



ENERGY RISK MANAGEMENT

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

www.e-windham.com

POWER MARKET REPORT FOR MARCH 11, 2005

NATURAL GAS MARKET NEWS

Natural gas company, Energen Corp. raised its profit forecasts for 2005 and 2006, boosted by hedging more of its natural gas and oil production. Energen now expects 2006 profit of \$4.90 to \$5.10 a share, up \$0.25 from its prior forecast. For 2005, Energen raised its forecast to \$4.45 to \$4.65 a share, an increase of \$0.20, reflecting near-term strength in commodity prices. The company reported that yesterday it hedged an additional 5.9 bcf of its 2006 San Juan Basin natural gas production at a NYMEX-equivalent price of \$7.22 per MCF and 360,000 b/d of its 2006 sour oil production at a NYMEX equivalent price of \$49.38 per barrel. The new gas and oil hedges are spread equally throughout the year. The company's oil and gas acquisition and development subsidiary, Energen Resources Corporation total natural gas hedge position for 2006 now stands at approximately 17.6 Bcf of San Juan Basin-specific hedges at an average NYMEX equivalent price of \$6.84 per Mcf. This is some 30% of projected production volumes. The company's total crude oil hedged position for 2006 is now approximately 1.1 million barrels at an average NYMEX-equivalent price of 43.30 per barrel. The crude oil currently hedged accounts for nearly 30% of projected oil production that year as well.

Generator Problems

ERCOT— Xcel is scheduled to shut its Tolk 2 540 Mw coal fired generating unit on March 12th for major overhaul. The unit is expected to remain off line until the end of May.

NPCC— Entergy Nuclear is winding down its 979 Mw Indian Point #3 nuclear unit as it approaches its spring refueling and maintenance outage set to begin at midnight tonight. The unit was operating at 87% capacity this morning. Indian Point #2 continues to operate at full power.

WSCC— Arizona Public Service's 740 Mw Four Corners #4 coal-fired power unit returned to full power early today following tube leak repairs.

Canada— OPG's 285 Mw coal fired units 5 & 6 at its Lakeview generating station were taken off line Thursday and we not expected back in service for one week.

The NRC reported that U.S. nuclear generating capacity was at 82,368 Mw today down .14% from Thursday and down 4.67% from a year ago.

A federal appeals court in Washington, DC upheld FERC's decision denying Tennessee Gas Pipeline Co. the right to collect full reservation charges from shippers whose service has been suspended, but it opened the door for the agency to allow pipelines to collect a lesser charge in such cases.

