



ENERGY RISK MANAGEMENT

Howard Rennell & Pat Shigueta
(212) 624-1132 (888) 885-6100

www.e-windham.com

POWER MARKET REPORT FOR DECEMBER 29, 2005

NATURAL GAS MARKET NEWS

The new year will open in Canada's chief natural gas-producing jurisdiction with its residents collecting a double bonus just for living in Alberta thanks to 2005 gas royalties of C\$9 billion, more than double the amount projected. The funds will be dispersed to citizens despite a survey showing a majority would rather the government kept the money and spent it on services.

The NYMEX announced margin changes for natural gas futures to take affect at the close of business tomorrow Friday December 30. The margins on the first month of the natural gas futures contract will decrease to \$18,900 from \$20,925 for customers. Margins on the second month will decrease to \$18,900 from \$21,600 for customers. Margins on the third month will decrease to \$10,800 from \$20,925 for customers.

The Minerals Management Service reported that 1.954 Bcf/d of natural gas production in the Gulf of Mexico remains shut in. That is equivalent to 19.54% of the daily natural gas production in the Gulf of Mexico.

Generator Problems

FRCC— Progress Energy's 870 Mw Crystal River #3 nuclear unit continued to decrease production, operating at 10% capacity. The unit was operating at 80% capacity yesterday.

SERC— Progress Energy's 900 Mw Brunswick #2 nuclear unit decreased output to 52% today. Yesterday, the unit was operating at 60%. Brunswick #1 continues to operate at full power.

The NRC reported that U.S. nuclear generating capacity was at 94,284 Mw down .71% from Wednesday and up 1.92% from a year ago.

EIA Weekly Report

	12/23/2005	12/16/2005	Net chg	Last Year
Producing Region	737	780	-43	922
Consuming East	1539	1645	-106	1875
Consuming West	364	377	-13	417
Total US	2640	2802	-162	3214

*storage figures in Bcf

PIPELINE RESTRICTIONS

Gulf South Pipeline said that based upon its initial review of nominations, NNS demand, and other factors, Gulf South may be required to schedule available capacity and implement scheduling reductions on Sarepta to Sterlington 18-inch Index 250; Tyler 12-inch Index 8 / Palestine 8-inch Index 11 & 70 / Dallas 18-inch Index 1; Hall Summit;

Koran Station; West 30 North; Barron (To Columbia Gulf); Bayou Sale to Napoleonville; Montpelier to Kosciusko, Kiln to Mobile, and Lake Charles Receipts – Capacity Area 6.

Natural Gas Pipeline Company of America said that Segment 18 has limited capacity available for gas received to be transported eastbound. Limited ITS/AOR and secondary out-of-path transportation is available. Segment 18 is located in the South Texas-Gulf Coast Zone in Jim Hogg County, Texas.

Texas Eastern Transmission said it has restricted STX and ETX to capacity. No increases in receipts between Mt. Belvieu and Little Rock for delivery outside that area will be accepted. Tetco has also scheduled and sealed M1 and M2 24-inch. No increases between Little Rock and Batesville for delivery outside that area will be accepted. Tetco has scheduled and sealed receipts sourced at Monroe Station. No increases in receipts sourced at Monroe will be accepted.

