



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MARCH 2, 2007

NATURAL GAS MARKET NEWS

Atlanta-based IntercontinentalExchange Inc. (ICE) continues to impress the financial world as the electronic energy marketplace and soft commodity exchange was just named the best performing stock over 2006 among 1,000 companies in the *Wall Street Journal's* annual Shareholder Scoreboard. ICE also posted new volume and commission records during February.

U.S. oil and natural gas pipeline company Kinder Morgan said regulators in three states have approved the company's \$22 billion sale to a group of private investors, but the deal's closing may be pushed to the second quarter due to a delay in securing approval from California officials.

Russia and Belgium have discussed increasing cooperation in the natural gas sector and may jointly build a big gas storage facility in Belgium.

PIPELINE RESTRICTIONS

KM Interstate Gas Transmission announced AOR/IT/Primary and Secondary at risk restrictions for today. KMIG said that SSC Grant, CIG Weld, NNG Milligan and WIC Cottonwood were classified as AOR/IT/Secondary Risk. SSC Grant is also at Primary at risk. The West End Segment was listed as AOR/IT/Secondary at risk.

Natural Gas Pipeline Company announced several points of capacity constraints and pipeline conditions for today. On the Amarillo system, NGPL said that Segment 13 and Segment 15 are at capacity while Segment 14 and Segment 1 are at limited capacity. On the Gulf Coast system, Segment 26 Back-Haul and Segment 17 have limited capacity, while Segment 27, 25, 23 and 24 are At Capacity, as are Col Chalkley and MRT Harris. TGT Lowry, Fla Jefferson, Fla Vermilion, CnPt Hot Sp and ANR Joliet #2 all have limited capacity. NGPL also announced restraints for three locations today. Effective today and until further notice, MRT-Harrison is at capacity for deliveries. ITS/AOR and Secondary Firm transports are at risk of not getting fully scheduled. Also until further notice, limited capacity is available for deliveries to Texas Gas-Lowry.

Generator Problems

ERCOT – NRG Energy's 649 Mw Parish #5 coal-fired power station restarted following maintenance.

FRCC – FPL Group's 693 Mw Turkey Point #3 nuclear unit reduced output to 49% capacity today. Yesterday, the unit was operating at 97% capacity. Turkey Point #4 continues to operate at full power.

MAIN – Exelon Corp.'s 867 Mw Quad Cities #2 nuclear unit exited an outage and returned to 71% by early today. The unit shut Wednesday due to condenser problems. Quad Cities #1 continues to operate at 97% power.

NPCC – Entergy's 1,019 Mw Indian Point #2 nuclear unit returned to full power by early today. Yesterday, the unit was operating at 20% after exiting an outage. Indian Point #3 continues to operate at full power.

PJM – Exelon's 1,116 Mw Peach Bottom #3 nuclear unit ramped up to full power today. Yesterday, the unit was operating at 90% capacity. Peach Bottom #2 remains at full power.

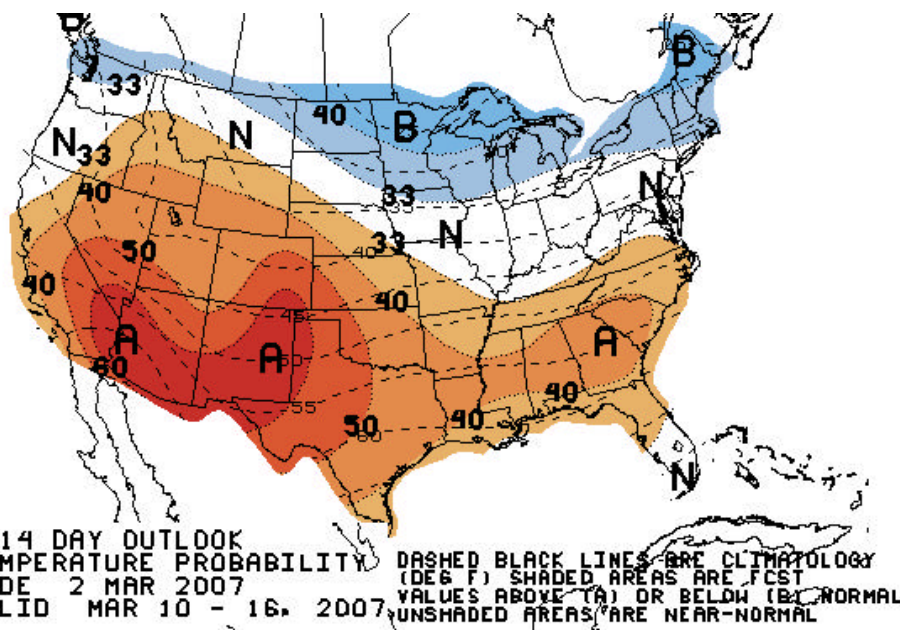
SERC – Dominion Resources' 925 Mw North Anna #2 nuclear unit ramped up to 98% power. Yesterday, the unit was operating at 93% power. North Anna #1 continues to operate at full power.

