



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR APRIL 21, 2005

NATURAL GAS MARKET NEWS

Mexican Presidente Vicente Fox plans to spend 500 million pesos (\$45.2 million) a year to cut the cost of natural gas for two thirds of the nation's consumers and help curb inflation. The 18-month subsidy program is intended to ease the effect of a 16% rise in global gas prices this year and takes effect immediately. The measure will reduce gas bills by as much as 28% and benefit about 1.14 million families.

The U.S. House of Representatives late Wednesday voted against an amendment that would have removed a provision from comprehensive energy legislation to open up a portion of Alaska's Arctic National Wildlife Refuge to oil and natural gas drilling activities. The House did approve the energy bill which clarified that the FERC has sole authority over the siting of LNG import terminals.

EIA Weekly Report

	04/15/2005	04/08/2005	Net chg	Last Year
Producing Region	538	521	17	421
Consuming East	591	562	29	482
Consuming West	214	210	4	170
Total US	1343	1293	50	1073

PIPELINE RESTRICTIONS

Kern River Pipeline has warned schedulers of high line packs across its entire system. This affects Kern ML North from Muddy Creek to Elberta, Kern ML Middle from Elberta to Goodsprings and Kern ML South from Goodsprings to Common Facility and from Common Facility to End of Facilities.

Texas Eastern Transmission has restricted to capacity nominations exiting the STX zone. Nomination increases exiting STX will not be accepted. Zone ETX has been scheduled to capacity. Physical increases between Huntsville and Little Rock will not be accepted.

In an update to the ongoing force majeure situation at several of its compressors, TransColorado said that

Generator Problems

MAIN— Exelon Corp.'s 864 Mw Quad Cities #1 nuclear unit ramped up to 70% of capacity by early today. Yesterday, the unit was operating at 17% of capacity after exiting a refueling outage earlier in the week. Quad Cities #2 continues to operate at 85% capacity.

MAPP— Nebraska Public Power District's 756 Mw Cooper nuclear power unit dipped to 70% of capacity overnight for load relief, but returned to full power by mid-day today. On Wednesday, the unit was operating at 96% of capacity.

SERC— Tennessee Valley Authority's 1,118 Mw Browns Ferry #2 nuclear unit ramped up to 95% of capacity by early today. Yesterday, the unit was operating at 60% of capacity. Browns Ferry #3 continues to operate at full power.

Progress Energy's 811 Mw Brunswick #2 nuclear unit dipped to 67% of capacity by early today to perform some maintenance work on a pump. Yesterday, the unit was operating at full power. Brunswick #1 remains shut since April 15 for a planned maintenance outage on some valves and other equipment.

Duke Energy's 1,100 Mw McGuire #2 nuclear unit exited an outage and ramped up to 22% of capacity by early today. The unit shut April 14 after exiting a refueling outage due to a problem with a main steam valve. McGuire #1 continues to operate at full power.

Duke Energy's 846 Mw Oconee #3 nuclear unit in operating at 85% today, down from full power when a valve failed during testing. Oconee #1 remains shut while Oconee #2 continues to operate at full power.

The NRC reported that U.S. nuclear generating capacity was at 74,631 Mw today up .55% from Wednesday and down 5.21% from a year ago.

there is no new information. The estimated in-service date for completion of repairs on all expansion compressor units continues to be May 23. As each unit is repaired, additional capacity may become available before May 23. 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.

Canadian Gas Association

Weekly Storage Report

	15-Apr-05	08-Apr-05	16-Apr-04
East	65.7	61.2	52.9
West	89.3	80.1	91.0
Total	155.0	141.3	143.9

PIPELINE MAINTENANCE

Alliance Pipeline said that a mechanical situation has been observed at the Gold Creek Meter/Compression station that will require downtime to rectify. The station will be offline starting at 9:00AM MT today for 12 hours. Station capacity will be lowered to 27.3 MMcf/d for today as a result.

