



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR JANUARY 20, 2005

NATURAL GAS MARKET NEWS

The Northeast, the world's largest heating oil market, may see cold weather linger as a snowy weekend is on the horizon. A big snow storm is expected to sweep across the Upper Plains and over the east Coast from New York to North Carolina this weekend, radiating cold into the atmosphere, and keeping temperatures substantially below normal for a longer period. EarthSat predicts Saturday's temperatures to be the chilliest with 3 degrees F for Boston, New York City with 11 F, Philadelphia at 9 F and Washington at 15 F. Compounding the snow are northern winds that could make below-normal temperatures in New York feel even colder.

Longer-term weather forecasts predict above-normal temperatures during February for a huge part of the eastern half of the U.S. The National Weather Service said Maine and Rhode Island were the only Northeast states that had the best chance of avoiding above-normal temperatures next month. The Great Lakes region down to the deep South states of Mississippi, Alabama, and the northern tip of Georgia will also experience warmer-than-normal temperatures. The Western half of Alaska, Washington State and the northwestern portion of Oregon will also see warmer weather in February. Meanwhile, most of California, Nevada, southern Idaho, the western half of Utah, and the southeast corner of Oregon will be colder than normal next month.

U.S. power producer Calpine Corp. cut its proved gas reserves by 6%, widening its fourth-quarter loss. An independent engineer estimated that Calpine had reserves of 389 Bcf at year-end, about 25 Bcf below its previous projection. As a result, Calpine shares fell 6.7% in premarket trading. For the fourth quarter, Calpine expects to post a loss of 48 to 56 cents per share.

Canadian Gas Association

Weekly Storage Report

	14-Jan-05	07-Jan-05	16-Jan-04
East	179.3	189.0	179.0
West	130.6	148.5	125.9
Total	309.9	337.5	304.9

SemCanada has signed a definitive agreement to buy Central Alberta Midstream, the largest licensed sour gas processor in Alberta, Canada, from BP Canada Energy Co. and Chevron Canada Resources. CAMS's assets include four gas processing plants and more than 600 miles of natural gas

Generator Problems

ECAR— CMS Energy ramped output to 90% at its 789 Mw Palisades nuclear unit as it exited an outage. The unit was operating at 4% yesterday as it started to exit its outage.

MAIN— AmerGen Energy's 950 Mw Clinton nuclear unit ramped up to 69% of capacity. Yesterday the unit was operating at 27%. The unit was reduced Jan. 18 to fix a tube leak in the main condenser.

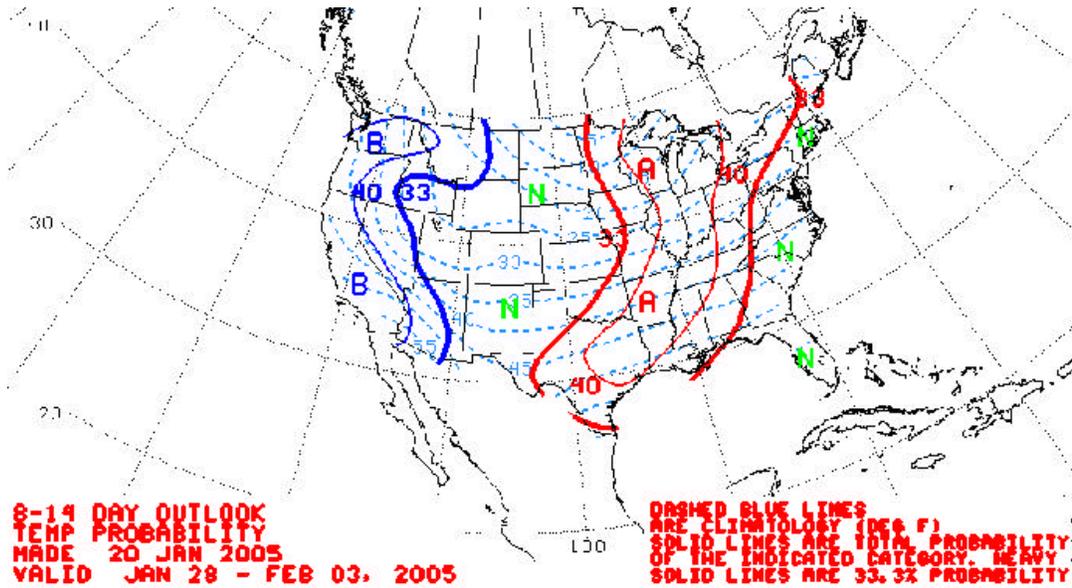
AmerenUE's 1,126 Mw Callaway nuclear unit automatically tripped from full power yesterday following a momentary loss of power to a process control system power supply that resulted in a low Steam Generator water level. The unit was at full power yesterday.

