



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR APRIL 7, 2006

NATURAL GAS MARKET NEWS

With 156 co-sponsors signed on to his legislation, Rep. John Peterson (R-PA) believes "there's a real opportunity" this year for Congress to make headway to expand natural gas drilling on the federal Outer Continental Shelf (OCS), a spokesman said.

Baker Hughes reported that the number of rigs searching for oil and gas in the U.S. rose by three to 1,579 in the week ended April 7. The number of rigs searching for natural gas fell eight to 1,313 while the number searching for oil rose 11 to 264.

PIPELINE RESTRICTIONS

Florida Gas Transmission said that due to warm temperatures and low linepack, it is issuing an Overage Alert Day at 20% tolerance.

Kern River Pipeline said that line pack has returned to normal over its entire system.

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.

TransColorado Gas Transmission said it is at limited capacity for deliveries through Segment 220 (Whitewater Compressor to Olathe Compressor) and Segment 240 (Redvale Compressor to Dolores Compressor). Depending on the level of nominations, IT/AOR and secondary out-of-path volumes may be scheduled.

PIPELINE MAINTENANCE

Alliance Pipeline said that scheduled maintenance will require the Irma Compression Station to be offline for four hours starting at 9:00 AM CT on April 11. This work may impact AOS levels but will be determined closer to the outage date. The Irma Creek Compressor is located in Saskatchewan.

Generator Problems

ERCOT— AEP's 750 Mw Welsh #2 power unit remains shut for maintenance. The unit is expected to return to service on April 11.

FRCC— Florida Power and Light's 839 Mw St. Lucie #1 nuclear unit remains reduced at 87% for maintenance. St. Lucie #2 continues to operate at full power. It will shut April 24 for refueling.

MAAC— FirstEnergy's 873 Mw Beaver Valley #2 nuclear unit ramped power to 75%. Yesterday the unit was operating at 18%. Beaver Valley #1 remains offline for refueling.

PSEG's 1,049 Mw Hope Creek nuclear unit shut for a refueling outage today.

MAIN— Exelon Corp.'s 2,362 Mw Braidwood nuclear station reported a radioactive steam release. The release did not pose any health or safety threat to workers or others and has been corrected.

SERC— Progress Energy restarted its 938 Mw Brunswick #1 nuclear unit. The unit is warming up offline at 4% as it comes back from a refueling. Brunswick #2 continues to operate at full power.

Southern Nuclear's 888 Mw Farley #1 power unit reduced power to 89%. The unit is expected to shut for refueling on tomorrow. Farley #2 continues to operate at full power.

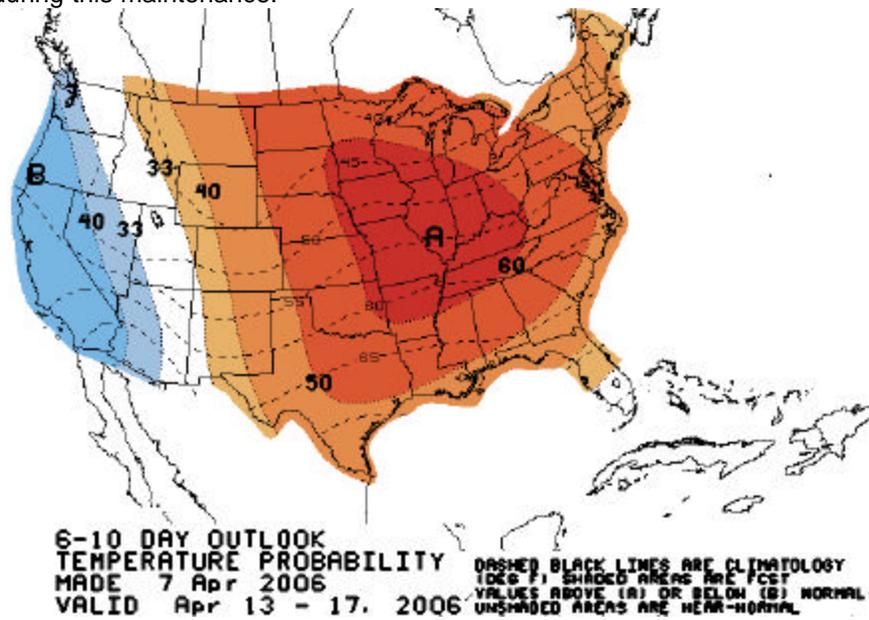
Southern Nuclear's 883 Mw Hatch #1 power unit started to exit an outage and is warming up offline at 2%. Hatch #1 ramped up to 95% from 74%.

TVA's 1,125 Mw Sequoyah #1 nuclear unit is operating at 85% today as it prepares for its refueling and maintenance outage. Sequoyah #2 remains at full power.

WSCC— Reliant Energy's 775 Mw Ormond Beach #2 natural gas-fired power station returned to service yesterday afternoon. The unit shut earlier in the week for unplanned reasons.

The NRC reported that U.S. nuclear generating capacity was at 78,230 Mw up .90% from Thursday and up 2.01% from a year ago.

