



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR APRIL 19, 2006

NATURAL GAS MARKET NEWS

Four members of the Massachusetts congressional delegation sent a letter to the U.S. Coast Guard Wednesday expressing their opposition to the controversial proposed Weaver's Cove liquefied natural gas (LNG) terminal to be located in Fall River, MA.

PIPELINE RESTRICTIONS

Florida Gas Transmission said that due to warm temperatures and low linepack, it is issuing an Overage Alert Day at 25% tolerance.

Kern River Pipeline said that line pack remains high on the entire system. Kern River is currently requesting that shoppers stay on rate.

Natural Gas Pipeline Company said it will schedule a limited amount of storage injections above IQ and up to MDQ for DSS, FSS and NSS in all zones on the Gulf Coast System. Above MDQ, BESS and PALS injections will not be available. Natural will continue to schedule storage injections up to IQ only for DSS, FSS and NSS in all zones on the Amarillo System. BESS and PALS continue to be unavailable.

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.

Williston Basin Interstate Pipeline Company said that due to extreme weather in eastern Montana, Williston Basin is having communication and compressor problems in the Baker Field and the Black Hills Sub-system. The company said that as of this morning it knew Baker Booster Compressor, Baker East Compressor and Baker South Midpoint are not running, though no further details were immediately available.

PIPELINE MAINTENANCE

Iroquois Gas Transmission System said that the Dover Compressor Station maintenance, which was scheduled to begin on April 19, actually began one day earlier. During the Dover outage (April 18-28), Zone 2 Loans, IT, Extended Receipt/Extended Delivery, and Secondary Firm will be subject to allocation through the May 5 gas day. However, there will be some Zone 1 capacity available from Waddington down to Wright, as well as, Zone 2 capacity with receipts points south of Athens Compressor Station. During this maintenance period there will be no unscheduled due shipper gas available. Flow control will be implemented as necessary.

Generator Problems

MAIN— Exelon Generation's 855 Mw Quad Cities #2 restarted and has ramped up to 18% power. The unit was taken offline on March 25 for refueling and maintenance. Quad Cities #1 continues to operate at 85%.

MAAP— The 580 Mw Duane Arnold nuclear unit reduced power to 52% power this morning, down from 96%.

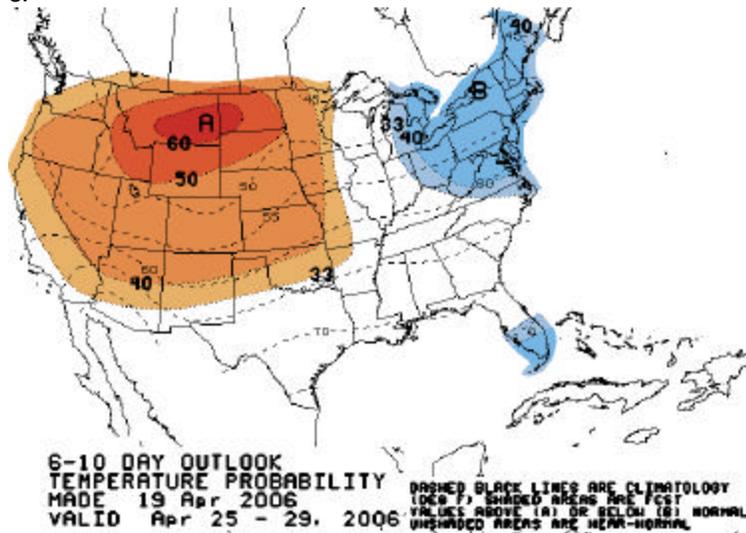
NPCC— Entergy's 825 Mw FitzPatrick nuclear unit reduced power to 50% to replace a seal on one of two feedwater pumps.

Entergy's 956 Mw Indian Point #2 nuclear unit shut from 97% for a refueling outage. Indian Point #3 continues to operate at full power.

SERC— Entergy's 966 Mw River Bend nuclear unit increased output to 84% capacity as of early today.

The NRC reported that U.S. nuclear generating capacity was at 77,237 Mw down 1.17% from Tuesday and up 4.06% from a year ago.

Williston Basin Interstate Pipeline Company said that until further notice it is canceling maintenance at the Fort Peck Station originally scheduled for today and Thursday. The work would have affected receipts in Line Section 8.



