



ENERGY RISK MANAGEMENT

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

www.e-windham.com

POWER MARKET REPORT FOR MARCH 14, 2005

NATURAL GAS MARKET NEWS

The American Gas Association said Monday that they see natural gas as the cheapest home heating fuel in 2005. The cited government statistics and estimated that 1 Mmbtu of gas will cost homeowners \$10.92 this year, while electricity would cost a comparable \$26.55 for the homeowner, with heating oil, kerosene and propane costing the average homeowner more as well at \$12.68; \$16.32 and \$16.94 per Mmbtu respectively.

The Climate Prediction Center this morning estimated that the nation saw some 163 heating degree days on a gas home heating customer weighted basis, some 1.9% higher than normal and 15.6% above year ago levels. For the current week ending March 19th, the CPC is forecasting some 169 HDD, which would be 15.8% colder than normal and 23.4% above the same week a year ago.

ChevronTexaco announced today that it will market the LNG imported into the United States by Excelerate Energy.

Angola's proposed LNG facility appears will finally move forward as Sonangol reached agreement with its partners in the project, which include ChevronTexaco, ExxonMobil, Total and BP. The project is expected to cost between \$3-\$5 billion. The government of Angola and the partners in the project reached

Generator Problems

ERCOT- TXU's 565 Mw coal fired unit #1 at the Monticello Steam Electric Station, was shut earlier today due to a malfunctioning fan. Operators hoped to have the unit back in service either later Monday evening or early Tuesday.

NPCC- Entergy Nuclear's 979 Mw Indian Point #3 nuclear unit began its 30 day planned maintenance outage.

MAIN- Exelon Generating restarted its 1022 Mw Clinton nuclear unit this morning and was at 25% of capacity as of this morning. The unit had been at 84% of capacity on Friday but had been taken off line on Saturday.

Exelon also reported today that it had found a pinhole leak Saturday in an instrument drain line off the main steam system at its 1144 Mw La Salle #2 nuclear unit which is currently shut for a refueling and maintenance work. Operators did not expect the repairs to the line would add any time to the down time of the unit. The unit has been off line since February 7th.

SERC – Southern Nuclear's 883 Mw Hatch #2 nuclear unit was reported to be warming and up to 15% of capacity this morning as operators are preparing to bring the unit back on line after been shut since February 5th for a refueling outage.

Southern Nuclear's 1,152 Vogtle #1 nuclear unit was off line this morning as operators took the unit down for planned maintenance. The unit had been operating at 95% of capacity on Friday.

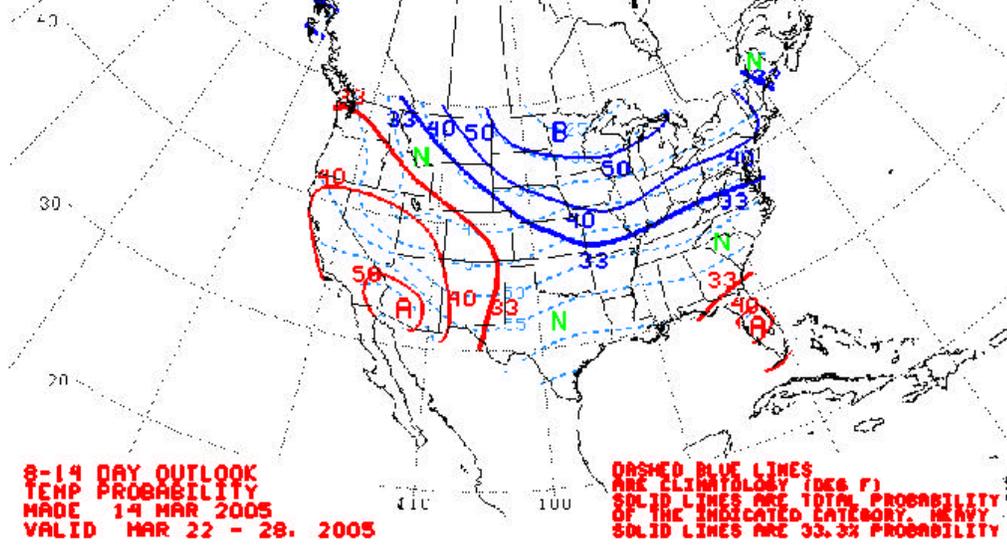
Operators at TVA's Browns Ferry #2 nuclear unit reduced output by 5% to 86% of capacity.

