



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 17, 2006

NATURAL GAS MARKET NEWS

Nymex Holdings in its first day as a publicly traded company Friday soared to more than double its initial public offering (IPO) price, opening up 103% at \$120 before climbing to above \$150 in early morning trading on the New York Stock Exchange. In late morning the share price dropped back into the \$130s.

The McIntosh salt cavern gas storage operation north of Mobile, AL, continues to grow in response to strong demand for high-deliverability storage in the Southeast region. Bay Gas Storage said Friday that it received expressions of interest from the market for 22 Bcf of additional storage capacity during its recent open season. It plans to add two more 5 Bcf caverns to the field with service beginning in fall of 2009.

Baker Hughes reported that the number of rigs searching for oil and gas in the U.S. rose three to 1,696 in the week ending Friday. The number of rigs searching for oil rose 16 to 289, while the number of rigs searching for gas fell 13 to 1,402.

Generator Problems

ECAR – FirstEnergy's 946 Mw Davis-Besse will shut tomorrow for a brief maintenance outage.

AEP's 1,060 Mw Cook #1 nuclear unit increased production to 76% capacity today. Yesterday, the unit was operating at 60%. Cook #2 is operating at full capacity.

ERCOT – TXU Corp.'s 575 Mw Big Brown #2 coal-fired power station is expected to restart today following repairs to a boiler tube leak.

TXU Corp.'s 750 Mw Martin Lake #2 coal-fired power station shut to fix a boiler tube leak.

TXU Corp.'s 545 Mw Sandow #4 coal/oil-fired power station shut for short-term work to fix a boiler tube leak.

MAAC – FirstEnergy's 831 Mw Beaver Valley #2 nuclear unit dropped to 40% capacity due to a problem with the feed water heater. Yesterday, the unit was operating at 89%.

MAIN – Exelon's 867 Mw Dresden #2 nuclear unit shut by early today. Yesterday, the unit was operating at 85%. Dresden #3 remains shut for a refueling.

MAPP – We Energies' 516 Mw Point Beach #2 nuclear unit exited a refueling outage and ramped up to 20% capacity. Point Beach #1 remains at full capacity.

NPCC – Entergy's 979 Mw Indian Point #2 nuclear unit returned to full power following a shut down Wednesday night due to a circuit issue. Indian Point #3 continues to operate at full power.

Entergy's 506 Mw Vermont Yankee nuclear unit returned to full power by early today. Yesterday, the unit was operating at 54% capacity.

SERC – Dominion Resources restarted its equally rated 925 Mw North Anna #1 and 2, operating #1 at 30% and #2 at 12%.

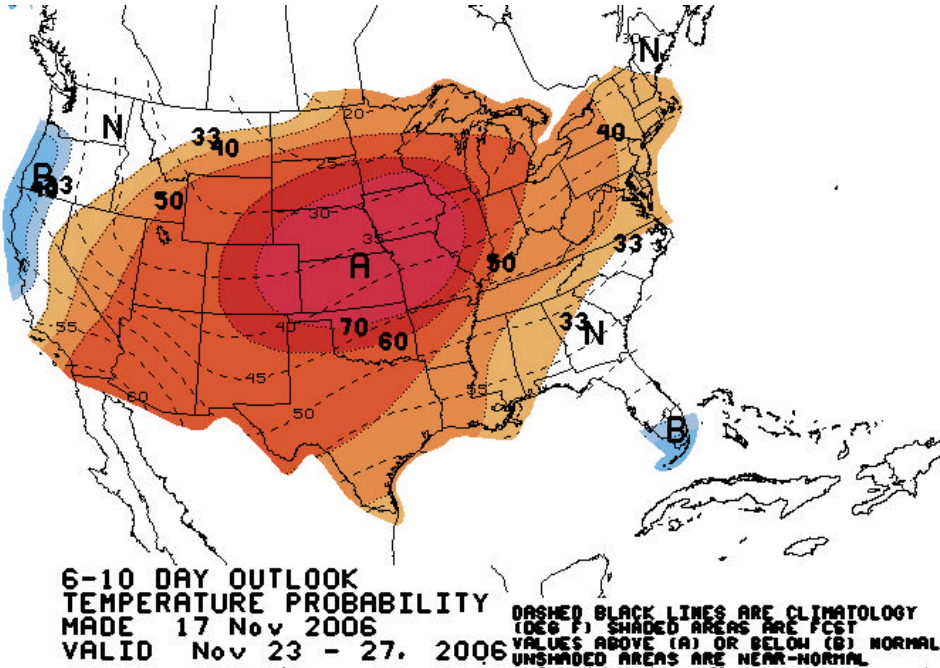
WSCC – APS' 1,270 Palo Verde #1 nuclear unit dropped to 59% as it comes back from refueling. The unit is expected to reach full power over the weekend.