MAAC— PSEG Power's 1,049 Mw Hope Creek nuclear unit warms up offline at 4% after being restarted yesterday following an Oct. 10 refueling outage.

WSCC— Sempra Energy's 549 Mw Elk Hills natural gas-fired unit returned to service late Wednesday after being shut for planned and unplanned reasons earlier in the day.

The NRC reported that U.S. nuclear generating capacity was at 90136 Mw today down .44% from Wednesday.

gathering pipeline in Alberta. The plants have a working capacity of 900 MMcf/d of gas, but their combined licensed capacity is 1.5 Bcf/d of gas.

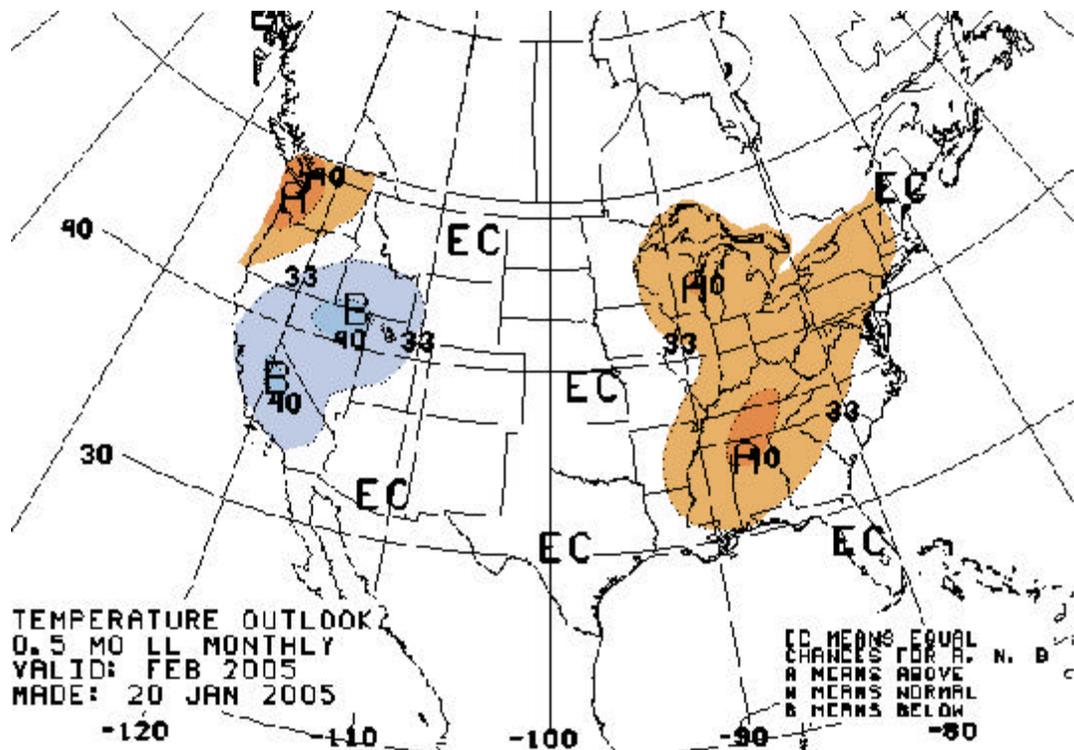


Standard & Poors warned today that given a third winter of high natural gas prices, the finances of local distribution companies could become strained, especially if regulators fail to allow the timely pass-through of gas costs.

Duke Energy Gas Transmission has proposed building a high-deliverability natural gas storage

facility and pipeline supply header system to provide hub services in the Florida, Alabama and Mississippi market area.

Excelerate Energy said today that it expects to receive its first LNG cargo in March, when a shipment from Malaysia arrives its receiving buoy off the Louisiana coast. The company last week took delivery of its first of three specially designed LNG tankers that double as floating regasification plants. The \$700 million terminal is the world's first offshore LNG terminal. The company also hopes to install a two buoy "Energy Bridge" terminal off the Massachusetts coast, and will file permits in May with hopes to have the facility in operation by early 2007.



