



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR DECEMBER 5, 2006

NATURAL GAS MARKET NEWS

The Energy Information Administration continued to scale back its projections of natural gas consumption and boosted its forecast for coal demand in its latest Annual Energy Outlook for 2007. The agency is now expecting annual U.S. gas consumption to reach only 26.1 Tcf by 2030, which is way down from expectations a few years ago of more than 30 Tcf.

FERC on Monday gave Texas Gas Transmission LLC, a subsidiary of Boardwalk Pipeline Partners LP, the go-ahead to expand its market-area natural gas storage facilities in Kentucky.

A leading consultant to the natural gas industry in Europe reported that European gas prices will not see a substantial rise until after 2010. Until then, the consultant would continue to forecast a surplus gas supply situation for Europe, emerging in 2008, which could depress prices particularly in Spain, the United Kingdom and Italy.

The AES Corporation announced the start of full commercial operation of AES Cartagena, the company's first power plant in Spain. The 1,200 Mw combined cycle gas turbine plant is located on Spain's southeastern coast.

PIPELINE RESTRICTIONS

East Tennessee Natural Gas said that it will be lifting all secondary restrictions as well as the Maximum Allowable Delivery Service effective 9:00 AM ET today.

Florida Gas Transmission said that below freezing weather is again forecasted in Northern Florida by Thursday evening. Therefore, FGT is notifying customers in the Market Area that there is the potential that FGT may issue an Overage Alert Day on one of the upcoming gas days.

Kern River Pipeline said that linepack has increased to high from Goodsprings to the south end of the system. Kern River continues to request that shippers and operators stay on rate.

Northwest Pipeline Company said that north-flow firm scheduled volumes through the Kemmerer Compressor Station are currently scheduled at approximately 700 MMcf, well above design capacity. Therefore, Northwest is

Generator Problems

ERCOT –

MAIN – AmerGen Energy Company's 1,022 Mw Clinton nuclear unit is holding production unchanged at 57% today, down from 96% power on Friday.

MAPP – The Omaha Public Power District's 492 Mw Fort Calhoun nuclear unit inched output to 30% capacity today. The unit restarted yesterday following a refueling outage as was operating at 28% capacity.

NPCC –

SERC – Tennessee Valley Authority's 1,121 Mw Watts Bar nuclear unit increased output to 75% as it comes back from a refueling outage. The unit was operating at 73% yesterday.

WSCC – Energy Norwest's 1,200 Mw Columbia Generating nuclear station increased production to full capacity today. Yesterday, the unit was operating at 86% capacity.

AES Corp.'s 495 Mw Alamitos #6 natural gas-fired power station shut for planned work yesterday afternoon.

The NRC reported that 89,814 Mw of nuclear capacity is on line, up .19% from Monday, but 2.95% lower from a year ago.

requesting assistance from its customers to voluntarily reduce nominations so that scheduled volumes do not exceed the design capacity of 653 MMcf/d northbound through the Kemmerer Compressor Station.

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.

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	737,100	\$7.320	(\$0.521)	(\$0.365)	(\$0.400)	(\$0.400)
Chicago City Gate	526,100	\$7.466	(\$0.340)	(\$0.329)	(\$0.215)	(\$0.369)
NGPL- TX/OK	604,800	\$6.812	(\$0.437)	(\$0.983)	(\$0.312)	(\$0.959)
SoCal	636,800	\$7.012	(\$0.424)	(\$0.783)	(\$0.299)	(\$0.794)
PG&E Citygate	412,900	\$7.312	(\$0.410)	(\$0.483)	(\$0.285)	(\$0.474)
Dominion-South	329,700	\$7.462	(\$0.600)	(\$0.333)	(\$0.475)	(\$0.296)
Transco Zone 6	241,000	\$7.958	(\$0.654)	\$0.163	(\$0.529)	\$0.146

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;

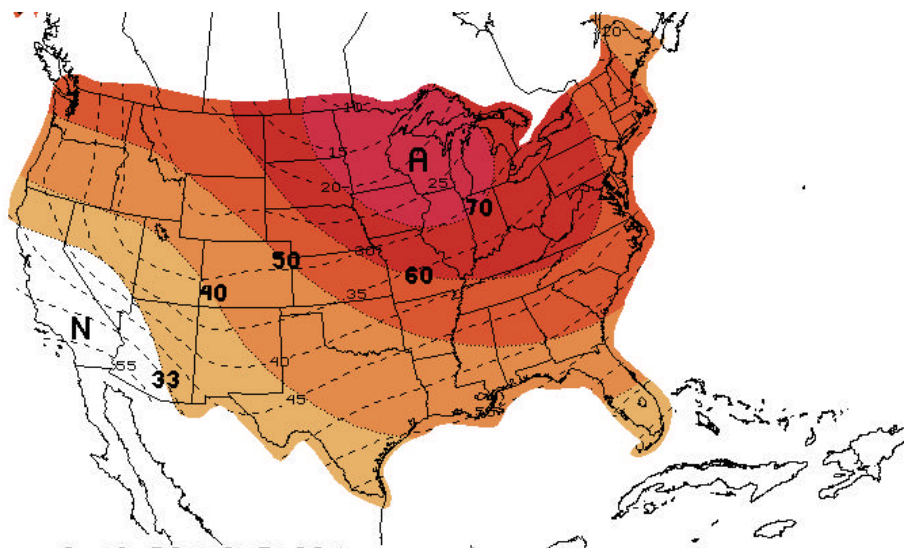
Bismarck-Cleveland; Cleveland-Grafton; Williston-Bismarck; Belle Fourche-Recluse; Cleveland-Mapleton; Portal-Tioga; Belle Creek-Manning. Penalties will also be imposed at the Northern Border-Manning.

