



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MARCH 20, 2006

NATURAL GAS MARKET NEWS

Private weather forecaster AccuWeather said the 2006 hurricane season will be more active than normal and could bring a devastating storm to the U.S. Northeast. There are indications that the Northeast will experience a hurricane larger and more powerful than anything that region has seen in a long time. The Current storm cycle and above-normal water temperatures in the Atlantic are reminiscent of the pattern that produced the 1938 hurricane that struck Providence, RI, killing 600 people. The Texas coast from Corpus Christi to the Louisiana border is also likely to be the target of higher than normal hurricane activity over the next 10 years.

CenterPoint Energy Gas Transmission (CEGT) has filed an abbreviated application at FERC seeking authorization to build a 172-mile pipeline from the Carthage Hub in Texas to the Perryville Hub in Louisiana, providing a market outlet for the burgeoning natural gas production in North-Central and East Texas and North Louisiana.

PIPELINE RESTRICTIONS

Columbia Gas Transmission declared Monday and Tuesday "critical days" in some Eastern marked areas of its natural gas pipeline system due to cold weather that caused high demand. Columbia said Monday would be deemed a critical day in market area 21, in southeastern New York State, while Tuesday would be deemed a critical day in market area 21 and areas 33 and 34 in southeast Virginia.

East Tennessee Natural Gas said that certain shippers on its system have built up significant due shipper imbalances and that ETNG has limited operational flexibility to continue to manage these imbalances. If ETNG does not continue to see corrective action to address this issue over the next several days, ETNG warned that it will take action.

Generator Problems

ERCOT— AEP's 675 Mw Pirkey coal-fired power station is expected to restart March 27-April 3 following planned work on the boiler. The unit shut February 4.

FRCC— Progressive Energy's 838 Mw Crystal River #3 nuclear unit shut March 18 to work on a step-up transformer. On Friday the unit was operating at full power.

MAIN— Exelon Corp.'s 1,118 Mw LaSalle #1 nuclear unit exited a refueling outage and ramped up to 84% by early today. The unit shut on February 20. LaSalle #2 continues to operate at full power.

Exelon Generation's 1,022 Mw Clinton nuclear unit increased output to 96% capacity. The unit was operating at 79% capacity on Friday.

NPCC— Constellation Energy Group's 1,135 Mw Nine Mile Point #2 nuclear unit shut for planned refueling. Nine Mile Point #1 continues to operate at full power.

Entergy's 670 Mw Pilgrim Nuclear unit increased output to 99%. The unit restarted last Wednesday.

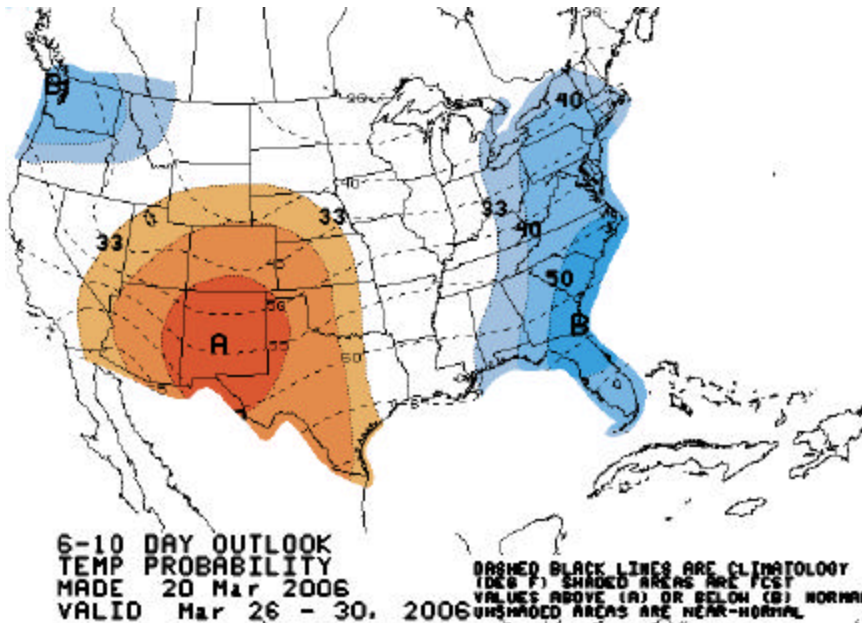
SERC— Progress Energy's 937 Mw Brunswick #2 nuclear unit returned to full power. On Friday the unit was operating at 90% capacity. Brunswick #1 remains shut for refueling.

