ENERGY RISK MANAGEMENT

The Windham Group
Energy Futures Brokerage

Howard Rennell, Pat Shigueta,
Karen Palladino & Zachariah Yurch
(212) 624-1132 (888) 885-6100

www.e-windham.com

POWER MARKET REPORT FOR APRIL 26, 2007

NATURAL GAS MARKET NEWS

Brazil's Petrobras director yesterday said the company is looking for short to medium term suppliers of LNG so as to cover power-generating needs when dry spells limit the country's hydroelectric power output. In addition the importation of LNG would also lessen the country's dependence on Bolivia for natural gas supplies. The company would be looking for supplies to be delivered between May and November. The company feels that this will also allow them to be in the international market at a time when most industrialized countries will be using less and prices should be lower than in the northern hemisphere winter. The company will make a decision in the next three to four weeks on contracting a third floating LNG terminal.

BP officials said that of the 182 global LNG cargoes it bought last year it unwound or diverted 78 of these cargoes to the spot market. The company estimated that in 2000 short term deals in LNG accounted for only 6% of the total volume, this grew to 13% in 2005. Most experts do not expect that this short-term market can grow beyond 20% of the total market over the next few years. But increased capacity in shipping should help to grow the spot market. The number of new LNG tankers on order is estimated over 140 ships.

Generator Problems

SERC – TVA's 1100 Mw Browns Ferry #2 nuclear unit was at 98% of capacity this morning, up 8% from Wednesday.

SPP – Energy's 966 Mw River Bend power plant was at 50% of power this morning up 35% from yesterday.

PJM – PSEG's 1174 Mw Salem #1 nuclear unit started to exit its unplanned outage from Tuesday and was at 2% power this morning.

Exelon's 1134 Limerick #2 nuclear unit also exited its recent unplanned outage due to low reactor water levels and stood at 4% of capacity this morning.

The NRC reported that 78,605 Mw of nuclear capacity is on line, up 0.58% from Wednesday, but off some 0.67% from a year ago.

Cheniere Energy announced today that it has entered into a pair of Transatlantic option agreements with Gaz de France to establish a framework of sales and purchase agreements of LNG into the European and North American markets. In addition Cheniere entered into a LNG sales and purchase agreement for Cheniere Marketing to purchase seven cargoes of LNG from GDF Trading during 2008. The Transatlantic Option Agreements give Cheniere Marketing the option to sell LNG at agreed upon NBP index based prices to GDF Trading and GDF to sell LNG at agreed NYMEX index based prices to Cheniere Marketing. The two companies will be entitled to sell one cargo per month to the other party on an ex-ship basis at the Isle of Grain LNG terminal and the Cheniere Sabine Pass LNG terminal. The agreements have a term of 15 years commencing on the later of the commercial start up of the Cheniere Sabine Pass LNG receiving terminal, expected in 2Q08, or the first expansion of the Isle of Grain LNG receiving terminal, which is planned for the 4Q08. Under the 2008 LNG Sales and Purchasing Agreement, GDF Trading will sell up to seven cargoes to Cheniere Marketing at agreed NYMEX index-based prices on an ex-ship basis. Cheniere Marketing has granted GDF Trading the right to cancel delivery of certain cargoes subject to the payment of a cancellation fee.

Canadian Gas Association

Weekly Storage Report

	20-Apr-07	13-Apr-07	21-Apr-06
East	55.0	59.5	98.4
West	46.0	44.2	139.5
Total	101.1	103.7	237.8

The Natural Gas Supply Association said today that spending by U.S. exploration and production companies nearly tripled in 2006 from 2003 levels as a result of rising costs to find and produce natural gas. Part of this cost increase is due to the growing shift to unconventional production, which requires more challenging and expensive technologies than conventional plays. The group estimated that U.S. proven gas reserves have grown from 158 Tcf in 1999 to 196 Tcf in 2005.

