



ENERGY RISK MANAGEMENT

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

www.e-windham.com

POWER MARKET REPORT FOR APRIL 6, 2005

NATURAL GAS MARKET NEWS

Senators Lamar Alexander (R-Tenn.) and Tim Johnson (D-South Dakota) plan to introduce a bill they say will take "bold and aggressive steps" to lower the cost of natural gas in the U.S. Alexander said that his bill should address the issue of "contradictory energy policies," in which the U.S. encourages the use of gas while restricting access to supply. Alexander anticipates the bill will be a stand-alone piece of legislation, but he did not rule out the possibility that it would be incorporated into the comprehensive energy bill. The bill, being introduced in the Senate today, contains provisions to increase offshore production as well as promote energy efficiency and conservation, alternative fuel strategies, research-and-development of new energy technologies, and streamline the permitting process for LNG terminals and pipelines. Alexander said that the bill would raise revenues of up to \$6 billion over a five- to six- year period.

PIPELINE RESTRICTIONS

Natural Gas Pipeline Company of America said it has very limited capacity available for gas going eastbound through the end of Segment 17. Therefore, only limited increases to interruptible flow, authorized overrun and secondary out-of-path transport volumes are available. NGPL is at capacity for gas received upstream of Compressor Station 155 in Wise County, Texas in Segment 1 going northbound. All Louisiana Line Segments (25, 23 and 24) are at capacity for eastbound transport volumes.

Texas Eastern Transmission Corp. said it has restricted nominations flowing through the Batesville compressor station to the capacity of the station. Physical increases in nominations flowing through Batesville will not be accepted.

Generator Problems

MAAC— Public Service Enterprise Group's 1,129 Mw Salem #2 nuclear unit shut early today for a planned five-week refueling outage. On Tuesday, the unit was operating at full power. Salem #1 dipped from full power on Tuesday to 88% of capacity today.

Public Service Enterprise Group said they do not expect to fix a vibration in one of the reactor recirculation pumps during the current outage at the 1,049 Mw Hope Creek nuclear unit. The company made an agreement with the U.S. Nuclear Regulatory Commission to replace the pump at a later outage.

SERC— Progress Energy's 811 Mw Brunswick #2 nuclear unit started to exit a refueling outage and ramped up to 13% capacity by early today. The unit shut March 4 for a the outage. Brunswick #1 continued to operate at full power.

Southern Nuclear Operating Co. increased production at its 883 Mw Hatch #2 unit by 15%, to report the unit at 97% capacity. Output was scaled back to 58% this weekend for unknown reasons. Hatch #1 remains at full power.

Canada – Bruce Power's 840 Mw Bruce B #5 nuclear unit shut early today, one day after it returned to service following a five-day outage.

Ontario Power Generation's Lennox oil- and natural gas-fired power station shut two 535 Mw units, and returned one unit to service by early today. Both units #1 and #2 were available for service yesterday. Unit #3 returned to service following a short, planned outage begun on about April 4.

The NRC reported that U.S. nuclear generating capacity was at 76,148 Mw today down 1.28% from Tuesday and down 1.41% from a year ago.

El Paso Natural Gas Company said Pigging of Line 1205 upstream of Bondad Station was completed early enough to also begin pigging of Line 1218 (scheduled for today), which was completed yesterday, ahead of schedule. As a result, the capacity through Bondad Station will be returned to 745 MMcf/d effective Cycle 2, today.

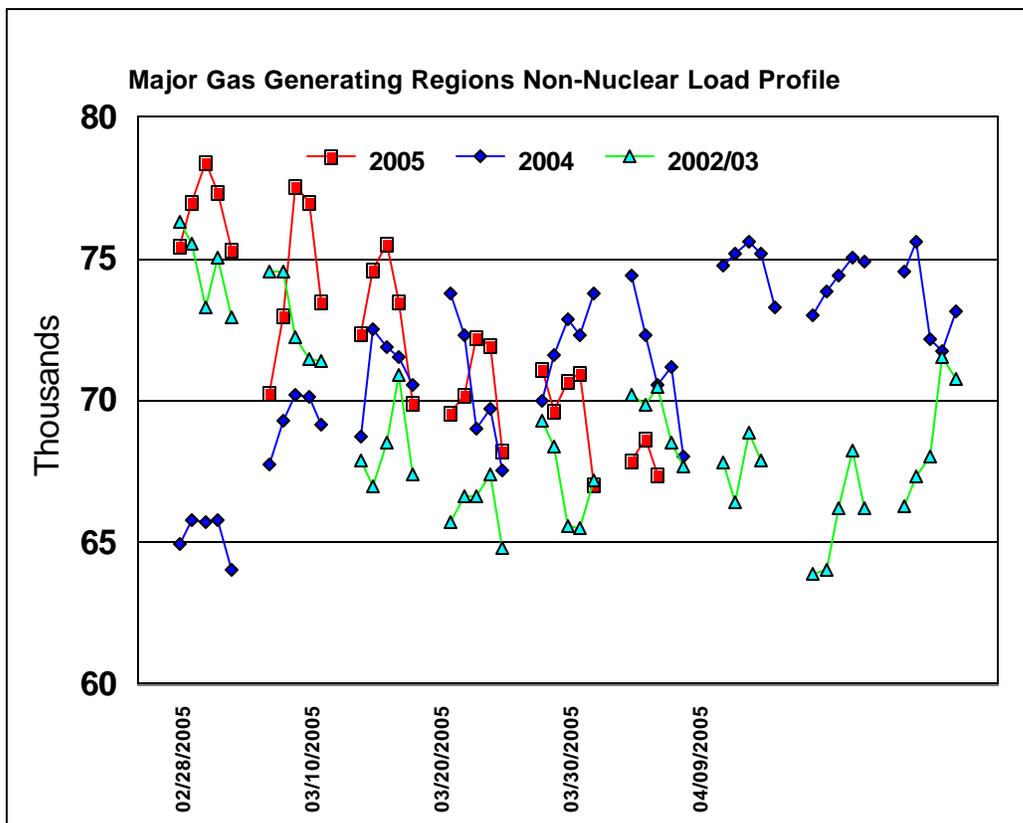
Gulf South Pipeline said that based upon its initial review of nominations, NNS demand, and other factors affecting its system, Gulf South may be required to schedule available capacity and implement scheduling reductions for East Texas-Area 8.

