



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JANUARY 30, 2006

NATURAL GAS MARKET NEWS

With only one day left, January is in the running to be ranked among the warmest the U.S. has ever seen. That may be good news for homeowners who gave their furnaces a break in the midst of record energy prices – but it may also have caused havoc for businesses from ski resorts to snowmobile companies that depend on the usual frosty winter weather for their profits. Accuweather said that just about every part of the country, barring the extreme southern sections of California and Florida, will record higher-than-normal temperatures for the month, which is typically one of the coldest and snowiest. The core of the warmth has been in the Midwest and Northern Plains – a big market for natural gas – with cities like Cleveland and Minneapolis averaging temperatures as much as 15 degrees above normal.

U.S. demand for heating fuels is expected to be about 32% below normal this week with most of the main heating regions experiencing above-normal temperatures, the U.S. National Weather Service said. Total U.S. natural gas heating demand will fall to about 32% below normal from the 22% below normal in the week earlier.

PIPELINE RESTRICTIONS

Gulf South Pipeline said that based upon its initial review of nominations, NNS demand, and other factors, Gulf South may be required to schedule available capacity and implement scheduling reductions at Lake Charles Receipts – Capacity Allocation Area 6; and West 30 North including Capacity Allocation Area 9 Locations and Capacity Allocation Area 10 Locations; and Hall Summit.

Texas Eastern Transmission said it has restricted STX and ETX to capacity. No increases in receipts between Mt. Belvieu and Little Rock for delivery outside that area will be accepted. Tetco has also scheduled and sealed M1 and M2 24-inch. No increases between Little Rock and Batesville for delivery outside that area will be accepted. Tetco has scheduled and sealed receipts sourced at Monroe station. No increases in receipts will be accepted from the following meter stations at Monroe: Gulf South Pipeline; CenterPoint Energy Gas Transmission; and Duke Energy Field Services.

Generator Problems

ERCOT— TXU Corp.'s 570 Mw Big Brown #1 coal-fired power station tripped off line January 29 after a seal on the boiler feed pump malfunctioned. The company expects to restart the unit on February 1.

FRCC— FPL's 839 Mw St. Lucie #2 nuclear unit increased production to full power. On Friday, the unit was operating at 85%. St. Lucie #1 remains at full power.

MAAC— Exelon Generation's 650 Mw Oyster Creek nuclear unit shut on Saturday to fix one of five reactor recirculation pumps that unexpectedly tripped offline.

Exelon Generation's 1,116 Mw Peach Bottom #2 nuclear unit reduced production this weekend to perform maintenance on the plant's condensate pump. The unit was operating at 80% capacity early this morning. Peach Bottom #3 continues to operate at full power.

MAIN— Exelon Generation's 1,022 Mw Clinton nuclear unit shut over the weekend, and reported operating at offline at 1% this morning. On Friday, the unit was operating at 91%

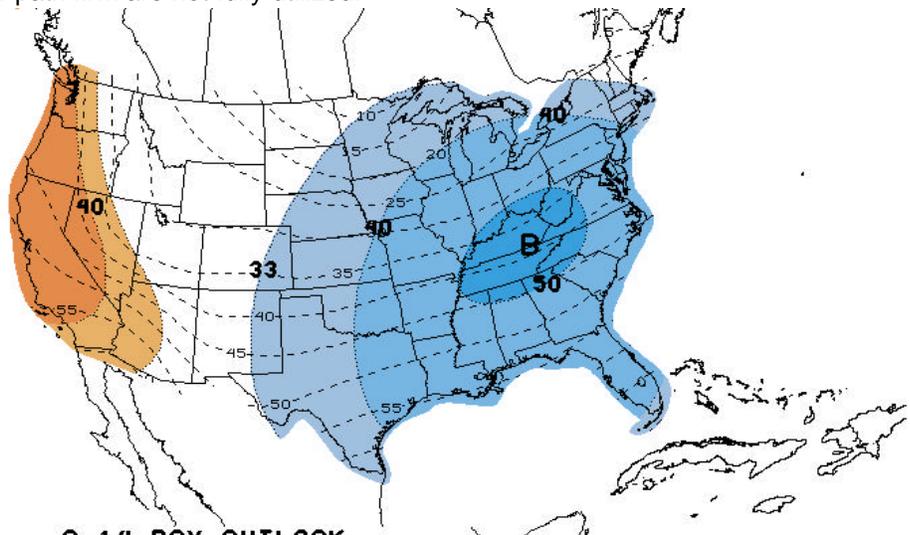
SERC— TVA's 1,100 Mw Browns Ferry #3 nuclear unit reduced power to 92% capacity. On Friday, the unit was operating at full power. Browns Ferry #2 continues to operate at full power.

