



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 9, 2006

NATURAL GAS MARKET NEWS

The NOAA Climate Prediction Center reiterated its forecast for a warmer than normal winter in the U.S this year. Its forecast for December, January and February estimated heating demand while higher than last year by 8% will still be 2% less than normal. They noted that while the Midwest has seen a cooler autumn there is not much correlation between fall weather and the winter season.

Duke Energy Gas Transmission said that as a result of overwhelming response from shippers to its open season on its Algonquin pipeline system it may need more than 2 Bcf/d of new natural gas pipeline capacity to meet the growing demand in the U.S Northeast.

El Paso's CEO said that his company has restructured and expanded its hedging program that supports its 2007 gas production which it pegged at approximately 210 bcf, with an average floor price of \$7.64. The company reported that 121 Bcf of the hedged volumes have an average capped price of \$11.80 Mmbtu, while the remainder of the 2007 production has retained unlimited upside protection. A detailed breakdown was 55 Bcf of collars with an \$8.00 floor and a \$16.89 ceiling; 89 Bcf floors at \$7.70 and 66 Bcf of fixed price swaps at \$7.53.

Canadian regulators began their review of EnCana Corporation's planned Deep Panuke planned natural gas project off the Nova Scotia coast. The field some 155 miles southeast of Halifax is believed to hold 1 trillion cubic feet of gas. The review is expected to be completed by the summer of 2007.

EIA Weekly Report

	11/03/2006	10/27/2006	Net chg	Last Year
Producing Region	1010	3452	-2442	869
Consuming East	1966	468	1498	1913
Consuming West	469	1008	-539	439
Total US	3445	3452	-7	3220

*storage figures in Bcf

Natural Gas Pipeline Company said Thursday that it plans to lift its force majeure on a portion of its natural gas line in Texas on Friday, following repairs to a gas-processing unit. One of the units is at Station 343 in Liberty County, Texas. The unit went out of service on Monday. The company also reported that it saw a gas quality problem at the receipt from Enbridge-Washita #1 in Washita County, OK. As a result effective November 9th and until further notice this point will be unavailable.

Texas Eastern Transmission reported that it has scheduled to capacity all receipts sourced between Little Rock and Batesville for delivery downstream of Batesville. As a result no increase in receipts in this area will be

Generator Problems

NPCC – FPL's 1159 Seabrook nuclear unit was undergoing a series of test that caused a fluctuation in power capacity at the unit from 16% to only 8% of capacity. Operators hope to have the unit back from its recent refueling outage within the next day or two. The unit went offline back on October 1st.

OPG's 490 Mw coal fired Nanticoke Unit #7 was shut today for a proximately one week for maintenance work.

WSCC –.AES Alamitos 3 and 4 natural gas fired power units returned to service this afternoon.

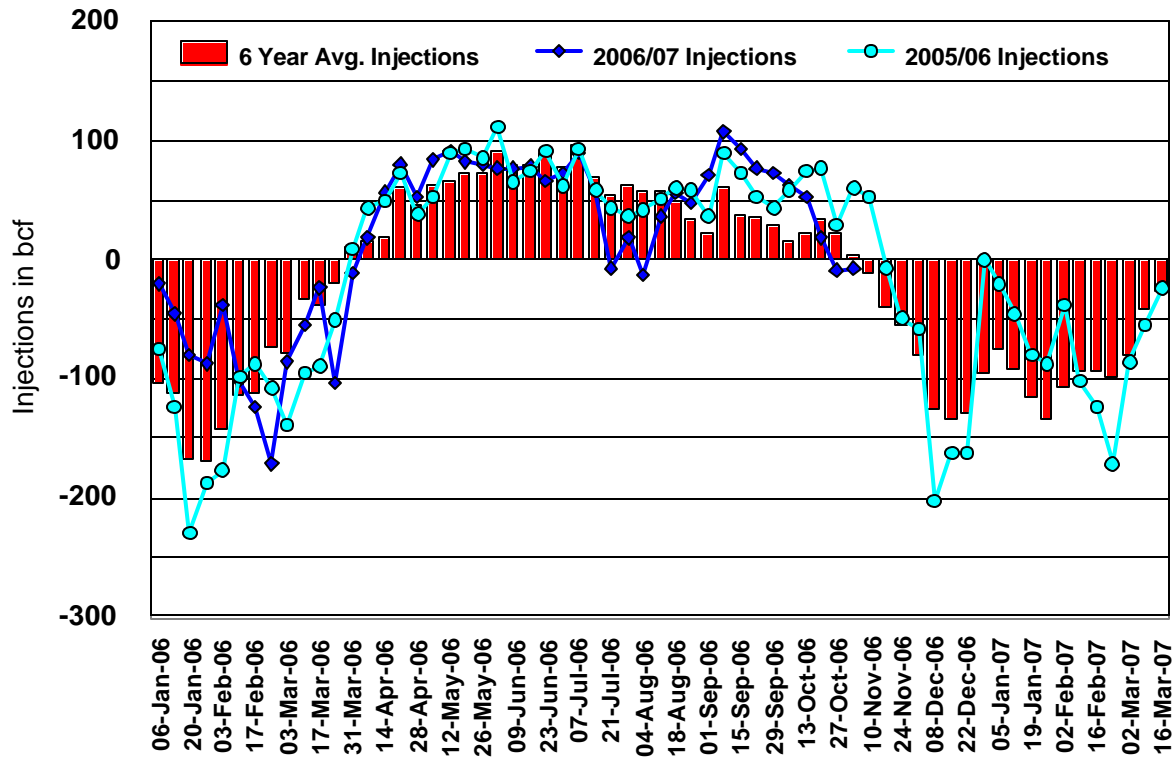
Energy Northwest is increased its operations to 74% of capacity some 48% higher than Tuesday's operating levels, as the unit reconnected to the grid following operating problems dating back to October 31st.

