



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MARCH 30, 2006

NATURAL GAS MARKET NEWS

A top hurricane expert said that this year's hurricane season is likely to be stronger than average, though short of the record 2005 season. Max Mayfield, director of the National Oceanic and Atmosphere Administration's National Hurricane Center said "it would be an unbelievable record to have another season like that, that's just not very realistic." But he warned that this year's hurricane season, that officially begins June 1, might be stronger than average.

As major exchanges race to claim ever-larger chunks of the red-hot energy market, a winner is emerging in natural gas: Intercontinental Exchange, the world's top electronic energy bourse. In 2005, ICE's natural gas contract volumes more than doubled to 55.5 million contracts worldwide.

Northern Border Partners said it will buy the remaining 66 2/3% interests in Guardian Pipeline for about \$77 million. The interests are currently held by Wisconsin Energy Corp. and a subsidiary of WPS Resources Corp.. The company said it expects the deal to close by the end of April.

PIPELINE RESTRICTIONS

Kern River Pipeline said that line pack is listed as high on the Middle and South portions of the system. While line pack is normal on the North end, it is imperative that shippers and operators stay on rate.

PG&E California Gas Transmission has scheduled emergency shutdown testing on the Tionesta Compressor for April 11. Capacity on the Redwood Line will be reduced to 2,010 MMcf/d, roughly 95% of capacity.

EIA Weekly Report

	03/24/2006	03/17/2006	Net chg	Last Year
Producing Region	615	636	-21	490
Consuming East	861	934	-73	602
Consuming West	229	239	-10	211
Total US	1705	1809	-104	1303

*storage figures in Bcf

Generator Problems

ERCOT— TXU's 750 Mw Martin Lake #2 coal-fired power unit shut today for a scheduled outage. The unit is expected to return to service April 8-9.

MAAC— Exelon Corp.'s 619 Mw Oyster Creek nuclear unit dipped to 60% of capacity by early today. Yesterday, the unit was operating at full power.

SERC— Southern Nuclear Operating Co.'s 862 Mw Hatch #1 power unit increased output offline to 18%. The unit restarted yesterday at 1%. Hatch #2 continues to operate at full power.

WSCC— Southern California Edison's 1,110 Mw San Onofre #3 nuclear unit shut yesterday for an unplanned outage to inspect a gasket in the safety injection tank.

Canada— Ontario Power Generation's 535 Mw Lennox #3 oil- and natural gas-fired power station shut for short-term planned work.

The NRC reported that U.S. nuclear generating capacity was at 79,993 Mw down 1.44% from Wednesday and up 4.59% from a year ago.

Southern Natural Gas Pipeline said it has scheduled shut-in tests at its two storage fields during the month of April. The Bear Creek Storage Facility spring shut-in test is scheduled to begin on April 4 and continue through April 10. Southern also will conduct the Muldon Storage Facility shut-in test from April 18 through April 24.

Texas Eastern Transmission Corp. 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. Tetco also said that it cannot accept

requests for due pipe imbalance resolution or due shipper creation. Customers need to resolve existing due shipper imbalances. Tetco will force balance TABS-1 pools or restrict the system as required.

ELECTRIC MARKET NEWS

The FERC Chairman Joseph Kelliher strongly defended the role of his chief of staff played in an investigation into whether large power generator Southern Co. engaged in anticompetitive behavior. Rep. Waxman of California voiced concerns that David Larcamp, Kelliher's chief of staff, tried to go easy on Southern and steer the commission towards approving a "sweetheart deal" to resolve allegations the company gave unfair, preferential treatment to its affiliate.

