



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MARCH 2, 2006

NATURAL GAS MARKET NEWS

A third nonutility underground natural gas storage field in the state was approved Thursday by the California Public Utilities Commission, whose lead regulator on the case said the quick action on the proposal will allow the state to have an extra 1 Bcf of gas in storage before the next winter heating season begins in November.

The Senate Energy and Natural Resources Committee is expected to vote Wednesday on long-awaited legislation, sponsored by the panel's leaders, that would open more of the natural gas-prone area known as Lease 181 to oil and gas drilling.

The big three North Slope producers -- BP plc, ExxonMobil Corp. and ConocoPhillips -- may only grudgingly approve of the proposed revamping of Alaska's oil and natural gas tax system, but independents, including Anadarko Petroleum Corp. and Pioneer Natural Resources Corp., are a lot more enthusiastic, executives said this week. The state legislature is conducting hearings on the proposal, which is tied into a tentative deal struck with Gov. Frank Murkowski's office last month on the long-awaited gas pipeline project.

Dominion Resources on Thursday said it reached a deal to sell its natural gas utilities in Pennsylvania and West Virginia to Pittsburgh, PA-based Equitable Resources for an estimated \$970 million. The transaction, which is expected to be completed either late this year or in early 2007, will make Equitable the largest gas service provider in Pennsylvania and second largest in West Virginia.

PIPELINE RESTRICTIONS

Algonquin Gas Transmission said it has restricted a portion of priority 3 nominations flowing through Stony Point compressor station. No increases for nominations flowing through Stony Point, except for Firm No-Notice nominations, will be accepted.

El Paso Natural Gas Company said that the Amarillo #2 compressor tripped offline on February 28. Mechanics are currently evaluating the problem and the unit will remain down for an undetermined period. The capacity

Generator Problems

ERCOT— American Electric Power Co.'s 690 Mw Oklaunion coal-fired power unit shut yesterday due to a fault in a substation.

MAAC— PPL's 2,300 Mw Susquehanna nuclear plant declared an alert last night after a fire protection system activated in a building located in a non-nuclear area of the plant. The units continued to operate normally and the alert ended early this morning. Susquehanna #2 will shut as scheduled on March 4 for a refueling and maintenance outage.

MAIN— Exelon's 1,022 Mw Clinton nuclear unit increased output to 87% capacity, up from the 50% rating yesterday, following an exit from an outage.

MAPP— Nebraska Public Power District's 800 Mw Cooper nuclear unit ramped output to 90% by early today. Yesterday, the unit was operating at 60% capacity after exiting an outage.

NPCC— Entergy Corp.'s 979 Mw Indian Point #2 nuclear unit is warming up offline at 7% after tripping shut yesterday after 12 control rods dropped into the reactor core. Indian Point #3 continues to operate at full power.

Canada— Ontario Power Generation's 494 Mw Lambton #1 coal-fired power unit returned to service early today. The unit shut over the weekend for short-term planned work.

Ontario Power Generation shut the 535 Mw Lennox #2 oil- and natural gas-fired power unit early today for short-term planned work.

The NRC reported that U.S. nuclear generating capacity was at 88,366 Mw down .31% from Wednesday and up 7.61% from a year ago.

EIA Weekly Report

	02/24/2006	02/17/2006	Net chg	Last Year
Producing Region	623	670	-47	553
Consuming East	1078	1174	-96	850
Consuming West	271	299	-28	226
Total US	1972	2143	-171	1628

*storage figures in Bcf

through Amarillo Station will be reduced by 80 MMcf/d (from a base capacity of 345 MMcf/d) effective Cycle 2, March 2 and continue until further notice.

Kern River Pipeline said that its system is experiencing high pack due to significant banking. Therefore, it is imperative that operators do take the

gas that is scheduled.

Texas Eastern Transmission Corp. said 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. Tetco has scheduled and sealed receipts sourced between Mt. Belvieu and Little Rock. No increases between Mt. Belvieu and Little Rock for delivery outside that area will be accepted.

