



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR APRIL 5, 2005

NATURAL GAS MARKET NEWS

Federal Reserve Chairman Greenspan said today that he believes the recent flurry of LNG projects in the U.S. should dampen gas prices, "possibly significantly", in the years ahead.

ChevronTexaco, ExxonMobil and Royal Dutch Shell have reached agreement to jointly develop some natural gas fields off the Australian coast that eventually could result in LNG exports to Asia and the U.S. west coast.

Reuters reported today that a cool March and a strong oil market has prompted many U.S. natural gas analysts to raise their price expectations for 2005 from Reuter's prior price forecast poll. The survey of 22 industry analysts now shows an average price expectation for 2005 of \$6.37 per Mmbtu, up some 50 cents from the prior forecast. The group also raised its 2006 forecast to \$6.14, up some 80 cents from the prior poll.

Apex Resources Group recently reported on news that U.S. Energy Giant Unocal Corp. has uncorked what could be the first significant oil find in the Central MacKenzie valley area of Northwest Territories in more than 75 years. In addition, Apex also announced update on Texas Well. PB Energy Partners, the company's operator has confirmed that flow testing of the Henry Dome #1 Well is producing 1.2 to 1.4 MMcf/d. It is anticipated that the life of the Well will be at least six years. In the MacKenzie Valley, Northrock Resources, the project operator, stated that drilling results after a winter's worth of testing at its joint venture are encouraging. Their B-44 Well that initially demonstrated flow rates in excess of 3,000 barrels a day additionally produced natural gas

Generator Problems

ERCOT— TXU Corp. will shut the 560 Mw Big Brown #2 coal-fired power station April 5-6 to replace a boiler feed pump element.

FRCC— FPL held production at 62% capacity at its 760 Mw Turkey Point #4. The unit was at 63% yesterday after restarting over a week ago. It is believed the unit will shut soon for a refueling and maintenance outage. Turkey Point #3 is currently at full power.

MAIN— Exelon ramped output to 95% capacity at its 1,120 Mw Braidwood #2 nuclear unit. The unit was operating at 89% yesterday. Braidwood #1 continues to operate at full power.

MAPP— Nuclear Management Co. said its 530 Mw Prairie Island #2 unit returned to full power yesterday after restarting and reconnecting to the grid this weekend. The unit was operating at 73% earlier yesterday. Prairie Island #1 remains at full power.

NPCC— KeySpan Corp.'s 980 Mw Ravenswood #3 natural gas and oil-fired power station returned to service April 4. The company shut the unit in early December for a major overhaul.

SERC— Southern Nuclear Operating Co. increased its 883 Mw Hatch #2 nuclear unit by 24% today to report the unit at 82% capacity today. Hatch #1 continues to operate at full power.

WSCC— Constellation Energy increased output at its 780 Mw High Desert natural gas-fired power station by late yesterday. The unit was curtailed earlier yesterday by about 680 Mw.

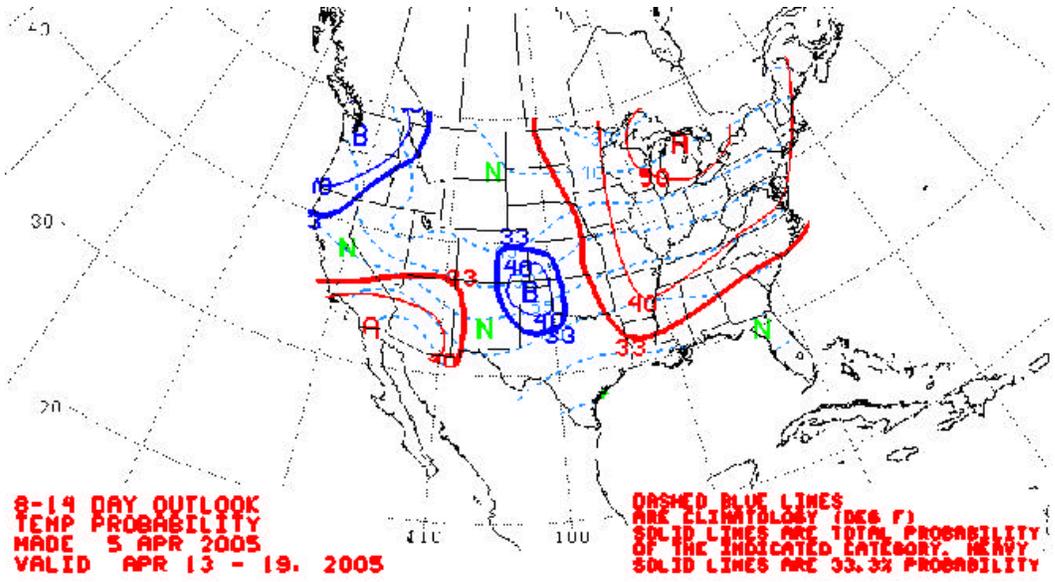
Canada – NB Power's 635 Mw Point Lepreau nuclear unit returned to service this past Sunday follow a brief shutdown on March 31st.

