



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MARCH 7, 2007

NATURAL GAS MARKET NEWS

ExxonMobil Corp. expects to ramp up more than 20 new global oil and natural gas projects in the next three years that at their peak will add 1 MMboe/d to the producer's base volumes. Scheduled U.S. start-ups between 2008 and 2009 are the Piceance Tight Gas Phase 1 project in the Rocky Mountains, the deepwater Thunder Horse platform in the Gulf of Mexico and the Golden Pass LNG [liquefied natural gas] import terminal near Sabine Pass, TX.

Reacting to a U.S. Coast Guard report on river waterway suitability, a local congressman stepped out Monday to oppose NorthernStar Natural Gas Co.'s proposed liquefied natural gas receiving terminal at Bradwood Landing on the Oregon side of the Columbia River. With a district in southwest Washington that borders parts of the proposed facility's shipping lanes, Rep. Brian Baird (D-WA) said a recently released waterway suitability report provides "enough compelling evidence" to oppose the LNG terminal.

Esperanza Energy said it plans to file applications later this year with California and U.S. agencies seeking authorization for a floating LNG receiving facility to be located 15 miles off the Port of Long Beach, California.

In response to significant interest from customers needing transportation capacity to meet the demands of the growing Northeast market, Algonquin Gas Transmission will hold a binding open season from March 7-20 on its proposed east-to-west expansion project.

PIPELINE RESTRICTIONS

Dominion Transmission said last night that a specific OFO shall be in force until further notice. Dominion determined that operating circumstances could cause reduced pressures of flow rates at certain delivery areas to a level below that required to reliably service customers at existing firm contract levels. The affected section are systems north of Lindley Gate Station and Stateline facilities in the northern portion of the DTI operating area.

KM Interstate Gas Transmission said that it has capacity available for deliveries through the Rockport Lateral (Segments 620 and 790) effective today and until further notice. Depending on the level of nominations, IT/AOR and secondary out-of-path quantities may be scheduled. KMIGT also said that it has capacity available for deliveries through Segment 340. Depending on the level of nominations, IT/AOR and secondary out-of-path quantities may be scheduled. KMIGT also announced that SSC Grant, CIG Weld, NNG Milligan and WIC

Generator Problems

ECAR – CMS Energy's 778 Mw Palisades nuclear unit exited an outage and ramped up to 90% of capacity by early today. Yesterday, the unit was offline at 3% capacity.

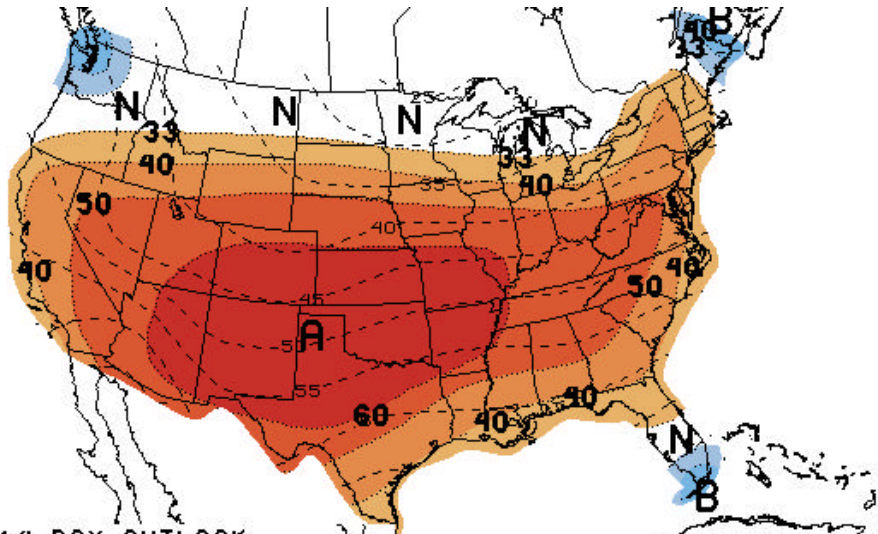
NPCC – Entergy Corp.'s 1,025 Mw Indian Point #3 nuclear unit shut for a planned refueling and maintenance outage. Indian Point #2 continues to operate at full power.

PJM – Exelon Corp.'s 619 Mw Oyster Creek nuclear unit reduced output to 75% capacity to investigate a problem with a reactor recirculation pump seal.