Canada – Ontario Power Generation's 494 Mw Lambton #3 coal-fired power station returned to service by early today. The unit shut yesterday.

Ontario Power Generation's 490 Mw Nanticoke #8 coal-fired power station returned to service by early today. The unit shut yesterday.

The NRC reported that 88,925 Mw of nuclear capacity is on line, up 1.24% from Thursday, but .78% lower from a year ago.

Limited ITS/AOR and Secondary transports are available. Texas Gas-Lowry is located in Cameron Parish, Louisiana (Segment 23).



Texas Eastern Transmission Corp. said that it has scheduled and sealed all nominations flowing through Batesville. Increases in nominations for receipts sourced between Little Rock and Batesville for delivery downstream of Batesville will not be accepted. Tetco has also restricted nominations sourced in zones STX and ETX for delivery outside that area. No increases in receipts between Little Rock and Mt. Belvieu for delivery outside that area will be accepted. Additionally, TE has forced balanced all long

TABS-1 pools in STX and ETX zones.

Tennessee Gas Pipeline said that effective Timely Cycle, 9:00 AM CT today, due to nominations in excess of the available capacity Tennessee restricted the following points, Carthage Lateral, Station 47, Harrison Storage Meter and Grand Chenier 507-A Line.

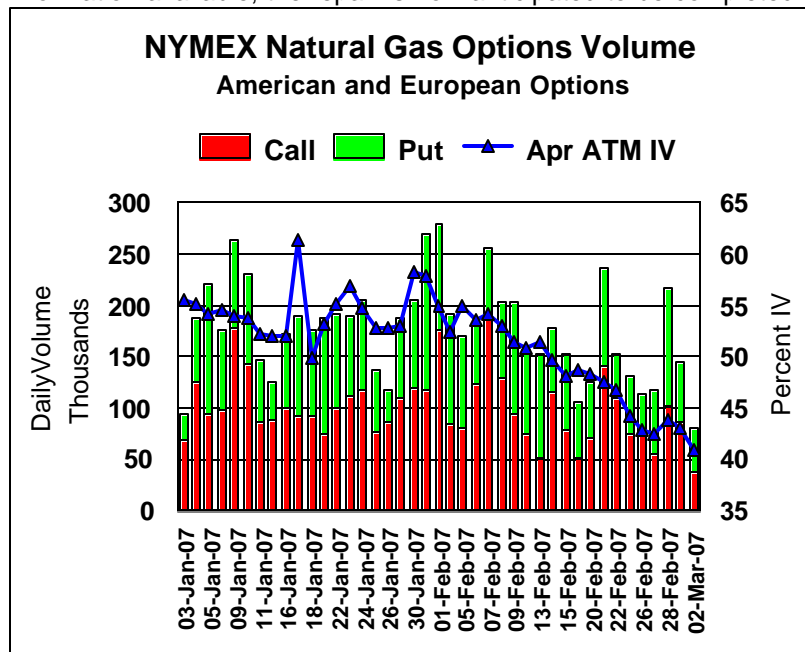
PIPELINE MAINTENANCE

Dominion Transmission announced its updated March facility outage schedule. The LN-20 facility will be down for three days beginning March 15 to replace 800 feet of pipe between Richardsville and Johnsonburg. The Sharon facility will be out of service for eight days beginning March 19 for a Spring Shut-in test. North Summit will also be down for eight days starting March 19 for Spring Shut-in test. The L-545 is set to be down for four days beginning March 19 for pigging operations. L-545 will also be out of service on March 27 for pigging operations. The Sabinsville facility will be out of service for eight days starting March 26 for a Spring Shut-in test. The Harrison facility will also be down for eight days starting March 26 for a Spring Shut-in test. Finally, the Racket facility will also be out of service for eight days starting March 26 for a Spring Shut-in test.

