



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR APRIL 13, 2007

NATURAL GAS MARKET NEWS

Southern Natural Gas said Friday that its Cypress natural gas pipeline is scheduled to begin operations on May 1st. The 165-mile, 24-inch line runs from Chatham County, Georgia to Clay County, Florida where it will interconnect with the FGT pipeline. The 220,000 Mcf/d line was built mainly to move gas from EL Paso's Elba Island LNG terminal to Florida markets.

While the Pennsylvania Public Utility Commission Friday approved a settlement agreement allowing Equitable Resources to buy Dominion Peoples, the FTC later in the day filed a temporary restraining order and preliminary injunction to block the \$970 million acquisition.

The California Coastal Commission late Thursday rejected proposed plans by BHP for an offshore LNG receiving terminal.

The FERC this week approved Transco Pipeline's proposal for a \$73 million expansion that would add 165 Mmcf/d of new firm transportation service into the Washington, DC and Baltimore area.

The FERC staff today gave its preliminary support to Guardian Pipeline's expansion and Extension project. The proposed project consists of 83.6 miles of 30-inch diameter pipeline and 25.9 miles of 20-inch diameter pipeline that will support for expanded service into the Illinois and Wisconsin area.

Wyoming's governor warned that the U.S. Bureau of Land Management has understated the level of natural gas development proposed for the Pinedale Anticline area under early scoping documents for a draft environmental impact statement. The governor was stunned to see that the BLM was proposing a plan that would accommodate the drilling of almost 4400 gas wells.

Generator Problems

SPP – Entergy's 1266 Mw Grnad Gulf nuclear power plant continued to ramp back up from its recent refueling outage. The unit was at 42% of capacity this morning, an increase of 34% from Thursday.

ERCOT – The Gibbon Creek coal fired power plant was to be taken off line for repairs Saturday for 24 hours.

The AEP Unit #1 coal fired Pirkey power plant tripped offline

Martin Lake #2 coal fired unit was being restarted Friday night.

The Monticello #2 coal fired unit was expected to be restarted Friday evening.

FRCC – FPL's 693 Mw Unit #3 at the Turkey Point nuclear plant dropped to 50% of capacity on Friday. The unit had been operating at full power on Thursday.

WSCC – APS's 1247 Unit #3 at the Palo Verde nuclear plant was taken offline early Friday. The unit had been at full power on Thursday. A spokesperson for the plant said the unit would return to service next week.

Three coal fired units at PPL's Colstrip power plant remained shut for the second day in a row, due to transmission line problems.

Energy Northwest has restarted its 1200 Mw Columbia Generating but was only at 4% and remained off line. The unit was taken off line on Monday.

SCE's 1054 Mw Mountainview natural gas fired power plant was taken off line Friday afternoon.

PJM – Exelon's 1134 MW Unit #2 at the Limerick nuclear power plant was back to full power on Friday, a 70% improvement from Thursday.

PPL's 1115 Mw Susquehanna #2 nuclear unit continues to ramp back up and was ta 18% of power this morning.

The NRC reported that 73,491 Mw of nuclear capacity is on line, down 0.17% from Thursday, and off some 6.84% from a year ago.

