



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR SEPTEMBER 21, 2006

NATURAL GAS MARKET NEWS

With one commissioner calling it the "King of pipelines," FERC on Thursday issued a favorable preliminary determination (PD) on nonenvironmental issues for the second leg of Rockies Express Pipeline LLC's proposed \$4 billion 1,663-mile mega-pipeline project that would transport Rocky Mountain natural gas to Midwest and Northeast markets.

Three days after news broke that hedge fund Amaranth Advisors lost a significant portion of its net asset value in the natural gas futures market, the company's founder late Wednesday updated investors on the size of the fund's losses while reporting that the gas trading book had been sold at a significant cost to Citadel and J.P. Morgan. The firm also realized losses on other positions that were sold in order to generate liquidity. Total losses are estimated at 55% year-to-date. There were also reports Wednesday and Thursday that Citigroup -- the largest U.S. bank -- was interested in purchasing a stake in Amaranth, but the company declined comment.

PIPELINE RESTRICTIONS

Florida Gas Transmission said that its linepack is lower than optimal, and warm, humid weather is forecasted in Florida today. Therefore, FGT is notifying customers in FGT's market area that it is issuing an overage alert day at 25% tolerance.

EIA Weekly Report

	09/15/2006	09/08/2006	Net chg	Last Year
Producing Region	915	886	29	781
Consuming East	1835	1781	54	1644
Consuming West	427	417	10	397
Total US	3177	3084	93	2821

*storage figures in Bcf

September. At this time Natural does not have an available back in service date for Unit #1. Based on this unscheduled Force Majeure of Unit #1 and the ongoing overhaul of Unit #2, and current operating conditions, Natural will be further reducing the capacity on Segment 16. Effective today, and continuing until further notice the associated capacity reduction through the affected area will require Natural to initially schedule primary firm and secondary in-path transports to a minimum of 20% for each contract with Segment 16 primary/secondary in-path rights. The actual scheduling percentage will depend on the level of nominations each day.

Generator Problems

ERCOT – South Texas Project Nuclear Company's 1,250 Mw South Texas #1 nuclear unit reduced output to 89% as it prepares for its fall refueling outage. South Texas #2 continues to operate at full power.

MAAC – PSEG's 1,100 Mw Salem #2 nuclear unit reduced power to 99% as it begins to coast down for seasonal refueling and maintenance. Salem #1 continues to operate at full power.

MAIN – Exelon's 1,710 Mw Quad Cities #1 nuclear unit reduced output to 79% due to a valve malfunction on the unit's feedwater heating system.

Ameren Corp.'s 560 Mw Coffeen coal-fired power plant shut for a short-term planned outage.

The NRC reported this morning that 85,981 Mw of nuclear generating capacity were on line, .06% lower than Wednesday and 3.45% lower than a year ago.

Pacific Gas and Electric Co.'s California Gas Transmission unit issued a system-wide operational flow order due to high inventories on its natural gas pipeline system. CGT issued the OFO at 5% tolerance, forcing shippers to stay within 5% of their scheduled volumes in order to maintain system integrity.

Questar Pipeline Company said that due to operational conditions, the injection capacity at Clay Basin will be reduced from 350 MMcf/d to 320 MMcf/d beginning cycle 1 on September 22.

Texas Eastern Transmission said that the restriction prohibiting the acceptance of due pipe resolution nominations is still in effect. All parties with a due shipper imbalance are requested to resolve them as soon as practicable. TETCO requires that shippers and TABS parties schedule their contracts balanced except for the scheduling of Due Shipper payback, and point operators to perform according to nominated volumes. The pipeline operator will force balance TABS-1 pools or restrict the system as required.

