



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MARCH 17, 2005

NATURAL GAS MARKET NEWS

U.S. government forecasters reported that spring will bring warmer-than-normal temperatures to the U.S. Southeast, mid-Atlantic, Southwest and West. The National Oceanic and Atmospheric Administration said in its spring forecast that moderate to severe drought in the Pacific Northwest and northern Rockies will linger because of record-low snowpacks. Much of the South is due to get warmer-than-normal temperatures, but cooler weather and above-normal rain were forecast for western parts of the Great Lakes and southern Plains. The NOAA noted that a multiyear drought over Western states eased during the winter due to an unusually large amount of storms. The Southwest had its wettest winter in 110 years, and downtown L.A. had a record 29 inches of rain during the winter. El Nino, which has

Generator Problems

ERCOT— TXU Corp. reduced the power output at the 565 Mw Monticello #1 coal-fired power station to work on a fan.

American Electric Power Co. will work on the emissions control equipment at the 528 Mw Welsh #1 coal-fired power unit from March 18 to April 3.

The Limestone Electric Generating Station unit 1 started up after repairs for a boiler tube leak were made this morning.

MAAC— Constellation Energy Group's 858 Mw Calvert Cliffs #2 nuclear unit ramped up to 86% of capacity early to day. The unit was operating at 20% after exiting a refueling outage earlier in the week. Calvert Cliffs #1 continues to operate at full power.

MAIN— Exelon Corp.'s 1,144 Mw LaSalle #2 nuclear unit exited a refueling outage and ramped up to 31% early today. LaSalle #1 continues to operate at full power.

Exelon Corp. increased production 7% at its 1,022 Mw Clinton nuclear unit bringing output up to 92% capacity.

SERC— Southern Co.'s 883 Mw Hatch #2 nuclear unit ramped up to 88% of capacity early today. The unit was operating at 55% yesterday after exiting a refueling outage earlier in the week. Hatch #1 continues to operate at full power.

WSCC— Arizona Public Service's 740 Mw Four Corners #4 coal-fired power unit shut yesterday and will most likely return to service later today. Unit #5 also shut yesterday and needs unit #4 to restart as it uses its steam to start up. Unit #5 will likely return over the weekend. Units #2 and #3 are online and in service.

The NRC reported that U.S. nuclear generating capacity was at 82,374 Mw today up 1.51% from Wednesday and down 1.10% from a year ago.

EIA Weekly Report

	03/11/05	03/04/05	Net chg	Last Year
Producing Region	507	523	-16	372
Consuming East	659	737	-78	581
Consuming West	213	214	-1	151
Total US	1379	1474	-95	1104

had a minor impact on global weather since October, will continue to dissipate and will not affect spring weather in the U.S. according to NOAA.

Standard & Poor's Ratings Services published a report titled "Keys To Success For U.S. Natural Gas Distributors," which details the range of factors that affect gas distribution. The distributors' core

Canadian Gas Association

Weekly Storage Report

	11-Mar-05	04-Mar-05	12-Mar-04
East	70.8	79.9	68.6
West	69.9	71.3	68.0
Total	140.7	151.3	136.6

business, distributing a commodity to mainly captive customers within a given service territory under a regulated environment, seems uncomplicated with low business risk. However, many pieces contribute to business risk, such as regulatory environment, markets, competition, operations, management, and diversified activities. These pieces provide the foundation for a gas distributor's credit quality.

PIPELINE RESTRICTIONS

Natural Gas Pipeline Company of America said that gas received on the Arkoma Line (Segment 16) is at capacity. Segment 17 is also at capacity. 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.

Kern River Pipeline has warned schedulers of high line packs along Kern ML North from Muddy Creek to Elberta, Kern ML Middle from Elberta to Goodsprings and Kern ML South from Goodsprings to Common Facility and from Common Facility to End of Facilities.

TransColorado updated its ongoing force majeure situation at several of its compressors. The Dolores compressor unit repair was completed last week. New suction and discharge bottles have been installed and tested on the unit that had been removed from service. The Whitewater compressor repair will be next to be completed. The estimated in-service date for completion of repairs on all expansion compressor units is April 15. As each unit is repaired, additional capacity may become available before April 15. Currently, Segment 220 is limited to 320 MMcf/d while Segment 240 is flowing 375 MMcf/d. Meanwhile, force majeure conditions are still in effect.

