



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR AUGUST 3, 2006

NATURAL GAS MARKET NEWS

The National Hurricane Center reported that Tropical Storm has weakened to sustained winds of about 35-40 mph. The trajectory of the system continues to put it in the Gulf by the beginning of next week and with conditions there favorable for tropical development.

Forecasters at Colorado State University said the 2006 hurricane season will be marked by above average activity but won't be as intense as earlier predicted or as powerful as the record 2005 season. The forecasters now expect 15 tropical storms this season, with seven becoming hurricanes and three becoming intense hurricanes of Category 3 or above, meaning they pack winds of 111 miles per hour or more. In May, the forecasters predicted 17 named storms, nine hurricanes and five intense hurricanes.

Generator Problems

ECAR— Entergy's 1,020 Mw Cook #1 nuclear unit ramped up to 7% capacity today. The unit was taken offline over the weekend when it became too hot in the containment compartment. Cook #2 continues to operate at full power.

ERCOT—South Texas Nuclear Operating Company reduced out put at its South Texas #2 unit, operating the unit at 98% capacity. South Texas #1 remains at full power.

MAIN— Exelon Generation's Quad Cities #1 and #2 increased output to 100% and 99% respectively.

The NRC reported that U.S. nuclear generating capacity was at 95,059 Mw up .85% from Wednesday and down 2.17% from a year ago.

EIA Weekly Report

	07/28/2006	07/21/2006	Net chg	Last Year
Producing Region	847	850	-3	727
Consuming East	1555	1525	30	1321
Consuming West	373	381	-8	367
Total US	2775	2756	19	2415

*storage figures in Bcf

The NYMEX announced today that it will offer its physically delivered energy futures contracts on the CME Globex electronic trading platform during its regular open outcry trading hours, beginning September 4 for trade date September 5. The contracts will trade side by side in conjunction with NYMEX trading floor hours and they will be fungible with the floor traded NYMEX energy contracts. The contracts include crude oil, natural gas, heating oil,

gasoline and RBOB. The contracts on Globex will be listed for the full curve, or all months corresponding with the underlying full-sized futures contract and will be available for trading from 6:00 PM ET Sundays through 5:15 PM ET Fridays, with a 45-minute break each day between 5:15 PM ET and 6:00 PM ET.

One of the biggest New York hedge funds trading natural gas futures, MotherRock, is shutting down after suffering big losses in the natural gas market in June and July. MotherRock, which at its peak in May managed about \$430 million in assets was formed in early 2005 by former New York Mercantile Exchange President J. Robert "Bo" Collins.

PIPELINE RESTRICTIONS

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

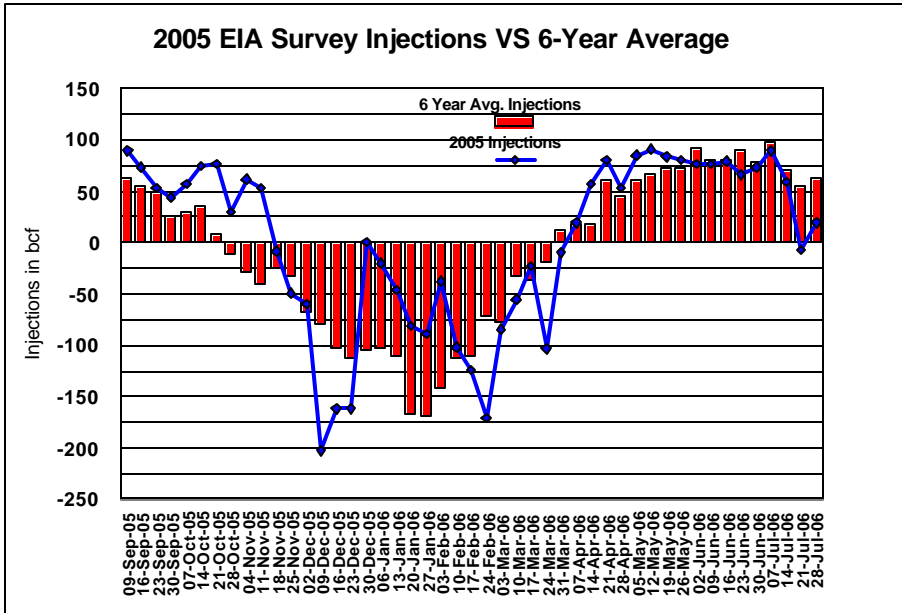
Canadian Gas Association

Weekly Storage Report

	28-Jul-06	21-Jul-06	29-Jul-05
East	192.7	189.4	163.9
West	185.4	185.1	192.4
Total	378.0	374.5	356.3

storage figures are in Bcf

East Tennessee Natural Gas said that it has sealed nominations flowing through the Bristol compressor station (station 3309). No increases sourced west of Bristol for delivery east of Bristol will be accepted.



