



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta &
Zachariah Yurch

(212) 624-1132 (888) 885-6100

www.e-windham.com

POWER MARKET REPORT FOR MARCH 13, 2007

NATURAL GAS MARKET NEWS

Sens. Byron Dorgan (D-ND) and Larry Craig (R-ID) plan to introduce bipartisan energy security legislation Wednesday that, among other things, would permit U.S. producers to explore for oil and natural gas in Cuban waters located as close as 45 miles from Florida.

Progress Energy Florida will be allowed to recover from ratepayers the costs associated with transporting gas supplies through the proposed Southeast Supply Header pipeline. When complete, the 270-mile pipeline will transport natural gas from Perryville, Louisiana, to interconnecting Gulfstream Natural Gas System and Floriday Gas Transmission near Mobile County, Alabama. The proposed pipeline gives Progress Energy access to new onshore gas production basins in North Louisiana and East Texas.

FERC has approved a settlement resolving disputes tied to expansions of Maritimes and Northeast Pipeline and Portland Natural Gas Transmission System that modifies their joint-ownership contract and creates a roadmap for future expansions.

Oil-indexed pricing of natural gas contracts in Europe could be preventing gas demand growth, Steve Surrell, director of business development for downstream at UK oil and gas producer BG Group, said. Continued high oil prices might be hampering the growth of gas demand. However, he added, as trading hubs develop, large consumers may drive change through the inclusion of hub and spot pricing elements in long-term contracts.

PIPELINE RESTRICTIONS

KM Interstate Gas Transmission announced AOR/IT/Primary and Secondary Risk restrictions and available capacities for today. PEPL/Grant is at capacity for delivered quantities. Based on the level of nominations, IT/AOR and secondary volumes are at risk of not being scheduled. Also, KMIGT has capacity available for deliveries to WIC Cottonwood. Depending on the level of nominations, IT/AOR and secondary volumes may be scheduled.

MRT said that due to high line pack and warmer weather forecasts, effective 9:00 AM CT today and until further notice, the company has initiated a System Protection Warning. MRT will not schedule any volumes that result in a daily long position. The company will not accept any makeup of short positions. MRT will not schedule any Southbound Main Line IT, AOR or Secondary Firm capacity from any receipt point north of Perryville.

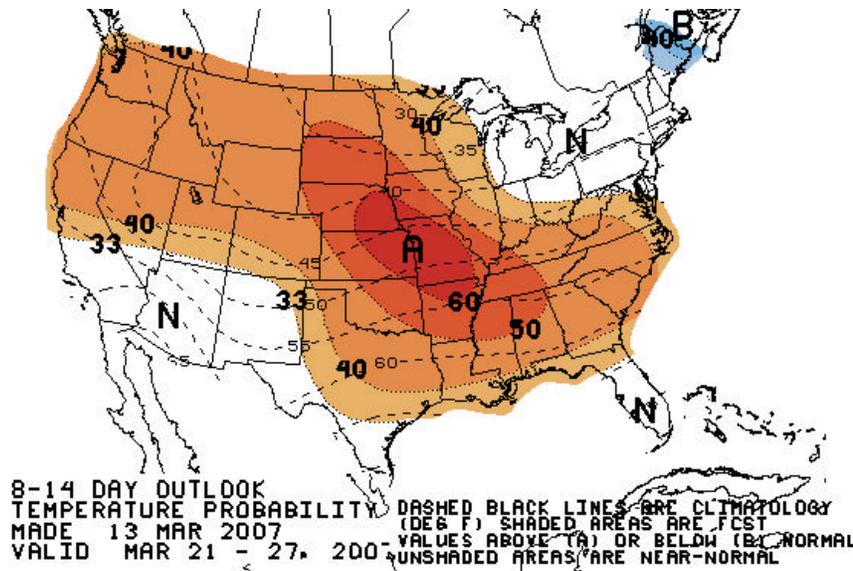
Natural Gas Pipeline Company announced several points of capacity constraints effective today and until further notice. Capacity is available for deliveries to Florida-Vermilion. ITS/AOR and Secondary Firm transports are available. PEPL Moultrie has limited capacity available for deliveries. Limited ITS/AOR and Secondary Firm transports are available. Limited capacity is available for deliveries to ANR South Joliet #2. Limited ITS/AOR and Secondary Firm transports are available. Natural further announced that it has limited capacity available for

Generator Problems

MAIN – Ameren's 1,190 Mw Callaway nuclear unit restarted and is warming up offline at 3% capacity.

