



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MAY 18, 2007

NATURAL GAS MARKET NEWS

S&P on Thursday announced that it had put the Bank of Montreal on credit watch with negative implications, citing concerns with the company's risk management practices.

The Commerce Department on Friday announced that it did not revise factory order numbers for March or February figures which it had earlier reported as increases of 3.1% and 1.4% respectively.

California Governor Schwarzenegger on Friday rejected the application of BHP Billiton's proposed offshore LNG receiving terminal, Cabrillo Port, on the basis the project failed to meet environmental standards.

Natural Gas Intelligence reported today that despite speculation in the media, the Canadian government is in fact not interested in trying to rescue the stalled Mackenzie Valley Pipeline project by taking over ownership from the current sponsoring natural gas producer consortium.

PIPELINE MAINTENANCE

Northern Natural Gas announced it will be performing required pigging of the 12-inch delivery line to the LS Power Whitewater Power Station starting May 20th and ending May 23rd. The LS Power Station will be completely shut in during the work.

Canadian Gas Association

Weekly Storage Report

	11-May-07	04-May-07	12-May-06
East	78.9	70.4	114.1
West	51.0	50.8	137.9
Total	129.8	121.6	252.0

storage figures are in Bcf

Alliance Pipeline said that Unit #2 at the Blueberry Hill compressor station will be taken offline for six hours on May 22nd to perform routine maintenance. System throughput (AOS) will be not be affected but capacity at the Blueberry Station will be lowered to 11,617 e3m3 for May 22nd. The company also said that Unit #1 at Blueberry Hill will be taken offline for six hours on May 25th to perform routine maintenance. System throughput will not be affected but capacity at the station will be lowered to 11,617 e3m3. The company also reported that minor maintenance will require the Elsworth meter station to be offline for four hours on May 24th. Station capacity has been lowered to 2478 e3m3.

TransColorado restated its plan to perform maintenance at its Mancos Compressor Station on May 23rd. Capacity through Segment 250 (Dolores CS to Manco CS) will be limited to 397,000 Dth/d.

Generator Problems

NPCC - Constellation Energy took its 620 Mw Nine Mile 1 nuclear unit off line on Thursday to work on the turbine lube oil system. The unit was expected to be off line for up to a week.

OPG's 750 Mw Bruce Power #4 nuclear unit returned to service Friday. The unit had been off line since May 13th.

SERC - Progress Energy's 710 Mw Robinson #2 nuclear unit had reconnected to the grid and was at 82% of capacity this morning. The unit had been shut on May 15th due to an electrical issue.

ECAR - FirstEnergy's 1260 Mw Perry nuclear unit was up to 30% of capacity.

MAPP - The 538 Mw Prairie Island #1 nuclear unit remains offline, despite operators attempting to restart the unit on May 16th.

