



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta &
Zachariah Yurch

(212) 624-1132 (888) 885-6100

www.e-windham.com

POWER MARKET REPORT FOR SEPTEMBER 29, 2006

NATURAL GAS MARKET NEWS

Stone Energy Corporation announced that production has recommenced at the Mississippi Canyon 109 Amberjack Platform following repairs and rerouting of the oil pipeline damaged during Hurricane Katrina. Limited oil production from the Amberjack Platform was initially restored in early September via barging, but the restoration of the pipeline should allow Stone to produce from the platform at a rate of approximately 50-60 MMcf of gas equivalent per day. This should enable Stone to produce company-wide at a rate of approximately 250 MMcf/d in the fourth quarter.

FERC on Friday issued a favorable environmental review of Equitrans LP's proposed expansion of its system that seeks to ease the capacity constraint in eastern Kentucky that has led to natural gas production being shut in for much of the year in that region.

Despite eleventh-hour negotiations, House and Senate leaders headed home for the November elections without reaching a compromise on legislation to open up more of the federal offshore to oil and natural gas leasing. The Republican leadership is expected to take up the issue of coastal drilling in the lame-duck session, which -- depending on the outcome of the elections -- could make a deal even more elusive.

Due in part to the energy infrastructure damage and disruptions along the Gulf Coast in the aftermath of last year's hurricanes, FERC anticipates that applications seeking to build 14 new natural gas storage projects will be filed over the next five years, the agency told Congress and the Bush administration Friday.

Duke Energy's Algonquin Gas Transmission is holding an open season through Oct. 27 to test market interest in an east-to-west expansion project that would be designed to move gas, including LNG-sourced supply, into existing delivery points in high-growth East Coast markets.

PIPELINE RESTRICTIONS

Florida Gas Transmission linepack is currently high and milder weather is forecasted in Florida over the next couple of days. Therefore, FGT said that there is the potential that it may issue an Underage Alert Day on one of the upcoming gas days.

Generator Problems

ERCOT – AEP's 528 Mw Welsh #2 coal-fired power station shut today for planned maintenance.

TXU Power's 1,150 Mw Comanche Peak #2 is preparing for a refueling outage and has reduced output to 97%. The unit is due to close October 7.

MAAC – PSEG's 1,130 Mw Salem #2 nuclear unit ramped up to 83% capacity. Yesterday, the unit was operating at 55% capacity.

SERC – Progress Energy's 937 Mw Brunswick #2 nuclear unit continues to fluctuate, and today dropped to 84% capacity from full power. Brunswick #1 continues to operate at full power.

WSCC – Southern California Edison's 1,070 Mw San Onofre #2 nuclear unit began coating down for a refueling outage and is operating at 99% today. San Onofre #3 continues to operate at full power.

