



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MAY 4, 2006

NATURAL GAS MARKET NEWS

Energy Transfer Partners announced that the Board of Directors of its general partner has approved an expansion of its 42-inch pipeline construction project. The expansion consists of adding 157 miles of 36-inch pipeline and 92,700 horsepower of compression. This \$360 million expansion will increase the throughput capabilities of the 42-inch project to a volume of 2.3 Bcf/d and brings the total cost of this project to \$895 million. This new 36-inch pipeline begins in Limestone County and traverses in a southeasterly direction to interconnect with the 30-inch Texoma system in Hardin County Texas, northeast of Beaumont. The project is expected to be completed by August 2007.

The U.S. Minerals Mangement Service yesterday released its final report on production that was shut in from Hurricanes Katrina and Rita last year. It noted that given the relatively small variations in the shut-in statistics from prior bi-weekly reports, and the approach of the 2006 hurricane season, the agency would make this week's report the final update on the production situation in the USG. It noted at as of midday Wednesday some 324,445 b/d of crude production and some 1.295 bcf/d of natural gas production remained off line. This is a 9,574 b/d and 38.2 Mmcf/d improvement from the last report on April 19th.

Cumulative shut-in production of natural gas from August of last year has reached 748.9 bcf. The agency also reported earlier this week that as a result further assessments, investigations and reports the number of pipelines that were damaged as a result of the storm has been estimated at 457 from prior estimates in January of only

EIA Weekly Report

	04/28/2006	04/21/2006	Net chg	Last Year
Producing Region	690	674	16	569
Consuming East	959	930	29	654
Consuming West	255	247	8	226
Total US	1904	1851	53	1449

*storage figures in Bcf

Generator Problems

ERCOT— TXU Corp.'s 750 Mw Martin Lake #3 coal-fired power unit restarted following repairs to a boiler tube leak.

ECAR— FirstEnergy Nuclear's 946 Mw Davis-Besse power unit increased output to 94% capacity as of this morning, up from 59% on Wednesday.

MAAC— PSEG's 1,050 Mw Hope Creek nuclear unit increased power offline to 12%.

MAIN— Exelon Corp.'s 1,178 Mw Braidwood #1 nuclear unit exited a refueling outage and ramped up to 29% of capacity by early today. Braidwood #2 continues to operate at full power.

SERC— Southern Nuclear's 862 Mw Hatch #1 nuclear unit remains offline at 13% power. Hatch #2 continues to operate at full power.

WSCC— PG&E's 404 Mw Helms Pumped Storage #2 hydropower station shut for planned maintenance today.

The NRC reported that U.S. nuclear generating capacity was at 76,951 Mw up 1.02% from Wednesday and down 2.96% from a year ago.

183 pipelines. The number of larger diameter pipelines (10 inches or greater) that were damaged has now been estimated at 101 versus a prior estimate of 64 lines. Some 32 pipelines have returned to service versus only 22 that had returned to service by January. The MMS also reports that it has revised the number of platforms destroyed from 115 down to 113.

PIPELINE RESTRICTIONS

Algonquin Gas Transmission said Tennessee Gas Mahwah has been restricted to capacity today. Nomination increases for receipts sourced at Mahwah will not be accepted.

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

KM Interstate Gas Transmission said that Burlington Resources Lost Cabin has available capacity for receipt volumes. Based on the current level of nominations, interruptible flow, authorized overrun and secondary volumes are available.

Canadian Gas Association

Weekly Storage Report

	28-Apr-06	21-Apr-06	29-Apr-05
East	100.6	98.4	72.2
West	146.7	139.5	106.9
Total	247.3	237.8	179.0

storage figures are in Bcf

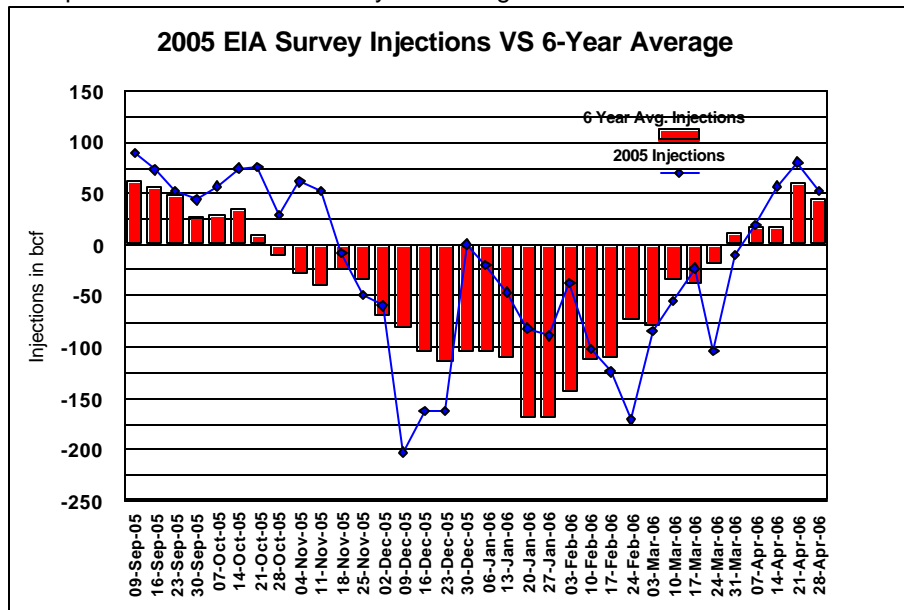
Texas Eastern Transmission said it has restricted and sealed M1 and M2 24-inch to capacity. No increases between Little Rock and Batesville for delivery outside that area will be accepted. Tetco has also restricted and sealed receipts in. No increases in receipts sourced in ETX for delivery outside ETX will be accepted.