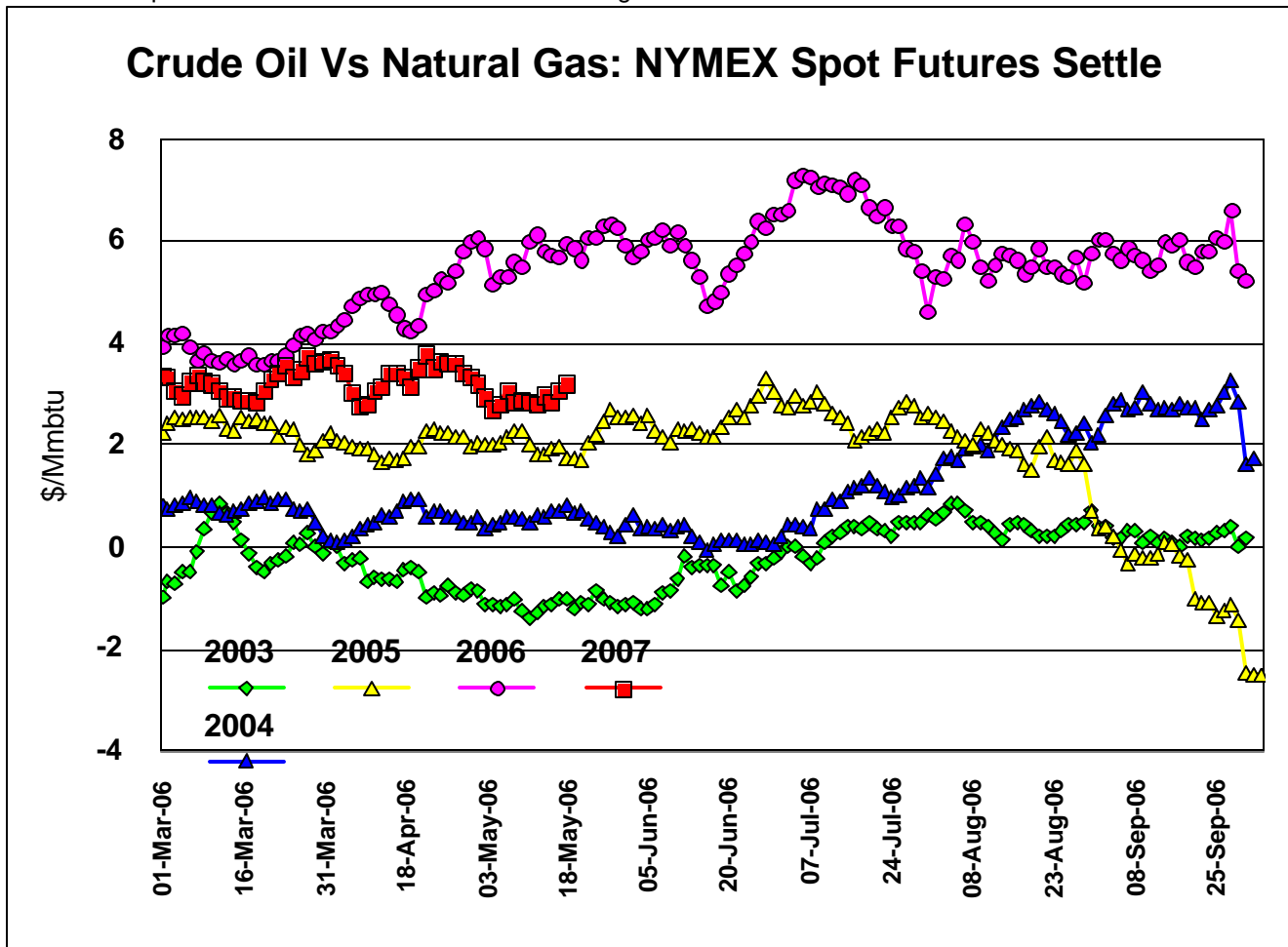
The NRC reported that 87,021 Mw of nuclear capacity is on line, up 0.34% from Thursday, and up 4.08% from a year ago.

El Paso Natural gas Pipeline said that due to fabrication problems on the Line 1300/1301, the outage has been extended through today. The capacity of the San Juan Crossover will remain at zero for Cycles 1 and 2 for May 18th. Barring any more unforeseen problems, the capacity was expected to be raised to 584 MMcf/d for Cycle 3.

PIPELINE RESTRICTIONS

PG&E California Gas Transmission called a system wide OFO for Saturday, May 19th due to expected high inventory levels.

Tennessee Gas Pipeline said that due to decreased nominations, the company would accept increases for nominations pathed from meters located on the Cartage Line Lateral



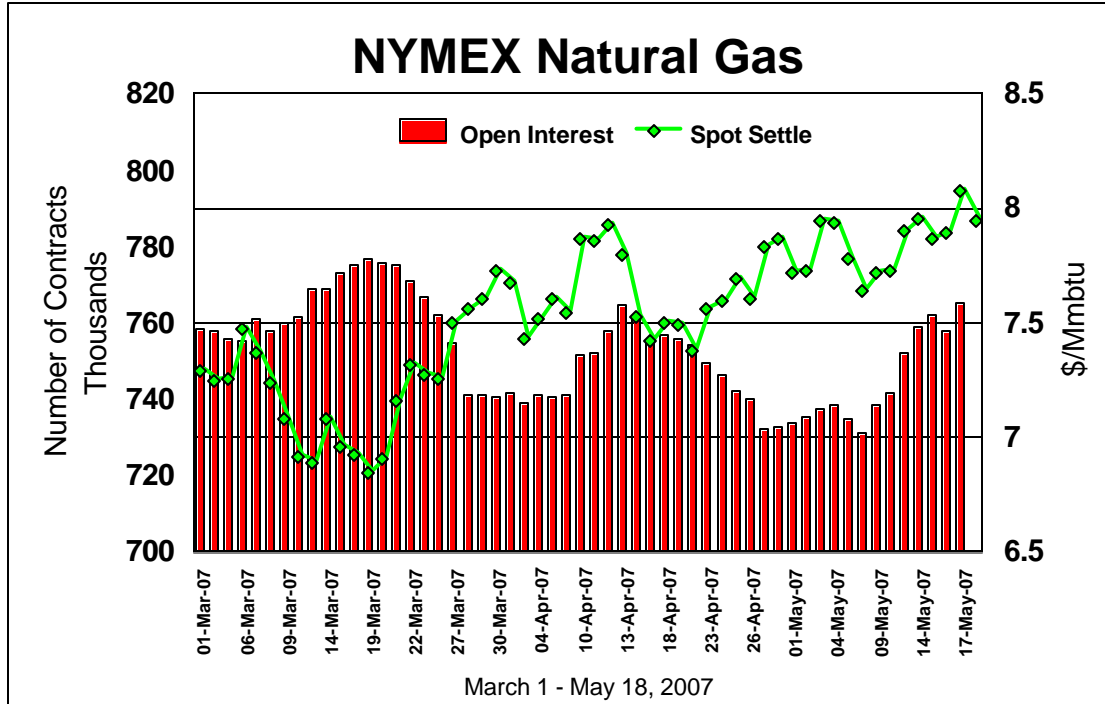
TransColorado Gas Transmission said that effective today and until further notice Segment 220, 250 and 310 are listed as IT/AOR/Secondary Art Risk.