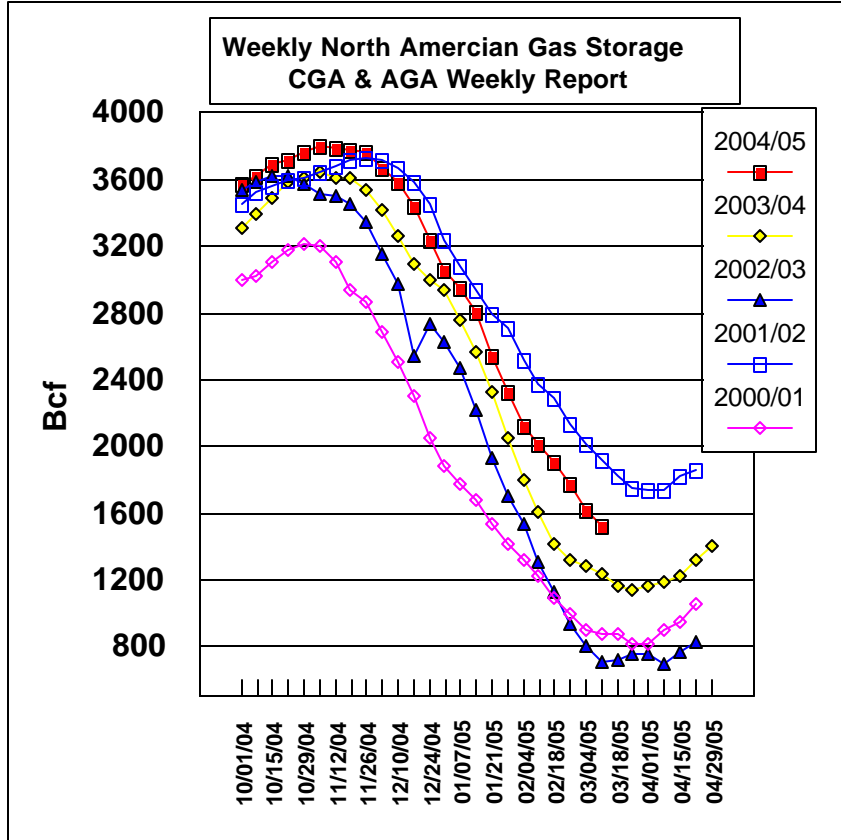
PIPELINE MAINTENANCE

El Paso Natural Gas Company said the well maintenance work at Washington Ranch scheduled for yesterday only affected one-half of the wells. Today, it will be necessary to withdraw for at least a portion of the day to remove the dissolved solids from the treated wells.

Transcontinental Gas Pipe Line said that it is postponing lowering the North High Island Gathering System lateral unit additional preparatory work is completed. Transco initially planned the start date on April 15, however Transco does not anticipate it will start the work on this project until June 1. The work will continue until July 15.

ELECTRICITY MARKET NEWS

Entergy Corp.'s subsidiary Entergy Mississippi has signed a Purchase and Sales Agreement to acquire Attala, a 480 Mw power plant, from Central Mississippi Generating Co. for approximately \$88 million. Entergy Mississippi plans to invest approximately \$20 million in facility upgrades at the Attala plant with transaction costs estimated at \$3 million, bringing the total capital cost of the project to approximately \$111 million or \$231 per kilowatt.



Midwest ISO president and CEO James P. Torgerson released a statement regarding FERC's acceptance of its Certificates of Operational and Organizational Readiness, noting that such an order affirms that they have undertaken the necessary steps to ensure continuity of operations and grid reliability when they being market operations on April 1.

