



## ***ENERGY RISK MANAGEMENT***

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

**www.e-windham.com**

---

### **POWER MARKET REPORT FOR MARCH 29, 2005**

---

#### **NATURAL GAS MARKET NEWS**

JP Morgan today released their latest estimate for North American natural gas output for 2005. The company estimates that natural gas output this year will break a three-year trend in declining production levels, and will post a production gain of 0.3% over 2004 levels.

Stiff local opposition appears to have brought down yet another proposed LNG import terminal in Maine, as residents of the town of Perry voted Monday to oppose the \$400 million Quoddy Bay LNG project in Gleason Cove on Passamaquoddy Bay despite the developer's offer of \$1 million per year to the town.

#### **PIPELINE RESTRICTIONS**

Natural Gas Pipeline Company of America said gas received on Segment 17 in the TexOk Zone is 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 said that all line pack levels have returned to normal, and does not anticipate any restrictions.

Northern Border Pipeline Company said that an OFO Watch has been issued for the Aberdeen, South

#### **Generator Problems**

**ERCOT**— American Electric Power Co. expects to restart the 528 Mw Welsh #3 coal-fired power unit from March 29 to April 5 after repairing a boiler tube leak.

**FRCC**— FPL's 760 Mw Turkey Point #4 is operating at 60% capacity today down from 62% yesterday. The unit restarted yesterday after a manual trip last week due to an oil leak.

**MAAC**— Exelon's 1,134 Mw Limerick #2 reduced power to 67% from 93% this morning for a rod pattern adjustment. The unit is powering back up to full power today. Limerick #1 continues to operate at full power.

Exelon's 1,116 Mw Peach Bottom #3 increased output to 78%, up 18% from yesterday. Peach Bottom #2 remains at full power.

**MAIN**— Exelon's 1,177 Mw Braidwood #2 tripped offline due to an apparent failed bushing, a malfunction of the generator protection circuitry. The unit was operating at full power yesterday. Braidwood #1 continues to operate at full power.

Ameren Corp. said that the outage at the 1,137 Mw Callaway nuclear station would last longer than three days. The unit shut March 26 to fix a water leak and conduct other maintenance work.

Exelon's 850 Mw Dresden #2 nuclear unit ramped up to 97% capacity early today. The unit was at 36% capacity yesterday after exiting a planned maintenance outage. Dresden #3 is also operating at 97% capacity.

**MAPP**— The Nuclear Management Co.'s 565 Mw Duane Arnold is offline this morning for its refueling outage. The unit was at 16% capacity yesterday.

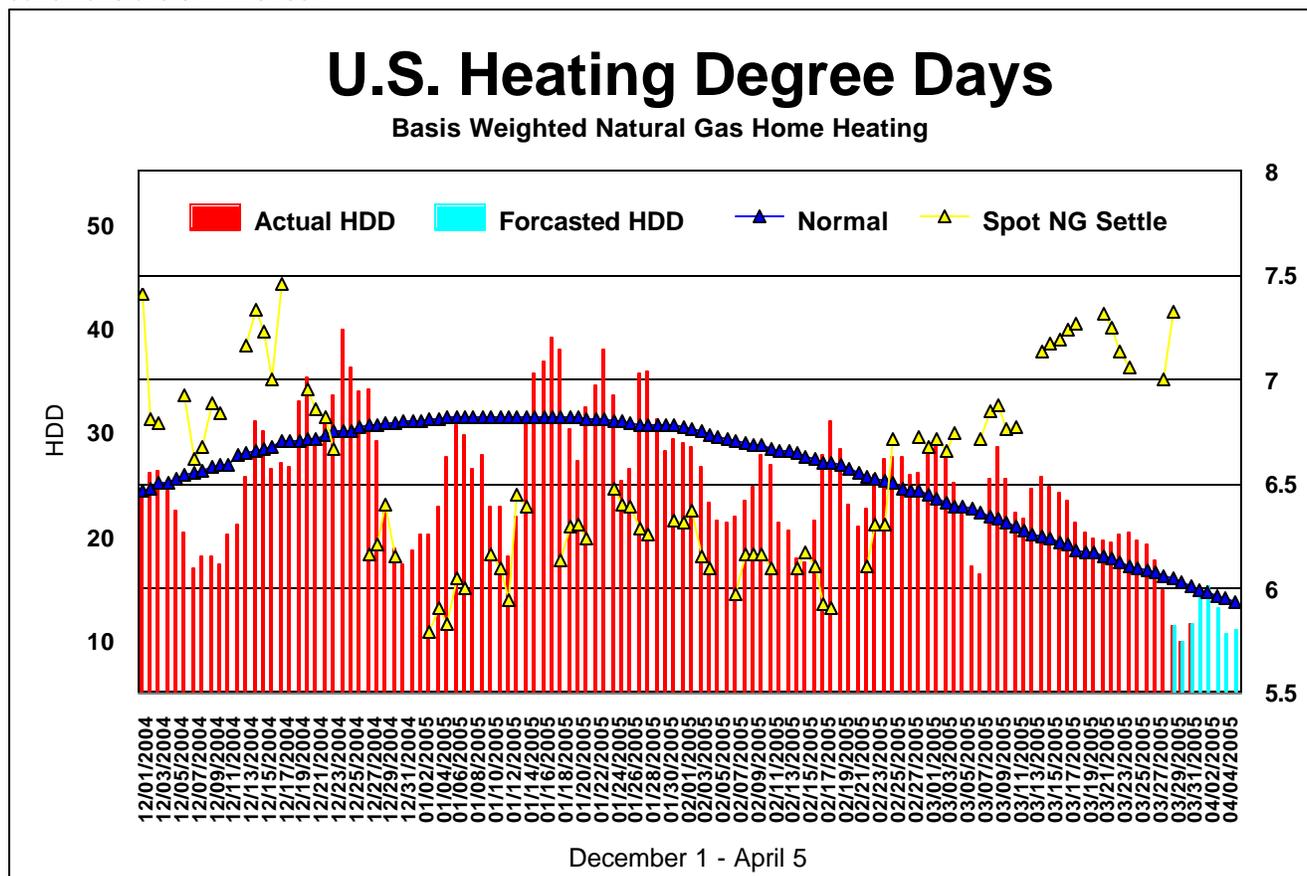
**WSCC**— Arizona Public Service's 740 Mw Four Corners #4 coal-fired power station returned to service by late Monday following a short outage.

