



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR FEBRUARY 2, 2005

NATURAL GAS MARKET NEWS

EnCana Corp. updated its plans to divest conventional oil and gas assets in Western Canada, the Gulf of Mexico, Ecuador and some natural gas gathering and processing facilities in the U.S. Rocky Mountain states. EnCana has retained Waterous & Co. to coordinate the divestiture of 15 conventional properties primarily located in central and southern Alberta. Collectively the properties produce 17,700 barrels per day of oil and natural gas liquids and about 27 MMcf/d of natural gas for a total of about 22,000 barrels of oil equivalent per day. EnCana has retained Morgan Stanley and Randall & Dewey to coordinate the divestiture of its Gulf of Mexico assets. EnCana is divesting an average of 40% working interest in 239 gross blocks comprising about 1.4 million acres. Included is a 25% working interest in the ChevronTexaco operated Tahiti discovery well, which has recently completed production tests indicating that it is capable of sustained flow of as much as 30,000 barrels per day. In addition, EnCana Corp. subsidiary EnCana Oil & Gas, plans to sell three natural gas gathering and processing properties in the Rocky Mountain states – Fort Lupton and Dragon Trail in Colorado, and Lisbon in Utah. The gas plants have a total processing capacity of 210 MMcf/d and each one has extensive gas gathering pipelines.

Ivanhoe Energy reported that it has discovered natural gas at the Peach prospect in the North Antelope Hills area in Kern County, California. A 4,590-foot exploratory well was drilled and flow testing has been completed. A 41-hour multi-rate gas test of the well was conducted at rates of up to 800 Mcf/d on a 9/16-inch choke. During the test, the well produced natural gas and condensate with no water. Analysis indicates the gas is rich with natural gas liquids and has a heating content of 1,070 Btu.

Western Gas Resources said that it completed the previously announced purchase of natural gas gathering and processing assets in the eastern green River Basin of Wyoming from Duke Energy Field Services, Overland Trail Transmission and Duke Energy Field Services Marketing for a total of \$27.9 million. The deal includes the Patrick Draw processing plant with 150 MMcf/d of capacity and approximately 140 miles of related gathering systems. Patrick Draw processed 31 MMcf/d of gas from several large producers in the area.

Generator Problems

ECAR— FirstEnergy ramped its 1,260 Mw Perry nuclear unit 41% to 70% capacity.

FRCC— FPL's 693 Mw Turkey Point #3 ramped up to full power today. The unit was at 60% yesterday following a scheduled turbine valve test over the weekend.

MAAC— Exelon's 1,110 Mw Peach Bottom #2 nuclear unit dipped to 15% today and is operating offline for a planned maintenance outage. The unit was at full power yesterday. Peach Bottom #3 continues to operate at full power.

PSEG ramped production levels to 69% at its 1,049 Mw Hope Creek nuclear unit, increasing output 21% from yesterday.

SPP— The 1,235 Mw Wolf Creek nuclear station started to exit an outage and ramped up to 1% of capacity. The unit closed Jan. 24 due to a water leak in the main electrical generator.

The NRC reported that U.S. nuclear generating capacity was at 90775 Mw today up .05% from Tuesday.

The US Minerals Management Service reported that 14 major platforms on the US Gulf of Mexico shelf, 2 deepwater fields and 17 pipelines remain shut due to hurricane damage. It said the US Gulf of Mexico is operating at 92.02% of its oil production capacity and 96.27% of its natural gas production capacity.

PIPELINE RESTRICTIONS

Natural Gas Pipeline Company of America said it has had one unit unavailable at Station 812 since Jan. 14. This has caused NGPL to reduce the segment capacity in Segment 16 to a lower level for scheduling transports. This unit is scheduled to become available again on Feb. 4. As soon as it is placed in service, NGPL will begin using the higher segment capacity for scheduling transports in segment 16. For today, Florida Gas Vermilion is at capacity. Deliveries to Columbia Gulf-Chalkley are at capacity. 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.

Texas Eastern Transmission said that STX and ETX have been restricted to capacity, and therefore no physical increases of receipts will be accepted between Vidor and Little Rock, and no PAL Parks are available in STX and ETX. M1-24 and M2-24 have been scheduled to capacity between Little Rock and Batesville.

East Tennessee Natural Gas said that nominations delivering downstream of station 3313 on the 8-inch 3300 line between Rural Retreat and Roanoke have been scheduled to capacity.

