



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR APRIL 12, 2005

NATURAL GAS MARKET NEWS

Lehman Brothers raised its 2005 gas price forecast 12%, or 75 cents, to \$7 per MMBtu, and its 2006 gas price forecast 50 cents to \$6.50 per MMBtu.

The American Gas Association called for legislation in the House of Representatives to provide for more domestic gas production, liquefied natural gas imports and funding for low-income consumer subsidies. In an April 5 letter to US House Energy and Commerce Committee Chairman Joe Barton (R-Texas) released by AGA, the group urged him to "do everything in your power to reduce natural gas prices." The AGA asserted that the energy bill should help connect the US to the vast worldwide market for LNG by facilitating the siting of LNG receiving terminals. Also, increasing supply from domestic sources, such as the Intermountain West, the Gulf of Mexico and the Outer Continental Shelf, would bring relief from high prices.

The American Public Gas Association said it will take a federal commitment such as the 1940s Manhattan Project or the 1960s moon mission to tap resources off the US coast, including natural gas-rich methane hydrates, to bring prices down. In a letter to Federal Reserve Chairman Alan Greenspan, the municipal gas utility group said it disagreed with Greenspan's assertion that the US is

Generator Problems

ERCOT— TXU Corp. expects to restart the 750 Mw Martin Lake #3 coal-fired power station on April 13-14 following planned maintenance.

Harrington power station will shut this evening for planned repairs to tube leaks in the boiler. Because of the delay on Tolk Unit 1's outage and testing at Jones Station tomorrow, Harrington Unit #2 is scheduled to come off-line after peak on April 12.

FRCC— FPL shut its 693 Mw Turkey Point #4 nuclear unit for a planned refueling and maintenance outage, expected to last about nine-weeks. Turkey Point #3 continues to operate at full power.

MAAC— PSEG Power continued to ramp output at its 1,049 Mw Hope Creek nuclear unit, operating the unit at 88% capacity early today. The unit was operating at 83% yesterday.

NPCC— Constellation Energy Group's 497 Mw Ginna nuclear unit continued to ramp output, by increasing capacity to 51% by early today. The unit exited a refueling outage yesterday and was reported at 14% of capacity.

Entergy reported its 979 Mw Indian Point #3 nuclear unit at 100% power early today. The unit was operating at 94% yesterday. Indian Point #2 continues to operate at full power.

SERC— Entergy's 858 Mw Arkansas #2 increased output to 29% capacity. The unit was operating at 13% yesterday after restarting this past weekend.

Progress Energy's 811 Mw Brunswick #2 nuclear unit continued to ramp power today, operating at 8% as it is exiting an outage. Brunswick #1 continues to operate at full power.

Tennessee Valley Authority's 1,150 Mw Sequoyah #1 nuclear unit started to exit an outage and ramped up to 1% of capacity by early today. The unit automatically shut on April 9 due to a turbine trip related to low oil pressure on a pressure switch. Sequoyah #2 continues to operate at full power.

Southern Nuclear Operating Company increased production at its 883 Mw Hatch #2 unit, reporting the unit at 94% capacity early today. The unit was at 74% yesterday. Hatch #1 is operating at full power today.

running out of natural gas, referring to a speech Greenspan gave to a refiners association meeting last week. There is some 213 Tcf of gas restricted by drilling moratoria—representing a 10—year supply of gas, APGA said. Bert Kalisch, president and CEO of APGA noted that policymakers must act to bring natural gas prices under control, or “we will watch high and volatile natural gas prices continue to wreak havoc in the economy, and lose the domestic energy security advantage we once realized with natural gas.”

Freeport LNG Development LP is seeking FERC authorization to enlarge the size of its proposed sendout pipeline to accommodate future expansion of the LNG import terminal project on Quintana Island in Brazoria County, Texas.

PIPELINE RESTRICTIONS

Colorado Interstate Gas Company has lifted its Strained Operating Condition, based on higher market requirements and the increased system flexibility currently available. The company had declared an SOG because of the extreme weather conditions that exist in its market area between Cheyenne, Wyoming and Trinidad, Colorado.

PIPELINE MAINTENANCE

El Paso Natural Gas Company said that Line 1200 downstream of Flagstaff Station will be down to replace valves April 28 and 29, reducing the capacity of the North Mainline by 105 MMc/d.

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.