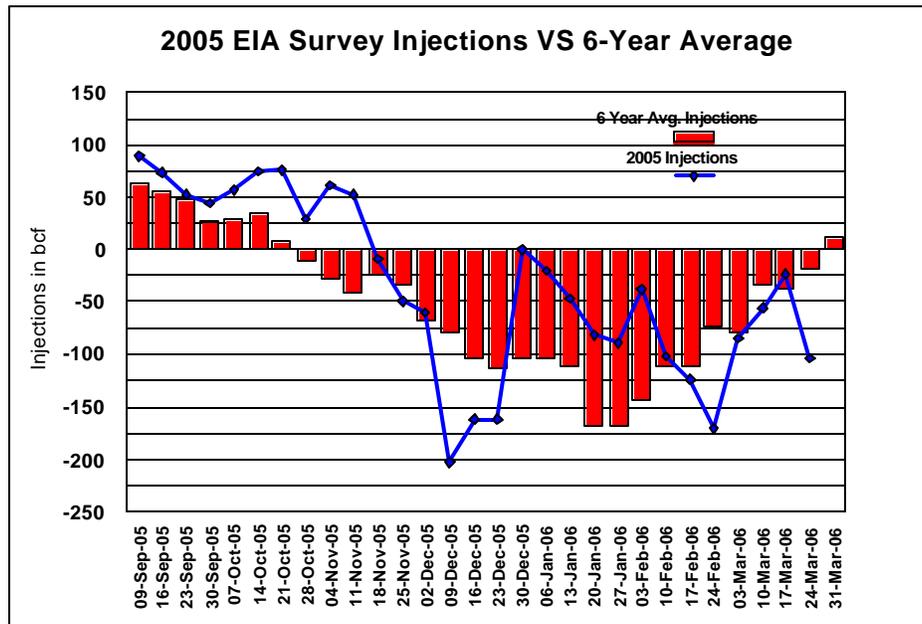
Canadian Gas Association

Weekly Storage Report

	24-Mar-06	17-Mar-06	25-Mar-05
East	97.9	107.0	58.3
West	122.4	125.4	65.9
Total	220.3	232.3	124.2

storage figures are in Bcf

American Electric Power Co.'s Oklahoma utility will add 170 Mw of generation at an existing power station near Anadarko, Oklahoma. The Tulsa-based Public Service Company of Oklahoma will add a peaking unit at its Southwestern Station by mid-2008. Output at the power plant will be more than 620 Mw.



Southern California Edison has told the California Public Utilities Commission that it is sticking with 2010 as the likely earliest return to service of the shut 1,580 Mw coal-fired Mohave power plant in Nevada. The plant shut December 31 after SCE and its partners in Mohave did not install anti-pollution upgrades agreed to in a consent decree. SCE has said that anti-pollution upgrades and other maintenance to the plant can take place once necessary water and coal rights are secured from the Hopi Tribe

and Navajo Nation on land in Arizona.

Constellation Energy Group said it met with Maryland legislators and regulators to try to reach a compromise over possible rate increases that could raise electricity costs for consumers in the state by 72%. The utility has run afoul of Maryland legislators because of its plan to raise electric rates to its Baltimore Gas & Electric customers in July, when the state was set to move to market-based rates. The two sides continued their productive and candid dialogue.

The U.S. government maintained its estimate of hydroelectric generation in the Northwest U.S. at federal dams this spring and summer. Water flowing to the Dalles Hydroelectric Dam on the Columbia River from January through July most probably will be 98% of normal, the Northwest River Forecast Center said in its April "Early Bird" forecast, unchanged from its March 16 "Mid-Month" update.

ECONOMIC NEWS

Gross Domestic Product grew at a slightly upwardly revised 1.7% annual rate in the fourth quarter – in line with forecasts – rather than the 1.6% pace estimated a month ago.

MARKET COMMENTARY

The May natural gas contract debuted a penny and a half lower to begin its reign as the front month. The EIA storage report showed that 104 Bcf was pulled from the ground last week, topping expectations of an 85 Bcf

withdrawal. The market initially spiked to the day's high of 7.55 Bcf, but could not muster much enthusiasm to follow-through. The May contract hit resistance at the 7.50 level following the spike, and eventually sold off to 7.37 later in the session. But a rally in the crude oil market above the \$67 level, inspired natural gas to move back towards the highs. The May contract finished the day up 3.1 cents at 7.487.

There is currently 1,705 Bcf in the ground and the mild temperatures this week might lead to an injection to stocks come next week's report. This gives little reason for the market to motivate outside its current range. However the anticipation of cooling demand, hurricane season, and a rallying crude oil market have put a temporary floor in place for natural gas. We see support \$7.37, \$7.12, \$7.00 and \$6.86. Further support we see at \$6.66 and \$6.45. We see resistance at \$7.50, \$7.65, \$7.71 and \$8.00. Further resistance we see at \$8.13.

