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POWER MARKET REPORT FOR APRIL 4, 2006

NATURAL GAS MARKET NEWS

The price of natural gas for delivery next winter in the United Kingdom remained near record levels as traders expressed concern about supply during the peak demand season. Gas for delivery in the six months through to March 2007 at the National Balancing Point, the main U.K. trading hub, lost 1.3% to 87.8 pence a therm, following yesterday's record high of 89 pence a therm. Britain, Europe's biggest gas consumer, is relying on imports and gas stored underground to compensate for less North Sea production.

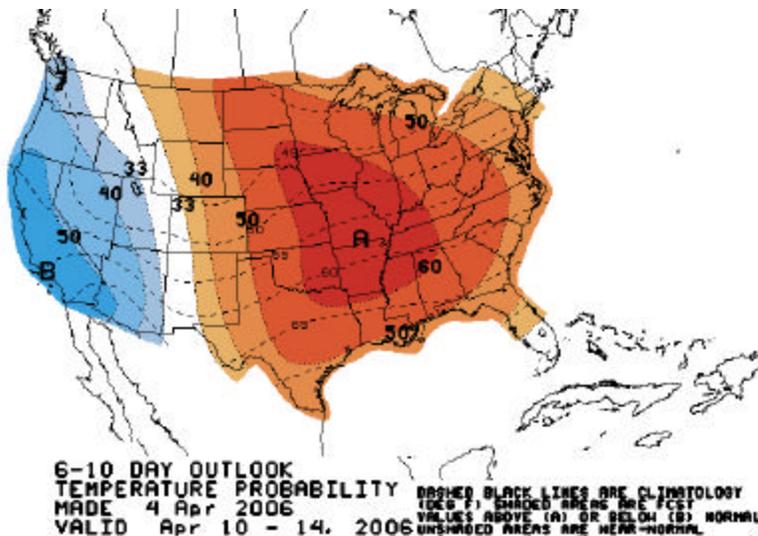
The Colorado State University forecast team maintained its earlier prediction for the 2006 hurricane season. The team anticipates 17 named storms forming in the Atlantic basin between June 1 and November 30. Nine of the 17 storms are predicted to become hurricanes, and of those nine, five are expected to develop into intense or major hurricanes (category 3-5) with sustained winds of 111 mph or greater. The 2005 season witnessed 27 named storms, 15 hurricanes and seven intense hurricanes. Long-term averages are 9.6 named storms, 5.9 hurricanes and 2.3 intense hurricanes a year.

Generator Problems

ERCOT— American Electric Power's 528 Mw Welsh #2 coal-fired power station is expected to shut April 6-10 for maintenance. The unit is expected to restart April 8-12.

SERC— Southern Nuclear Operating Company's 862 Mw Hatch #1 nuclear unit reconnected to the grid and increased to 39% power. The unit restarted March 29 after shutting February 13 for a refueling and maintenance outage. Hatch #2 continues to operate at full power.

The NRC reported that U.S. nuclear generating capacity was at 78,313 Mw up .20% from Monday and up 1.53% from a year ago.



PIPELINE RESTRICTIONS

Columbia Gas Transmission said April 5 would be deemed a "critical day" in its market area 21 in southeastern New York, extending the alert for a second day in a row due to unspring-like cold weather and high natural gas demand on its system. Columbia said it made the declaration based on forecasts showing that all available capacity will be required to meet firm obligations, leaving no non-firm capacity available.

Florida Gas Transmission said that due to warm temperatures, it is issuing an Overage Alert Day at 25% tolerance. Shippers must stay within 25% of their scheduled volumes.

Kern River Pipeline said that line pack on

Kern River has been set at low from the Elberta Compressor Station to the end of the Common Facility. Line pack is normal from Muddy Creek to the Elberta Compressor Station.

PIPELINE MAINTENANCE

Gulf South Pipeline said that it will be performing scheduled maintenance on Montpelier Compressor Station Unit #2 beginning April 10 continuing for approximately 5 days. Capacity through Montpelier Compressor Station could be reduced by as much as 75 MMcf/d during this maintenance.