ELECTRICITY MARKET NEWS

Southern California Edison has applied to the California Public Utilities Commission for authorization to construct the Devers-Palo Verde2 Project, which will include a 230-mile, high-voltage electric transmission line between California and Arizona. The line will provide California with greater access to low-cost, surplus generation in Arizona. If approved, DPV2 would provide southern California with an additional 1,200 Mw of cost-effective electricity. The new, high-voltage line would also require upgrades to some of SCE’s existing electrical transmission facilities in California. The DPV2 Project is estimated to cost \$680 million and is expected to be in operation by summer 2009.

The Nuclear Regulatory Commission has determined that an inspection finding at the Palo Verde Nuclear Generating Station regarding air trapped in portions of its emergency core cooling system is of “yellow” or of

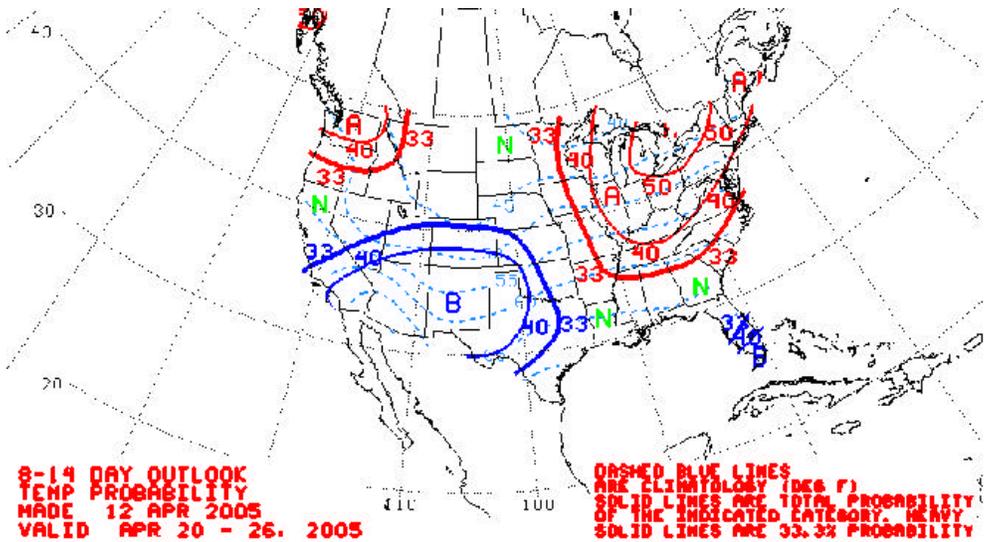
Generator Problems

SERC (cont’d)— Southern Co.’s 1,152 Mw Vogtle #1 nuclear unit ramped up to 92% of capacity by early today. The unit was operating at 67% of capacity after exiting a refueling outage on Monday. Vogtle #2 continues to operate at full power.

Duke Energy shut its 846 Mw Oconee #1 nuclear unit for a refueling outage. Oconee #2 and #3 continue to operate at full power.