Energy Northwest's 1,200 Mw Columbia nuclear unit returned to full power.

Canada – Ontario Power Generation's 580 Mw Brighton Beach natural gas-fired power station shut. The unit is expected to return to service within a week.

Ontario Power Generation's 494 Mw Lambton #4 coal-fired power station shut today for short-term work.

The NRC reported that 81,465 Mw of nuclear capacity is on line, up .99% from Thursday, but off 5.52% from a year ago.



PIPELINE RESTRICTIONS

Texas Eastern Transmission Corp. said that it has restricted to capacity deliveries downstream of Castor on the Castor lateral. No increase of deliveries downstream of Castor on the Castor lateral will be accepted.

TransColorado Gas Transmission said until further notice, it is at capacity for southbound deliveries through Segment 220 (Whitewater Compressor Station to Olathe Compressor Station), Segment 250 (Dolores Compressor Station to Mancos Compressor Station)

and Segment 310 (La Maquina Lateral to Blanco). Depending on the level of nominations, AOR/ITS and secondary out-of-path quantities are at risk of not being scheduled.

Westcoast Energy said it has returned Pine River Plant to full operation. Effective immediately, the RGT Constraint previously in effect will be removed.

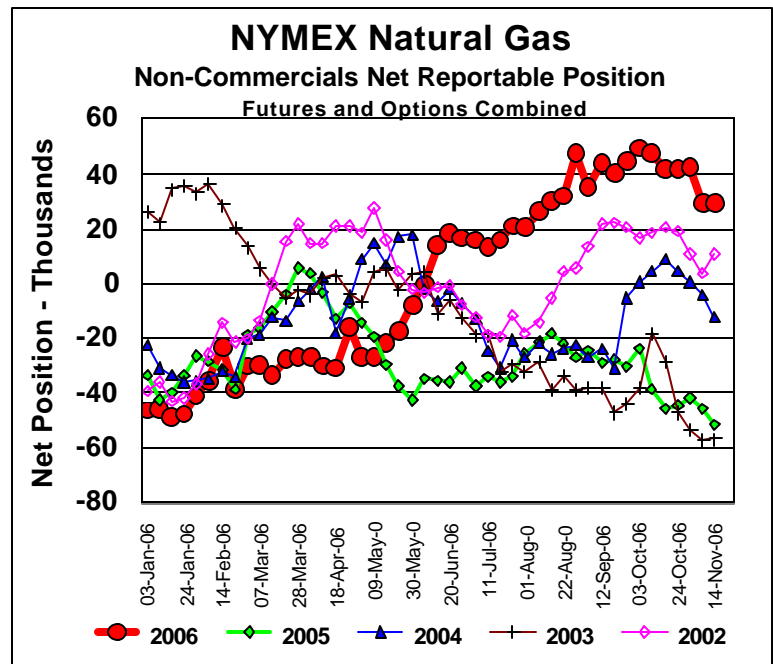
Williston Basin Interstate Pipeline Company said that several points and line sections are in pipeline capacity constraint for today's timely cycle. Penalties will be imposed at the following line sections: Dickinson-Bismarck; Bismarck-Cleveland; Cleveland-Grafton; Williston-Bismarck; Cleveland-Mapleton; Portal-Tioga. Williston also said it has completed mainline valve replacements on Line Section 20. Receipts and deliveries in Line Section 20 are now back in service.

PIPELINE MAINTENANCE

Northwest Pipeline has excavated and performed an evaluation of the anomaly near the Mapco-Delores Delivery point, and has repaired and returned the line to service. As a result, the Declared Deficiency Period has ended and the south-flow design capacity has been restored to 352 MMcf at the Pleasant View compressor station.

MARKET COMMENTARY

The natural gas market opened 6 cents higher to start what most thought would be a quiet trading session following yesterday's sell off from recent highs, but the volatility of natural gas never ceases to amaze us as a midday weather report calling for the 11-15 period to be colder than previously forecast boosted prices, with the December contract trading to a high of 8.25 before settling up 42.4 cents at 8.179.



