



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta &
Zachariah Yurch

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

www.e-windham.com

POWER MARKET REPORT FOR OCTOBER 5, 2006

NATURAL GAS MARKET NEWS

The National Hurricane Center is monitoring an area of disorganized showers and thunderstorms over the Bay of Campeche and the Southwestern Gulf of Mexico. Upper-level winds are only marginally favorable for development as the system drifts westward.

According to the Climate Prediction Center, the weather phenomenon known as "El Nino" will stay for the remainder of 2006 and move into the northern hemisphere in the spring of 2007.

Dominion Resources and a unit of Norwegian energy group Statoil said the companies broke ground on an expansion of the Cove Point LNG facility in southern Maryland. Dominion said capacity at the site would expand from 1 Bcf/d to 1.8 Bcf/d, and storage would increase from 7.8 bcf to 14.6 bcf. The project includes expanding the Dominion Cove Point pipeline in Maryland and adding a pipeline and storage capacity in Pennsylvania.

George Hopely, director for Barclays' US natural gas research, believes the relative weakness in the U.S. natural gas market at present is not likely to reverse itself this coming winter. Hopely feels it will take more than just the winter season to turn around the bearish sentiment given the historically high amounts of gas in storage.

EIA Weekly Report

	09/29/2006	09/22/2006	Net chg	Last Year
Producing Region	965	942	23	786
Consuming East	1914	1874	40	1728
Consuming West	448	438	10	408
Total US	3327	3254	73	2923

*storage figures in Bcf

2020 from 4.9 Tcf in 2005, while coalbed methane output is expected to reach 600 Bcf by 2020. The agency also said it expects offshore Nova Scotia gas from the Sable project to remain in the 150-200 Bcf/d range through 2020.

PIPELINE RESTRICTIONS

Kern River Pipeline said that line pack is low from Muddy Creek to the interconnect with the Common facilities. Operators and shippers are encouraged to be on rate and arrange payback where possible.

Generator Problems

ERCOT – TXU's 1,150 Mw Comanche Peak #2 nuclear unit continues to coast down for a refueling outage and is operating at 93% capacity, down 1%. Comanche Peak #1 continues to operate at full power.

AEP's 528 Mw Welsh #3 coal-fired power plant shut to perform scheduled maintenance on auxiliary equipment. The unit is expected to return on October 9.

MAIN – Exelon Generation's 1,120 Mw Braidwood #1 nuclear unit continues to coast down for a refueling and is operating at 98% capacity. The shut down is expected to begin October 16. Braidwood #2 continues to operate at full power.

SERC – Duke Power Company's 846 Mw Oconee #1 nuclear unit is operating at 86% capacity as it continues its coast down for a refueling scheduled to begin on October 7.

The NRC reported this morning that 81,097 Mw of nuclear generating capacity were on line, .06% lower than Wednesday and 1.58% lower than a year ago.

The Canadian Government expects domestic natural gas production to decline to about 5.3 Tcf in 2020 from a peak of 6.6 Tcf in 2011, when it is assumed the Mackenzie Gas Project will start delivering 1.2 Bcf/d to southern markets. Natural Resources Canada said output in Alberta, which holds 81% of conventional gas in the Western Canada sedimentary basin, will drop to 2.7 Tcf by

PG&E California Gas Transmission has called a system-wide 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 10%.

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. Due to the previously posted outage at Crooksville Station, TE has restricted and sealed receipts sourced between Little Rock and Crooksville for delivery downstream of Crooksville.

