



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MARCH 19, 2007

NATURAL GAS MARKET NEWS

Russia, Iran, Qatar, Venezuela and Algeria have reached a tentative agreement to set up a natural gas export cartel similar to OPEC. The Russian press today reported that the members would sign their formal agreement on April 9th in Qatar. Algeria's Energy Minister though said that the idea of gas cartel "remains relevant" but still is in the discussion stages.

The FERC in support of the Sonora Pipeline, a bidirectional border crossing pipeline between the U.S. and Mexico, has asked the State Department and Defense departments to favorably consider the project.

Generator Problems

NPCC- Constellation Energy shut its 620 Mw Unit #1 at the Nine Mile point nuclear plant over the weekend for a planned refueling outage. The unit had been at 83% of capacity on Friday. The sister Unit #2,, retuned full power after ramping up last week from its recent repair outage. The unit was at 20% capacity on Friday.

Constellation's 497 Mw Ginna nuclear unit dropped to 56% of capacity for unknown reasons. The unit had been at full power late last week.

Enenergy's 684 Mw Pilgrim nuclear unit has restarted following a manual shutdown on Saturday for operators to fix a leaking valve. The unit had been coasting down to a future planned refueling outage expected to start next month.

MAPP – FPL Group's 580 Mw Duane Arnold nuclear unit was taken offline Sunday so operators could fix the chemistry of the coolant. The unit was at 28% of power as it was ramping up from its recent refueling outage before operators took the unit offline.

MAIN – Exelon's 1120 Mw Unit #2 at the LaSalle nuclear plant has exited its refueling outage and was at 74% of capacity Monday.

SERC-Entergy's 1266 Mw Grand Gulf nuclear unit was offline Monday as operators took the unit down for a planned refueling outage. The unit was coasting down last week and was at 91% of power on Friday.

Duke Energy's 1129 Mw Unit #1 at the Catawba nuclear unit was at 65% of capacity, following a weekend when operators reduced capacity to only 40% to facilitate repair work.

Southern's 883 Mw #2 Unit at the Hatch nuclear plant had exited its recent refueling outage and was up to 52% of capacity this morning.

Dominion's 910 Mw Unit #2 at the North Anna nuclear plant was taken offline on Sunday for a planned refueling outage.

ERCOT – Operators at AEP's 528 Mw coal fired Unit #3 at the Welsh Power Station plan to restart the unit sometime between March 19th-24th. The unit has been offline since February 23rd.

NRG Energy's 610 Mw Unit #8 at the WA Parish coal fired power plant is expected to be restarted Monday. The unit had been taken offline to allow for a tie in to a new transmission line.

WSCC- Calpine shut its 546 Mw Metcalf natural gas fired power plant on Sunday for planned maintenance work.

Mexico – Sempra Energy shut its 625 Mw Termoelectrica de Mexicali natural gas fired power station Sunday afternoon for routine maintenance. No restart date was provided.

The NRC reported that 80,792 Mw of nuclear capacity is on line, down 2.47% from Friday, but off 1.60% less than a year ago.

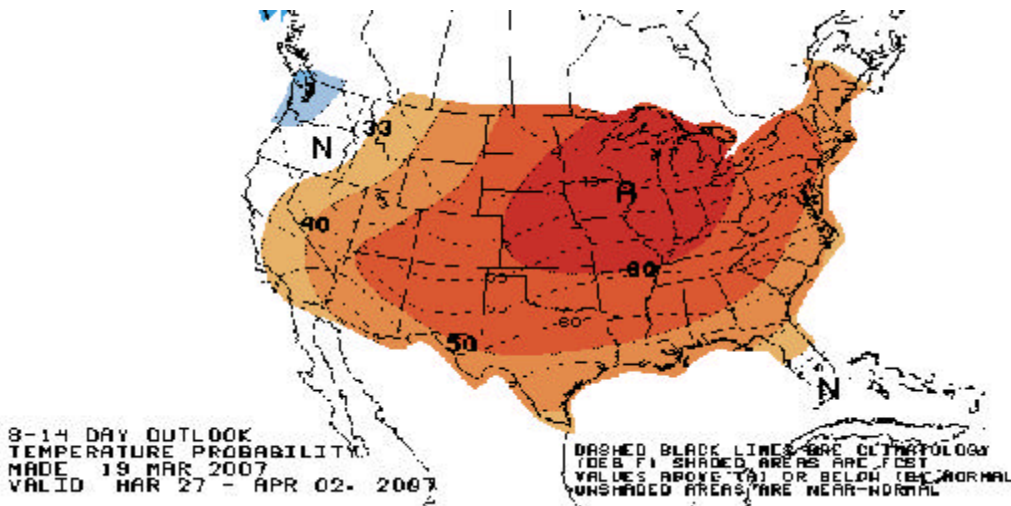
Constellation Energy said today that its subsidiary, Constellation NewEnergy Gas has signed an agreement to acquire privately held Cornerstone Energy. The deal is expected to close in May. Cornerstone Energy, which is based in Omaha, Nebraska, is one of the largest non-utility affiliated natural gas marketing companies in the U.S. The company provides natural gas supply and financial services to some 1400 commercial, industrial and institutional customers in the Midwest. It also provides natural gas and related services to more than 8500 small commercial businesses as well. The acquisition is expected to add some 457 billion cubic feet of gas deliveries to Constellations NewEnergy Gas marketing activities.

