



ENERGY RISK MANAGEMENT

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

www.e-windham.com

POWER MARKET REPORT FOR JULY 28, 2005

NATURAL GAS MARKET NEWS

EIA Weekly Report

	07/22/05	07/15/05	Net chg	Last Year
Producing Region	740	741	-1	713
Consuming East	1288	1247	41	1258
Consuming West	353	351	2	316
Total US	2381	2339	42	2287

The EIA is modifying its weekly natural gas underground storage sample and estimation methodology to reflect changes in the industry and improve data quality. The effective date for implementation of the new system for the Weekly Natural Gas Storage Report is August 4, 2005, with working gas estimates as of July 29. The new system expands the sample of companies used for estimation from 56 to 63 and revises the approach used to estimate the total volume of working gas in storage. The selected new method of estimation uses both recent EIA-191 monthly data and the latest EIA-912 weekly data. The new method is based on analysis of data trends and estimation on an individual company basis. Company-specific reported data for companies in the sample and estimates for non-reported data for non-sample companies are summed to produce regional and national totals. This is a departure in approach from the current method, which estimates the total volume for non-sample companies as a group based on the aggregate volume of a set of sample companies.

Generator Problems

NPCC— Constellation Energy Group took its 497 Mw Ginna nuclear unit offline due to chemistry concerns that occurred during maintenance. The unit was operating at 3% this morning. Yesterday, the unit was at full power.

Entergy Corp.'s 506 Mw Vermont Yankee nuclear unit started to exit an outage and ramped up to 2% of capacity by early today. The unit shut July 25 due to the failure of an insulator in the transmission switchyard.

WSCC— Arizona Public Service's 740 Mw Four Corners #4 coal-fired power station shut to repair a tube leak yesterday.

Reliant Energy reduced the power output of the 741 Mw Ormond Beach #1 natural gas-fired unit by 541 Mw for planned reasons early today. Ormond Beach #2 remained available for service.

The NRC reported that U.S. nuclear generating capacity was at 96,212 Mw down .35% from Wednesday and down .75% from a year ago.

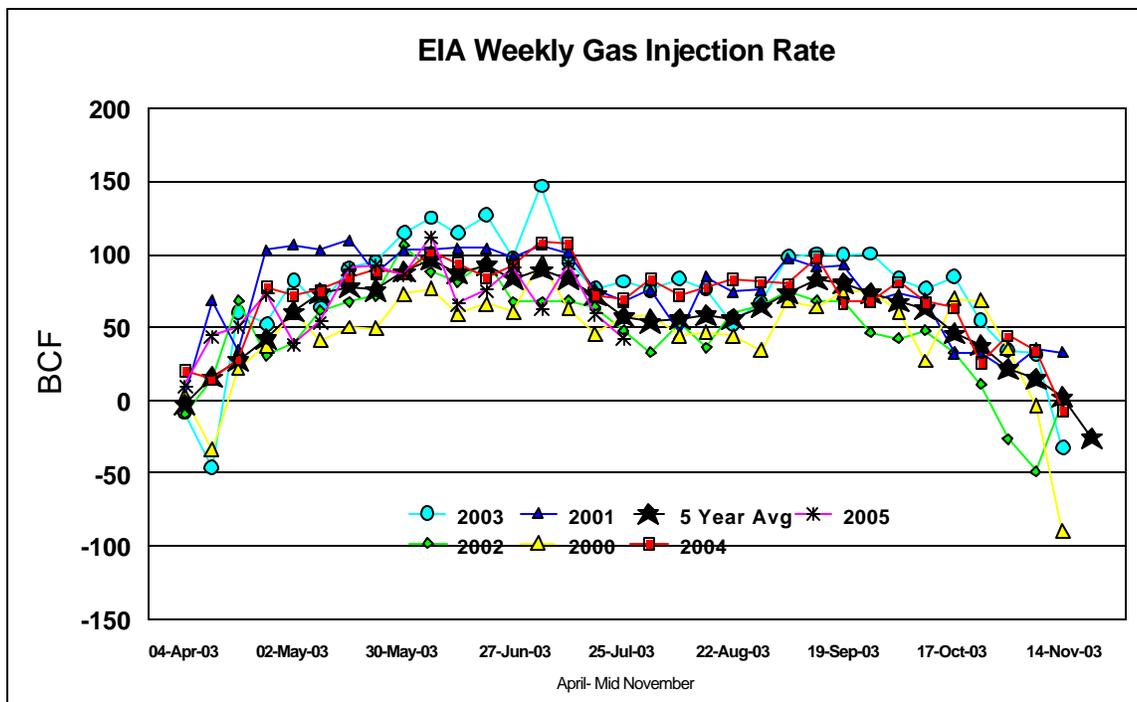
Breaking a four-year logjam, the House today approved by a wide margin sweeping energy legislation that overhauls the U.S. energy policy for the first time in more than a decade. The Senate votes tomorrow.

