



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR FEBRUARY 5, 2007

NATURAL GAS MARKET NEWS

With the coldest temperatures of the year dipping from the arctic into the northern half of the country, spot natural gas prices have jumped across all price points. Prices in New York City jumped to all-time highs, with prices for next-day delivery on Transco at New York City gate trading as high as \$58 per MMBtu, well above the record high average of \$47 per MMBtu. Heating demand for natural gas this week is forecast by the National Weather Service to be about 21% above normal.

Investment bank Goldman Sachs has raised its 3-month, 6-month and 9-month NYMEX natural gas price forecasts to \$6.70/MMBtu, \$7.00/MMBtu, and \$7.70/MMBtu, respectively.

A unit of El Paso Corp. said it will expand its system's natural gas pipeline capacity by up to 10%, beginning the fourth quarter of 2010, or as much as \$360 million. Southern Natural Gas will expand capacity by up to 367 MMcf/d to serve a proposed new power plant.

Energy companies have earmarked about \$400 million for natural gas exploration programs in Trinidad and Tobago over the next two years. As many as 11 wells, including two onshore, are to be drilled this year at a total budgeted cost of \$234 million, and in 2008, six wells are to be drilled at a total cost of \$164 million. In addition, Trinidad and Tobago hopes to conclude by December a feasibility study on constructing a new LNG Train. The new train, which would be the country's fifth and is referred to as Train X, has been under discussion for a couple of years.

PIPELINE RESTRICTIONS

Columbia Gas Transmission extended through Tuesday an alert to natural gas shippers on its pipeline system as an arctic blast took hold of much of the eastern U.S. The company deemed Tuesday a critical day for natural gas shippers in its eastern U.S. market areas, extending Friday's designation of critical days for Saturday, Sunday and Monday. Based on forecasts, available facilities and capacity utilizations, the company

Generator Problems

MAAC – PSEG's 1,050 Mw Hope Creek nuclear unit increased output to full power today. The unit was operating at 80% capacity on Friday.

MAPP – FPL's 580 Mw Duane Arnold nuclear unit shut yesterday for a planned refueling outage. On Friday, the unit was operating at 93% capacity. The unit is expected to return to service in about a month.

SERC – Entergy Corp.'s 1,001 Mw Arkansas #2 nuclear unit exited an outage and ramped up to full power by early today. The unit was operating at 16% capacity on Friday. Arkansas #1 continues to operate at full power.

Southern Co.'s 869 Mw Hatch #1 nuclear unit exited an outage and ramped up to 45% of capacity by early today. Hatch #2 dipped to 96% from 97% as it coasts down for a planned month-long mid February refueling outage.

SCANA's 966 Mw Summer nuclear unit shut from full power over the weekend to fix a steam leak in the feedwater system on the non-nuclear side of the plant. The unit is expected to return to service over the next few days.

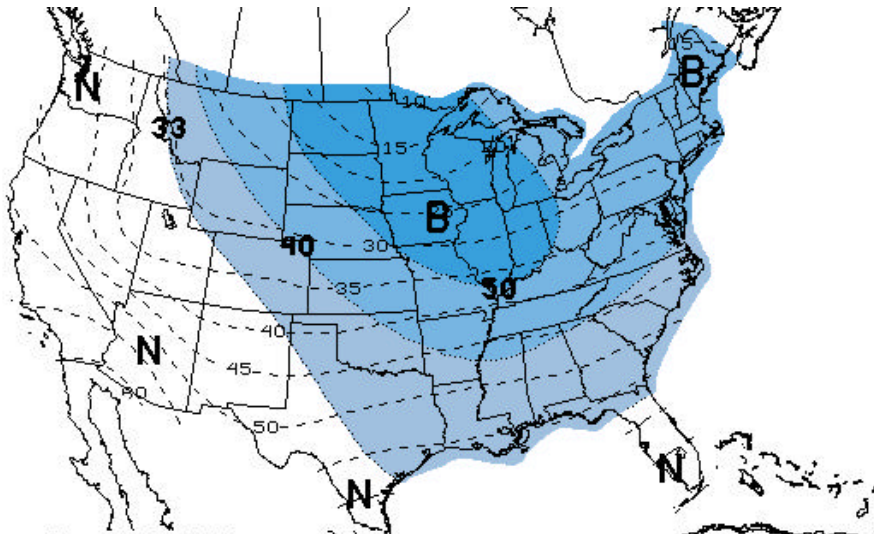
WSCC – Sunrise Power's 545 Mw Sunrise natural gas-fired power station shut for planned work yesterday afternoon.

