



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR DECEMBER 6, 2006

NATURAL GAS MARKET NEWS

The latest Energy Information Administration analysis is proof that last year's passage of the sweeping Energy Policy Act of 2005 is already impacting U.S. energy supply, which, among other things, has provided incentives to discourage over-reliance on natural gas for power generation, the Senate Committee on Energy & Natural Resources said Wednesday.

Duke Energy Gas Transmission (DEGT) plans to expand its Gulf Coast salt cavern storage facilities by more than 35 Bcf over the next six years. The company's storage projects now join a slew of others targeted at balancing supply and demand with greater flexibility.

Almost two months after a tugboat and barge accident ruptured its natural gas pipeline and killed four people, Gulfport Energy Corp. reported Wednesday that the natural gas sales line serving its West Cote Blanche Bay field is back to full operation.

Electronic energy marketplace IntercontinentalExchange continued its busy week Wednesday in announcing that it has licensed office space at 2 World Financial Center in the downtown financial district of New York City. The company said the offices will serve as a "state-of-the-art" electronic trading center that will provide access to ICE's electronic markets as well as host training and marketing activities.

PIPELINE RESTRICTIONS

East Tennessee Natural Gas said that due to cold, it anticipates implementing its Maximum Allowable Delivery Service effective 9:00 AM ET December 7. Furthermore, ETNG anticipates restrictions of secondary receipts

Generator Problems

ERCOT – TXU Corp.'s 545 Mw Sandow #4 coal/oil-fired power station restarted today following repairs to the auxiliary equipment voltage regulator.

MAIN – AmerGen's 1,022 Mw Clinton nuclear unit reduced output to 47% capacity, down from 57% power held yesterday.

MAPP – The Omaha Public Power District's 492 Mw Fort Calhoun nuclear unit increased output to 37% capacity as it returns from a refueling outage. The unit was operating at 30% yesterday.

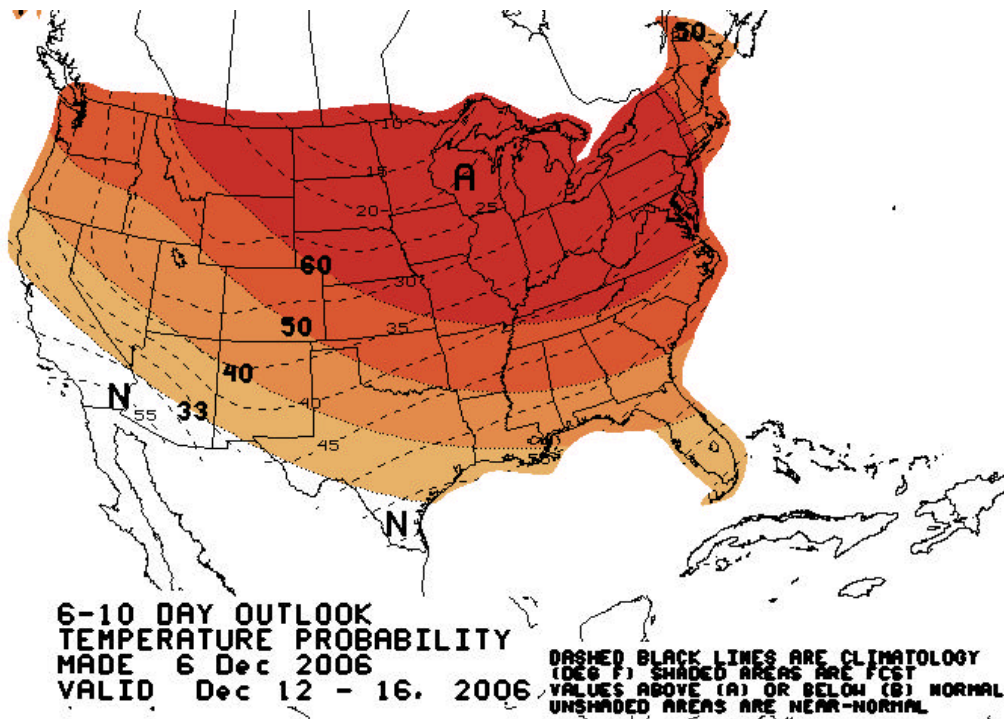
SERC – Entergy Corp.'s 968 Mw River Bend nuclear unit reduced output to 75% to work on a tube leak in one of the plant's four condenser water boxes. Yesterday, the unit was operating at full power.

