



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta &
Zachariah Yurch

(212) 624-1132 (888) 885-6100

www.e-windham.com

POWER MARKET REPORT FOR SEPTEMBER 19, 2006

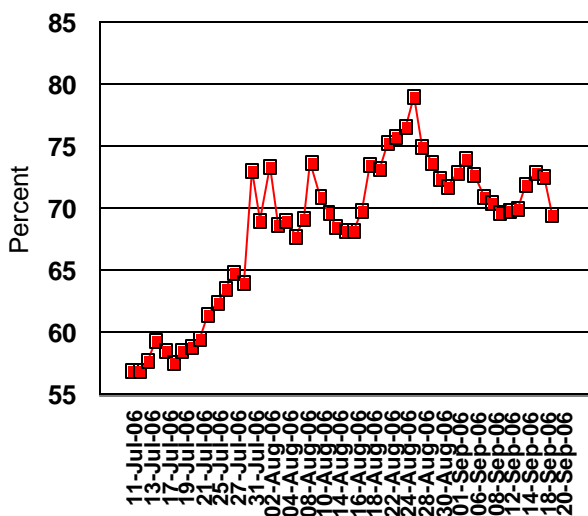
NATURAL GAS MARKET NEWS

Predicated on the El Nino weather pattern, the populous Northeast and Midwest could see a mild start to the winter, turning "significantly colder" in January and February -- but with no sustained extremes, according to a preliminary winter forecast by AccuWeather. The director of forecast operations, Ken Reeves said it will be colder than last year in the Northeast and that energy consumption will certainly be higher than a year ago. The forecast calls for a milder winter for the West Coast.

Oil & Natural Gas Corp., India's biggest oil explorer, plans to import 10 million metric tons of LNG a year once its petrochemical plants in Mangalore and Dahej in India are ready.

U.K. natural gas for March delivery fell to a record as an oil and gas analyst at Sanford C Bernstein & Co. forecast this winter "could be a more muted affair" than last, when prices surged. Gas for delivery in March at the National Balancing Point, the U.K.'s gas trading hub, declined 1.2 pence, or 1.8%, to 65 pence a therm. That's equal to \$12.21 per MMBtu, 47¢ higher than the same month in the U.S.

NYMEX Nat Gas December Option ATM IV



July 11 - September 19, 2006

Generator Problems

MAPP – Nebraska Public Power District's 800 Mw Cooper increased production to full power. Yesterday, the unit was operating at 73% capacity.

WSCC – Arizona Public Service's 1,270 Mw Palo Verde #1 nuclear unit reduced output to 93% capacity and is planning on shutting the unit due to a problem with the pressurizer heater. Palo Verde #2 and #3 continue to operate at full power.

Canada – Bruce Power's 750 mw Bruce A #1 nuclear unit shut for short-term maintenance.

The NRC reported this morning that 88,089 Mw of nuclear generating capacity were on line, 1.27% higher than Monday but .50% lower than a year ago.

PIPELINE RESTRICTIONS

Florida Gas Transmission said that its linepack is lower than optimal, and warm, humid weather is forecasted in Florida today. Therefore, FGT is notifying customers in FGT's market area that it is issuing an overage alert day at 25% tolerance.

Kern River Pipeline said that line pack is high from Elberta to the end of the Common.

Texas Eastern Transmission said that the restriction prohibiting the acceptance of due pipe resolution nominations is still in effect. All parties with a due shipper imbalance are requested to resolve them as soon as practicable. TETCO requires that shippers and TABS parties schedule their contracts balanced except for the scheduling of Due Shipper payback, and point operators to perform according to nominated volumes. The pipeline operator will force balance TABS-1 pools or

restrict the system as required.