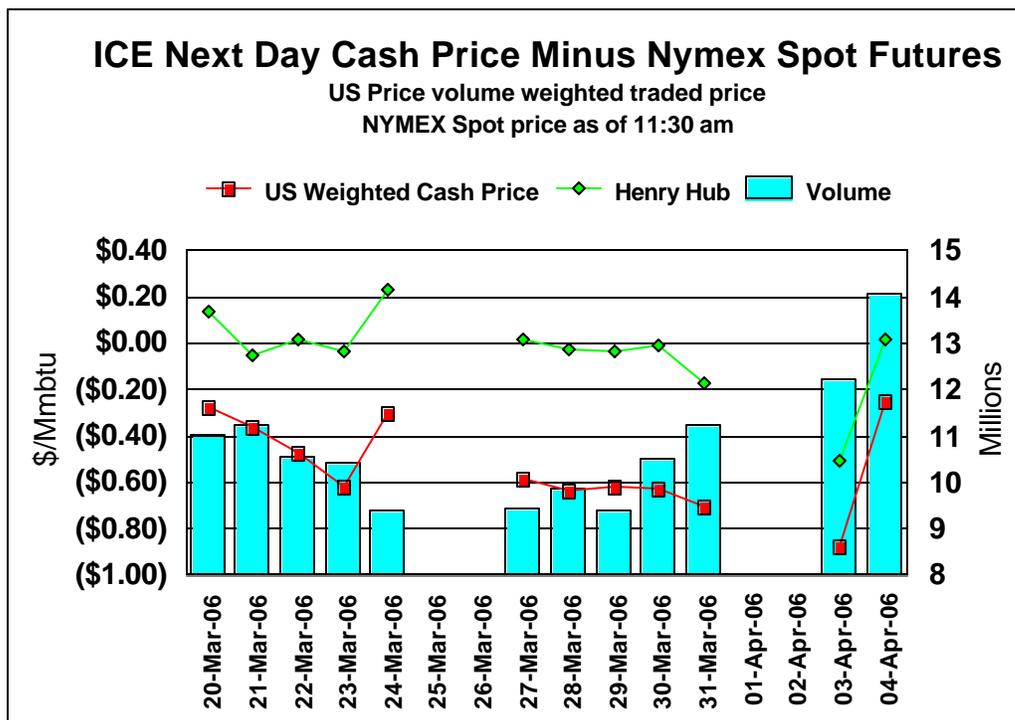
Panhandle Eastern Pipe Line Company said that its E-301 Compressor was taken out of service March 7 for maintenance and was expected to be back in service March 31. However, this in-service date has been extended until April 28. The expected capacity through the Seiling segment will be limited to 280 MMcf/d. At this time, there is no anticipated impact to customer nominations.

Williston Basin Interstate Pipeline said that maintenance at the South Baker Compressor Station is scheduled for April 20. The work will affect Receipt Point ID 04018 Baker Area Mainline and Receipt Point ID 04015 Baker Area Grasslands Mainline by approximately 3 MMcf/d.

ELECTRIC MARKET NEWS

General Electric's GE Energy Financial Services subsidiary has agreed to buy the 900 Mw Linden power plant in New Jersey from New York investment bank Goldman Sachs Group. GE Energy Financial Services knows Linden well since affiliate GE Energy supplied the turbines for the plant and operates it. In addition, GE Energy Financial Services financed the plant's construction and made partnership equity and debt investments in it. Financial details were not disclosed, but Goldman Sachs had purchased the plant from El Paso Corp. in April 2003 for about \$1 billion. The plant has a long-term contract to supply 645 Mw to Consolidated Edison's New York power company through 2017.

Pacific Gas & Electric Corp. said its utility will spend \$1.5 billion to build four new natural gas-fired power plants that will generate 1,790 Mw of electricity by 2010. One of the new plants will be owned by PG&E Co. and the others will be owned by others with contracts to provide power to PG&E. Also, construction of two more gas-fired power plants accounting for another 520 Mw of generation is expected to be announced in the next week or so.



MARKET COMMENTARY

The natural gas market opened 7.4 cents lower as the market followed through on selling from yesterday afternoon. Continued softness in the crude oil market also paved the way for the supply heavy natural gas market to move lower. The May contract traded to a low of 6.97, finding support as some cooler temperatures creep back into key consuming regions, boosting cash prices. The market rebounded to 7.08 and traded above 7.00 for the remainder of the session until settling below the 20-day moving average, down 17.9 cents at 7.065.

Natural gas is set to remain in a holding pattern until summer arrives; drifting from lows of 6.45 to highs of 8.00 as the crude oil market dictates direction. As the market turns to the downside, in what could be a repeat of last April's bearish reversal, market players site the swelling supply situation and the possibility of a build to stocks this week as bearish fundamental news. The rejection of Monday's rally attempt reinforces the idea that the gains since March 8 constitute all or part of an upward correction, implying that the major trend in natural gas

remains down. The street's expectation range for Thursday's inventory report is a marginal 20 Bcf build to a slim 30 Bcf withdrawal. Our heating degree-day basis model expects a draw of 2 Bcf to 20 Bcf. We see support at \$6.97-\$7.00, \$6.86 and \$6.66. We see further support at \$6.45-\$6.50, 6.13 and \$5.68. We see resistance at \$7.56, \$7.62 and \$7.85. Further resistance we see at \$8.00 and \$8.13.

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