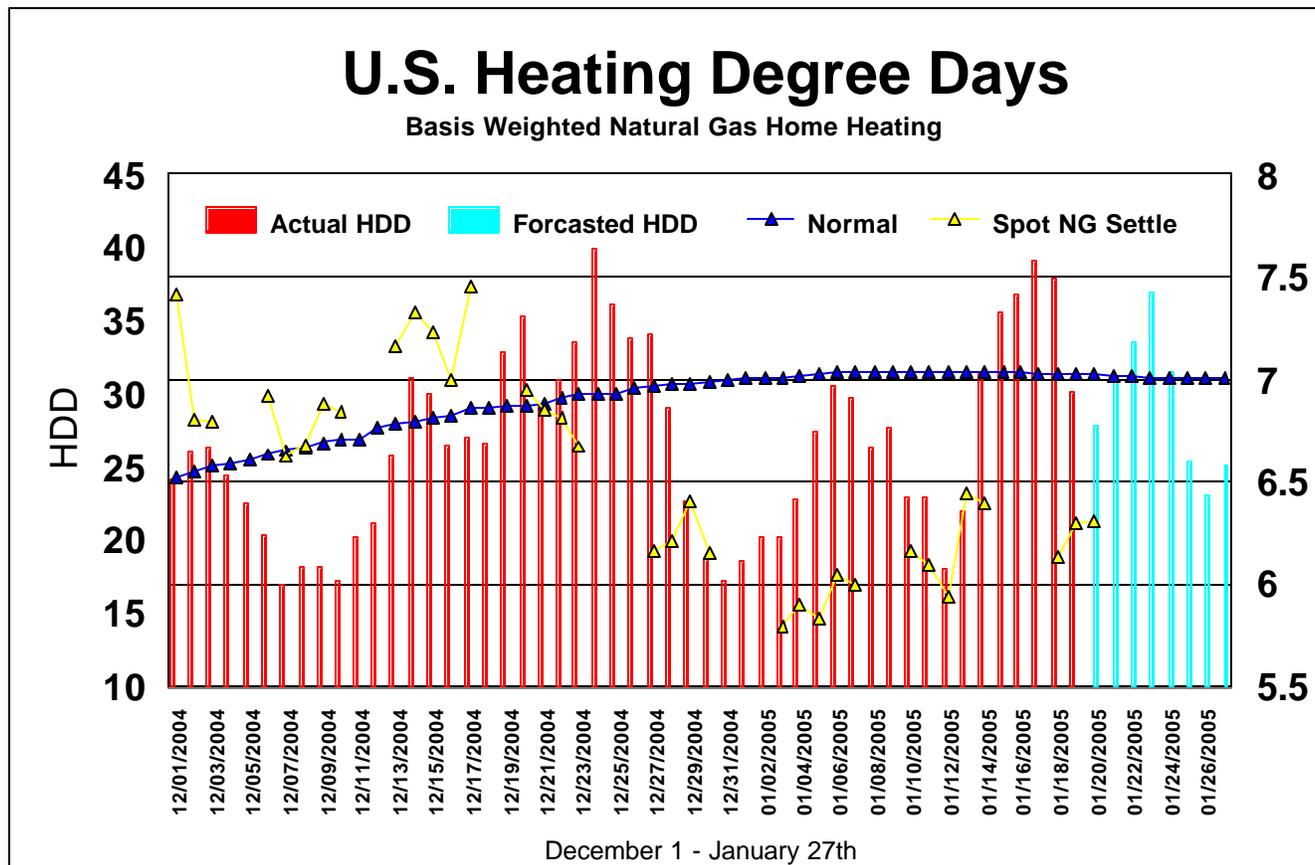
PIPELINE RESTRICTIONS

Natural Gas Pipeline Company of America said that deliveries to Columbia Gulf Chalkley are at capacity today.

NGPL is at capacity for gas received upstream of Compressor Station 155 in Wise County, Texas in Segment 1

going northbound. All Louisiana Line Segments (25, 23, and 24) are at capacity for eastbound transport volumes.

East Tennessee Natural Gas said that due to cold weather, it anticipates issuing the following restrictions today: No secondary receipts out of path upstream of station 3104; No secondary receipts out of path upstream of stations 3205; No secondary deliveries downstream of stations 3313 on the 8inch 3300 line between Rural Retreat and Roanoke; No secondary deliveries on the Johnson City lateral; No secondary deliveries on the Kingsport lateral. Also operational flow orders remain for deliveries to meters on the Johnson City lateral, and for deliveries to meters on the Kingsport lateral.



Algonquin Gas Transmission said that as weather forecasts continue to predict strong demand across its system, all shippers and point operators are reminded to carefully review demands for gas and schedule gas consistent with daily needs and to tender and receive gas consistent with confirmed nominations. If imbalances are limited, restrictions will not be needed. For today, AGT has restricted all AIT-1 and a portion of priority 3 nominations for gas flowing through the Hanover compressor station.

