

ENERGY RISK MANAGEMENT

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

www.e-windham.com

POWER MARKET REPORT FOR NOVEMBER 8, 2005

NATURAL GAS MARKET NEWS

According to the EIA's Short-Term Energy Outlook for November, the Henry Hub natural gas spot price is expected to average \$9.15/Mcf in 2005 and \$9.00 in 2006. In October, the spot price averaged \$13.82 and the monthly average is likely to remain above \$10.00 until peak winter demand is over. In response to higher prices, total natural gas demand is projected to fall by 0.8% in 2005 compared with 2004 levels, then recover by 2.8% in 2006 assuming a return to normal weather and a recovery in consumption by the industrial sector. Residential demand is projected to decline by about 1% from 2004 to 2005 mostly in response to relatively weak heating-related demand during the latter part of last winter, while industrial demand is estimated to decline by over 8% during the same period due to the much higher prices for natural gas as a fuel or feedstock. By 2006, both end-use sectors are expected to recover somewhat, with residential demand estimated to increase 3.2% from 2005 levels and industrial demand to increase by 6.8%. The projected industrial demand rebound in 2006 rests in part on the assumed reactivation of damaged industrial plants in the Gulf of Mexico region. Power sector demand growth likely will track electricity demand growth through the forecast period. Domestic dry natural gas production in 2005 is expected to decline by 4.2%, due in large part to the major disruptions to infrastructure in the Gulf of Mexico from the hurricanes, then increase by 4.7% in 2006. Total LNG net imports for 2005 are expected to remain about 650 Bcf as they were in 2004, but are projected to average slightly above 1,000 Bcf in 2006. On October 28, working gas in storage stood at an estimated 3,168 Bcf, a level 119 Bcf below a year ago but 2.6% above the 5-year average and about 28 Bcf above last month's outlook. End-of-year storage levels are expected to be 7.9% lower at end-2005 than they were at end-2004. Natural gas storage levels at the end of 2006 are expected to be about even with the 2005 level.

The Minerals Management Service reported that 4.122 Bcf/d of natural gas production remains shut-in in the Gulf of Mexico. That is equivalent to 41.23% of the daily gas production in the Gulf of Mexico.

Generator Problems

ECAR— American Electric Power's 1,020 Mw DC Cook #2 shut early this morning from full power. DC Cook #1 continues to operate at full power.

ERCOT— TXU Power restarted its 1,150 Mw Comanche Peak #2 nuclear unit and is still warming up the unit offline at 14% power today. Comanche Peak #1 continues to operate at full power.

MAAC— PSEG Nuclear continued to increase its 1,100 Mw Salem #1 nuclear unit, increasing production to 87% capacity. The unit was reported at 61% yesterday after restarting over the weekend. Salem #2 continues to operate at full power.

SERC— Progress Energy's 900 Mw Brunswick #2 nuclear unit dipped to 53% capacity by early today to perform some repairs to a leaky condenser tube. The unit was operating at full power yesterday. Brunswick #1 continues to operate at full power.

WSCC— Energy Northwest increased its 1,200 Mw Columbia nuclear unit to full power.

The NRC reported that U.S. nuclear generating capacity was at 79,387 Mw down .72% from Monday and up 3.58% from a year ago.

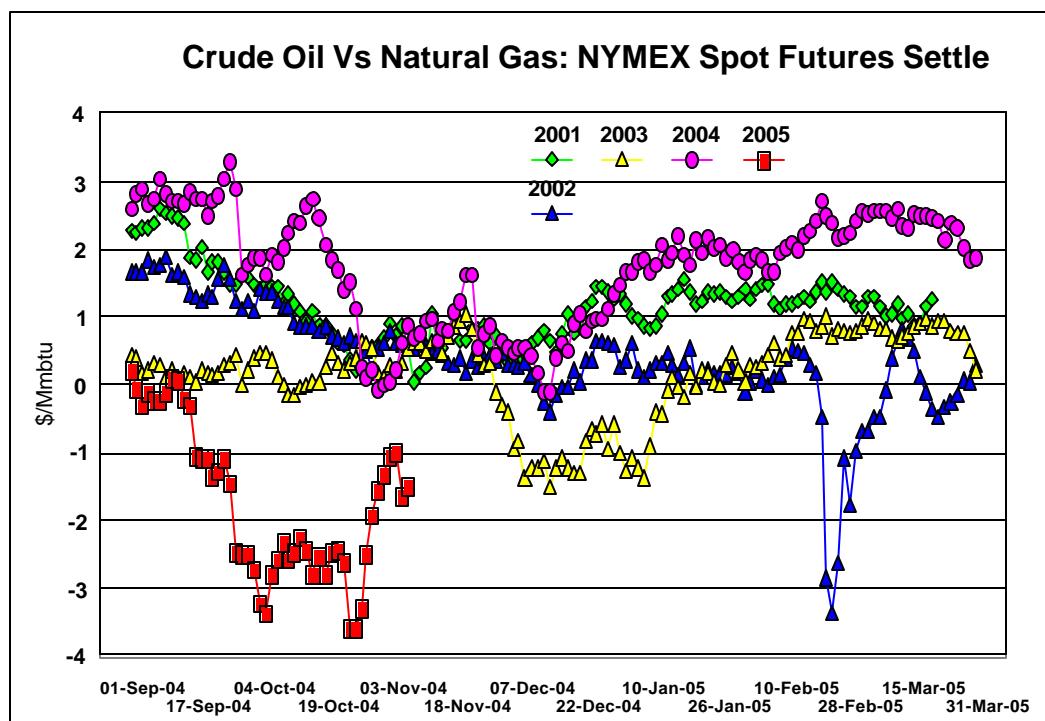
to the major disruptions to infrastructure in the Gulf of Mexico from the hurricanes, then increase by 4.7% in 2006. Total LNG net imports for 2005 are expected to remain about 650 Bcf as they were in 2004, but are projected to average slightly above 1,000 Bcf in 2006. On October 28, working gas in storage stood at an estimated 3,168 Bcf, a level 119 Bcf below a year ago but 2.6% above the 5-year average and about 28 Bcf above last month's outlook. End-of-year storage levels are expected to be 7.9% lower at end-2005 than they were at end-2004. Natural gas storage levels at the end of 2006 are expected to be about even with the 2005 level.