Centerpoint Gas Transmission said that due to additional work required at the Amber Compressor Station, it will extend the duration of this maintenance through Thursday, April 28. The capacity through Amber Station (West 1) will remain at 330 MMcf/d during this maintenance. CEGT's ability to make firm deliveries is not affected. Shippers who desire to maintain full firm deliveries are requested and advised to arrange for alternative supplies East of Amber Station.

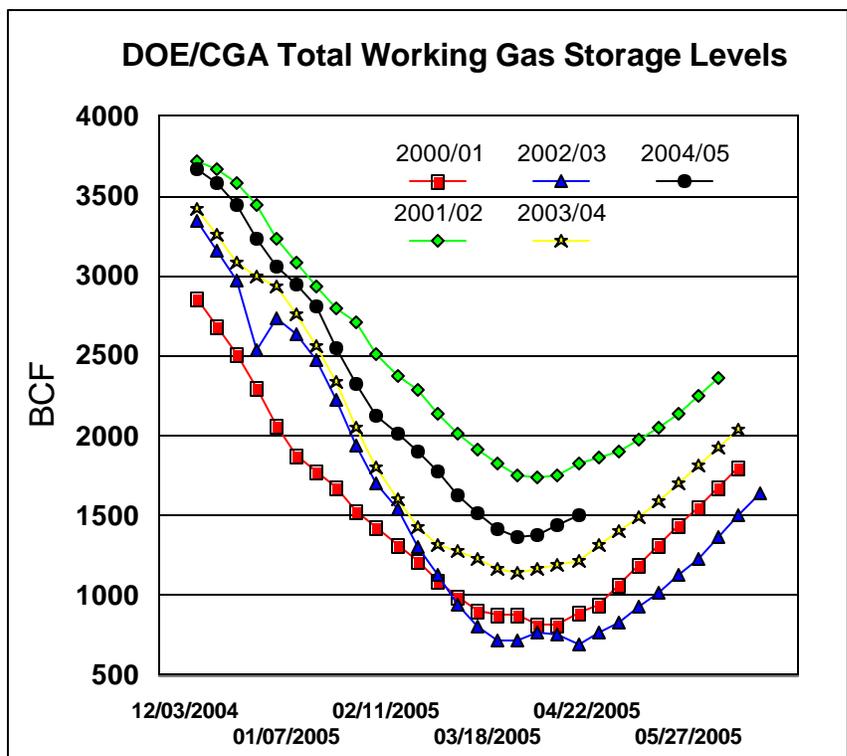
El Paso Natural Gas Company said Line 1200 valve replacement work scheduled for April 28 and 29 will be done April 27 and 28 reducing the capacity of the North Mainline by 105 MMcf/d. There will be no North Mainline capacity reduction on April 29.

Williston Basin Interstate Pipeline Co. said maintenance will be performed at the Baker Booster Compressor Station, restricting Receipt Point ID 04018 Baker Area Mainline by approximately 1-2 million cubic feet per day for gas day April 26.

ELECTRICITY MARKET NEWS

First Energy Corp. has received a notice of violation and a proposed \$5.45 million fine from the Nuclear Regulatory Commission related to a corrosion issue discovered at its Davis-Besse Nuclear plant in 2002. The power company said it is reviewing the notice and the fine, and its nuclear power business has investigated the causes of the problem, replaced the reactor head and made numerous staff changes since the issue was discovered.

ISO New England reported that generation supplies would be adequate to meet this summer's record-breaking peak demand forecast. However, the grid operator warned that local transmission constraints, extremely hot days and unexpected transmission or generation outages could require the implementation of emergency measures to help maintain reliability. The ISO forecast summer electricity use would reach 26,355 Mw on at least one day during this summer under normal peak weather conditions of around 91 F. Extreme weather conditions, such as an extended heat wave of about 95 F, could drive peak use to 27,985 Mw.

