



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MARCH 30, 2005

NATURAL GAS MARKET NEWS

ChevronTexaco reported today that its U.S. natural gas production during the first two months of 2005 was averaging 1,594 Mmcf/d, some 1.5% less than production levels in the fourth quarter of 2004 and 22.7% less than the 1Q2004.

Qatar plans to spend \$15 billion to add 70 LNG ships to its fleet by 2010. That comes on the heels of moves to develop U.S. offshore unloading sites.

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. However, due to maintenance activities at Muddy Creek and Elberta compressor stations, all shippers and operators are requested to take delivery of their scheduled quantities.

PIPELINE MAINTENANCE

El Paso Natural Gas Company said that the Bondad Station maintenance scheduled for the week of April 11 has been shortened by one day. One Bondad turbine will be down for mechanical inspection April 11 and 12 and the entire station will be down for annual DOT inspections April 13. The station will return to full service April 14. Bondad Station capacity will be reduced as follows, from a base capacity of 745 MMcf/d: April 11 and 12 – 135 MMcf/d; April 13 – 745 MMcf/d. The Monument Station maintenance scheduled for April 5 must be extended by one day. The station will be down for annual Department of Transportation inspections April 5 and remain down through April 6 for valve repairs. The following receipt points must be shut in for two days: ITEXNEUN, ICABHOBS, IWARMONU. During the shutdown, EPNG will be unable to make deliveries to ICABHOBS and DGPMHOBS. Rio Vista 2 turbine repairs are complete, but are awaiting air quality permitting from the State of New Mexico. The unit should be released for operation on April 8. Until that time, the capacity

Generator Problems

ERCOT— AEP's Welsh Power Plant is expected to start up between today and April 3, after maintenance of boiler and precipitator are completed.

FRCC— FPL's 760 Mw Turkey Point #4 is holding production at 62% capacity. Yesterday the unit was operating at 60% after restarting over the weekend. Turkey Point #3 is currently running at full power.

MAPP – The 538 Mw Unit #2 at the Prairie Island nuclear plant was taken off line this afternoon as operators were conducting minor repairs to a containment building air heat exchanger

WSCC – PNM reported that its 506 Mw Unit #4 at the San Juan coal fired power plant, which was taken off line on March 26th, will be off line for 3 weeks to repair a ruptures circulating water pipe.

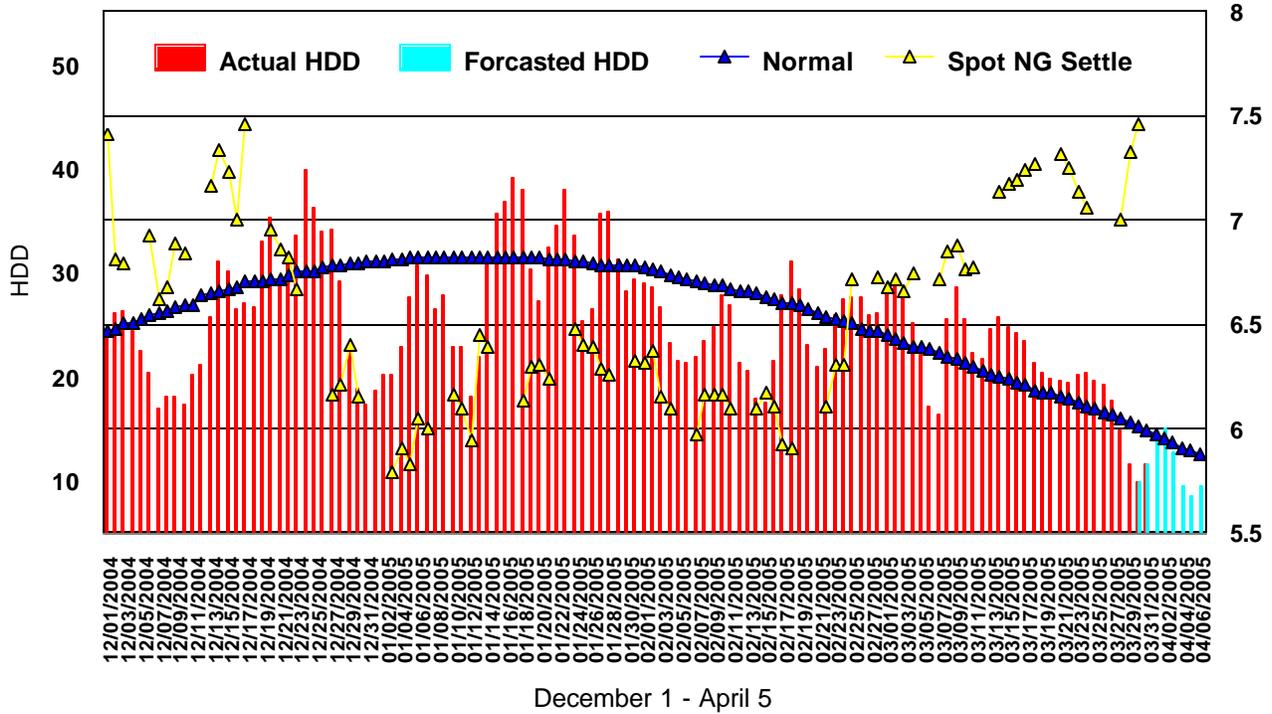
MAAC— Exelon's 1,134 Mw Limerick #2 nuclear unit returned to full power early today. The unit was operating at 60% capacity yesterday for rod pattern adjustment. Limerick #1 continues to operate at full power.