The NRC reported that 89,544 Mw nuclear capacity is on line, down .33% from Tuesday, and 3.74% lower from a year ago.

Natural Gas Cash Market

ICE Next Day Cash Market

Location	Volume Traded	Avg Price	Change	Basis		Basis 5-Day Moving Avg
				Change	(As of 12:30 PM)	
Henry Hub	417,900	\$7.319	(\$0.001)	(\$0.408)	(\$0.043)	(\$0.254)
Chicago City Gate	585,400	\$7.563	\$0.097	(\$0.167)	\$0.162	(\$0.221)
NGPL- TX/OK	792,000	\$6.858	\$0.047	(\$0.872)	\$0.112	(\$0.847)
SoCal	684,700	\$6.962	(\$0.050)	(\$0.769)	\$0.015	(\$0.682)
PG&E Citygate	518,900	\$7.253	(\$0.059)	(\$0.477)	\$0.006	(\$0.393)
Dominion-South	314,100	\$7.560	\$0.098	(\$0.171)	\$0.162	(\$0.128)
Transco Zone 6	186,000	\$8.124	\$0.166	\$0.394	\$0.231	\$0.399



upstream of station 3104 and station 3205 as well as secondary deliveries downstream of station 3313 on the 8-inch 3300 line between Rural Retreat and Roanoke.

Kern River Pipeline said that linepack has increased to high in all operational segments. Kern River continues to request that shippers and operators stay on rate.

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 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. No increase of receipts between Mt. Belvieu and Little Rock for delivery outside that area will be accepted.

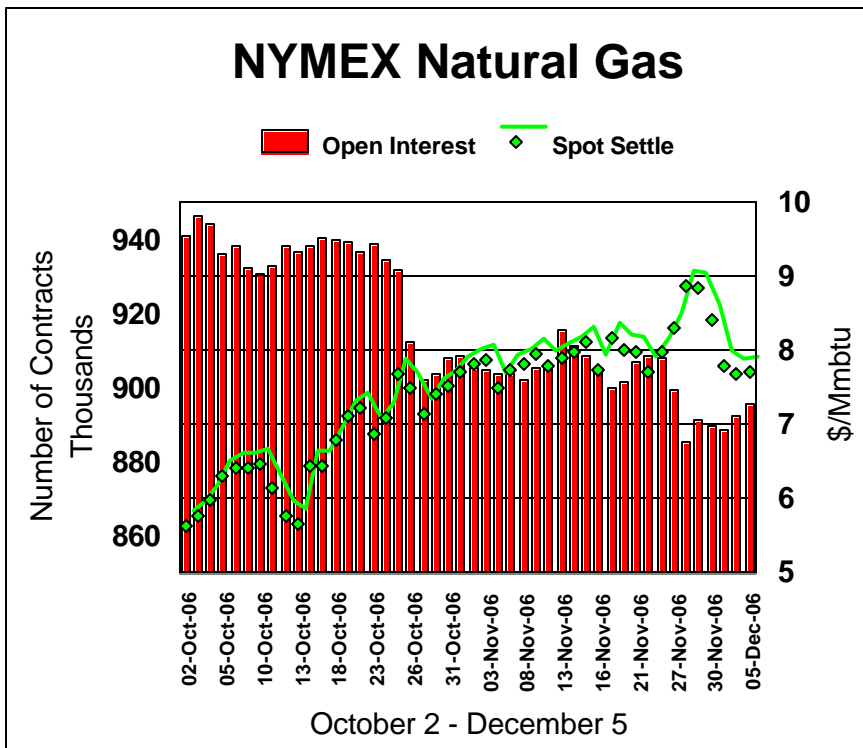
Williston Basin Interstate Pipeline Company said that one point and several line sections are in pipeline Capacity Constraint. Penalties will be imposed for the timely cycle for delivery at the following line sections: Cabin Creek-Dickinson; Dickinson-Bismarck; Bismarck-Cleveland; Cleveland-Grafton; 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