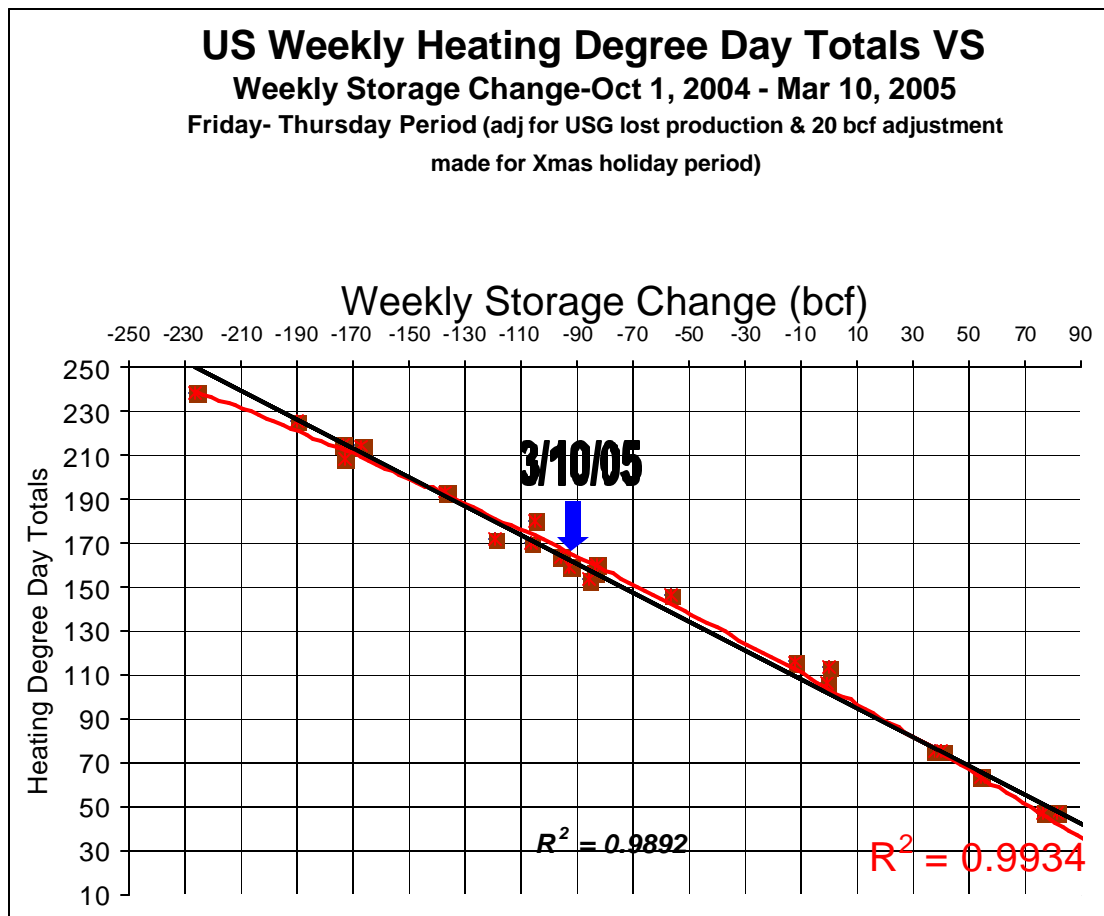
ECONOMIC NEWS

The U.S. Leading Indicators number rose 0.1% in February, in line with expectations, suggesting a continuation of economic growth. The New York-based Conference Board said its index of leading indicators climbed last month to 115.6 after falling 0.3% in January. The leading index has increased in three of the last four months, making it likely that the upward trend has not ended. The current behavior of the leading index suggests the economy should continue to expand in the near term, but perhaps more slowly than its long-term average rate.

MARKET COMMENTARY

The natural gas market early in the session seemed to follow in the crude market's footsteps as it too gapped higher on the opening from \$7.22 to \$7.29. The market traded mostly sideways within a range from \$7.33 to \$7.275 ahead of the release of the EIA natural gas inventory report. The April natural gas contract rallied to a high of \$7.38 following the release of the EIA inventory report, which showed an expected draw of 95 bcf. The market however later traded off its high and backfilled its gap as it sold off to a low of \$7.21 amid the sell off in the rest of the energy complex. The market settled in a sideways pattern for most of the session. However as it failed to test its resistance, the market traded back towards its low ahead of the close. Unlike the crude market, the natural gas market settled in positive territory, up 4.6 cents at \$7.238. Volume in the natural gas market was lighter today, with 71,000 lots booked on the day.

Open interest in the natural gas as of Wednesday built by 2,810 contracts. Open interest in the April contract fell by 5,362 lots while open interest in the May contract built by 2,910 lots.



Technically, the natural gas is seen retracing its upmove as its stochastics seem ready to cross to the downside. The market is seen finding support at its low of \$7.21, followed by \$7.115, \$7.06, \$7.033 and \$6.95. Resistance is seen at \$7.315 followed by its high of \$7.38 and \$7.445, \$7.481.