



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MARCH 16, 2006

NATURAL GAS MARKET NEWS

The FERC's Office of Market Oversight and Investigations said U.S. natural gas prices could fall further, if current high gas inventories continue into the coming months. Gas inventories are expected to be about 500 Bcf above average heading into the injection season. FERC staff said the high gas inventories have helped to offset the effect of natural gas production still off-line in the Gulf of Mexico due to last year's hurricanes.

With natural gas futures prices dropping more than 50% from their Dec. 13, 2005 high of \$15.78, utilities across the U.S. continue to announce refunds and rate reductions for customers -- who are paying rates that were adopted during higher prices. Atlanta-based AGL Resources said Thursday that its residential utility customers from New Jersey to Florida will save nearly \$45 million this year as a result of recent rate reductions or refunds at all five of its utility operating companies.

EIA Weekly Report

	03/10/2006	03/03/2006	Net chg	Last Year
Producing Region	629	624	5	509
Consuming East	951	1001	-50	670
Consuming West	252	262	-10	213
Total US	1832	1887	-55	1393

*storage figures in Bcf

also will increase access to the Chicago Hub and to existing and potentially new gas storage facilities in the state.

Intercontinental Exchange announced that it will list ten new cleared contracts in its electronic over-the-counter markets for trading beginning March 24. These contracts follow the ten contracts listed earlier in the month and are part of the company's plans to introduce 50 new cleared contracts in the first half of 2006. The new set of products consists of ten OTC swap contracts based on North American financially settled natural gas, which are currently offered on the ICE platform on a bilateral basis. The contracts that will soon be available for OTC clearing include: CIG Basis Swap, Dominion Basis Swap, Panhandle Basis Swap, Permian Basis Swap, San Juan Basis Swap, TCO Basis Swap, Tetco M3 Basis Swap, Texok Basis Swap, Transco Z6 Basis Swap, and Waha Basis Swap.

PIPELINE RESTRICTIONS

Generator Problems

NPCC— Entergy's 655 Mw Pilgrim nuclear unit ramped output to 49% by early this morning.

SERC— Progress Energy's 937 Me Brunswick #2 nuclear unit remains at 65% capacity today. The unit was down-powered late Monday to conduct some maintenance. Brunswick #1 shut March 4 to begin its regularly scheduled refueling and maintenance outage.

The NRC reported that U.S. nuclear generating capacity was at 83,878 Mw up .30% from Wednesday and up 1.83% from a year ago.

In an effort to provide Ohio customers with more gas supply diversity, North Coast Gas Transmission LLC said Thursday that it is planning a 350 MMcf/d gas pipeline expansion in Ohio that will provide access to Rocky Mountain production scheduled to arrive in the state through Kinder Morgan's proposed Rockies Express pipeline. The expansion

Canadian Gas Association

Weekly Storage Report

	10-Mar-06	03-Mar-06	11-Mar-05
East	111.7	119.5	70.8
West	132.0	133.7	69.9
Total	243.7	253.2	140.7