The NRC reported that 79,284 Mw of nuclear capacity is on line, up 0.65% from Wednesday, and up 0.21% from a year ago.

PIPELINE RESTRICTIONS

Natural Gas Pipeline Company said Thursday that it

2006 EIA Survey Injections VS 6-Year Average



accepted. In addition the company has restricted receipts sourced between Mt. Belvieu and Little Rock for delivery outside of that area. No increase of receipts will be accepted as well. The company also noted that it has restricted deliveries downstream of Castor on the Castor lateral.

Canadian Gas Association

Weekly Storage Report

	03-Nov-06	27-Oct-06	04-Nov-05
East	240.1	240.3	245.0
West	210.3	214.0	255.1
Total	450.4	454.3	500.1

storage figures are in Bcf

gas supplies on the system for Thursday and Friday.

Williston Basin Interstate pipeline Company said that several line sections along its line were seeing pipeline capacity constraint issues. These included Dickinson-Bismarck, Bismarck-Cleveland; Cleveland-Grafton; Williston-Bismarck, Cleveland-Mapleton and Portal-Tioga.

PG&E California Gas Transmission has called a system wide operational flow order on its California natural Gas Pipeline due to high

PIPELINE MAINTENANCE

ANR Pipeline reported that due to emergent engine repairs, it is currently working on several engines at its St. John and Bridgman Compressor Stations located on the Michigan Leg South in the northern Fuelk Segment. The repairs are reducing capacity by 150 Mmcf/d for November 8th-November 10th on the MLS- St. John W-E segment.

Gulf South Pipeline said that unscheduled maintenance that it is performing to both units at its Olla Compressor Station has resulted in one unit being offline continually and that this should continue until November 28th. As a result capacity through the facility could be affected by as much as 250 mmcf/d.

