



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR APRIL 4, 2005

NATURAL GAS MARKET NEWS

In the wake of BP's Texas City fire, Galveston residents and Mayor Lyda Ann Thomas are concerned about BP's plans to build a LNG import terminal on nearby Pelican Island, 4.5 miles north of the city. Thomas has called for a meeting on April 14 between city and port officials and BP representatives, to discuss the plan. The community has expressed increased concerns over the potential safety of the proposed LNG terminal given the result of the deadly explosion and fire at the Texas City refinery.

Alaskan Governor Frank Murkowski said he expects a contract signed within the coming months between the state and oil and gas producers and a pipeline company to build the 4.5 Bcf/d Alaskan gas pipeline. Alaska's Prudhoe Bay has gas reserves of as much as 37 Tcf and offshore reserves of as much as 60-70 Tcf. With gas above \$6, Murkowski believes the time is right for the development of the Alaskan gas reserves. Murkowski also criticized the U.S. Senate's decision last month approving only about 2,000 acres for drilling inside the nearly 19 million acres of the Arctic National Wildlife Reservation. The governor expects the Alaskan gas pipeline to be built by 2012-2014, connecting Alaska to the lower 48 states for a price tag of about \$18 to \$20 billion. The companies bidding for the project include, ExxonMobil,

Generator Problems

ECAR— FirstEnergy Corp.'s 831 Mw Beaver Valley #2 nuclear unit shut early today for a planned one-month refueling outage. The unit was operating at full power on Friday. Beaver Valley #1 continues to operate at full power.

ERCOT— AEP shut its 690 Mw Oklaunion coal-fired power station April 1-4 to repair the chain conveyor.

AEP expects to restart its 528 Mw Welsh #3 coal-fired power unit April 3-7 after working on the boiler and emissions control equipment.

FRCC— FPL's 760 Mw Turkey Point #4 is continuing to hold production at 63%.

MAIN— Exelon's 1,177 Mw Braidwood #2 nuclear unit ramped up to 89% of capacity early today. On Friday, the unit was operating at 15% capacity after exiting an outage caused by an apparent failed electrical connection. Braidwood #1 continues to operate at full power.

Ameren Corp.'s 1,137 Mw Callaway nuclear unit exited an outage and ramped up to full power by early today. The unit shut on March 26 to fix a water leak and conduct other maintenance.

Wisconsin Energy Corp.'s 514 Mw Point Beach #2 nuclear unit shut early today for a planned one-month refueling outage. On Friday the unit was operating at full power. Point Beach #1 continues to operate at full power.

MAPP— Xcel Energy's 522 Mw Prairie Island #2 nuclear unit exited an outage and ramped up to full capacity today. The unit shut March 30 for work on the containment building air heat exchanger. Prairie Island #1 continues to operate at full power.

SERC— Southern Co.'s 883 Mw Hatch #2 nuclear unit dipped over the weekend for a planned maintenance, but was reported at 58% capacity by early today, as it comes back to full power. On Friday the unit was operating at full power. Hatch #1 continues to operate at full power.

Tennessee Valley Authority's 1,121 Mw Watts Bar nuclear unit ramped up to full power by early today after exiting a refueling outage. The unit was operating at 10% of capacity on Friday.

BP, ConocoPhillips, and TransCanada.

The Climate Prediction Center reported this morning that for the week ending April 2nd, the nation saw 103 heating degree-days, some 14.2% less than normal but 14.4% higher than the same week a year ago. For the current week ending April 9th, the CPC is forecasting 77 HDD, which would be 28% less than normal.

ChevronTexaco Corp. and Unocal Corp. said that ChevronTexaco would acquire Unocal in a stock and cash transaction valued at approximately \$18 billion, including debt. ChevronTexaco expects oil-equivalent production from the combined portfolios during 2006 to average about 3 million barrels per day. Unocal's 1.75 billion barrels of oil-equivalent proved reserves would increase ChevronTexaco's reserve base as of the end of 2004 by about 15%. The resultant weighting of natural gas reserves would increase by about 5 percentage points to roughly one-third of the oil-equivalent total.

EOG Resources is hopeful it has found a "look-alike" to the prolific Barnett Shale natural gas formation. EOG CEO Mark G. Papa told the Howard Weil Energy Conference that the new formation is "hundreds of miles" from Fort Worth, the North Texas City that lies atop the Barnett Shale. EOG is keeping the location a secret.

Generator Problems

WSSC— Edison International's 790 Mw Mohave #2 coal-fired unit shut late Sunday. On Friday, the company curtailed the unit by 60 Mw for an unplanned reason. Mohave #1 was curtailed by 55 Mw late Sunday for planned and unplanned reasons.

Arizona Public Service's 1,335 Mw Palo Verde #2 shut April 1 for a planned month-long refueling outage. On Friday, the unit was operating at 99% of capacity. Palo Verde #1 and #3 continue to operate at full power.