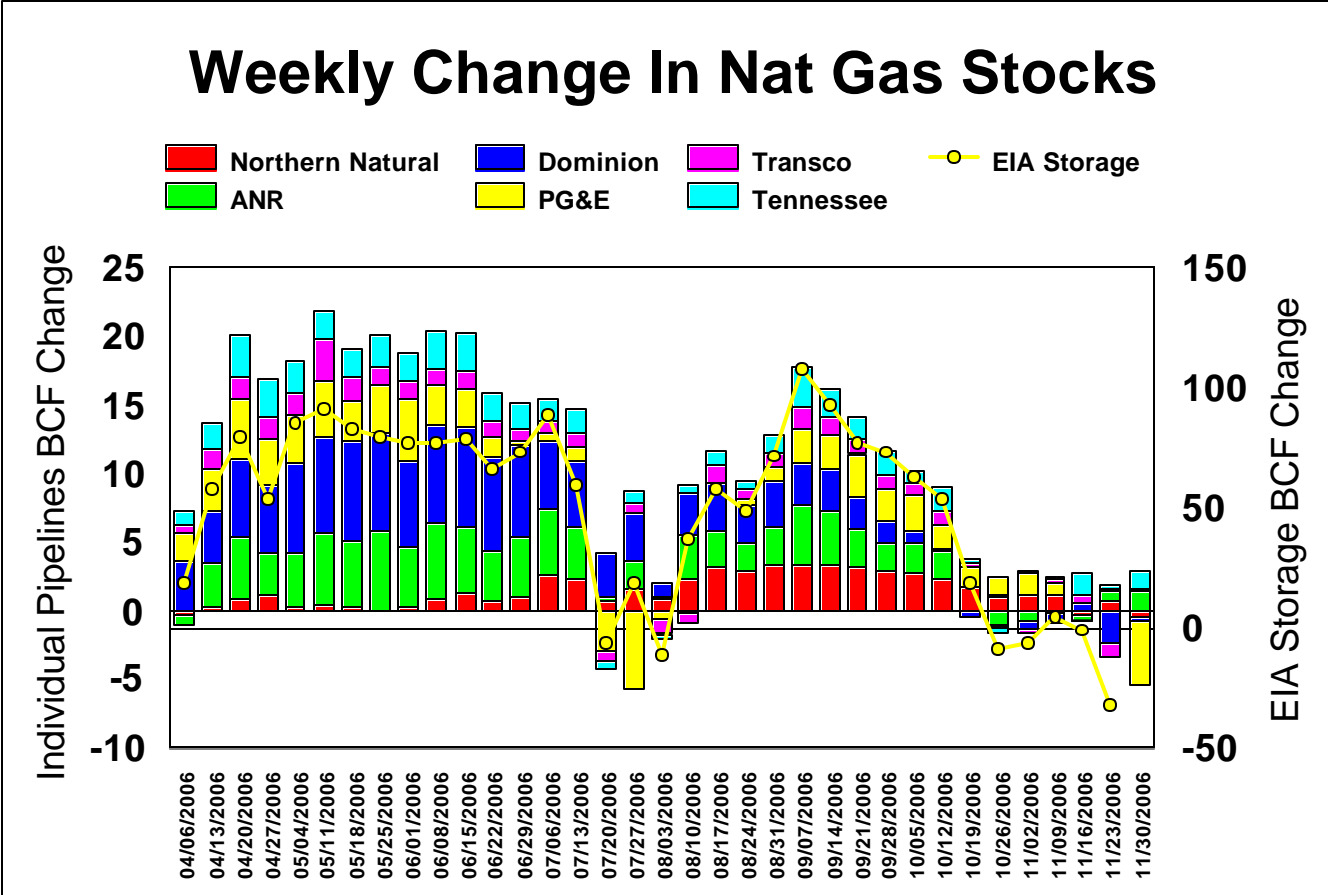
California's new global-warming law could prompt electricity generators, petroleum refiners and other industries to leave the state for more pollution-friendly climates unless a host of other states or the federal government adopt similarly aggressive climate-change measures.

MARKET COMMENTARY

The natural gas market opened 7.5



cents lower as market players eye above normal weather conditions that should dominate most of the country for the remainder of the month. In overnight trading, the January contract traded to a low of 7.50, but during the day session, 7.60 was the low as market players eye support and take some profit ahead of tomorrow's EIA figure. January natural gas stayed on either side of unchanged for most of the session and finished the day up 4.2 cents at 7.727.



