



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta &
Zachariah Yurch

(212) 624-1132 (888) 885-6100

www.e-windham.com

POWER MARKET REPORT FOR JANUARY 29, 2007

NATURAL GAS MARKET NEWS

The Independence Hub production platform has set sail from Corpus Christi, TX, for a five-day trip to the deepwater Gulf of Mexico (GOM), where it will be installed in about 8,000 feet of water -- the deepest offshore platform to date. The hub is expected to ramp up in the second half of 2007, with the capacity to increase natural gas production from the Gulf of Mexico by 1 Bcf/d.

Congressional action to cap greenhouse gas emissions without establishing alternatives, such as nuclear energy, likely will result in higher prices for natural gas according to a report by the Industrial Energy Consumers of America. Regardless of when GHG cap-and-trade rules are implemented, consumers will pay more for natural gas because the electric power industry will begin fuel switching from coal to natural gas. Without new supplies of natural gas and other sources of affordable low-carbon-intensive energy, the U.S. economy and manufacturing will be damaged by the caps. The caps ultimately may compel Congress to ban the use of natural gas for new power generation units.

Dominion Transmission, the pipeline subsidiary of Dominion Resources Inc., said it has cancelled plans to build the \$497 million Greenbrier Pipeline that would have served the industrial and residential gas needs in the Mid-Atlantic and Southeast regions, primarily Virginia and North Carolina.

Cheniere Energy nudged its way into a cozy spot on the U.S. Gulf Coast early in the liquefied natural gas craze, with an eye toward building a network of import terminals to meet rising U.S. demand for gas. Some industry insiders are eyeing Cheniere's stock valuation as a proxy for the market's shifting attitude towards LNG. Five years ago, the U.S. market seemed keen on bringing LNG to U.S. shores as Gulf Coast gas supplies began to drop off; there has been roughly 40% decline between 2001 and 2005. LNG remains uncertain.

Generator Problems

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

MAAC – PSEG's 1,049 Mw Hope Creek nuclear unit shut over the weekend for planned maintenance to repair a pipe in the feedwater system and to replace a pump seal. On Friday, the unit was operating at full power.

MAPP – Nebraska Public Power District's 756 Mw Cooper nuclear unit returned to full power today. The unit was operating at about 60% of capacity on Friday after a reactor recirculation pump tripped.

NPCC – Constellation Energy's 497 Mw Ginna nuclear unit started to exit an outage and warming up offline at 2% capacity.

Dominion Resources' 1,155 Mw Millstone #3 nuclear unit shut by early today. On Friday, the unit was operating at full power. Millstone #2 continues to operate at full power.

FPL Group's 1,159 Mw Seabrook nuclear unit returned to full power by early today following repairs to a transmission problem.

SERC – Southern Co.'s 869 Mw Hatch #1 nuclear unit dipped to 12% capacity by early today. On Friday, the unit was operating at 90% capacity. Hatch #2 dipped to 98% capacity.

Arizona Public Service's 1,247 Mw Palo Verde #3 nuclear unit shut over the weekend. On Friday, the unit was operating at full power. Palo Verde #1 and #2 are operating at full power.

Canada – Ontario Power Generation's 515 Mw Pickering #7 and #8 restarted, while #5 shut for short term work.

The NRC reported that 90,131 Mw of nuclear capacity is on line, down 4.95% from Friday, and 3.07% lower from a year ago.