AES Corp.'s 480 Mw Redondo Beach #8 natural gas-fired power station returned to service by yesterday afternoon.

Canada – Ontario Power Generation's 535 Mw Lennox #3 oil and natural gas-fired power station returned to service by early today.

Ontario Power Generation's 490 Mw Nanticoke #1 coal-fired power station returned to service by early today.

The NRC reported that 95,273 Mw of nuclear capacity is on line, up .1% from Friday, and 3.95% higher from a year ago.



8-14 DAY OUTLOOK
 TEMPERATURE PROBABILITY
 MADE 5 FEB 2007
 VALID FEB 13 - 19, 2007
 DASHED BLACK LINES ARE CLIMATOLOGY
 (DEG F) SHADED AREAS ARE FCST
 VALUES ABOVE (A) OR BELOW (B) NORMAL
 UNSHADED AREAS ARE NEAR-NORMAL

said all available capacity would be needed in order to meet firm service obligations. Therefore, zero non-firm capacity is available.

Dominion Transmission announced that an Operational Flow Order would be in effect for February 6 and until further notice. Dominion has determined that operating circumstances could cause reduced pressures of flow rates to a level below that required to reliably service DTI's customers at existing firm contract levels because, based upon

current and forecasted weather, customers may take delivery of gas in excess of DTI's daily or hourly capability at the listed delivery areas.

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. ETNG has restricted all secondary out of path nominations sourced upstream of Topside for delivery downstream of Topside. In addition, Maximum Allowable Delivery Service will be in effect for today. 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 greater of 50 DTH or 2% of MAD.

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	1,015,400	\$9.137	\$0.963	\$1.554	\$0.777	\$0.451
Chicago City Gate	655,700	\$9.377	(\$0.614)	\$1.803	(\$0.724)	\$0.950
NGPL- TX/OK	609,400	\$7.740	\$0.097	\$0.166	(\$0.013)	(\$0.063)
SoCal	961,200	\$7.609	\$0.206	\$0.035	\$0.096	(\$0.208)
PG&E Citygate	360,100	\$7.821	\$0.190	\$0.247	\$0.080	\$0.045
Dominion-South	358,100	\$11.639	\$2.525	\$4.065	\$2.415	\$1.370
Transco Zone 6	188,200	\$37.464	\$22.518	\$29.890	\$22.408	\$8.696

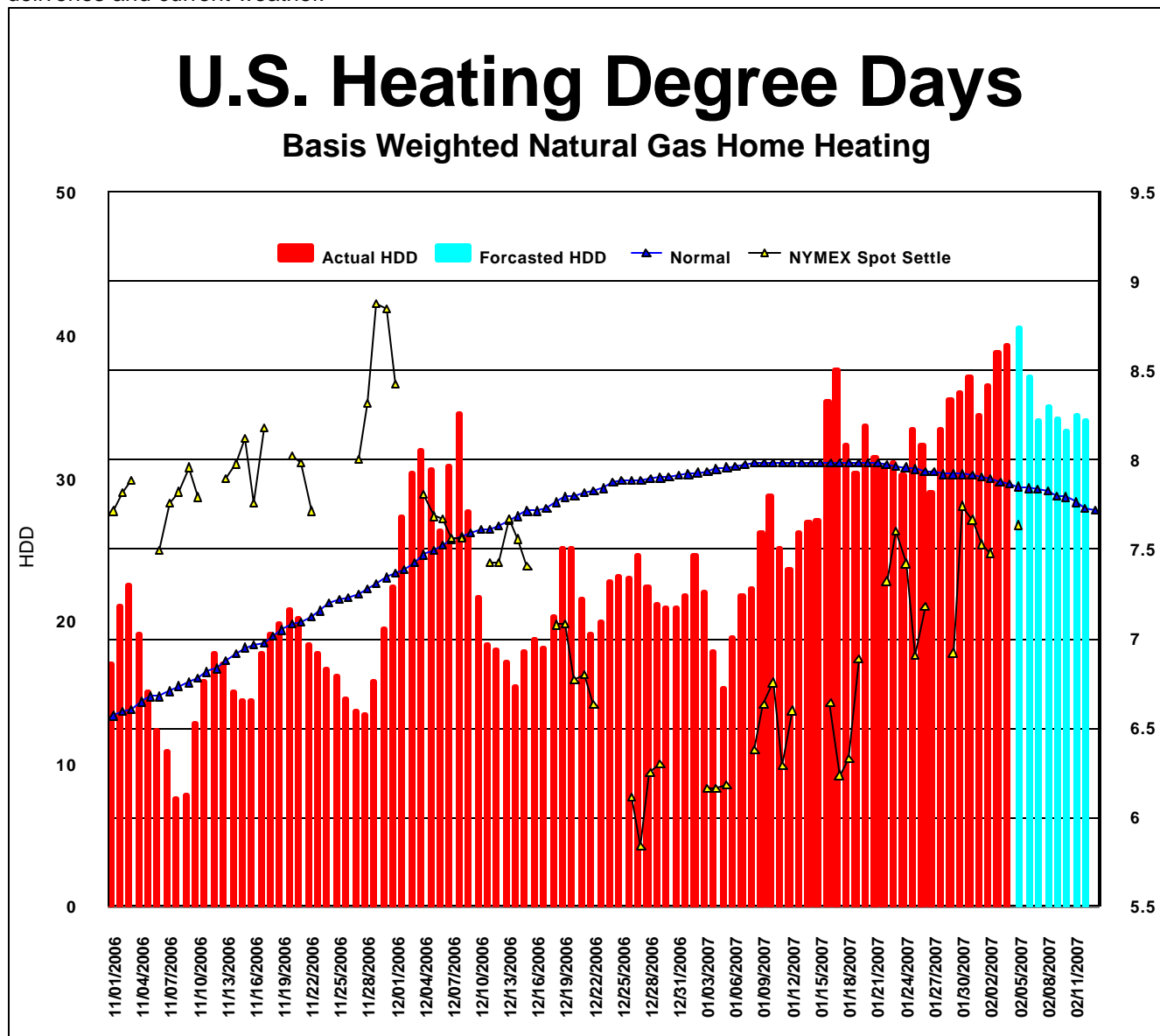
Florida Gas Transmission issued an alert to its natural gas shippers as cold weather forecast for the northern and central part of the state was expected to boost