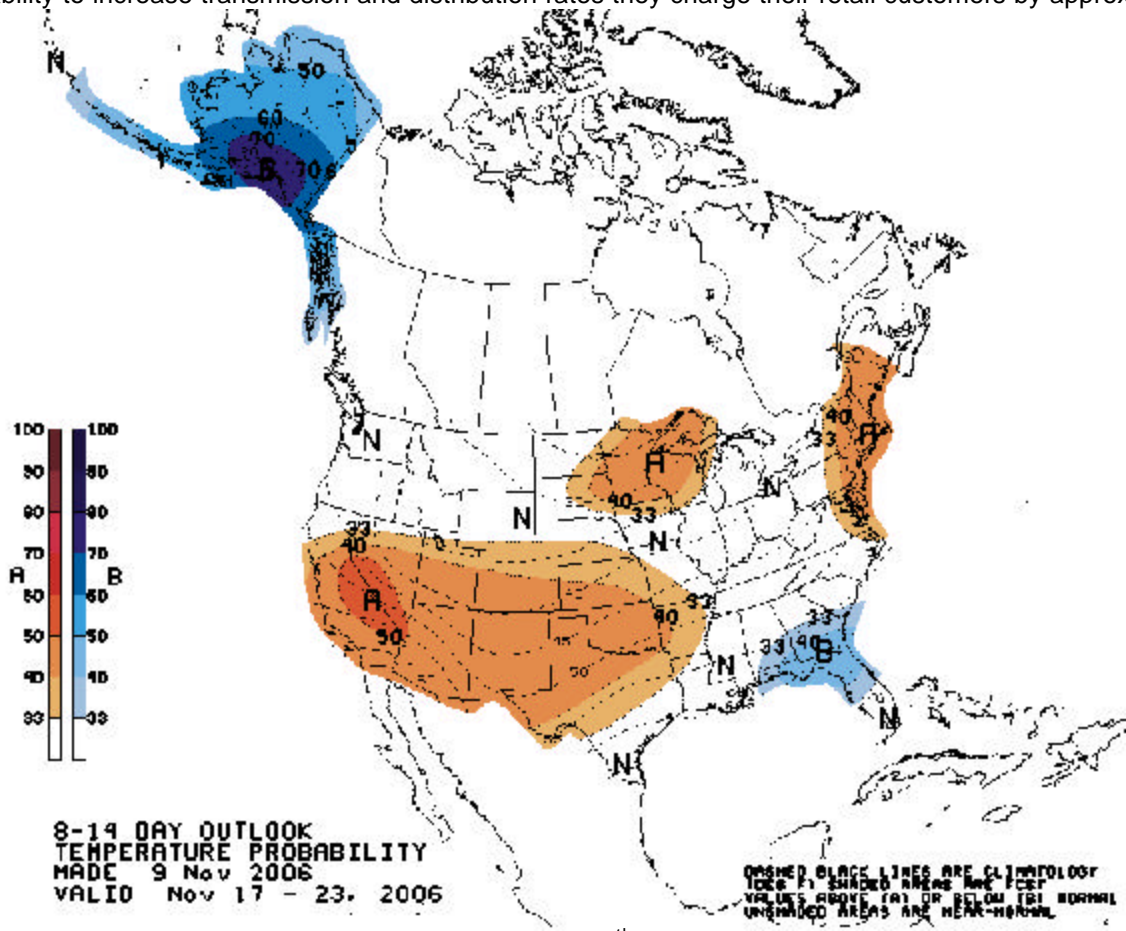
GREAT LAKES WATERS

Lake temperatures & how much cooler than a year ago



ELECTRIC MARKET NEWS

AEP'S Texas Central and Texas North utility subsidiaries today asked the Texas Public Utility Commission for the ability to increase transmission and distribution rates they charge their retail customers by approximately 3%.

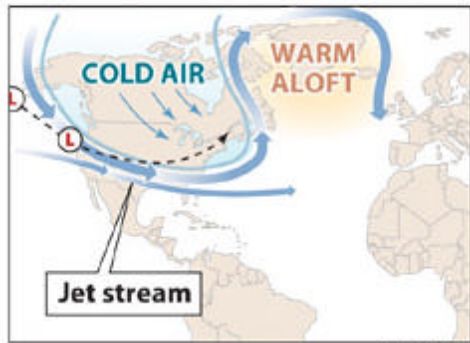


The EIA reported that for the week ending November 4th, U.S coal production reached 22.4 million short tons down 0.2% from the prior week, but up some 1.9% from the same week a year ago.

PREDICTED 6-10 DAY PATTERN

A cold pattern for northern U.S.

--> Active pacific storm track



The NEW York Power Authority today identified the four bidders competing to build clean burning coal fired power plants in New York State. The RFP by the authority was for up to 600 Mw of clean coal power projects that were due by October 31st. The bidders include AES Corp, Competitive Power Ventures, NRG Energy, and Empire Synfuel. The NYPA expects to announce its preferred bidder by the end of the year. NRG said that its proposed project in Erie County could be in operation by 2013. The company said it had agreed in principle with natural gas operator El Paso to explore the possibility of capture and sequestration of carbon dioxide emissions from the facility, via a proposed Integrated Gasification Combined Cycle plant which would first convert coal to a synthetic gas, removing pollutants, such as SO₂, NO_x, mercury as well as CO₂ before combustion. The proposed facility would have the ability to capture up to 65% of the CO₂ produced.

The New Jersey Board of Public Utilities Thursday approved a 0.9% rate hike for PSE&G customers. The agency also approved a 4.4% cut in the residential natural gas bills for the utility's customers.

A Washington lobbyist for electric utilities, refineries and other energy related companies, said today that he expected Congress to make a strong push to establish mandatory caps on carbon dioxide emissions. A Democrat sponsored bill expected to be introduced next year would cap current levels of emissions beginning in 2010 and ratchet them down to 80% of 1990 levels.

The Department of Energy said Thursday that it would take additional steps to consider the public's concerns before designating "national interest" power corridors being sought by utilities and regional grid operators. The DOE this past summer recognized in a study that southern California and the NY-Washington population corridor both suffer from "critical congestion" that jeopardizes the reliability of their grids.