The NRC reported that U.S. nuclear generating capacity was at 92,985 Mw down 1.50% from Friday and up 3.55% from a year ago.

Trailblazer Pipeline Company said that effective for February 1, it anticipates having capacity available for interruptible flow, authorized overrun and secondary out-of-path firm transportation going eastbound through Compressor Station 602. However, the scheduling of any ITS/AOR and secondary out-of-path firm transportation will ultimately depend on the level of nominations received and will only be scheduled to the extent primary in-path firm and secondary in-path firm are not fully utilized.

PIPELINE MAINTENANCE

Alliance Pipeline said that scheduled maintenance will require Unit #1 at the Carson Creek Meter/Compressor Station to be unavailable for six hours on January 31. Station capacity will be reduced to 17.2 MMcf for this gas day. The Carson Creek Compressor is located in Alberta. Alliance also said that minor maintenance will require the Irma Compression Station to be offline for 10 hours on January 31. AOS may be impacted but will be determined closer to the outage date. The Irma Compressor is located in Alberta. Alliance Pipeline said that scheduled maintenance will require Unit #1



8-14 DAY OUTLOOK
 TEMP PROBABILITY
 MADE 30 Jan 2006
 VALID Feb 07 - 13, 2006
 DASHED BLACK LINES ARE CLIMATOLOGY (DEG F) SHADED AREAS ARE FCST VALUES ABOVE (A) OR BELOW (B) NORMAL UNSHADED AREAS ARE NEAR-NORMAL

at the Whitecourt Lateral Meter/Compressor Station to be unavailable for six hours on February 1. Station capacity will be reduced to 30.4 MMcf for this gas day. The Whitecourt Compressor is located in Alberta. Alliance also said that the Windfall Compression Station Unit #1 will undergo routine maintenance and inspections starting February 2. It anticipated that it will require four hours to complete these tasks. This station is equipped with redundant compression and system throughput will not be affected as a result. The Windfall Compressor is located in Alberta.

Florida Gas Transmission said that it will be performing maintenance on one of the compressors located at Compressor Station #3 near Port Lavaca, Texas starting on February 20. This outage is expected to last through the end of February. During this work FGT will schedule up to approximately 150 MMcf/d through Compressor Station #3. During normal operations FGT schedules up to 230 MMcf/d.

Kern River Pipeline said that repairs to the lube oil cooler on unit #3 at the Veyo Compressor Station have taken longer than originally estimated. Unit #3 will now remain unavailable through February 2. Estimated system capacity remains at 1,910 MMcf/d. If nominations remain at current levels, this maintenance is not expected to have any impact to either firm or interruptible transportation.

