



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR FEBRUARY 6, 2006

NATURAL GAS MARKET NEWS

U.S. demand for heating fuels is expected to be about 4.7% below normal this week, as temperatures in most of the main heating regions of the country return to more seasonal levels. Total U.S. natural gas heating demand will rise to about 5.7% below normal, from 31.4% below normal in the week earlier.

Royal Dutch/Shell Group and Algeria's Sonatrach will consider building a LNG complex under a memorandum of understanding signed today. The memorandum also envisages the two companies studying ways to improve the performance of Sonatrach in the LNG and liquefied petroleum gas sectors.

The American Gas Association (AGA) has warned in a new study that despite recent record gas prices and strong gas-directed drilling, the changing composition of domestic natural gas supply and the politics that continue to impede exploration and development will limit the ability of the gas industry to meet growing gas demand in the future. AGA believes that if the status quo is preserved, U.S. gas production will remain at about 19 Tcf, no higher, for the next five to 15 years.

A top energy official in Trinidad and Tobago said that the country needs more gas discoveries to sustain existing and planned gas-based projects. Rampersad Motilal, president of Methanol Holdings, said the country may have to consider delaying new gas projects because consumption is rapidly catching up with reserves. Motilal expects 1.4 Tcf of gas will be consumed this year, with only 1 Tcf/y being added to reserves. Trinidad and Tobago's natural gas reserves stood at 18.8 Tcf in January 2005 with probably

Generator Problems

ERCOT— AEP's Oklaunion power station shut down to repair the main boiler feed pump. The unit will restart as soon as the repairs are finished.

MAAC— Exelon Corp.'s 619 Mw Oyster Creek nuclear unit exited an outage and ramped up to 70% capacity by early today. The unit shut a week ago to fix two reactor recirculation pumps.

MAPP— Xcel's 522 Mw Prairie Island #2 nuclear unit shut yesterday due to ongoing maintenance on an emergency diesel generator. Prairie Island #1 continues to operate at full power.

SERC— Entergy Corp.'s 978 Mw River Bend nuclear unit dipped to 75% of capacity by early today. On Friday, the unit was operating at full power.

Southern Co.'s 1,149 Mw Vogtle #2 nuclear unit shut on Friday to repair two small leaks in the reactor coolant system. Vogtle #1 continues to operate at full power.

WSCC— Southern California Edison's 1,054 Mw Mountainview natural gas-fired power station is operating at about half of capacity for unplanned reasons.

Reliant Energy's 1,516 Mw Ormond Beach natural gas-fired power station shut for planned work. Both units were available for service Friday afternoon.

Calpine Corp.'s 530 Mw Sutter natural gas-fired power unit shut for unplanned reasons. The unit was available for service on Friday.

Canada— Ontario Power Generation shut its 535 Mw Lennox #3 oil- and natural gas-fired power unit for a short planned outage. The unit is expected to return to service in a week.

Ontario Power Generation's Nanticoke coal-fired power station shut two 490 Mw units. Unit #6 shut for planned maintenance, while unit #1 shut for a short-term forced outage.

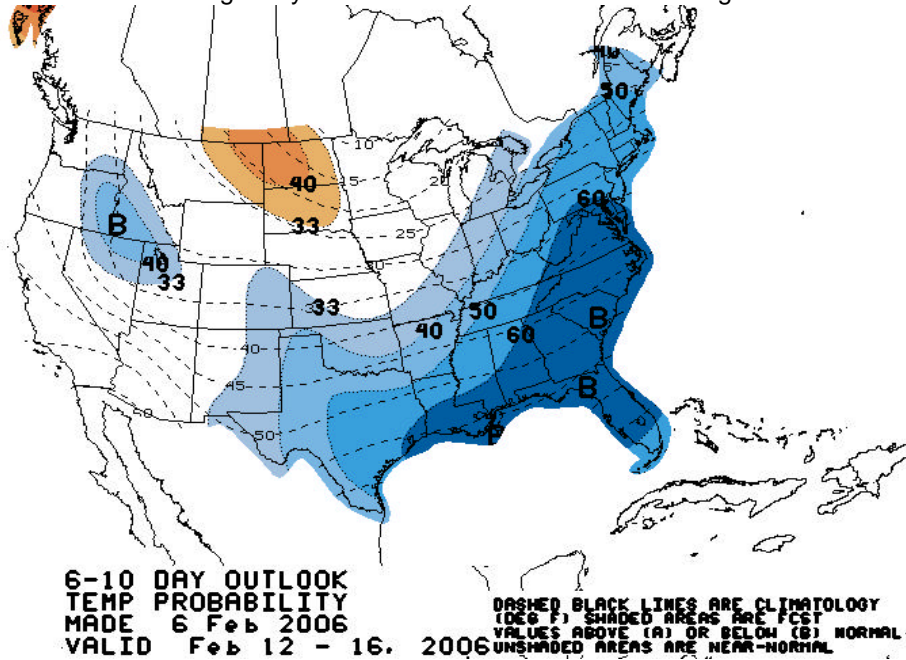
Ontario Power Generation's 515 Mw Pickering B #6 nuclear unit returned to service by early today. All units are now available.