Gulf South Pipeline said that based on initial review of nominations, NNS demand, and other factors affecting its system, Gulf South said it may be required to schedule available capacity and implement scheduling reductions for several points: Tyler 12-inch; Palestine 8-inch; and Dallas 18-inch.

PIPELINE MAINTENANCE

Gulf South has completed the pipeline maintenance necessary to restore service to SLN 2464, Port Gibson TBS in Warren County, Mississippi. Force majeure conditions are no longer in effect.

KM Interstate Gas Transmission said that repairs at the Casper Compressor Stations in Wyoming are now expected to extend through Friday, Jan. 28 instead of ending tomorrow as originally scheduled. The capacity through segments 45 and 730 is limited to 200 MMcf/d during the maintenance.

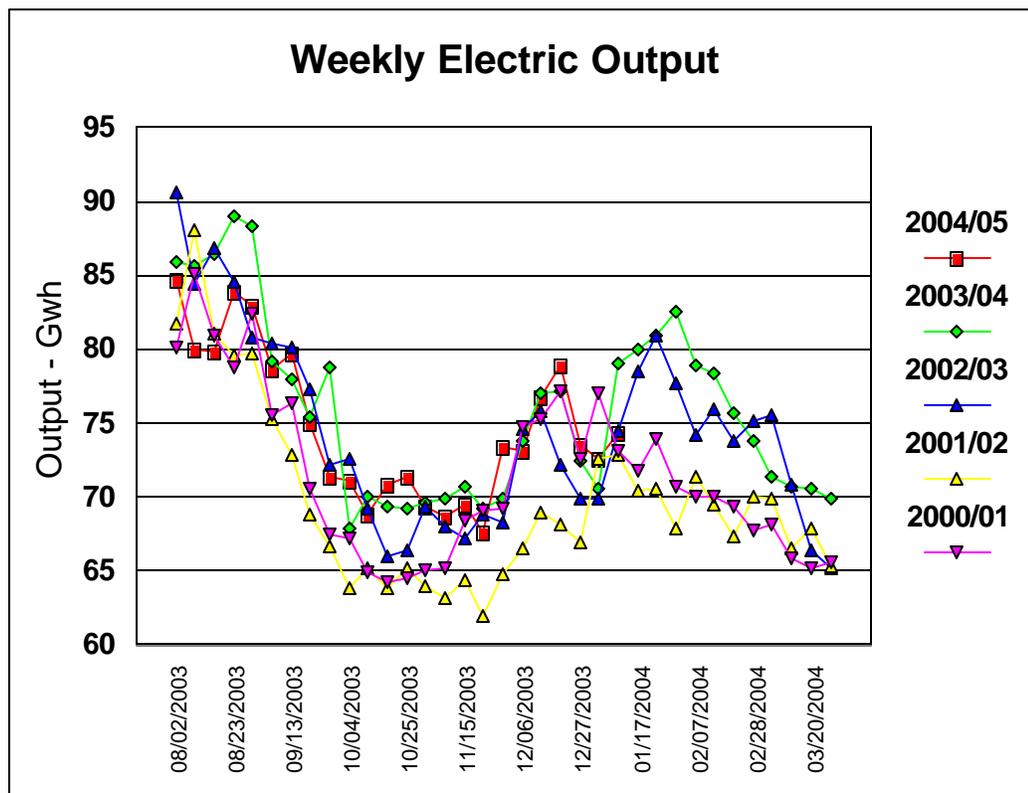
National Fuel Gas said that Line N-20 from Three Rivers Pipeline Interconnect, Station T-2688 south will be out of service for pipeline repairs beginning Feb. 7 through Feb. 14, with service reinstated Feb. 15 at 10:00am ET. All services, Interruptible and Firm at the Line N-20/Bristoria TET Interconnect, will be affected throughout this shutdown.

Williston Basin Interstate Pipeline said that due to unscheduled maintenance at the Cleveland Plant, capacity at current conditions will be restricted in Line Sections 4 and 24 up to approximately 4.5 MMcf/d

ELECTRICITY MARKET NEWS

Wisconsin Energy Corp. customers continue to use record amounts of electricity, setting a new one-day record of 104,974 Mh on Jan. 18. According to the Wisconsin Dept. of Administration, electric use statewide has been growing at an annual rate of about 2 to 3 percent. By 2016, the state is expected to require an additional 7,000

Mw. Existing power plants produce about 5,600 Mw.



The Edison Electric Institute reported this week that U.S. production of electricity during the week ending January 15th reached 74,329 Gwh, up 2.46% from the prior week, but some 7.1% less than the same period a year earlier.