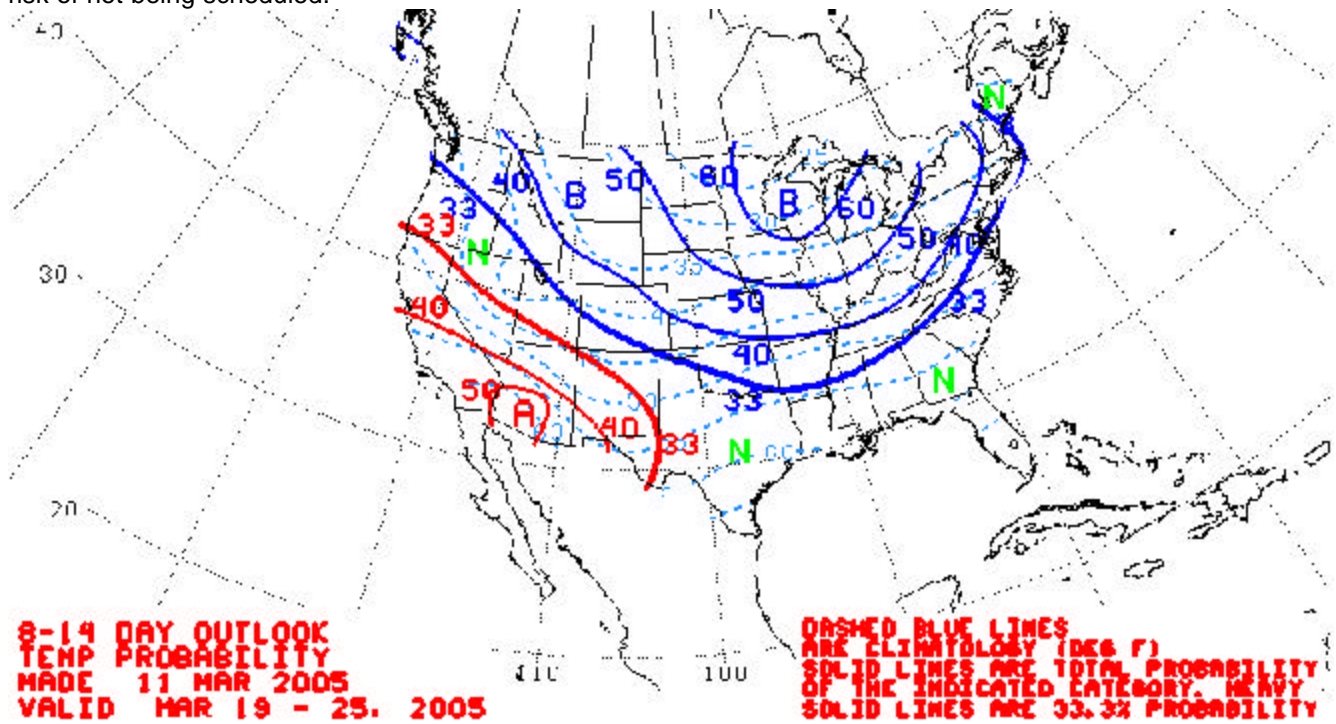
Baker Hughes reported that for the week ending March 11th some 1091 rigs were search for gas in the United States, up one from last week and some 130 rigs better than the same week a year ago.

PIPELINE RESTRICTIONS

Natural Gas Pipeline Company of America said that gas received on the Arkoma Line (Segment 16) is at capacity, and Segment 17 is also at capacity. Columbia Gulf-Chalkley is at capacity for deliveries. NGPL is at capacity for gas received upstream of Compressor Station 15 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 it has been scheduled to capacity at West Monroe. No physical increases can be accepted from the following locations: Gulf South West Monroe, Reliant Energy West Monroe, or Duke Energy Field Services-Ouachita Parish, La.

KM Interstate Gas Transmission said that an outage at the Casper Compressor Station in Wyoming, scheduled for March 7 through March 18, would only have a potential impact to shippers. However, based on the current level of nominations and the expected capacity through Segments 45 and 730, KMIGT said that scheduling reductions may be necessary. Authorized overrun, interruptible flow and secondary out of path volumes are at risk of not being scheduled.



PG&E California Gas Transmission has called a system-wide 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. The pipeline restriction has a five-percent tolerance, with shippers who violate the OFO subject to a \$1.00/Mcf monetary penalty.

PIPELINE MAINTENANCE

Centerpoint Gas Transmission said it will be performing scheduled repairs at Amber Station Units #2 and #3 effective Tuesday, March 22, at 9:00 AM ET. The duration of this maintenance is estimated to last through Friday, April 22. As a result of this maintenance, the capacity through Amber Station (West 1) will be limited to 350 MMcf/d. Firm receipt capacity will be curtailed and scheduled in accordance with the CEGT's tariff. CEGT's ability to make firm deliveries is not affected. Shippers who desire to maintain full firm deliveries are requested and advised to arrange for alternative supplies East of Amber Station.

Colorado Interstate Gas Co. said effective today, a compressor unit at the Muddy Gap compressor station located on the Wind River Lateral in Wyoming was taken out of service as a result of unscheduled maintenance. This outage was due to the detection of excess metal wear that presented an operational and safety issue that precluded continued operation. Repair work has been initiated and is expected to be completed by the end of April. During the repairs, CIG said the force majeure conditions apply. During the facility outage, CIG's capacity in the Wind River Lateral will be limited to 215 MMcf/d. Based on the current Thermal Content of the gas being transported at WNR, the available thermal capacity while the compression is out of service will be approximately 223 MMcf/d. This capacity limitation affects all transportation of the Wind River Lateral, however, assuming a continuation of the current level of business in that area, the impact to nominated activities should be minimal.

