



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MAY 2, 2007

NATURAL GAS MARKET NEWS

The Minerals Management Service said Tuesday that natural gas production in the Gulf of Mexico which is likely to reach 8.3 Bcf/d this year, and could surpass a 9 Bcf/d in 2011 and remain above that level through much of the decade if exploration activity in the deepwater continues at a brisk pace.

Sempra Energy today reported that its 1Q07 results showed a net income of \$228 million down from \$255 million last year. The decline was mostly due to its commodities sector which earned only \$71 million versus \$116 million in the first quarter of 2006. Contributing factors included the effect of accounting rules that defer mark-to-market profits on natural gas storage and transportation contracts used in forward sale transactions and reduced margins in natural gas and power marketing, offset by higher margins in metals.

U.S. factory orders in March rose a greater than expected 3.1%, the biggest monthly gain so far this year.

Australian based, Liquefied Natural Gas Limited said it actively looking to build a "mid-scale" LNG plant in Papua New Guinea. Three other consortiums are also exploring the prospects of building LNG projects there. The company has bought a 20% stake in PNG Exploration, which resulted in signing an agreement with the company to establish commercial terms for supply of gas from any discovery for a minimum one million mt/year LNG plant with delivery to any coastal site.

PIPELINE RESTRICTIONS

TransColorado Gas Transmission said that Segment 220, 250 and 310 are listed as IT/AOR/Secondary at Risk as is PIN 36100 Questar Greasewood.

Enbridge Offshore Pipelines said the Nautilus Pipeline has been shut in due to an excessive amount of liquids being handled at the Slug Catcher. This Force Majeure was issued Tuesday night.

NGPL said that Florida-Vermillion is at capacity for deliveries. IS/AOR and Secondary Firm transports are at risk. It also reported that on its Amarillo System, Segment 13-15 are at capacity. While on its Gulf Coast system, Segment 26 Back Haul and Segment 17 are at capacity.

KMIGT said that until further notice it is at capacity for deliveries through Rockport Lateral (Segments 620 and 790). It also noted that Williston Basin Bridger is at capacity for delivered volumes due to operational conditions.

PIPELINE MAINTENANCE

Generator Problems

SERC – Southern Nuclear's 1215 Mw Vogtle #2 nuclear unit which remained at 2% of power this morning remained off line. The unit tripped off line on April 23rd.

NPCC – The 580 Mw Brighton Beach natural gas fired power station in Ontario returned to service on Wednesday.

MAIN – Exelon's 855 Mw Quad Cities #1 nuclear unit was at 77% capacity this morning as operators began coasting the unit down to its planned refueling outage scheduled to begin this weekend.

ERCOT – The South Texas #2 nuclear unit returned to full power this morning, up 11% from Tuesday and being restarted over the weekend.

WSCC – APS restarted its 1270 Mw Palo Verde #3 unit and the unit was at 11% of capacity this morning.

The NRC reported that 79,873 Mw of nuclear capacity is on line, up just 0.38% from yesterday, but up 4.86% from a year ago.

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	1,169,200	\$7.637	(\$0.006)	(\$0.317)	\$0.006	(\$0.416)
Chicago City Gate	488,900	\$7.639	(\$0.025)	(\$0.069)	\$0.000	(\$0.288)
NGPL- TX/OK	588,700	\$7.348	\$0.015	(\$0.359)	\$0.040	(\$0.553)
SoCal	889,700	\$7.092	(\$0.140)	(\$0.615)	(\$0.115)	(\$0.626)
PG&E Citygate	686,900	\$7.568	(\$0.020)	(\$0.139)	\$0.005	(\$0.211)
Dominion-South	460,300	\$8.154	\$0.083	\$0.447	\$0.108	\$0.370
Transco Zone 6	259,200	\$8.244	\$0.077	\$0.537	\$0.102	\$0.494

Gulf South Pipeline reported that several of its maintenance projects are set to begin. It noted it will be performing maintenance on its Hall Summit Compressor Station Unit #3 beginning May 9th and continuing for two days. As much as 100 Mmcf/d will be reduced