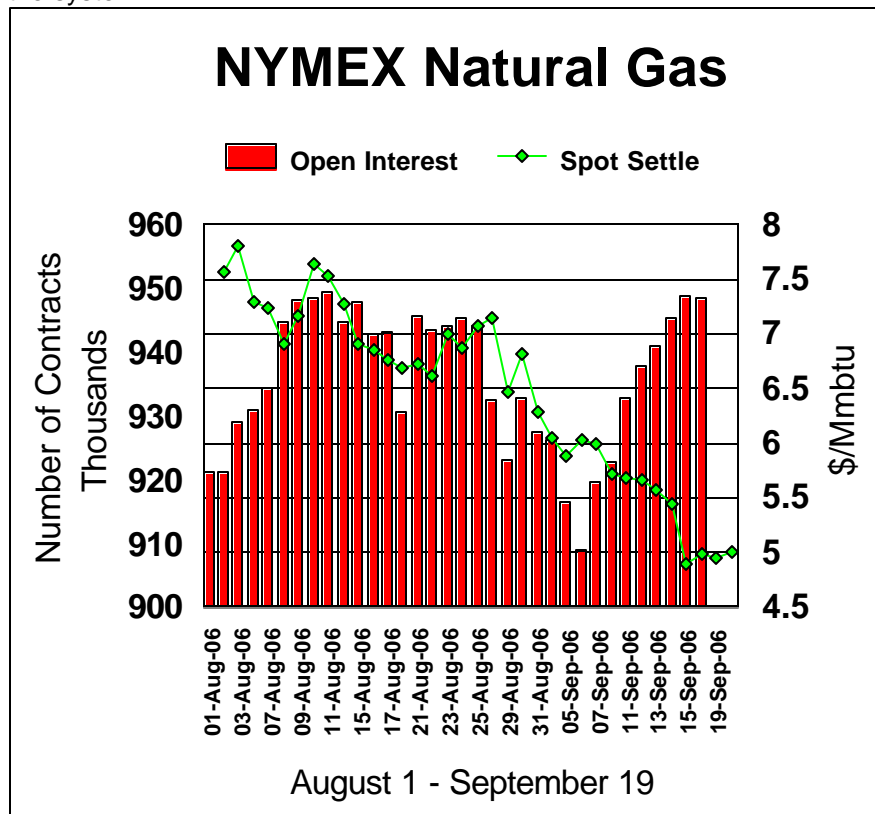
Williston Basin Interstate Pipeline said that several points and line sections are in pipeline capacity constraint and that penalties will be imposed. Line sections in constraint for receipts in the timely cycle include 019 Madden-Worland and 020 Worland-Lovell. Points in constraint are 03366 KMI-Bridger and 03376 TBI-Wind River.

PIPELINE MAINTENANCE

Gulf South Pipeline said that it will be performing scheduled maintenance on Hall Summit Compressor Station Unit #1 beginning September 26, and continuing for approximately 40 days. Capacity through Hall Summit Compressor Station could be reduced by as much as 100 MMcf/d during this maintenance.

Natural Gas Pipeline Company said that from September 26-29 it will lower the Permian Main Line north of Station 169 in Deaf Smith County, Texas (Segment 8 of Natural's Permian Zone). Since this section of Natural's pipeline system is single barrel, this work will result in a complete outage of gas flow through Segment 8. ITS/AOR and secondary out-of-path transports will be unavailable. Primary firm and secondary in-path transports will be at risk of not getting scheduled. Natural will only be able to schedule primary firm and secondary in-path forward haul (north bound) transports up to the level of scheduled backhaul (south bound) transports through Station 169.

Williston Basin Interstate Pipeline Company said that unplanned maintenance will be performed at the Bismarck Compressor Station through September 22. At this time, Williston Basin does not anticipate any restrictions to the system. Williston also said that maintenance planned to begin today on the Dickinson Compressor Station has been rescheduled to September 26. At this time, the pipeline operator does not anticipate any restrictions to the system.



ELECTRIC MARKET NEWS

Exelon subsidiary Commonwealth Edison said electricity rates for its residential customers will rise roughly 22% in January 2007 based on the results of the Illinois power auction. Electricity supply costs represents approximately 60% of the total electric bill for residential customers, ComEd said adding that for an average residential customer with a \$60 monthly bill, the increase would be about \$13.20 per month. The energy price resulting from the auction is locked in until June 2008.

A global warming bill approved last month by the California Legislation could spur the establishment of a "de facto national climate plan" within the next two years, a key advisor to California Governor Scharzenegger said. Terry, Tamminen, Scharzenegger's environmental advisor said he is going around the country lobbying

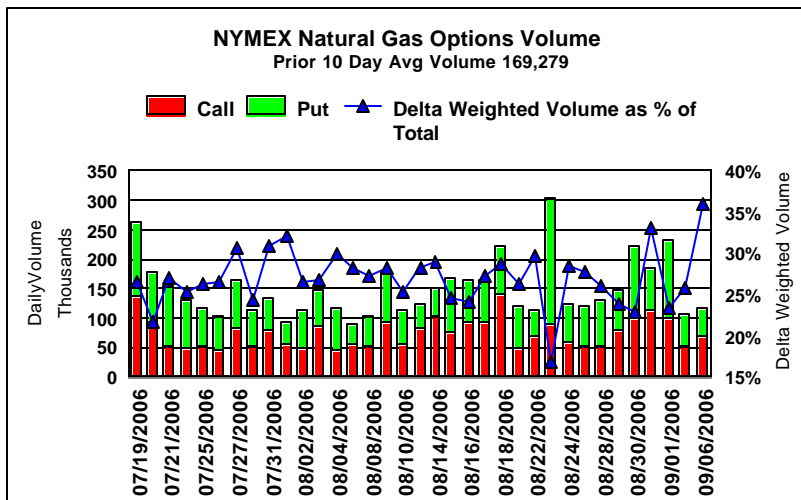
other states to pass laws similar to California's, which requires the power sector and other industries to reduce their greenhouse gas emissions to 1990 levels by 2020. That represents a cut of about 25% compared with projected levels if no controls were imposed. If enough states follow California's lead, industries that now oppose greenhouse gas caps would demand that Congress establish a national scheme because they do not want to end up with 50 different sets of regulations.