Williston Basin Interstate Pipeline Company said that 01010 Northern Border-Manning has been lifted from pipeline Capacity Constraint effective Evening Cycle.

KMIGT reported that effective today and until further notice Segment 340 Ulysses, Segemnt 620-790 Rockport, Segment 773 (CO/KS to Herndon CS) and Segment 775 (Herndon to Solomon River) are at AOR/IT/Secondary at Risk.

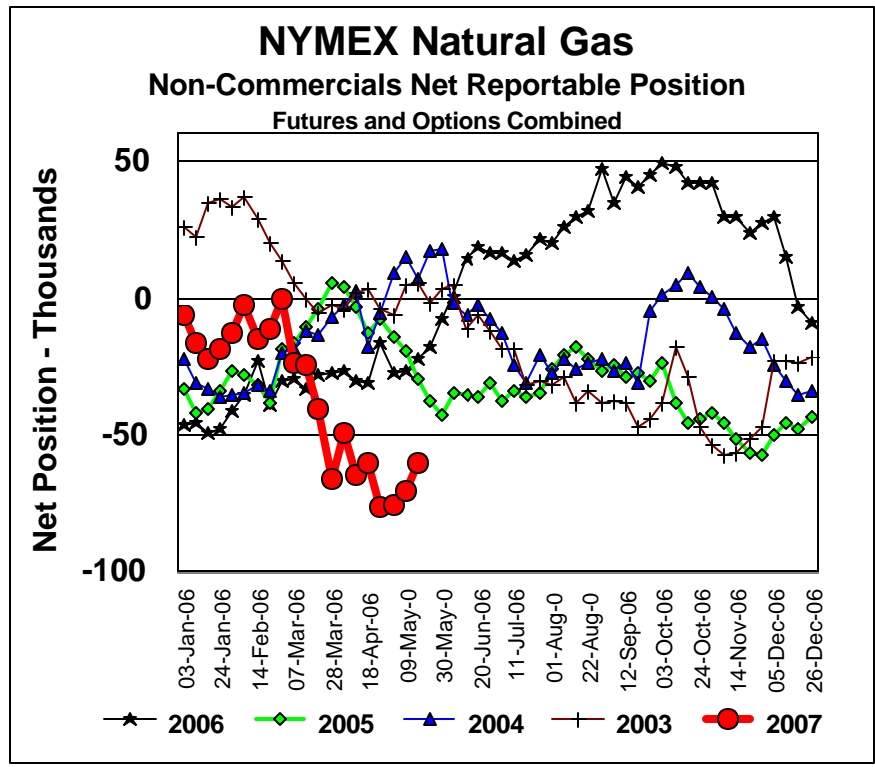
ELECTRIC MARKET NEWS

The FERC on Thursday for the first time relieved a utility of being required to buy power from qualified facilities. Under a new provision of law the FERC implemented the change saying utilities in organized markets, regional transmission organizations with competitive energy markets, could apply for relief with a



rebuttable presumption that QFs have the required market access. Duke Energy met that stipulation saying that the MISO was that kind of market, and as a result its utilities in Ohio, Indiana and Kentucky could be relieved of the purchase obligation. The FERC noted that no QFs in these territories objected to the request by Duke Energy.

The EIA reported that for the week ending May 12th, U.S. coal production reached 21.024 million tons, down 1.8% from the previous week and off 8% from the same time a year ago. Year to day production has reached 414.667 million tons off 2.8% from the same time a year ago.



