



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR APRIL 23, 2007

NATURAL GAS MARKET NEWS

Mexican natural gas production in March averaged 5.902 bcf/d up 1.6% from February. Natural gas imports during the month averaged 292.7 Mmcf/d down 6.7% from February.

The Federal Reserve Bank of Chicago on Monday said its gauge of the economy, the National Activity Index rose by 0.01 from a downwardly revised -0.11 in February. It had previously reported a 0.03 gain. The three-month moving index of the average was negative for the seventh straight month. The bank said the negative three-month average suggests growth was below trend and indicates little inflation pressures over the next year.

Royal Dutch Shell on Monday said it had reached agreement with officials of the Port of Marseille to develop a LNG receiving terminal in Fos-sur-mer. The initial phase of the project will have a capacity of 8 billion cubic meters of gas per year.

WSI forecasters today were calling for the next three months to be warmer than normal across much of the nation.

Raymond James & Associates said today that tightening supply and demand fundamentals should yield a more bullish summer ending storage number of closer to 3.1 tcf. This they see will result in higher sustainable prices through this year and into 2008. Raymond James sees U.S. gas production is dropping at 1.5% per year while demand is increasing 1.25% per year. But on a contrary view from Strategic Energy and Economic research said today that they expect U.S. supply of natural gas to grow 1.5% in 2007, while demand will

Generator Problems

SERC – TVA's 1118 Mw Browns Ferry #2 nuclear unit ramped up by 61% and stood at 96% of capacity this morning.

Entergy's 1266 Mw Grand Gulf nuclear power plant returned to full power this morning.

Southern's 1149 Mw Unit #2 at the Vogtle nuclear power also exited its refueling outage and was at 50% of capacity this morning.

Dominion Resources 910 Mw North Anna #2 nuclear unit also exited its refueling outage over the weekend and stood at 29% of power this morning.

Progress Energy's 937 Mw Brunswick #2 nuclear unit was back to full power this morning. The unit was at 75% of power on Friday.

Duke Power's 846 Mw Oconee #2 nuclear unit was down to 91% of power this morning after operators may have begun coasting the unit down to its scheduled refueling outage this weekend.

SPP – The 836 Mw Arkansas Nuclear One 1 unit went off line this weekend for its planned maintenance and refueling outage.

PJM – PPL's 1115 Susquehanna #2 nuclear unit was at 92% of power this morning after the unit had ramped up to full power this weekend.

PSEG Nuclear's 1100 Mw Salem #1 nuclear unit was at 41% of capacity this morning after reaching 90% of power on Sunday.

WSCC – AES Corp's 480 Mw natural gas fired Redondo Beach Unit #7 tripped off line Sunday

ERCOT – TXU's 1150 Comanche Peak #1 nuclear unit exited its recent refueling outage and stood at 78% of power this morning.

Operators at Exelon's 1441 Mw Handley Generating station are checking for damage following a brief pipeline fire that occurred early Monday morning.

Canada – OPG's Lambton Unit #1 and #3, each 494 coal fired generating units were taken off line this morning for short term maintenance work. The company also reported that its 535 Mw Lennox #2 oil and gas-generating unit was also taken off line for maintenance work.

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	979,100	\$7.235	(\$0.087)	(\$0.480)	\$0.000	(\$0.339)
Chicago City Gate	464,100	\$6.844	\$0.007	(\$0.573)	(\$0.010)	(\$0.429)
NGPL- TX/OK	592,100	\$6.620	(\$0.023)	(\$0.797)	(\$0.040)	(\$0.638)
SoCal	823,800	\$6.817	\$0.127	(\$0.600)	\$0.110	(\$0.615)
PG&E Citygate	476,400	\$7.191	(\$0.024)	(\$0.226)	(\$0.041)	(\$0.176)
Dominion-South	276,500	\$7.806	(\$0.015)	\$0.389	(\$0.032)	\$0.663
Transco Zone 6	152,800	\$8.013	(\$0.038)	\$0.595	(\$0.055)	\$0.901

only grow by 0.8% assuming a summer in which temperatures are only 5% warmer than normal. They estimate that storage will peak out next winter at 3.347-3.452 tcf.

Constellation Energy said today that it would remain active in acquisitions and

divestitures of natural gas reserves going forward.