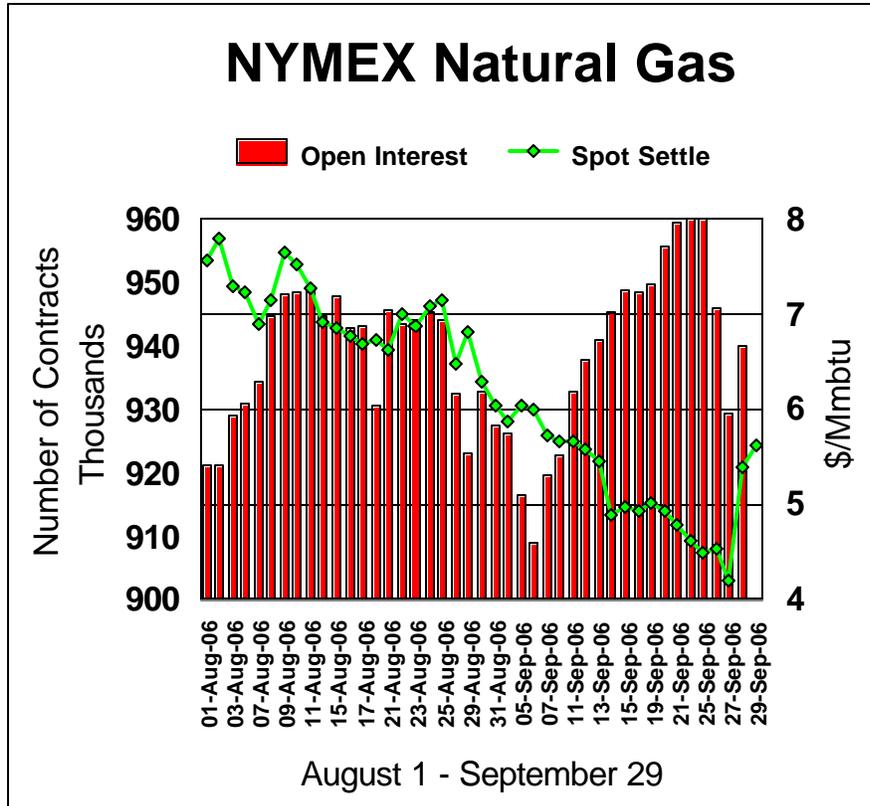
Canada – Ontario Power Generation's 535 Mw Lennox #2 oil- and natural gas-fired power station shut by early today for planned maintenance.

The NRC reported this morning that 85,437 Mw of nuclear generating capacity were on line, 1.15% lower than Thursday and 1.73% lower than a year ago.

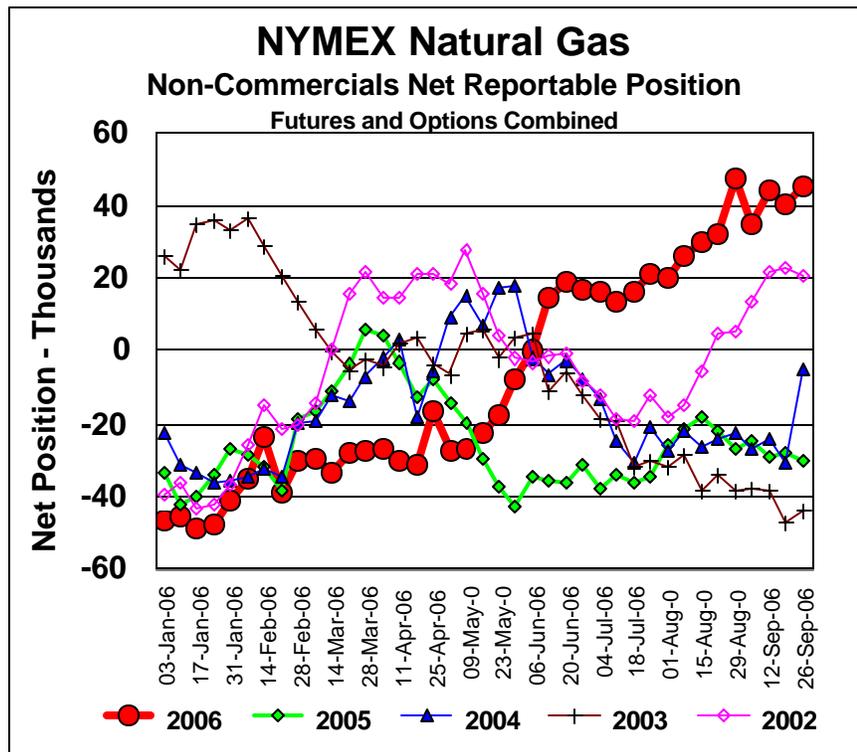
PG&E California Gas Transmission has called a customer-specific operational flow order on its California natural gas pipeline for today's gas flow. PG&E issued the restriction because of high gas supplies on its system. Tolerance was set at 5%.

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.

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.



