



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR AUGUST 10, 2006

NATURAL GAS MARKET NEWS

The National Hurricane Center reported that the tropical wave over the eastern Caribbean Sea has diminished, as upper wind shear remains unfavorable for development.

The NOAA said weak El Nino conditions may appear by year's end, but if they do, it will happen too late to have an impact on the 2006 Atlantic hurricane season. If weak El Nino conditions develop, the U.S. should expect wetter-than-average conditions over portions of the Gulf Coast and southeastern states, and warmer-than-average conditions over the West, northern Great Plains and upper Midwest during January-March 2007.

With the nation looking to the Rocky Mountain region for future gas supply security, producers there are finally getting the attention they have long desired and are taking advantage of it. A new "producer push" mentality is driving rapid pipeline expansion that will lead to a near doubling of Rockies export capacity over the next three years, Walter "Skip" Simmons of Wood Mackenzie told the Colorado Oil and Gas Association's (COGA) annual Rocky Mountain Natural Gas Strategy Conference and Investment Forum in Denver.

EIA Weekly Report

	08/04/2006	07/28/2006	Net chg	Last Year
Producing Region	829	847	-18	730
Consuming East	1554	1555	-1	1359
Consuming West	380	373	7	368
Total US	2763	2775	-12	2457

*storage figures in Bcf

Generator Problems

ECAR— DTE's 1,139 Mw Fermi #2 nuclear unit is operating at full power today. Yesterday, the unit was reduced to 64% to repair a speed control mechanism.

AEP's Pirkey #1 coal-fired power plant continues to perform maintenance on Precipitator rappers.

SERC— Southern Nuclear's 862 Mw Hatch #1 nuclear unit decreased output to 80% capacity. Yesterday, the unit was operating at full power. Hatch #2 continues to operate at full power.

The NRC reported that U.S. nuclear generating capacity was at 97,056 Mw up .094% from Wednesday and up 1.26% from a year ago.

The NYMEX announced that its natural gas futures contract set a record yesterday when open interest reached 948,193 contracts, exceeding the previous record of 944,677 contracts set on August 8.

PIPELINE RESTRICTIONS

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

El Paso Natural Gas Company said that the San Juan Crossover will be totally shut down August 10 and 11. San Juan Basin gas supply will not be available to schedule to points east of Lincoln Station, including Plains, North of Plains, the Anadarko area, Permian area and Waha. Permian area gas supply scheduled to points at Plains and in the Anadarko area will not be scheduled during the San Juan Crossover shutdown. Receipt points into EPNG north of Plains will not be affected, and receipt and delivery points on the San Juan Crossover east of Lincoln Station and west of Plains Station will not be affected. During this shutdown, Anadarko area customers must obtain supplies from interconnects within the area.

Canadian Gas Association

Weekly Storage Report

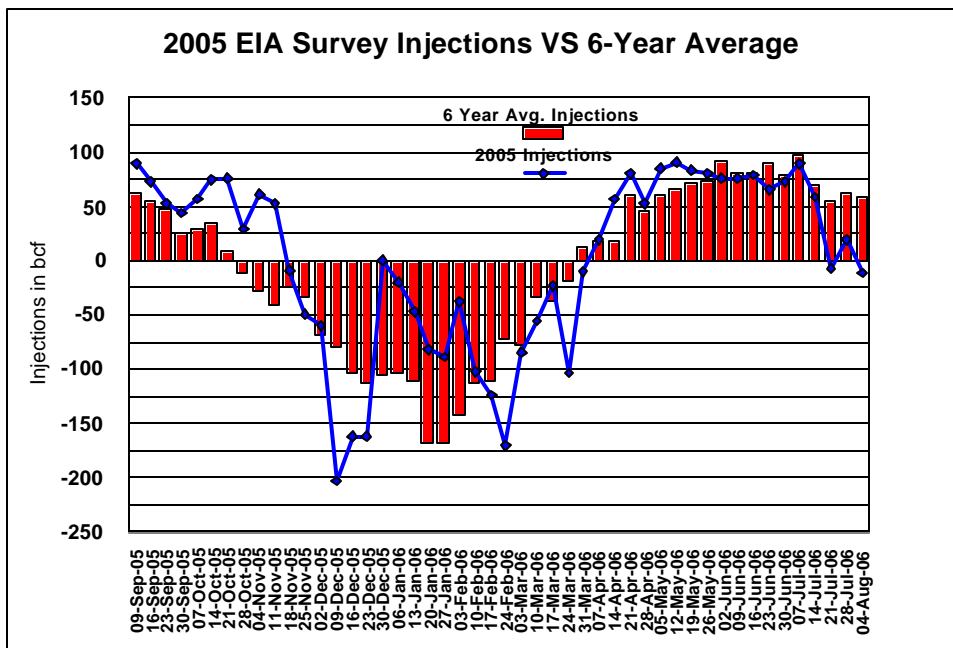
	04-Aug-06	28-Jul-06	05-Aug-05
East	194.3	192.7	171.2
West	187.3	185.4	194.0
Total	381.6	378.0	365.2

storage figures are in Bcf

Kern River Pipeline said that line pack is low on the north end and continues to be normal on the south end of its system.

PIPELINE MAINTENANCE

Williston Basin Interstate Pipeline Company said that unplanned maintenance being performed on the Elk Basin Compressor Station will continue through August 11. At this time, Williston does not anticipate any restrictions to the system. Williston also said that maintenance will be performed at the Fort Peck Compressor Station August 16. At this time, the company does not anticipate any restrictions to the system.