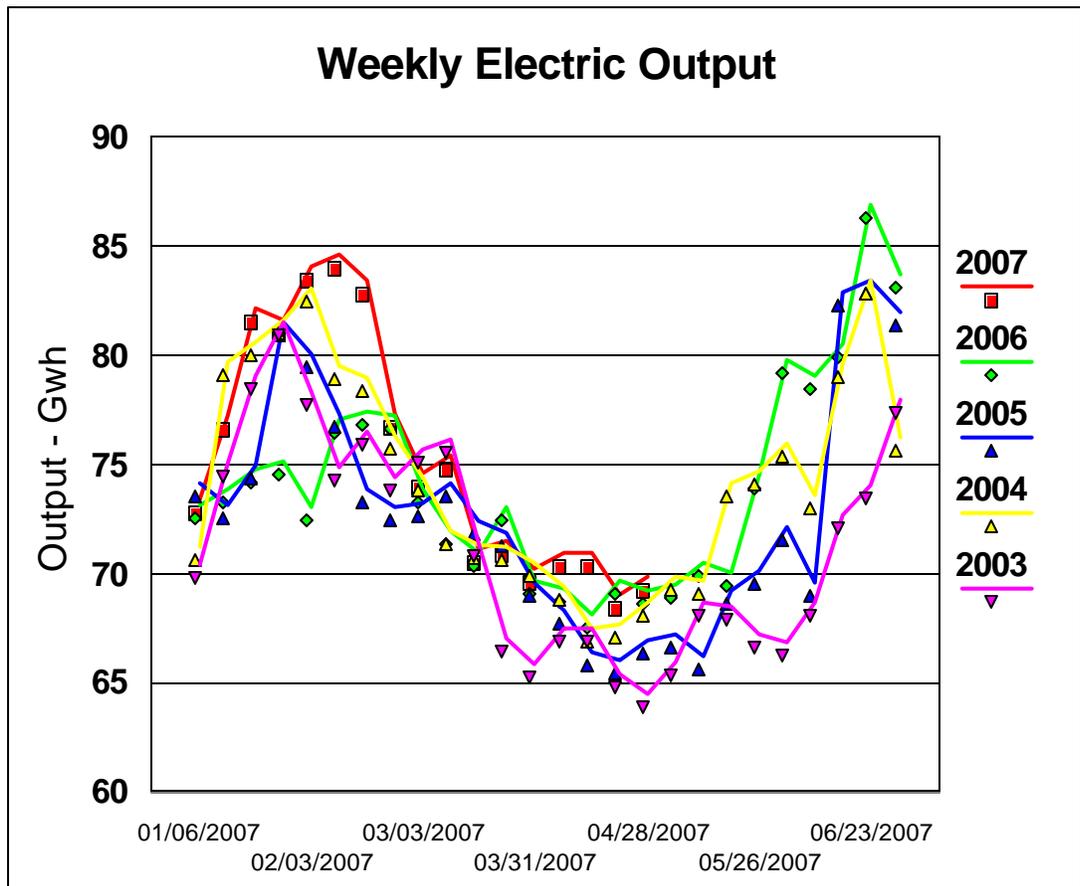
in capacity through the station. It will also be doing semi-annual storage inventory verification tests at its Bistineau Storage facility May 14-18th. During this period physical injections and withdrawals at the facility will not be available. The company does not expect any interruptions to Firm Primary service at the facilities at this time. It also reported that it will be conducting maintenance work at its McComb Compressor Station on May 10th. Physical flow from ID 10421, Hattiesburg Gas Storage; ID 10736, Petals gas Storage will be unavailable.

Enbridge Offshore Pipeline said that Stingray plans to pig the 36-inch mainline on May 7th. The initial pig run will be from West Cameron 148 to Stingray's onshore facilities at Holly Beach. On May 9th if the first pig run has been completed, one will be conducted between West Cameron 509 to West Cameron 148.

