



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta &
Zachariah Yurch

(212) 624-1132 (888) 885-6100

www.e-windham.com

POWER MARKET REPORT FOR MAY 19, 2006

NATURAL GAS MARKET NEWS

The U.S. House of Representatives voted yesterday to keep the congressional ban on natural gas drilling in most federal offshore waters that start just a few miles from state coastlines. The full House voted 217-203 to reverse last week's move by the House Appropriations Committee to include language in the \$26 billion interior and environment-spending bill that would have ended the congressional ban on gas drilling in federal waters.

Baker Hughes reported that the number of rigs searching for oil and gas in the U.S. rose 12 to 1,639 in the week ending May 19. The number of rigs searching for oil in the U.S. rose one to 260, while the number of rigs searching for gas rose 11 to 1,378.

Dominion Transmission announced that it plans to hold an open season for the Dominion Hub Project, which would receive new natural gas supplies expected from the western United States, store them, and deliver the natural gas throughout the Northeast and Mid-Atlantic states. Dominion will be conducting a transportation non-binding open season beginning May 23 and ending June 27, with a targeted in-service date of November 2009. In addition, the open season will solicit interest in 18 million dekatherms of storage capacity with 300,000 dekatherms per day of deliverability.

EnergySouth's Bay Gas Storage unit will provide natural gas storage services to Progress Energy's Florida utility under a multiyear agreement. Service is expected to begin by the summer of 2007 as Bay Gas completes a major expansion of its facilities. Bay Gas is currently developing a third cavern and associated surface facilities that will double the company's existing natural gas storage capacity, to 11 Bcf.

PIPELINE RESTRICTIONS

East Tennessee Natural Gas said that East Tennessee is entering a critical outage period this weekend and into next week. ETNG will be executing pipeline outages between Ridgetop and Dixon Springs, and between Boyd's Creek and Flatwoods. Additionally, with the impending long holiday weekend approaching, coupled with the planned outages at Ridgetop and Boyd's Creek, ETNG has limited operational flexibility to manage imbalances.

Generator Problems

ECAR— Consumers Energy's 798 Mw Palisades nuclear unit increased output to 50% capacity. The unit was operating at 37% yesterday.

FRCC— FPL's 760 Mw Turkey Point #4 nuclear unit shut from full power for short-term maintenance. Turkey Point #3 remains at full power.

MAIN— Exelon Generation's 1,162 Mw LaSalle #1 nuclear unit decreased output to 64% capacity. Yesterday, the unit was operating at full power.

NPCC— Entergy's 956 Mw Indian Point #2 nuclear unit restarted and is warming up offline at 1% capacity. Indian Point #3 continues to operate at full power.

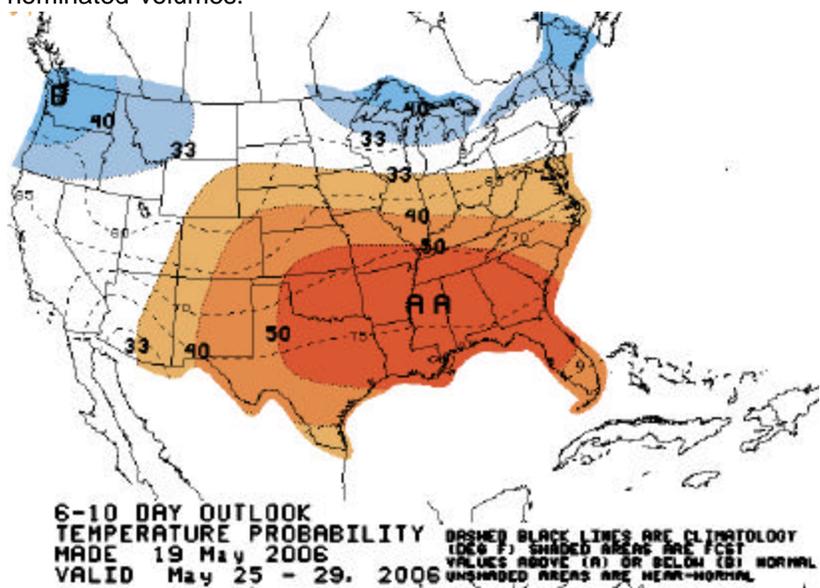
Entergy's 535 Mw Vermont Yankee nuclear unit increased to 94% capacity by early this morning. Yesterday, the unit was operating at 80% capacity.

SERC— Progress Energy's 900 Mw Harris nuclear unit shut by early today. Yesterday, the unit was operating at 30% capacity.

The Tennessee Valley Authority's 1,125 Mw Sequoyah #1 nuclear unit returned to full power today. Yesterday, the unit was operating at 94% capacity. Sequoyah #2 continues to operate at full power.

The NRC reported that U.S. nuclear generating capacity was at 83,607 Mw down 1.21% from Thursday and down 2.89% from a year ago.

ETNG requires that shippers schedule their contracts balanced, and point operators perform according to nominated volumes.



Kern River Pipeline said that Line pack is high on the North end of the system. Line pack from Goodsprings to the end of the system is normal. Shippers are asked not to bank or draft gas from the system.