FirstEnergy's 861 Mw Beaver Valley #1 nuclear unit ramped output to 95% capacity. The unit was operating at 82% power yesterday. Beaver Valley #2 continues to operate at full power.

Canada – Ontario Power Generation's 535 Mw Lennox #1 oil- and natural gas-fired power station shut by early today. The unit is expected to return within a week.

The NRC reported that 85,948 Mw of nuclear capacity is on line, down .39% from Tuesday, but .76% higher from a year ago.



8-14 DAY OUTLOOK
 TEMPERATURE PROBABILITY
 MADE 7 MAR 2007
 VALID MAR 15 - 21, 2007
 DASHED BLACK LINES ARE CLIMATOLOGY (DEG F) SHADED AREAS ARE FCST VALUES ABOVE (A) OR BELOW (B) NORMAL UNSHADED AREAS ARE NEAR-NORMAL

Cottonwood were classified as AOR/IT/Secondary Risk. SSC Grant is also at Primary At Risk. The West End Segment and Segment 775 Pony Herndon were listed as AOR/IT/Secondary Risk.

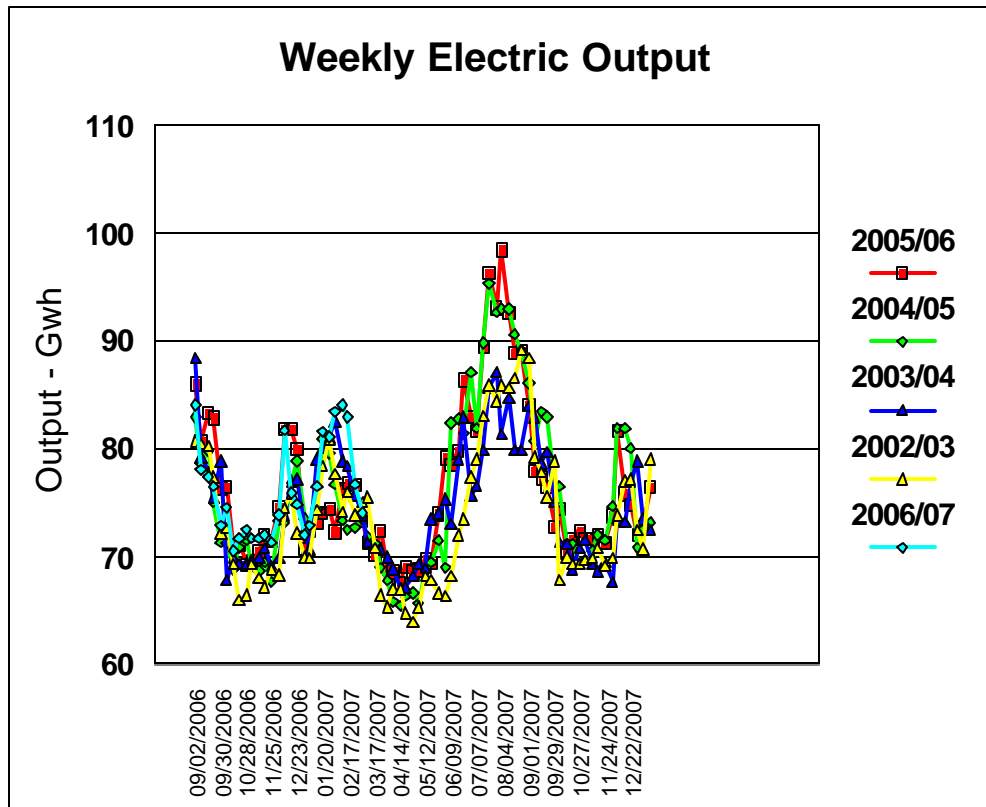
Natural Gas Pipeline Company announced several points of capacity constraints. Effective today and until further notice, Columbia Gulf-Chalkley, and northbound flow through and downstream of Compressor Stations 109 and 110 are at capacity for deliveries. The company

also said that all Louisiana Line Segments (25, 23 and 24) are at capacity for eastbound transports. On the Amarillo system, NGPL said that segment 13, 14 and 15 are at capacity while Segment 1 has limited capacity.

Tennessee Gas Pipeline said that effective Evening Cycle for today, due to increased nominations, Tennessee has restricted station 355, through 21% of Market to Supply Interruptible Service nominations.