ELECTRIC MARKET NEWS

Ameren Illinois utility companies announced that they have restored more than 85,000 customers in the wake of serious storm damage from the December 1 ice storm that hid the region. More than 235,000 Illinois customers lost power, and 150,000 are still in the dark.

The Nuclear Regulatory Commission will hold two public meetings on December 19 to discuss a license renewal application filed by the Wolf Creek Generating Station in Kansas. The current license for the 1,166 Mw reactor will expire in 2025. The meetings will discuss the license process and the scope of the agency's environmental review.

The EIA reported that carbon dioxide emissions from energy use should grow from 2005 levels of 5,945 million mt to 7,950 million mt in 2030, a lower level than the 8,114 million mt of CO2 emissions the EIA anticipated last year. The slower projected growth in emissions reflects differences in the mix of energy use and a lower level of total energy use in this year's report, compared with last.



6-10 DAY OUTLOOK TEMPERATURE PROBABILITY MADE 5 Dec 2006 VALID Dec 11 - 15, 2006 DASHED BLACK LINES ARE CLIMATOLOGY (DEG F) SHADED AREAS ARE FCST VALUES ABOVE (A) OR BELOW (B) NORMAL UNSHADED AREAS ARE NEAR-NORMAL

MARKET COMMENTARY

The natural gas market opened 9 cents lower as forecasts continue to call for warmer temperatures across the nation over the next couple weeks. With well below normal temperatures blanketing most of the country, surprisingly enough, cash prices were off more than futures today as traders focus on the warming temperatures and the surplus of gas in the ground. January natural gas traded to a low of 7.67 as it tests the contract low of 7.65. Support was not broken today and the market realized an intra day high of 7.86 just after midday, but pressure returned to the market and the spot contract traded back to the lows before finishing down 12.1 cents at 7.685.

NYMEX Petroleum Options Most Active Strikes for December 5, 2006

Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LN	4	7	P	6	03/27/2007	0.1945	5,400	51.96
LN	1	7	P	7	12/26/2006	0.1474	4,650	58.56
LN	3	7	C	15	02/23/2007	0.0241	4,400	67.14
LN	4	7	P	5	03/27/2007	0.0475	4,330	51.80
LN	3	7	P	5	02/23/2007	0.0275	4,000	55.91
LN	3	7	C	9	02/23/2007	0.453	4,000	58.86
LN	3	7	C	8	02/23/2007	0.7365	3,900	55.48
LN	3	8	P	5	02/26/2008	0.12	3,700	44.99
ON	4	7	C	9	03/27/2007	0.397	3,700	52.67
ON	4	7	C	8	03/27/2007	0.657	3,538	50.98
LN	3	7	C	12	02/23/2007	0.1056	3,400	64.71
ON	3	7	P	6	02/23/2007	0.144	3,107	54.41
LN	4	7	C	10	03/27/2007	0.242	2,715	51.01
LN	1	7	C	10	12/26/2006	0.0263	2,700	64.45
LN	1	7	C	9	12/26/2006	0.0902	2,700	60.60
LN	3	7	P	6	02/23/2007	0.1434	2,700	56.62
LN	1	7	P	6	12/26/2006	0.0121	2,300	57.29
ON	1	7	P	7	12/26/2006	0.148	1,972	57.26
LN	4	7	C	9	03/27/2007	0.3952	1,711	48.50
LN	4	7	C	12	03/27/2007	0.0883	1,600	53.82
LN	2	7	C	12	01/26/2007	0.0507	1,475	68.21
LN	2	7	P	6	01/26/2007	0.08	1,415	58.27
LN	2	7	C	11	01/26/2007	0.0929	1,400	66.18
LN	2	7	C	9.5	01/26/2007	0.2314	1,300	61.93
ON	1	7	C	9	12/26/2006	0.09	1,288	61.81
LN	5	7	P	6	04/25/2007	0.2504	1,250	52.17
ON	1	7	C	8	12/26/2006	0.3	1,209	58.83
LN	1	7	P	6.5	12/26/2006	0.05	1,150	57.68
LN	1	7	C	8	12/26/2006	0.2998	1,110	56.75
ON	1	7	C	11	12/26/2006	0.008	1,005	68.91
LN	4	7	C	8	03/27/2007	0.6548	1,000	45.42
LN	4	8	P	5	03/26/2008	0.134	1,000	38.42
LN	5	8	P	5	04/25/2008	0.1407	1,000	37.49
LN	6	7	C	15	05/25/2007	0.0537	1,000	51.82
LN	6	8	P	5	05/27/2008	0.1432	1,000	37.27
LN	7	8	P	5	06/25/2008	0.1535	1,000	37.87
LN	8	8	P	5	07/28/2008	0.1713	1,000	38.74
LN	9	8	P	5	08/26/2008	0.1947	1,000	40.01
LN	10	8	P	5	09/25/2008	0.2174	1,000	41.26

Technically, the January contract is at the lows of its roughly month long range, and is drawing close to a sensitive area near 7.42-7.50. If the market can break below 7.44, a push to 7.00 can be made, but buying interest could pick up substantially under 7.50 if for no other reason than winter weather will arrive at some point. The market is not expecting much support from the upcoming weekly inventory report this week as expectations call for a modest 15-25 Bcf withdraw. We see support at \$7.65, \$7.50, \$7.44, \$7.25 and \$7.00. We see resistance at \$7.88, \$8.00, \$8.13, \$8.29-\$8.30, \$8.70 and \$9.05.