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	1,006,400	\$7.222	\$0.152	(\$0.284)	\$0.059	(\$0.337)
Chicago City Gate	557,600	\$7.243	\$0.092	(\$0.037)	\$0.057	(\$0.117)
NGPL- TX/OK	670,100	\$6.865	\$0.152	(\$0.416)	\$0.117	(\$0.569)
SoCal	841,900	\$6.793	(\$0.020)	(\$0.487)	(\$0.055)	(\$0.478)
PG&E Citygate	485,700	\$7.275	(\$0.029)	(\$0.005)	(\$0.064)	\$0.032
Dominion-South	332,800	\$7.613	\$0.287	\$0.333	\$0.252	\$0.272
Transco Zone 6	372,500	\$7.884	\$0.261	\$0.604	\$0.226	\$0.570

Northern Natural Gas Company said that it will perform planned unit maintenance at the Perryton Barlow Compressor Station from April 9-13. During this maintenance the receipt capacity at the Perryton Barlow compressor station will be limited to 12,000 MMBtu/d. Station suction pressures will be higher than normal during this maintenance.

Southern Natural Gas Pipeline Co. has experienced an unscheduled outage due to third party damage on the 18-inch South Pass Line and is unable to accept nominations at various Main Pass points. Based on the best information available, the repair is now anticipated to be completed around mid-March.



Transcontinental Gas Pipe Line said that it will be performing facility modifications associated with a tap installation on the mainline downstream of Mile Pole 26.16 in Hidalgo County, Texas, March 7-8. This will affect approximately 20 MMcf/d of production.

Williston Basin Interstate Pipeline Company said that planned maintenance will be performed at the Saco Compressor Station. Maximum capacity will be approximately 25,000 Dkt/d on March 7.

ELECTRIC MARKET NEWS

FERC approved of a multiparty settlement resolving some matters left over California's energy crisis of 2000-2001. FERC said the settlement between APX and about 30 other entities resolves claims against APX arising from its

participation in the California Power Exchange and California Independent System Operator energy markets from May 1, 2000 through June 20, 2001. The settlement will be funded largely by an anticipated payment of about \$53 million from the CalPX settlement escrow to APX, an independent supplier of market and energy trading services.

Exelon's Commonwealth Edison utility filed a request for a 1.5% increase in transmission rates, which if approved will go into effect in May. Exelon said its proposed increase will boost the average residential bill by 1.5%.

TXU said it faces a potential liability of \$1.1 billion from its decision to cancel eight of 11 coal-fired power plants it had planned to build in Texas and will record a still-undetermined charge in the first quarter.

LS Power Equity Partners' \$1.4 billion acquisition of six natural gas-fired power plants from merchant generator Mirant poses no antitrust concerns, two U.S. agencies said. The U.S. Federal Trade Commission and the Department of Justice's Antitrust Division will not stop the acquisition.

MARKET COMMENTARY

The natural gas market opened 7.7 cents stronger today, as technical support and firm cash prices supported futures early in the session. With short-term forecasts calling for some cold weather at the end of the weekend, cash price rose for the first time in four trading days. The April contract traded to a high of 7.375, but could not maintain any upside momentum. The session progressed lethargically, and as the oil complex turned to negative territory, natural gas followed suit, trending lower in quiet trading. The market maintained a 7.25-7.30 range for most of the afternoon until breaking lower at the close. The front month contract settled down 4.5 cents at 7.243 but in after hour trading, the market traded down to 7.20.

A lack of fresh fundamental news has the market in its familiar range though the end of the heating season and upcoming injection season is keeping the pressure toward the bottom of that large 7.00-8.00 range. With the upcoming storage reports expected to offer little support, we feel that the April contract will test the 7.00 level. We see support at \$7.10, \$7.00, \$6.90, \$6.82, \$6.20 and \$6.00. We see resistance at \$7.40, \$7.60, \$7.85-\$7.87 and \$8.00.