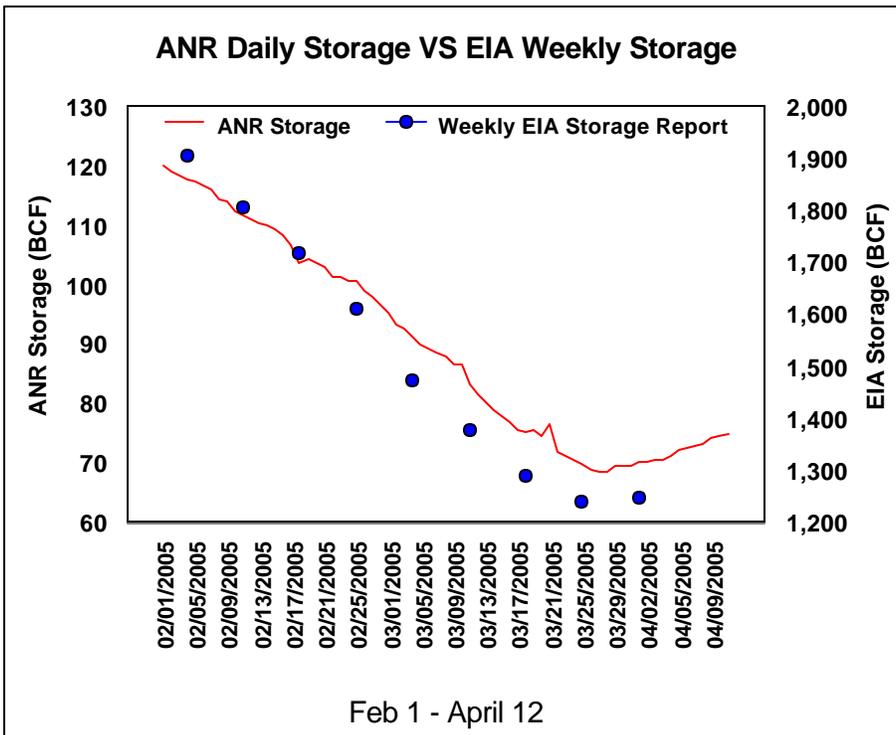
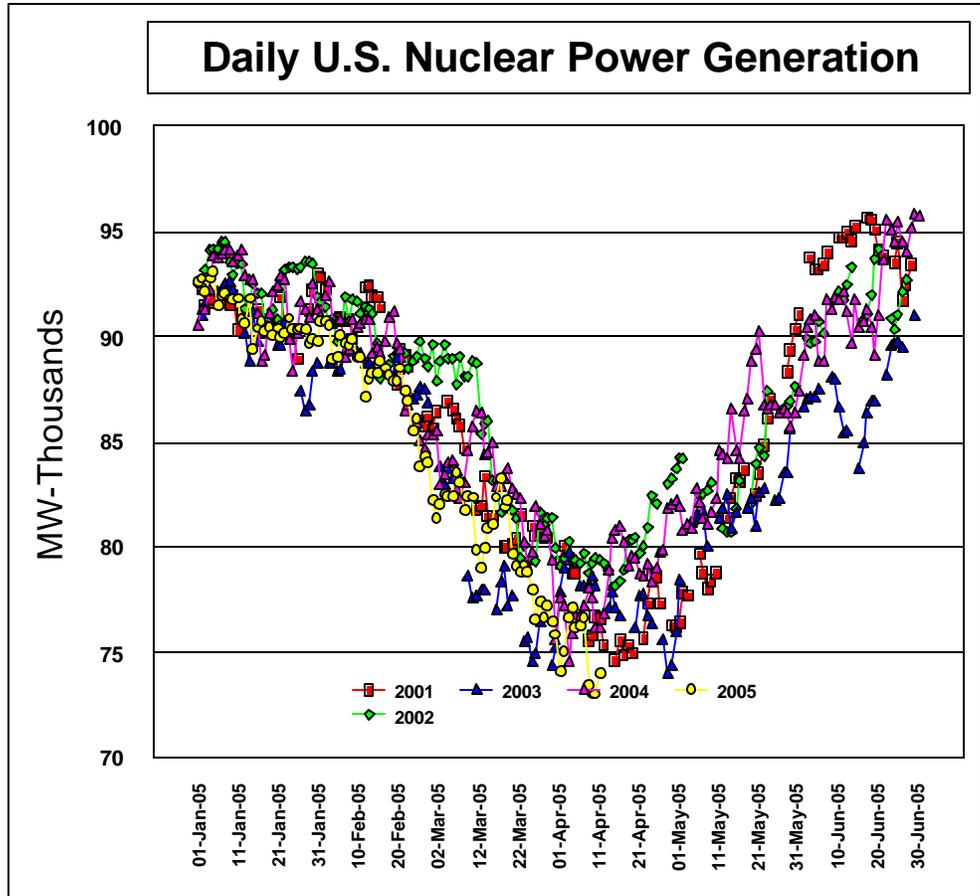
Canada— Bruce Power’s 840 Mw Bruce B #6 nuclear unit returned to service today following a brief outage to perform maintenance on its heat transport system. The 840 Mw Bruce B #5 returned to service today following a brief unplanned outage. Also, Bruce Power’s 825 Mw Bruce A #3 nuclear unit returned to service today following a brief unplanned outage to repair a valve in its reactor regulating system.

The NRC reported that U.S. nuclear generating capacity was at 74,032 Mw today up 1.35% from Monday and down 6.18% from a year ago.



substantial safety significance. The findings will result in additional NRC inspections and potentially other NRC action.

