



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 15, 2005

NATURAL GAS MARKET NEWS

With cold temperatures popping up on weather forecasters' radar screens later this week, some marketers are placing their bets on an early winter run-up in natural gas prices. But in the long term, if some predictions hold true, a warmer-than-usual winter could result in prices on both the futures and spot gas market spiraling downward. A mild November has caused a short-term gas glut, cooling fears of a possible shortage of natural gas supply. Gas in storage is valued at \$10.50 per mmbtu, calculated by averaging the price of gas injected into storage until November 1 and then adding actual cost of storage. Utilities base their proposed billing rates on this price, so a fall in gas prices now won't help consumers this winter. A warm winter may leave more leftover gas in the ground than last year, depressing 2006 storage demand.

Following up on their announcement of the deal in September, Nymex Holdings Inc. and General Atlantic LLC said Tuesday they have signed a definitive agreement by which General Atlantic will invest \$135 million for a 10% equity stake in Nymex. Following completion of the transaction, which includes open outcry trading protection provisions, General Atlantic will help Nymex prepare for a potential initial public offering (IPO) planned for 2006.

The energy policy act signed into law by President Bush in August "was a start," but the nation needs energy legislation

Generator Problems

ECAR— Consumers Energy said its 730 Mw Palisades nuclear reactor ramped output to 98% power this morning following a decrease in output to clean debris following a storm.

ERCOT— TXU Power's 1,150 Mw Comanche Peak #1 nuclear unit increased output to 98%. Yesterday, the unit was operating at 88% capacity. Comanche Peak #2 continues to operate at full capacity.

FRCC— FPL's 693 Mw Turkey Point #4 nuclear unit ramped up to full power by early today. On Monday, the unit exited an outage and ramped up to 29% of capacity. Turkey Point #3 continues to operate at full power.

MAAC— PPL Corp.'s 1,140 Mw Susquehanna #1 nuclear unit exited an outage and ramped up to 30% of capacity by early today. The unit shut October 28 to work on the unit's control rods. Susquehanna #2 continues to operate at full power.

NPCC— Entergy Nuclear's 535 Mw Vermont Yankee nuclear plant increased production to full power today, completing its return from a refueling outage.

SERC— Southern Co.'s 856 Mw Hatch #1 nuclear unit started to exit an outage and ramped up to 15% of capacity by early today. The unit shut on October 29 due to a fire in a transformer outside the turbine building. Hatch #2 continues to operate at full power.

Entergy Corp.'s 1,089 Mw Waterford #3 nuclear unit exited an outage and ramped up to 95% of capacity by early today. The unit shut November 11 due to a mechanical failure in the condenser circulating pumps.

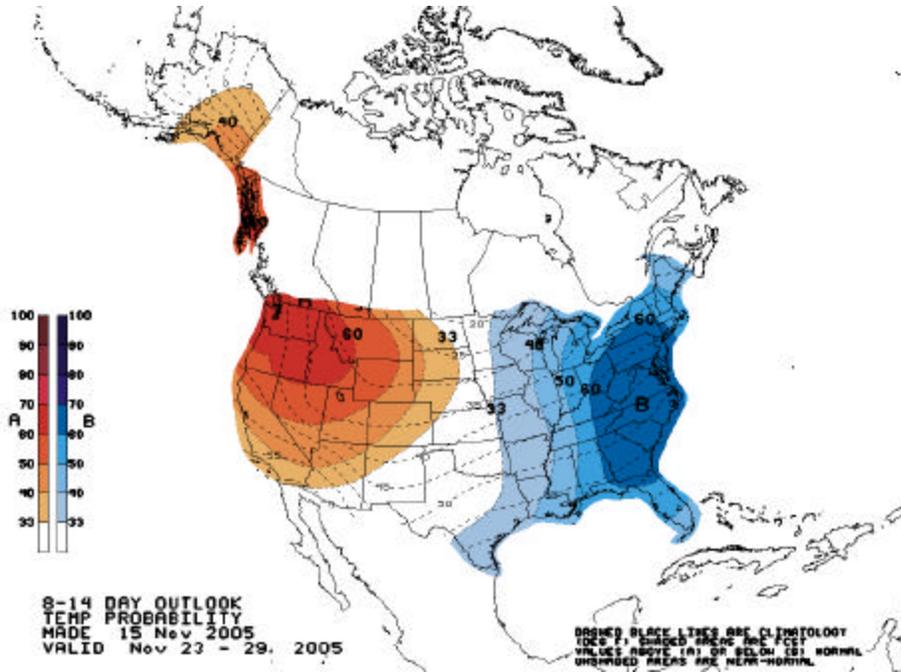
Tennessee Valley Authority's 1,100 Mw Browns Ferry #3 nuclear unit returned to full power today. Browns Ferry #2 continues to operate at full power.