demand on its pipeline system. To maintain system integrity, the company issued an overage alert at 25% tolerance, meaning shippers must stay within 25% of scheduled volumes.

Northern Natural Gas Company said that due to single digit system weighted forecasted temperatures and below zero low temperatures at most reporting stations in the market area, as SOL is being called for all market areas for today and tomorrow.

Southern Natural Gas Pipeline said over the weekend that based on current forecast and projected demand, Southern will be allocating/limiting interruptible capacity in Group 4-Chattanooga Group, Group 13-East Tennessee Group and Group 59-Tallapoosa Group effective today and until further notice. Southern will evaluate system conditions and projected demand during each of the four daily scheduling cycles to determine

the amount of interruptible capacity that can be scheduled consistent with meeting firm obligations and maintaining the operational integrity of the system. SoNat also said that there was a possibility that the company would implement Type 6 OFO for today, tomorrow and Wednesday based on current receipts, projected deliveries and current weather.



Texas Eastern Transmission Corp. said that due to anticipated weather conditions and forecasted load, TE has restricted all forward haul IT-1 for delivery into Market Areas 2 and 3. Tetco has restricted receipts sourced between Mt. Belvieu and Little Rock for delivery outside of that area. No increase of receipts between Mt. Belvieu and Little Rock for delivery outside of that area will be accepted. Tetco also has scheduled to capacity deliveries downstream of Castor on the Castor lateral. No increase of deliveries downstream of Castor on the Castor Lateral will be accepted. Tetco has also scheduled receipts on the Leidy Line to capacity. No increases in receipts sourced on the Leidy Line will be accepted.

Tennessee Gas Pipeline said that beginning today at 9:00 AM CT, and OFO Action Alert is in effect for all balancing parties until further notice.

PIPELINE MAINTENANCE

Williams Cos.' Transcontinental Gas Pipeline unit, a major supplier of natural gas to the U.S. Northeast, said it completed repairs to part of its pipeline in New Jersey after discovering a small degradation in late January. The pipeline is now operating at normal pressures, after having to reduce interruptible capacity available at the regulator station in Linden, New Jersey.

Williston Basin Interstate Pipeline Company said that planned maintenance will be performed at the Saco Compressor Station through February 7. Maximum capacity through the station will be approximately 23.2 MMcf/d. This work is expected to reduce flows from Bowdoin Field by 2.4 MMcf/d.

ELECTRIC MARKET NEWS

PJM Interconnection broke its record winter peak demand for electricity today because of the cold temperatures in the region. The grid operator said electricity use in the 13-state region hit 112,500 megawatts in the morning, exceeding the all-time winter peak record of 110,414 set on December 14, 2005.