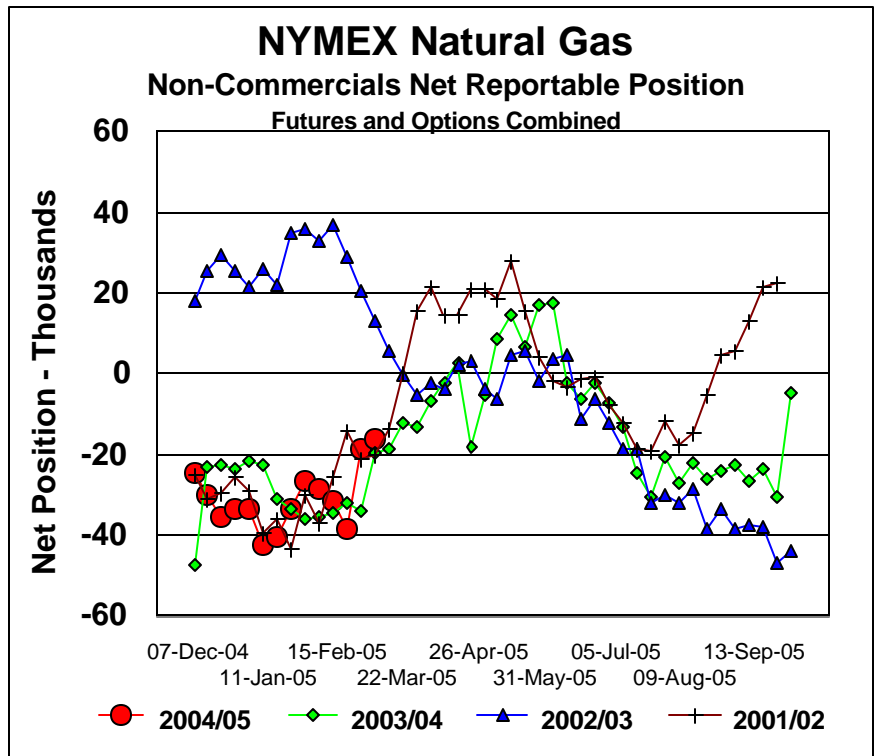
ELECTRICITY MARKET NEWS

BPA reported that transmission capacity on the California/Oregon AC power lines will decline from 3700 Mw of Friday to just 3,000 Mw on Monday, while capacity on the Pacific DC line will climb from 2300 Mw on Friday to 2400 Mw by Monday.

The EIA reported this afternoon that U.S. coal production for the week ending March 5th totaled 21.839 million short tons down 1% from the previous week. Coal production so far this year is running some 1.4% behind last year's production levels.

The Ontario Energy Board said it will raise the cost of electricity for the province's homeowners, small businesses, hospitals and schools to better reflect prices paid to power generators. Beginning April 1, the price of electricity will be 5 Canadian cents per kilowatt hour for the first 750 kWh used each month and 5.8 Canadian cents per kWh for electricity used over this amount. That is up from the current 4.7 cents for the first 750 kWh and 5.5 cents for any kWh after that. The energy board also said the price threshold, the amount of electricity that is charged at the lower price, will increase during the winter for residential consumers. The energy board said the new prices are expected to be in force one year. At the end of the year, and every six months after that, prices consumers pay for electricity may change based on an updated board forecast and any difference in the amount consumers pay for electricity and the amount paid to generators.

Hackers are a growing concern to the safety of the U.S. power grid. John R. Collins, chief risk officer for Constellation Energy Group, reported that hundreds of times a day, hackers try to slip past cyber-security into the computer network of Constellation Energy. The hackers have caused no serious damage to systems that feed the nation's power grid, but their untiring efforts have heightened concerns that electric companies have failed to adequately fortify defenses against a potential catastrophic strike. The fear is that terrorists could engineer an attack that sets off a widespread blackout and damages power plants, prolonging an outage. Chairman of FERC, Pat Wood, warned top electric company officials in a private meeting in January that they should focus more heavily on cyber-security.



