



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 10, 2006

NATURAL GAS MARKET NEWS

DTN Meteorogix weather forecast today noted that they looked for colder weather in the U.S. Northeast and Midwest in late November and early December, then expects temperatures to moderate and turn warmer than normal in late December and January. Meanwhile this afternoon the NWS released their latest 814 day temperature forecast and while it calls for below normal temperatures to continue to build over Alaska, it looks for much of the lower 48 states to see above to much above normal temperatures for the time period as mild Pacific air floods the country.

Bloomberg reported today that Jeff Shankman, the former chief operating office of global markets at Enron Corp, is seek to raise \$250 million for a new energy hedge fund, being developed by his firm, Trident Asset Management LLC. The firm based in Houston was founded earlier this year by Shankman and a former trader at CentePoint Energy, Andy Weathers. Trading is expected to begin this month. The fund registered in the Cayman Islands reportedly will trade U.S. natural gas, crude oil and refined products.

El Paso Corporation announced Friday it had reached agreement to buy Laredo Energy III LP, a majority owner and operator of natural gas production wells in southern Texas. These fields are currently producing 19 Mmcf/d of natural gas with proved reserves of 84 bcf. The deal was valued at \$255 million.

Baker Hughes reported that for the week ending November 10th the number of total drilling rigs search for natural gas in the United States stood at 1,415 rigs, down 28 on the week.

Canada's Federal Court ruled Friday that a panel reviewing the proposed Mackenzie Artic gas pipeline could not consider any aspect of the project which affected land claimed by the Dene Tha' aboriginal tribe. The court ruled that the Canadian government had breached its duty to consult with the tribe over the path of the pipeline over its lands. The court has ordered a hearing between the parties involved to work out ways to resolve the issue.

UBS reportedly has acquired "a large portion" of the El Paso Marketing's non-core merchant natural gas portfolio. Some 200 physical and financial natural gas positions in the eastern U.S. and Canada with 21 different

Generator Problems

NPCC Bruce Power LP shut is 750 Mw Unit #3 nuclear unit for repairs to a turbine compressor tube. The unit is expected to be offline for several days.

OPG shut its 490 Mw Nanticoke coal fired Unit #6 early Friday for maintenance work.

FPL Energy's 1240 Mw Seabrook nuclear unit remained offline running at only 17% of capacity.

SERC – Duke Power's 1100 MW McGuire #2 nuclear unit was restrtrted overnight and stood at 2% of capacity. The unit has been off line since September 16th.

SPP – Operators at Entergy's 841 Mw Unit #1 at the Arkansas Nuclear One unit reduced output to 42% of capacity Thursday night due repair work on a main feed water pump.

The Wolf Creek 1167 Mw nuclear unit began to warm up this morning and was at 4% capacity as operators restarted the unit, which has been offline since mid-October.

MAPP – FPL Energy's 580 Mw Duane Arnold nuclear unit has been restarted and was at 19% of capcity this morning.

MAIN – Exelon Generating's 1120 Mw Braidwood #2 nuclear unit was uip 9% from yesterday and stood at 99% of capacity.

WSCC –. Energy Northwest's 1200 Mw Columbia Generating station has returned to full power as of Friday morning.

The NRC reported that 79,486 Mw of nuclear capacity is on line, up 0.25% from Wednesday, and down 2.47% from a year ago.

counterparties, made up the trading book. Terms of the transaction were not disclosed. El Paso said the transaction allows the company to move toward exiting merchant natural gas marketing and trading activity in order to focus on its core pipeline and E&P businesses. UBS said that in the deal it is taking on the financial and physical risk of El Paso merchant gas business through the use of a total return swap that allows novation consents with EPM's counterparties to occur over time.

PIPELINE RESTRICTIONS

NGPL said that a gas quality problem has been reported from the BP-Sunray in Moore County, OK. Effective today and continuing until further notice this point will be unavailable.

Texas Eastern reported that it has scheduled to capacity all receipts sourced between Little Rock and Batesville for delivery downstream of Batesville. No increase in receipts between Little Rock and Batesville for delivery downstream of Batesville will be accepted. The company also noted that restricted receipts sourced between Mt. Belvieu and Little Rock for delivery outside of the area continues. No increase of receipts will be accepted.. The company also reported that deliveries remain restricted downstream of Castor on the Castor lateral.