The NRC reported that U.S. nuclear generating capacity was at 77,132 Mw today up .57% from Monday and up .45% from a year ago.

at a rate of 10 MMcf/d plus another 1,000 barrels a day of water.

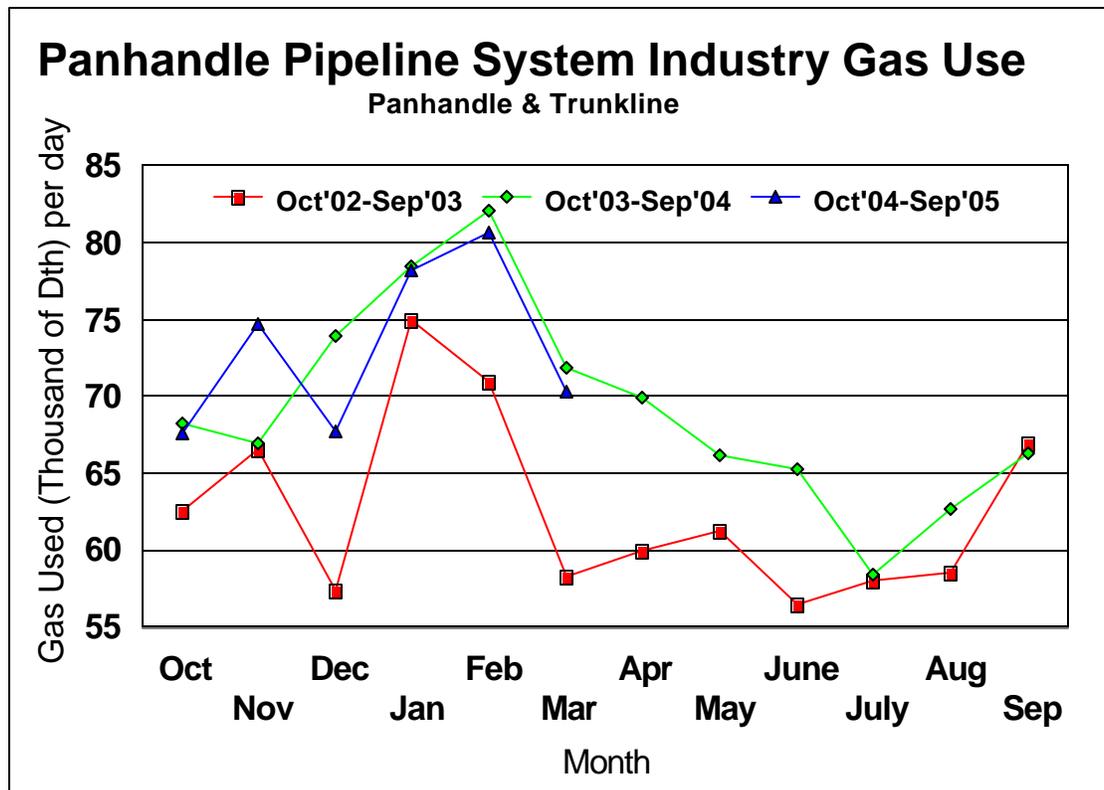
PIPELINE RESTRICTIONS

Natural Gas Pipeline Company of America said it has very limited capacity available for gas going eastbound through the end of Segment 17. Therefore, only limited increases to interruptible flow, authorized overrun and secondary out-of-path transport volumes are



available. Deliveries to Columbia Gulf-Chalkley are at capacity. NGPL is at capacity for gas received upstream of Compressor Station 155 in Wise County, Texas in Segment 1 going northbound. Deliveries to Texas Gas-Lowry are at capacity. All Louisiana Line Segments (25, 23 and 24) are at capacity for eastbound transport volumes.

Texas Eastern Transmission Corp. said it has restricted nominations flowing through the Batesville compressor station to the capacity of the station. Physical increases in nominations flowing through Batesville will not be accepted.



Centerpoint Gas Transmission said that effective as of 9:00AM CT this morning, its previously posted system-wide alert is no longer in effect.

In an update to the ongoing force majeure situation at several of its compressors, TransColorado said there is no new news. The estimated in-service date for completion of repairs on all expansion compressor

units continues to be April 30. As each unit is repaired, additional capacity may become available before April 30. Currently, Segment 220 is limited to 320 MMcf/d, while Segment 240 is flowing 375 MMcf/d. Meanwhile, force majeure conditions are still in effect.