Since then, the market has determined that demand for

PIPELINE RESTRICTIONS

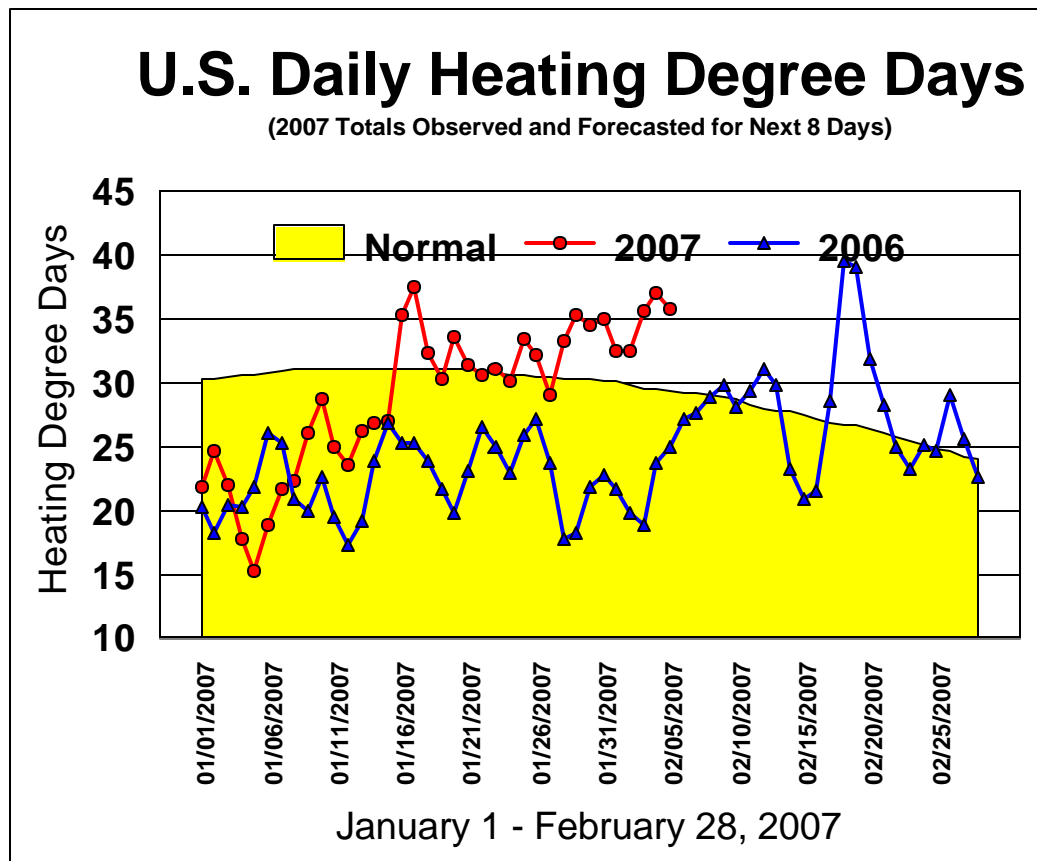
Algonquin Gas Transmission said that it has restricted a portion of priority 3 nominations flowing through Stony Point compressor station for today. No increases for nominations flowing through Stony Point, except for Firm No-Notice nominations, will be accepted. Additionally, due shipper makeup nominations, or due pipe creation will not be accepted. AGT requires shippers to schedule receipts commensurate with anticipated deliveries, and point operators to perform to the level of scheduled volumes.

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	828,600	\$7.353	\$0.399	\$0.183	\$0.302	\$0.021
Chicago City Gate	429,100	\$7.385	\$0.332	\$0.260	\$0.280	(\$0.059)
NGPL- TX/OK	666,800	\$7.048	\$0.365	(\$0.077)	\$0.313	(\$0.349)
SoCal	802,000	\$7.046	\$0.381	(\$0.079)	\$0.329	(\$0.296)
PG&E Citygate	658,200	\$7.333	\$0.311	\$0.208	\$0.259	\$0.013
Dominion-South	284,400	\$7.668	\$0.324	\$0.543	\$0.272	\$0.398
Transco Zone 6	117,200	\$11.149	(\$1.484)	\$4.024	(\$1.536)	\$8.288

Natural Gas Pipeline Company said Florida-Vermillion is at capacity for deliveries. ITS/AOR and secondary Firm transports are at risk. Florida-Vermillion is located in Vermilion Parish, Louisiana (Segment 24 of Natural's Louisiana Zone).