Canadian Gas Association

Weekly Storage Report

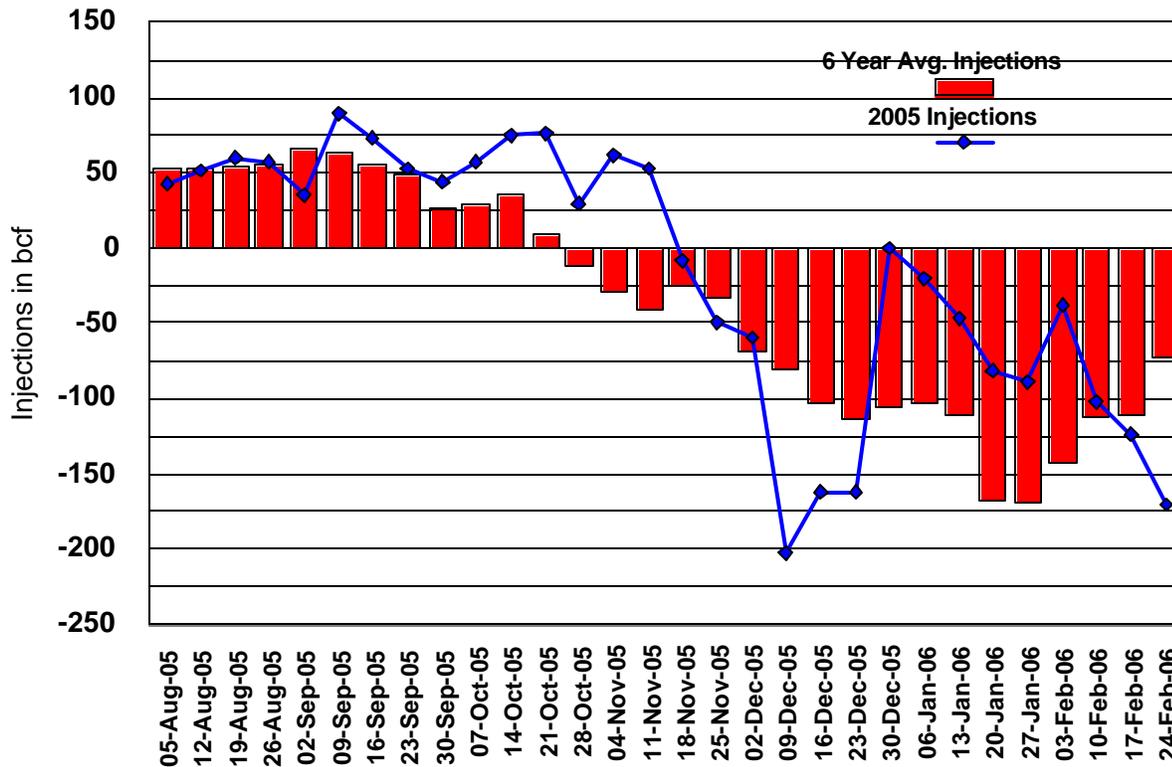
	24-Feb-06	17-Feb-06	25-Feb-05
East	131.4	143.9	92.5
West	140.6	149.1	76.6
Total	272.0	293.0	169.1

storage figures are in Bcf

PIPELINE MAINTENANCE

Gulf South Pipeline said that it has rescheduled pigging maintenance on Index 131 to March 9. The Lake Charles Area (Capacity Allocation Area 6) receipt capacity could be affected as much as 20 MMcf/d during this maintenance.

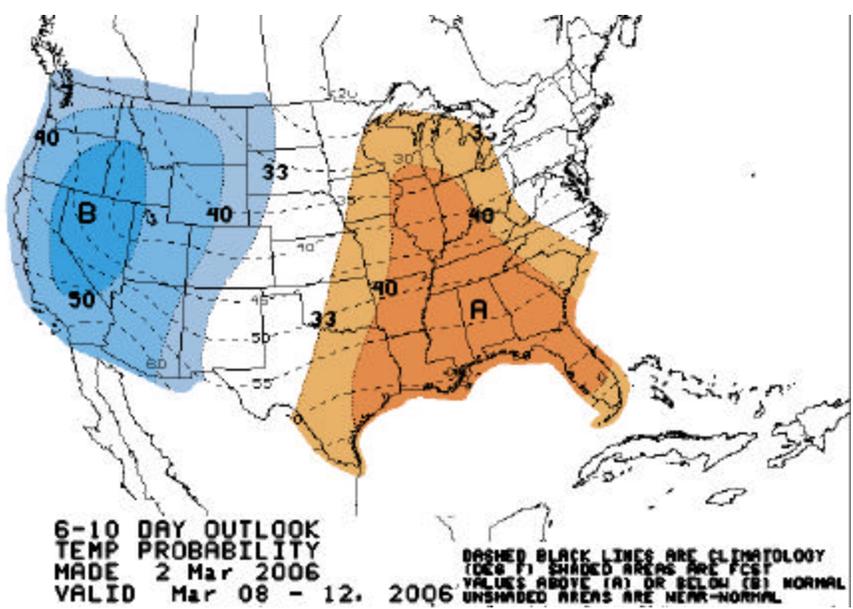
2005 EIA Survey Injections VS 6-Year Average



ELECTRIC MARKET NEWS

The U.S. Nuclear Regulatory Commission provided updates on Entergy Corp.'s requests to renew the operating licenses at two nuclear power stations in New England – Vermont Yankee and Pilgrim in Massachusetts. The

Commission said it would hold a public meeting on March 8 in Plymouth, Massachusetts, to discuss how the agency will review the Pilgrim application. In late January, Entergy submitted an application seeking an additional 20 years of operation for Pilgrim. The current operating license is set to expire on June 8, 2012. Separately, at a public meeting in Vermont, NRC officials told persons gathered in Brattleboro that it would only renew Vermont Yankee's license if Entergy could show that it can operate the plant safely.



MARKET COMMENTARY

The natural gas market opened 3.7 cents higher in anticipation of a bullish EIA storage report. Traders were surprised with a 171 Bcf withdrawal, larger than the 151 Bcf expected draw, and prices spiked to a high of 6.92. But the upward momentum could not be sustained, even as crude oil rallied over 63.00. The little spike was really nothing more than an opportunity to sell, as prices yielded to above average storage for this time of year and extended its 9-month spot chart low, trading down to 6.54. The bears were not able to set off sell stops, and with firming in the oil complex, natural gas rebounded from its lows to finish the day up 2.7 cents at 6.76.

Today's storage report was the second largest withdrawal of the season, behind the 202 Bcf draw reported for the week ended December 9, but total storage is now 344 Bcf over last year at this time and 641 Bcf above the five-year average. The number does show that some demand is coming back, and that firms are getting rid of some storage, as winter comes to end. We see support at \$6.54, \$6.50 and \$6.03. Further support we see at \$5.94, \$5.71, and \$5.65, the five-year average. We see resistance at \$7.70, \$8.00 and \$8.30. Further resistance we see at \$8.84 and \$9.03.

