



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR APRIL 11, 2005

NATURAL GAS MARKET NEWS

The U.S. Commerce Department said it will conduct a study on the effect high natural gas prices are having on American manufacturing, especially energy-intensive industries such as chemicals, fertilizer makers, paper, glass and plastics. The study was ordered by Congress, perhaps as the FED's Greenspan has warned that rising natural gas prices could hurt the economy. The Commerce Department will take public comment through May 16 and wants to hear from companies on how high gas prices are affecting their employment, production and product prices.

Raymond James' chief energy analyst Marshall Adkins said that the natural gas market is tighter than it appears, as last year's moderate weather kept gas storage levels higher than usual. Adkins said "weather has hidden the fact that the US gas market is actually tighter than many believe." Adkins predicts that with normal summer weather, gas in storage will be 3 Tcf by the start of the heating season in October, with normal summer

Generator Problems

ERCOT— Texas Genco's 646 Mw WA Parish #6 coal-fired unit will return to service April 10-11 following leak repairs.

FRCC— FPL Group's 693 Mw Turkey Point #4 nuclear unit shut early today. On Friday, the unit was operating at 62% of capacity as it coasted down for a planned nine-week refueling and maintenance outage. Turkey Point #3 continues to operate at full power.

MAAC— PSEG's 1,049 Mw Hope Creek nuclear unit exited an outage and ramped up to 83% of capacity by early today.

PPL's 1,140 Mw Susquehanna #2 nuclear unit shut by early today. On Friday, the unit was operating at full power. Susquehanna #1 continues to operate at full power.

MAPP— Xcel Energy's 569 Mw Monticello nuclear unit started to exit a refueling outage and ramped up offline to 1% capacity early today.

NPCC— Constellation Energy's 497 Mw Ginna nuclear unit started to exit a refueling outage and ramped up to 14% of capacity by early today.

Entergy's 1,027 Mw Indian Point #3 nuclear unit ramped up to 96% of capacity by early today. On Friday, the unit was operating at 30% of capacity after exiting a refueling outage. Indian Point #2 continues to operate at full power.

Dominion's 866 Mw Millstone #2 nuclear unit shut for a planned six-week refueling outage. On Friday, the unit was operating at 86% of capacity. Millstone #3 continues to operate at full power.

SERC— Entergy's 1,000 Mw Arkansas #2 nuclear unit started to exit a refueling outage and ramped up to 13% of capacity by early today. Arkansas #1 continues to operate at full power.

Progress Energy's 811 Mw Brunswick #2 nuclear unit automatically shut April 9 due to a low reactor water level. On Friday, the unit was operating at 50% of capacity at it ramped up after exiting a refueling outage earlier in the week. Brunswick #1 continues to operate at full power.

Duke Energy's 846 Mw Oconee #1 nuclear unit shut by early today for a planned one-month refueling outage. On Friday, the unit was operating at full power. Oconee #2 and Oconee #3 continue to operate at full power.

weather taking away the 200 Bcf from other analyst predictions calling for 3.2 Tcf by October. Adkins bases part of his conclusions on data showing US gas supply falling .5%, or 300,000 Mcf/d, going into summer. Demand, driven by gas-fired power generation, likely will rise by 2%.

The Climate Prediction Center reported today that for the week ending April 9th the nation saw some 71 heating degree days on a gas home heating customer weighted basis. This was some 33% less than normal and 32% less than the same week a year ago. For the current week ending April 16th, the nation is expected to see some 77 HDD, which would be 18% less than normal.

The API reported today that the domestic oil and natural gas industry spent 37% more on drilling in 2003 than in the previous year. The survey noted that the only time drill expenditures exceeded 2003 drilling and completion cost figure was in 1982.

PIPELINE RESTRICTIONS

Natural Gas Pipeline Company of America said that deliveries to Columbia Gulf-Chalkley are at capacity. NGPL is at capacity for gas going eastbound through the end of Segment 17. 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.

Colorado Interstate Gas Company said that because of the extreme weather conditions that exist in CIG's market area between Cheyenne, Wyoming and Trinidad, Colorado, it is declaring a Strained Operating Condition for its transmission system. This SOC is effective as of 9:00 PM CT yesterday and remains in effect until further notice.

PIPELINE MAINTENANCE

Generator Problems

SERC (cont'd)— Tennessee Valley Authority's 1,150 Mw Sequoyah #1 nuclear unit automatically shut April 9 due to a turbine trip related to low oil pressure on a pressure switch. On Friday, the unit was operating at full power. Sequoyah #2 continues to operate at full power.

Southern Co.'s 1,152 Mw Vogtle #1 nuclear unit exited a refueling outage and ramped up to 67% of capacity by early today. Vogtle #2 continues to operate at full power.