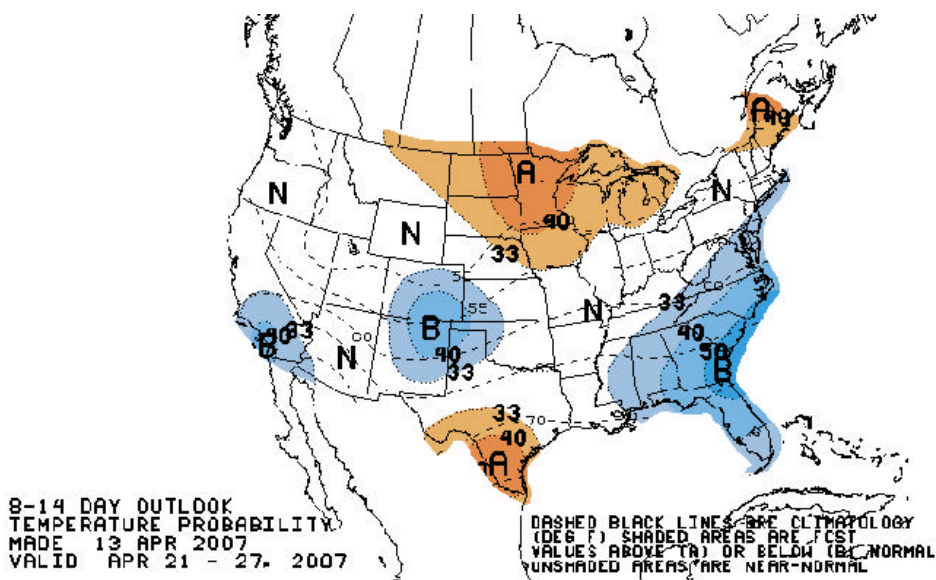
Baker Hughes reported that for the week ending April 13, 2007 the number of rigs search for natural gas in the U.S. stood at 1472, up 34 from the prior week

PIPELINE MAINTENANCE

PG&E Californian Gas Transmission reported two pipeline constraints for next week. On April 16th through the 19th capacity will be set at 2063 Mmcf/d (97%) at the Delevan compressor K-1 for general maintenance. The unit then will see capacity reduced to 2095 Mmcf/d on April 20th for maintenance work as well.

PIPELINE RESTRICTIONS

FGT said again today that due to warm weather forecasted for its service area it was issue another Overage Alert Day at 20% tolerance.



Tennessee Gas Pipeline reported this morning that at the Niagara River Meter the company restricted through approximately 47% of Supply to market Secondary Out of Path. In addition the company said it will not accept any Supply to market Interruptible Increases pathed through Station 834. The company also reported that it has declared a force majeure event for meters located on the West Delta 527a-300 line due to the need to repair a leak on the line.

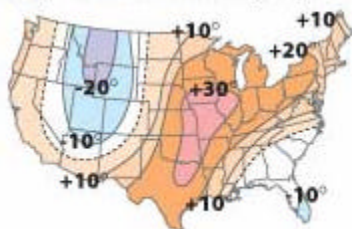
NGPL reported that it is at capacity on its Amarillo system at Segment 13,14 and 15. On its Gulf Coast system, Segment 26 Back-Haul is at capacity while Segment 25, 24 and 23 are at capacity on its Louisiana line.

ELECTRIC MARKET NEWS

The Texas House of Representatives yesterday passes a bill that would give state regulators more oversight over future sales of electric delivery companies, but did exempt the pending sale of TXU to a group of private equity firms. The Texas Senate last month passed a measure giving the state Public Utility Commission authority to approve or reject the TXU transaction. Kohlberg Kravis Roberts, one of the private equity firms seeking to buy TXU have said passage of any law to give the PUC expanded authority would jeopardize its deal with TXU. KKR though has agreed to submit details of its transaction to the PUC later this month for the regulators review, but regulators currently lack authority to block the deal.

MUCH WARMER IN CENTRAL U.S. BY NEXT WEEKEND

Predicted change in temps from today to next Saturday (April 21)