Gulf South Pipeline said that it will be performing unscheduled maintenance on Bistineau Compressor Station Unit #2 beginning immediately and continuing for approximately six days. Capacity on injections to the Bistineau Storage Field could be reduced by 100 MMcf/d. Capacity on Bistineau Storage withdrawals will not be affected during this maintenance.



Northwest Pipeline said that work has been completed and both units at the Vernal compressor have been returned to service. Effective immediately, the full design capacity of 333 MMcf/d is available.

Questar Pipeline Company said that it will be performing maintenance on ML 68 between the Divide Creek and Greasewood facilities. As a result, on gas days May 9-12, the following limitations will be in place: The Rifle scheduling point will be reduced to 35 MMcf/d. Deliveries to TransColorado (MAP 297) will not be accepted. Receipt points potentially affected by these

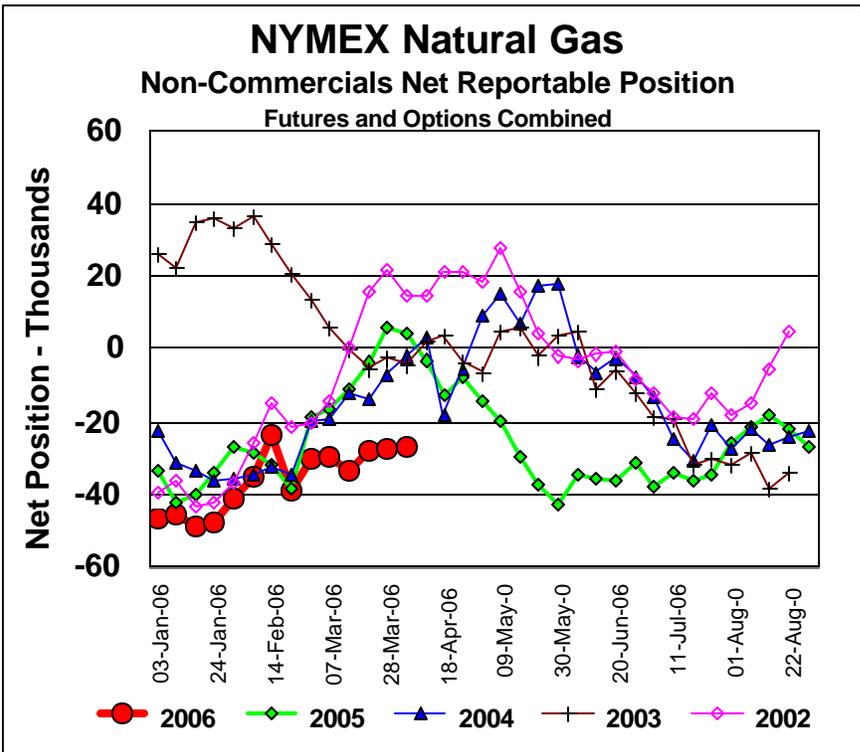
reductions include: Divide Creek, Philpot Tap, Hunter Mesa, Barrett Energy, Cough Rulison, Alberta Tap, Hunter Mesa #2, and Dark Canyon Receipt.

TransColorado Gas Transmission said work at the Dolores compressor station is scheduled to be completed by April 14. Capacity through Segment 240 (Red Vale to Dolores) will be limited to 400 MMcf/d. Based on the current level of nominations, authorized overrun, interruptible flow, secondary and primary FT quantities are at risk of not being scheduled.

