



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JULY 20, 2006

NATURAL GAS MARKET NEWS

Cheniere Energy Inc. on Thursday received FERC approval to begin site preparation that would expand the send-out capacity of its Sabine Pass, LA liquefied natural gas (LNG) receiving terminal to 4 Bcf/d from 2.6 Bcf/d.

Alaska officials warned yesterday that a ballot proposition appearing on the November state election ballot imposing a natural gas reserves tax would ruin the economics of a proposed \$25 billion natural gas pipeline and chill exploration for oil and gas throughout the state.

The National Hurricane Center said as Tropical Storm Beryl moves northward with little change in strength, a Tropical Storm warning is in effect for southeastern Massachusetts from Plymouth to Woods Hole, including Cape Cod, Nantucket and Martha's Vineyard.

EIA Weekly Report

	07/14/2006	07/07/2006	Net chg	Last Year
Producing Region	870	864	6	731
Consuming East	1509	1464	45	1244
Consuming West	384	376	8	363
Total US	2763	2704	59	2336

*storage figures in Bcf

Elberta to the end of facilities.

Texas Eastern Transmission said that it has restricted and sealed receipts sourced between Little Rock and Fagus. No increases in receipts sourced between Little Rock and Fagus for delivery outside that area will be accepted. Tetco also scheduled and sealed receipts sourced between Little Rock and St. Francisville for deliveries downstream of St. Francisville. No increases in receipts sourced between Little Rock and St. Francisville for delivery outside that area will be accepted.

Transcontinental Gas Pipe Line said that until further notice it will not be accepting nominations at Lacy TETCO due to operating pressures between the pipelines. Both pipelines are currently working to resolve these operational issues.

PIPELINE MAINTENANCE

ANR Pipeline Company said that due to an unplanned engine outage, ANR will begin compressor station maintenance at its Lake Arthur Compressor Station located in Louisiana in the Southeast Area Fuel Segment

Generator Problems

ECAR— DTE's 1,139 Mw Fermi #2 nuclear unit restarted and is warming up offline at 3% capacity. The unit was taken offline July 8-9 to install a transformer at the site.

MAAC— AmerGen's 636 Mw Oyster Creek nuclear unit increased output to full power.

The NRC reported that U.S. nuclear generating capacity was at 96,547 Mw up .13% from Wednesday and down .57% from a year ago.

PIPELINE RESTRICTIONS

Algonquin Gas Transmission said Tennessee Gas Mahwah has been scheduled to capacity on its system.

Kern River Pipeline said that line pack is posted as normal on the north end of the system and low from

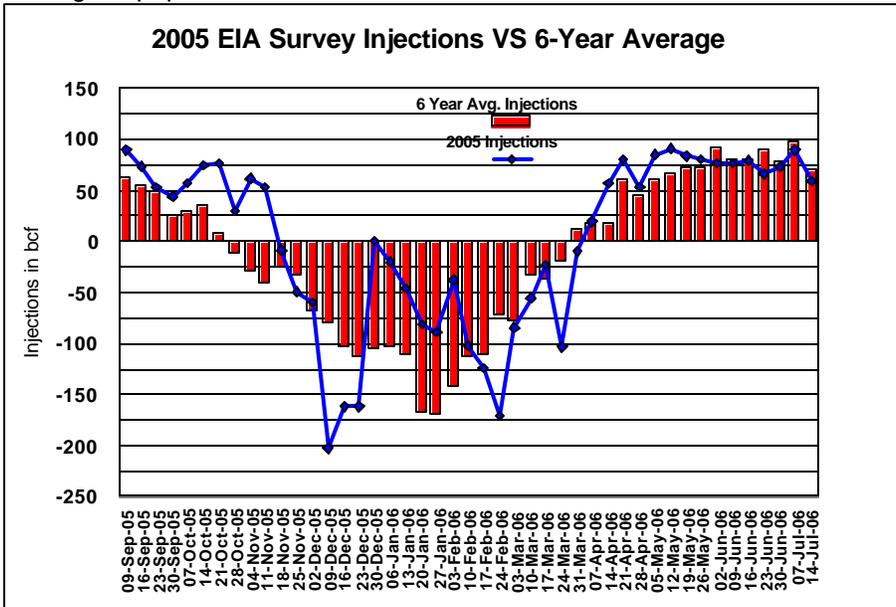
Canadian Gas Association

Weekly Storage Report

	14-Jul-06	07-Jul-06	15-Jul-05
East	186.7	179.5	152.6
West	181.3	176.7	189.4
Total	368.0	356.2	342.0

storage figures are in Bcf

(SE), which will reduce the total Cameron Meadows capacity. Capacity will be reduced by 30 MMcf/d (leaving 105 MMcf/d available) effective immediately through July 21. Based on current nominations through Cameron Meadows, it is anticipated that the above reductions may result in the curtailment of IT, firm secondary and firm catalog receipt points in the affected area.



