



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta &
Zachariah Yurch

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

www.e-windham.com

POWER MARKET REPORT FOR JANUARY 30, 2007

NATURAL GAS MARKET NEWS

Even with the recent plunge in temperatures, three energy consultants in separate reports Tuesday said working gas levels in storage will likely finish the season at 1.7 Tcf or more. Barring production shut-ins from hurricanes and assuming normal weather patterns, one analyst said the storage glut could put downward pressure on gas prices through the rest of 2007.

The EIA released their latest monthly report on the U.S. natural gas market for the period ending November 2006. It showed that domestic production of natural gas averaged 51.3 bcf/d up 0.7% from October and some 6.6% higher than the same month a year ago. Meanwhile net imports of natural gas continued to be restricted at only 8.9 bcf/d. While this was up 6.5% from October, it was some 14.6% less than a year ago. LNG imports, which totaled 1.57 bcf/d in November was off some 18.5% from November 2006. Meanwhile the colder weather in November helped to boost consumption to 56.8 bcf/d some 7.1% better than a year ago. Industrial usage showed the smallest gain in November versus the same month a year earlier, with a 3% jump in usage, while commercial and residential sectors posted gains of 5.2% and 6.7% respectively. Electric power generation by far posted the highest jump in demand, growing by 15% during the period.

Generator Problems

ERCOT – American Electric Power's 690 Mw Oklaunion coal-fired power station shut due to an overheating problem in the generator.

TXU Corp.'s 750 Mw Martin Lake #3 coal-fired power station restarted after fixing a tube leak. The unit shut yesterday for the work.

MAAC – PSEG's 1,049 Mw Hope Creek nuclear unit shut late yesterday from about 22% power after exiting a weekend work outage. The unit automatically shut yesterday due to low reactor pressure vessel water level.

NPCC – Constellation Energy's 495 Mw Ginna nuclear unit restarted, reconnected to the grid and ramped output to 50% capacity.

Dominion Energy's 1,131 Mw Millstone #3 nuclear unit restarted and ramped up to 18% capacity. Millstone #2 remains at full power.

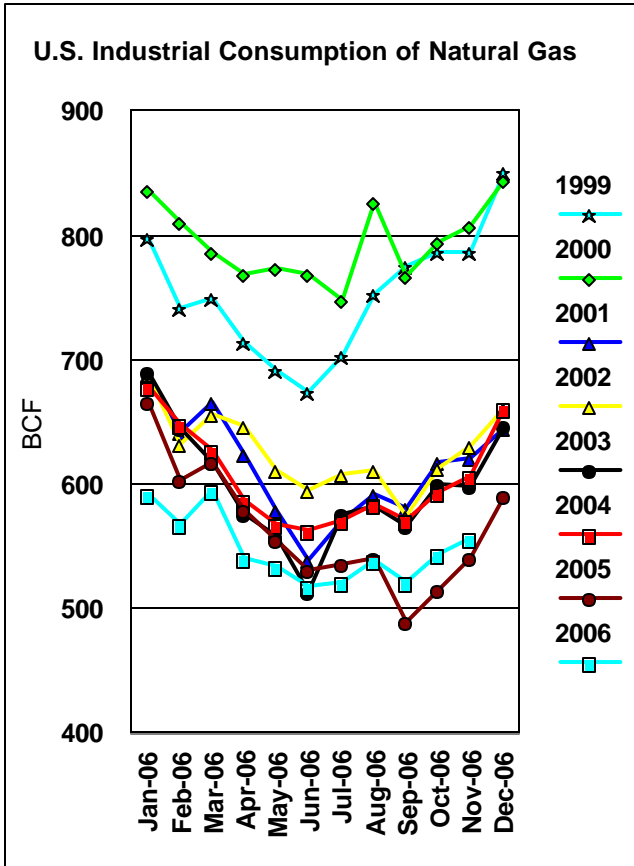
SERC – Southern Nuclear's 862 Mw Hatch #1 nuclear unit remains offline operating at 13% capacity, up 1% from yesterday. Hatch #2 is operating at 98% capacity.

The NRC reported that 91,790 Mw of nuclear capacity is on line, up .60% from Monday, but 1.56% lower from a year ago.