TransColorado Gas Transmission said it is at capacity for southbound deliveries through Segment 240 (Redvale Compressor to Dolores Compressor) and Segment 300 (Colo./N.M St Line to La Maquina). Depending on the level of nominations, interruptible flow, authorized overrun and secondary out-of-path volumes are at risk of not being scheduled.

PIPELINE MAINTENCE

El Paso Natural Gas Company said that the ongoing Puckett Station outage will be extended through May 19 due to the need to rebuild the cooling water pumps. Gas from ITERRELL, IPUCKETT, IMLTERPK, and IYUCBUTE must be routed to Keystone instead of Waha, and will be limited to a total of 75 MMcf/d.

Natural Gas Pipeline Company said that on May 4, Station 302 in Montgomery County, Texas will be unavailable due to unplanned maintenance. Interruptible flow, authorized overrun and secondary out-of-path firm transports will be unavailable south bound through Segment 26 in Natural's Texok Zone. Primary and secondary in-path transports will not be affected by this outage.



ELECTRIC MARKET NEWS

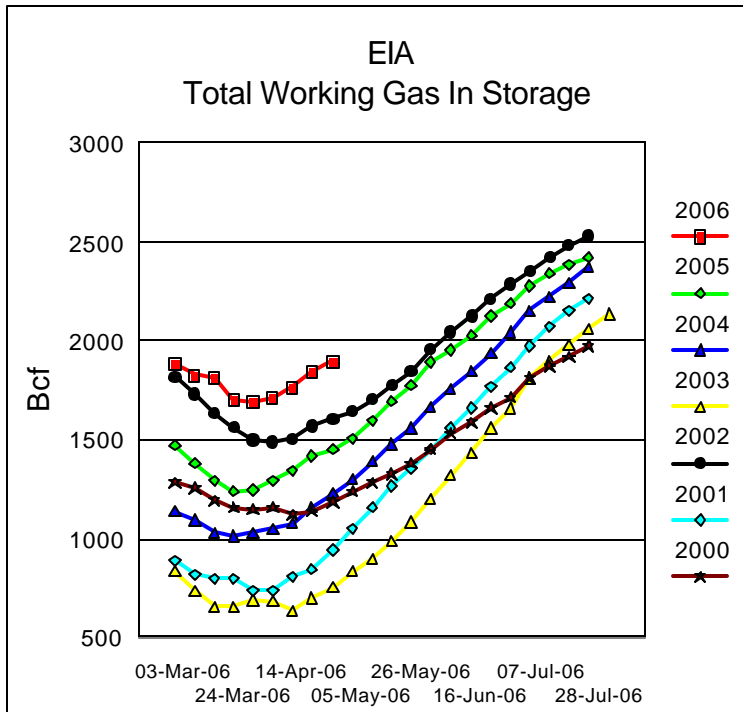
Mirant Corp. has sued Consolidated Edison to void Mirant's 1999 purchase of the Bowline Point power plant in New York from companies now owned by Con Edison. In the suit, Mirant, now owned primarily by its creditors after emerging from bankruptcy protection in January, alleged the amount it paid for the 1,139 Mw plant exceeded its fair value.

Energy trader active in the U.S. Midwest power market are worried that some costs introduced a year ago will be assessed retroactively under a

recent federal regulatory order. The Midwest ISO is reviewing an order from the FERC that says the grid operator has not paid enough money to some power plant owners and didn't correctly allocate those costs to all market participants since launching its day-ahead and real-time markets in April 2005.

Wyoming has proposed a site in the coal-producing Power River Basin for a \$1 billion project to build the world's cleanest coal-burning power plant. The 275 Mw plant would burn coal to produce electricity as well as hydrogen. The project would separate heat-trapping greenhouse gases from the plant's exhaust and inject them into underground reservoirs to prevent them from entering the atmosphere.