Duke Energy's 1,129 Mw Catawba #2 nuclear unit shut over the weekend for a planned refueling. The unit was operating at 93% on Friday. Catawba #1 continues to operate at full power.

WSCC— Arizona Public Service's 1,270 Mw Palo Verde #1 nuclear unit shut to install instrumentation to help the pipe vibration. Palo Verde #2 and #3 remain at full power.

Canada— Ontario Power Generation's Nanticoke coal-fired power station restarted three 490 Mw units, 4-6, while unit #2 shut for short planned work.

The NRC reported that U.S. nuclear generating capacity was at 82,107 Mw down 2.27% from Friday and up 2.98% from a year ago.



Kern River Pipeline said that line pack is listed as low on the north end of the system. It is imperative that shippers and operators stay on rate.

Natural Gas Pipeline Company said that from March 21-27, it will be making manifold piping revisions at Compressor Station 801 in Carter County, Oklahoma. It has been determined that primary transports may be at risk of not getting fully scheduled. Interruptible flow, authorized overrun and secondary out-of-path transports will not be available.

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.

PIPELINE MAINTENANCE

Alliance Pipeline said that scheduled maintenance will require Unit #1 at the Carson Creek Meter/Compressor Station in Alberta to be unavailable for eight hours on March 20. Station capacity will be reduced to 15.9 MMcf for March 20. Alliance also said that inspections and maintenance require the Fairmount Compression Station in North Dakota to be offline for 12 hours on March 21. System capacity will be impacted but will be determined closer to the outage date. Finally, Alliance said that inspections and maintenance require the Loreburn Compression Station in Saskatchewan to be offline for 12 hours on March 21 and 12 hours on March 22. System capacity will be impacted but will be determined closer to the outage date.

KM Interstate Gas Transmission said that it will be performing maintenance at its Herndon Compressor Station from April 18 – April 20. Capacity through segment 775 will be limited to 220 MMcf/d. Authorized overrun, interruptible flow, and secondary and primary FT quantities are at risk of not being scheduled. However, based on the current level of nominations, KMITG does not anticipate any scheduling reductions.

Gulf South Pipeline said it would perform scheduled maintenance on Unit No. 3 at its Hall Summit, Louisiana, compressor station beginning April 4 and lasting for about 45 days. The maintenance could reduce capacity by as much as 100 MMcf/d. Gulf South also said that ongoing scheduled maintenance on its 20-inch pipeline Index 198 from Lake Charles, Louisiana, to Iowa, Louisiana, was suspended until further notice.

Williston Basin Interstate Pipeline Company said that unplanned maintenance will be performed at the Cabin Creek Compressor Station on March 22. Under current operating conditions, Williston Basin is not anticipating any effect on the system.