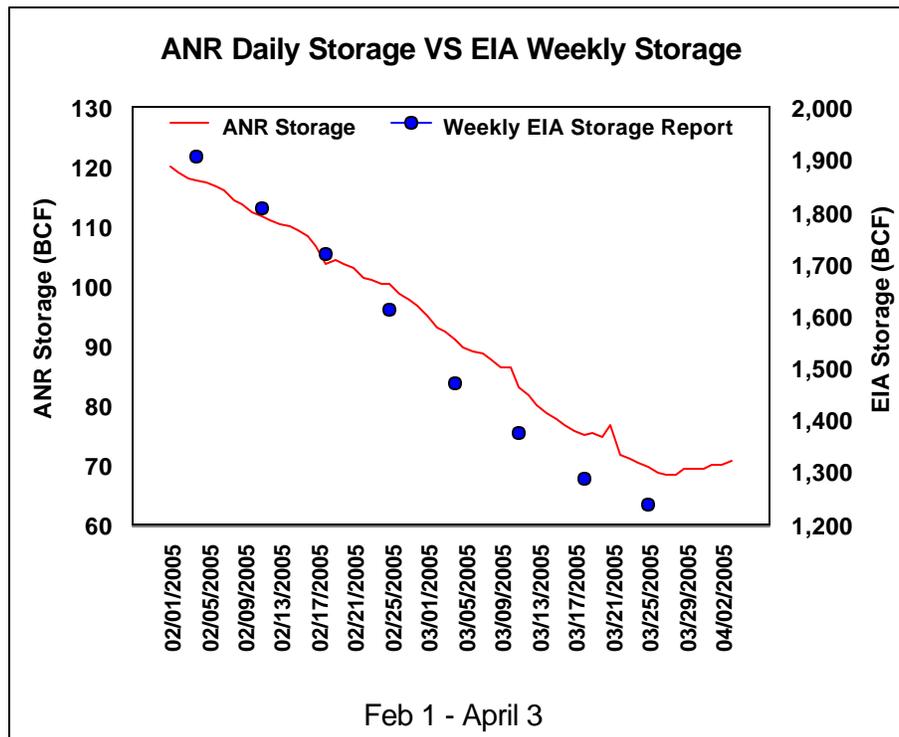
Intermountain Power Agency's 820 Mw Intermountain #1 coal-fired power station returned to service on Sunday. The unit shut March 7 for a planned month-long maintenance outage.

Canada— Bruce Power shut the 825 Mw Bruce A #3 nuclear unit early today. On Friday the unit was operating at high power.

Ontario Power Generation's 515 Mw Pickering A #4 nuclear unit shut early today. On Friday, the unit was operating at high power.

Ontario Power Generation's 535 Mw Lennox #3 oil- and natural gas-fired unit shut early today for a short planned outage. On Friday, the unit was operating at high power.

The NRC reported that U.S. nuclear generating capacity was at 76,691 Mw today up 1.07% from Friday and down .11% from a year ago.



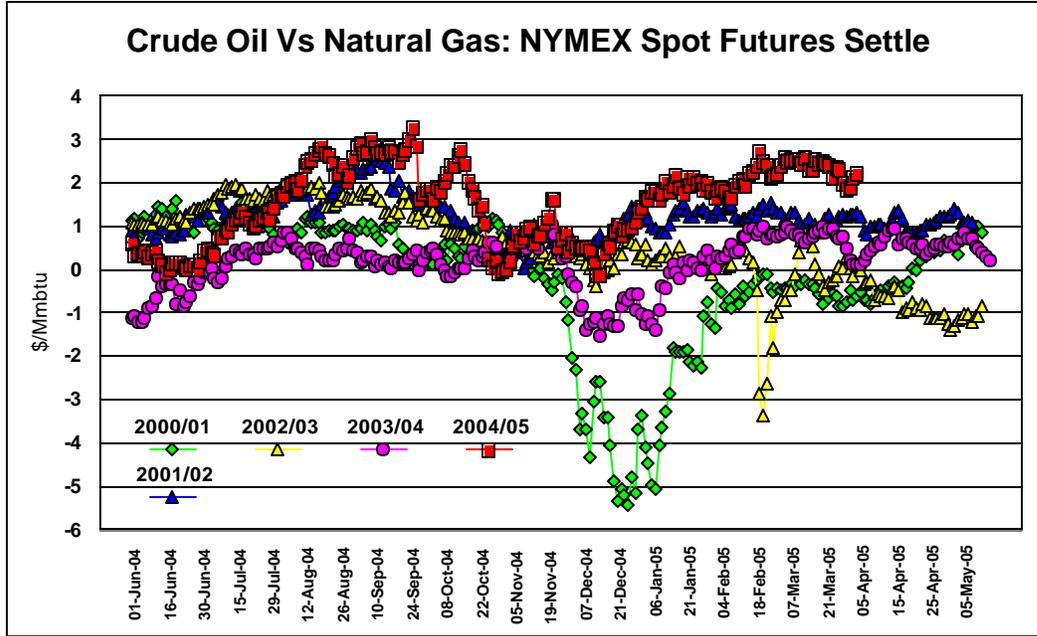
PIPELINE MAINTENANCE

Natural Gas Pipeline Company of America said that it has completed repairs on a portion of NGPL's Segment 17 in Morris County, Texas, that has been damaged by a third party working near the pipeline. Service resumed at 5:00 PM local time. Although the pipeline did not experience a leak, NGPL shut the line down as a safety precaution until a new piece of replacement pipe could be installed.