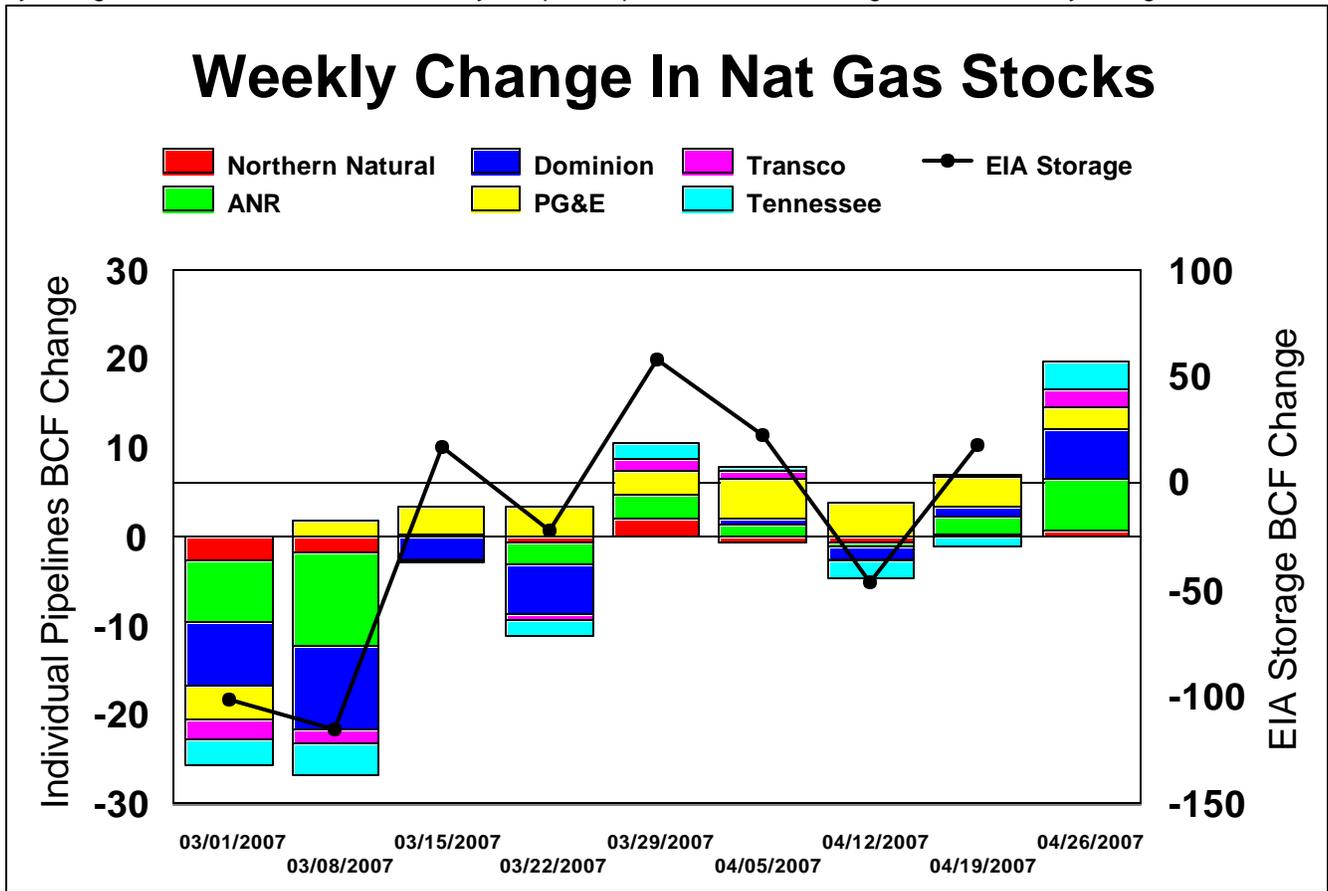
Southern Natural Gas Pipeline said that the Muldon Storage facility spring shut-in test is complete. As a result, the Force Majeure issued earlier was cancelled.

NGPL said that May 3rd through May 10th unplanned maintenance work is scheduled south of Station 303 on the 16-inch Goodrich lateral. This work was delayed one day. Gas flow will be unavailable at the Enbridge/NGPL Goodrich Polk and Gulf South Goodrich interconnects during this outage.

ELECTRIC MARKET NEWS
The Edison Electric Institute reported that for the week ending



April 28th total U.S. electric generation reached 69,254 Gwh, up 1.25% from the prior week and some 0.87% over a year ago. For the first 17 weeks of this year, power production has averaged 4.1% over a year ago.



The Michigan Public Service Commission yesterday released its summer appraisal for this upcoming summer. It looks for electrical demand this summer for Detroit Edison and Consumers Energy service areas is projected to be 19885 Mw. This demand will be 655 Mw above their in state generating capacity of 19,230 Mw, so purchases of power are being made to assure adequate reserves.

MARKET COMMENTARY

The natural gas market today appeared to enter into standby mode. The market posted an inside trading session as traders appeared comfortable with their current positions and willing to wait until tomorrow's EIA Storage report before changing their positions in the market. Total volume today reached only 77,280 futures traded.

Market expectations for tomorrow's report appear to range between a 65-95 bcf build, with the median expectation falling around a 80 bcf build.. The same week a year ago saw a 56 bcf build while the 5-year average seasonal build was 54 bcf. Out two models look for a build of 74 and 90 bcf respectively. We continue to feel that this build will be sufficient to resume the downward pressure on prices tomorrow. We look for support initially tomorrow at \$7.683, \$7.65-\$7.644, \$7.588, \$7.555 and \$7.512. More distant support we see at \$7.387 and \$7.089. Resistance we see at \$7.778, \$7.834-\$7.858, \$7.873, \$7.897 and \$8.137.