Florida Gas Transmission said that due to hot temperatures, it is issuing an Overage Alert Day at 15% tolerance.

Kern River Pipeline said line pack is high over the entire system. Kern River requests that all operators and shippers be on rate. Due to the up coming one day Opal shutdown, Kern River does not want any drafting or banking.

PIPELINE MAINTENANCE

Natural Gas Pipeline Company said on August 15-16, it will be making new taps on the Carthage Prospect Lateral System in Panola County, Texas.

This is a lateral on Natural's Segment 26 in the Texok Zone.

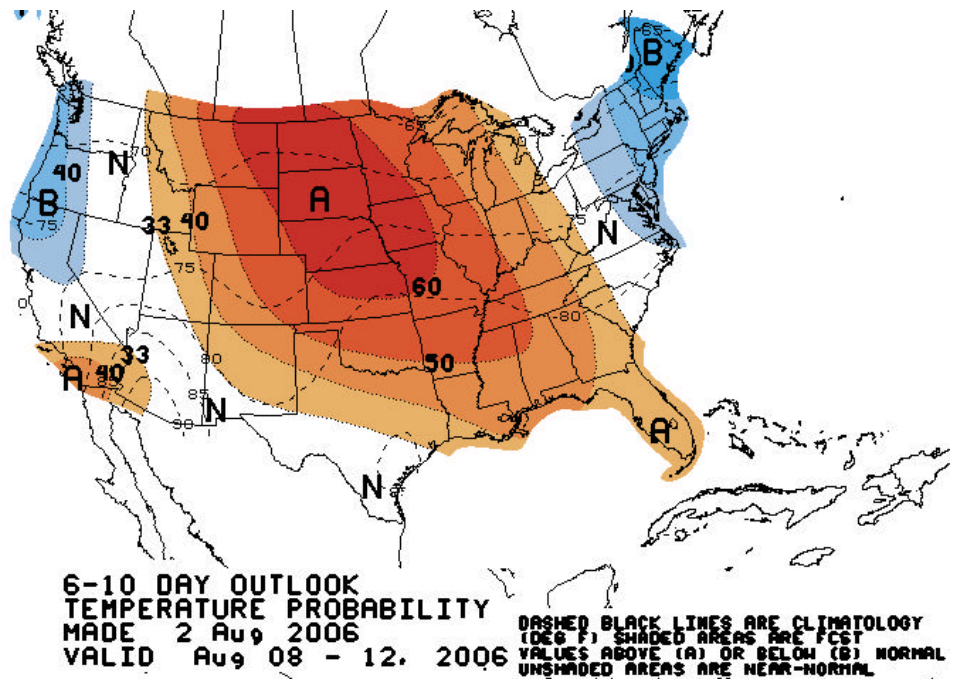
Texas Eastern Transmission said that the schedule for the in-line inspection project between Crooksville and Sarahsville that was scheduled to occur between August 3 and August 5 has changed. The project is now scheduled for August 5 through August 7. As a result of the on-going DOT Pipeline Integrity project, line 3 on the discharge side of Sarahsville compressor station has been removed from service effective immediately for numerous pipeline investigations. Line 3 is currently scheduled to be out of service through August 31. During the outage, the following meter stations are out of service and unavailable for gas flow: 70004 Dominion Transmission, Clarington, Ohio; and 74040 East Ohio Gas, Clarington, Ohio.