ELECTRIC MARKET NEWS

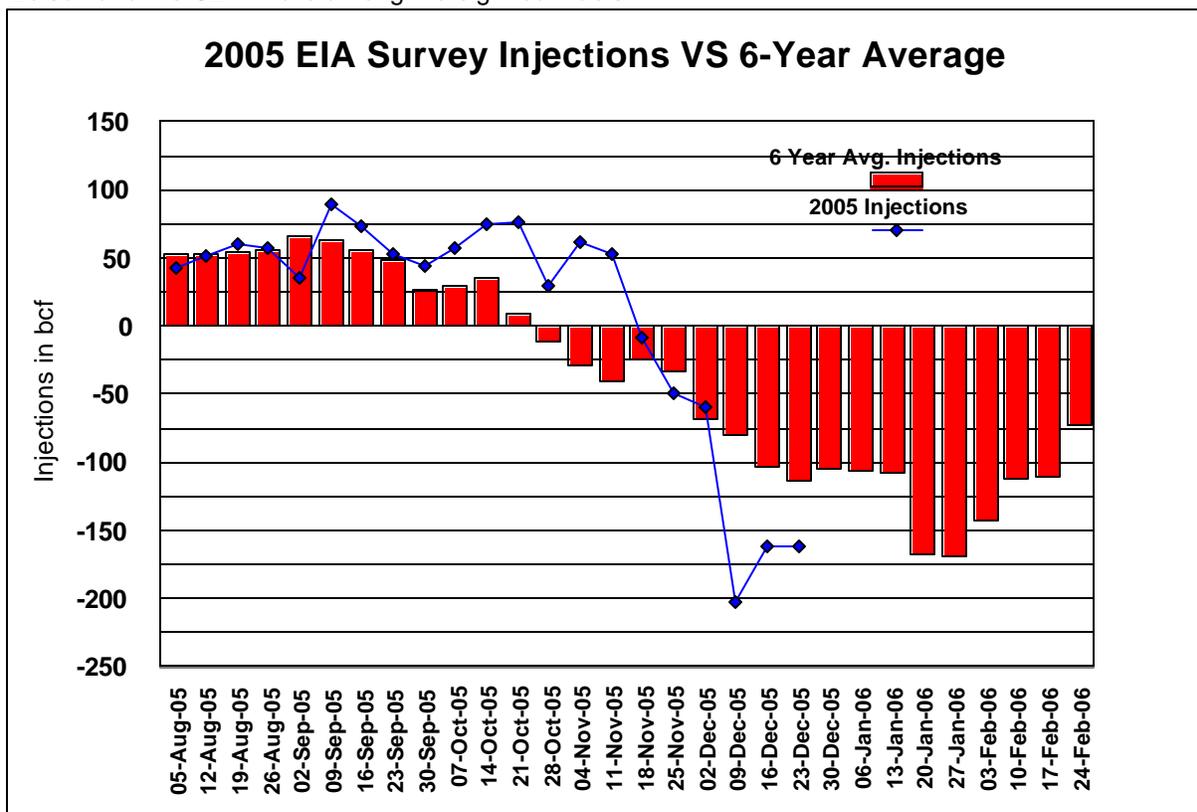
Two of the biggest players in the California energy market have filed papers with a New York bankruptcy court seeking to block Calpine Corp. from using its insolvency to get out of power-supply contracts. Both Southern California Edison and the California Department of Water Resources filed papers with the court yesterday seeking more time for research and interviews, and more hearings on whether Calpine could reject certain contracts. In addition, Edison filed, and the CDWR said it would file, a motion to withdraw the question of the contract rejection from the bankruptcy court entirely and move it to a district court for a decision on whether the FERC has any jurisdiction on the contract rejection. Calpine, in one of its first motions in bankruptcy court, sought the authority to reject eight “financially burdensome and unprofitable” contracts, under which it said it would lose \$1.2 billion over their remaining terms. Both Edison and the CDWR are among the eight contracts.

Canadian Gas Association

Weekly Storage Report

	23-Dec-05	16-Dec-05	24-Dec-04
East	198.7	210.9	212.6
West	193.4	205.1	175.6
Total	392.2	415.9	388.2

storage figures are in Bcf



Interstate Power and Light Company received approval from the Nuclear Regulatory Commission this week to transfer the company’s Duane Arnold Energy Center’s nuclear operating license to FPL Energy upon closure of the sale transaction. Pending all appropriate state and federal regulatory approvals and satisfaction of other closing conditions, the transaction is expected to be concluded early in the first quarter of 2006.

The Edison Electric Institute reported that electricity production for the week ending December 24 increased 1.5% from the same week last year to 80,134 GWh.

MARKET COMMENTARY

The February natural gas contract opened down 33.7 cents as weather forecasts continue to call for moderate temperatures. Traders were also anticipating a pivotal inventory report, which after the EIA announced that 162 Bcf of natural gas was withdrawn from storage last week, shrugged off the figure as it was in line with street expectations. The market trended higher reaching the day’s high of 11.66 around midday. With low volume due to the holiday, light profit taking caused natural gas to move lower as it was unable to maintain positive prices

and returned to negative territory, ultimately trading as low as 11.18. The inside trading day saw February slid 41.4 cents to settle at 11.223.

As we look towards tomorrow's shortened holiday session, with no new weather to motivate traders, we expect another sideways session with potential for the market to continue with the January contract's softening trend. As old man winter is no where near over, selling a February or March put below the market would be a strategy to take advantage of these low levels in anticipation of the cold to come. We see support at \$11.00, \$10.96 and \$10.72. We see further support at \$10.60 and \$10.00. We see resistance at \$11.66, \$12.12 and \$12.90. Further resistance we see at \$13.00, \$13.70 and \$14.00.

Please note that the NYMEX will close early tomorrow Friday December 30 at 1:00 pm and remain closed Monday January 2 due to the New Year's holiday.

HAPPY NEW YEAR!