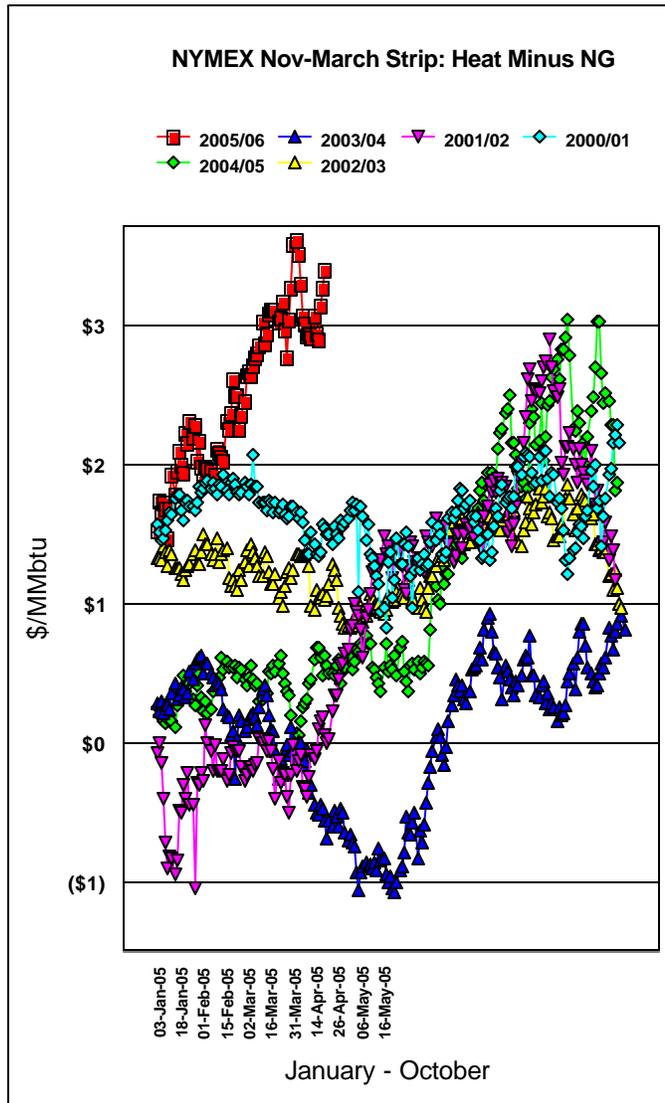
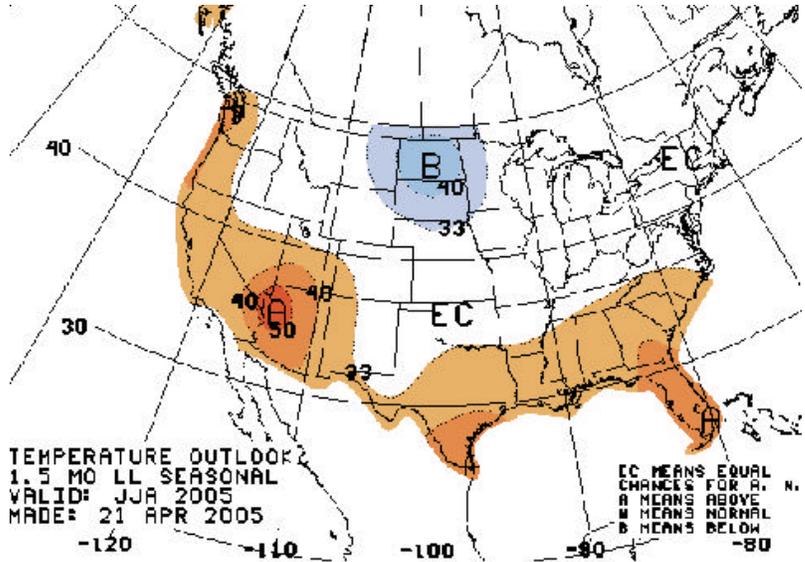


ECONOMIC NEWS

The Philadelphia Fed Manufacturing Index surged for the month of April to 25.3. In March the index was 11.4. Economists were expected an April reading of about 8.0. The breakdown of the report mirrored others released earlier in the week concerning raising energy costs, and increased prices, signaling inflation.