The FERC today gave Southern Natural Gas authorization to begin service on the bulk of its Cypress Pipeline project, which provides direct corridor for deliveries of natural gas from the Elba Island LNG terminal to the northern Florida market.

EIA Weekly Report

	04/20/2007	04/13/2007	Net chg	Last Year
Producing Region	647	636	11	671
Consuming East	664	663	1	923
Consuming West	253	247	6	246
Total US	1564	1546	18	1840

*storage figures in Bcf

PIPELINE MAINTENACE

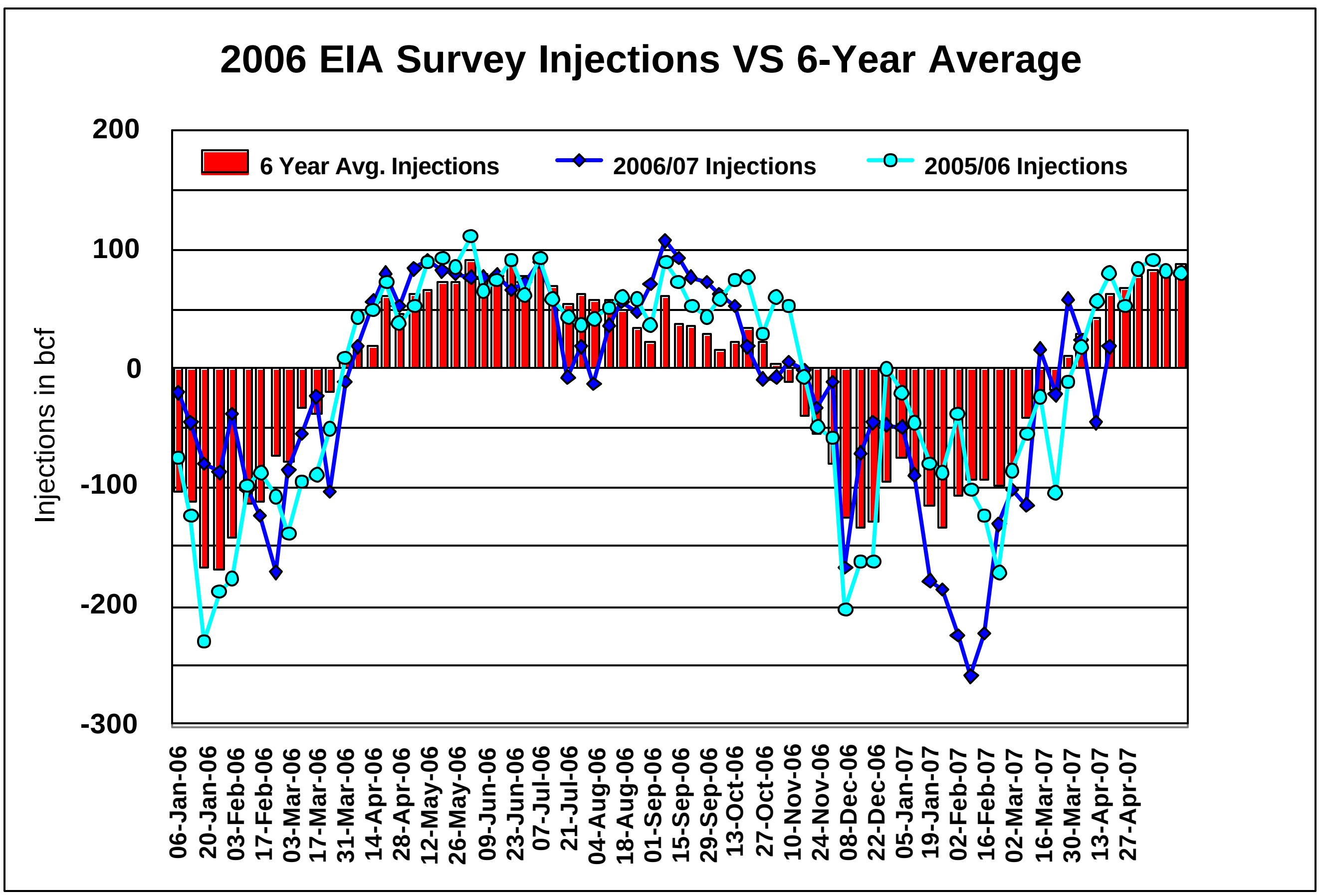
Colorado Interstate Gas announced its maintenance schedule for May, but based on historical system demand does not expect the maintenance work will impact nominated activities.