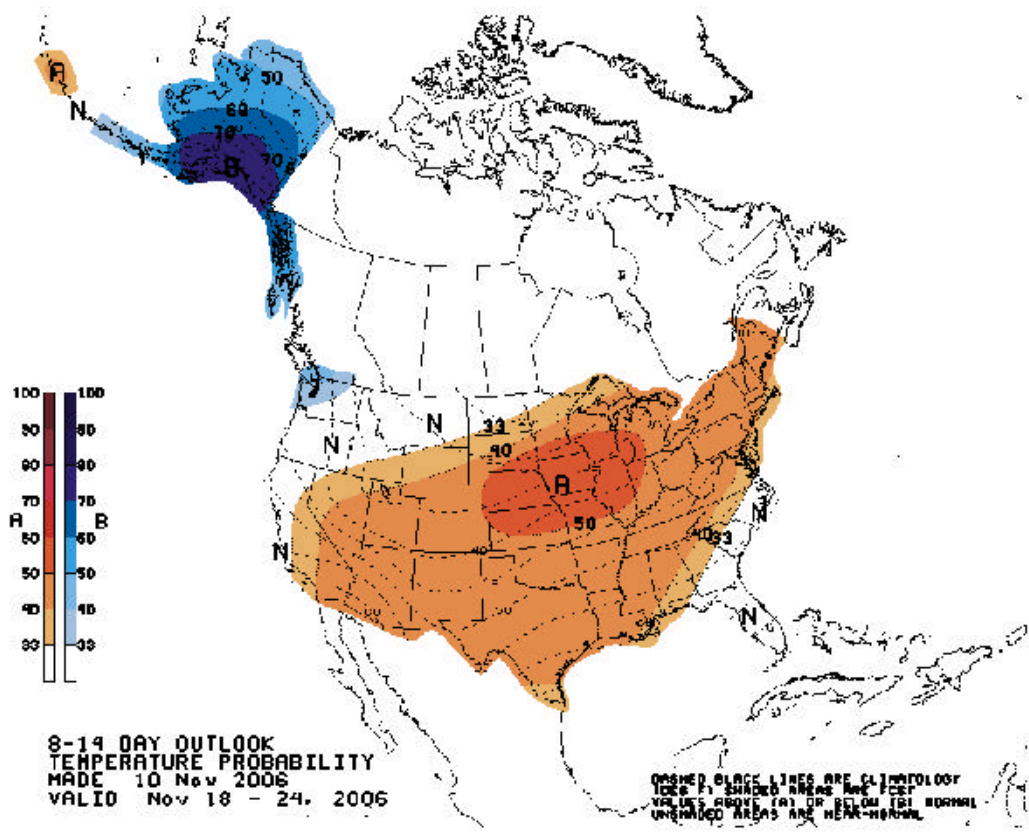
PG&E's California Gas Transmission kept its system wide OFO in place due to high gas supplies on the system.

PIPELINE MAINTENANCE

El Paso Natural Gas said that work at the Waha processing facility was proceeding ahead of schedule. The treating plant and a portion of the compression facilities will be available November 10th. Compression though will be limited to 250 Mmcf/d until the GE unit which has had significant mechanical problems returns to service.

Williston Basin Interstate Pipeline said that planned maintenance will be performed at

Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
Location	Traded	Price		(As of 12:30 PM)		Moving Avg
Henry Hub	934,400	\$7.159	(\$0.189)	(\$0.635)	(\$0.028)	(\$0.723)
Chicago City Gate	566,600	\$7.167	(\$0.068)	(\$0.628)	\$0.237	(\$0.798)
NGPL- TX/OK	546,700	\$6.412	(\$0.226)	(\$1.383)	\$0.079	(\$1.449)
SoCal	939,500	\$5.739	(\$0.758)	(\$2.056)	(\$0.453)	(\$1.746)
PG&E Citygate	386,500	\$6.593	(\$0.520)	(\$1.202)	(\$0.215)	(\$0.969)
Dominion-South	499,900	\$7.483	(\$0.294)	(\$0.312)	\$0.011	(\$0.359)
Transco 65	365,700	\$7.254	(\$0.236)	(\$0.541)	\$0.069	(\$0.634)



the Worland Compressor Station through November 16th. As a result receipts from Devon FR119 will be reduced.