NYMEX Nat Gas Options Most Active Strikes for November 17, 2006								
Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LN	12	6	P	7.5	11/27/2006	0.0928	4,895	63.97
LN	12	6	P	8	11/27/2006	0.2596	2,576	65.45
LN	12	6	C	9.5	11/27/2006	0.0437	2,450	67.87
ON	12	6	P	8	11/27/2006	0.26	2,199	64.18
ON	6	7	C	10	05/25/2007	0.548	2,100	51.02
LN	1	7	P	7.5	12/26/2006	0.2523	2,050	66.35
LN	1	7	P	8	12/26/2006	0.4243	2,000	66.98
LN	12	6	C	8.5	11/27/2006	0.2218	1,700	64.14
ON	1	7	C	12	12/26/2006	0.08	1,659	70.56
LN	12	6	C	9	11/27/2006	0.1021	1,485	66.06
LN	4	8	C	8	03/26/2008	1.1383	1,350	19.13
LN	12	6	P	7	11/27/2006	0.0218	1,250	62.60
LN	4	8	P	7.5	03/26/2008	0.909	1,200	42.85
ON	1	7	P	5	12/26/2006	0.002	1,150	64.29
ON	1	7	P	8	12/26/2006	0.425	1,070	64.73
LN	4	7	C	8	03/27/2007	1.0101	1,050	45.65
ON	12	6	C	10	11/27/2006	0.018	1,037	70.37
LN	1	7	P	7	12/26/2006	0.1357	1,020	66.04
ON	1	7	C	10	12/26/2006	0.308	1,006	67.64
LN	4	7	C	12	03/27/2007	0.201	1,000	54.55
LN	6	7	C	12	05/25/2007	0.2969	1,000	50.04
LN	5	7	C	12	04/25/2007	0.2353	1,000	51.84
LN	3	7	C	10	02/23/2007	0.6568	900	62.98
LN	2	7	C	12	01/26/2007	0.237	875	68.52
ON	12	6	C	8	11/27/2006	0.438	792	64.06
ON	12	6	C	8.5	11/27/2006	0.222	766	65.50
LN	2	8	C	10	01/28/2008	1.5392	750	33.52
LN	5	7	C	8	04/25/2007	1.057	700	43.66
LN	6	7	C	8	05/25/2007	1.1501	700	41.29
LN	4	7	P	7	03/27/2007	0.4719	625	55.49
LN	12	6	P	6.75	11/27/2006	0.0086	600	62.06
LN	1	7	C	8.55	12/26/2006	0.7627	550	61.18
LN	1	7	P	8.55	12/26/2006	0.6792	550	67.81
LN	4	7	P	8	03/27/2007	0.9474	550	57.87
ON	12	6	C	9	11/27/2006	0.102	500	67.00

Natural gas remains overly sensitive to forward weather forecasts and traders prefer to err on the long side as the true brunt of winter is yet to be determined. However, as the pages of the calendar come off, it's going to become easy to calculate that there will be more than enough storage to last through the winter. Natural gas though will continue to trend in its familiar range, as market players are hesitant to pressure the market to new lows with winter ahead, and upside traction is hindered by the glut of supply and overall moderate winter forecasts. The Commitment of Traders report showed that non-commercial traders increased their futures only net long position by 5,028 lots to 45,279 contracts. The report also showed that in the combined futures and options report, the non-commercial traders increased their net long position by 74 lots to 29,515 contracts. We see support at \$8.00, \$7.66, \$7.40-\$7.38, \$7.10 and

\$7.00. We see resistance at \$8.25-\$8.26, \$8.45, \$8.54, \$8.62 and \$9.00.

Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	Volume Traded	Avg Price	Change	Basis (As of 12:30 PM)	Change	Basis 5-Day Moving Avg
Henry Hub	1,184,000	\$7.233	(\$0.358)	(\$0.946)	(\$0.782)	(\$0.595)
Chicago City Gate	656,500	\$7.226	(\$0.319)	(\$0.864)	(\$0.509)	(\$0.609)
NGPL- TX/OK	558,600	\$6.703	(\$0.318)	(\$1.387)	(\$0.508)	(\$1.161)
SoCal	920,000	\$6.054	(\$0.663)	(\$2.036)	(\$0.853)	(\$1.656)
PG&E Citygate	347,700	\$7.115	(\$0.292)	(\$0.975)	(\$0.482)	(\$0.731)
Dominion-South	332,300	\$7.675	(\$0.200)	(\$0.415)	(\$0.390)	(\$0.275)
Transco Zone 6	205,300	\$7.821	(\$0.278)	(\$0.269)	(\$0.468)	(\$0.117)