With the front month contract near the bottom of its range of the past two months the bears are taking a break from heavy selling. The weather situation remains unsupportive and further long liquidation remains a considerable risk. The market is consolidating at its current levels, with the bearish weather reports priced in and is taking the time to evaluate the 7.50 area as a viable level of support. Expectations for tomorrow's EIA figure range between a draw of 35 Bcf and a small build of 5 Bcf, with an average projection for a 17 to 19 Bcf pull. This report is not expected to provide much support given that the five-year average withdrawal is 63 Bcf and the last year at this time, 58 Bcf was taken from the ground. We expect the market to continue to chop at its current levels with a bias to the downside, if weather reports remain the way they are. We see support at \$7.60, \$7.50, \$7.44, \$7.25 and \$7.00. We see resistance at \$8.00, \$8.13, \$8.29-\$8.30, \$8.70 and \$9.05.

NYMEX Nat Gas Options Most Active Strikes for December 6, 2006

Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LN	3	7	P	5	02/23/2007	0.0212	8,000	54.26
LN	4	7	P	5	03/27/2007	0.0404	7,500	50.95
LN	5	8	C	20	04/25/2008	0.0294	5,550	33.82
LN	1	7	P	6	12/26/2006	0.0074	4,700	54.91
LN	1	7	C	9	12/26/2006	0.0798	3,711	58.24
LN	1	7	P	7	12/26/2006	0.1191	3,550	56.20
ON	3	7	P	6	02/23/2007	0.123	3,504	52.79
LN	3	8	C	13	02/26/2008	0.8287	3,500	40.10
ON	1	7	C	8	12/26/2006	0.29	3,108	56.35
LN	1	7	C	8	12/26/2006	0.2904	3,075	54.38
ON	1	7	P	8	12/26/2006	0.563	2,703	56.52
LN	1	7	C	10	12/26/2006	0.0209	2,700	62.10
LN	4	7	C	20	03/27/2007	0.0053	2,500	64.29
LN	1	7	C	7.5	12/26/2006	0.5154	2,475	52.35
LN	1	7	P	8	12/26/2006	0.5625	2,100	59.17
LN	1	7	P	7.5	12/26/2006	0.2891	2,068	57.26
LN	11	7	C	20	10/26/2007	0.1249	2,000	49.87
ON	1	7	P	7	12/26/2006	0.119	1,851	54.83
LN	3	8	C	9	02/26/2008	1.7224	1,800	29.25
ON	6	7	C	8	05/25/2007	0.843	1,700	46.85
LN	1	7	P	6.5	12/26/2006	0.0359	1,650	55.33
LN	3	7	P	7.5	02/23/2007	0.6647	1,625	60.78
ON	1	7	P	9	12/26/2006	1.35	1,395	60.10
LN	5	7	C	20	04/25/2007	0.0057	1,350	57.14
LN	1	7	P	9	12/26/2006	1.3489	1,275	65.95
ON	3	8	C	9	02/26/2008	1.742	1,250	45.52
ON	12	7	C	15	11/27/2007	0.4	1,250	48.69
LN	1	7	C	8.5	12/26/2006	0.1553	1,200	56.41
LN	10	7	C	15	09/25/2007	0.2497	1,150	50.17
LN	3	7	C	8.1	02/23/2007	0.697	1,125	54.00
ON	1	7	P	7.5	12/26/2006	0.289	1,093	55.37
LN	3	7	C	9	02/23/2007	0.4428	1,081	57.04
LN	1	8	C	15	12/26/2007	0.5038	1,000	41.93
LN	2	8	C	15	01/28/2008	0.5813	1,000	42.15
LN	3	8	C	15	02/26/2008	0.6033	1,000	42.80
LN	11	7	C	15	10/26/2007	0.3125	1,000	45.83
LN	12	7	C	15	11/27/2007	0.3932	1,000	42.61
LN	1	7	C	8.25	12/26/2006	0.2137	850	55.44
LN	3	7	C	8	02/23/2007	0.7329	750	53.61
LN	2	7	P	5	01/26/2007	0.0104	700	59.75
LN	3	7	C	12	02/23/2007	0.0979	700	63.08
LN	2	7	P	4	01/26/2007	0.0002	650	56.60
LN	3	7	P	4.5	02/23/2007	0.0069	650	54.60
LN	3	7	P	6	02/23/2007	0.1223	650	54.91
LN	4	7	C	15	03/27/2007	0.0227	650	56.91
LN	5	7	C	15	04/25/2007	0.0315	650	52.68
LN	6	7	C	15	05/25/2007	0.053	650	51.05
LN	7	7	C	15	06/26/2007	0.0794	650	49.25
LN	8	7	C	15	07/26/2007	0.1271	650	49.75
LN	9	7	C	15	08/28/2007	0.1823	650	49.80