Texas Eastern Transmission said that on May 23, it will remove the Joaquin compressor station from service for three days for an unplanned outage. During this outage, a restriction of receipts between Joaquin and Longview will be required. The outage will last through May 25.

PIPELINE MAINTENCE

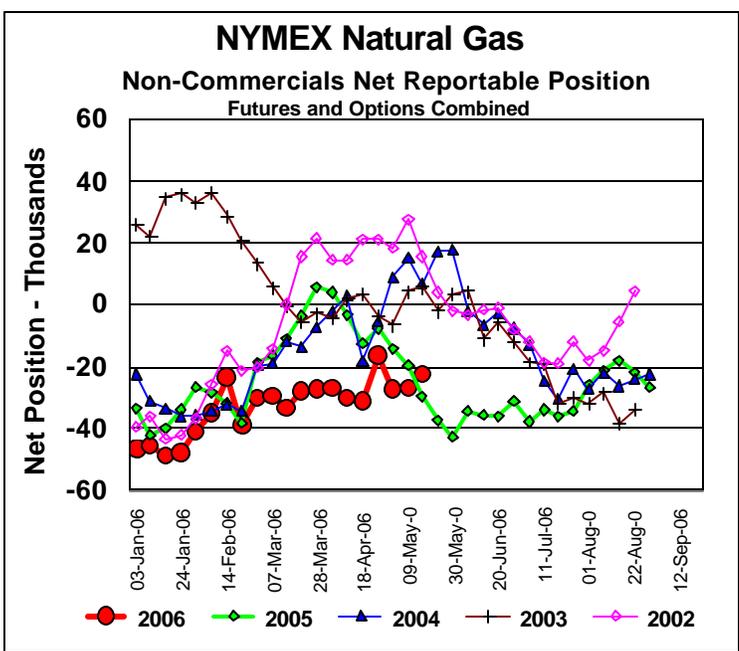
Alliance Pipeline said that the Blueberry Hill Compression Station Unit #1 is undergoing repairs from the mechanical difficulties it experienced on May 4. This unit is anticipated to be back in service today. Capacity at Constraint Point #2 (Blueberry Station) will remain at 418.5 MMcf/d until the unit is back on line. The Blueberry Hill Compressor is located in British Columbia.

Gulf South Pipeline said that Gulf South will be performing scheduled maintenance at Discovery Gas Transmission interconnect beginning May 23 at 9:00 AM ET continuing for approximately eight hours.

Panhandle Eastern Pipe Line Company said that there will be an outage on the Houstonia 400 line from Houstonia Station to Gate Valve 402 for anomaly repairs beginning June 12. Expected duration is four days. During this outage, the capacity through Houstonia will be limited to 1,155 MMcf/d. This scheduled project is part of an ongoing integrity program conducted by Panhandle.

Trailblazer Pipeline Company said that from June 20-22 it will perform maintenance on Station 602 Unit #2 in Lincoln County, Nebraska. Trailblazer does not anticipate any impact to scheduling for this work.

Williston Basin Interstate Pipeline Company said that maintenance at the Billy Creek Compressor Station planned for May 23 may potentially affect delivery point ID 05800 WBI – Aggregate Storage (Inject). At this time, Williston does not anticipate any restriction to the system. Williston also said that due to maintenance at the Little Beaver Compressor Station, Point ID 04018 Baker Area Mainline and Point ID 04015 Baker Area Grasslands Mainline will be affected by approximately 2.2 MMcf/d. Williston finally said that due to maintenance at the Lovell Compressor Station planned for June 12, maximum capacity through the Lovell Compressor Station will be



approximately 35 MMcf. This has the potential to affect receipts in Line Section 19 and 20 depending on nominations.

ELECTRIC MARKET NEWS

Texas utility TXU Corp.'s chief executive said the company was looking to sell the "lion's share" of its gas-fired power plants. CEO John Wilder said on a conference call with members of the media that the company was already "engaged with a variety of potential buyers" for the plants.

MARKET COMMENTARY

The natural gas market opened 5.7 cents lower to start a quiet Friday session that saw prices troll through modestly negative territory under 6.00 as the market continued to feel its bearish fundamental situation, and continued pressure from a weakening crude market. June natural gas traded to a low of 5.88, as the 5.85 level continues to hold. A brief short covering rally ahead of the weekend raised prices to 6.08, but with the weakening petroleum market, natural gas again fell below 6.00, to settle at 5.962, down 3.5 cents.

Today's session witnessed a lot of traders unwinding of front-to-back spreads, which propped up front months, while adding to the pressure in winter contracts. The October through January contracts returned between 19 and 21 cents on the day, with only January holding over \$10.00. With some warm temperatures making their way into the southern half of the country, we feel that cash markets will get a boost from the added load demand, which will ultimately slow natural gas' slide, and reinforce the support levels that exist at 5.85 and 5.71. The Commitments of Traders report showed that non-commercial traders reduced their net short futures position by 2,781 contracts, and that they reduced their net short combined futures and options position by 4,606 contracts. We see support at \$5.85, \$5.76, and \$5.70-\$5.71. We see resistance at \$6.30, \$6.50, \$7.00 and \$7.12. We see further resistance at \$7.20, \$7.47-\$7.52 and \$8.00.