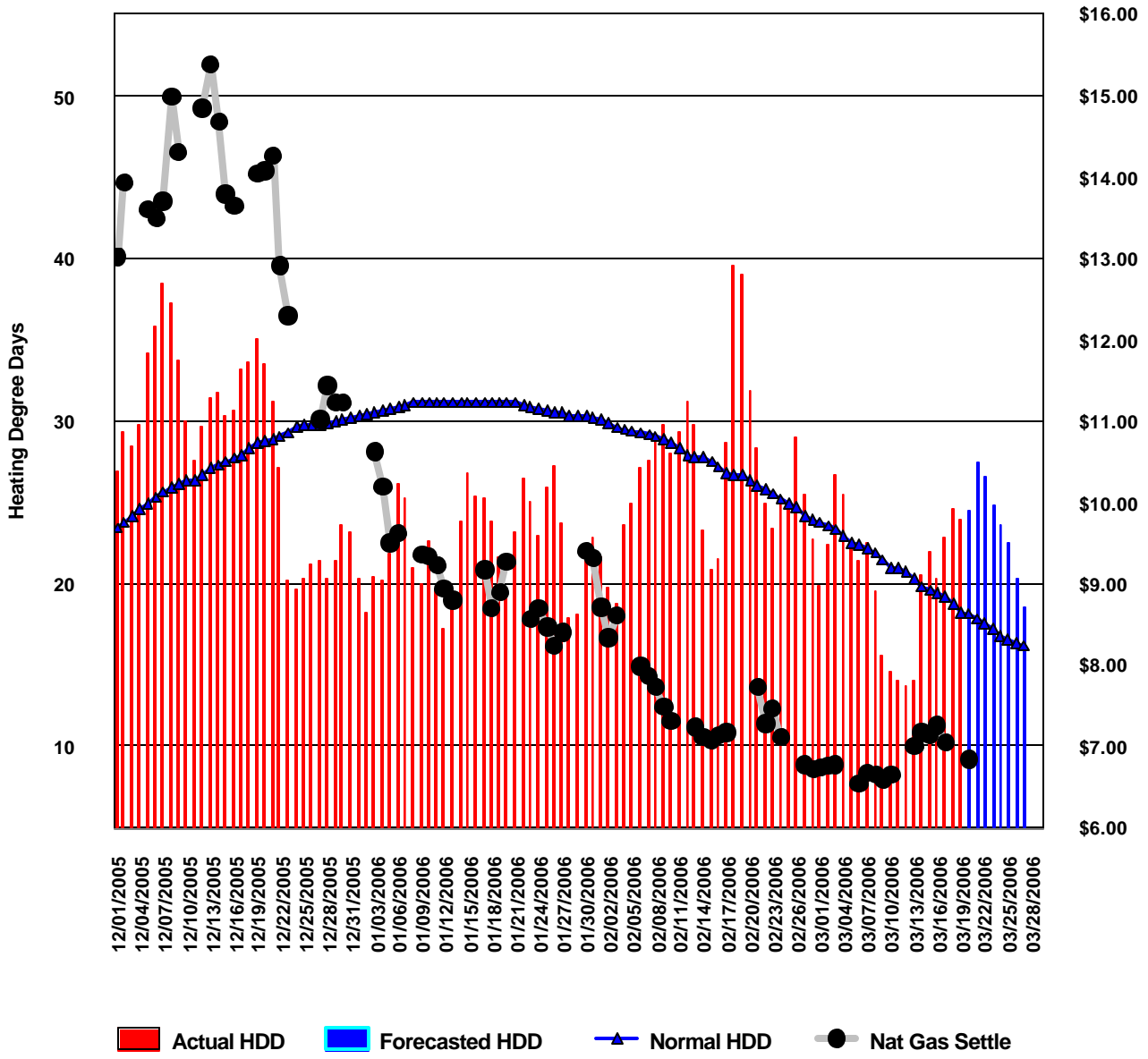
ELECTRIC MARKET NEWS

Wisconsin Power and Light has filed a request with state regulators to increase retail rates for electric and natural gas in Wisconsin beginning January 1. The utility wants to raise rates by 8.58% for electric customers and 2.86% for gas customers to recover fuel costs related to an unplanned outage at the Kewaunee Nuclear Power Plant in 2004 and 2005 and higher transmission costs. The proposed rates would generate \$87.7 million from electric customers and \$8.7 million from gas customers.

The San Diego Gas & Electric Co. subsidiary of Sempra Energy said it picked a route for a new 130-mile electric transmission line to expand power deliveries to customers in its service area in Southern California. The line will run from the Imperial Valley in the desert northeast of San Diego to the Northwest part of the Utility's service area

in San Diego County. The line will deliver 1,000 megawatts to the region by 2010, energy for about 650,000 homes.

U.S. Daily Heating Degree Days Basis Gas Customer Weighted Basis



ECONOMIC NEWS

The New York-based Conference Board reported that the economy may begin slowing later in the year as the leading indicators index fell 0.2% in February. The drop in the index followed a downwardly revised 0.5% rise in January. Wall Street economists had expected the index to decline 0.3% after the originally reported 1.1% gain in January.

MARKET COMMENTARY

The natural gas market opened 9.3 cents lower, as the oil complex sags and traders ignore the early spring cold snap. In fact the weekend was 6.5% warmer than forecast at the end of last week, giving little reason to buy following Friday's decline. April natural gas traded below the 10-day moving average of 6.905 and remained below that level for most of the session, finding resistance when it tried to move higher. The market traded to its lowest level just before the close, trading down to 6.82 before settling down 21.8 cents at 6.835.

Despite cooler than normal temperatures this week, spring is expected to arrive over most of the country next week, further easing demand. After backfilling the gap at 7.23, the market failed to find further demand follow through, and as a result the market has fallen back with its 6.65-7.27 range. With a close under the 10-day moving average, a short-term top has been posted. Looking ahead to this week's EIA inventory report, our early expectations for the inventory report show a build of 6-8 Bcf based on heating degree-day demand. We have not seen such low heating demand since November 17, which yielded an 8 Bcf draw, when much more USG natural gas production was off line. Without bullish fundamentals, this market will test the 6.45 low from March 8. We see support at \$6.82, \$6.65-\$6.70 and \$6.45-\$6.50. Further support we see at \$6.18, \$6.00 and \$5.94. We see resistance at \$7.27, \$7.40 and \$7.60. Further resistance we see at \$8.00.