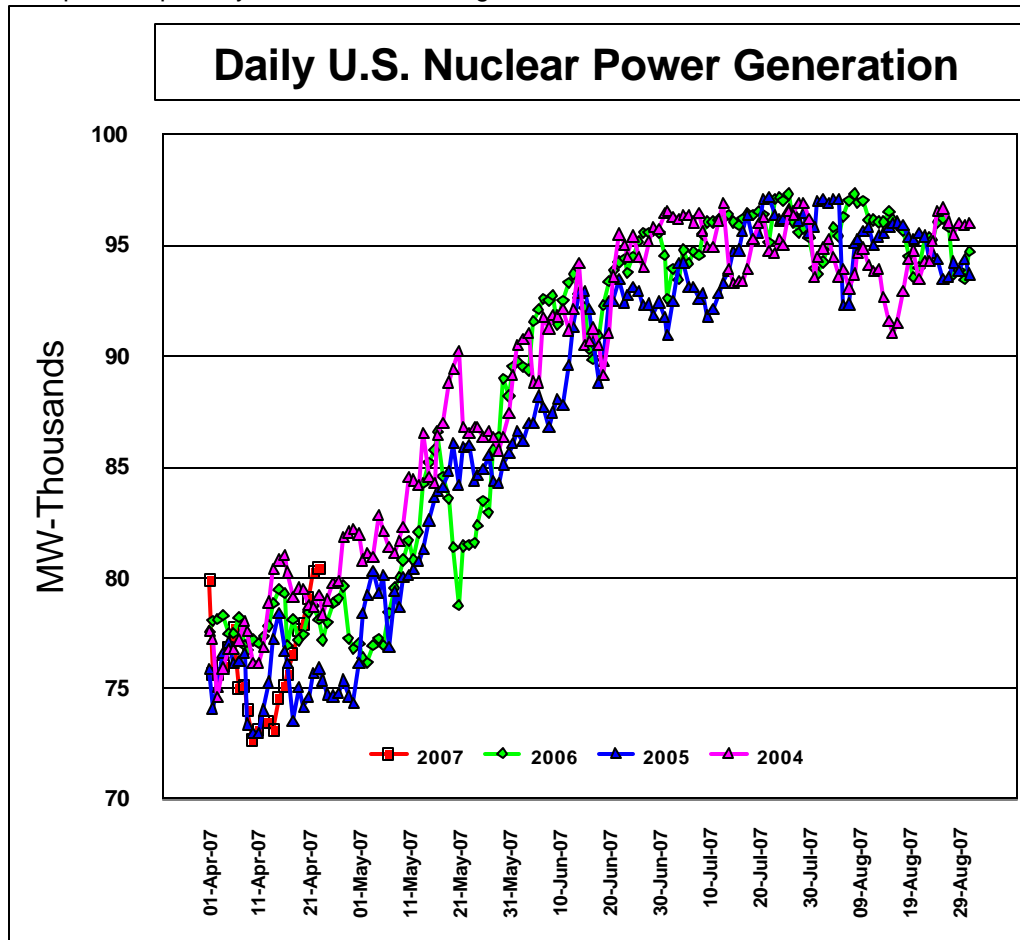
NYMEX volume last week saw nearly 80% of the total volume booked via the Globex system, while open outcry trading on the floor accounted for just 20%

PIPELINE MAINTENANCE

TransCanada Pipeline reported that it has found a leak on the NPS 20 Marten Hills Lateral on the Alberta System Sunday afternoon. As a result, the Haddock, Haddock North, Haddock South meter stations were nilled.

ANR Pipeline Company said that due to an engine failure the company began unplanned engine repairs at its Sandwich CS located in Illinois on the Northern Fuel Segment. Effective immediately the company will only accept Firm primary nominations through Sandwich East-CFTP and Sandwich North-CFTP. These restrictions

are expected through the end of the week.



Gulf South Pipeline said that two maintenance projects have been completed. These were the two Hall Summit Compressor Station Scrubber Units as well as unscheduled repairs on the Koran Compressor Station Unit #2. The company also noted that it would be performing scheduled maintenance on all four units at the Jackson Compressor Station, with one unit at a time being taken off line at a time, beginning today. Capacity at the station will be reduced by as much as 125,000 Dth during the work.