WSI Corp said today that they are looking for warmer than normal temperatures for all areas of the nation in the April-June period except for the Pacific Coast states. Their forecast was based on the belief that El Nino conditions continue to fade and thus will allow for the polar vortex to move back over the eastern hemisphere in late March

ONEOK Partners said today that it wants to build a 440 mile NGL pipeline from southern Oklahoma to North Texas and onto the Gulf Coast.

PIPELINE RESTRICTIONS

Algonquin said that intraday nominations sourced at Tennessee Gas Mendon have put the meter station at capacity. No new increases to nominations will be accepted today.



Williston basin Interstate Pipeline said that one point and numerous line sections are in primary capacity restraint: 002 Dickinson-Bismarck; 003 Bismarck- Cleveland; 004 Cleveland-Grafton; 007 Williston- Bismarck; 024 Cleveland-Mapleton; 025 Portal Tioga.

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	837,300	\$6.703	(\$0.136)	(\$0.626)	(\$0.022)	(\$0.495)
Chicago City Gate	638,000	\$6.621	(\$0.035)	(\$0.225)	\$0.090	(\$0.285)
NGPL- TX/OK	611,800	\$6.223	(\$0.081)	(\$0.622)	\$0.044	(\$0.614)
SoCal	870,700	\$5.476	(\$0.026)	(\$1.369)	\$0.099	(\$0.984)
PG&E Citygate	422,200	\$6.565	\$0.155	(\$0.280)	\$0.280	(\$0.316)
Dominion-South	327,500	\$7.277	(\$0.243)	\$0.432	(\$0.118)	\$0.378
Transco Zone 6	291,600	\$7.616	(\$0.501)	\$0.771	(\$0.376)	\$0.755

Iroquois Gas Transmission said it is at capacity at Waddington and through the Athens Compressor Station. Points south the Athens station may be near or at capacity

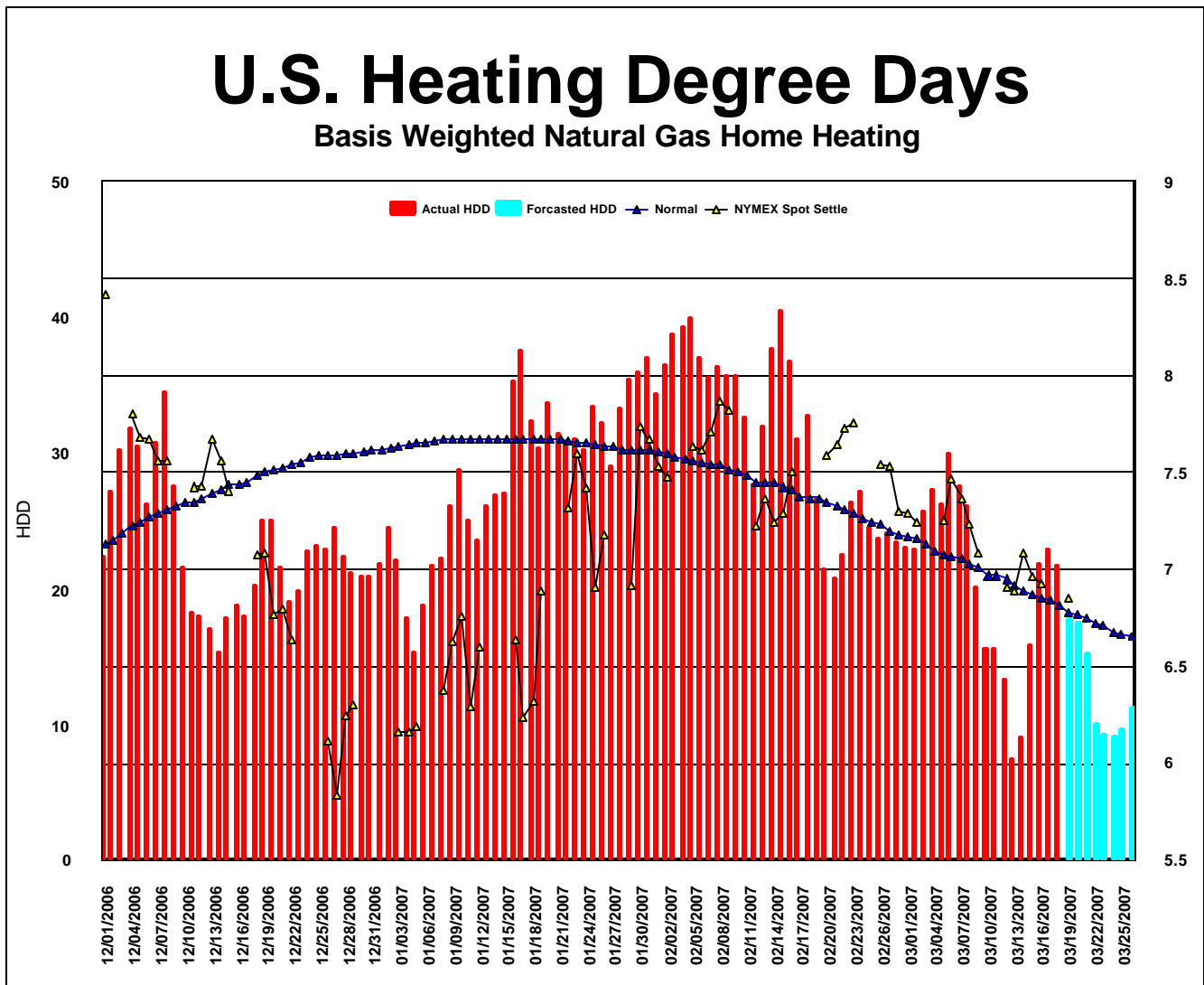
Tennessee gas Pipeline said that effective Cycle 1 today, due to reduced nominations it will begin to accept increases for nominations pathed for delivery at the Leidy Delivery Meters (005030/005031). Other restrictions from last week remain in effect.