The NRC reported that U.S. nuclear generating capacity was at 91,656 Mw down 1.70% from Friday and up 2.11% from a year ago.

reserves of 9 Tcf and possible reserves of 7.1 Tcf.

PIPELINE RESTRICTIONS

East Tennessee Natural Gas said its system would be restricted effective 9:00 AM ET today. ETNG said there will be no secondary receipts out of path upstream of station 3104; no secondary receipts out of path upstream of station 3205; and 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 gas day February 6. The unauthorized overrun charges for exceeding MAD will remain in effect until further notice. ETNG said it 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 dekatherms or 2% of MAD.



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 West 30-inch North (Capacity Allocation Areas 9, 10); and Hall Summit. Hall Summit includes East Texas (Capacity Area 8); Capacity Area 7 Locations Index 266; Koran Area Index 269; Koran Station Index 218, 219, 228, 229, 244.

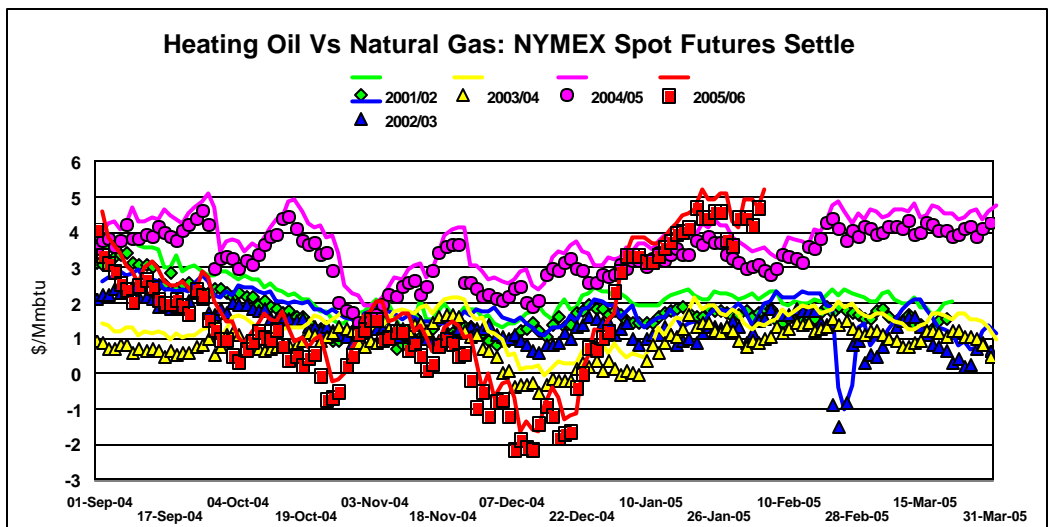
Kern River Pipeline said that line pack remains high on the majority of the Kern River system. Customers are asked to take delivery of their scheduled

quantities and not bank gas on the system.

Texas Eastern Transmission Corp. said that it has scheduled and sealed M1 and M2 24-inch. No increases between Little Rock and Batesville for delivery outside that area will be accepted.