Rep. Timothy Bishop (D-NY) plans to introduce legislation in the near term to ban the construction of facilities, such as Broadwater Energy LLC's controversial deepwater liquefied natural gas import terminal, in estuaries of national significance, a spokesman said. Broadwater Energy seeks to locate the terminal in Long Island Sound.

Neptune LNG LLC, a subsidiary of Houston-based SUEZ Energy North America, announced today that it received a deepwater port license from the U.S. Maritime Administration (MARAD) to build and operate the Neptune offshore liquefied natural gas delivery system in Massachusetts Bay, making it the first LNG project on the East Coast to receive approval.

The American Public Gas Association (APGA), a longtime critic of the opaqueness of over-the-counter (OTC) energy trading, on Monday praised a move by the IntercontinentalExchange (ICE) to voluntarily report trade information to the Commodity Futures Trading Commission (CFTC).



Russia and Iran are not planning to form an OPEC-style cartel for natural gas but may seek to coordinate gas policies, Igor Ivanov, Russia's national security advisor, said today. Ivanov's comments came after Iran's Supreme leader Ayatolla Ali Khemenei called on Russia to help create an organization of natural gas producing countries like OPEC.

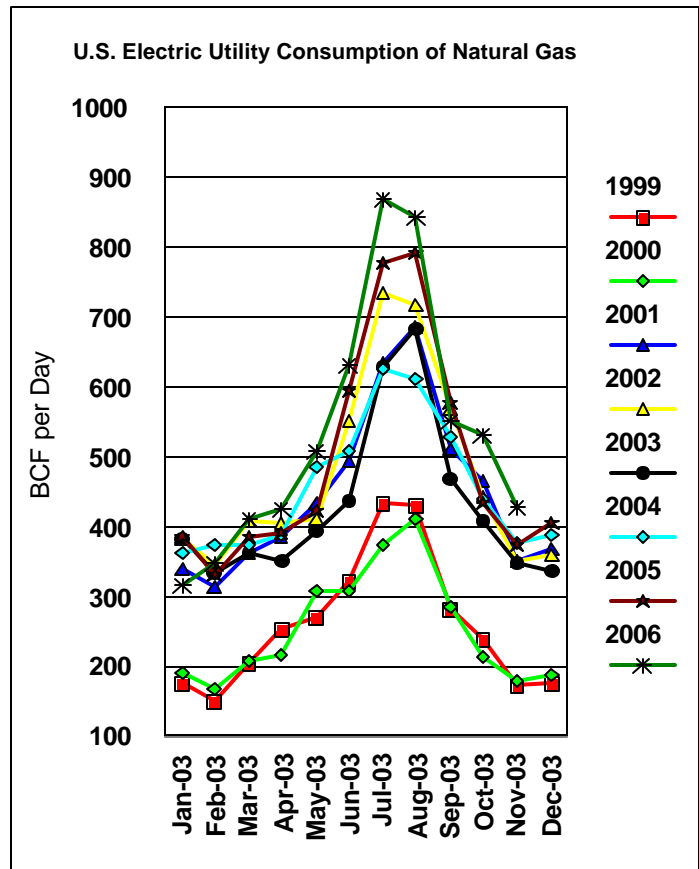
PIPELINE RESTRICTIONS

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.

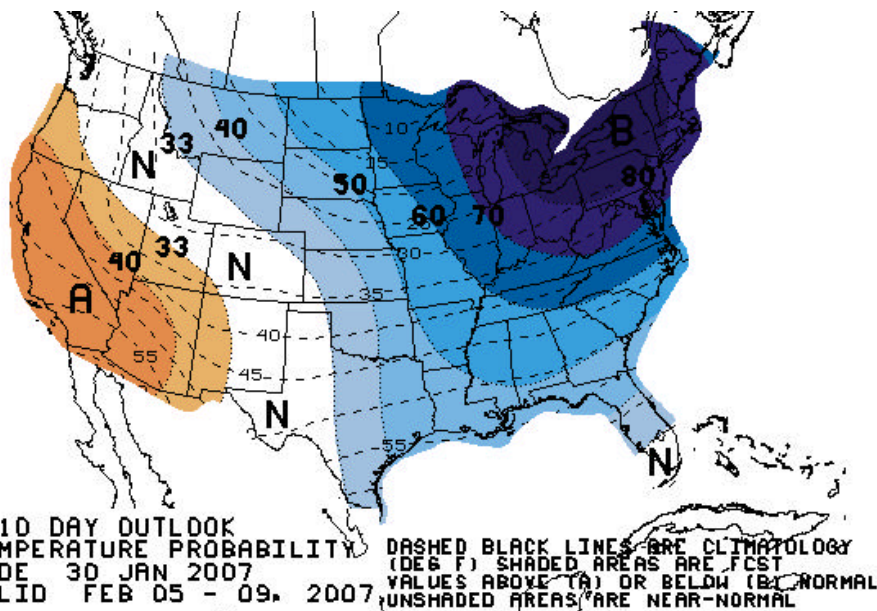
East Tennessee Natural Gas said that it has placed restrictions on its system effective 9:00 AM ET today. ETNG will be implementing the following restrictions: no secondary receipts upstream of station 3104; no secondary receipts upstream of station 3205; no