Texas Eastern reported that restrictions that we in place along its system on Friday remain in effect today

PIPELINE MAINTENANCE

Pacific Gas Transmission announced several maintenance projects this week: Tuesday, March 20th, a new air system will be installed at the Tionesta Compressor K-!. Capacity will be kept at 91% of capacity. March 21st will see ESD testing will be performed at the Delevan Compressor Station and capacity will be set at 91%; March 22nd, general maintenance will be performed at Burney Compressor Station and capacity will be kept at 99%.

Trailblazer Pipeline said it will run a Gage pig Tuesday, March 20th from Station 603 to Station 106. ITS/AOR and Secondary Out of Path transports will be unavailable in Segment 40. The associated capacity reduction will require the company to initially schedule Primary Firm and Secondary in path transports in the area at a minimum of 62%. On April 3rd the company will run in line inspections pig from Station 603 to Station 106. ITS/AOR and Secondary out of Path transports will be unavailable in Segment 40.



Gulf South Pipeline said that scheduled maintenance at Longview #1 compressor Station on Unit #2 has been extended through Friday March 23. Capacity can be reduced by as much as 8000 Dth.

El Paso Natural Gas Company said that due to high line pack and gas being left on the North Mainline in conjunction with the maintenance work being performed on Line 1204, the company will need to further reduce capacity on the North mainline by 588 mmcf/d.

ELECTRIC MARKET NEWS

A Texas legislator late Friday introduced legislation that would seek to block Entergy Texas from leaving SERC and joining ERCOT. The bill would also indefinitely delay implementation of retail competition in Entergy Texas' southeastern Texas service territory.

Nebraska Public Power District reported today that repairs to its transmission lines that were damaged by a New Years Eve ice storm are some 87% complete. Some 1,137-transmission structures were damaged following the storm. The company noted that its 1635 Mw Gerald Gentleman Station near Sutherland, Nebraska, continues to run a "somewhat reduced rate". Basin Electric noted that its 550 Mw Laramie River #1 unit continues to run at 75% of capacity.

Dynegy reported that another proxy advisor firm had come out in support of its planned merger with LS Power.

North to South capacities on the California-Oregon AC and the Pacific DC Intertie are expected to hold at 3300 Mw and 2900 Mw respectively for the remainder of the week.

NYISO Board of Directors released a market assessment which concluded that generation and transmission resources in New York bulk electricity grid would be adequate through 2010 but power deficiencies especially in the southeastern portion of the state could develop starting in 2011, driven by growing demand and the retirement of old generating resources and congestion on its transmission system. For 2012-2016 some 1750-2000 Mw of new resources will be needed. The NYISO has asked developers to submit market-based solutions to the reliability needs that were identified.

Under an agreement filed with the EPA, PPL Montana and other owners of the Colstrip power facility have committed to continue upgrading the plant's pollution control equipment, as well as fund residential energy efficiency improvements.

PG&E reported that it has received approval from CPUC to enter into four new power purchase agreements with three renewable projects and one cogeneration facility. This agreement marks the first small renewable generators to participate in PG&E's procurement program.

MARKET COMMENTARY

The prospects for significantly moderating temperatures over the next couple of weeks kept the natural gas market on the defensive through out the day. The market closed lower for the eighth day out of the last nine sessions and trading at the lowest level in the April contract since January 19th. This market will continue to grind lower as traders await this week's storage report and further confirmation of weather forecasts. While we continue to target the \$6.50 area, this market is approaching a short term oversold condition. As a result any quick movement down to our target we would quickly exit and take profits.