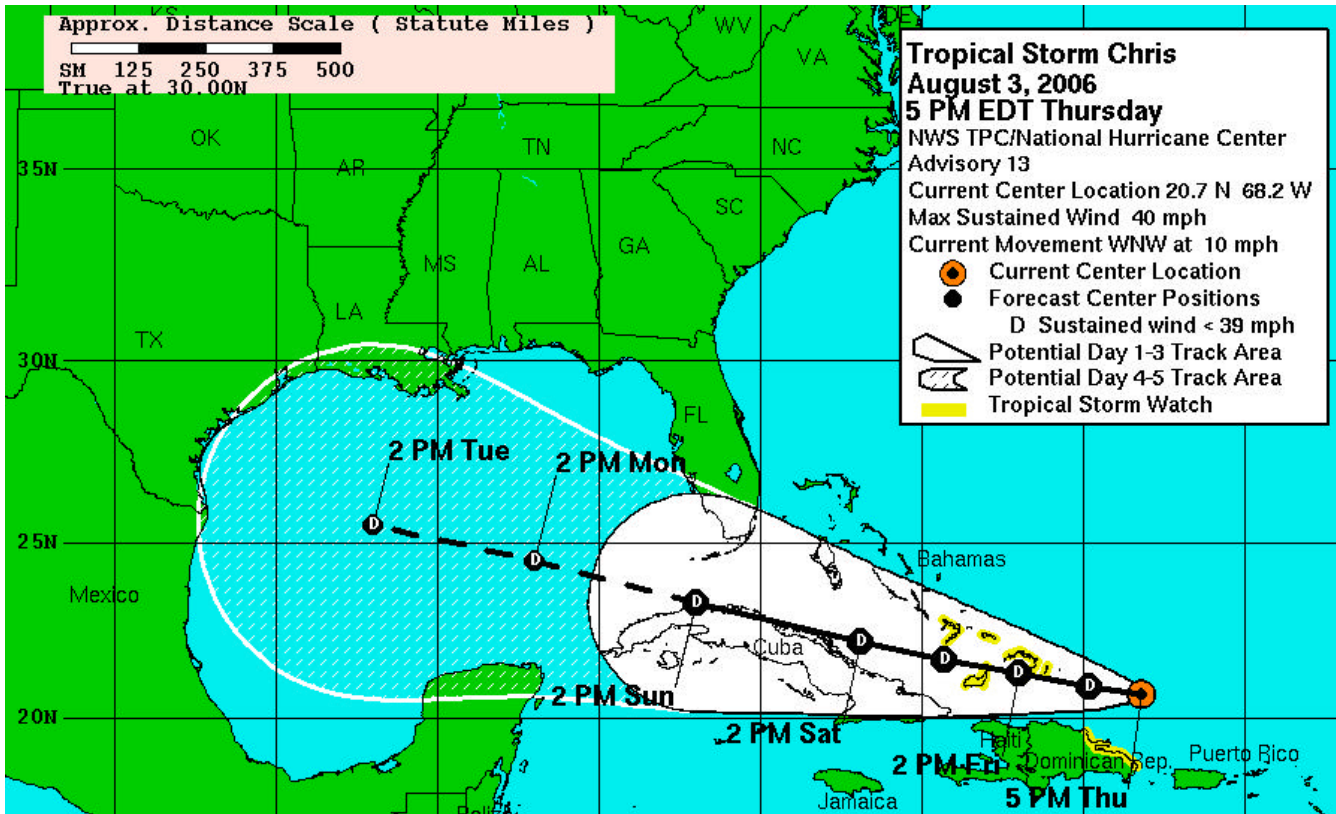
ELECTRIC MARKET NEWS

The PJM Interconnection successfully met another new peak demand record for electricity use the second record in two days and the third for the summer. The new record demand of 144,796 Mw occurred yesterday at 5 PM ET. PJM's previous record demand of 144,000 Mw was set Tuesday.

MARKET COMMENTARY

The natural gas market opened 44 cents lower due to forecasts calling for Tropical Storm Chris to weaken. The EIA storage report showed that 19 Bcf was injected into the ground, a figure that is just slightly on the upper end of expectations. The market initially sold off to a low of 7.23, where it found support and trended higher to a day's high of 7.54 by midday. The afternoon saw prices slide back toward the lows and settling down .507 at 7.292.





Total stocks now stand at 2,775 Bcf, 360 Bcf higher than last year at this time and 447 Bcf above the 5-year average. The 5-year on year surplus continues to decline, and early forecasts for next week are calling for a supportive report. With mother nature calming down for the time being, cash prices have cooled and we expect to see the front month chop around in the low to mid 7.00 range. We see support at \$7.26, \$7.00 and \$6.95. We see further support at \$6.75 and \$6.50. We see resistance at \$7.54, \$7.95, \$8.25, \$8.62 and \$9.00.

NYMEX Most Active Natural Gas Options for August 3, 2006									
Contract	Month	Year	Call/Put	Strike	Exp Date	Settle	Prev Settle	Volume	IV
ON	10	6	P	6	09/26/2006	0.277	0.282	9425	80.971
LN	10	6	P	6	09/26/2006	0.2765	0.2818	6225	83.028
LN	9	6	P	6	08/28/2006	0.092	0.1305	5910	72.194
ON	9	6	P	6	08/28/2006	0.092	0.131	4547	70.906
LN	4	7	C	9	03/27/2007	1.1343	1.2829	4335	37.736
LN	5	7	C	9	04/25/2007	1.0588	1.1756	4235	35.544
ON	1	7	P	7	12/26/2006	0.206	0.227	4200	64.359
LN	9	6	P	6.25	08/28/2006	0.1543	0.1812	4100	74.943
LN	11	6	P	6	10/26/2006	0.1616	0.1696	3500	77.683
LN	11	6	P	8	10/26/2006	0.7506	0.7145	2625	79.437
LN	11	6	C	11	10/26/2006	0.7842	1.044	2450	78.399
LN	9	6	P	6.75	08/28/2006	0.3422	0.3333	2050	80.452
ON	4	7	C	12	03/27/2007	0.494	0.602	2000	51.045
ON	9	7	C	15	08/28/2007	0.494	0.58	2000	52.201
LN	12	7	P	7	11/27/2007	0.3671	0.3972	2000	46.493