Edison International's 790 Mw Mohave #2 coal-fired power unit started to exit an outage early today. The unit shut March 27 for unplanned reasons.

**The NRC reported that U.S. nuclear generating capacity was at 76,638 Mw today down 1.02% from Monday and down 3.49% from a year ago.**

Dakota; Marshall, Minnesota; and Welcome, Minnesota points of delivery. Northern Border Pipeline is currently unable to deliver gas scheduled at these locations due to flow restrictions on the downstream pipeline.

In an update to the ongoing force majeure situation at several of its compressors, TransColorado said that the estimated in-service date for completion of repairs on all expansion compressor units has been revised from April 15 to April 30. As each unit is repaired, additional capacity may become available before April 30. 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**

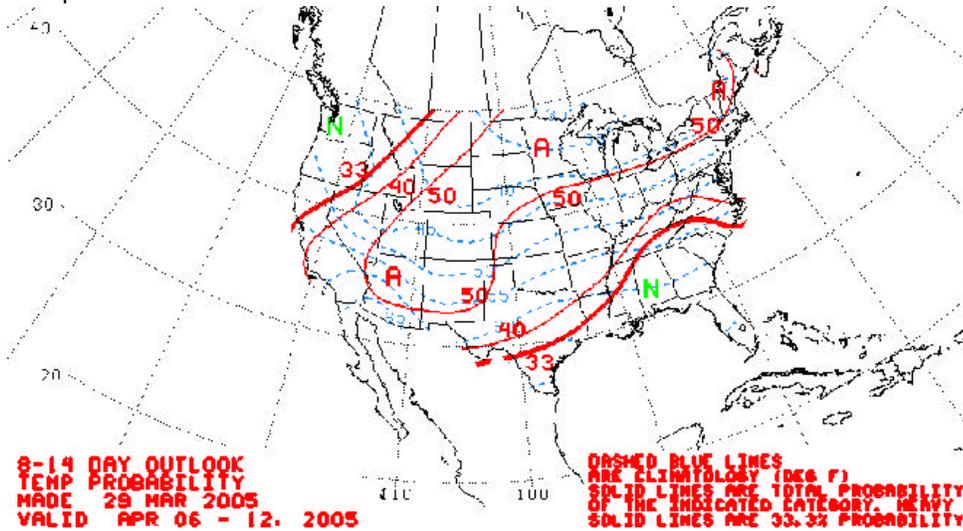
El Paso Natural Gas Company said that maintenance of Belen #1 turbine must be rescheduled. Capacity of the San Juan Crossover was increased to 650 MMcf/d as of Cycle 4, March 28. The company did not provide a date for the future repairs.

Florida Gas Transmission said that in April it will continue with routine horsepower maintenance in Zone #1. In January FGT began compressor unit maintenance (complete unit overhaul and foundation stabilization) on one of the units at station #3 in Zone #1. This maintenance will continue until close to the end of the month of April. During this work FGT will schedule up to approximately 150 MMcf/d through station #3. During normal operations FGT schedules up to 225 MMcf/d through station #3.

