



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JULY 13, 2007

NATURAL GAS MARKET NEWS

Problems with Norwegian natural gas exports to Britain continued today, as National Grid reported that inflows through the Langeled pipeline stood at 8.87 Million cubic meters, a fraction of full capacity. At the same time Britain's CATS gas import pipeline system has continued to limp along preventing a significant amount of gas from reaching the network at a time that demand for gas has been higher than normal. National Grid estimated that gas demand at more than 19 mcm more than the seasonal norm and the system was net short by 1.2 mcm.

The LNG tanker Berge Arzew reportedly is expected to arrive at the U.K.'s Isle of Grain LNG terminal on July 16th. This would be the first LNG cargo to arrive at the terminal since March 21st.

AccuWeather this morning warned that the potential for a 2-3 week heat wave coupled with high humidity levels is possible for the mid section of the country into the Mid-Atlantic states is possible for the last 10 days of July and into much of August.

One private weather forecaster this morning noted that while all computer models currently are ruling out any tropical develop into the middle of next week, he did note that the tropical Atlantic is entering a period of upward storm motion, thus improving the chances of storm development. He also noted that for the third day in a row the long range GFS model is forecasting increasing moisture in the tropics in about 10-15 days (July 23-July 28th). The GFS model is even calling for the development of a tropical system in the far eastern Atlantic around July 26th.

An amendment to the latest Coast Guard authorization bill in Congress currently, has offered states that no LNG import terminal can be approved unless the head of the Department of Homeland Security "certifies that the Coast Guard sector in which the terminal is located has all the assets it needs to provide waterside security around the terminal and to provide security around tankers transporting LNG in security zones established by the Coast Guard."

PIPELINE RESTRICTIONS

FGT said it has extended its Overage Alert Day notice due to continued warm temperatures in its service territory. The Overage Alert Day tolerance was set at 20%.

PIPELINE MAINTENANCE

Generator Problems

MISO – NIPSCO has restarted two of its four coal units that had tripped off line on Tuesday at its R.M. Schahfer generating Station. A third unit which was in restart early Friday, experienced a tube leak will possibly be restarted later in the day. The four units had a combined generating capacity of 1600 mw.

ERCOT The coal fired Limestone Electric Generating Station #1 unit was taken off line this morning due to a tube leak.

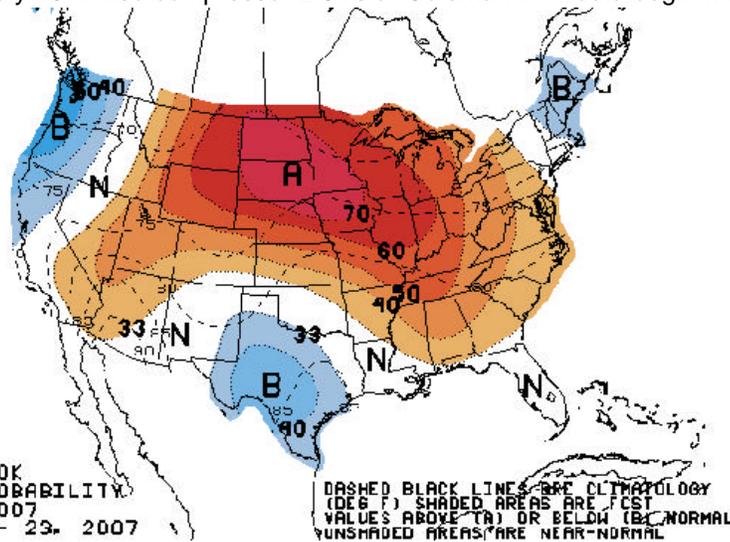
NPCC – Entergy's 684 Mw Pilgrim nuclear unit was restarted early Friday. The unit had tripped off line Tuesday evening.

OPG's 494 Mw Lambton #4 coal fired power unit was shut Friday reportedly for short term maintenance.

Mirant's 682 Mw Pittsburg natural gas fired Unit #7 was taken off line on Thursday afternoon for planned work.

The NRC reported that 95,585 Mw of nuclear capacity is on line, up 0.02% from Thursday, but off 0.83% from a year ago.

Questar Pipeline reported compressor maintenance at DOTs would begin on Coleman#2 on Monday July 16th and last through July 19th. Also compressor DOTs at Coleman #1 would begin Monday and last for three weeks.

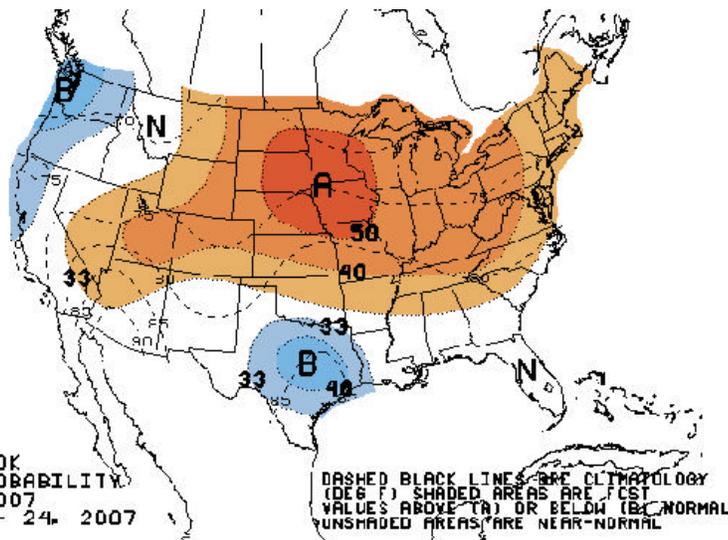


Northwest Pipeline said that it is performing anomaly investigations between the Pleasant View and Laplata B Compressor Station beginning July 13th and lasting until September 7, for all days except Sundays. Primary firm nomination requests flowing south through Pleasant View compressor station currently exceed the available capacity of 318,000 Dth/d. As a result the pipeline company has given notice of a Declared Deficiency period beginning

today. The daily deficiency volume is 34,446 Dth/d.