PIPELINE MAINTENANCE

Alliance Pipeline said that at 9:16 PM PT on April 5, the Irma compression station, in Saskatchewan, experienced mechanical difficulties and the station went offline at that time. Technicians are currently diagnosing the extent of the problem and have determined that the station will not be in operation today or tomorrow and authorized overrun service will be impacted as a result. At this early stage Alliance is unable to determine exactly when the station will return to service.

Northwest Pipeline Corp. said it will be installing a new separator at the Clay Basin interconnect with Questar on April 27 and 28. This work was originally scheduled to take place during the Clay Basin maintenance outage, however the project was delayed due to permitting issues. During the two-day outage, there will be no physical injection or withdrawal from Clay Basin, which normally has a inject/withdrawal capacity of 300 MMcf. NWP will attempt to mitigate potential impacts by utilizing available line pack and balancing flexibility. However, if these efforts are not successful, NWP will declare a deficiency period and cut nominations accordingly.

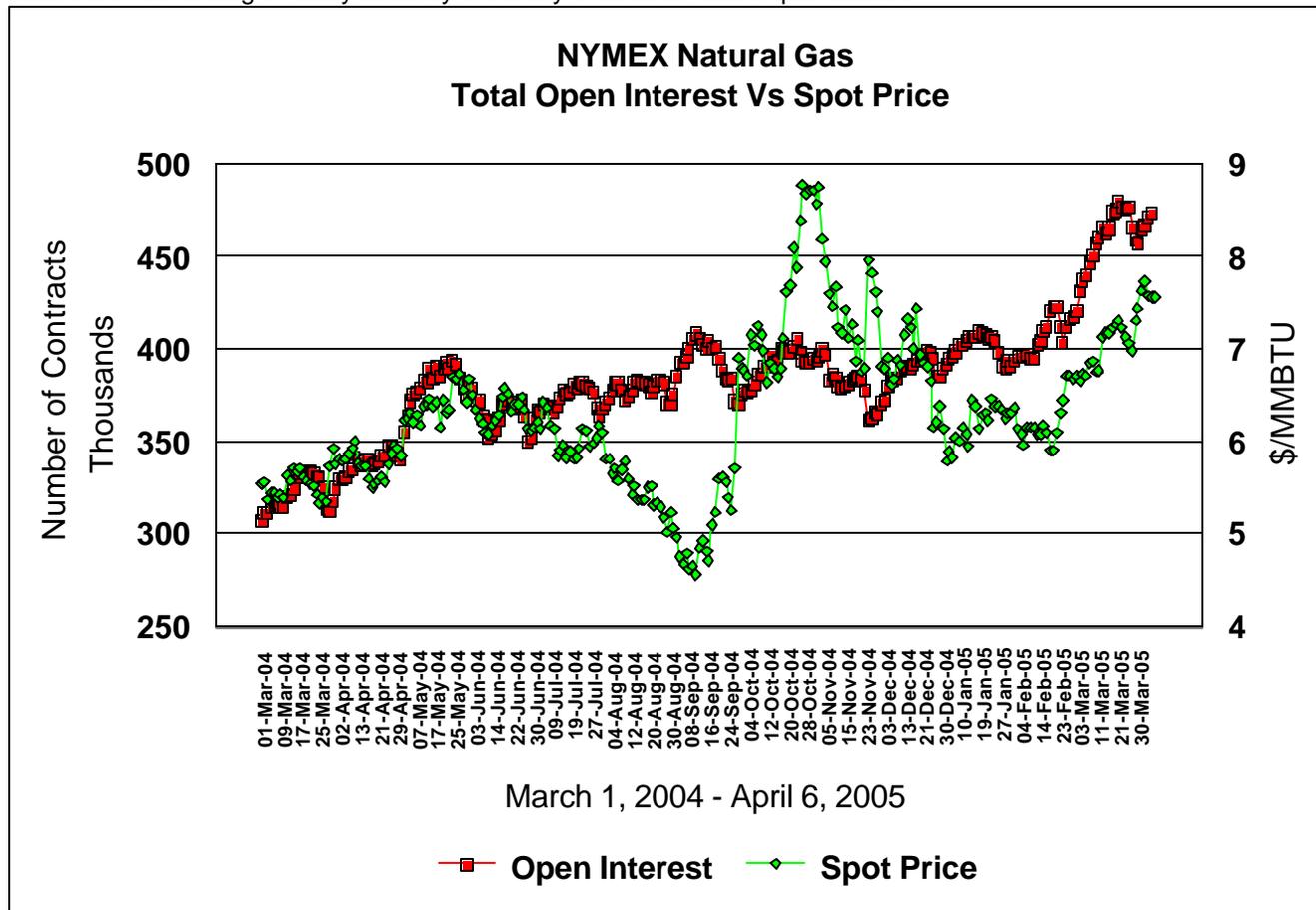
Southern Natural Gas Pipeline Co. said it has identified a need to perform unscheduled maintenance on one of the three compressor units at its Muldon Storage Field in Monroe County, Mississippi. Based on the best information available, the unit is projected to return to service Friday evening, April 8.