Gulf South Pipeline said it will be performing unscheduled maintenance on its Montpelier Compressor Station Unit #3 beginning today and continuing until further notice. Capacity through the Montpelier Compressor Station could be affected by as much as 75 MMcf during this maintenance period.

Transwestern said that on April 7, it will be allocating capacity through WT-2 Compressor Station located on the West Texas Lateral down from 550 MMcf/d to approximately 280 MMcf/d due to maintenance at Station 9. On April 8 Transwestern will be increasing back to full capacity through WT-2 Compressor Station.

Williston Basin Interstate Pipeline Company said that maintenance on the Baker Area Mainline has been postponed. Due to maintenance at Baker East, Williston said that the capacity at current conditions for Point ID 04018 Baker Area Mainline will be affected by approximately 5 MMcf/d April 11-13 and approximately 2 MMcf/d for April 11.

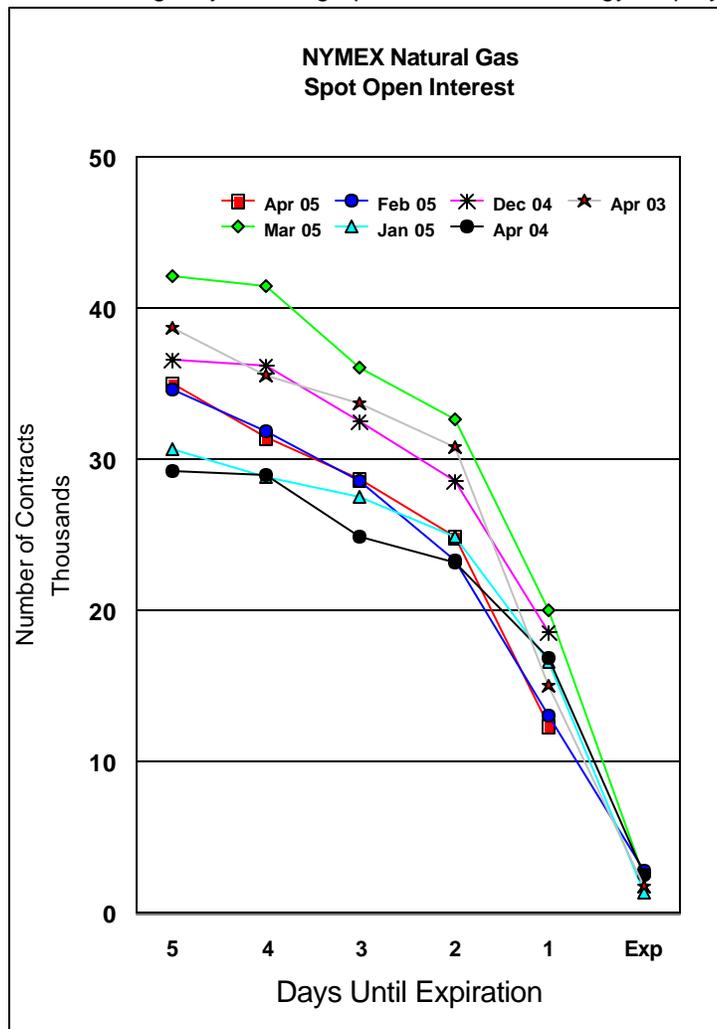


### ELECTRICITY MARKET NEWS

Cinergy, which burns up to 30-million tons of coal a year, is focusing on global warming in its 2004 annual report. Cinergy, with revenues of \$4.6-billion last year highlights actions it is taking to curb greenhouse gas emissions from coal-fired generation and includes the views of 23 key individuals on the climate change debate, ranging from former heads of the Environmental

Protection Agency to college professors and Cinergy employees and customers. For its part, Cinergy said it has

spent \$1 billion since 2000 to add 2,000 Mw of natural gas generating capacity and has committed to spend \$21 million to reduce or offset greenhouse gas emissions between 2004 and 2010. That is in addition to a voluntary pledge made in 2003 to cut the company's greenhouse gas emissions 5% below 2000 levels by 2012. Cinergy also said it is studying the feasibility of building an integrated gasification combine cycle generating station.