ELECTRIC MARKET NEWS

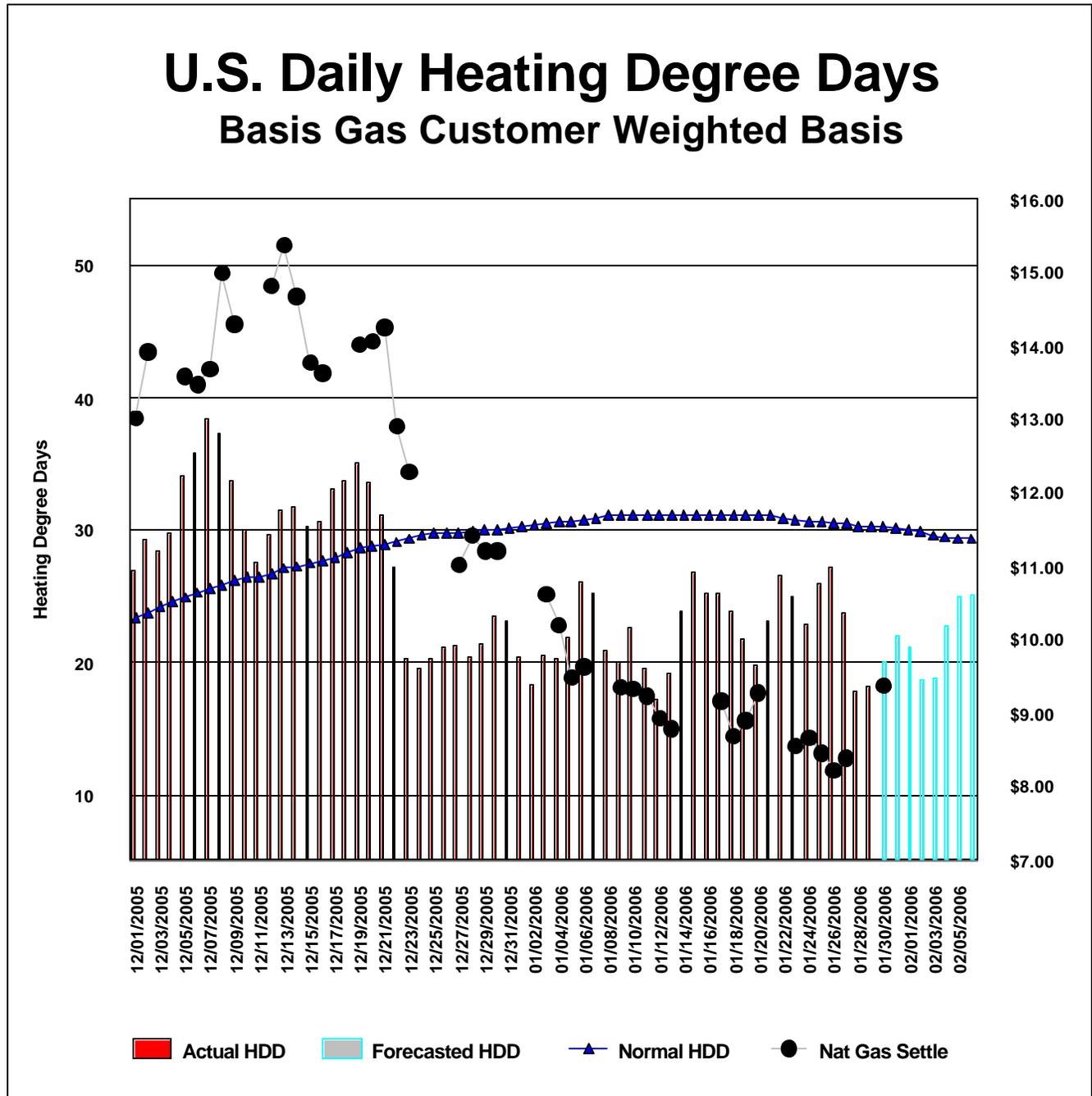
A unanimous Pennsylvania Public Utility Commission Friday approved the merger between Exelon and Public Service Enterprise Group, finding that the combination is in the public interest and provides substantial affirmative benefits. Exelon said the merger will bring local consumers \$120 million in rate discounts over four years and provides rate certainty through the end of 2010. Exelon also pledged substantial funding for alternative energy and environmental projects, economic development and expanded outreach and assistance for low-income customers. The company further made commitments for enhanced customer service and reliability, and pledges for maintaining its Philadelphia headquarters, charitable giving, and employment.

Safeway Inc., with more than 1,800 grocery stores in the US, is looking to gain market-based rate authority from the Federal Energy Regulatory Commission to buy and sell power. The move, which was approved by FERC's division of tariffs and market development for the West, would allow Safeway to buy power for its own facilities

and resell it to wholesale customers. Wal-Mart currently does that for all of its stores in Texas, making it one of the few retail chains to procure power on its own rather than use a retail marketer or aggregator.

MARKET COMMENTARY

The natural gas market opened over 22 cents stronger today as cold temperatures made their way to the long term weather forecast. Overnight trading saw the March contract trade almost 30 cents higher. Short covering and technical buying over 9.00 carried the front month to a high of 9.42 just before settling up 88.2 cents at \$9.389.



With an almost \$8.00 decline in prices since mid-December, today's short covering bounce, aided by cold in the 11-14 day forecast, is well warranted, with market players seeing the bargain in prices since December. However, the current mild conditions and the uncertain duration of the upcoming cold could position the market for another fall given the well above average supplies that exist in storage. We see support at \$8.45, \$8.30 and

\$8.00. Further support we see at \$7.85. We see resistance at \$9.60, \$9.95 and \$10.00. Further resistance we see at \$10.40-\$10.73.