PIPELINE RESTRICTIONS

Natural Gas Pipeline Company of America said that the force majeure is still in effect due to the pipeline failure that occurred on May 13 on the Gulf Coast #3 mainline. In other news, Segment 17 is at capacity today. All Louisiana Line Segments (25, 23 and 24) are at capacity for eastbound transport volumes. Deliveries to Columbia Gulf Chalkley are at capacity. Deliveries to Florida Jefferson are at capacity. NGPL is at capacity for gas received upstream of Compressor Station 155 in Wise County, Texas in Segment 1 going northbound. ANR South Joliet #2 is at capacity for deliveries.

Florida Gas Transmission said that due to hot temperatures in its market area, it is issuing an Overage Alert Day at 10% tolerance.

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 Index 11 and 70 (Palestine 8-inch), Index 1 and 8 (Dallas 18-inch – Tyler 12-inch), and Montpelier to Kosciusko, and Kiln to Mobile.

Texas Eastern Transmission said that M1 24-inch and M2 24-inch have been restricted to capacity. Nomination increases between Little Rock and Batesville will not be accepted.

PIPELINE MAINTENANCE

El Paso Natural Gas Company said that Line 1201 pigging and repairs will continue through July 29. The capacity of the North Mainline will be reduced as follows from a base capacity of 2200 MMcf/d: July 27-28 – 220 MMcf/d; July 29 – 250 MMcf/d. Based on recent scheduled volumes through this portion of the system, this outage will have no effect on markets.

Panhandle Eastern Pipeline Company said that there will be an outage on the Louisburg 300 line from 1 gate to 3 gate for anomaly repairs beginning July 28. This outage was originally scheduled to begin July 25 and had been rescheduled to begin August 2. The outage is expected to last one day. During this outage, the capacity through Houstonia will be limited to 1,140 MMcf/d and there will be no interruptible transportation of firm transportation overruns allowed to flow through the Louisburg compressor station.

ELECTRICITY MARKET NEWS

PECO Energy reported power demand on its system peaked at 8,695 Mw at 5:00 PM ET yesterday afternoon; only a day after a three-year old record was broken on Tuesday. PECO said it has seen peak demand rise a bit each day – only 6,044 Mw on Sunday with a high temperature of 89 degrees, 7,740 Mw on the first business day of the week with temperatures reaching 96 degrees, 8,359 Mw on Tuesday when the mercury rose to 97 degrees, and 8,695 Mw Wednesday in the late afternoon when power from the residential, commercial and industrial customers combined to plateau for the day. Demand for electricity will be much lower on Thursday.

Canadian Gas Association

Weekly Storage Report

	22-Jul-05	15-Jul-05	23-Jul-04
East	158.0	152.6	191.9
West	190.7	189.4	179.9
Total	348.7	342.0	371.8

MARKET COMMENTARY

The natural gas market opened almost unchanged in anticipation of the EIA Weekly Storage Report. The report showed a build of 42 Bcf, below the street's expectations of a 50 Bcf build. The market spiked to a high of 7.69 and then fell back finding support at the 7.50 level as

that inventory number was a little more in line with expectations compared to last weeks bearish number, given last week's heat wave. Natural gas consolidated for the remainder of the morning bouncing off the 7.50 support level before the bulls stepped in and rallied the market. Mirroring the crude oil market, which bounced up above the \$60/barrel level, natural gas broke the 7.65 level, yesterday's high, and closed up 10.2 cents at 7.694 after posting a high of 7.71.

Natural gas has continued its upward trading channel crossing the 50% retracement level from the contracts all time high of 8.14 set July 15. However, with the heat wave breaking, we expect prices to move sideways and consolidate, with any dip as an opportunity to establish long positions. We see support at \$7.57 followed by \$7.50, and \$7.44. More distant support we see at \$7.20-\$7.185. Resistance we see at \$7.75 and the gap at \$7.83-\$7.87. More distant resistance we see at the contract's high at \$8.14.