The Connecticut state Attorney general blasted the FERC for denying his request to stay \$800 million in unnecessary federally imposed electricity charges while his office challenges the fees in court. Massachusetts has joined Connecticut in its appeal to the U.S. Cort of Appeals

MARKET COMMENTARY

NYMEX Natural Gas Options Most Active Strikes for May 18, 2007

Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LN	10	7	C	9	09/25/2007	0.8234	7,300	48.01
LN	11	7	C	12.5	10/26/2007	0.3776	6,800	50.52
LN	10	7	C	20	09/25/2007	0.0313	6,000	66.79
LN	10	7	C	8.5	09/25/2007	0.9984	5,700	46.20
LN	10	7	C	12	09/25/2007	0.3035	4,800	57.35
LN	6	7	P	7.5	05/25/2007	0.0294	4,565	46.14
LN	7	7	P	7	06/26/2007	0.0559	4,350	41.49
LN	6	7	P	7.75	05/25/2007	0.0874	4,190	46.37
LN	8	7	C	9	07/26/2007	0.3443	3,925	41.13
LN	9	7	C	12	08/28/2007	0.1454	3,850	53.46
LN	11	7	C	11.5	10/26/2007	0.4979	3,400	47.80
LN	11	7	C	13.5	10/26/2007	0.2953	3,300	53.08
LN	8	7	C	12	07/26/2007	0.0419	3,000	50.26
LN	8	7	C	9.25	07/26/2007	0.2831	3,000	41.83
LN	8	7	C	8.75	07/26/2007	0.4174	3,000	40.37
LN	10	7	C	10	09/25/2007	0.5651	3,000	51.04
LN	9	7	C	9	08/28/2007	0.5749	2,575	44.38
LN	3	8	C	10	02/26/2008	1.4768	2,484	37.56
LN	9	7	C	10.5	08/28/2007	0.2758	2,150	49.12
LN	8	7	C	8.5	07/26/2007	0.5039	2,100	39.51
LN	4	8	C	9	03/26/2008	0.7791	1,900	25.01
LN	11	7	P	6.5	10/26/2007	0.1482	1,750	48.52
LN	6	7	P	8	05/25/2007	0.1994	1,585	46.99
LN	10	7	C	8	09/25/2007	1.2224	1,500	44.62
LN	6	7	C	9	05/25/2007	0.0027	1,375	49.06
LN	8	7	C	9.5	07/26/2007	0.2351	1,250	42.71
LN	5	8	P	7	04/25/2008	0.3973	1,000	37.72
LN	10	8	P	7	09/25/2008	0.5501	1,000	42.21
LN	1	8	P	9	12/26/2007	0.8234	950	50.51
LN	1	8	P	10	12/26/2007	1.3341	950	52.63
LN	3	8	C	9	02/26/2008	1.8522	950	32.57
ON	6	7	C	9	05/25/2007	0.003	900	50.14
LN	6	7	P	8.1	05/25/2007	0.2615	875	47.66
LN	9	7	P	8	08/28/2007	0.6497	875	52.15
LN	3	8	P	9	02/26/2008	1.0718	850	52.41
LN	4	8	C	10	03/26/2008	0.5311	850	28.22
LN	6	7	P	8.05	05/25/2007	0.2293	850	47.30
LN	11	7	C	11	10/26/2007	0.579	846	46.38
LN	5	8	C	10	04/25/2008	0.4812	800	26.26
LN	6	8	C	10	05/27/2008	0.5388	800	25.39
LN	7	8	C	10	06/25/2008	0.6068	800	24.86
LN	8	8	C	10	07/28/2008	0.6883	800	24.71
LN	9	8	C	10	08/26/2008	0.7781	800	25.23
LN	10	8	C	10	09/25/2008	0.9172	800	26.19

As oil prices soared higher this morning natural gas values moved higher as well taking out resistance at \$8.137 and moved higher until running into resistance at 8.21-\$8.22. The market though stalled up at this area and as oil prices began to retreat natural gas values moved onto the defensive and drifted lower through the late morning and afternoon settling back below \$8.00 once again.

Open interest reported at mid day showed that Thursday's price spike higher once again seemed to be driven by new longs coming into the market as open interest jumped by 7441, this was the sixth daily increase out of the last seven trading sessions. This afternoon's Commitment of Traders Report also provided bears with a warning signal as non-commercials began to reduce their seasonally record their net short position in natural gas for the second consecutive week. This trend if continues over the next few weeks could prevent any price declines in natural gas significantly restricted. Weather forecasters this afternoon continue to be watching the Canadian and European forecasting models which continue to show the potential for some form of tropical development in the western Caribbean and up into the USG in 10-15 day time period.

We would for support next week to start at \$7.902,

followed by \$7.835 with major support Monday at \$7.67. Additional support we see at \$7.597, \$7.451 and \$7.387. Resistance we see at \$8.109, \$8.22, \$8.329 and \$8.438.