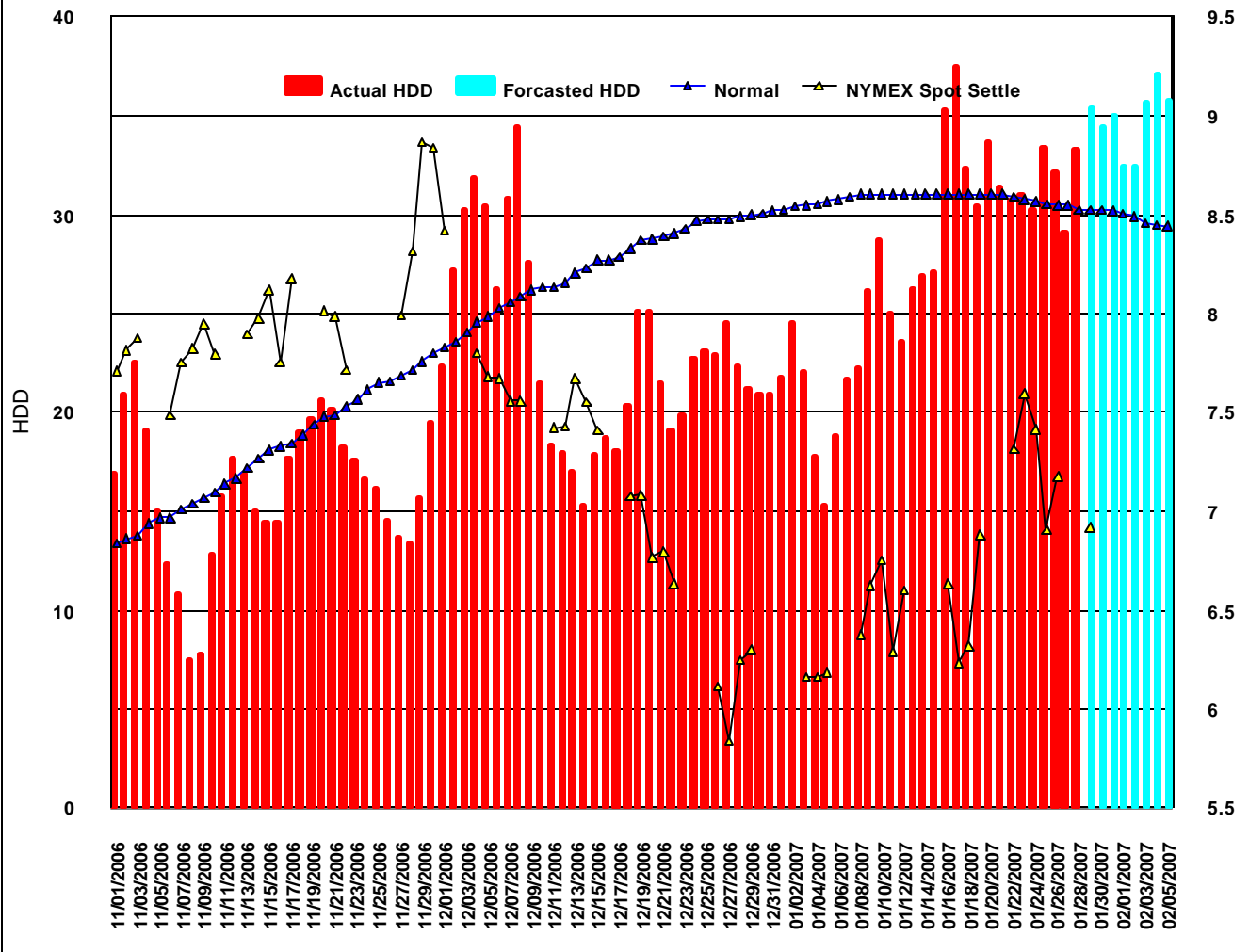
Southern Natural Gas Pipeline has projected the likelihood of implementing a Type 6 OFO for the following dates based on current receipts and projected deliveries. At this point, UL for long or short imbalances are projected for today and tomorrow, with UL for long and TCTC for short imbalances projected for January 31. Southern said it will evaluate very closely system conditions and supply nominations for each cycle. If Southern determines that adverse changes have occurred in system conditions and/or one of the scheduling cycles, Southern's Tariff provides that a Type 6 OFO can be implemented on four hours notice or less depending on the situation.

Tennessee Gas Pipeline announced the following restrictions due to nominations in excess of available capacity effective 9:00 AM CT today. At Muskrat 800 Line, Tennessee is restricted 100% of Evening Cycle, Supply to Market, Interruptible Service nomination increases pathed through the Muskrat 800 Line. At Leidy Meters Tennessee is restricted through approximately 70% of Supply to Market, Evening Cycle nomination increases pathed for delivery at the Leidy Delivery Meters. At Toca Delivery Meter, Tennessee will not accept any Supply to Market nomination



U.S. Heating Degree Days

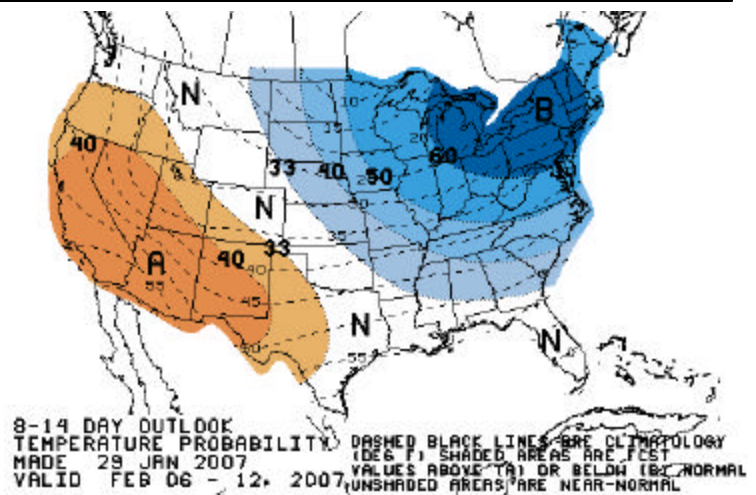
Basis Weighted Natural Gas Home Heating



increases delivered to the Toca Delivery meters.

Williston Basin Interstate Pipeline Company said that several line sections are in pipeline capacity constraint for 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. Williston said constraints will also be imposed on Northern Border-Manning.

PIPELINE MAINTENANCE



Williston Basin Interstate Pipeline Company said that unplanned maintenance will be performed at the Little Beaver Compressor Station through today. At this time, restrictions to the system are not anticipated.