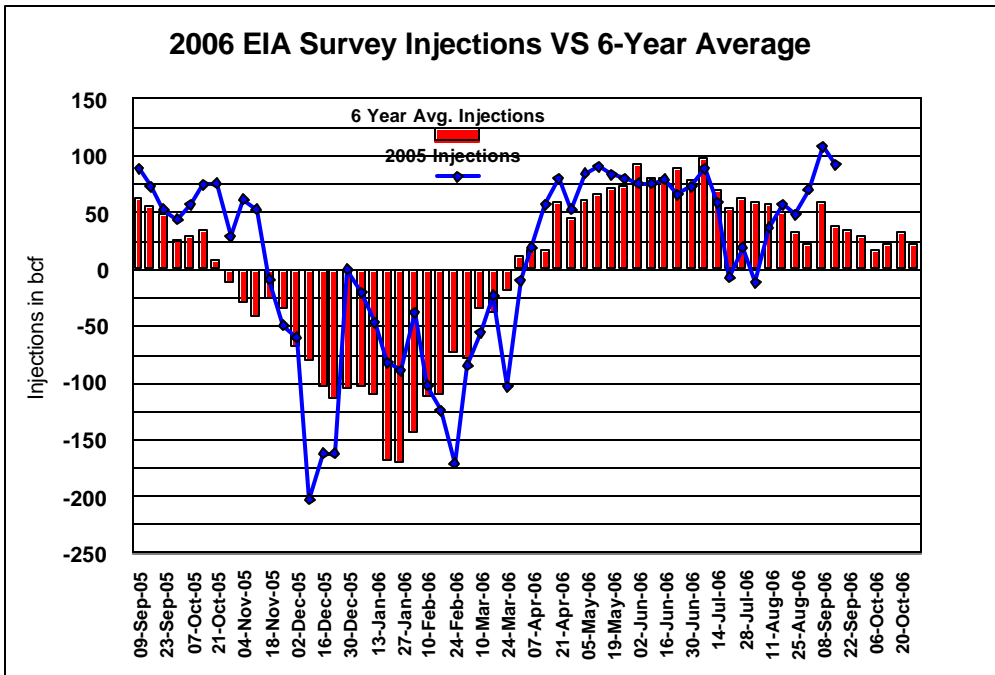
Canadian Gas Association

Weekly Storage Report

	15-Sep-06	08-Sep-06	16-Sep-05
East	227.3	218.8	218.9
West	206.2	204.4	238.6
Total	433.5	423.2	457.4

storage figures are in Bcf

Williston Basin Interstate Pipeline said that several points and line sections are in pipeline capacity constraint and that penalties will be imposed. Line sections in constraint for receipts in the timely cycle include 019 Madden-Worland and 020 Worland-Lovell. Points in constraint are 03366 KMI-Bridger and 03376 TB-Wind River.



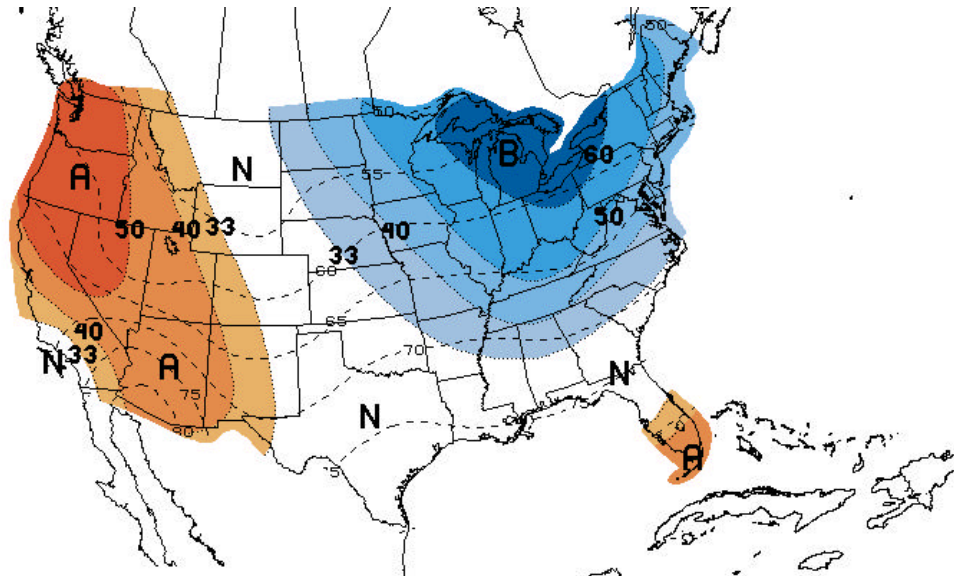
PIPELINE MAINTENANCE

Gulfstream Natural Gas System said it is currently constructing an expansion of the Destin interconnect however the in-service date has been pushed back. Gulfstream previously posted an outage for the Destin Point from October 5-9, but based on the current construction progress, Gulfstream plans to complete the final tie-ins at the Destin interconnect from October 12 through October 15, during which period the Destin receipt point is now scheduled to be placed into service October 16.

Northwest Pipeline said that the repairs on the Reno Lateral are scheduled to be completed today. Consequently, Northwest will raise the capacity at the Owyhee compressor station to 122 mmcf for gas day September 21. Beginning gas day September 22, the station will be returned to its full design capacity of 157.848 MMcf/d. In the upcoming weeks, Northwest will continue to investigate the lateral for anomalies.

Southern Natural Gas Pipeline Co, said that it will be performing integrity work on the 14-inch Logansport Line between its Bienville Compressor Station and Perryville (both of which are located in North Louisiana) starting on September 25.

Transcontinental Gas Pipe Line is reminding all shippers of work that Transco will be performing to accommodate US Highway 98 relocation, near Mobile, Alabama. The outage dates are October 16-20. This



6-10 DAY OUTLOOK TEMPERATURE PROBABILITY MADE 21 Sep 2006 VALID Sep 27 - Oct 01, 2006
 DASHED BLACK LINES ARE CLIMATOLOGY (DEG F). SHADED AREAS ARE FCST. VALUES ABOVE (A) OR BELOW (B) NORMAL. UNSHADED AREAS ARE NEAR-NORMAL.

work is on a single line section of the Transco system and will isolate all Mobile Bay area receipts from deliveries to Florida Gas Transmission at Meter Station 4514 and Transco's Main Line at Station 85. During the outage, no receipts from points upstream of the outage will be accepted for deliver downstream of the outage. To the extent that conditions develop during this outage that impact the integrity of Transco's system, Transco may use remedies under Section 51 or 52 of the General Terms and Conditions of its tariff to protect its system.

