



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR FEBRUARY 13, 2007

NATURAL GAS MARKET NEWS

Trinidad state-owned National Gas Co. said it has concluded negotiations with a BHP Billiton consortium, EOG Resources and BG/Chevron grouping for the supply of 550 MMcf/d of natural gas beginning in 2009-2010. The supplies, NGC said in a statement, will boost the volume of gas it sells to over 2.1 Bcf/d by 2010.

Dominion Resources is pursuing the sale of its oil and gas exploration business in parts after offers for the entire group of assets failed to meet its expectations of \$15 billion. The properties include the deepwater Gulf of Mexico, West Texas, the mid-continent and the Rockies as well as the Western Canadian sedimentary basin. Dominion is now marketing the business as four packages, eastern U.S. properties, western U.S. properties, offshore properties and Canadian properties. The company is still looking for at least \$15 billion based on the prices for each asset.

Generator Problems

ERCOT – TXU Corp.'s 565 Mw Monticello #1 coal-fired power station restarted following repairs to a tube leak.

American Electric Power's 675 Mw Pirkey coal-fired power station restarted following repairs to the circulating water pump.

SERC – Tennessee Valley Authority's 1,100 Mw Browns Ferry #3 nuclear unit restarted, but remains off line at 12% capacity. Browns Ferry #2 is operating at 75% capacity.

The NRC reported that 94,574 Mw of nuclear capacity is on line, up .08% from Monday, and 6.62% higher from a year ago.

PIPELINE RESTRICTIONS

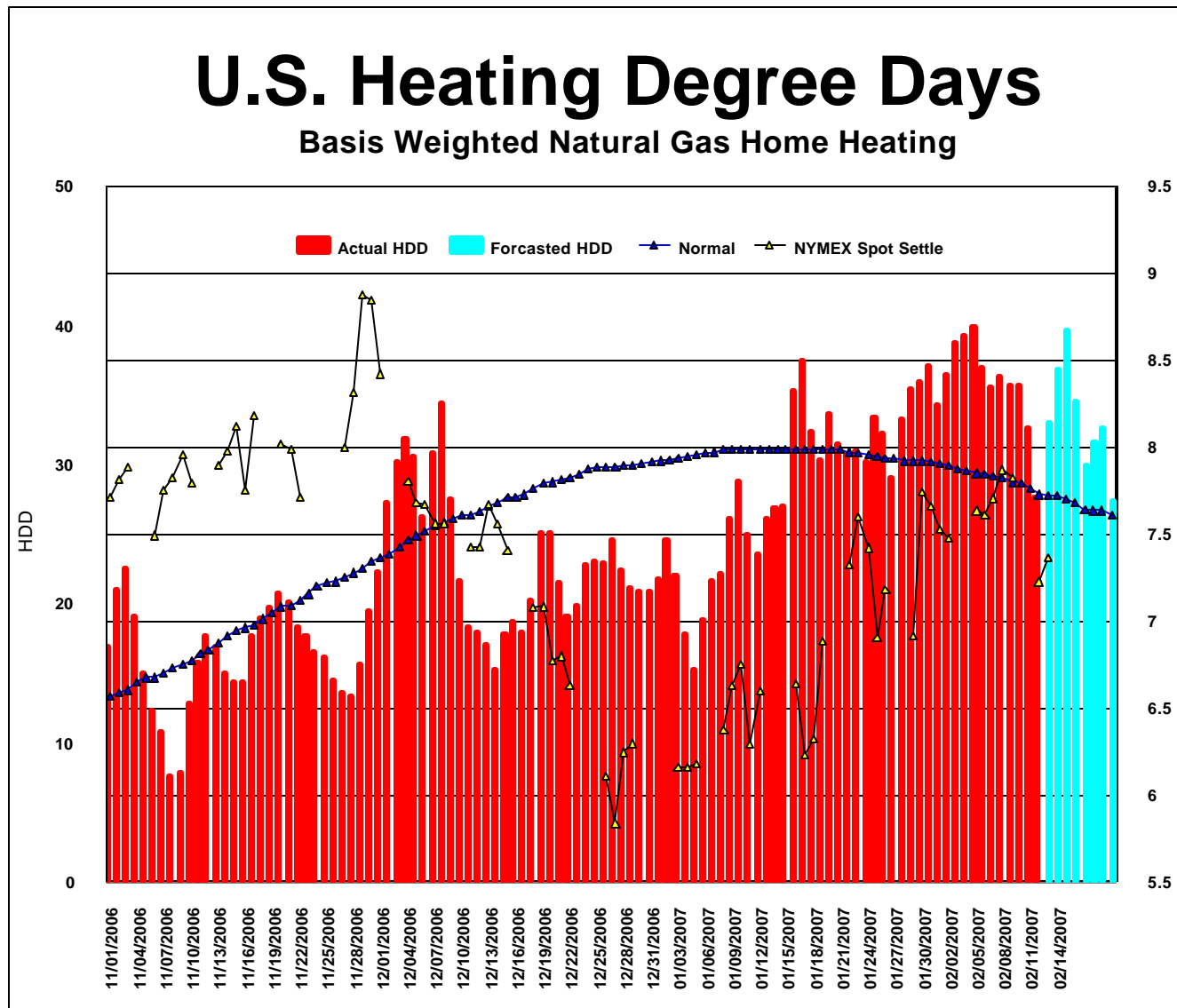
Algonquin Gas Transmission said that multiple restrictions are in place for today. AGT has scheduled to capacity nominations flowing through Hanover compressor station. No increases for nominations flowing through Hanover, except for Firm No-Notice nominations, will be accepted. The company also has scheduled to capacity nominations flowing through Stony Point compressor station. No increases for nominations flowing through Stony Point, except for Firm No-Notice nominations, will 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						
Location	Volume Traded	Avg Price	Change	Basis (As of 12:30 PM)	Change	Basis 5-Day Moving Avg
Henry Hub	1,230,300	\$8.085	\$0.305	\$0.556	\$0.383	\$0.118
Chicago City Gate	790,900	\$8.350	\$0.534	\$1.040	\$0.604	\$0.418
NGPL- TX/OK	1,027,500	\$7.226	\$0.183	(\$0.084)	\$0.254	(\$0.398)
SoCal	1,143,700	\$7.084	\$0.079	(\$0.226)	\$0.149	(\$0.434)
PG&E Citygate	576,100	\$7.419	\$0.023	\$0.109	\$0.093	(\$0.062)
Dominion-South	502,200	\$9.534	\$0.631	\$2.224	\$0.701	\$1.285
Transco Zone 6	170,000	\$16.599	\$5.031	\$9.289	\$5.101	\$5.009