MAPP – Xcel's 593 Mw Prairie Island #2 nuclear unit ramped up to 97% capacity today. Yesterday, the unit was operating at 53% capacity.

The NRC reported that 81,746 Mw of nuclear capacity is on line, up .32% from Monday, but some 2.16% less than a year ago.



11% and the Stage 2 non-compliance charge will be \$1.00 per dekatherm.

Tennessee Gas Pipeline said that effective Cycle 1 today, due to reduced nominations, Tennessee will accept increases for nominations on the Carthage Lateral. However, Tennessee has posted restrictions effective Timely Cycle 1 due to nominations in excess of the available capacity. At Harrison Storage Meter, Tennessee will not accept any supply to market increases pathed to the Harrison Storage meter. At Grand Chenier 507-A Line, 507-K line and 507-F line, meters located on these lines must be delivered to the Targa Seahawk Pipeline System for processing at the Lowry Gas Processing Plant provided that lines are in service to the meter, the measurement equipment is operable, and a nomination is in place.

Texas Eastern Transmission 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 scheduled 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. Also, Tetco said it has restricted and sealed deliveries downstream of Castor on the Cator lateral. No increases in deliveries downstream of Castor except to comply with NAESB bump guidelines will be accepted. Additionally, Texas Eastern has forced balanced all long TABS-1 pools in STX and ETX zones.

Trunkline Gas Company said that the operational alert issued on February 1 has been lifted.

PIPELINE MAINTENANCE

Center Point Energy Gas Transmission said that an operational alert is being issued. CEGT is notifying all parties that Unit #5 at Custer Station is scheduled for maintenance effective 9:00 AM CT April 6. The expected duration for this work is two weeks. As a result of this scheduled maintenance, the capacity on Line 2 South will be limited to 115 MMcf/d until the maintenance has been completed.

Gulf South Pipeline will be performing scheduled maintenance on Bistineau Compressor Station Unit #2 beginning March 15 and continuing for approximately 30 days. Capacity on injections to the Bistineau storage field could be reduced by 100,000 Mcf/d for the duration of the maintenance. Capacity on withdrawals from the Bistineau Storage Field should not be affected during the maintenance. During the maintenance, at Bistineau #5, affected capacity could be as much as 150,000 Mcf/d on Bistineau injections, and no restrictions on withdrawals. Gulf South will also be performing scheduled maintenance on Hall Summit Compressor Station Unit #3 on March 21 with capacity reduced by as much as 100,000 Mcf/d.

Northern Natural Gas Company said the Oakland unit 20 Marris Turbine will be down April 3-9 for biannual compressor maintenance and inspections. NNG will perform planned unit maintenance at the Plains Compressor Station on April 12-13.

northbound flow through Segment 13. Natural is at capacity for gas going southbound through Segment 26 for deliveries eastbound into Segment 25 or southbound into Segment 22. Segment 17 is at capacity, and segment 18 has capacity available for gas received to be transported eastbound.

Panhandle Eastern Pipe Line Company said that the operational alert issued on February 1 has been lifted.

PG&E California Gas Transmission said that it has issued a system wide operational flow order for today due to high inventory. Tolerance is set at

ELECTRIC MARKET NEWS

According to an investigation by the Texas Power Market Monitor, TXU Corp. manipulated the Texas electricity market in the summer of 2005, raising prices by an average of 15.5% and costing consumers at least \$70 million.

MARKET COMMENTARY

The natural gas market opened unchanged as it awaits fresh fundamental news. Natural gas took its lead from the oil market as it unexpectedly moved up-and-down on either side of 7.00 today. Forecasts calling for slightly colder weather this weekend spurred short covering early in the session as the April contract traded to a high of 7.065. However, as crude oil failed at getting to the \$60 level, and profit taking and a collapsing DOW, drove crude into negative territory and then down \$1.00 on the day, natural gas followed, trading to a low of 6.885 before settling down 2 cents at 6.892.

Early calls for this week's EIA inventory report are for a 120 to 130 Bcf draw, reflecting last week's cold burst. This will compare to a 59 Bcf draw last year and a five-year average pull of 79 Bcf. Though with 70-degree weather sweeping across the Midwest and into the Northeast this week, the market will maintain a downward bias. We see support at \$6.90-\$6.88, \$6.80, \$6.70 and \$6.50. We see resistance at \$7.55-\$7.60, \$7.85-\$7.87 and \$8.00.