secondary deliveries downstream of station 3313 on the 8-inch 3300 line between Rural Retreat and Roanoke. In addition, Maximum Allowable Delivery Service will be in effect beginning for today, in accordance with Section 7 of Rate Schedule LMS_MA of its FERC Gas Tariff. The unauthorized overrun charges for exceeding MAD will remain in effect until further notice. ETNG will not assess an Unauthorized Overrun charge on a Balancing Party unless the quantity of gas by which the Balancing Party exceeds its MAD is more than the great of 50 DTH or 2% of MAD.

KM Interstate Gas Transmission said that effective today and until further notice, the combined quantities of the following three points located in Fremont County, Wyoming, have limited capacity available: Hendry PLT, WBI/Bridger (receipts only); and Lost Cabin. Based on current nominations, IT/AOR and secondary quantities may be scheduled. KM Interstate also said that CIG Weld deliveries are unavailable and that WBI Bridger is at risk for AOR/IT/Secondary. SSC Grant (receipts only) is at Primary At Risk as well as AOR/IT/Secondary At Risk. Also, Segment 190 Big Springs is at Risk (Primary only) for AOR/IT/Secondary.



Natural Gas Pipeline Company said that it is at capacity on the Gulf Coast System for northbound flow upstream and through Compressor Station 309 (Segment 27). Should the level of nominations remain high, effective for today and until further notice Natural will more than likely require shippers to use in-path transportation for NSS withdrawals for deliveries going to the Market Delivery Zone. If this happens, ITS/AOR and Secondary out-of-oath Firm transportation associated with NSS withdrawals would not be scheduled.



PIPELINE MAINTENANCE

Natural Gas Pipeline Company said that the remediation work on the Amarillo #2 Main Line north of Station 102 affecting Carrera-Camrick Plant Beaver has been completed. This point is now available.

Tennessee Gas Pipeline has posted an update for a leak on the Bluewater West Leg between Vermillion 245 and Pecan Island. Per CGT's notice, the leak has been isolated. The physical flow has been suspended and should remain shut in until repairs are complete at the following meters: Vermillion 54; Vermillion 86; and Vermillion

45/47. Shipper's nominations will also remain at zero until further notice. Due to weather and parts availability, CGT estimates that repairs to the pipe may be completed within 7-10 days.

Texas Eastern Transmission Corp. said that repairs on the outage at the Grantville compressor station are ongoing and, as a result, the compressor unit will not be available today. Due to this outage and the anticipated demand in the Texas Eastern service territory, Texas Eastern has restricted all IT-1 volumes sourced west of Grantville for delivery east of Grantville for today. Additionally, no due shipper imbalance resolution and no due pipe creation will be accepted until further notice.

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	798,800	\$7.323	(\$0.030)	(\$0.400)	(\$0.583)	(\$0.027)
Chicago City Gate	409,800	\$7.269	(\$0.116)	(\$0.336)	(\$0.596)	(\$0.085)
NGPL- TX/OK	742,400	\$6.962	(\$0.086)	(\$0.643)	(\$0.566)	(\$0.398)
SoCal	795,200	\$6.905	(\$0.140)	(\$0.700)	(\$0.620)	(\$0.372)
PG&E Citygate	504,000	\$7.191	(\$0.142)	(\$0.414)	(\$0.622)	(\$0.070)
Dominion-South	312,700	\$7.601	(\$0.067)	(\$0.004)	(\$0.547)	\$0.351
Transco Zone 6	101,600	\$9.919	(\$1.230)	\$2.314	(\$1.710)	\$8.512