Southern Nuclear Operating Company continued decreasing production at its 883 Mw Hatch #2 unit, reporting the unit at 74% capacity this morning. The unit was operating at 90% capacity on Friday. Hatch #1 is operating at full power.

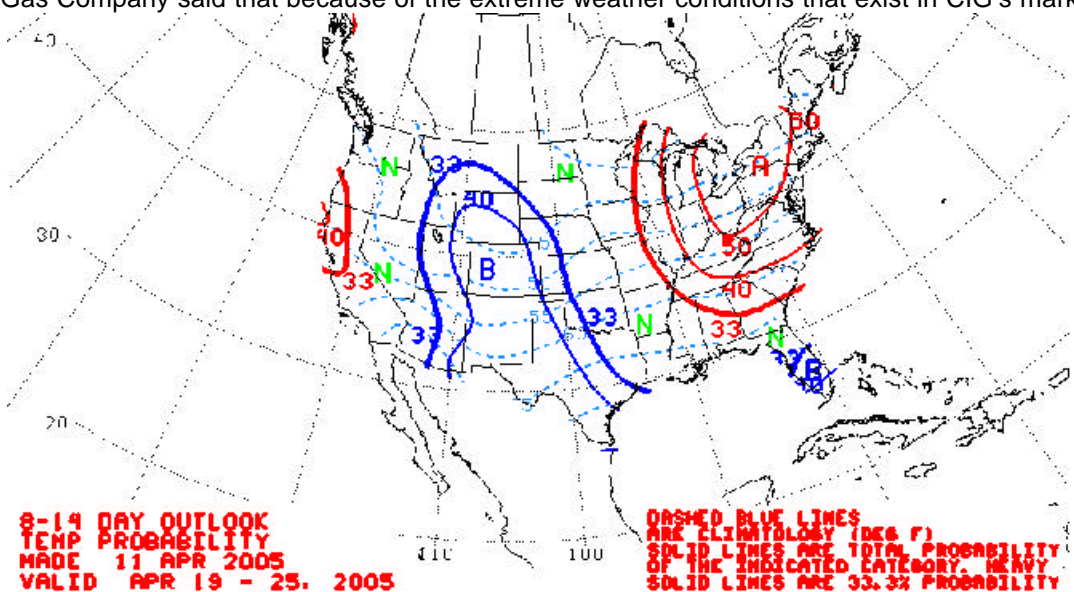
SPP— The 1,235 Mw Wolf Creek nuclear power station shut early today for a planned one-month refueling outage expected to start in mid-April. On Friday, the unit was operating at full power.

WSCC— Intermountain Power Agency's 820 Mw Intermountain #1 coal-fired power station returned to service by late Sunday. The unit shut April 7 due to a tube leak just a few days after exiting a planned month-long maintenance outage started in early March.

Mirant Corp's 682 Mw Pittsburg #7 natural gas-fired power station shut by early today for planned reasons.

Energy Northwest's 1,200 Mw Columbia Generating nuclear station is running at 90% capacity this morning, off 10% for unknown reasons.

The NRC reported that U.S. nuclear generating capacity was at 73,043 Mw today down 4.76% from Friday and down 4.97% from a year ago.



**8-14 DAY OUTLOOK
TEMP PROBABILITY
MADE 11 APR 2005
VALID APR 19 - 25, 2005**

**DASHED BLUE LINES
ARE CLIMATOLOGY (DEG F)
SOLID LINES ARE TOTAL PROBABILITY
OF THE INDICATED CATEGORY. HEAVY
SOLID LINES ARE 33.3% PROBABILITY**

Alliance Pipeline said that regular scheduled maintenance will require the Tampico Compression Station in Illinois to be offline for 12 hours starting 7:00 AM CT on April 12. System throughput will be affected and will be determined closer to the outage date. Regular scheduled maintenance will also require the Wimbledon Compression Station in North Dakota to be offline for 12 hours starting 7:00 AM CT on April 13. Regular scheduled maintenance will require the Kerrobert Compression Station in Saskatchewan to be offline for 12 hours starting at 8:00 AM MT on April 13.