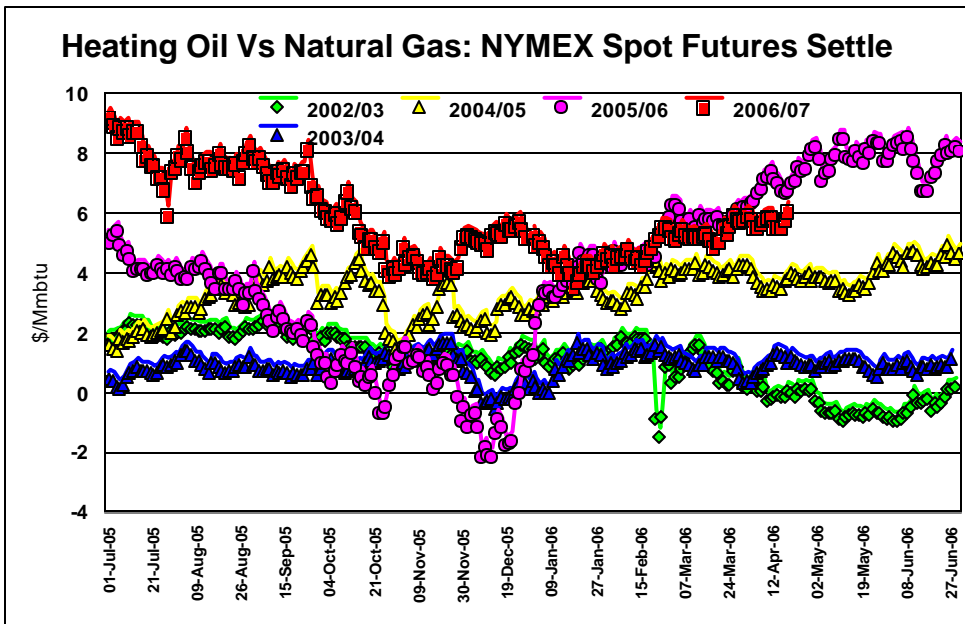
Southern Natural Gas Pipeline said that it has

a scheduled shut in test at its Muldon Storage facility beginning April 24th and lasting through the end of the month.

Transco Pipeline reported that Targa Resources has scheduled a hydrostatic test of its liquids pipeline originating from Station 44 in the Lake Charles area. As a result the Crosstex-Sabine and WFS-Cameron Meadows Processing Plants will be shut down during May 1st through the 10th for the testing work. Targa said its Barracuda Gas Processing plant would remain in operation though. Transco said it will monitor the situation, but does not expect this short-term increase in system wide BTU and C5+ molecules to have a significant impact on its operations.

Alliance Pipeline reported that it will have four maintenance projects scheduled for this week. Unit #1 is scheduled to be off line for six hours on April 24th and as a result station capacity will be reduced to 400 e3m3. The Fourth Creek Meter Station will have zero flow for four hours on Wednesday and station capacity will be reduced to 1540 e3m3/day. The Karr Meter Station will see station capacity reduced to 1642 e3m3/day on April 25th as the station will have zero flow for four hours on that day. Finally maintenance work will require the Tampico compressor station to be taken offline for eight hours on April 25th. System throughput (AOS) will be

impacted but will be determined closer to the outage date.



PG&E California Gas Transmission said today that the Delevan compressor K-3 will undergo quarterly maintenance and capacity will be set at 99% or 2093 Mmcf/d for today. On April 24th the company will conduct emergency station shutdown testing at the Tionesta compressor K-1. Capacity will be set at 2050 or 97% of capacity. On April 25th capacity at the Gerber compressor K-1 will be set at 98% of capacity or 2075 as quarterly maintenance is

conducted. Also testing at Burney compressor K-2 emergency station will see capacity reduced by 2% to 2075 mmcf/d on April 26th.

Trunkline Gas Company said that it will be conducting hydrostatic testing on the 300-1 line from Gate Valve 301-1s to Gate Valve 303-1 beginning today. The work is expected to take 25 days. At this time there is no anticipated impact on shipper nominations.

PIPELINE RESTRICTIONS

Williston Basin Interstate Pipeline said the following point/line sections are still in capacity restraint for Timely Cycle receipts. Penalties will be imposed at the following line sections and point: 018 Hardin-Lovell; 019 Madden-Worland; 20 Worland-Lovell; 021 Lovel-Elk Basin; 022 Elk Basin-Billings; Point 01010 Northern Border- Manning.

CenterPoint Energy Gas Transmission issued an operational alert today. Continuing until further notice, firm shippers with firm Receipt Entitlements and deliveries in CEGT's South Pooling Area, including, but not limited to, at Perryville Hub, should source 50% of MRO quantities and 100% of Pool entitlement quantities from the South pooling Area.