Quebec unveiled its 2006-2015 strategic energy plan under which it expects to significantly expand hydro- and wind-generated electricity projects and increase its power exports. Premier Jean Charest introduced the plan, which calls for investments of C\$25 billion to add 4,500 Mw of hydro-electric power and 4,000 Mw of wind-driven power. It foresees the creation of 70,000 direct jobs and a boost in power exports, once the province's domestic needs are met.

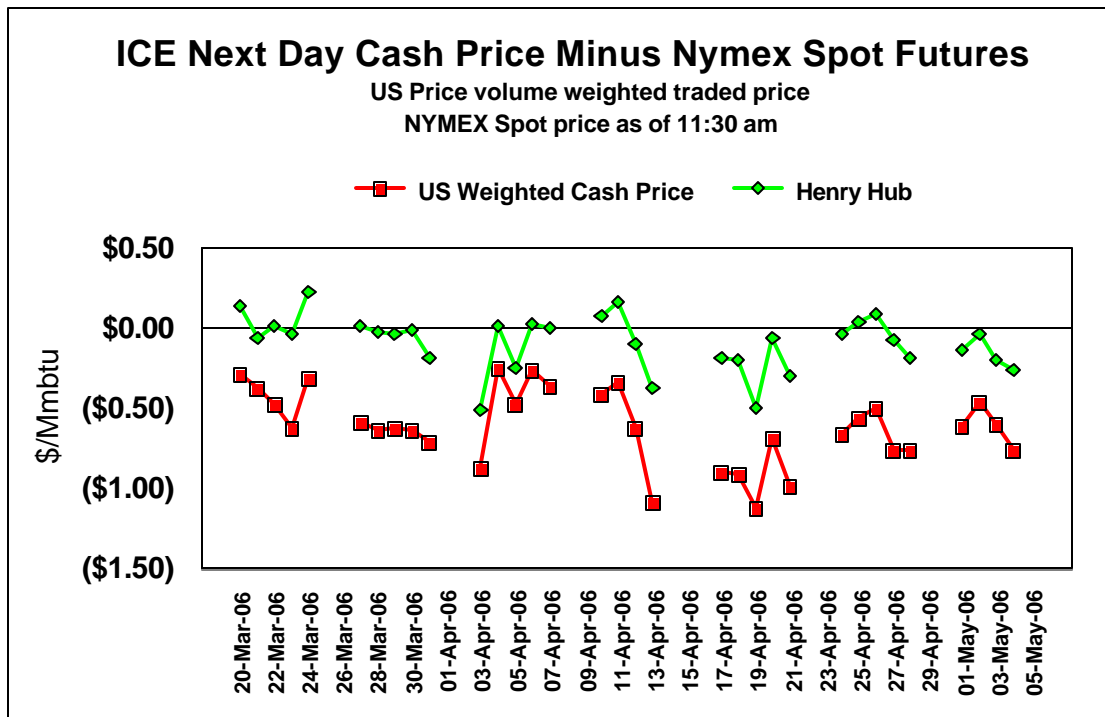


MARKET COMMENTARY

The natural gas market opened 5.6 cents lower ahead of its much-anticipated EIA storage report. Ahead of the release, the market traded to 6.51, waiting for a big injection to challenge the 6.45-6.50 level. The EIA reported that 53 Bcf was injected into the ground, well under the 62-66 Bcf injection the street was looking for. The market snapped higher immediately, trading to a high of 6.99 on a short covering rally. June natural gas settled up 30 cents at 6.906.

Natural gas has further decoupled from crude oil, as it paid little attention to crude oil collapsing below 70.00. Today's rebound was fueled by the fact that the nation's total storage now stands at 1,904 Bcf, 455 Bcf over last year at this time and 699 Bcf above the five-year average. With the summer demand season around the corner, bears are having trouble pushing this market any lower. Natural gas has moved to the upward end of its current

range, and with continued softness in the oil complex, it will have trouble finding any further traction. This market is still in a holding patten, waiting for fresh fundamentals to liven her up. We see support at \$6.45-\$6.50, \$6.25, \$6.13 and \$6.00. We see resistance at \$7.00, \$7.12, \$7.47 and \$7.85. We see further resistance at \$8.00 and \$8.28-\$8.31.



The NYMEX announced today that its board of directors unanimously approved to offer both cash-settled and physically delivered NYMEX Division energy futures contracts for trading on the CME Globex, electronic

trading platform. At the time of the initial phase of the launch, scheduled for the second quarter of this year, NYMEX will offer cash settled energy futures contracts for all listed months. The second phase of the launch some six months later will offer physically delivered contracts. It was unclear if the NYMEX would trade both contracts side by side, physically delivered and financially settled contracts or would the financially settled contracts be phased out. The NYMEX said it would adopt CME Globex electronic trading hours.