Columbia Gas Transmission extended an alert to natural gas shippers on its pipeline system for a 12th consecutive day, as cold weather kept hold over much of the eastern United States. Columbia deemed Wednesday a critical day for natural gas

shippers in its eastern U.S. market areas, extending the designation of critical days that began on February 3. Therefore, zero non-firm capacity is available.

East Tennessee Natural Gas said that it has placed several restrictions on the system for today. ETNG has restricted to capacity a portion of out-of-path nominations sourced west of Topside for delivery east of this location. No increases sourced west of Topside for delivery east of Topside will be accepted. ETNG has also scheduled and sealed nominations flowing through Glade Spring compressor station. No increases sourced west of Glade Spring for delivery east of Glade Spring will be accepted.



Iroquois Gas Transmission said that effective today, Iroquois is at capacity at Waddington and through the Athens Compressor Station. Additionally, points south of the Athens Compressor Station may be near or at capacity. Nomination increases will be evaluated on a point to point basis and may not be available.

KM Interstate Gas Transmission announced AOR/IT/Primary and Secondary at Risk restriction for today at the following points: SSC Grant, CIG Weld, WBI Bridger, CIG Glenrock and CheyPGP.

Natural Gas Pipeline Company said that segments and points through the Amarillo and Gulf Coast systems have capacity restrictions today. In the Amarillo system, Segment 13 and Segment 15 are at capacity while Segment 14 and Segment 1 are at limited capacity. In the Gulf Coast system, Segment 27 is at capacity while Segment 17 and Segment 25, 23 and 24 are at limited capacity.

Williston Basin Interstate Pipeline Company said that one point and numerous 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; Belle Creek-Manning.

PIPELINE MAINTENANCE

Gulf South Pipeline said that it will be performing unscheduled maintenance on Arnaudville Compressor Station Unti #1 beginning immediately and continuing until further notice. Capacity from Marksville to Bayou Sale