Canadian Gas Association

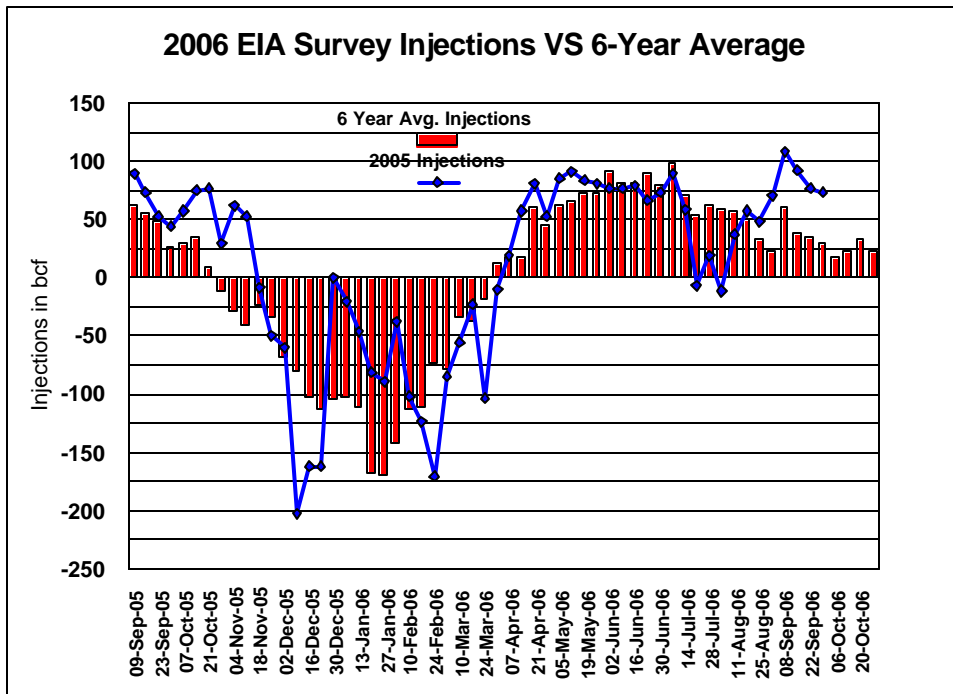
Weekly Storage Report

	29-Sep-06	22-Sep-06	30-Sep-05
East	238.3	232.5	233.6
West	209.1	206.5	245.2
Total	447.3	439.0	478.8

All storage figures are in Bcf

No increases in receipts sourced between Little Rock and Crooksville for delivery outside that area will be accepted.

Williston Basin Interstate Pipeline Company 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 016 Cabin Creek-Hathway; 017 Hathway-Hardin; 018 Hardin-Lovell; 019 Madden-Worland; 020 Worland-Lovell; 021 Lovell-Elk Basin; and 022 Elk Basin-Billings. The constraints also pertain to the point 03376 TBI-Wind River.



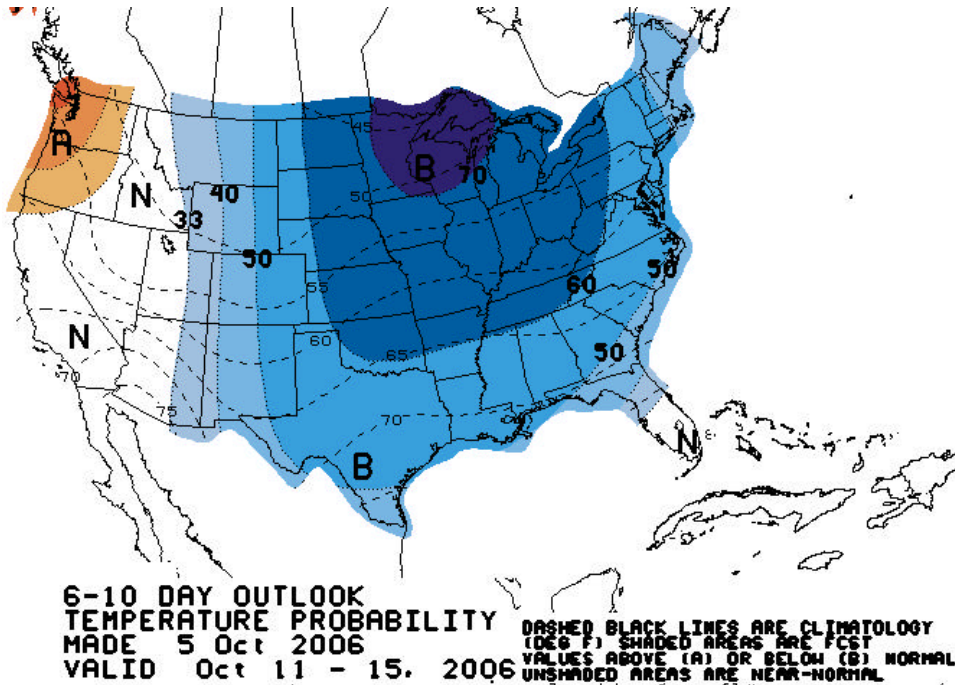
PIPELINE MAINTENANCE

Florida Gas Transmission said that it has removed the third party contractor's equipment away from the FGT mainline near Station 6. The mainline has been inspected. There is no significant damage to the mainline. The mainline has been brought back into normal service; therefore, FGT will schedule volumes as normal through Station 6 for the gas day of October 5. During normal operation FGT schedules up to 300 MMcf/d through station 6.