CGT said that pigging work on its mainline between Banner and Corinth has been completed.

ANR Pipeline said that due to another crankcase failure it has begun unplanned maintenance at its Sandwich CS. The company expects only Firm Primary nominations will be scheduled through Sandwich east-CFTP location. Restrictions are expected to last until July 16th.



ELECTRIC MARKET NEWS

Genscape estimated that U.S. power plants burned nearly 11.8 million tons of coal for the week ending July 12th, up 4.3% from the previous week. This was some 8% higher than the same week a year ago.

AEP announced that it has begun operating the first of several planned natural gas fired turbines to supply power during peak demand periods.

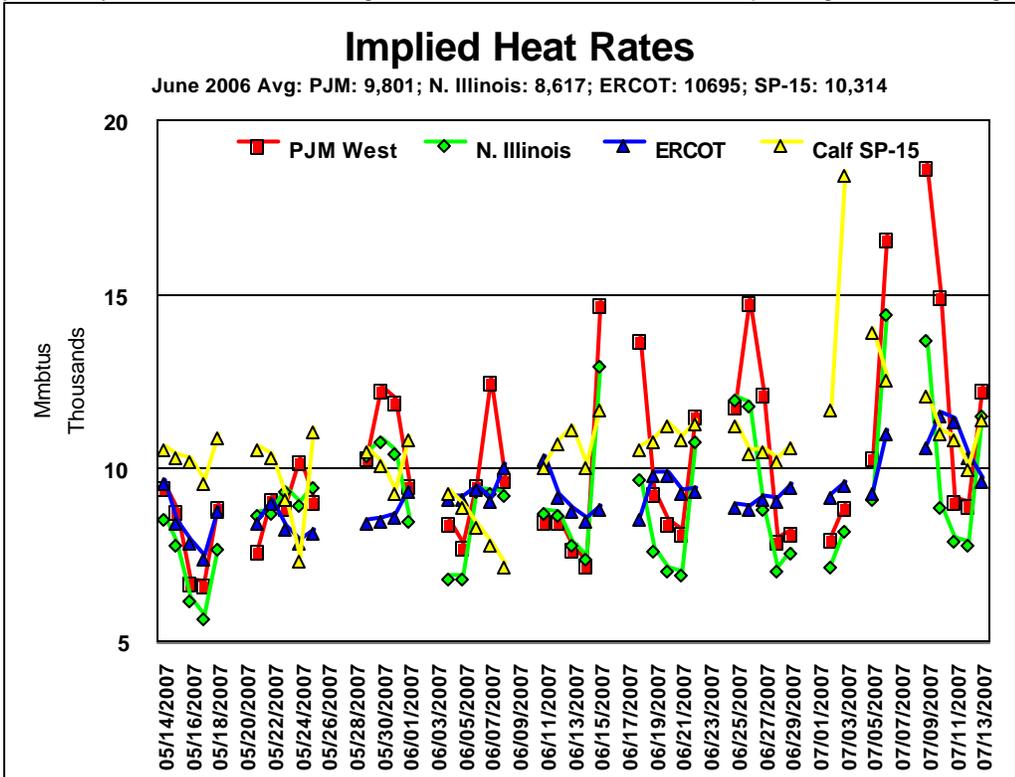
Two simple cycle, combustion turbines, with a combined 150 Mw have begun operating at the Harry D. Mattison Power Plant in Tontitown, Arkansas.

The Northwest Power and Conservation Council said this week that while the Northwest U.S. has a surplus of 4000 Mw of generation and is unlikely to face shortages this summer, the price of electricity though appears will remain high. The bulk of the surplus of the power available, some 3000 Mw, is controlled by independent power producers.

MARKET COMMENTARY

The natural gas market continued to follow its trading pattern this week of Dr. Jekyll and Mr. Hyde. The bulls replaced the dominance of the bears from yesterday as yet another weather forecast change prompted the bulls

to return to the market. The talk of not only warmer than normal temperatures over much of the Midwest and the central and northeastern U.S. over the next 6-14 days, the call for a significant heat wave for the Midwest in to the Mid-Atlantic for the final 10 days of July and into the beginning of August by AccuWeather's lead forecaster this morning helped to keep this market in positive territory for the whole day. The market received an additional boost at midday as yesterday's high was breached allowing prices to move over \$6.70 some 45 cents over yesterday's lows, before settling at \$6.662, with the front month posting the best the gains on the day.



We continue to be modestly supportive on this market, especially as oil values continue to grind higher. We look for resistance Monday to be found at \$6.75-\$6.77, \$6.85, \$6.88 and \$7.01. More distant resistance we see at \$7.226 and \$7.444. Support we see at \$6.547 followed by \$6.418, and \$6.30. More dist support we see at