ELECTRIC MARKET NEWS

The U.S. FERC will hold a series of regional workshops on its final rule governing regulations for applications for permits to site interstate electric transmission lines. The Energy Policy Act of 2005 gives FERC authority to site lines in Department of Energy-designated corridors if state siting authorities withhold approval for more than a year.

MARKET COMMENTARY

The natural gas market opened 13 cents higher to start the February contract's last day of trading. In relative light volume for an expiring winter contract, February natural gas continued the downward trend, breaking below 7.00 during the closing range to a low of 6.82. Weather forecasts maintain the expectations for colder-than-normal temperatures to dominate the majority of the country through the first week of February, but longer-term forecasts show some moderation. February finished the session down 25.8 cents, going off the board at 6.917. March took over as the spot contract settling the day down 22.1 cents at 6.937.

NYMEX Nat Gas Options Most Active Strikes for January 29, 2007

Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LN	3	7	C	8.5	02/23/2007	0.0912	8,202	67.98
LN	3	7	C	8	02/23/2007	0.1568	6,202	66.21
LN	3	7	P	6.5	02/23/2007	0.2605	4,800	65.65
LN	7	7	C	14	06/26/2007	0.0495	3,800	54.51
LN	7	7	C	15	06/26/2007	0.0387	2,800	56.64
LN	3	7	P	5.5	02/23/2007	0.0339	2,475	63.02
LN	3	7	P	7	02/23/2007	0.5005	2,380	67.35
LN	4	7	P	6	03/27/2007	0.1707	2,260	54.36
LN	3	7	C	10.5	02/23/2007	0.0093	2,000	72.91
LN	4	7	C	15	03/27/2007	0.0029	2,000	69.83
LN	4	7	C	14	03/27/2007	0.0038	2,000	66.14
ON	3	7	C	8	02/23/2007	0.157	1,995	67.85
LN	3	7	P	5	02/23/2007	0.0078	1,900	62.98
LN	3	7	P	6	02/23/2007	0.1093	1,725	64.25
LN	3	7	C	7.5	02/23/2007	0.2656	1,700	64.28
LN	4	7	P	5	03/27/2007	0.0271	1,450	54.37
LN	4	7	C	10.5	03/27/2007	0.0325	1,250	57.18
LN	5	7	C	10.5	04/25/2007	0.061	1,250	51.24
LN	6	7	C	10.5	05/25/2007	0.1034	1,250	48.11
LN	4	7	C	10	03/27/2007	0.0485	1,125	56.08
LN	5	7	C	10	04/25/2007	0.0846	1,125	50.14
LN	6	7	C	10	05/25/2007	0.1365	1,125	47.10
LN	6	7	C	9	05/25/2007	0.2436	1,125	44.91
ON	3	7	P	7	02/23/2007	0.501	1,091	64.89
ON	3	7	P	5.5	02/23/2007	0.034	1,056	61.95
LN	4	8	P	7.5	03/26/2008	1.0294	1,050	43.65
LN	5	8	P	7.5	04/25/2008	1.078	1,050	43.33
LN	6	8	P	7.5	05/27/2008	1.0797	1,050	43.27
LN	7	8	P	7.5	06/25/2008	1.0884	1,050	43.87
LN	8	8	P	7.5	07/28/2008	1.1055	1,050	44.43
LN	9	8	P	7.5	08/26/2008	1.1454	1,050	45.60
LN	10	8	P	7.5	09/25/2008	1.1592	1,050	46.30
ON	1	8	C	14	12/26/2007	0.439	1,000	49.29
ON	1	8	C	10	12/26/2007	1.087	1,000	45.86
LN	6	7	C	14	05/25/2007	0.0216	1,000	55.14
LN	7	7	P	4	06/26/2007	0.0127	1,000	48.76
LN	8	7	P	4	07/26/2007	0.0195	1,000	48.80
LN	9	7	P	4	08/28/2007	0.0291	1,000	49.05
LN	10	7	P	4	09/25/2007	0.0394	1,000	50.22
LN	11	8	P	6	10/28/2008	0.4011	1,000	41.08
LN	12	8	P	6	11/21/2008	0.308	1,000	38.97

With two months remaining in the drawdown season and a significant overhang of supply, the market will maintain its downside bias with any colder forecast causing increased demand and the potential for a price spike. Early expectations call for this week's storage report to show a draw of between 175 Bcf and 225 Bcf, roughly in line with the five year average for this time of year. The market expects another large draw in next week's storage report, but for stocks to end winter at 1.6 Tcf, where they finished last winter, the average withdrawal for the last seven weeks of winter will have to be over 100 Bcf. We see support at \$6.80, \$6.60, \$6.50, \$6.00 and \$5.75. We see resistance at \$7.30, \$7.40, \$7.60 and \$8.00.