WSCC – Southern California Edison's 1070 Mw San Onofre #2 nuclear unit continued to ramp higher. The unit was at 99% of capacity this morning up some 19% from Friday's operating level.

Canada— Bruce Power's 825 Mw Unit #4 at the Bruce A nuclear station was taken off line Saturday for a planned two month maintenance outage.

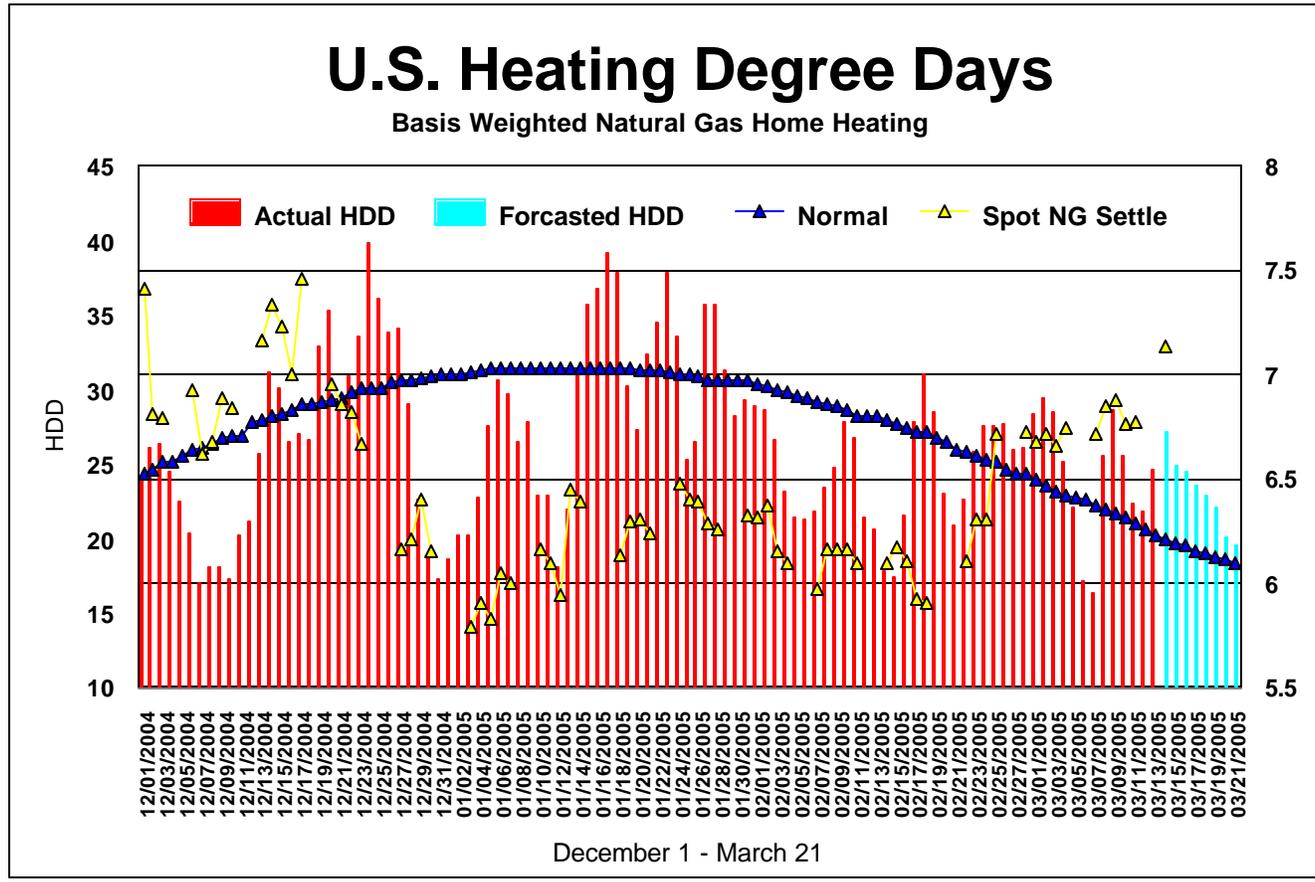
The NRC reported that U.S. nuclear generating capacity was at 79,953 Mw today down 2.93% from Friday and down 5.97% from a year ago.