MARKET COMMENTARY

The natural gas market opened basically unchanged this morning as traders awaited the release of the EIA storage numbers. While forecasts this morning appeared to be point to more moderate temperatures across much of the nation after Monday-Tuesday, traders appeared to embrace the storage report as a bullish sign and pushed prices higher despite the deviation from expectations was rather modest. Once the resistance at the \$8.05 level was breached prices moved higher throughout the morning until the \$8.25 level was reached and the rally stalled out. While prices eroded throughout the afternoon volume was light and the relative strength of the oil markets appear to prevent prices from falling back to unchanged levels. Volume today was relatively light in the open outcry session with just 45,700 lots traded while trading on the Globex platform saw 61,938 lots booked on the day.

While cash prices may firm slightly in the next day or two given the overall return of heating demand, we feel the significant storage overhang

NYMEX Nat Gas Options Most Active Strikes for November 9, 2006								
Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LN	6	7	P	5	05/25/2007	0.0945	5,500	50.89
LN	5	7	P	5.5	04/25/2007	0.1553	5,200	52.37
ON	1	7	C		12 12/26/2006	0.11	4,616	73.52
LN	1	7	C	9	12/26/2006	0.5811	3,780	64.22
LN	1	7	P	5	12/26/2006	0.0073	3,600	67.06
LN	2	7	P	5	01/26/2007	0.0234	3,600	63.72
LN	1	7	C		12 12/26/2006	0.1095	3,575	71.73
ON	1	7	C		10 12/26/2006	0.332	3,100	69.48
LN	12	6	C	9	11/27/2006	0.1819	3,000	72.75
LN	5	7	P	7.5	04/25/2007	0.8245	2,630	54.32
LN	1	7	C		11 12/26/2006	0.189	2,550	69.43
LN	4	7	C		11 03/27/2007	0.2442	2,525	50.69
LN	5	7	C		11 04/25/2007	0.2859	2,525	48.64
LN	6	7	C		11 05/25/2007	0.3542	2,525	46.88
LN	6	7	P	4	05/25/2007	0.019	2,350	50.37
ON	1	7	C		11.25 12/26/2006	0.165	2,200	71.98
LN	1	7	C		14 12/26/2006	0.04	2,200	76.10
LN	3	7	P	8	02/23/2007	0.9047	2,200	66.41
LN	1	7	C		10 12/26/2006	0.3315	2,165	66.99
LN	12	6	C		10 11/27/2006	0.0643	2,000	76.17
LN	4	7	C		12 03/27/2007	0.161	1,725	52.08
LN	3	7	P	6	02/23/2007	0.1604	1,550	60.41
LN	10	7	C		11 09/25/2007	0.7732	1,525	46.74
LN	9	7	C		11 08/28/2007	0.6393	1,525	45.85
LN	8	7	C		11 07/26/2007	0.5439	1,525	46.15
LN	7	7	C		11 06/26/2007	0.4456	1,525	46.08
LN	3	7	C		20 02/23/2007	0.0334	1,350	75.40
LN	5	7	P	6	04/25/2007	0.2606	1,350	52.57
ON	3	7	C		20 02/23/2007	0.034	1,315	77.52
LN	12	6	C	9.5	11/27/2006	0.1087	1,300	74.52
LN	12	6	C		11 11/27/2006	0.0226	1,200	79.44
LN	4	7	C		15 03/27/2007	0.0568	1,200	56.66
LN	4	7	P	7.2	03/27/2007	0.5992	1,150	53.80
ON	12	6	C	9	11/27/2006	0.182	1,142	74.17
LN	1	7	P	8	12/26/2006	0.5723	1,100	68.93
LN	2	7	C	9	01/26/2007	0.8002	1,080	60.85
LN	3	7	C	9	02/23/2007	0.8789	1,080	59.54
LN	12	6	C	9.75	11/27/2006	0.0837	1,050	75.37
LN	6	7	P	6.5	05/25/2007	0.4299	1,025	52.10
LN	5	7	P	6.5	04/25/2007	0.4052	1,025	52.92
LN	4	7	P	6.5	03/27/2007	0.3323	1,025	52.48
LN	6	7	P	7	05/25/2007	0.6177	1,000	52.70
LN	2	7	P	8	01/26/2007	0.723	1,000	66.89
LN	4	7	P	6	03/27/2007	0.2003	1,000	51.96

coupled with a majority of temperature outlooks for the next two weeks that appear to show that no prolonged arctic outbreak is in the cards for the period, will prevent prices in the December contract from significantly breaching the resistance from last month's triple top or peak in the December contract at \$8.37-\$8.45. If prices approach these levels tomorrow we would be a seller of December \$10 calls which tonight settled at 6.4 cents after trading between 6-10 cents. Volatility on this strike is running around 77%, some 910% higher than a similar strike out of the money at this time of month last year, despite the underlying futures trading \$3.50 lower than last year with inventories some 225 bcf higher.