Centerpoint Gas Transmission said that its storage inventory levels are at near maximum capacity. Due to current warm weather conditions, storage injections are continuing during withdrawal season. Under these conditions, the creation of long imbalances can exacerbate operational problems, accordingly, CEGT is requesting that shippers and pool managers remain in balance on a daily basis.

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 the 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, and Kiln to Mobile.

Natural Gas Pipeline Company of America said that beginning today and lasting through November 10, it will perform inspections on each of the three compressor units at Station 346 in Cameron Parish, Louisiana. One of the three units will be unavailable each of these 3 days, but all three units will be available to run each night. Based on this schedule Natural does not anticipate this work to impact scheduling on Segment 24 of Natural's Louisiana Zone. However, the point operators east of Station 346 may see a slight drop in line pressure for the first part of each gas day.



duration of each station's outage is still expected to be no more than eight hours.

Pipeline Maintenance

National Fuel Gas said that it has tentatively scheduled construction on Line N20 from November 16 through November 18. The work may restrict interruptible, secondary and firm transportation with receipts at Bristortia.

Williston Basin Interstate Pipeline Company said the maintenance at the Fort Peck Compressor Station on November 9 will be performed within four hours, instead of the originally planned eight-hour duration. Williston said that the work will be done by 1:00 PM MT. The maintenance will affect receipt points in Line Section 8. Approximate max capacity will be 24 MMcf for gas day November 9.

Electricity Market News

According to the EIA's Short-Term Energy Outlook, weather conditions and continuing economic growth are expected to move electricity demand 3.3% higher in 2005 and an additional 1.3% higher in 2006. Year-over-year

Texas Eastern Transmission said that Zones STX and ETX have been sealed to capacity. No increases in receipts between Mt. Belvieu and Little Rock for delivery outside that area will be accepted. Tetco has force balanced long TABS pools in Zones STX and ETX.

TransColorado Gas Transmission revised the date of the Redvale compressor outage from Wednesday, November 30 to gas day Tuesday, November 29. The

electricity demand growth rates are expected to be particularly strong, as cooling and heating demands are likely to be higher than in the mild third and fourth quarters of 2004. When compared to 2004 figures, regional residential demand in 2005 rose in nine of the ten regions. Commercial demands increased across all ten regions, but industrial demands fell in the four regions along the East Coast and Midwest. In response to higher utility fuel prices, average electricity prices for all end uses are projected to rise by 9.5% in New England and 7.8% in West South Central, but by 6% or less in all other regions in 2005 compared with 2004. Electric power sector demand for coal is expected to increase by 3.2% in 2005 and by 1.2% in 2006. U.S. coal production is expected to grow by 1.2% in 2005 and by an additional 3.3% in 2006.

MARKET COMMENTARY

The natural gas market opened 10 cents lower as it consolidated some of yesterday's bullish bounce. The market traded to a low of 11.50 and then rebounded extending yesterday's high to 11.98. The market traded on either side of neutral today, and ultimately finished the day down 8 cents at 11.793.

The EIA's Short-Term Energy Outlook discussed demand destruction through the end of 2005, before recovery is seen in 2006. And though overall conditions currently appear bearish in the short-term, lingering short covering, technical buying, and general uneasiness are supporting the front month. The EIA went on to say that prices are expected to remain above 10.00 through the winter heating season. With no definite weather to drive this market, we expect it to slump back towards the 11.00 level where it will be bought up again. We see support at \$11.50, \$11.00 and \$10.84. We see resistance at \$12.00, \$12.34 and \$12.87.