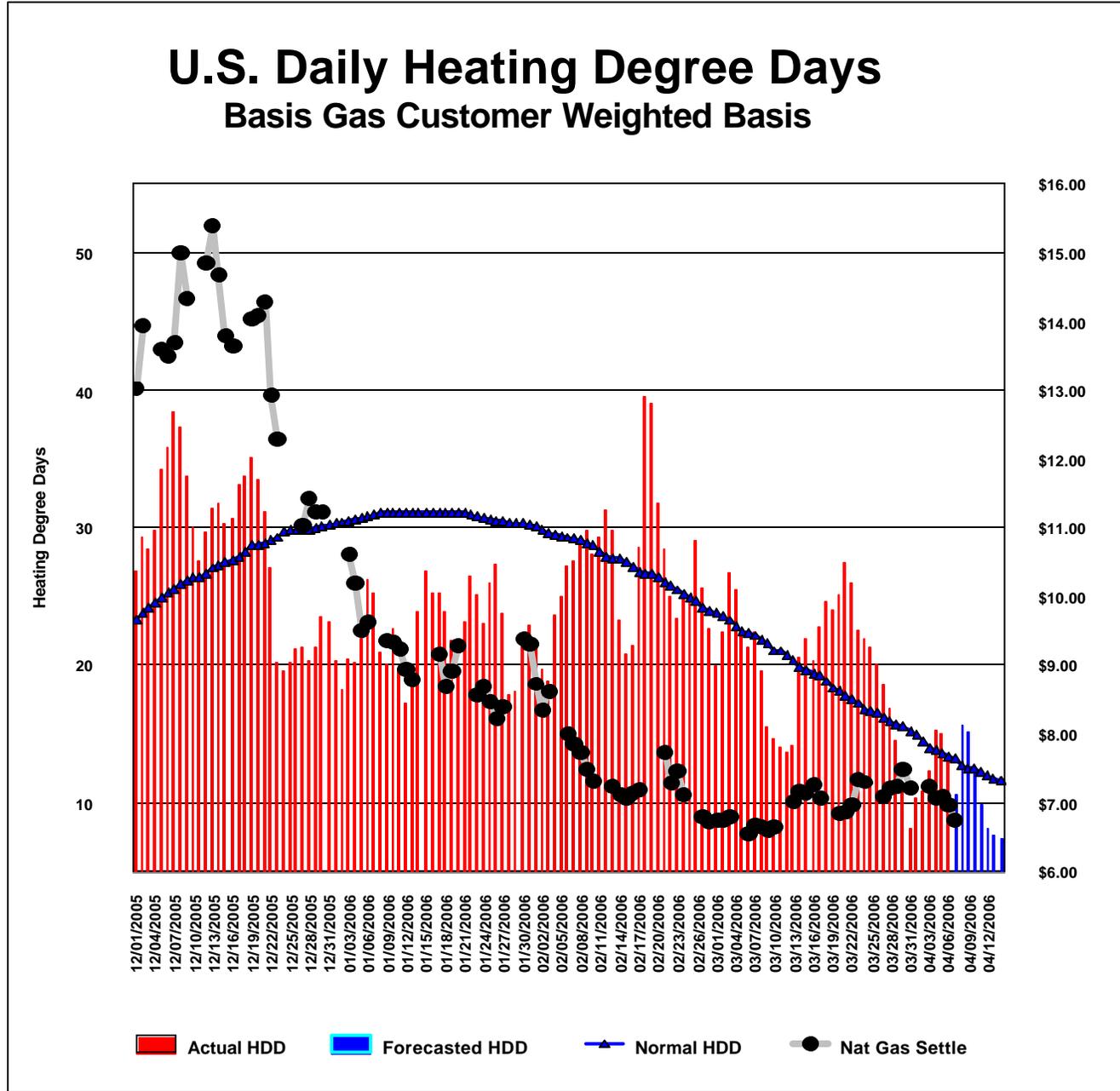
Williston Basin Interstate Pipeline Company said that maintenance at the Baker Booster Compressor Station has been extended until noon today. The work will affect Receipt Point ID 04018 Baker Area Mainline and Receipt Point ID 04015 Baker Area Grasslands Mainline by approximately 2.5 MMcf/d.

ELECTRIC MARKET NEWS

Pacific Gas & Electric Co. took a step closer to shuttering its last San Francisco power plant when its new underground transmission line in the city comes into service. The opening of the 2.5-mile Potrero-Hunters Point 115,000-volt power line is the next-to-last of nine transmission lines that need to be in place before the 77-year-old Hunters Point power plant can close. The plant has a 163 Mw gas-fired generating unit that the state's grid operator says must run to



ensure reliable power to the area. The final transmission line, the 230-kilovolt Jefferson-Martin line, is expected to be finished in the next month or so. Once it is done, Hunters Point will be taken off the grid.



The top executives at FPL Group and Constellation Energy have raised the specter that their planned merger could fail due to Constellation's regulatory problems in Maryland. In letters to shareholders, both companies' chief executives said that Constellation's dispute with Maryland legislators over a proposed rate hike poses serious implications for the deal and touted the financial strength of their companies on a stand-alone basis.

ECONOMIC NEWS

The Labor department reported that a stronger than expected 211,000 job were added to non-farm pay rolls and that the unemployment rate dropped to 4.7%.

MARKET COMMENTARY

The natural gas market opened 16.2 cents softer as the tug of war eased bit with a softening crude oil market. With crude oil backing off its highs due to some profit taking, natural gas was very much obliged to work lower. The May contract traded to a low of 6.72 by mid day, but as crude rebounded some of its losses, natural gas could not muster further selling. The relatively quiet session ended with natural gas spiking lower to 6.67 on the close before settling down 22.9 cents at 6.743.

Without the support of the oil complex, natural gas can test the lower end of its range and let the mild shoulder season temperatures and glut of supply to pressure prices. Technically, the May contract must find some traction below \$6.62-\$6.66 if it is to set a new seasonal low. This level saw buying interest on March 8, spurring the mild corrective bounce to natural gas's winter sell off. But with the injection season upon us, and mild temperatures, we expect this level to be challenged with more pressure. The Commitment of Traders report showed that non-commercial traders made few adjustments to their positions. In the futures only report, non-commercial traders increased their net short position by just 218 lots and in the combined futures and options report, they reduced their net short position by 409 lots. We see support at \$6.62-\$6.66, \$6.45-\$6.50 and \$6.13. Further support we see at \$5.68. We see resistance at \$7.00, \$7.25, and \$7.562. Further resistance we see at \$7.62, \$7.85, \$8.00 and \$8.13.