ELECTRICITY MARKET NEWS

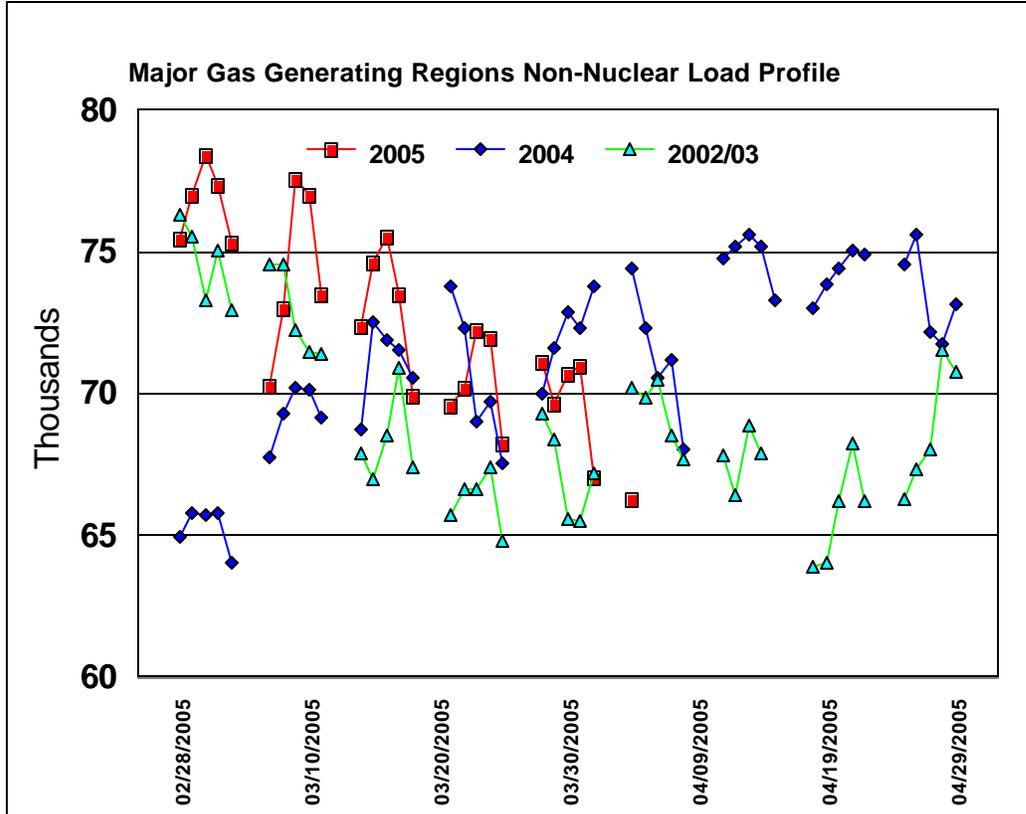
The BPA reported today that transmission capacity on the California/Oregon AC and Pacific DC power lines will hold steady at 3000 Mw and 2400 Mw, respectively for Monday and Tuesday.

Wyoming Governor, Dave Freudenthal, reported that California Gov. Arnold Schwarzenegger and the governors of Nevada, Utah and Wyoming have agreed to build an estimated \$20 billion electricity transmission system to meet rising demand for power. The "Frontier Line" system would supply electricity-hungry California—where power demand is growing at about 4% annually, or double the national average—with power from nearby energy-producing states. Fast-growing Las Vegas, Nevada and Salt Lake City, Utah also would be served by the system, which is expected to need up to \$5 billion in transmission lines and facilities and up to \$15 billion in power plants. Montana Gov. Brian Schweitzer said his state may join the effort, which would build infrastructure across the western U.S. to deliver 12,000 Mw of power, or enough electricity for up to 12 million homes. Coal-fired plants would provide half that amount and wind power the remainder.



MARKET COMMENTARY

The natural gas market opened some seven cents better this morning supported by the early morning strength in the oil markets, which saw a \$60 crude oil price being recorded in the August and September contracts early on. But while the back month natural gas contracts set new highs early in the day, the front month contracts stalled out at Friday's highs and began to erode by mid morning despite the oil markets attempting to hold onto their early day gains. It appears not only limited heating



demand but also limited call on natural gas in major generating regions, helped pressure values. While the May contract did find support for much of the day just above Friday's lows, the late sell off in the oil market allowed natural gas prices to break below \$7.60 late in the sessions and test Thursday's lows, before settling off 15.5 cents at \$7.594. Volume on the day was moderate with 71,000 futures traded.

This market continues to be staggering under the weight of bearish supply/demand fundamentals, but the main support for prices over the past week had been escalating oil prices. Once this market gets a whiff of weakness or a pause in the rally in oil prices the natural gas market appears susceptible to a sell off. We see support in this market at the gap from Thursday at \$7.55-\$7.48, followed by \$7.46, \$7.365 and \$7.30. Resistance we see at \$7.85-\$7.87 followed by \$8.00 and \$8.28.