Gulf South Pipeline said that it will be performing scheduled maintenance at Kiln Compressor Station on Unit #1 beginning at 4:00 AM CT on July 31, and continue for approximately five hours. Capacity through Kiln Compressor Station, with this maintenance, could be reduced by as much as 100 MMcf/d.

Williston Basin Interstate Pipeline Company said that unplanned maintenance will be performed at the Cabin Creek Compressor Station between July 20 and July 28. At this time, Williston Basin does not anticipate any restriction to the system. Williston also said

it has extended the unplanned maintenance at the Elk Basin Compressor Station on the dehy system to July 21. Based upon current volumes, we are not anticipating restrictions.

ELECTRIC MARKET NEWS

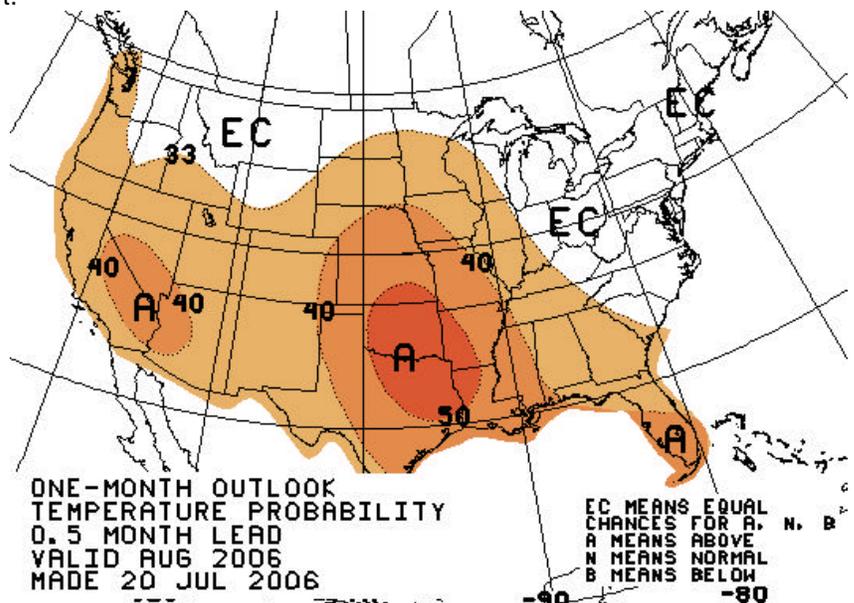
With seven North American electricity markets seeing record demand this week, including New England, New York, PJM, Midwest ISO, California, ERCOT, and Ontario, the FERC said the U.S. power grid faced its greatest test since the blackout of August 2003, and passed.

PECO crews restored power to more than 300,000 customers in southeast Pennsylvania left without electricity after Tuesday night's violent storms, but 80,000 customers were still without service. PECO, a subsidiary of Exelon Corp. said about 2,000 PECO employees and outside contractors from as far away as Florida were helping with the multi-day restoration effort.

A half-million Ameren Corp. customers across Illinois and Missouri were left without power today due to a violent storm. Damage was most significant in St. Louis, as well as in the city's surrounding county and metro east regions in Illinois.

Tennessee Valley Authority expects the demand for power in its seven-state service area to break the record set on Tuesday by a couple hundred megawatts. TVA set an all-time peak demand of 32,037 Mw late Tuesday afternoon, when the average temperature across the Tennessee Valley reached 97 F.

The FERC conditionally accepted a



proposal that will provide up to 600 Mw of transmission capacity between Alberta, Canada, and Great Falls, Montana. Merchant transmission projects can play a useful role in expanding competitive generation alternatives for customers and meeting reliability needs.

MARKET COMMENTARY

The natural gas market opened 11.3 cents higher in anticipation of a supportive EIA storage figure. The EIA reported that 59 Bcf was injected into storage, slightly below expectations, and the supportive trend of the five-year average surplus continued to decline to 562 Bcf from 581 Bcf, natural gas climbed up the charts, finding a high of 6.23. The front month was unable to back fill the gap from Monday's lower opening up to 6.29, and prices sank back towards the 6.00 level before settling at 6.091, up 22.9 cents.

Total storage now stands at 2,763 Bcf, 427 Bcf over last year at this time and 562 Bcf above the five-year average, which though we are finally seeing some heat to keep prices off the lows, will keep a lid serious upside momentum. Cash prices remained over futures most of the session, adding a boost to front month futures, though the market's inability to back fill the gap and selling pressure at the 6.20 level suggests that bears still remain in control. As temperatures are forecast to be warm through the month of August, that will limit downside momentum to an extent. We feel that prices will chop between 5.50-6.50 for the remainder of the summer. We see support at \$5.96, \$5.82, \$5.50 and \$5.40. We see resistance at \$6.23, \$6.29, \$6.45, \$6.89 and \$7.12.