



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 29, 2006

NATURAL GAS MARKET NEWS

Exxon Mobile Corp. said Alaska's decision to terminate gas and oil leases for the Point Thomson field may jeopardize a \$25 billion natural gas pipeline. Alaska Natural Resources Commissioner said Exxon Mobil, BP, Chevron, and ConocoPhillips failed to fulfill their development obligations, which lead to the termination of the Point Thomson agreement. The leases cover as much as 9 Tcf, or almost a quarter of discovered North Slope reserves. The loss of those reserves will increase the reluctance of the companies to build the pipeline, which already faces cost and regulatory obstacles.

PIPELINE RESTRICTIONS

Kern River Pipeline said that linepack is low from Elberta to the Common Facilities. Meanwhile, Kern Mainline North is posting normal linepack levels.

KM Interstate Gas Transmission said that WIC/Cottonwood is at capacity for delivered volumes. Based on the level of nominations, IT/AOR and secondary volumes are at risk of not being scheduled.

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. Tetco has scheduled to capacity all receipts sourced between Little Rock and Batesville for delivery downstream of Batesville. No increase of receipts between Little Rock and Batesville for delivery downstream of Batesville will be accepted. Tetco has restricted receipts sourced between Mt. Belvieu and Little Rock for delivery outside of that area.

Westcoast Energy said that due to extremely low linepack conditions, the delivery to T-South delivery locations has been impacted. Balancing accounts are heavily drafted due to the combination of cold weather and the recent five-day trading period. Although Field Services facilities are fully available, production has been impacted by approximately 10% due to cold weather in the producing area. Loads increased due to cold weather over the Thanksgiving five-day trading period further impacting linepack. Scheduled deliveries are not currently being met so the Station 4B South constraint group is being utilized for this constraint. Capacity past this point is being reduced for the ID2 cycle to 1,476 MMcf/d.

Generator Problems

ECAR – Dominion Resources' 521 Mw Mount Storm #3 coal-fired power plant shut early today to fix a tube leak. The unit should be back in service in a couple days.

ERCOT – TXU Corp.'s 750 Mw Martin Lake #2 coal-fired power unit shut to fix a boiler tube leak. The unit is expected to return in a few days.

FRCC – Progress Energy's 870 Mw Crystal River #3 nuclear unit dropped production to 88%. Yesterday the unit was operating at full power.

MAAC – PPL Corp.'s 1,135 Mw Susquehanna #1 nuclear unit started to exit an outage and ramped up offline to 4% of capacity today. Susquehanna #2 continues to operate at full power.

MAPP – Nebraska Public Power District's 800 Mw Cooper nuclear unit dropped to 76% power as follow up tests to the recent refueling are conducted. The unit should return to full power shortly.

WSCC – PG&E's 1,100 Mw Diablo Canyon #1 nuclear unit inched higher to 57% capacity as scheduled work is performed. The unit is expected to return to full power on Friday. Diablo Canyon #2 remains at full power.

The NRC reported that 87,396 Mw of nuclear capacity is on line, down .15% from Tuesday, and 3.14% lower from a year ago.

Williston Basin Interstate Pipeline Company said that one point and several line sections are in pipeline Capacity Constraint. Penalties will be imposed for the timely cycle for delivery at the following line sections: Cabin Creek-Dickinson; Dickinson-Bismarck; Bismarck-Cleveland; Cleveland-Grafton; Williston-Bismarck; Belle Fourche-Recluse; Cleveland-Mapleton; Portal-Tioga; Belle Creek-Manning. Penalties will also be imposed at the Northern Border-Manning and Northern Border-Glen Ullin.

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	807,300	\$7.735	\$0.122	(\$1.136)	(\$0.431)	(\$0.594)
Chicago City Gate	706,000	\$7.953	\$0.506	(\$0.907)	(\$0.219)	(\$0.763)
NGPL- TX/OK	837,300	\$7.430	\$0.852	(\$1.430)	\$0.127	(\$1.512)
SoCal	737,500	\$7.533	\$0.540	(\$1.327)	(\$0.185)	(\$1.523)
PG&E Citygate	578,700	\$7.976	\$0.087	(\$0.884)	(\$0.638)	(\$0.512)
Dominion-South	296,000	\$7.850	\$0.059	(\$1.010)	(\$0.666)	(\$0.344)
Transco Zone 6	210,700	\$7.989	\$0.032	(\$0.871)	(\$0.693)	(\$0.175)

PIPELINE MAINTENANCE

Gulf South Pipeline said that current scheduled maintenance on the Clarence Compressor Station Unit #1 is anticipated to be complete on December 5. Gulf South has been working on the station

since September.