MARKET COMMENTARY

The natural gas market opened 11 cents higher as continued uncertainty about Amaranth's demise has supported the front end of the market and sagged the back months. October traded as high as 5.12 early in the session, but with the oil complex coming under significant pressure, the front month was back under 5.00 by midday. October traded to a familiar low of 4.90, where it crept back to the 5.00 level and remained as crude oil dropped 2.14. October natural gas got a late session surge to settle above 5.00 at 5.006, up 6.4 cents. The winter months also showed positive gains today, with December up, 7.7, January up 10.7, February up 8.2 and March up 4.4.

Natural gas options saw volume post a rather modest level for the second straight day with just 118,000 lots booked on the day with most focus on close to the money strikes, as shown by the relatively high percentage of trades done on a delta weighted basis. Volatility in the options though after basically seeing increases over the past week, finally saw a decline today, basically erasing all the gains from the past week.

NYMEX Natural Gas Options Most Active Strikes for September 19, 2006									
Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Prev Settle	Volume	IV
ON	11	6	P	6	10/26/2006	0.52	0.523	5,871	80.29
ON	11	6	P	5	10/26/2006	0.16	0.159	5,186	81.04
ON	11	6	P	7	10/26/2006	1.162	1.159	2,510	84.09
ON	1	7	C	10	12/26/2006	0.736	0.742	2,465	73.77
LN	10	6	C	6	09/26/2006	0.0338	0.0551	2,050	99.28
LN	10	6	P	5	09/26/2006	0.2462	0.3326	1,955	91.67
LN	10	6	C	5.5	09/26/2006	0.0962	0.1254	1,895	94.28
LN	10	6	C	6.5	09/26/2006	0.0118	0.0244	1,650	104.28
ON	12	6	P	8	11/27/2006	1.003	1.091	1,556	69.87
ON	12	6	C	11.5	11/27/2006	0.213	0.233	1,530	78.29
LN	11	6	P	4	10/26/2006	0.0224	0.0268	1,450	81.67
LN	11	6	C	8	10/26/2006	0.197	0.2335	1,350	86.84
LN	11	6	P	5.5	10/26/2006	0.2921	0.3039	1,250	80.33
LN	3	7	P	8	02/23/2007	1.3524	1.416	1,250	78.30
LN	1	7	P	8.45	12/26/2006	1.1946	1.2886	1,150	74.51
LN	1	7	C	8.45	12/26/2006	1.1877	1.1762	1,150	63.93
ON	11	6	C	6.5	10/26/2006	0.512	0.568	1,100	81.31
ON	11	6	C	7	10/26/2006	0.369	0.419	1,077	83.77
LN	12	6	C	25	11/27/2006	0.0013	0.002	1,015	84.29
LN	3	7	P	6.5	02/23/2007	0.5951	0.6416	1,000	73.35
LN	10	8	C	8.5	09/25/2008	1.3621	1.3975	1,000	22.44
LN	10	6	P	4.5	09/26/2006	0.0601	0.1124	950	88.40
LN	11	6	P	5	10/26/2006	0.1563	0.1584	900	81.96
LN	1	7	C	11	12/26/2006	0.5505	0.5613	900	72.29
LN	11	6	C	6.5	10/26/2006	0.5115	0.5677	900	78.15
LN	3	7	P	8.3	02/23/2007	1.5368	1.6022	900	79.37



The market is content in this range, with the front being supported by Amaranth unwinding its position, but with another larger build to stocks expected, forecasts are calling for an 85-100 Bcf injection, the downward trend is not completely exhausted. The two-year low of \$4.51 is the next major down side target, with a gap below that to \$4.00. Before that we see support at \$4.90, \$4.81 and \$4.65. We see resistance at \$5.15, \$5.32, \$5.42-\$5.43, \$5.62, \$5.86, \$6.00 and \$6.16.