Canada— Ontario Power Generation's 580 Mw Brighton Beach natural gas-fired power station shut by early today. On Monday, the unit was available for service by not operating.

The NRC reported that U.S. nuclear generating capacity was at 84,536 Mw up 3.00% from Monday and up 6.40% from a year ago.

that goes far beyond that to address the run-up in prices and diminishing supplies, said the head of the National Association of Manufacturers (NAM) Tuesday.

The Minerals Management Service reported that shut-in natural gas production in the Gulf of Mexico is 3.71 Bcf/d. That is equivalent to 37.1% of daily natural gas output in the Gulf of Mexico, and a slight improvement from yesterday.



PIPELINE RESTRICTIONS

Colorado Interstate Gas Company has lifted its recent Strained Operating Condition and Operational Flow Order. CIG declared an SOC on November 9 and subsequently an OFO on November 12.

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 Sarepta to Sterlington 18-inch Index 250; Lake Charles Receipts Capacity Allocation Area 6; 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.

KM Interstate Gas Transmission has lifted the unauthorized overrun period that was effective November 12. However, due to high inventory levels, in-ground transfers from NNS, FSS, CMC-1, and CMC-2 into ISS accounts remain not available until further notice.

PG&E California Gas Transmission has called a customer-specific operational flow order on its California natural gas pipeline for today's gas flow. PG&E issued the restriction because of high gas supplies on its system.

Texas Eastern Transmission said that Zones STX and ETX have been sealed to capacity. No increases in receipts between Vidor and Little Rock for delivery outside that area will be accepted. Long TABS-1 pools in ETX have been forced-balanced. Receipts sourced at Monroe station have been scheduled to capacity. No increases in receipts sourced at Monroe will be accepted.

Transcontinental Gas Pipeline Corporation said that effective with today's gas flow, Transco is issuing an Imbalance Operational Flow Order. This OFO will require that all buyers must ensure that their daily imbalance be no greater than 5% for each day during the effectiveness of this OFO.

PIPELINE MAINTENANCE

Gulf South Pipeline said that it will be performing pigging maintenance on Index 266 24-inch from Loggy Bayou to Sterlington, Louisiana beginning today and continuing through December 2. Capacities in the following areas could be affected during the duration of this pigging maintenance. In east Texas, as much as 125 MMcf/d could be affected; in North Louisiana as much as 150 MMcf/d; in Olla South as much as 150 MMcf/d.

Williston Basin Interstate Pipeline Company said that due to maintenance on the #4 gathering loop line, Receipt Point ID 04018 Baker Area Mainline and Receipt Point ID 04015 Baker Area Grasslands Mainline will be affected

by approximately 6.5 MMcf on November 16. The work was originally scheduled for today, November 15. Also, the company said that each unit at the Dickinson Compressor Station will be emissions tested today. At this time, Williston does not anticipate any restrictions to the system.

MARKET COMMENTARY

The natural gas market opened down a modest 5.7 cents as it tiptoed through both positive and negative territory on a thinly inside traded day. The market broke no new ground but remained in the familiar 11.50 to 11.86 range. For the second straight day, the front month finished the session down, while the back months posted modest gains. December natural gas finished down 4.4 cents at 11.563, while January, February and March realized gains between 5 and 9 cents.

Though cooler temperatures are expected to make their way into the Midwest and Northeast consuming regions, the jury is still out as to whether the increased heating demand is enough to justify a rally. The market is trying to find its way and more consolidation between 11.00 and 12.00 will likely continue until a clearer picture of winter temperatures is available. This week's inventory data is likely going to show another uncharacteristic build given last week's warm temperatures.

Expectations are looking for a build between 35 Bcf to 60 Bcf; much more bearish compared to last year's null build and the five year average draw of 3 Bcf. With cold forecasted for this week, the bulls will have to wait till next week to see the expected stronger heating demand ripple through the data. We see continued support at \$11.50, \$11.37 and \$11.00. Further support we see at \$10.88. We see resistance at \$12.06, \$12.87 and \$13.00.