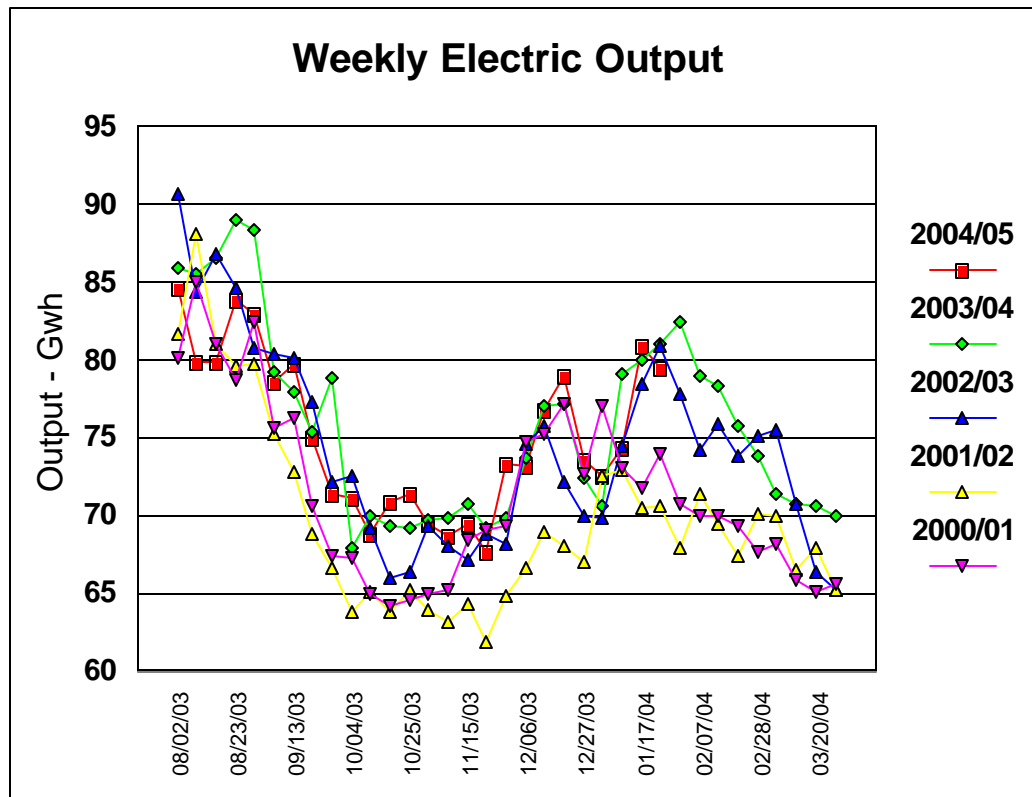
Algonquin Gas Transmission said it has restricted all AIT-1 and a portion of priority 3 nominations for gas flowing through the Stony Point compressor station. No increases for transportation flowing through Stony Point except for primary no notice nominations will be accepted. In addition, no due-shipper nominations will be accepted.

Florida Gas Transmission said that due to high demand and low temperatures, it is issuing an Overage Alert Day at 25% tolerance for the day.

PIPELINE MAINTENANCE

Colorado Interstate Gas Co. said that one unit of the Rawlins Compressor Station will be out of service Feb. 1 through Feb. 28 due to unexpected maintenance. Capacity through the station will be reduced by 50 MMcf/d. One unit of the King Compressor Station will be out of service Feb. 1 through Feb. 28. Capacity through the station will be reduced to 100 MMcf/d.

Westcoast Energy said that it has had success correcting the problem with the Train 3 Reaction furnace and have been stabilizing operations



at the Pine River Gas Plant since 6:30 PM MT Feb. 1. Once the plant inlet pressure is down to within normal operating conditions, Westcoast will bring the K100 inlet compressor back on at the Kwoen Gas Plant.

ELECTRICITY MARKET NEWS

The Edison Electric Institute stated that electricity generation in the US totaled 79,508 gigawatt hours in the week ending January 29, down 3.36% on the year. The Rocky Mountain region showed the largest year on year decline in output, falling by 8.8% to 4,148 Gwh. The US Southeast showed the largest year on year increase in output, increasing by 4.6% to 22,843 Gwh.

Calpine Corp's indirect subsidiary Metcalf Energy Center has obtained a \$100 million non-recourse credit facility for the Metcalf Energy Center in San Jose, California. Loans extended to Metcalf under the facility will fund the balance of construction activities for the 600 Mw natural gas-fired power plant. The project finance facility will mature in July 2008. Pricing is based on LIBOR plus a margin. According to the California Independent System Operator, the Bay Area is among the most generation-deficient regions in the state. Calpine will sell the full output from the plant to its wholly owned subsidiary Calpine Energy Services, who in turn will sell power to large wholesale customers and into the daily energy market. It will also manage the purchase and delivery of natural gas used to fuel the facility under a three-year power purchase and fuel supply agreement.

MARKET COMMENTARY

The natural gas settled in positive territory, as it remained supported by the cash market. The natural gas market opened 6.4 cents higher at \$6.38 and remained supported despite the weakness in the oil complex following the release of the DOE and API weekly inventory reports. The market traded mostly sideways within a range from \$6.37 to \$6.46 before it traded to a high of \$6.48 as the oil markets traded to their highs. The market continued to shrug off mostly mild weather forecasts and traded higher as shorts continued to cover their positions ahead of the Thursday's release of the EIA natural gas inventory report. The natural gas market however retraced its gains and traded to a low of 6.35 where it held some support. It later found further selling pressure which pushed it to a low of \$6.345 before its settled up 6 cents at \$6.376. The cash market buoyed by cold weather in Texas helped underpin the market despite the mostly moderating trend in the weather this week. Volume in the natural gas market was good with 61,000 lots booked on the day.

The natural gas market on Thursday will seek further direction from the EIA inventory report. Market expectations for the EIA storage report appear to be running between 195 and 240 bcf drawdown, with most expecting a draw of about 215. For the same week last year, stocks fell by 225 bcf and on average over the past five years, natural gas inventories have declined by about 182 bcf. Our estimate is on the lower end of expectations.

The market is seen finding support at \$6.345, \$6.26 followed by \$6.17 and \$6.12. More distant support is seen at \$6.08 and \$5.83-\$5.81.

Meanwhile resistance is seen at \$6.48, \$6.64, \$6.67 and \$6.75. More distant resistance is seen at \$6.90-\$6.92, \$7.04 and \$7.17.