Williston Basin Interstate Pipeline Co. said that Point ID 05800 WBI – Aggregate Storage (Inject) may be potentially affected from 9:00 AM MT April 5 to 5:00 PM MT April 7 due to an Elk Basin Field Test. At this time, Williston does not anticipate any restrictions to the system.

PIPELINE MAINTENANCE

El Paso Natural Gas Company said that Cornudas B maintenance that was scheduled for April 5 through April 8 has been postponed until May. There will be no reduction of South Mainline High Pressure system capacity April 5 through April 8.

Gulf South Pipeline said that it will be performing scheduled maintenance on its Bistineau Compressor Station Unit #1 beginning Monday, April 11, and continuing until further notice. Capacity injecting into Bistineau Storage could be affected as much as 130 MMcf/d during the duration of this maintenance.

ELECTRICITY MARKET NEWS

New York State Electric & Gas and Rochester Gas and Electric filed a motion calling on the New York Public Service Commission to open an investigation into establishing market monitoring measures and affiliate rules to prevent potential gaming of the energy markets in the state. These two utilities are arguing that the existing market rules of the FERC, oversight by the New York grid operator, NY ISO, and federal laws against anticompetitive conduct may not be enough to identify abuses of market power on a timely basis. To ensure the development of a fair and workable competitive market, the utilities suggest that the regulator should establish proactive measures for the timely identification of potential market abuses or anticompetitive behavior. Now is a critical time to develop a more complete monitoring system of the developing retail electric markets because there is no existing mechanism for identifying market abuses on a timely basis.

The Los Angeles Department of Water and Power announced that this season's persistent storms dropped the highest snowpack in a decade in the Eastern Sierra watershed, guaranteeing an ample supply of less expensive, high-quality water for the coming year. LADWP officials said the final snow surveys of the winter season, which ended April 1, indicate that the Eastern Sierra has water content equal to 167% of normal, making the first above-normal snowpack since 1999 and the highest snowpack since 1995. This means an ample supply of water and as an added bonus, the deep snowpack will enable LADWP to generate about 10% more clean, renewable hydroelectricity from its 14 hydropower plants located along the Los Angeles Aqueduct. LADWP system officials said that represents an additional 45,000 MWh per year.

Idaho Power Company is seeking authority from the Idaho Public Utilities Commission to increase its rate base to include \$58 million in costs to construct the Bennett Mountain natural gas plant. The change to base rates would be a 1.8% increase if costs for the Bennett Mountain Power Plant were approved by the Idaho Public Utilities Commission. The Bennett Mountain peaking plant is a 162 Mw natural gas-fired plant near Mountain Home that is expected to be in operation by June 1.

Idaho Power said it has received a 30-year license from the FERC that allows the company to operate the Malad Power Plant. The company had applied in July 2002 to renew its federal license that expired in 2004 and had operated the plant on an annual permit pending the issuance of a new license. The Malad Project consists of two dams located within a two-mile reach of the river near Hagerman, Idaho.

BPA reported today that it expects transmission levels Wednesday to remain steady on the California/Oregon AC and the Pacific DC power lines at 3000 Mw and 2400 Mw respectively.

FPL Group announced today that it plans to build a 220.5 Mw wind farm in Taylor County, TX.

MARKET COMMENTARY

The moderate temperatures across the nation coupled with ample generating resources seemed to weigh on natural gas prices today and as a result natural gas values seemed to move independently from oil prices. The

natural gas market opened weaker and gradually eroded in value until mid afternoon when prices backfilled the gap from Thursday's higher opening at \$7.55-\$7.48. Prices though did rebound nearly a dime before the close despite oil prices moving to new lows on the day. Volume today was relatively modest with just 52,000 futures contracts traded on the day.

The options market today saw moderate activity today as well, with just under 25,000 total contracts changing hands. Calls held just a slight edge over puts, in trading interest today, but the two most active strikes were the May \$7.25 and \$7.75 puts which traded over 2,000 lots each. For the second day in a row strong interest was recorded in the March 2006 \$10-\$15 call spread as 1500 spreads were booked along with the \$20 calls which traded 1000 times.

We feel though that given the prospects for moderate temperatures expected over much of the nation for the next two weeks, natural gas values should see additional price erosion. But we would offer a word of caution on selling this market. Given that tomorrow the API and EIA oil inventory reports will be released at 10:30 AM, there is a risk of a renewed wave of new buying returning to the oil markets following the release of these reports, as long as they are not overwhelmingly bearish. Thus we would recommend any new shorts in the gas market should place protective stops at \$7.625. We see initial support at the \$7.48-\$7.46 level tomorrow followed by \$7.368 and \$7.342. Resistance we see at \$7.58, \$7.62, \$7.665, \$7.71, \$7.85. More distant resistance we see at \$8.00 and \$8.28.