ELECTRIC MARKET NEWS

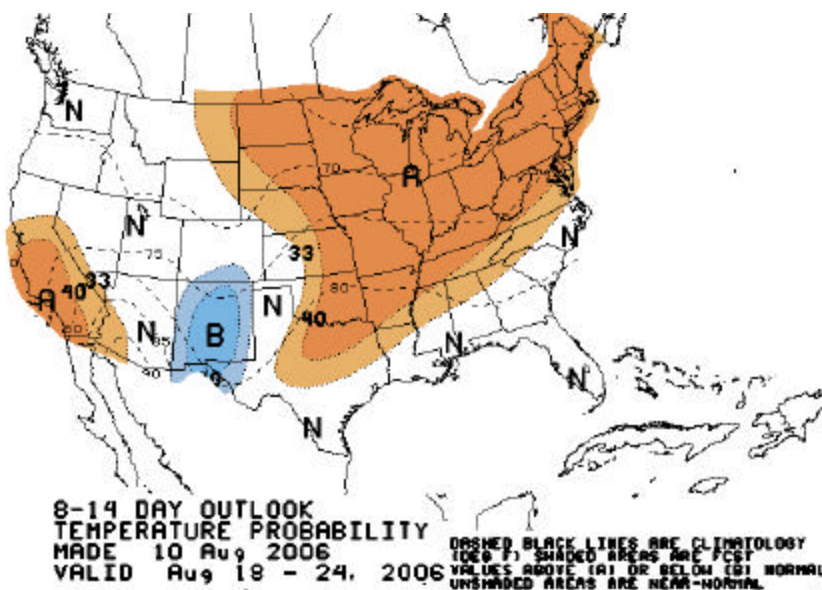
Texas may set a second all-time power consumption record on Thursday as above-normal temperatures bake the northern half of the state. ERCOT forecast power demand will reach 62,585 Mw this afternoon as temperatures peak around 4:00 pm and 5:00 pm central time, surpassing the peak set July 17 of 62,396 Mw.

MARKET COMMENTARY

The natural gas market opened unchanged as it awaited the release of the EIA's storage report. For the second time in three weeks, the EIA reported a draw to stocks as 12 Bcf was pulled

from the ground. The market reacted by swinging wildly up to 7.90 and then down to 7.46 before coming back under control at the 7.60 level. September natural gas traded sideways until it eventually slumped into moderately negative territory by the end of the session. The front month ultimately settled down 12.2 cents at 7.529.

The bullish number could not muster further buying, as the oil complex was significantly lower, with crude off 2.35 and unleaded gasoline off 18.33 cents given the foiled terrorist plot. Total stocks now stand at 2,763 Bcf, with the surplus continuing to decline to 306 Bcf over last year at this time and to 374 Bcf above the five-year average, a trend that is increasingly becoming more supportive. Heat in the mid-continent continues to support the market and with above normal temperatures forecast through the end of August, this market will remain supported. We see support at \$7.37, \$7.20, \$6.89 and \$6.75-\$6.76. We see further support at \$6.50, \$6.43, \$6.32 and \$6.00. We see resistance at \$7.90, \$7.95, \$8.00, \$8.25 and \$8.44.



NYMEX Most Active Natrula Gas Options for August 10, 2006

Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Prev Settle	Volume	IV
LN	10	6	P	6	09/26/2006	0.2143	0.2465	5,250	84.08
ON	11	6	P	4	10/26/2006	0.008	0.008	5,000	79.75
LN	4	7	C	12	03/27/2007	0.5297	0.5696	4,100	47.30
LN	8	7	C	15	07/26/2007	0.4049	0.4253	4,000	45.70
ON	10	6	P	6	09/26/2006	0.215	0.247	2,352	82.32
LN	11	6	P	7	10/26/2006	0.3157	0.333	2,025	77.44
LN	1	7	C	15	12/26/2006	1.0153	1.0883	1,800	72.45
ON	9	6	P	7	08/28/2006	0.307	0.323	1,784	82.71
ON	11	6	P	6.75	10/26/2006	0.257	0.275	1,700	75.15
LN	1	7	P	7	12/26/2006	0.2008	0.2141	1,650	68.84
LN	10	6	C	20	09/26/2006	0.0099	0.0201	1,600	105.82
LN	10	6	P	5.75	09/26/2006	0.1633	0.1924	1,500	84.44
LN	1	7	C	20	12/26/2006	0.4603	0.507	1,400	78.02
LN	10	6	P	5.5	09/26/2006	0.1215	0.1471	1,353	84.84
LN	9	6	P	6	08/28/2006	0.0403	0.056	1,350	74.21
LN	9	6	P	5.5	08/28/2006	0.0136	0.0221	1,350	77.21
ON	12	6	C	20	11/27/2006	0.191	0.243	1,316	78.62
ON	10	6	P	7	09/26/2006	0.59	0.619	1,316	87.12
LN	3	8	C	20	02/26/2008	0.9164	0.957	1,250	45.70
LN	1	7	C	14	12/26/2006	1.1997	1.2786	1,250	70.68
LN	1	7	P	10	12/26/2006	1.1647	1.1543	1,250	73.21
LN	3	8	C	11	02/26/2008	2.3427	2.3949	1,250	29.79
LN	3	7	C	25	02/23/2007	0.4147	0.5238	1,200	79.71