Gulf South Pipeline said that it will be performing scheduled pipeline maintenance on the Hattiesburg 8-inch from Mile Pole 11.29 to Mile Pole 16.80 beginning October 9, and continuing for approximately 10 hours.

Natural Gas Pipeline Company said that from October 5 through November 25, it will be performing prove-up digs on the Wise County Lateral (Segment 1 of Natural's MidContinent Zone). Natural does not anticipate this work to have any impact to scheduling or to point operators.

Southern Natural Gas Pipeline Company said it is performing integrity work on its North Main Line in northeast Alabama. This project will cause pipeline pressures to be lower than normal in this area until the work is completed. The project started October 4 and is now expected to be completed around October 13.



Westcoast Energy is giving notice of a Curtailment of Service at the DEGT Pine River Gas Plant starting at 8:00 AM MT today and running until further notice. DEGT Pine River will be conducting repairs to a leak on the "A Train Still." These repairs will take approximately 32 hours to complete. There will be an OPC Treatment Constraint in place as of 8:00 AM MT today. The constraint will be to 63% of Firm Residue Treatment Gas. The OPC charges will be activated at 8:00 AM MT today until further notice.

Williston Basin Interstate Pipeline Company said that

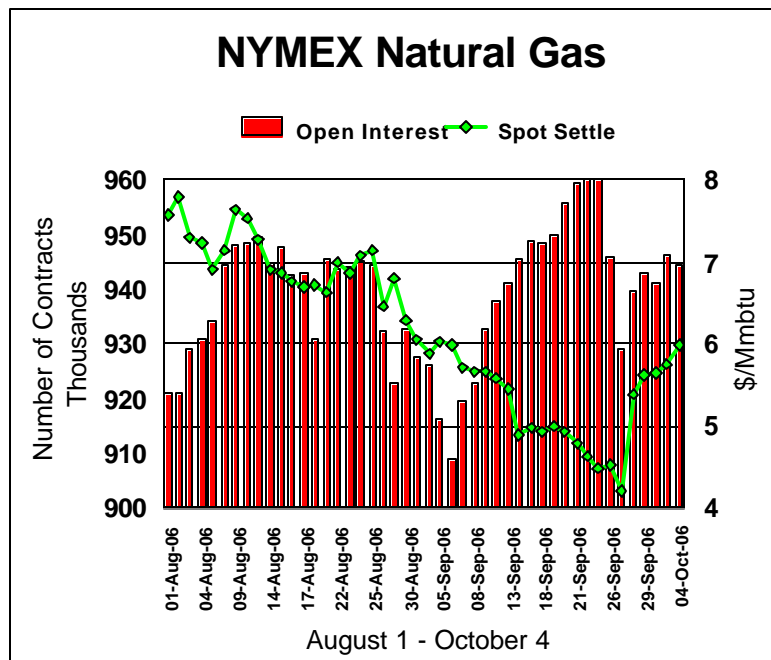
planned maintenance will be performed at the Little Beaver Compressor station on October 17, during which time unit #11 at Little Beaver will be down approximately 4-8 hours. Based upon current operating conditions, Receipt Point ID 04018 Baker Area Mainline will be effected by approximately 3-5 MMcf/d.

ELECTRIC MARKET NEWS

Several groups that promote the generation of electricity from different forms of waste have formed an informal coalition to press for expansion of "waste-based energy" projects, and for federal and state incentives to support their development. Waste-based energy plants now are cleaner than most plants fired by conventional fuels, and should be considered as an important part of the nation's future energy mix.