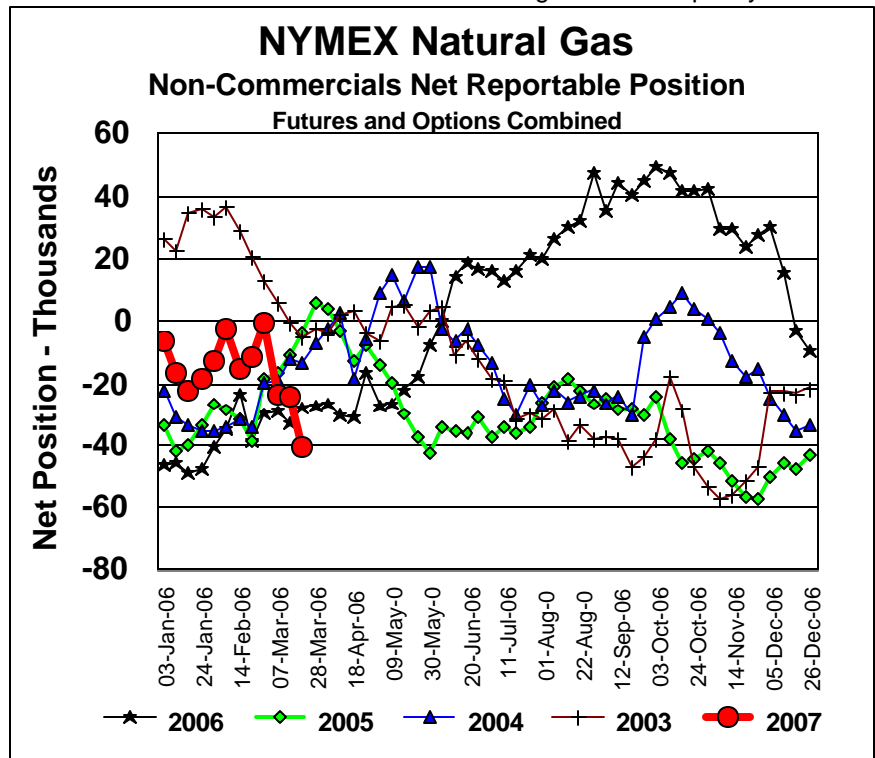


As a result of severe windstorms sweeping across California on Thursday, some 90,000 customers remained without power on Friday. Utilities expected repairs would take 24-48 hours to bring the remaining customers back on line.

U.S. appeals court Friday upheld a FERC ruling from February 2005, which ordered the PJM Interconnection to reach an interconnection agreement with the developer of a 660 Mw transmission line from New Jersey to Long Island, New York. The court upheld the FERC had acted "reasonably" when in it accepted in December 2004 complaint filed by Neptune Regional Transmission Service, which argued that repeated decisions by PJM to "re-study" its interconnection request were both unfair and threatening its ability to obyaion project financing. PJM over the last several years had

ordered Neptune to conduct five separate studies.

BPA announced that the Pacific Northwest-to-California AC high voltage tie line will have a cap of 4545 Mw on Monday and will be reduced to only 2800 Mw from 9 PDT to 1700 PDT, due to work on the Grizzly-Summer Lake and the Grand Coulee-Hanford line. Following the work capacity on the line will return to 4500 Mw.



Duke Energy said today that it will not appeal North Carolina's decision to reject a proposed 800 Mw coal fired plant it had planned to build near Charlotte. State regulators earlier had given approval to another coal-fired power plant that the utility proposed to build in the same area.

The NYMEX reportedly is looking to launch a uranium futures contract. The contract would be cashed settled, eliminating the need for a delivery point for the radioactive metal. Spot prices for uranium were recently pegged at \$113 a pound up from \$22.50 a year ago.

Allegheny Energy announced Friday that it has filed an application seeking authorization to build a new transmission lines to ensure reliability of the electric grid in Southwestern Pennsylvania. The

company is proposing one 500 Kv and three 138 Kv lines. The new lines have planned in service dates ranging from 2009 to mid-2010.

MARKET COMMENTARY

The natural gas market today again failed to post any traction, as prices basically remained mired in the same trading range of the prior two trading sessions, of \$7.80-\$8.00. It appeared traders were content to go home for the weekend with their positions and reassess the weather related near term demand for natural gas next week. Forecasters currently appear to be looking for a significant warm up start next week, finally erasing the late season heating demand that has gripped the Midwest and northeastern states.

Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
Location	Traded	Price		(As of 12:30 PM)		Moving Avg
Henry Hub	874,700	\$7.933	(\$0.012)	(\$0.227)	(\$0.129)	(\$0.264)
Chicago City Gate	430,100	\$7.549	(\$0.281)	(\$0.326)	(\$0.314)	(\$0.098)
NGPL- TX/OK	767,200	\$7.318	(\$0.119)	(\$0.557)	(\$0.152)	(\$0.565)
SoCal	782,900	\$7.220	(\$0.285)	(\$0.655)	(\$0.318)	(\$0.510)
PG&E Citygate	490,600	\$7.662	(\$0.059)	(\$0.213)	(\$0.092)	(\$0.194)
Dominion-South	337,700	\$8.672	\$0.036	\$0.797	\$0.003	\$0.811
Transco Zone 6	170,300	\$8.742	(\$0.037)	\$0.867	(\$0.070)	\$1.106