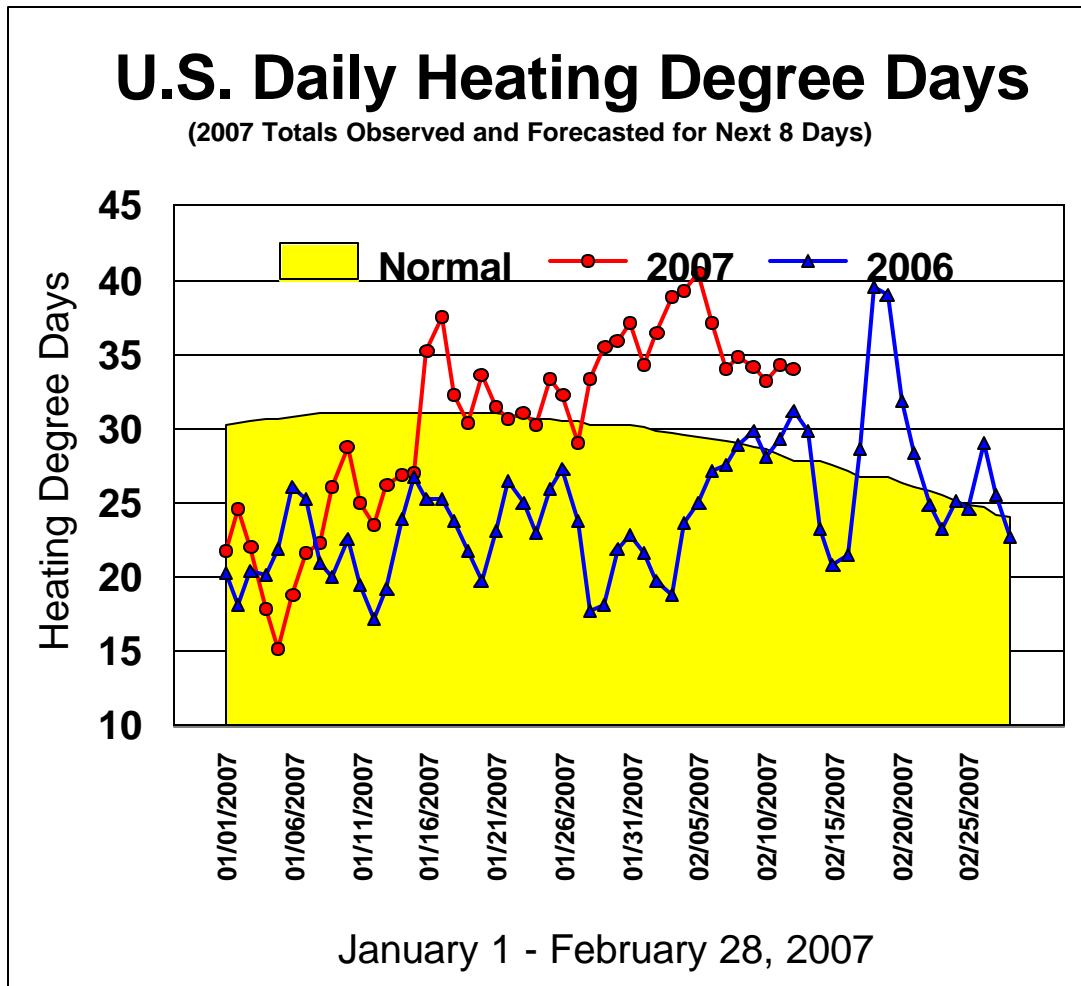
Connecticut Governor Jodi Rell said yesterday that she will call for a major transformation in state emergency planning, including possible new ways to aggregate power

purchases, when she unveils her budget this week. Rell plans to create a new Department of Energy that would take over policymaking authority now in the hands of the state Department of Public Utility Control.

MARKET COMMENTARY

The natural gas market opened 42.4 cents higher as the coldest day of the winter blanketed most of the nation with below normal arctic temperatures. Early morning trading witnessed the front month contract trading above 8.00 to a high of 8.03 as market players brace for significant heating demand. Stiff resistance at the 8.00 held firm as the market backed off from the level and managed a high of 7.93 as the NYMEX opened. The rest of the session witnessed a gentle slid on light volume, as profit taking dropped the market to a low of 7.58. March natural gas settled up 15.8 cents at 7.634.