NYMEX Nat Gas Options Most Active Strikes for November 10, 2006								
Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LN	12	6	P	6	11/27/2006	0.0112	3,850	65.37
LN	9	7	P	5	08/28/2007	0.1842	3,400	52.98
LN	12	6	P	5.5	11/27/2006	0.0018	2,500	65.21
ON	1	7	P	7	12/26/2006	0.2	1,824	61.27
LN	4	7	P	4.25	03/27/2007	0.0153	1,500	51.60
LN	3	7	P	4.25	02/23/2007	0.0092	1,500	58.29
LN	3	7	P	5	02/23/2007	0.0429	1,450	59.47
LN	4	7	C	8	03/27/2007	0.8256	1,400	44.06
LN	9	7	P	7	08/28/2007	0.808	1,200	55.11
ON	12	6	C	10	11/27/2006	0.037	1,168	74.56
LN	2	7	P	6.5	01/26/2007	0.1971	1,050	62.85
LN	1	7	C	10	12/26/2006	0.2823	1,000	66.22
LN	1	7	C	12	12/26/2006	0.0878	1,000	70.92
LN	5	7	P	5	04/25/2007	0.0909	1,000	52.37
LN	10	7	P	5	09/25/2007	0.2131	1,000	54.17
LN	6	7	P	5	05/25/2007	0.1012	1,000	50.92
LN	7	7	P	5	06/26/2007	0.1239	1,000	51.28
LN	8	7	P	5	07/26/2007	0.1571	1,000	52.65
LN	2	7	P	7.5	01/26/2007	0.5176	1,000	65.02
ON	12	6	C	9	11/27/2006	0.121	863	71.37
LN	1	7	P	7	12/26/2006	0.1999	850	63.22
LN	4	7	P	5	03/27/2007	0.059	800	51.64
ON	12	6	C	8	11/27/2006	0.368	792	68.48
LN	12	6	P	7	11/27/2006	0.1367	725	67.33
ON	1	7	C	12	12/26/2006	0.088	710	72.58
LN	3	7	P	8	02/23/2007	0.9441	650	66.64
LN	1	7	P	6	12/26/2006	0.058	650	66.68
ON	12	6	C	9.5	11/27/2006	0.067	650	72.91
ON	12	6	P	7	11/27/2006	0.137	638	66.14
LN	12	6	C	9.75	11/27/2006	0.0498	600	72.79
ON	1	7	P	7.5	12/26/2006	0.385	600	64.88
LN	12	6	P	7.25	11/27/2006	0.2116	570	68.06
LN	9	7	P	6.5	08/28/2007	0.6044	500	54.55
LN	1	7	P	8	12/26/2006	0.597	500	67.89
LN	8	7	P	6.5	07/26/2007	0.5542	500	53.96
LN	4	7	P	4	03/27/2007	0.0088	500	51.68
LN	10	7	P	6.5	09/25/2007	0.6493	500	55.75
LN	6	7	P	4	05/25/2007	0.0206	500	50.37
LN	8	7	P	4	07/26/2007	0.0429	500	51.99
LN	6	7	P	6.5	05/25/2007	0.4533	500	52.18
LN	5	7	P	4.5	04/25/2007	0.0436	500	52.31
LN	10	7	P	4	09/25/2007	0.0688	500	53.28
LN	7	7	P	6.5	06/26/2007	0.4936	500	52.57
LN	9	7	P	4	08/28/2007	0.0543	500	52.10
LN	5	7	P	4	04/25/2007	0.0177	500	52.29
LN	5	7	P	6.5	04/25/2007	0.4306	500	53.12
LN	7	7	P	4	06/26/2007	0.0292	500	50.68
ON	10	7	C	12	09/25/2007	0.595	500	55.08
ON	12	6	C	8.75	11/27/2006	0.162	500	70.69

Northwest Pipeline Company reported that due to recent flooding in Washington it has sent personnel to assess a situation near Castle Rock, Washington, where due to recent flooding has exposed approximately 300-400 feet of a 30 inch pipeline in the area.

MARKET COMMENTARY

The natural gas market today saw a much more subdued trading session as volumes in the cash and futures markets were lower compared to yesterday. Volumes on the next day market on ICE were off 1.2% but in the futures the trading interest was down more than 50% from yesterday. The open outcry session was so thin at times the December contract went minutes without trading during the afternoon hours. At the end of the day only 18,600 lots traded on the floor with some 32,900 lots booked on Globex.. The trading range for the day was the smallest in the December contract since September 8th, and the smallest in the spot contract since the end of June. The market settled down on the day for only the second time on the week, basically on the 20 day moving average and at the midpoint of trading range for the past two months.

We continue to feel that given the ample supply picture for this market and the limited heating demand expected over the next couples of weeks should

keep the December contract under pressure possibly allowing the December-January spread to widen to 60-70 cent before Thanksgiving. Basis flat price we would look for support in the December contract initially at \$7.70-\$7.65, followed by \$7.40, \$7.31, \$7.235, and \$7.18. More significant support we see at \$6.92 and \$6.61. Resistance we see at \$7.85, \$8.00, \$8.25 and \$8.37-\$8.45.