Xcel Energy will continue to invest significantly in its core business of providing safe, reliable and environmentally sound energy according to the company's 2004 annual report and proxy materials. Xcel has 3.3 million electricity customers and 1.8 million natural gas customers. Xcel Energy in 2004 invested nearly \$1.3 billion to improve infrastructure throughout its 10-state service territory, up nearly 35% from 2003. The utility expects to invest another \$4.2 billion over the next three years to meet customer demand while balancing cost, reliability of performance and environmental protection.

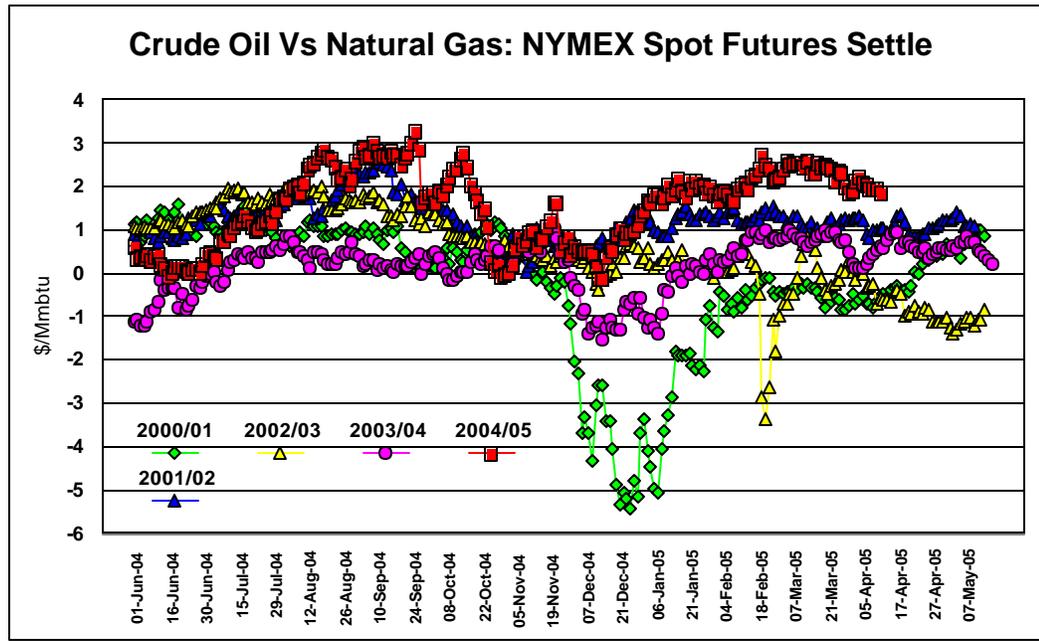


In 2005, Xcel expects to begin construction of a 750 Mw generator at its Pueblo, Colorado, Comanche Generating Station, which will feature the latest in emissions control equipment. At the same time, the company will develop a 345 kV transmission line from the Buffalo Ridge area in southwestern Minnesota to deliver significant new wind power resources to customers. In addition, Xcel anticipates investing \$430 million to further improve distribution reliability.

MARKET COMMENTARY

The natural gas market today posted an outside trading day, for the first time since March 21st. Early in the day it breached yesterday's high and ran up to \$7.39, just in front of a two week resistance line as well as the 20 day moving average and the 38%

retracement of the prior two week sell off. But the price erosion in the oil markets finally caught up with the natural gas and by late morning fund selling seemed to pressure prices back toward yesterday's lows at \$7.17 by early afternoon. Locals appeared successful in touching off stops at \$7.15 in the afternoon, allowing the natural gas market to fall all the way down to \$7.085, the lowest price the May contract has posted since March 28th. With the crude oil contract collapsing on the close, the natural gas market appeared damned to go out near the lows settling down over 20 cents. This was the sixth time out of the last seven trading sessions that the market settled lower, and the largest daily sell off in the spot contract since February 3rd. Final volume on the day for the futures contract was estimated at 96,000 contracts of which nearly half was done via spreads.



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We continue to look for natural gas to challenge the \$7.00 price level tomorrow. If this level can be breached we would look for additional selling pressure to come into this market given that there is some 6071 lots in just the May \$7.00 put that suddenly would be in the money. This is nearly 5,000 more contracts open in the

May \$7.00 put than the last time the underlying futures market settled below \$7.00. We see initial support at \$7.06-\$7.048, followed by \$7.00, \$6.93, \$6.80 and \$6.55. Resistance we see at \$7.325, \$7.377, \$7.39 \$7.467 and \$7.558. Additional resistance we see at \$7.60, \$7.70 and \$7.80.