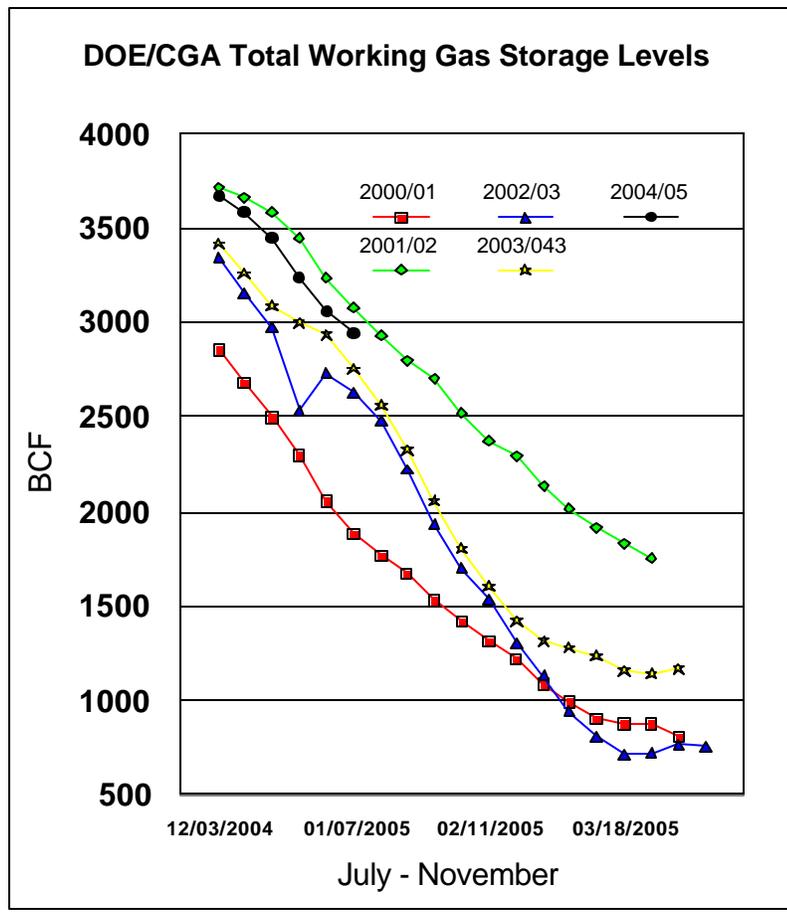
ECONOMIC NEWS

The Philadelphia Fed Index, a measure of business and manufacturing activity in the region, decreased from 25.4 in December to 13.2 in January, the lowest in 18 months.

MARKET COMMENTARY

Despite skyrocketing cash prices in the northeast today, as local LDC's notified some customers of supply interruptions, as bitter cold arctic temperatures were expected to move into the region starting tomorrow and last through Monday, the natural gas market today basically marked time as prices remained pinned to yesterday's trading range. Traded volumes reflected this poor market interest with just 55,000 futures traded. Traders appeared reluctant to alter their positions until after tomorrow's EIA Storage Report. Traders' uncertainty was compounded by the wide spectrum of weather forecasts that were offered in the market. Forecasts coming out of the National Weather Service appeared bearish, given their call for temperatures to moderate significantly by the middle of next week and remain above normal for much the period during January 28th through February 3rd. The NWS also this morning released their temperature outlook for February and it called for temperatures over much of the eastern half of the nation to be above normal. *But for those traders that think that we only note bearish weather reports* there was some dissenting forecasts coming out of not only private forecasters, but even the NWS. Government forecasters noted in releasing their monthly outlook that there should continue to be plenty of cold arctic air available in northern Canada during February but its disposition will depend on the variable mid-latitude circulation pattern. It is this mid-latitude pattern in which the forecasters note that the various computer

models that they use are struggling to forecast beyond a week or two ahead. Private forecasters, EarthSat and National Center for Environmental Prediction actually held out that significant portion of the eastern half of the nation could see normal to below normal temperatures for next month.



Market expectations for tomorrow's storage report appear to be centering around a 105 bcf draw down. We continue to look for a slightly smaller draw down of 99 bcf. For the same week a year ago stocks declined by 155 bcf and the five year seasonal average is for a 133 bcf drop. We continue to look for next week's storage report though to post the season's largest decline possibly a 200 bcf drop in working gas stocks.

Our support and resistance levels from yesterday's report remain intact and are as follows: Resistance we see at \$6.35-\$6.40, followed by \$6.68-\$6.69, \$6.89 and \$6.97. Support continues to be found at \$6.15, followed by \$6.08-\$6.05, \$5.83 and \$5.71.