ELECTRICITY MARKET NEWS

The Edison Electric Institute reported that electricity production in the continental U.S. for the week ended April 2 climbed 2.3% from the same 2004 week to 67,733 GWh. The Pacific Northeast showed the largest year-on-year percentage increase in output, up 7.9% to 2,884 GWh. The Pacific Southwest showed the biggest year-on-year percentage decrease in output, falling 5.1% to 4,934 GWh. For the first 14 weeks of the year, production totaled 1,029,247 GWh, up 1.5% from the same period last year. For the 52 weeks ended April 2, production rose 2.0% from the corresponding period in 2004 to 3,865,325 GWh.

Sea Breeze Power Corp. announced that Sea Breeze Pacific Regional Transmission System, a 50% owned subsidiary, recently accepted the results of a feasibility study issued by Bonneville Power Administration. The Study examined the expected impacts to the regional grid of northwest Washington State that would result from the addition of Sea Breeze Pacific's two 550 Mw direct current submarine transmission projects to the system. The proposed transmission lines would cross the international border beneath the strait of Juan de Fuca, linking Vancouver Island, British Columbia, with the Olympic Peninsula in Washington State. The feasibility study indicated that without additional upgrades made to the regional system, and following the construction of the first project (550 Mw), approximately 400 Mw of transmission capacity could be available on a "south to north" routing from the Olympic Peninsula to Vancouver Island on a "precontingency" basis. BPA will now initiate an Interconnection Impact Study, which would include a system analysis of proposed solutions to issues identified in the Feasibility Study, and will show when the full interconnection capability of the first 550 Mw project is achievable according to utility industry reliability standards and requirements.



Hydro operations on the Columbia and Snake rivers will meet Endangered Species Act requirements for spill and transportation of juvenile salmon and steelhead under low water conditions this spring and summer, federal officials confirmed. The U.S. Army Corps of Engineers, Bonneville Power Administration and Bureau of Reclamation will operate according to a plan for dry years as set out in the National Oceanic and Atmospheric Administration Fisheries biological opinion.

MARKET COMMENTARY

The natural gas market today, while opening lower in sympathy with weaker oil prices and forecasts continuing to call for moderate temperatures across much of the nation, quickly began to rebound after the opening. For the second day in a row the price movements of the natural gas market appeared to once again highlight the unpredictability of this market as gas prices seemed quick to decouple from oil prices, as natural gas prices rallied higher through the late morning, retracing some 62% of this week's sell off before stalling and selling off in the final hour of trading today, allowing prices to fall back and basically settle back near opening levels posting

only a minor erosion in value from last night's settlement levels. Final futures volume today was relatively light once again with just 54,000 futures traded.

The NYMEX reported this afternoon that open interest in the natural gas market expanded for the fourth consecutive day, growing by 2408 contracts, in what possibly could be seen as funds continuing to expand their recent new net long position in this market. But we feel that once the funds buying spree in natural gas begins to sputter then the lack of significant heating or generation demand should weigh on this market. We see resistance still in this market at \$7.85-\$7.87 followed by \$8.00 and \$8.25. Support we continue to see at \$7.48-\$7.46 followed by \$7.38-\$7.37, \$7.33, \$7.10 and \$7.06.

This market appears to be looking for a 5-10 bcf draw down in stocks tomorrow basis the EIA storage report. We continue to look for the inventory report to show an unchanged to a 5 bcf draw which would be basically neutral to only slightly bearish.