PIPELINE MAINTENANCE

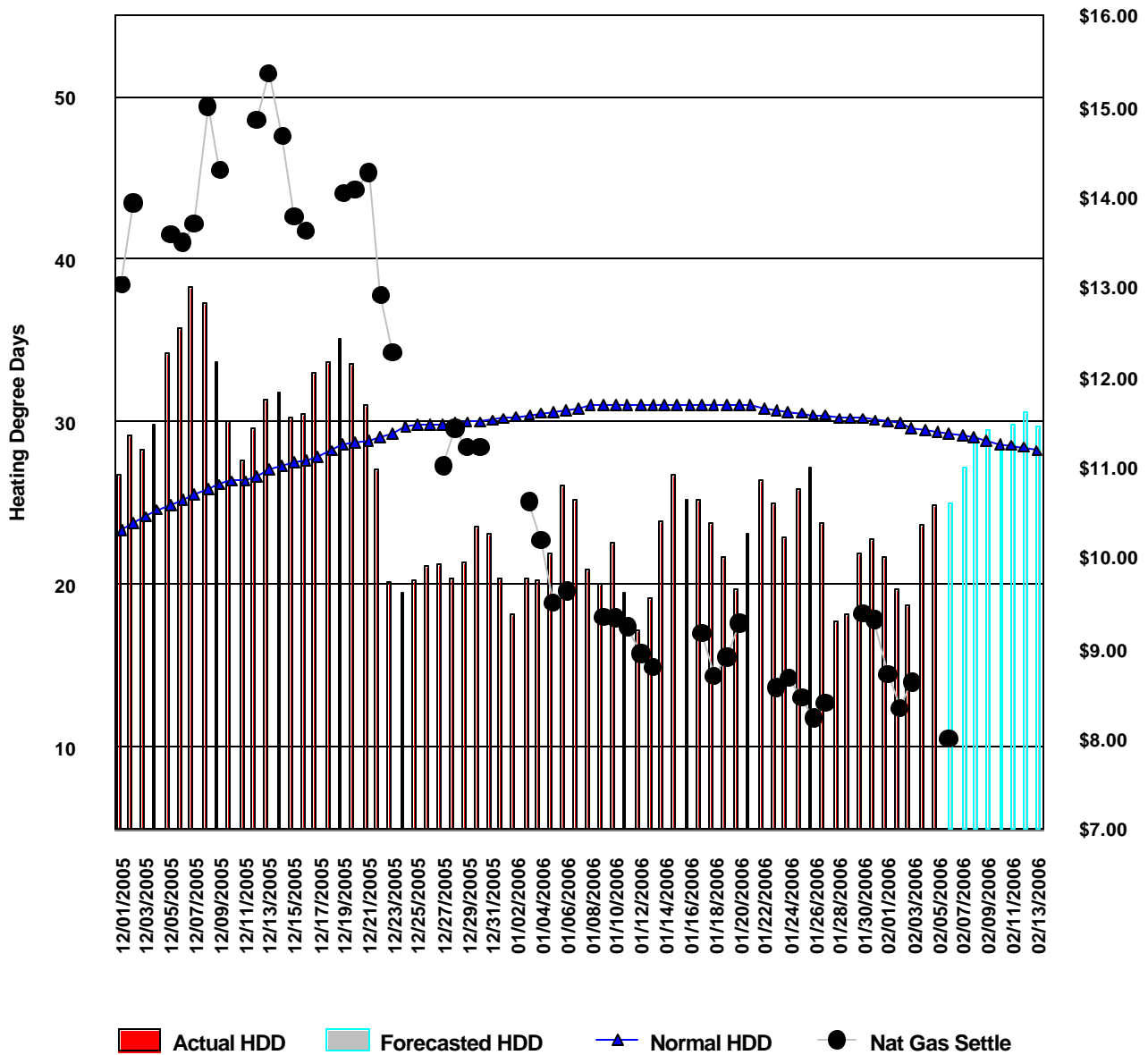
Williston Basin Interstate Pipeline Company said there will be maintenance at the Saco Compressor Station on February 7. Maximum capacity at Receipt Point ID 00885 Bowdoin will be approximately 4.2 MMcf/d during this time. Maximum capacity at the Saco Compressor Station will be approximately 25 MMcf during this time also.



ELECTRIC MARKET NEWS

The Shaw Group has been awarded an engineering, procurement and construction contract for a 750 Mw coal-fired unit at Xcel Energy's Comanche Generating Station in Pueblo, Colorado. The work is to be done by 2009. Initial construction began in mid-December and now that Shaw has been awarded its contract, major construction can begin. The value of Shaw's contract was not disclosed, but the entire cost of the 750 Mw unit is \$1.35 billion.

U.S. Daily Heating Degree Days Basis Gas Customer Weighted Basis



CenterPoint Energy's electric transmission and distribution subsidiary, CenterPoint Energy Houston Electric, will follow a Broadband over Power Lines pilot program completed in 2005 with a limited deployment of intelligent Grid technology, which will focus on enhancing the efficiency and reliability of CenterPoint's utility operations. IBM has been selected as the technology and implementation partner for the project. The limited deployment of Intelligent Grid technology will involve CenterPoint Energy installing, testing and monitoring automated meter reading of electric and natural gas meters, remote connection and disconnection of electric service, and automated outage detection and restoration. BPL technology will be used for the data communications network.

Santee Cooper said that construction continues on schedule for the transmission line from Bluffton to Hilton Head Island. Addition of the 115-kV line will enhance reliability and add more capacity to accommodate the area's growing customer demand for electricity. The \$4.4 million project began in late August 2005 and should wrap up in May.

According to a study for the Public Utility Commission of Texas, Texas residential customers have made significant savings since the state introduced competition to retail markets in 2002. The study shows that a typical Houston residential electricity customer who switched each year to the lowest-cost power provider would have saved \$1,450 in the past four years. And a typical Dallas residential customer would have saved \$800 from rates that would have been in effect if regulation has continued in Texas. Competition has led to "prices significantly below the estimated rates that would have been in effect if regulation had continued.

MARKET COMMENTARY

The natural gas market opened 31 cents lower as near term forecasts remain bearish to this over supplied market. The March contract traded sideways between 8.20 and 8.40 for the first half of the session, and then just after midday, support fell and natural gas traded through a key technical support of \$8.00-\$8.02, to a day's low of 7.91, a new low for the March contract. The front month settled down 61.8 cents at \$7.995, its lowest settlement since late July.

Forecasts are focusing on below normal temperatures to cover the majority of the country, and as those temperatures make it to key consuming regions by the end of the week, the oversold scenario of this market should yield a short covering rally. Funds have been short this market for nearly two months now, with the spot month trading to a low of 7.75 in that period. With the market's proximity to that low, if the incoming cold proves to be more transient and geopolitical tensions flare up the petroleum markets, we expect a short covering rally to the \$9.00-\$10.00 level once again. With relation to the heating oil market, natural gas continues to trade at a significant discount of \$4.72 /MMbtu. Technically, we see support at \$7.75 and \$7.03. We see resistance at \$8.50, \$8.64, \$8.70, \$8.865, \$9.00 and \$9.09. We see further resistance at \$9.16.