Exelon's 1,116 Mw Peach Bottom #3 increased production to full capacity. The unit was at 78% capacity yesterday. Peach Bottom #2 remains at full power.

The NRC reported that U.S. nuclear generating capacity was at 77,231 Mw today up .77% from Tuesday and up 2.06% from a year ago.

U.S. Heating Degree Days

Basis Weighted Natural Gas Home Heating

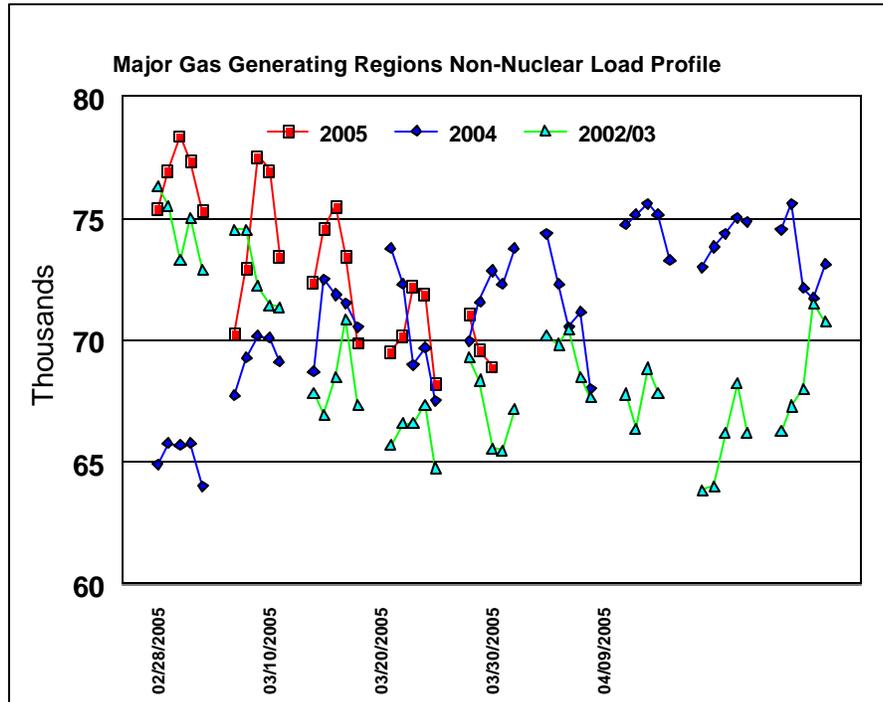


from IGCNM37 and IEXCPT37 into EPNG will be reduced by 25 MMcf/d from a base capacity of 150 MMcf/d. The Hackberry 2 turbine overhaul has been completed ahead of schedule. The capacity of the North Mainline will be increased by 60 MMcf/d effective Cycle 1, March 30.

TransCanada said it is posting an Open Season for STFT Service on the Foothills Saskatchewan System for available capacity for April through September. In October some maintenance is required on the pipeline, which will reduce the capacity available.