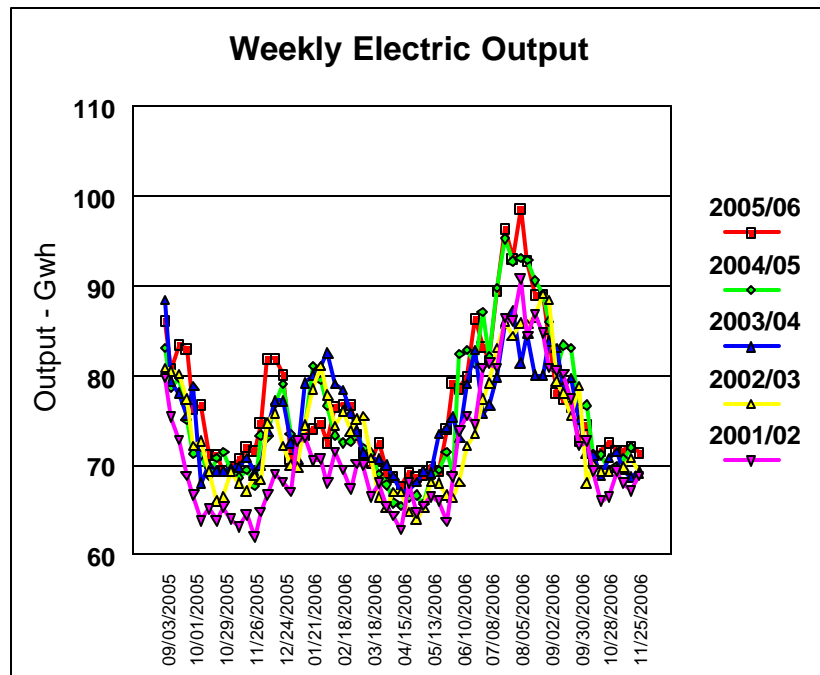
ELECTRIC MARKET NEWS

The Edison Electric Institute reported that electricity production in the continental U.S. for the week ended November 25 edged down 0.2% from the same 2005 week to 71,398 GWh. Mild weather across most of the nation and a decrease in industrial demand from shut schools and businesses during the U.S. Thanksgiving holiday break last week led to the lower output.

American Electric Power announced that it would buy the 480 Mw natural gas-fired Darby Electric Generating Station from DPL for about \$102 million to keep pace with growth and meet regulatory reserve requirements.

Despite higher electricity prices, PJM Interconnection said the markets in PJM and New York saved consumers between \$430 million and \$1.3 billion per year, according to a new study. The study commissioned by PJM was done by LECG of Emeryville, California and examined markets in Pennsylvania, New Jersey, Maryland, Delaware, New York and the District of Columbia during the period of 1998-2004. The study showed that a decline in natural gas-fired generation in New York and eastern Pennsylvania after

PJM and the New York ISO started operating the grids. In some states following the traditional market structure like Alabama and Florida with no independent grid operator, the study found usage of gas-fired generation increased since 1997. In the traditional market structure, utilities operate the transmission and dispatch the generation. With a grid-operated structure, like PJM or NYISO, the grid operator oversees the transmission system and dispatches the generation. The study also showed that nuclear output in PJM and New York rose 28% between 1997-2004 even though no new nuclear plants entered service as competition among generators boosted the demand for low-cost nuclear power and pushed nuclear operators to improve their operating performance.



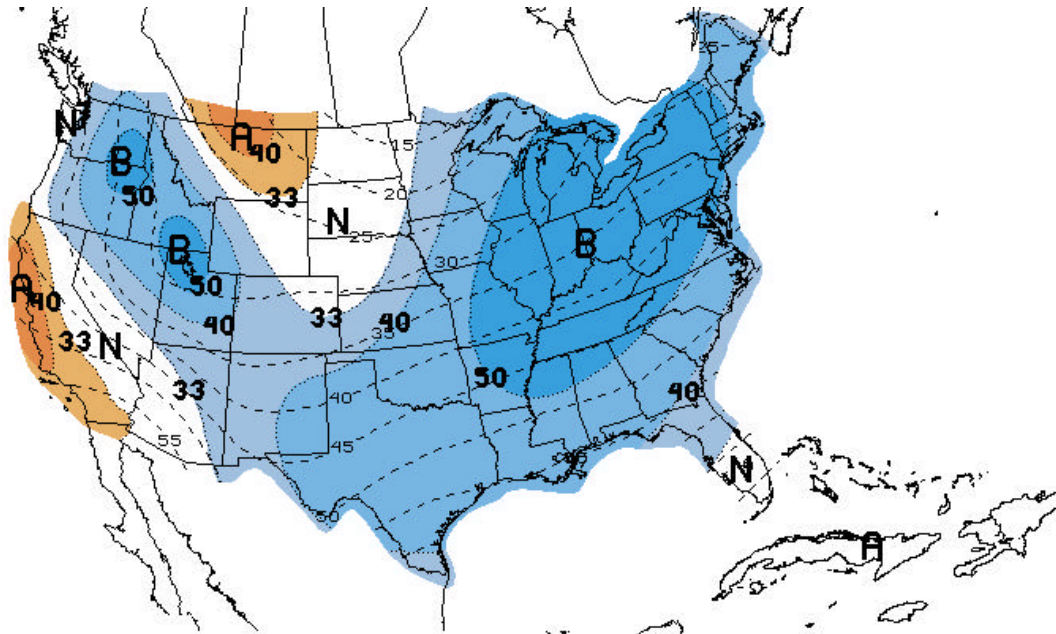
MARKET COMMENTARY

The natural gas market opened 2 cents lower as the January contract took over the spot position and took over where December left off, making new highs on the tails of a rallying crude oil market and winter's first taste of a chill. January natural gas busted through resistance at 8.75 on its way to a high of 8.94, the market's highest point since February 1. Overall the front month contract inflated by 31.2 cents to settle at 8.871, as market players adjusted their sights higher.