Texas Eastern Transmission Corp. said that due to anticipated weather conditions and no-notice load requirements, Tetco is scheduled to capacity for nominations flowing through Perulack and Chambersburg. No increase of nominations flowing through Perulack and Chambersburg will be accepted. Tetco also said that it has scheduled and sealed nominations sourced between Little Rock and Sarahsville for delivery

outside that area. No increase of receipts between Little Rock and Sarahsville for delivery outside of that area will be accepted. Tetco has scheduled and sealed 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. Nominated deliveries downstream of Castor on the Castor lateral have put the pipeline at capacity



in that area. No increases in deliveries downstream of Castor except to comply with NAESB bump guidelines will be accepted.

PIPELINE MAINTENANCE

El Paso Natural Gas Company said that it has updated its March maintenance schedule. At San Juan basin and San Juan Mainline, various pigging operations have been scheduled between San Juan River and Gallup, with capacity reduced from a base of 2,860 MMcf/d by 22 MMcf/d during the maintenance March 7-16. On the North Mainline, line work during the second half of March will reduce capacity by 213-488 MMcf/d from a base of 2,313 MMcf/d. Maintenance is also planned at Hackberry #1 for Hot Gas Path March 28-29. At the San Juan Crossover, remediation maintenance will be performed on Line 1300 Pipe March 30 through April 1.

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	916,400	\$7.505	(\$0.045)	(\$0.038)	(\$0.219)	(\$0.062)
Chicago City Gate	579,900	\$7.387	(\$0.050)	\$0.032	\$0.035	(\$0.001)
NGPL- TX/OK	618,800	\$6.955	\$0.027	(\$0.400)	\$0.112	(\$0.444)
SoCal	1,012,500	\$6.847	(\$0.031)	(\$0.508)	\$0.054	(\$0.487)
PG&E Citygate	599,300	\$7.335	\$0.008	(\$0.020)	\$0.093	(\$0.014)
Dominion-South	400,900	\$9.022	(\$0.103)	\$1.667	(\$0.018)	\$0.990
Transco Zone 6	270,500	\$11.849	(\$5.726)	\$4.494	(\$5.641)	\$4.105

Gulf South Pipeline said that during maintenance at the Bistineau Compressor Station Unit #5, capacity may be affected by as much as 150,000 Mcf/d on Bistineau injections. Gulf South also said that during maintenance at

Goodrich Compressor Station Unit #4, capacity will be affected by as much as 50,000 DTH. Capacity will also be affected at Longview Compressor Station #1 and #2 and at Montpelier Compressor Station.

ELECTRIC MARKET NEWS

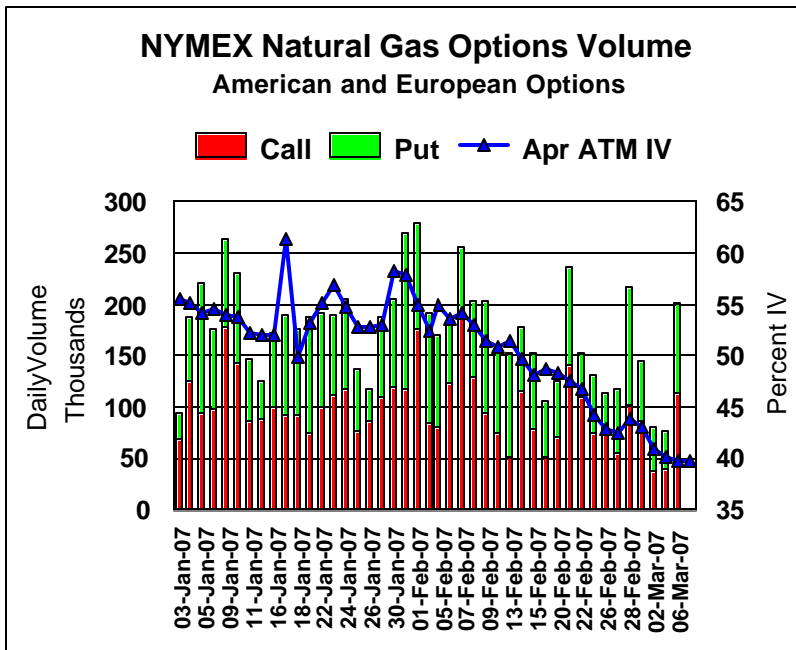
The Edison Electric Institute reported that for the week ending March 3, total electric production in the continental U.S. totaled 73,979 GWh, up .9% from the same 2006 week.