Michigan Consolidated Gas today announced a two-year project to install a new natural gas pipeline in West Michigan that will increase gas supplies The project is expected to begin this June and be completed in the 2008 construction season.

PIPELINE RESTRICTIONS

FGT Thursday issued a shipper alert due to the warm weather in its Market Area. To maintain system integrity, the company issued an overage alert at 25% tolerance, meaning shippers must stay within 25% of scheduled volumes.

Tennessee Gas Pipeline said that effective for Cycle 1 today due to reduced nominations, the company will accept increases for nominations pathed from meters located on the Carthage Line Lateral



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	1,226,100	$7.558	($0.039)	($0.316)	($0.010)	($0.365)
Chicago City Gate	376,900	$7.230	($0.114)	($0.240)	$0.044	($0.393)
NGPL- TX/OK	728,000	$7.028	$0.023	($0.443)	$0.181	($0.649)
SoCal	747,900	$7.018	($0.152)	($0.453)	$0.006	($0.543)
PG&E Citygate	440,700	$7.364	($0.105)	($0.106)	$0.053	($0.159)
Dominion-South	272,000	$8.052	($0.076)	$0.582	$0.082	$0.509
Transco Zone 6	164,200	$8.273	($0.143)	$0.803	$0.015	$0.739

ELECTRIC MARKET NEWS

The Department of Energy warned the Southwest and the Mid-Atlantic states from New York to Virginia are areas in which new electric grid projects are critically needed to alleviate bottlenecks and avoid future blackouts. Secretary Bodman said that once the department finalizes it list of "national interest electric transmission corridors", the FERC could use new eminent domain powers and order building of new lines if state authorities do not act on permits after a year.

The EIA reported this afternoon that U.S. production of coal for the week ending April 21 st stood at 21.601 million tons down 5.5% from the pervious week and off 7.3% from the same week a year ago. Year to date production of coal in the U.S. is some 2.1% less than a year ago.

Reliant Energy, one of the nation's leading competitive power providers, announced plans to begin serving a broad class of commercial, industrial and institutional customers in the Delmarva utility district of Delaware.

AEP said it plans to deploy carbon capture technology at two of its coal plants and will add 1000 Mw of wind generation capacity in a bid to reduce future greenhouse gas emissions. The company said it plans to reduce GHG emissions by 46 million metric tons by 2010 through its participation in the Chicago Climate Exchange since 2003.

MARKET COMMENTARY

The natural gas market last night opened slightly stronger helped by the spill over of bullish support from the oil markets. The market though failed to breach yesterday's highs in the June contract and in the May contract also found resistance near yesterday's highs. As the overnight session progressed natural gas values began to slowly erode, as moderate weather forecasts coupled with the prospects for rebounding nuclear generation seemed to put the bulls on the defensive. By the time the floor session opened the market was off a dime. While the EIA storage report came in near market expectations the market still remained on the defensive and finished the day down over 17 cents in the June contract, the largest net decline in over a week. Expiration of the May contract was not overly exciting but the May contract did bounce back a dime over the final 30 minute closing period. Final volume on the day was just over 108,000 contracts.

We continue to look for this market to remain on the defensive going into next week, as the prospects for a significant build in next week's EIA storage report, couple with moderate temperatures should keep the bears in the market. We see support initially at $7.55 basis the June contract, followed by $7.50, $7.39 and $7.25. Resistance we see at $7.725 and $7.795. More distant resistance we see at $7.883, $7.971, $8.00$8.13-$8.137.