PIPELINE MAINTENANCE

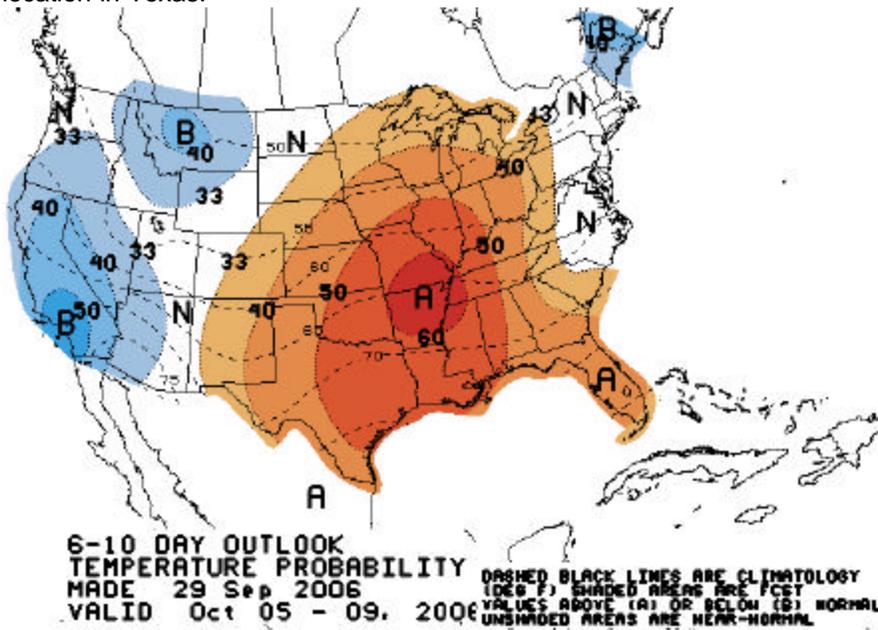


Gulf South Pipeline said that it will be performing scheduled pipeline maintenance on the Hattiesburg 8-inch from Mile Pole 56.27 to Mile Pole 57.48 beginning October 3 and continuing for approximately 12 hours. Gulf South also said that it will be performing scheduled maintenance at the Koran Compressor Station beginning October 17 for approximately eight hours. Due to the nature of the maintenance shut-in at several locations will occur for the duration of the maintenance. Gulf South anticipates affected operators will be able to flow scheduled quantities within the 24 hour gas day, however, if Intraday 2 available capacity is reduced, Gulf South will work with affected operators to receive payback during the month.

ELECTRIC MARKET NEWS

Exelon Generation notified the

Nuclear Regulatory Commission that the company will begin the application process for a combined construction and operating license that would allow for the possible construction of a new nuclear plant at an as-yet unnamed location in Texas.



Nebraska Public Power District has announced intentions to begin a high-voltage transmission project in the east-central portion of the state. The Electric Transmission Reliability Project for East-Central Nebraska will be completed in two phases. Phase I calls for substation work and conversion to 345 kV of a current 230 kV line between Norfolk and Columbus. Phase II will entail substation work and construction of a new 345 kV line from Columbus to northwest Lincoln.

MARKET COMMENTARY

The natural gas market opened 3.8 cents higher as it put an end to its losing streak, short covering ahead of the weekend. Strength in the back months boosted natural gas today, with the November contract trekking to a high of 5.735. The December and January contracts were up close to 35 cents during the session despite any fresh supportive news. Market players noted that there was some value in the winter months at these low levels and that caused the small rally today, with traders squaring up their books. The front month finished the session up 22.8 cents at 5.62.

Continuing bearish fundamentals including record storage levels, mild temperatures, and lack of storm threats are still expected to keep the front month contract in relative check. With storage on track to test storage capacity, the upside looks limited. The Commitment of Traders Report shows that non-commercial traders increased their net long futures position by 7,318 lots to 40,235. In the combined futures and options report, non-commercial traders increased their net long position by 4,733 lots to 45,152 contracts. We see support at \$5.35, \$5.32 and \$5.00. We see resistance at \$5.75, \$5.84, \$6.00 and \$6.40. We see further resistance at \$6.95-\$7.00 and \$7.40.