ELECTRIC MARKET NEWS

The Federal Energy Regulatory Commission and the Nuclear Regulatory Commission will meet jointly April 24 to discuss and promote interactions between the two agencies on matters relating to the nation's electric power grid reliability and the operation of U.S. commercial nuclear power plants. In February, FERC issued an interpretive order relating to the Standards of Conduct of Transmission Providers clarifying its standards of conduct requirements to make clear that transmission providers may communicate essential information to nuclear power plants in order to preserve power grid reliability. Both NRC and FERC participated in a joint U.S.-Canada task force that reviewed the blackout. The agencies

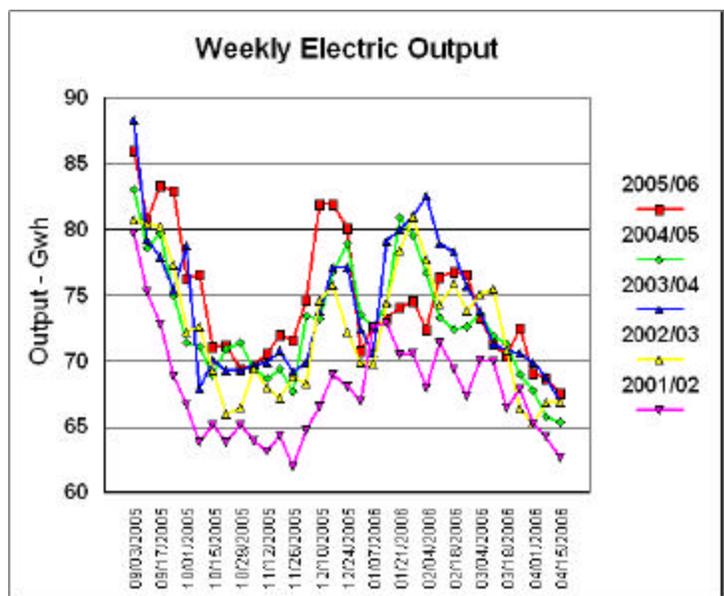
signed a Memorandum of Agreement on September 1, 2004, to facilitate collaboration between the two agencies on power grid reliability and address the task force's recommendations.

The Connecticut Light and Power Company broke ground for a transmission solution that will extend the existing 345 kV transmission grid into the 54-town southwest Connecticut region. The Middletown/Norwalk project will include 45 miles of overhead lines and 24 miles under local streets. This is a project shared with the United Illuminating Company. CL&P is expected to invest about \$1.05 billion to construct its share of the project. Construction is slated to be complete by the summer of 2009. The new line will begin serving customers by December 2009.

PNM Resources completed its acquisition of the Twin Oaks Power facility. PNM purchased Twin Oaks Power from Sempra Generation, for \$480 million in cash and arranged for bridge financing to close the transaction. Permanent financing will come through a mix of long-term debt and equity. Twin Oaks is considered to be one of the cleanest coal-fired power plants in Texas. The plant uses fluidized bed combustion technology and limestone injection to reduce nitrogen oxide and sulfur dioxide emissions.

MARKET COMMENTARY

Following yesterday's rally, natural gas opened 12.8 cents softer in line with a slightly softer oil complex, as the markets awaited the release of the EIA's inventory report for the oil complex. The volatility that followed the release resulted in some of the choppiest trading thus far this year. Prices initially rallied on the bullish news, with natural gas mirroring the oil complex. The May contract traded to a high of 8.28, but in the choppy market that followed, prices sank back to the 8.00 level. Since crude oil was unable to find any traction of its own, natural gas had no queues and therefore chopped sideways for the remainder of the session. When crude oil spike to new highs above 72.00 at the end of the session, natural gas was unable find higher buying interest and maintained pinned at the 8.20 level. May natural gas finished the day up 18.4 cents to settle at 8.192.



With the market fresh out of a month and a half range, technical buying and short covering coupled with a screaming oil complex keep natural gas extending its highs despite the bearish fundamentals. Expectations for tomorrow's EIA storage report center on a 52-58 Bcf injection, slightly better than last year's 49 Bcf injection, but much better than the 34 Bcf five-year average injection. However, with technicals and the oil complex directing the natural gas market, it is unclear what effect tomorrow's report will have. An out of line storage report could help the bulls more than it could help the bears given the current situation. Given the unsupportive weather situation, we feel that any light up in the oil complex will release natural gas and allow it retrace some of these gains. We see support at \$7.67, \$7.00, \$6.66 and \$6.62. We see further support at \$6.45, \$6.13 and \$5.68. We see resistance at \$8.28-\$8.31, \$8.413, \$8.818-\$8.95 and \$9.497.

Natural gas options saw strong interest today especially in the European style options which saw the \$11.00-\$8.50 put spreads traded 5000 times each in the Dec 2006 through March 2007 contract months.