MARKET COMMENTARY

The natural gas market gapped lower this morning and quickly retested the recent double bottom support on the charts from the lows of last Thursday and Monday. This support held and once traders saw that the EIA storage report came in comfortably within expectations buyers seemed to return to the market. Natural

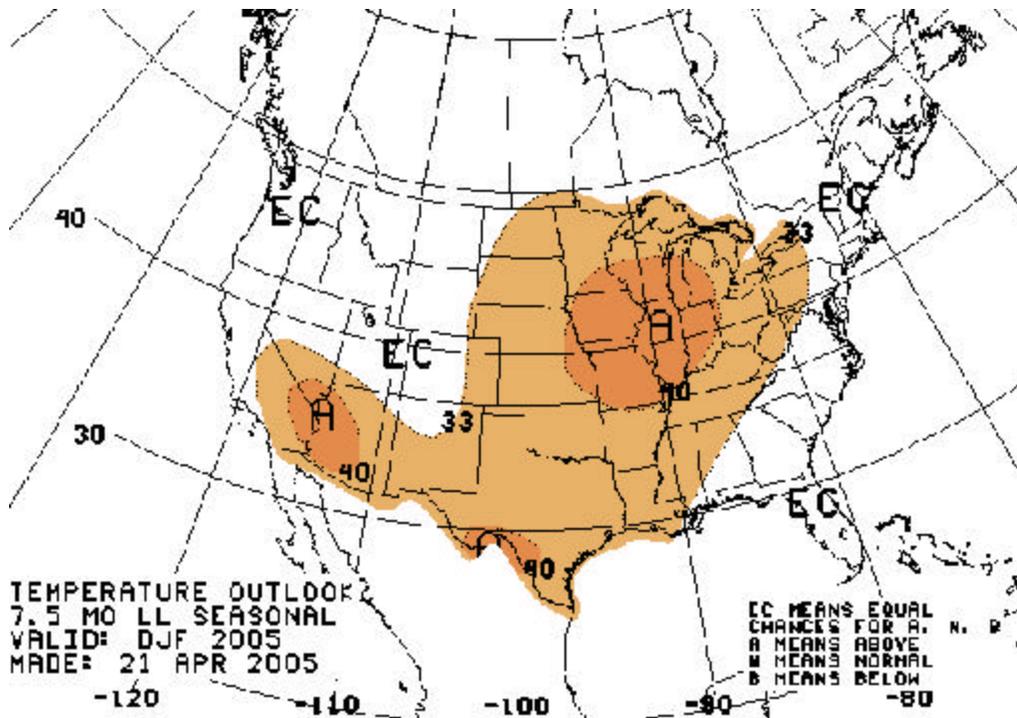


gas values spent the rest of the day climbing upward following oil prices higher. Natural gas prices went out near their highs with the May contract backfilling the gap created from the morning's lower opening. The June through November contracts though just fell short in back filling their gaps from the morning's lower opening. Final futures market volume was estimated at 77,000 contracts, of which spreads accounted for more than half of the day's activity.

The natural gas market appears to be building a strong case for this market not breaching the \$6.875-\$6.89 level before the May contract expires. This market does seem to be finding a comfort level around the \$7.00 level as the May contract has seen an average settlement of \$7.022 since April 12th. During this period of time the lowest the market has settled has been \$6.95 and the highest settle was recorded at \$7.094. In addition the recent strength in the oil markets especially for next winter, continues to make natural gas for this time period reasonably priced, and in turn should provide addition support to natural gas values.

We see support in this market for May at \$6.97-\$6.95 followed by \$6.89-\$6.875. More distant support we see at \$6.81 and \$6.685. Resistance we see initially at \$7.04-\$7.07 followed by \$7.20, \$7.247, \$7.277, \$7.363 and \$7.478.

The bulls also received a boost from the National Weather Service this morning as it released its latest longer-term forecasts, which called for the southern third of the nation to see above normal temperatures for the June-August period. While most traders are probably not paying attention to the NWS temperature



outlook for next winter, the NWS though is also looking for above normal temps for much of the mid section of the nation for the December through February period.

Our early estimate for next week's EIA storage report is for the potential of an 80 bcf build in stocks. If this does in fact occur this would be four week's earlier than last year's injection season, that an 80 bcf build would be recorded.