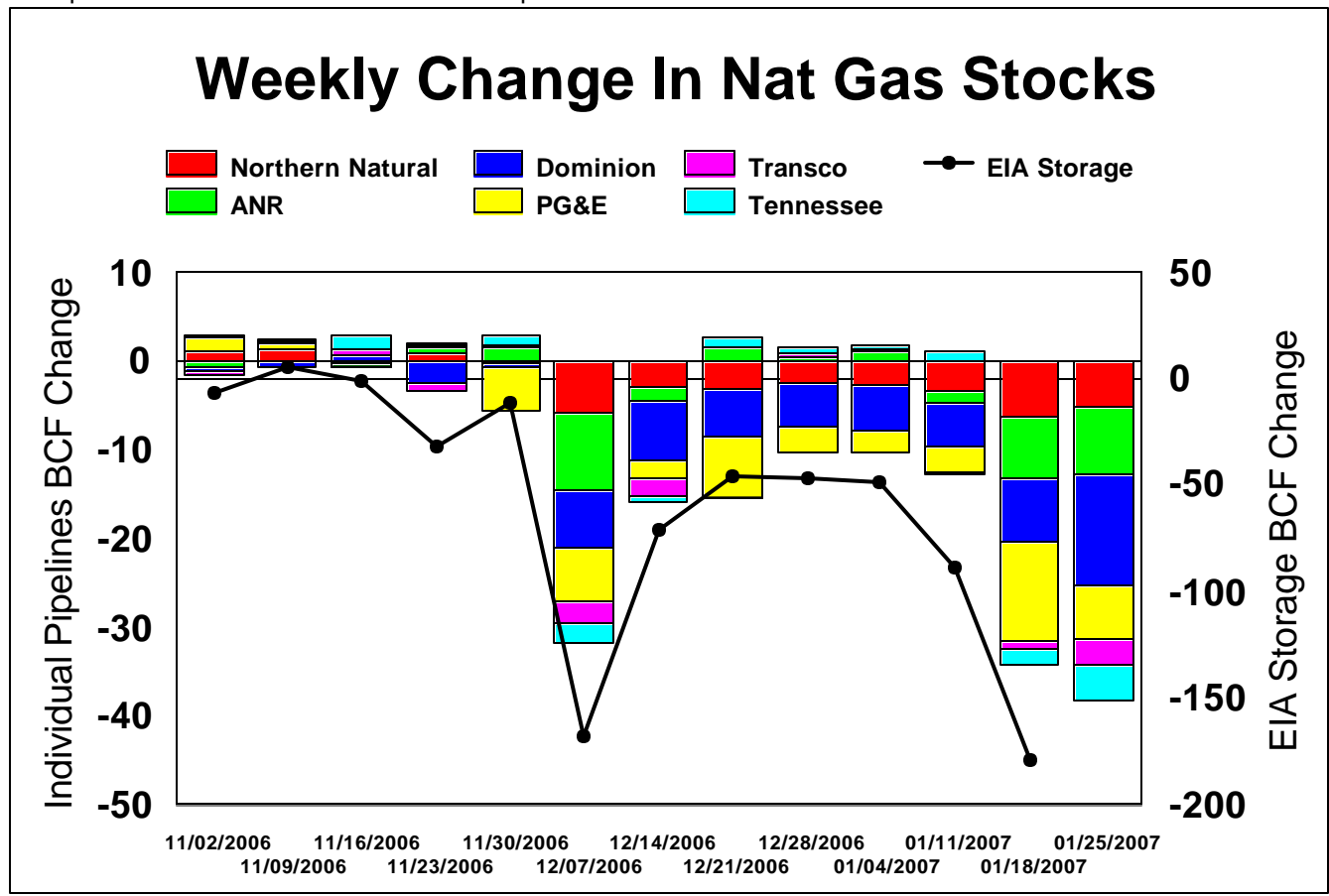
ELECTRIC MARKET NEWS

New Jersey's four investor-owned power companies will start bidding on February 2 in an auction to procure electricity, and power traders expect consumer electric bills to rise after the auction is complete. This auction, which will supply about 6,100 Mw of power, will replace much cheaper electricity acquired in 2004. Electricity traders noted that the average power price has risen to over \$70 now per megawatt hour from \$50 in 2004.