MARKET COMMENTARY

The natural gas market opened 13.5 cents higher today on continued technical buying. The EIA inventory report came in within expectations, showing a build of 73 Bcf. Despite this large injection further swelling storage around the country, natural gas continued its upward drift, finding resistance at the 20-day moving average of 6.28 and ultimately trading to 6.33 in the first half of the session. The afternoon showed the weakness of the natural gas, as the November contract cracked through intra-day support at 6.20 and fell to the session low of 6.04. However, the technical buying resumed and returned prices back above 6.20 and posted a new high. In post close trading, the market spiked to 6.40, before it was settled at 6.298, up 30.3 cents.



Total stocks now stand at 3,327 Bcf, 404 Bcf over last year at this time and 360 Bcf above the five-year average, a huge cushion that has eased concerns about building supplies for next winter. With about four weeks left in the

injection season, only 43 Bcf needs to be stored weekly to get stocks to a record 3.5 Tcf by November 1. Despite the glut of gas, front-month futures are up some 15% in the last five sessions. As fundamentals do not support such a rally, the buying has been technical after record high storage and mild late-summer weather drove prices down some 50% since early August. Technically, the market has broken some resistance and received some follow through buying on some cooler weather entering the Midwest and reports of some small shut-ins. Yet Henry Hub cash prices remain at a significant discount of about 1.60 to the futures, which will likely weigh on futures and limit further upside potential. We see support at \$6.00, \$5.77, \$5.46 and \$5.32. We see further support at the remaining \$4.505-\$5.274 spot chart roll gap left after the October expiration. We see resistance at \$6.40, \$6.95-\$7.00, \$7.16 and \$7.40.

NYMEX Natural Gas Options Most Active Strikes for October 5, 2006									
Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Prev Settle	Volume	IV
LN	11	6	P	5	10/26/2006	0.0858	0.1275	4,700	90.55
LN	12	6	P	7	11/27/2006	0.4124	0.4955	4,350	70.42
LN	11	6	P	5.5	10/26/2006	0.1982	0.2764	3,550	90.34
LN	2	7	P	7	01/26/2007	0.4654	0.5576	3,500	64.49
LN	11	6	C	7	10/26/2006	0.2898	0.2005	3,090	88.84
LN	2	7	P	6	01/26/2007	0.1933	0.2389	3,025	63.58
ON	11	6	P	5	10/26/2006	0.086	0.128	2,998	89.44
ON	11	6	P	4	10/26/2006	0.007	0.012	2,932	90.13
ON	11	6	P	4.5	10/26/2006	0.029	0.047	2,886	89.82
LN	12	6	P	6	11/27/2006	0.1288	0.1597	2,625	68.33
LN	3	7	P	4.25	02/23/2007	0.0304	0.0375	2,500	61.98
LN	11	6	C	6.5	10/26/2006	0.446	0.3194	2,400	86.53
LN	12	6	P	5	11/27/2006	0.0238	0.0309	2,050	67.75
ON	4	7	P	7	03/27/2007	0.652	0.736	2,000	49.01
ON	11	6	C	6.5	10/26/2006	0.446	0.32	1,641	88.86
LN	3	8	P	8.75	02/26/2008	1.5442	1.5861	1,600	55.55
ON	12	6	P	6.5	11/27/2006	0.242	0.299	1,511	66.87
LN	3	9	P	8.5	02/24/2009	1.476	1.5141	1,500	48.31
LN	4	7	P	4.25	03/27/2007	0.0296		1,500	51.49
ON	11	6	C	7	10/26/2006	0.29	0.201	1,453	90.71
ON	11	6	C	7.25	10/26/2006	0.232	0.158	1,413	91.52
ON	1	7	P	10	12/26/2006	2.166	2.352	1,350	70.52
ON	12	6	P	6.65	11/27/2006	0.287	0.352	1,350	67.13
LN	3	8	P	4.5	02/26/2008	0.101	0.1019	1,300	47.57
LN	5	8	P	4.5	04/25/2008	0.0961	0.1009	1,300	38.02
LN	12	6	C	10	11/27/2006	0.2768	0.214	1,200	73.27
LN	3	7	C	11	02/23/2007	0.6695	0.5875	1,200	68.01
LN	11	6	P	4	10/26/2006	0.0071	0.0124	1,100	91.21
LN	4	7	P	6.25	03/27/2007	0.3628	0.4187	1,050	52.60
LN	5	7	C	11	04/25/2007	0.3119	0.2662	1,000	47.08
ON	4	7	P	8	03/27/2007	1.192	1.313	1,000	50.15