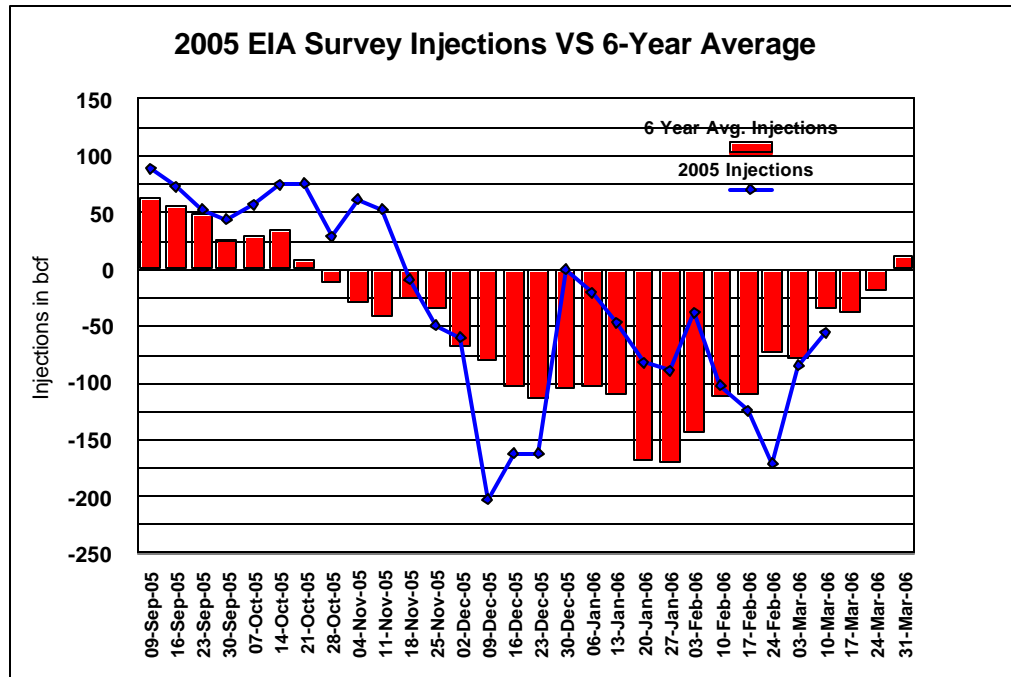
storage figures are in Bcf

National Fuel Gas said that it has scheduled construction on line N-20 from May 1 through May 19. The work may restrict interruptible, secondary and firm transportation with receipts at Bristoria.

Natural Gas Pipeline Company said that it has limited capacity available for deliveries to ANR South Joliet #2. Limited interruptible flow, authorized overrun and secondary firm transports are available. ANR South Joliet is located in Will County, Illinois (Segment 33) in Natural's Iowa Illinois Receipt Zone.

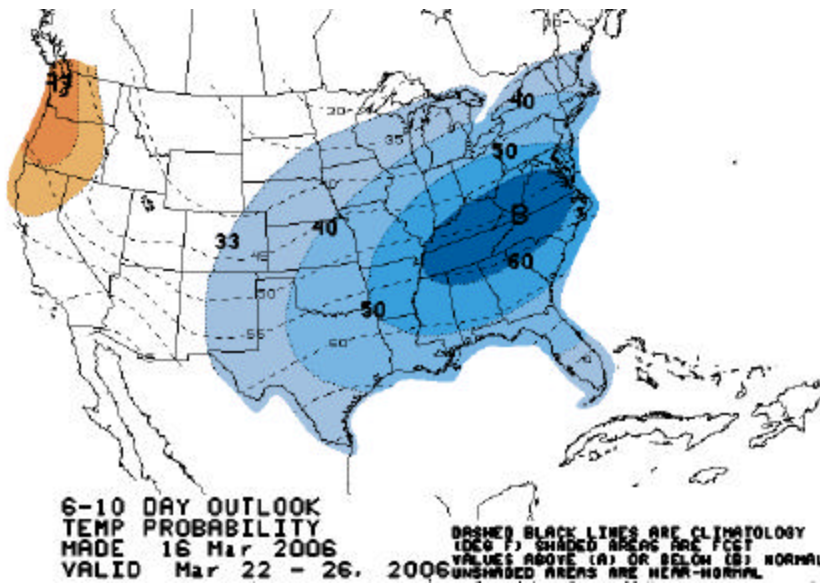
Texas Eastern Transmission said it has scheduled and Sealed M1 and M2 24-inch. No increases between Little Rock and Batesville for delivery outside that area will be accepted. In addition, Tetco also has

restricted and sealed receipts sourced between Mt. Belvieu and Little Rock. No increases in receipts sourced between Mt. Belvieu and Little Rock for delivery outside that area will be accepted.



PIPELINE MAINTENANCE

Northwest Pipeline announced critical maintenance projects for April. From April 3-18, NWP will be installing a new permanent scrubber at the Questar Clay Basin Site. The scrubber installation is associated with injection flows only. While NWP will not have the ability to inject into Clay Basin during this time period, this work is being



scheduled to occur at the same time as Questar's scheduled shut-in of the storage facility. Capacity will be reduced to 0 MMcf/d from a design of 339 MMcf/d. From April 3 – May 7, as part of the 2006 capacity replacement project, Snohomish C/S will undergo piping modifications to replace station piping with larger diameter pipe. The station will be out of service during the pipe replacement maintenance. Capacity will be reduced to 813 MMcf from a design of 913 MMcf. On April 12, NWP will perform an ESD test at the Little Valley C/S. Anticipated outage time is 11 hours. Based on historical operations, customers may be impacted. Capacity will be reduced to 150 MMcf from a design of 159 MMcf. On April 17-21, NWP will

perform an inspection on unit #4 at the Soda Springs C/S. Capacity will be reduced to 576 MMcf from a design of 649 MMcf.