MARKET COMMENTARY

March natural gas kicked off its reign as the spot contract by opening 34 cents higher as weather forecasts call for below normal temperatures over the next several weeks. The longer-term cold weather forecasts and a rallying oil market, which saw crude oil trade \$3.00 jolted the natural gas market back to its recent highs and then

some. March natural gas cruised through resistance at 7.40 and 7.60 to a high of 7.77 as it also traded above the April contract. The front month settled up 80.3 cents at 7.74.



With the coldest temperatures and the largest storage withdrawals still ahead of this market, the downside for prices remains limited in the near term and the overall weather and storage picture is bullish. We feel prices will test the 8.00 level as the market has three big withdrawals to go before the temperature and storage pattern shift to something more neutral or bearish. Expectations for Thursday's storage report call for a draw of 200 to 210 Bcf, 36 Bcf above the five-year average withdrawal of 169 Bcf, and 100 Bcf above last year's drawdown of 87 Bcf for the same week. Our models are looking for a drawdown of 192-205 bcf. We see resistance at \$7.91, \$8.00 and \$8.45. We see support at \$7.60, \$7.40, \$6.00, \$6.82, \$6.20 and \$6.00.

NYMEX Nat Gas Options Most Active Strikes for January 30, 2007								
Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LN	3	7	P	5.5	02/23/2007	0.0133	5,025	71.44
LN	3	7	P	6	02/23/2007	0.0431	4,225	71.21
LN	3	7	C	8	02/23/2007	0.4676	4,100	71.09
LN	3	7	P	7	02/23/2007	0.2446	3,800	72.98
LN	4	7	C	9	03/27/2007	0.3039	2,980	58.56
LN	4	7	C	10	03/27/2007	0.1625	2,950	61.52
LN	3	7	C	9	02/23/2007	0.2065	2,826	74.92
ON	4	7	C	9	03/27/2007	0.304	2,613	61.27
LN	4	7	C	7.5	03/27/2007	0.7811	2,350	53.28
ON	3	7	P	7	02/23/2007	0.245	2,316	71.41
LN	10	7	P	5	09/25/2007	0.1302	2,200	52.79
LN	5	7	C	15	04/25/2007	0.0232	2,150	64.56
LN	4	7	P	7	03/27/2007	0.3662	2,030	60.39
LN	4	7	C	12	03/27/2007	0.05	2,000	66.52
LN	11	7	C	20	10/26/2007	0.0852	2,000	51.78
LN	12	7	C	20	11/27/2007	0.1194	2,000	48.81
LN	4	7	P	6	03/27/2007	0.1054	1,890	59.87
ON	3	7	C	8.75	02/23/2007	0.255	1,865	75.89
LN	3	7	P	7.5	02/23/2007	0.4485	1,800	74.39
LN	4	7	C	16	03/27/2007	0.01	1,700	77.67
LN	5	7	C	16	04/25/2007	0.0176	1,700	67.02
LN	6	7	C	16	05/25/2007	0.0266	1,700	60.18
LN	7	7	C	16	06/26/2007	0.055	1,700	58.83
LN	8	7	C	16	07/26/2007	0.0698	1,700	55.01
LN	9	7	C	16	08/28/2007	0.0981	1,700	53.10
LN	10	7	C	16	09/25/2007	0.1536	1,700	53.51
LN	3	7	C	10	02/23/2007	0.088	1,500	78.10
LN	4	7	C	8	03/27/2007	0.5715	1,500	55.10
LN	6	7	C	7.7	05/25/2007	0.8711	1,500	42.52
LN	6	7	P	7.7	05/25/2007	0.7904	1,500	54.00
ON	3	7	P	6.5	02/23/2007	0.113	1,421	70.48
ON	3	7	C	8	02/23/2007	0.468	1,376	73.58
LN	3	7	C	8.5	02/23/2007	0.3127	1,250	73.10
ON	3	7	C	9	02/23/2007	0.207	1,233	76.64
LN	3	7	C	7.5	02/23/2007	0.6876	1,200	69.09
LN	3	9	P	8.6	02/24/2009	1.5216	1,000	48.05
LN	3	9	C	8.6	02/24/2009	1.6164	1,000	15.00