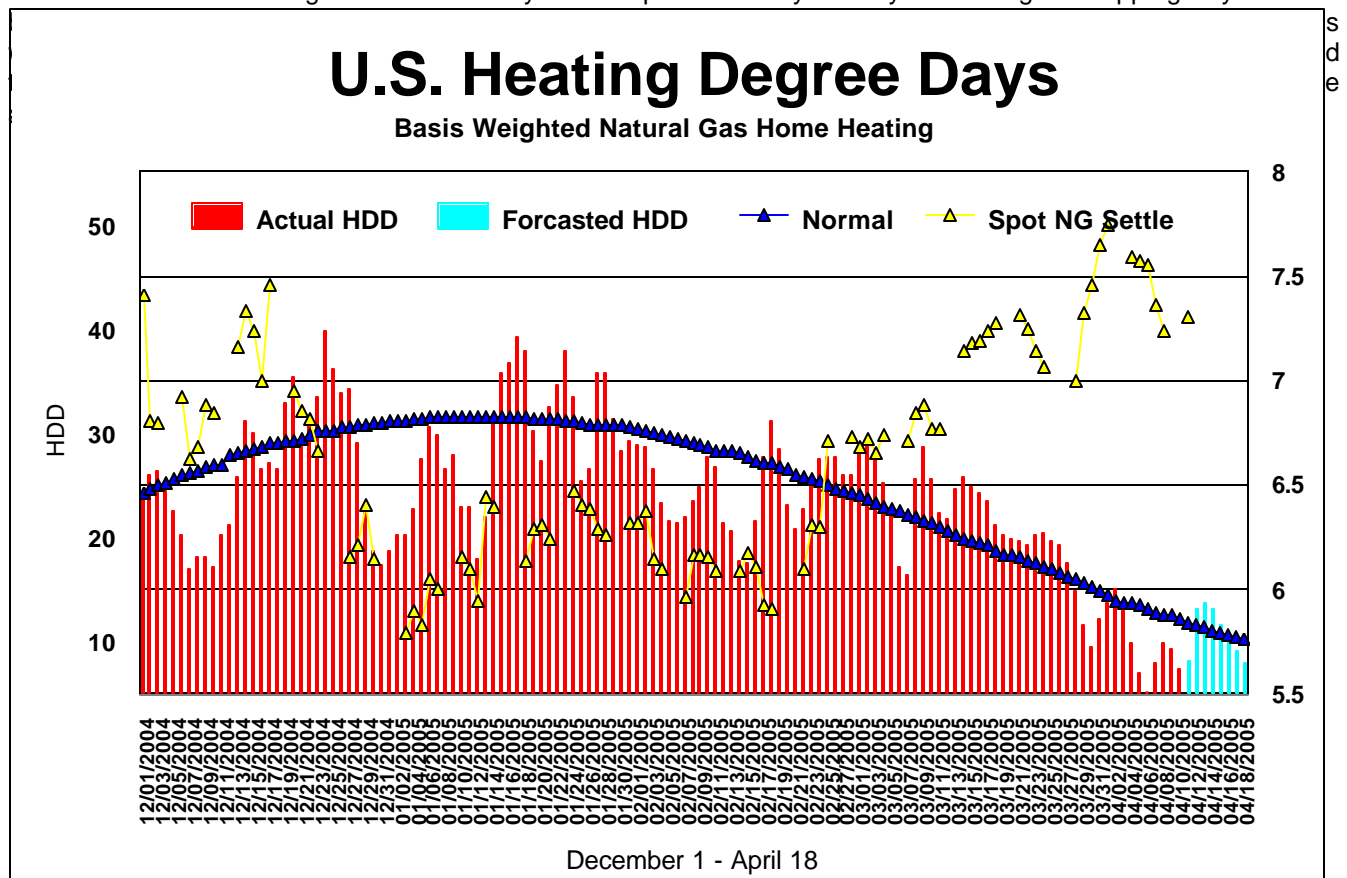
Kern River Pipeline said that it has been notified by Williams Field Services that at approximately 5:25 PM MT on Friday (4/8), the Opal Plant experienced an emergency shutdown. As a result of this situation field units across the system were knocked offline. Field technicians continue to work diligently to bring gas back onto the system.

Transwestern Pipeline said that effective tomorrow, Southern California Gas Company has announced a temporary outage due to Emergency Leak repairs to L235-1, on the Southern California Gas Company System. The Social Needles interconnect capacity will be reduced to 0 flow.

Southern Natural Gas Pipeline said that it has completed unscheduled maintenance on one of three compressor units at its Muldon Storage Field. The Muldon Storage Field is located in Monroe County, Mississippi.