This afternoon the NYMEX reported that open interest on Thursday increased by 5662, marking the fourth time

NYMEX Nat Gas Options Most Active Strikes for April 13, 2007								
Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LN	5	7	C	9	04/25/2007	0.0094	5,789	47.30
LN	10	7	C	10	09/25/2007	0.5673	5,450	45.91
LN	7	7	P	6.5	06/26/2007	0.0647	5,300	41.95
LN	9	7	P	5	08/28/2007	0.0219	4,425	46.91
LN	6	7	P	7	05/25/2007	0.081	4,350	40.53
LN	5	7	P	7.5	04/25/2007	0.0969	4,245	43.64
LN	9	7	P	4.5	08/28/2007	0.0075	4,000	46.83
LN	6	7	C	9	05/25/2007	0.1153	3,825	39.70
LN	9	7	C	9	08/28/2007	0.6216	3,350	40.91
LN	7	7	P	7.5	06/26/2007	0.2893	3,100	42.46
LN	10	7	C	13	09/25/2007	0.2201	3,000	52.74
LN	8	7	C	9	07/26/2007	0.439	2,900	38.73
LN	10	7	C	11	09/25/2007	0.4151	2,900	49.05
LN	8	7	C	10	07/26/2007	0.2466	2,830	42.15
LN	7	7	C	9	06/26/2007	0.2713	2,825	37.98
LN	10	7	C	9	09/25/2007	0.808	2,800	42.62
LN	6	7	C	11	05/25/2007	0.0089	2,700	45.37
LN	7	7	P	7	06/26/2007	0.1449	2,700	41.78
LN	7	7	C	11	06/26/2007	0.0531	2,700	43.47
LN	8	7	P	7	07/26/2007	0.2193	2,700	44.38
LN	8	7	C	11	07/26/2007	0.1461	2,700	45.32
LN	9	7	C	11	08/28/2007	0.2866	2,700	48.26
LN	9	7	P	7	08/28/2007	0.3277	2,700	47.93
LN	10	7	P	7	09/25/2007	0.4166	2,700	51.26
LN	9	7	C	10	08/28/2007	0.413	2,650	44.83
LN	6	7	P	6	05/25/2007	0.0085	2,450	43.84
LN	10	7	P	8	09/25/2007	0.8387	2,250	52.92
LN	5	7	P	7	04/25/2007	0.0134	2,150	42.84
LN	5	7	C	8.25	04/25/2007	0.076	2,100	43.49
LN	6	7	P	6.5	05/25/2007	0.0285	2,000	41.99
LN	10	7	C	8	09/25/2007	1.1831	2,000	38.77
LN	6	7	C	9.5	05/25/2007	0.0603	1,800	41.18
LN	5	7	C	8.5	04/25/2007	0.0387	1,665	44.64
LN	7	7	P	5.5	06/26/2007	0.0069	1,500	42.22
LN	5	7	C	8	04/25/2007	0.141	1,475	42.22
LN	6	7	P	7.5	05/25/2007	0.2127	1,250	41.45
LN	9	7	P	5.75	08/28/2007	0.0764	1,200	47.10
ON	5	7	C	9	04/25/2007	0.009	1,139	47.53
LN	1	8	C	11	12/26/2007	1.0698	1,100	38.55

by 5662, marking the fourth time this week that open interest has gone down. For the first four days of trading this week some 17,515 lots have been added to the open interest total in the natural gas contract, in what has to be seen as new longs coming into the market. This afternoon the CFTC reported that for the week ending April 10th non-commercials decreased their net short futures position by 2447 lots, but their net futures and options net short position increased by 15,013 contracts to 64375 lots.

We continue to look for this market to work lower slowly next week. We see initial support at \$7.80-\$7.76 followed by \$7.68, \$7.61-\$7.60. Further support we see at \$7.378-\$7.256. Resistance we see at \$7.92, \$8.00, \$8.07 and \$8.15.