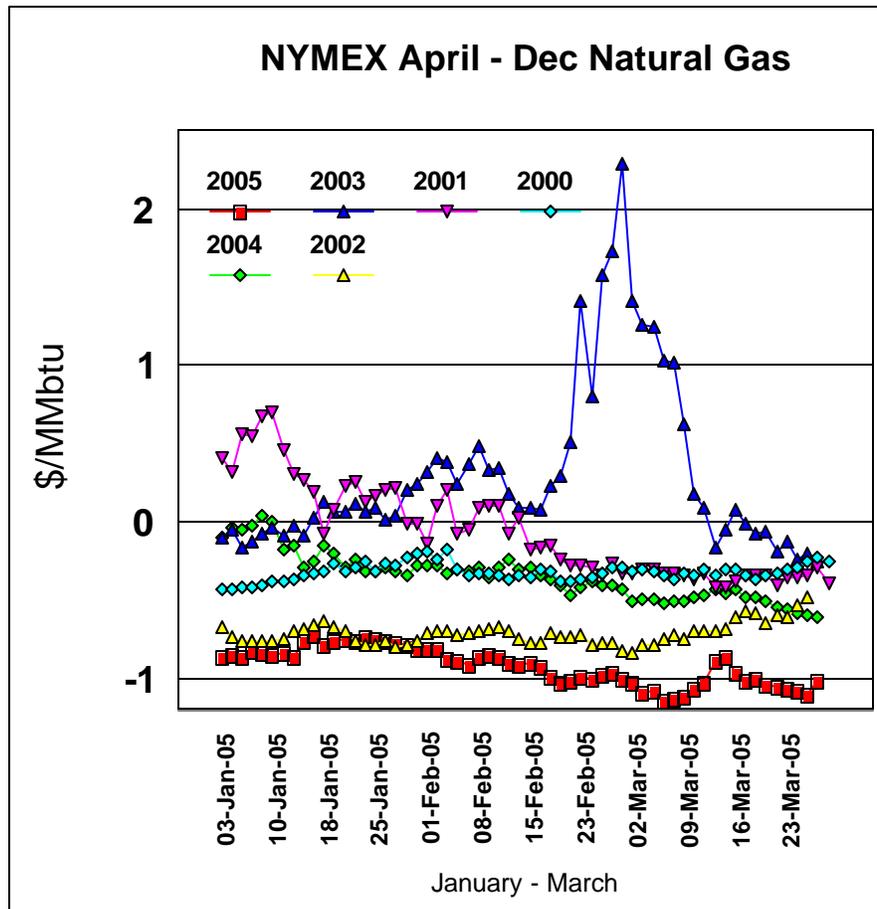
Florida Power and Light will acquire retail electric provider GEXA Energy of Houston in a stock deal worth \$80.6 million. GEXA will become the national retail electric arm of FPL, which serves 4.1 million customers throughout much of the lower east and west coasts of Florida. GEXA serves about 100,000 small commercial and residential customers throughout Texas, delivering approximately 800 Mw. The company has approval to sell retail electric service in Massachusetts and has approvals pending in New York and Maine. FPL already owns and operates nearly 3,500 Mw of generating capacity in Texas, including two natural gas-fired plants near Dallas and more than 750 net Mw of wind generation in Texas.

Duke Energy has completed the sale of its Gray Harbor merchant facility to an affiliate of Invenegy for \$21 million plus other contingent considerations. Announced in January, the sale

consists of a partially completed 620 Mw combined-cycle generating facility located in the Satsop Development Park in Grays Harbor County, Wash., that is currently in a construction deferral.

**MARKET COMMENTARY**

We have to admit we never expected the price action demonstrated by the natural gas market today. This market started the day with the smallest open interest in the spot month contract for an expiration day as recorded in the



last three years. This we thought would have resulted in a rather quiet and modest trading range for natural gas. While the natural gas market opened basically unchanged to just a hair weaker as moderate temperatures continued to keep demand for natural gas limited, this market began to march higher by mid morning as yesterday's highs were breached and gained additional momentum as Thursday's high at \$7.16 was taken out. By late afternoon resistance was finally found at \$7.40 just above the prior congestion level of \$7.34-\$7.38. Volume was relative light for an expiration day with just 91,000 futures traded on the day.

Fundamentally this market seemed to have received a boost from two factors on the day. One was the buying interest in the April contract driven by the attractive storage spread, which started the day back near recent extremes of over \$1.10 per Mmbtu of the December contract premium over the April contract. The second factor

supporting prices today that was noted by some traders was the release of a bullish monthly report on the natural gas market by PIRA.

We would look for this market to take a breather tomorrow, as is usually the case the day following a futures expiration session. In addition we would look for traders to remain on the sideline as await the EIA storage report scheduled to be released on Thursday morning. Basis our estimate of heating degree days last week totaling 140 HDD, we would normally look for a 64 bcf draw down in stocks. But given the recent attention to the storage spread we feel that the economic interest to keep the gas in storage may limit the draw down in this weeks report to possibly only 45-50 bcf.

We would look for resistance in the May contract to be seen at \$7.455, followed by \$7.52-\$7.54 and \$7.867. Support we see at \$7.335, followed by \$7.285, \$7.23, \$7.10-\$7.06. Additional support we see at \$6.96-\$6.945, \$6.815.