Williston Basin Interstate Pipeline Company has extended planned maintenance at the Billy Creek Compressor Station to October 13. The company said that there is a potential for withdrawal limitations on aggregate storage at Billy Creek during the work, but at this time Williston Basin does not anticipate any restrictions to the system.

ELECTRIC MARKET NEWS

The U.S. FERC conditionally accepted a market redesign and technology update proposed by the California Independent System Operator, subject to modification and further review. The MRTU will provide a more effective system for managing transmission congestion in the state, allow more transparent pricing and additional power supplies in the ISO

NYMEX Petroleum Options Most Active Strikes for September 21, 2006									
Symbol	Month	Month	Call/Put	Strike	Exp Date	Settle	Prev Settle	Volume	IV
LN	11	6	P	5	10/26/2006	0.2267	0.1632	11,735	91.15
ON	10	6	C	6	09/26/2006	0.012	0.017	7,596	112.28
LN	4	8	C	20	03/26/2008	0.0646	0.0626	7,000	38.37
LN	3	8	P	5	02/26/2008	0.2555	0.2312	7,000	50.51
LN	10	6	C	6	09/26/2006	0.0116	0.0167	6,000	111.20
LN	10	6	P	4.5	09/26/2006	0.1006	0.0566	4,825	98.82
LN	2	7	P	4	01/26/2007	0.0259	0.018	4,500	64.91
LN	1	7	P	7	12/26/2006	0.6001	0.4584	3,025	69.02
LN	3	8	P	8.75	02/26/2008	1.8462	1.7226	2,500	57.98
ON	12	6	C	13	11/27/2006	0.071	0.072	2,030	80.71
ON	4	7	C	7.2	03/27/2007	1.007		2,000	52.28
ON	4	7	P	7.2	03/27/2007	1.04		2,000	52.30
ON	12	6	P	6.5	11/27/2006	0.428	0.314	1,996	67.92
LN	10	6	C	5	09/26/2006	0.1386	0.189	1,951	100.74
ON	1	7	P	8	12/26/2006	1.135	0.932	1,790	67.97
ON	11	6	C	6.5	10/26/2006	0.472	0.42	1,725	90.00
ON	11	6	P	6	10/26/2006	0.644	0.575	1,680	88.49
LN	12	6	C	10	11/27/2006	0.2699	0.2862	1,600	74.40
ON	10	6	C	5	09/26/2006	0.139	0.189	1,544	101.86
LN	11	6	P	4.5	10/26/2006	0.1099	0.0717	1,525	91.30
ON	12	6	P	7	11/27/2006	0.655	0.509	1,465	69.04
LN	1	7	P	8	12/26/2006	1.1319	0.9294	1,402	72.29
LN	3	7	P	6.25	02/23/2007	0.5866	0.4864	1,400	71.29
LN	3	7	P	7.25	02/23/2007	1.0808	0.9351	1,400	74.81

market, and help protect against a repeat of the California energy crisis.

U.K.-owned power and gas infrastructure company National Grid criticized a lack of consistency from U.S. state and federal authorities in their distributed generation transmission policies and its consequent failure to encourage investment in the power grid. To remedy the ailing investment environment, the company, which owns electricity and gas businesses serving nearly 8 million customers in New York and New England, called for comprehensive regional planning for reliability and economic needs, including access for new renewable and remote generation sources as well as cost allocation for transmission improvements that recognizes their broad benefits.

MARKET COMMENTARY

The natural gas market opened 8 cents lower in anticipation of another strong build to stocks. The EIA reported that 93 Bcf was injected into the ground, inline with expectations and the market initially sold off to a new low of 4.75. The subsequent bounce returned prices to 4.92, but with little reason to be a buyer, the market slid back to the lows and extended them in the afternoon to a fresh two-year low of 4.60. A late rally in the oil complex dragged natural gas off its lows to settle 4.781, down 15 cents on the day.

The nation's total storage now stands at 3,177 Bcf, 356 Bcf over last year at this time and 352 Bcf above the five-year average. The winter months continued their decline, with December and January close to 30 and 38 cents down respectively as the spreads tightened. With no storm threat and moderate temperatures, the heavy supply situation will continue to pressure this market. Some cooler temperatures might spark some heating demand, but a test of that 4.51 two-year low is near. We see support at \$4.60, \$4.51 and \$4.00. We see resistance at \$4.92, \$5.00, \$5.32, \$5.42-\$5.43 and \$5.62. We see further resistance at \$5.86, \$6.00 and \$6.16.