Wisconsin Public Service Corp., operator of hydroelectric facilities along the Peshtigo River, will reduce the water of the Caldron Falls Reservoir approximately four feet below normal elevation during a spring drawdown beginning March 16. The drawdown will place at a maximum rate of one-half inch per hour. The drawdown has been coordinated with the Wisconsin Department of Natural Resources and is being conducted to reduce the flows downstream of Caldron dam as temperatures warm. The reservoir will be returned to normal elevation following the spring runoff.

New Mexico Gov. Bill Richardson, Attorney General Patricia Madrid, PNM Chairman, President and CEO Jeff Sterba and two major environmental organizations announced today the PNM San Juan Generating Station will significantly

reduce air pollution emissions as part of an enhanced commitment to the environment. As part of this commitment, PNM, the plant operator, will install mercury emissions reduction technology, making SJG one of the first coal-fired plants in the nation to make a voluntary investment in this technology.

The TVA warned today that the U.S. EPA's new plan to reduce air pollution emissions could cost the TVA \$4-\$5 billion by 2020. The TVA also noted that it has not yet decided how it will pay the cost of installing the pollution equipment. The new EPA rules require power generators to reduce soot particles and emissions of sulfur dioxide and nitrogen oxide at their 11 coal fired power plants.

MARKET COMMENTARY

The natural gas market opened a couple of pennies lower this morning in sympathy with weaker oil prices. But like the crude oil market which early this morning held its support at its recent quadruple bottom, the natural gas market basically held support at yesterday's lows and moved gradually higher throughout the morning and into the early afternoon as oil prices rallied. Prices though did fall later in the afternoon and give back most of the day's gains, but still managed to settle in the positive column for the third time out of the last four trading sessions. Final volume on the day was relatively light as expected for a Friday trading session as only 58,000 futures contracts changed hands.