NYMEX Nat Gas Options Most Active Strikes for February 13, 2007

Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LN	4	7	P	6.5	03/27/2007	0.1451	9,600	52.49
LN	5	7	P	6.5	04/25/2007	0.1995	7,500	49.45
ON	4	7	P	6.5	03/27/2007	0.145	7,230	50.58
ON	5	7	P	6.5	04/25/2007	0.2	7,000	46.97
ON	6	7	P	6	05/25/2007	0.117	4,700	43.77
LN	3	7	C	9	02/23/2007	0.0155	3,650	68.91
LN	3	7	P	7	02/23/2007	0.141	3,618	61.95
LN	7	7	P	5	06/26/2007	0.0295	2,625	45.07
LN	4	8	C	20	03/26/2008	0.0406	2,600	40.55
LN	3	7	P	6.75	02/23/2007	0.0736	2,450	61.22
LN	4	7	P	5	03/27/2007	0.0043	2,200	52.76
LN	10	7	C	8	09/25/2007	1.0986	1,980	37.02
LN	3	7	C	7.75	02/23/2007	0.1611	1,750	62.29
LN	3	7	C	8	02/23/2007	0.104	1,725	63.72
LN	4	7	P	7	03/27/2007	0.3039	1,695	53.28
LN	6	7	P	5	05/25/2007	0.0201	1,600	46.37
LN	8	7	P	5	07/26/2007	0.046	1,600	45.93
LN	9	7	P	5	08/28/2007	0.0701	1,600	47.10
LN	3	7	C	8.75	02/23/2007	0.0253	1,500	67.68
LN	3	7	C	8.5	02/23/2007	0.041	1,450	66.37
LN	10	7	P	5	09/25/2007	0.0998	1,450	49.53
LN	6	7	P	7	05/25/2007	0.394	1,445	47.34
LN	9	7	C	15	08/28/2007	0.0824	1,400	50.12
LN	5	7	P	7	04/25/2007	0.3589	1,395	49.52
LN	7	7	P	7	06/26/2007	0.4238	1,245	46.33
LN	8	7	P	7	07/26/2007	0.4846	1,245	47.77
LN	9	7	P	7	08/28/2007	0.5474	1,245	48.66
LN	10	7	P	7	09/25/2007	0.6115	1,245	50.93
LN	5	7	P	5	04/25/2007	0.0106	1,200	47.91
LN	10	7	P	6	09/25/2007	0.2825	1,200	49.88
ON	3	7	P	7	02/23/2007	0.141	1,073	60.85
LN	3	7	P	6.5	02/23/2007	0.0335	1,020	60.52
LN	3	7	C	7.8	02/23/2007	0.1479	1,000	62.60
LN	4	7	C	10	03/27/2007	0.0448	1,000	55.47
ON	5	7	C	12	04/25/2007	0.02	1,000	53.53
LN	4	7	C	9	03/27/2007	0.119	950	52.85
LN	4	7	C	8	03/27/2007	0.3098	930	49.81
LN	5	7	C	8	04/25/2007	0.4286	830	43.31
LN	6	7	P	7.55	05/25/2007	0.6506	825	48.64
LN	6	7	C	7.55	05/25/2007	0.7225	825	37.90
LN	4	7	C	11	03/27/2007	0.017	800	57.68
LN	5	7	C	11	04/25/2007	0.0416	800	50.14
LN	6	7	C	11	05/25/2007	0.0829	800	47.02

Junction with this maintenance could be reduced by as much as 150,000 Mcf/d.

Natural Gas Pipeline Company will be performing unplanned maintenance at Station 803 in Titus County, Texas (Segment 17 of Natural's Texok Zone) through February 22. This outage should have no impact to Segment 17 transport scheduling.

Williston Basin Interstate Pipeline Company said that planned maintenance will be performed at the Hardin Compressor Station from February 14 through February 16. At this time, the company does not anticipate any restriction to the system.

ELECTRIC MARKET NEWS

Dominion Resource's Dominion Virginia Power subsidiary said it selected an existing power line corridor as its preferred route for a needed 500-kilovolt transmission line in northern Virginia. The new line would cost an estimated \$210 million. The company said it needed the line by the summer of 2011 to alleviate potential overloads on other lines serving the region.

CMS Energy has signed with the Venezuelan government a memorandum of understanding for the sale of its assets in that country for \$105.5 million. CMS owns an

88% stake in Seneca, a private electricity provider on Margarita Island and elsewhere in the northeastern Venezuelan state of Nueva Esparta. Seneca, which has 120,000 customers, was privatized in 1998. The sale also includes certain associated generating equipment and other assets.

MARKET COMMENTARY

The natural gas market opened 8.4 cents higher and gained support from traders buying into the market after yesterday's over 7% drop. Short covering ahead of Thursday's inventory data saw prices trade between 7.30 and 7.40 as market players prepare for the supportive storage data. March natural gas broke above 7.40 at the end of the session as the oil complex was rallying on news of a refinery fire, though the front month settled below that level at 7.367, up 14.1 cents.

The market is stuck between a potential record withdrawal report and a moderating long-term weather outlook. The impact of a record drawdown has long-term implications with regards to the effect it will have on year-on-year deficit, though with regards to the five-year average carryout supply of gas, this year is still expected to have more gas in the ground come the end of March than the five-year average. Expectations call for a draw of between 240 and 260 Bcf. The all-time highest draw recorded by the EIA was 260 Bcf draw recorded in January 1997. Our two models are calling for draws of 244 and 262 bcf. We see support at \$7.20, \$7.00, \$6.90, \$6.20, \$6.00 and \$5.75. We see resistance at \$7.40, \$7.60, \$8.00, \$8.45 and \$9.05.