NYMEX Nat Gas Options Most Active Strikes for April 23, 2007								
Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LN	8	7	C	13	07/26/2007	0.0345	4,400	50.62
LN	5	7	P	7	04/25/2007	0.0004	2,850	41.84
LN	3	8	C	15	02/26/2008	0.512	2,400	47.17
LN	8	7	C	12	07/26/2007	0.0552	2,325	48.03
LN	1	8	C	15	12/26/2007	0.3756	2,300	45.81
LN	2	8	C	15	01/28/2008	0.4601	2,300	45.89
LN	11	7	C	15	10/26/2007	0.1625	2,200	50.76
LN	12	7	C	15	11/27/2007	0.2357	2,200	45.25
ON	5	7	C	7.75	04/25/2007	0.03	2,153	42.53
LN	1	8	C	10	12/26/2007	1.2552	2,000	34.45
LN	2	8	C	10	01/28/2008	1.3749	2,000	35.15
LN	3	8	C	10	02/26/2008	1.3602	2,000	36.33
LN	5	7	C	7.75	04/25/2007	0.0303	1,840	42.30
LN	7	7	P	5.5	06/26/2007	0.0061	1,800	40.91
LN	9	7	C	8.5	08/28/2007	0.6405	1,800	39.41
LN	7	7	C	10	06/26/2007	0.0622	1,775	40.62
LN	5	7	C	8	04/25/2007	0.0043	1,742	43.68
LN	8	7	C	10	07/26/2007	0.1694	1,725	42.31
LN	6	7	C	8	05/25/2007	0.2215	1,700	36.24
ON	5	7	P	7	04/25/2007	0.001	1,661	46.14
LN	1	8	C	17	12/26/2007	0.2498	1,650	48.36
LN	3	8	C	20	02/26/2008	0.2455	1,650	52.95
LN	9	7	C	9	08/28/2007	0.5001	1,630	41.23
LN	11	7	C	10	10/26/2007	0.7043	1,552	40.37
LN	1	8	P	5	12/26/2007	0.0217	1,550	44.49
LN	2	8	P	5	01/28/2008	0.0364	1,550	45.95
LN	3	8	P	5	02/26/2008	0.0548	1,550	46.45
ON	5	7	C	7	04/25/2007	0.562	1,513	39.38
LN	10	7	P	6	09/25/2007	0.1711	1,502	49.91
LN	8	7	P	6	07/26/2007	0.0544	1,500	42.87
LN	7	7	P	6	06/26/2007	0.0235	1,450	40.72
LN	12	7	C	10	11/27/2007	0.9985	1,400	35.32
LN	5	7	P	7.25	04/25/2007	0.0088	1,384	41.76
LN	6	7	C	7.7	05/25/2007	0.333	1,350	34.48
ON	12	7	C	9.3	11/27/2007	1.262	1,330	43.01
ON	12	7	P	9.3	11/27/2007	1.098	1,330	42.83
LN	7	7	C	12	06/26/2007	0.0126	1,300	46.91
LN	6	7	C	9	05/25/2007	0.0435	1,250	39.11
LN	8	7	C	8.5	07/26/2007	0.4523	1,250	37.32
LN	9	7	C	10	08/28/2007	0.3203	1,125	44.96
LN	8	7	C	11.5	07/26/2007	0.0716	1,100	46.70
LN	7	7	C	9.5	06/26/2007	0.1012	1,075	39.26
LN	12	7	P	7	11/27/2007	0.213	1,050	44.11
LN	7	7	C	9	06/26/2007	0.1658	1,030	37.85
LN	7	7	C	9.25	06/26/2007	0.1293	1,000	38.54

ELECTRIC MARKET NEWS

The TVA today released a draft of its first 10-year strategic plan. The draft focuses on raising TVA's operational performance into the top quartile of the industry and on improving financial performance and customer satisfaction. TVA has projected that it will need to add between 6000-12,000 Mw of generating capacity within the next 10-15 years. The plan calls on the TVA to develop simpler pricing mechanisms that reflect the costs associated with providing power at different times and levels of demand and also would allow TVA distributors to supply power.

MARKET COMMENTARY

The natural gas market today posted an outside trading session as the market exceeded Friday's low and high. The market overnight challenged Thursday's low of \$7.25 as moderating temperatures and a strong rebound in U.S. nuclear generation appeared to reduce utility demand for natural gas. But the natural gas market ground higher through the day as oil prices moved higher and at midday when oil prices spike higher natural gas prices were able to breach Friday's highs and work higher, settling up near its highs, as the May contract nearly retraced 50% of the sell off of the last two weeks.

We continue to look for the rebounding levels of nuclear generation levels as a bearish weight on this market. But the maintenance of this bearish trend continues to interrupted by the various bullish fundamental stories that keep rolling and today

was no different. We see resistance in this market tomorrow at \$7.601 followed by \$7.623, \$7.71, \$7.74-\$7.76. More distant resistance we see at \$7.845, \$8.00 and \$8.089. Support we see at \$7.387, \$7.25, \$7.142 and \$7.04.

U.S. Heating Degree Days

Basis Weighted Natural Gas Home Heating