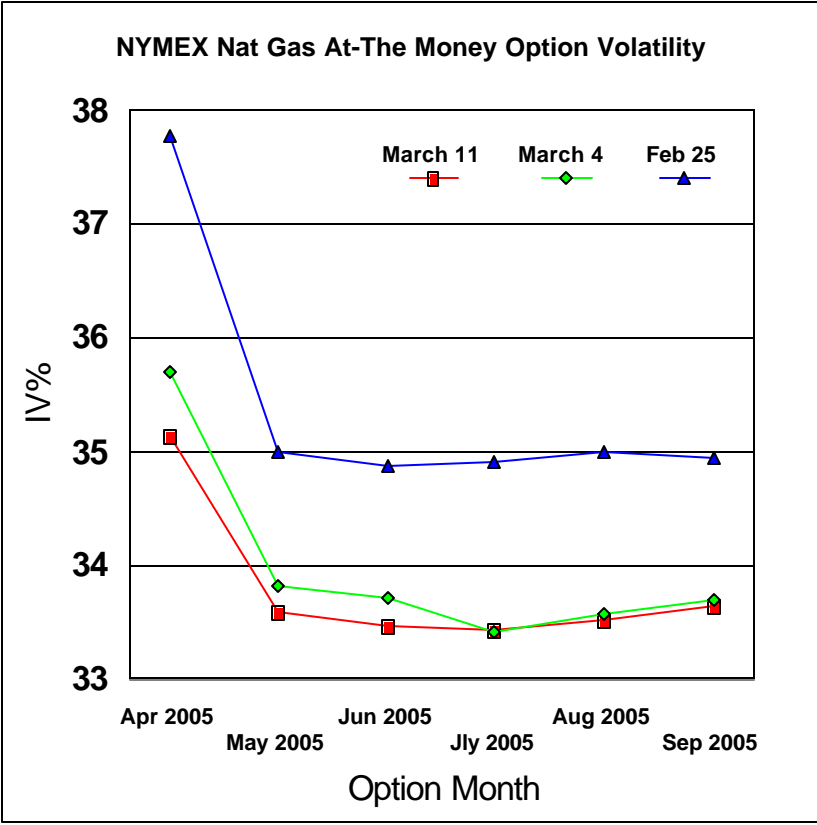
NYMEX Natural Gas Contracts For the Week Ending March 11th					
Symbol	Contract	Weekly Volume	Settlement	Weekly Change	
CI	CIG Rockies	3,244	-0.7775	0.0325	
CZ	Transco Zone 3 Basis	0	0.0400	0.0025	
GL	Columbia Gulf Onshore	2,996	-0.0375	0.0000	
NA	AECO-C/NIT Basis	25,377	-0.8125	0.0200	
NB	Chicago Basis	3,558	0.0350	0.0050	
NE	ANR Oklahoma	1,926	-0.4850	0.0150	
NF	Michigan Basis	422	0.2275	0.0050	
NG	Henry Hub Futures	355,206	6.7720	0.0280	
NH	Houston Ship Channel	7,688	-0.1675	0.0025	
NJ	San Juan Basis	2,074	-0.7525	0.0325	
NK	Sumas Basis	5,934	-0.7100	0.0350	
NL	NGPL Mid-Continent	2,128	-0.5075	0.0225	
NN	Henry Hub Swap	129,712	6.7720	0.0280	
NP	Nat Gas Penultimate	28,096	6.7720	0.0280	
NQ	Tennessee Zone 0	2,416	-0.1800	0.0075	
NR	Northwest Rockies Basis	29,734	-0.7350	0.0450	
NS	Socal Basis	22,909	-0.4225	0.0250	
NW	Waha Basis	3,400	-0.5275	0.0275	
NX	Texas East Zone M-3	11,702	0.5850	-0.0300	
NY	NGPL LA	0	-0.0875	-0.0025	
NZ	Transco Zone 6 Basis	6,275	0.5900	-0.0375	
PB	Malin	15,407	-0.4950	0.0275	
PC	PG&E Citygate	4,609	-0.0500	0.0350	
PD	NGPL Tex/OK	2,328	-0.2125	0.0100	
PE	North Natural Demarcation	1,345	-0.3575	0.0000	
PF	North Natural Ventura	1,284	-0.3375	-0.0050	
PG	Dominion Transmission	5,936	0.4450	0.0200	
PH	Panhandle Basis	10,626	-0.4875	0.0200	
PM	Permian Basis	3,116	-0.5800	0.0275	
TB	Texas Gas Zone SL	0	0.0400	0.0000	
TC	TCO Basis	6,272	0.3125	-0.0025	
TE	TETCO East LA Basis	0	-0.0550	0.0025	
TX	TETCO STX Basis	0	-0.2225	0.0100	

NYMEX natural gas options today traded over 30,000 contracts with puts accounting for nearly two thirds of the day's activity. The October \$4.00, \$3.50 and \$5.00 puts were the most active natural gas strikes, accounting for a combined 6,750 lots.

The NYMEX reported at midday that open interest grew in the natural gas futures contract for the tenth trading session in a row, as some 6740 new open positions were added on Thursday, with nearly three quarters of this increase coming in the May contract.

Tonight's Commitment of Traders Report showed that while the commodity funds appeared to added significant new length in the crude oil and gasoline contracts, natural gas saw the smallest net buying by the funds, as their overall net short position was reduced by only 2100 in the futures only report and by 2300 lots basis the combined futures and options report. Given the open interest growth in recent days we had expected to see that

this was driven by commodity funds, but the majority of the activity was driven by commercial interest it appears as some 12795 new long positions were added, while 16,569 new short positions were added by this group, as end users and producers both appeared eager to lock in forward positions.



We feel that the natural gas market will be unable to move lower without the oil markets cooperating. This market appears to have built a base of support today at the \$6.685-\$6.70 level. We see additional support at \$6.585, \$6.465, \$6.42-\$6.40 and \$6.345. Resistance we see at \$6.82 but more significant resistance at \$6.94-\$6.98, followed by \$7.04, \$7.16 and \$7.25.