ELECTRICITY MARKET NEWS

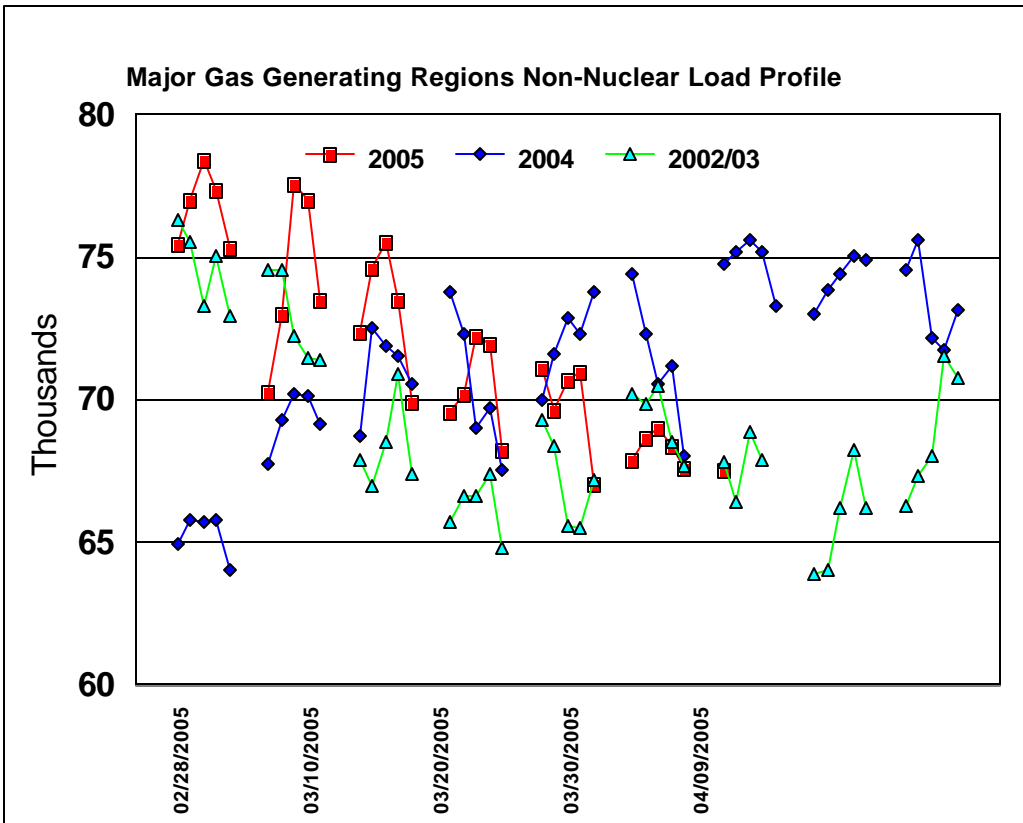
FERC approved the California Independent System Operator's request for a temporary fix to a market flaw that may have allowed some market participants to boost power prices and said it had warned the ISO nearly 18 months ago of the potential for market manipulation. At issue is a flaw introduced with the October 2004 launch of the ISO's Phase 1B market redesign. Under the system, the ISO calls for imported energy at an intertie 45 minutes before real-time prices are set. If real-time prices end up lower than the so-called pre-dispatch prices, the ISO agreed to make good on the difference by paying suppliers "uplift costs." ISO officials in March said they believed some scheduling coordinators may have exploited the system by submitting overlapping buy and sell



SoCal Edison noting a new need for generating capacity in its service area has issued an RFO for “new clean and efficient generating resources that can be on line as soon as June 1, 2006 or as late as August 1, 2008. The company is looking for offers between 25 Mw to 1500 Mw.

MARKET COMMENTARY

The natural gas market opened lower this morning following in the footsteps of a weaker Access session and early weakness in the cash market, as generation needs for gas also appeared to remain limited due to moderate temperatures despite lower nuclear generation levels. But the market failed to breach support at \$7.162, which was a 38% retracement of the bull move from mid February, and as a result quickly



rebounded back to the \$7.25 level, basically the price level that the market saw for much of Friday afternoon before the late sell off on the close. While prices for much of the day seemed to be contained within a sideways pattern of \$7.20-\$7.26, the technically rally in the oil markets seemed to spill over into the natural gas market and drag prices higher in relatively light trading volume. The market finished the day up on the day for the first time since April 1st, but volume was relatively light with just 52,000 contracts traded on the day, with three quarters of the day’s volume being booked before the late day surge in prices.

Early expectations for Thursday’s EIA storage report appear to be running between a 30-50 bcf injection. A year ago saw a 15 bcf build with the five-year seasonal build of 16 bcf. Our estimates based on the relatively poor heating demand on the week, which was a third less than the previous week, should result in a 42-50 bcf build in stocks. As a result we continue to look for the limited heating and cooling demand for natural gas projected for the next two weeks to act as a drag on prices, even if the bulls return to the oil markets in force. We see initial resistance at \$7.32, followed by \$7.40, \$7.43, \$7.51 and \$7.59. More distant resistance we see at \$7.85. Support we see at \$7.17-\$7.16 followed by \$7.06, \$6.97, \$6.78.