pipelines said that its Stingray unit plans to pig its 36-inch mainline on January 21. The pig run will be from West Cameron 509 to West Cameron 148 and then from West Cameron 148 to Stingray's onshore facilities at Holly Beach. In the event the liquids received at the onshore facilities are in excess of the slug catcher capacity, there may be a service interruption. The duration of any interruption will be dependent upon the time needed to handle the liquids and the amount of liquids received.

Iroquois Gas Transmission System said that it currently has no maintenance work scheduled for February 2007 that will impact firm transportation.

Questar Pipeline Company said that it will perform maintenance on the dew point plant at its Prince station. The plant will be down January 23-26. Questar anticipates that receipt points west of Fidler station with high HDP gas above the posted threshold level will have nominations reduced during this timeframe to ensure downstream gas quality requirements are met.

Williston Basin Interstate Pipeline Company will perform unplanned maintenance at the Glen Ullin Compressor Station today. There is potential for capacity restrictions, however as of January 18 posting, the company does not anticipate any restrictions to the system.



ELECTRIC MARKET NEWS

U.S. investment bank Morgan Stanley has bought a minority stake in the Miami-based carbon specialist MGM International for an undisclosed sum. The deal comes three months after Morgan Stanley said it planned to invest some \$3 billion in carbon markets over the next five years. Carbon markets allow countries and companies to shop around for the cheapest permits to emit greenhouse gases. They are attracting a growing band of investors as countries take tougher action on climate change.

NYMEX Nat Gas Options Most Active Strikes for January 19, 2007								
Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LN	4	7	P	5	03/27/2007	0.0416	5,650	54.87
LN	4	7	P	5.5	03/27/2007	0.1026	5,500	54.81
LN	4	7	P	6	03/27/2007	0.2119	3,175	54.89
ON	6	7	P	5.5	05/25/2007	0.168	3,075	48.38
LN	3	7	P	5.5	02/23/2007	0.0504	2,600	58.79
LN	5	7	P	5	04/25/2007	0.0639	2,371	52.62
LN	3	7	P	6	02/23/2007	0.1448	2,320	60.72
LN	2	7	C	7	01/26/2007	0.2432	2,275	76.21
LN	2	7	C	8	01/26/2007	0.0337	2,150	79.60
LN	2	7	C	7.25	01/26/2007	0.1567	2,100	77.14
LN	3	7	C	8	02/23/2007	0.205	2,100	63.05
ON	6	7	P	6.75	05/25/2007	0.597	2,050	48.81
LN	8	7	P	4	07/26/2007	0.0307	2,000	51.12
LN	8	7	C	9	07/26/2007	0.4859	2,000	44.81
LN	8	7	P	6.5	07/26/2007	0.5801	2,000	53.40
LN	9	7	P	6.5	08/28/2007	0.6276	2,000	53.68
LN	9	7	C	9	08/28/2007	0.5816	2,000	43.87
LN	9	7	P	4	08/28/2007	0.0418	2,000	51.05
LN	10	7	P	4	09/25/2007	0.0535	2,000	52.03
LN	10	7	P	6.5	09/25/2007	0.6576	2,000	54.57
LN	10	7	C	9	09/25/2007	0.6888	2,000	42.97
LN	2	7	C	7.5	01/26/2007	0.0971	1,950	78.02
LN	2	7	C	7.75	01/26/2007	0.0581	1,950	78.83
LN	6	7	P	5	05/25/2007	0.0818	1,900	50.74
LN	2	7	P	6.75	01/26/2007	0.2267	1,680	78.17
LN	8	7	P	7.2	07/26/2007	0.922	1,650	54.85
LN	8	7	C	7.2	07/26/2007	1.0241	1,650	40.00
LN	2	7	P	6.25	01/26/2007	0.0674	1,605	77.10
LN	3	7	P	6.5	02/23/2007	0.3163	1,550	62.80
ON	2	7	C	7	01/26/2007	0.243	1,526	77.44
LN	10	7	P	5	09/25/2007	0.1934	1,500	52.95
LN	7	7	P	5	06/26/2007	0.1087	1,400	50.76
LN	8	7	P	5	07/26/2007	0.14	1,400	51.74
LN	9	7	P	5	08/28/2007	0.1689	1,400	51.96
ON	3	7	P	5.8	02/23/2007	0.099	1,388	58.43
LN	2	7	P	6.5	01/26/2007	0.131	1,360	77.60
LN	4	7	C	7	03/27/2007	0.6171	1,250	48.34
ON	5	7	P	5	04/25/2007	0.064	1,225	50.49
ON	2	7	P	6	01/26/2007	0.03	1,224	75.87
LN	6	7	C	9	05/25/2007	0.2868	1,150	46.83
LN	3	7	P	5	02/23/2007	0.0134	1,125	58.22
ON	3	8	C	20	02/26/2008	0.21	1,100	53.37
LN	3	7	C	15	02/23/2007	0.0003	1,100	75.06
ON	4	7	P	6.5	03/27/2007	0.39	1,032	52.86
ON	5	7	P	6.5	04/25/2007	0.441	1,032	50.12
LN	5	7	P	6	04/25/2007	0.262	1,025	53.17
LN	4	7	P	6.5	03/27/2007	0.3888	1,000	55.85

They are attracting a growing band of investors as countries take tougher action on climate change.

Allegheny Energy said that West Virginia regulators approved of the company's revised plan to finance the installation of scrubbers at the Fort Martin power plant in West Virginia. In an order on January 17, the commission authorize Allegheny to securitize up to \$450 million of the estimated \$500 million to \$550 million scrubber construction costs and seek recovery of a rate of return on actual construction costs exceeding \$450 million during the period prior to the project entering service.

MARKET COMMENTARY

The natural gas market opened 23.6 cents higher as the market ricocheted off yesterday's lows on encouraging technicals, weather and storage news. February natural gas broke through resistance at 6.80 on its way to a daily high of 6.94. Natural gas maintained the new levels throughout the session trading between 6.70 and 6.90 before settling up 56.2 cents at 6.886.

The contract seems to be gaining support from not only the weather forecasts and crude oil, but early predictions that next week's storage numbers could come in as high as 170-190 Bcf for the week ending today. Weather forecasts are in unison, calling for colder-than-normal temperatures through the early part of February to dominate the eastern half of

the country. The test will be to see how long the cold lasts and how much gas from storage it burns up. This rally could provide an opportunity to sell a call or buy a put, as the El Nino cycle in general is still expected to warm things up later in the winter. The Commitment of Traders report showed that non-commercial traders flipped their net long futures position to nets short as of January 16, by 7,864 lots to be net short 4,989 contracts. The combined futures and options report showed that non-commercial traders increased their net short position by 5,878 lots to 22,142 contracts. We expect some of those positions have flipped since then given recent price movement. We see support at \$6.70, \$6.50, \$6.05, \$6.00, \$5.75, \$5.58, \$5.35 and \$5.00. We see resistance at \$7.00, \$7.07, \$7.20 and up to the gap at \$7.40.