ELECTRICITY MARKET NEWS

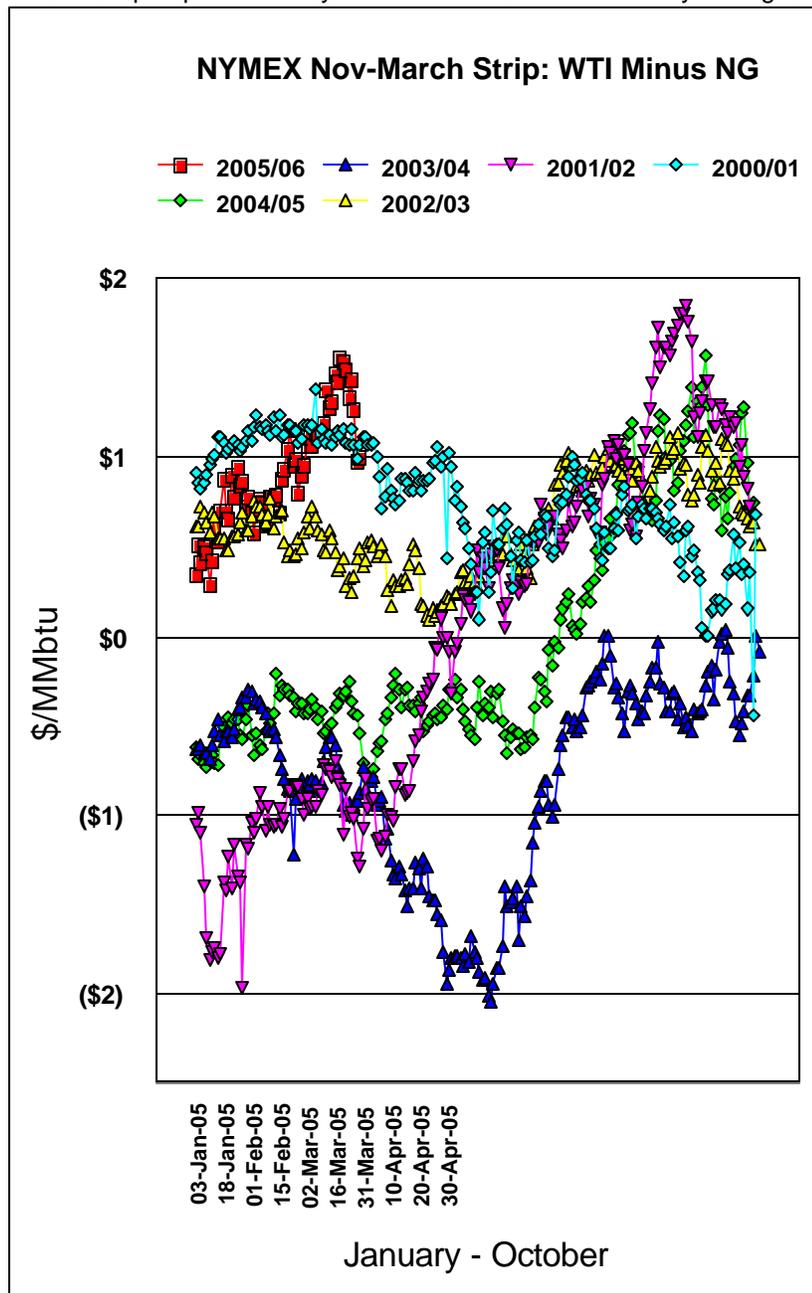
JP Morgan announced today that it was expanding its power and natural gas trading business with the addition of four new traders. The bank noted that its oil and gas trading group has grown to 40 front line staff, with the most recent hires helping the bank launch its U.S. electricity trading business in the second quarter of this year.



Consolidated Edison Co. of New York expects the new units at the East River cogeneration station in Manhattan to enter service by the summer. The new units, which cost about \$700 million and will only burn natural gas, will add 288 Mw of generating capacity to the existing 300 Mw oil/gas-fired station. Con Edison's primary reason for expanding East River was to enhance the reliability of its steam system and replace the steam output of its hundred-year-old Waterside cogeneration oil/gas-fired station in Manhattan, not necessarily generate more electricity. The existing steam output at the East River complex is 2.7 million pounds per hour. The new units will add 3 million pounds per hour. Con Edison agreed to sell the 163 Mw Waterside station in 2000 and will retire the station sometime after the new East River units enter service. The net electric capacity gain will be about 125 Mw, which is enough power for about 125,000 homes. In addition, the project will have the environmental benefit of providing more steam and electricity with less pollution compared with the old Waterside facility.

Avista Corp reported today that it had filed for electricity and gas rate increases in Washington State. It has

asked for an increase in electricity rates by 12.5% and gas rates by 1.8%.



The U.S. EPA announced the results of the 13th annual acid rain allowance auction held earlier this week at the Chicago Board of Trade. Winning bidders for the SO₂ allowances included Ameren Corp, Edison International, Aquila, AEP, DTE Energy, Morgan Stanley, Credit Suisse Group and Man Financial. Ameren's subsidiaries reportedly paid more than \$31 million for 45,000 allowances in the spot auction, while AEP paid more than \$17 million for almost 57,000 allowances in the 7-year advance auction.

The Edison Electric Institute reported today that for the week ending March 26th, the nation saw some 69,008 Gwh of power generated, some 2.8% better than the same week a year ago, but down 3.1% from the previous week. For the first 13 weeks of this year total generation has been running some 1.5% higher than last year.