The expanding cold snap has been the primary culprit behind the market's 14.9% surge since last Wednesday and the duration of the cold will dictate how much higher the market goes. This cold snap will also bring snow, which increases the chance that the cold will linger. Expectations for tomorrow's storage report call for a draw of 24 Bcf and in line with the five-year average of 22 Bcf. We see the January contract continuing to trend higher, challenging the psychological 9.00 level, followed by 9.25. Further resistance we see at \$9.50 and \$9.65. We see support at \$8.80-\$8.75, \$8.50, \$8.14, \$8.10 and \$8.00.

NYMEX Nat Gas Options Most Active Strikes for November 29, 2006

Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LN	1	7	C	9	12/26/2006	0.5497	3,432	60.78
LN	10	8	C	12	09/25/2008	0.7057	2,500	30.23
LN	2	7	C	15	01/26/2007	0.0527	2,300	72.77
LN	4	7	C	14	03/27/2007	0.0851	2,300	56.22
LN	1	7	C	9.5	12/26/2006	0.3738	2,250	62.34
LN	1	7	P	6.5	12/26/2006	0.0169	2,250	63.45
ON	1	7	C	15	12/26/2006	0.004	2,100	75.67
ON	2	7	C	15	01/26/2007	0.053	2,065	74.40
LN	3	7	P	6	02/23/2007	0.0856	2,050	60.22
ON	2	7	C	9	01/26/2007	0.856	2,031	64.54
LN	4	7	C	10	03/27/2007	0.4513	2,015	50.30
LN	3	7	C	20	02/23/2007	0.0227	2,000	75.60
LN	3	7	C	15	02/23/2007	0.1053	1,850	70.43
LN	3	7	P	5	02/23/2007	0.0203	1,650	61.75
LN	4	7	C	15	03/27/2007	0.0599	1,500	57.66
LN	3	7	C	9	02/23/2007	0.95	1,350	59.02
LN	1	7	P	8.5	12/26/2006	0.422	1,335	64.97
ON	2	7	P	7.5	01/26/2007	0.28	1,250	61.27
LN	1	7	P	7	12/26/2006	0.0478	1,083	63.12
ON	2	7	C	10	01/26/2007	0.538	1,033	66.82
LN	1	7	C	15	12/26/2006	0.004	1,000	74.90
LN	1	7	P	8.55	12/26/2006	0.4445	925	65.07
LN	3	7	C	13	02/23/2007	0.2232	800	68.81
LN	1	7	P	8	12/26/2006	0.2353	750	64.01
LN	3	7	P	8	02/23/2007	0.651	750	64.58
ON	1	7	C	9	12/26/2006	0.55	727	63.58
LN	1	7	C	8.5	12/26/2006	0.7915	650	59.22
ON	1	7	C	8.8	12/26/2006	0.638	642	63.25
ON	1	7	P	8	12/26/2006	0.235	635	62.29
ON	1	7	P	8.8	12/26/2006	0.567	635	63.21
LN	1	7	C	10	12/26/2006	0.2494	625	63.72
ON	1	7	C	11	12/26/2006	0.107	622	67.52
LN	3	7	P	7.5	02/23/2007	0.4324	605	62.45
LN	4	7	P	5	03/27/2007	0.0355	600	54.72
LN	3	7	P	8.55	02/23/2007	0.9439	550	66.99
LN	3	7	C	8.55	02/23/2007	1.1216	550	57.02
LN	2	7	P	8.7	01/26/2007	0.7822	525	67.00
LN	2	7	C	8.7	01/26/2007	0.9804	525	58.82
LN	2	7	C	14	01/26/2007	0.0836	500	71.62
ON	3	8	C	20	02/26/2008	0.36	500	53.37
LN	4	7	P	7.5	03/27/2007	0.5657	500	55.40
LN	4	7	P	6	03/27/2007	0.1376	500	54.13



6-10 DAY OUTLOOK
TEMPERATURE PROBABILITY
MADE 29 Nov 2006
VALID Dec 05 - 09, 2006

DASHED BLACK LINES ARE CLIMATOLOGY
 (DEG F) SHADED AREAS ARE FCST
 VALUES ABOVE (A) OR BELOW (B) NORMAL
 UNSHADED AREAS ARE NEAR-NORMAL