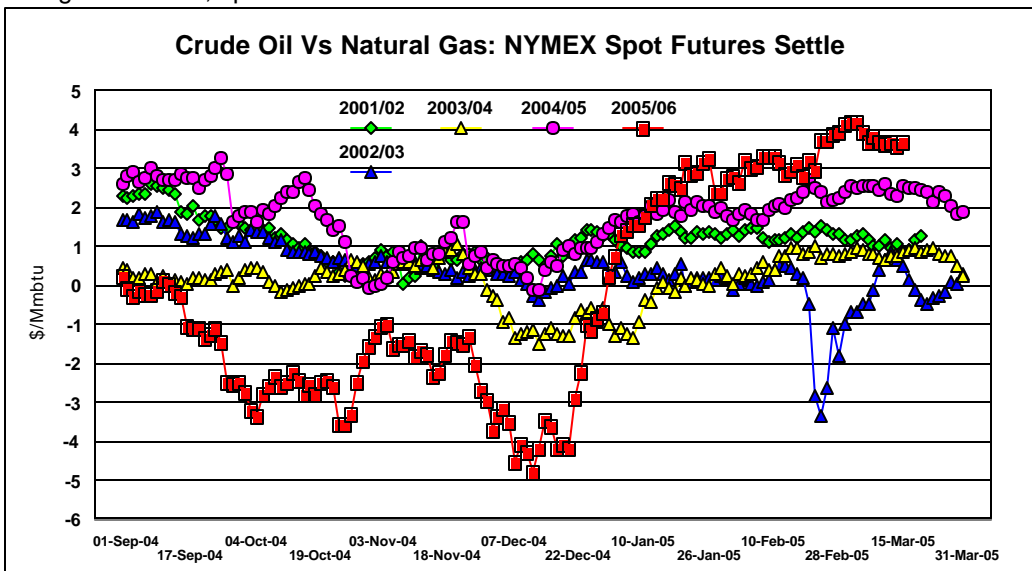
Williston Basin Interstate said that maintenance at the Baker Booster Compressor Station has been changed from March 15 to March 16. The maintenance will still affect Receipt Point ID 04018 Baker Area Mainline and Receipt Point ID 04015 Baker Area Grasslands Mainline by approximately 2.5 MMcf/d.

ELECTRIC MARKET NEWS

Utilities Duke Power and Southern Co. said they agreed to explore building a new nuclear power plant in South Carolina. Duke Power said the application to the U.S. NRC is expected in late 2007 or early 2008. It does not commit Duke or Southern to build new plants and they will decide later whether to go ahead with construction. The last nuclear power plant built in the U.S. was Ameren's Callaway station in Missouri, which was licensed in 1973 and began operations in 1984.

MARKET COMMENTARY

The natural gas market opened 3.7 cents higher even as market players were expecting a low withdrawal from storage. The EIA reported that 55 Bcf was drawn from storage for the week ending March 10, in line with expectations. The market quickly dropped to 7.10 but with no further selling pressure trended back to the upper end of the range. With crude oil rallying, natural gas broke through resistance that has held the past two days at 7.22-7.23 to trade to a high of 7.36. But natural gas did not have the same strength as crude oil, suggesting the weight that still exists in the market given the large amount of storage. April natural gas finished the session off its highs at 7.267, up 12.4 cents.



In the short term, the cooler than normal temperatures forecast for the eastern three-fourths of the country give no reason for immediate further selling. But as the market enters the low demand shoulder season, with currently 1,832 Bcf in storage, 439 Bcf over last year at this time and 688 Bcf above the five-year average, renewed downward pressure is expected

until we get a clearer picture of how the summer cooling season takes shape. We see support at \$6.95-\$7.00, \$6.83 and \$6.69. Further support we see at \$6.45-\$6.50, \$6.18 and \$6.00-\$6.03. We see resistance at \$7.40, \$7.95-\$8.00 and \$8.07. Further resistance we see at \$8.30.