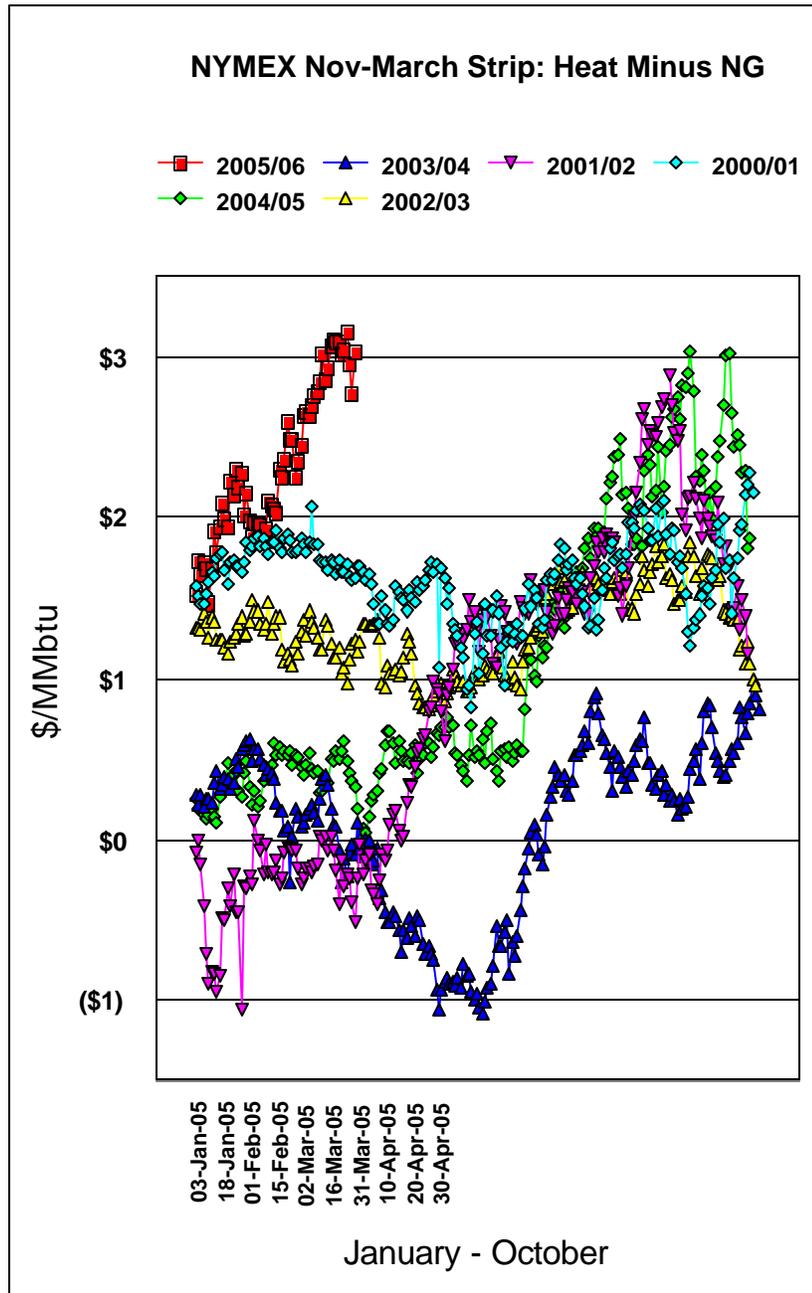
ECONOMIC NEWS

The U.S. Commerce Department reported today that its final estimate of growth in the U.S. economy in the fourth quarter remained at 3.8%.

MARKET COMMENTARY

The natural gas market today appeared to take a breather following yesterday's April contract expiration. Only 59,000 futures contracts traded today as the May through September contracts posted inside trading sessions as prices settled more than a nickel better on the day. The

market appeared content to wait until tomorrow's storage report before committing to a price direction for the next several days. Current market expectations for tomorrow's report appear now to be centering around a 50-55 bcf draw down.



We continue to look at demand for natural gas to remain extremely limited over the near term as both as a heating and generating fuel. But we continue to feel that this market is being impacted by oil prices. While today's price action in the front months appeared to show little or no correlation to the gyrations of the oil markets, we feel that it is next winter's contracts that hold a key. Natural gas end users look at oil prices for next winter and compare them to natural gas prices and see natural gas values that look relatively cheap and thus has pushed these values up in the last month. This buying interest in the back months has thus filtered into the front month as a result of creating favorable storage spreads. Thus we feel the key for any significant decline in the front months of natural gas lie in the weakening of the back months of natural gas and oil markets.

We see near term support in the May natural gas contract at \$7.34, \$7.285, \$7.23 and \$7.185. Resistance we see at \$7.48-\$7.52, \$7.54, \$7.77 and \$7.867.