The oil market's inability to break the psychological \$60 level helped influence the resistance in natural gas, but with temperatures boosting heating demand, the affect to total stocks will be felt. Expectations for this week's report call for a draw of between 195 to 220 Bcf and with record cold temperatures this week, next week's report will show another 200 Bcf or more pull from storage. The overhang of stocks that has plagued the market the



NYMEX Nat Gas Options Most Active Strikes for February 5, 2007

Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LN	4	7	P	6.5	03/27/2007	0.1665	4,900	56.25
LN	4	7	P	5	03/27/2007	0.0094	3,200	57.06
LN	10	7	P	6.5	09/25/2007	0.4382	3,150	51.42
LN	3	7	C	10	02/23/2007	0.0327	3,025	74.44
ON	3	7	P	7	02/23/2007	0.183	2,834	66.14
LN	3	7	C	9	02/23/2007	0.1053	2,800	71.17
LN	3	7	C	11	02/23/2007	0.0096	2,400	76.90
LN	7	7	C	11	06/26/2007	0.1905	2,375	46.26
LN	4	7	P	7	03/27/2007	0.318	2,050	56.87
LN	4	7	P	5.5	03/27/2007	0.0296	2,000	56.49
LN	4	7	C	12	03/27/2007	0.0241	2,000	62.60
LN	5	7	P	5.5	04/25/2007	0.0483	2,000	51.45
LN	6	7	P	5.5	05/25/2007	0.0683	2,000	49.22
LN	7	7	P	5.5	06/26/2007	0.0892	2,000	48.11
LN	8	7	P	5.5	07/26/2007	0.1202	2,000	49.02
LN	9	7	P	5.5	08/28/2007	0.1527	2,000	49.32
LN	10	7	P	5.5	09/25/2007	0.1856	2,000	50.81
LN	7	7	P	7	06/26/2007	0.4535	1,800	48.94
LN	4	7	P	6	03/27/2007	0.0766	1,700	56.29
ON	4	7	P	6.5	03/27/2007	0.167	1,695	54.29
LN	8	7	P	7	07/26/2007	0.5185	1,600	50.41
LN	9	7	P	7	08/28/2007	0.5699	1,600	50.43
ON	3	7	P	7.5	02/23/2007	0.382	1,550	66.79
LN	3	7	C	8.5	02/23/2007	0.1823	1,550	68.85
LN	8	7	C	11	07/26/2007	0.2783	1,500	46.06
LN	9	7	C	11	08/28/2007	0.3602	1,500	45.35
ON	3	7	P	6.5	02/23/2007	0.07	1,463	65.75
LN	5	7	P	6.5	04/25/2007	0.2149	1,300	51.83
LN	3	7	C	8	02/23/2007	0.3104	1,270	66.39
LN	3	7	P	5.5	02/23/2007	0.0046	1,250	67.68
LN	4	7	C	8.5	03/27/2007	0.3243	1,225	53.85
LN	4	7	C	10.5	03/27/2007	0.0712	1,200	59.27
LN	5	7	C	8.5	04/25/2007	0.4172	1,200	47.32
LN	5	7	C	10.5	04/25/2007	0.1147	1,200	51.90
LN	6	7	C	10.5	05/25/2007	0.173	1,200	48.19
LN	6	7	C	8.5	05/25/2007	0.5143	1,200	43.34
LN	6	7	P	6.5	05/25/2007	0.2511	1,200	49.43
LN	7	7	P	6.5	06/26/2007	0.2879	1,200	48.49
LN	7	7	C	8.5	06/26/2007	0.6229	1,200	40.56
LN	7	7	C	10.5	06/26/2007	0.2393	1,200	45.31
LN	8	7	C	8.5	07/26/2007	0.761	1,200	40.26
LN	8	7	P	6.5	07/26/2007	0.3446	1,200	49.83
LN	8	7	C	10.5	07/26/2007	0.3369	1,200	45.08
LN	9	7	C	10.5	08/28/2007	0.425	1,200	44.34
LN	9	7	P	6.5	08/28/2007	0.3947	1,200	50.08
LN	9	7	C	8.5	08/28/2007	0.8681	1,200	39.34
LN	10	7	C	10.5	09/25/2007	0.5245	1,200	43.73
LN	10	7	C	8.5	09/25/2007	1.0117	1,200	39.15

first half of the winter are being cut quickly. We feel the market will maintain its upside bias as the storage surplus falls below last year's levels. We see support at \$7.60, \$7.40, \$7.00, \$6.90, \$6.20, \$6.00 and \$5.75. We see resistance at \$8.00, \$8.30, \$8.45 and \$9.00.