agreement of the fiscal incentives, rights to the gas, how to get it from deepwater fields to the planned facility and plans for its sale. The 5 million tonne facility is expected to begin construction by late 2006 with commercial operations beginning in 2010. The U.S. market will be the primary target for shipments out of this facility.



Egypt's Petroleum Minister Fahmy said today that his country's LNG exports should grow to 10 million tonnes by 2006 as new production plants come on line. Egypt just recently started exports of LNG to Europe and the U.S. Currently the government expects to see a second and third train come on line by 2008-2009 which would boost exports to 18 million tonnes.

Trinidad & Tobago signed a memorandum of understanding with Venezuela to export liquefied natural gas to the US. Trinidad will liquefy Venezuelan natural gas and export it to the US. It will process 7.3 trillion cubic feet of gas over a 20 year period.



PIPELINE RESTRICTIONS

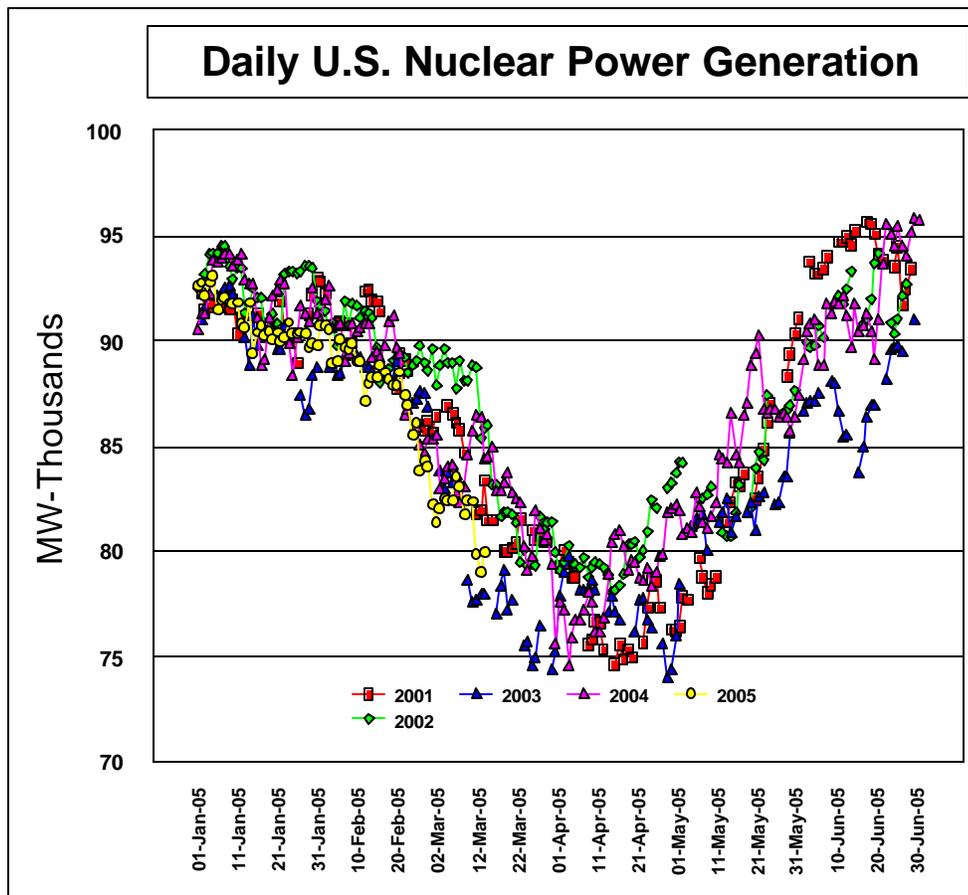
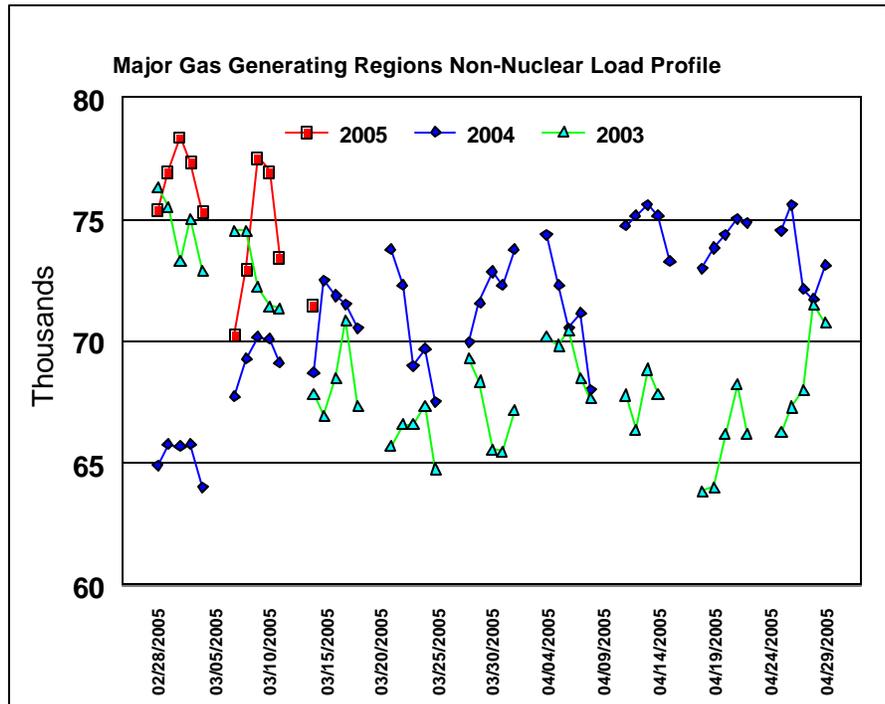
NGPL reported that it is at capacity on the Arkoma Line, and therefore incremental, volumes, interruptible flow, authorized overrun and secondary out-of-path transport volumes may not be available. The company reported that its Segment 17 is also at capacity in the TexOk Zone. Columbia Gulf- Chalkley is reported to be at capacity for deliveries, with the line upstream of Compressor Station 15 also at capacity for gas received.