Chicago utility Commonwealth Edison said that a bill approved this week by the Illinois House that would freeze electric rates would force the utility into bankruptcy. ComEd, a unit of Exelon Corp., would lose about \$1.4 billion annually if rates were frozen, the company said. Rates were expected to rise an average of 22% for customers of ComEd and an average of 55% for customers of St. Louis-based Ameren Corp. when the 10-year rate freeze ended at the beginning of the year. Under pressure from consumer advocates, the Illinois House voted 92-5 to roll back the rate increases that took effect in January and freeze them at their previous lower levels for at least three years.

MARKET COMMENTARY

The natural gas market opened 2.2 cents lower as traders mull over upcoming moderating temperatures. Riding the wave of the surging oil complex following a bullish inventory report, April natural gas traded to a high of 7.525, filling the gap from February 28. Natural gas was unable to extend to the upside, as the current cold snap is forecast to give way to a warming period. April natural gas traded back below the 7.40 level to a low of 7.33 before settling down 10.6 cents at 7.366.

A lack of fundamental news and an expected bearish inventory report have



returned the market to its downtrend. Expectations for tomorrow's storage report range from a draw of 80 Bcf to 120 Bcf, with most calling for a draw of 97-103 Bcf. A report at the lower end of expirations will send the market to test the 7.00. We see support at \$7.13, \$7.05, \$7.00, \$6.90 and \$6.80. We see resistance at \$7.55-\$7.60, \$7.85-\$7.87 and \$8.00.

NYMEX Nat Gas Options Most Active Strikes for March 7, 2006								
Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LN	5	7	P	7	04/25/2007	0.2035	3,300	40.70
LN	7	7	P	5	06/26/2007	0.0127	3,000	42.11
LN	8	7	P	5	07/26/2007	0.0239	3,000	42.95
LN	7	7	C	10	06/26/2007	0.144	2,475	40.18
LN	10	7	C	10	09/25/2007	0.5011	2,150	43.58
ON	4	7	C	8	03/27/2007	0.086	2,076	42.37
LN	5	7	P	5.5	04/25/2007	0.0077	2,050	42.91
LN	12	7	P	7	11/27/2007	0.3422	1,950	46.07
LN	10	7	C	13	09/25/2007	0.2049	1,700	49.93
LN	11	7	P	6	10/26/2007	0.172	1,600	46.09
LN	9	7	P	6	08/28/2007	0.1929	1,500	46.55
LN	11	7	C	15	10/26/2007	0.1631	1,500	46.76
LN	9	7	P	7	08/28/2007	0.4951	1,450	47.76
LN	4	7	P	5.5	03/27/2007	0.0002	1,400	41.84
LN	5	7	C	8	04/25/2007	0.245	1,395	37.65
LN	1	8	P	6	12/26/2007	0.1393	1,350	45.22
LN	2	8	P	6	01/28/2008	0.1806	1,350	46.62
LN	3	8	P	6	02/26/2008	0.2341	1,350	47.45
ON	5	7	C	8	04/25/2007	0.245	1,340	40.49
ON	4	7	P	8	03/27/2007	0.719	1,336	42.74
LN	9	7	C	10	08/28/2007	0.3646	1,300	42.24
LN	4	7	C	8	03/27/2007	0.0863	1,295	41.05
LN	6	7	C	10	05/25/2007	0.0704	1,250	41.32
ON	5	7	P	7.4	04/25/2007	0.374	1,200	38.81
LN	8	7	C	10	07/26/2007	0.2358	1,200	40.39
LN	9	7	P	4	08/28/2007	0.0075	1,200	46.14
ON	12	7	P	7	11/27/2007	0.346	1,200	41.75
ON	5	7	P	7	04/25/2007	0.204	1,170	38.32
LN	5	7	C	10	04/25/2007	0.0229	1,150	43.68
LN	12	7	P	6	11/27/2007	0.1331	1,150	44.68
LN	10	7	C	8	09/25/2007	1.0255	1,145	37.29
LN	7	7	C	8	06/26/2007	0.5538	1,020	34.77
LN	7	7	P	7	06/26/2007	0.3321	1,000	43.19
LN	9	7	P	5	08/28/2007	0.0521	1,000	46.20