PIPELINE MAINTENANCE

Alliance Pipeline reported that its Estlin Compression Station will be offline for 12 hours starting March 15th at 7 AM in order to perform semi-annual maintenance. It will also take its Olivia Compression Station off line tomorrow for 24 hours.

ELECTRICITY MARKET NEWS

Vulcan Power Company signed a long-term contract with Southern California Edison to supply 120 Mw of geothermal generated power.



BPA reported that transmission capacity on the California/Oregon AC power lines will rise to 4750 Mw on Tuesday, up some 1750 Mw from today's levels, while capacity on the Pacific DC line will rise to 2900 Mw Tuesday from today's level of 2400 Mw.

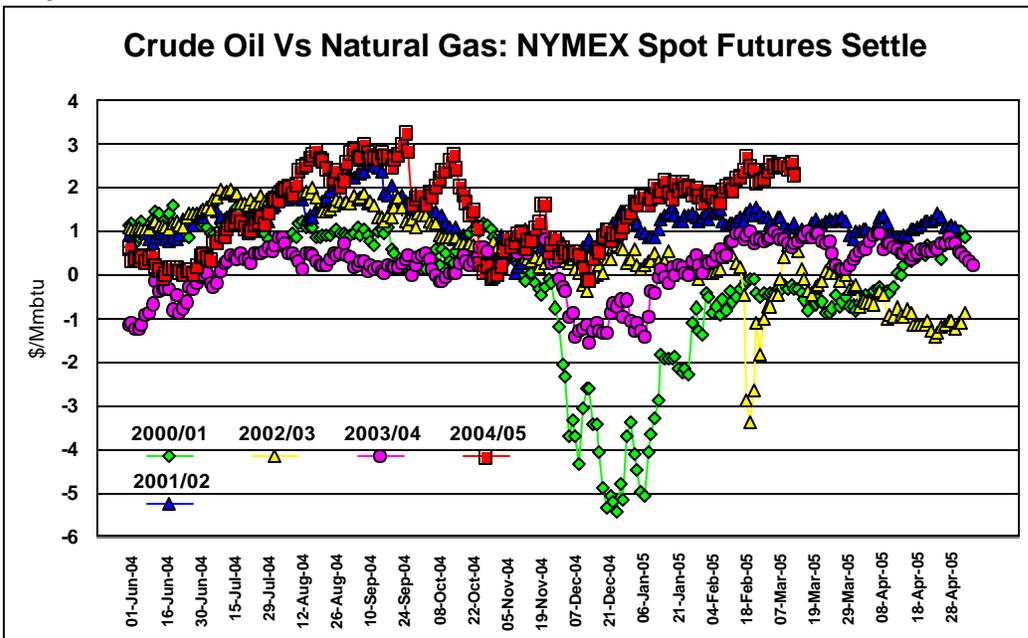
The head of the NRC said today that any new nuclear power plants constructed in the U.S. would not need to incorporate a new design feature currently being implemented in Finland which is designed to reduce vulnerability to hijacked aircraft strikes. He noted that containment of nuclear power plants itself do not play the most important role in the prevention and mitigation of radioactive hazards. He

noted that prevention of hijacked aircraft is the most important thing we need to do in this country.

Washington Gov. Christine Gregoire declared a statewide drought emergency due to well below average snow packs caused by the El Nino weather pattern. Northwest hydro-generators said that while the declaration does not have a direct impact on their operations, it does reinforce earlier forecasts that called for limited water supplies for spring and summer river flows. The BPA said the below average water supplies will not affect its ability to meet customer obligations. However it said rates could increase.

MARKET COMMENTARY

Natural gas traders this morning were met with temperature forecasts that pointed to heating demand for natural gas that could be 7% higher than had been forecasted on Friday. To compound this positive demand picture was the fact that U.S. nuclear generation this morning was running nearly 3% less than Friday and nearly 6% lower than year ago levels, thus forcing



electric generators to look at increasing their spot gas purchases to meet any generation shortfall over the near term. As a result the natural gas market opened a nickel better this morning and never looked back. The natural gas market for a change was the price leader in the energy complex, as it appeared that commodity funds resumed their buying in this market pushing prices higher challenging last week's triple top at \$6.94-\$6.98. When this resistance level was breached stops were elected that helped propel this market up to \$7.20, the highest level the April contract has posted since November 24th. Final volume today was excellent to start the week with over 99,000 futures traded.

Another factor in the background today supporting the rapid price inflation in natural gas values, is the fact that some 27,489 call options in the front three months which started the day out of the money were by the end of the day in the money, prompting undoubtedly some nervous sellers of these calls scrambling to cover some of these positions.

The NYMEX's open interest report released at mid-day appears to show new buyers continue to flood into this market as total open interest increased for the eleventh straight trading session, growing by 2816 contracts Thursday, with new buyers basically coming into the May contract.

This market could continue to work higher as sellers seem rather passive in coming into the energy markets in general. It may take a dramatic change in the temperature outlook to finally put the breaks on this market, even though weather's impact on this market is a declining seasonal threat. But given the seasonal down turn in nuclear generation for maintenance, the call on gas for either heating or cooling electrical demand at this time of year can be exaggerated as natural gas is seen as the swing generating fuel. We would look for natural gas to find resistance tomorrow at \$7.20 followed by more significant resistance at \$7.25-\$7.26. Additional resistance we see at \$7.30 and \$7.455. Support we see at \$7.03-\$7.00, \$6.81, \$6.72, \$6.69-\$6.685, \$6.575 and \$6.43.