



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR APRIL 19, 2005

NATURAL GAS MARKET NEWS

The NYMEX announced it will launch 16 additional natural gas index and swing futures contracts on its ClearPort electronic platform beginning on April 24th. The contracts will be initially listed for May 2005 through April 2008 for all locations. The new contracts include: Dominion natural gas index futures; PG&E Citygate natural gas index futures; Rockies natural gas index futures; SoCal natural gas index futures; San Juan natural gas index futures; Sumas natural gas index futures; TETCO M-3 natural gas index futures; and Transco Zone 6 natural gas index futures. The daily swing contracts include: Dominion, South Point, Kern Opal; PG&E Citygate; San Juan, SoCal, Sumas, TETCO M-3 and Transco Zone 6.

Vector Pipeline announced a binding open season commencing April 19 for a 2007 expansion of its mainline natural gas transmission pipeline system. The expansion will involve the construction of additional compressor stations on Vector Pipeline's system, which can increase Vector's capacity up to 1.5 Bcf/d from its current capacity of about 1 Bcf/d. Binding bids for firm capacity will be accepted until 4:00 PM ET, June 1.

A group of southeastern U.S. rural electric cooperatives and municipal gas utilities have aggregated a portion of their gas loads for a request for proposals to acquire long term supplies of LNG.

PIPELINE RESTRICTIONS

Natural Gas Pipeline Company of America said that Segment 17 is at capacity today. Deliveries to Columbia Gulf-Chalkley are at capacity today. NGPL is at capacity for gas received upstream of Compressor Station 155 in Wise County, Texas in Segment 1 going northbound. All Louisiana Line

Generator Problems

ERCOT— TXU Corp. will shut the 565 Mw Monticello #2 coal-fired power unit on April 19-21 for a scheduled outage. Maintenance is being done on Monticello #1 from April 18-22.

TXU Corp. shut its 553 Mw Sandow #4 coal-fired power station from April 18-19 to repair a boiler tube leak.

AEP will restart its 528 Mw Welsh #1 coal-fired power station soon after repairing a boiler tube leak. Repairs are scheduled for April 20-24.

South Texas Project Nuclear Company ramped output the final 2% to return its 1,250 Mw South Texas #2 unit to full power early this morning. South Texas #1 is currently operating at full capacity.

FRCC— Progress Energy reduced its 870 Mw Crystal River #3 nuclear unit 20% to operate the unit at 65% capacity.

MAPP— Nebraska Public Power District's 756 Mw Cooper nuclear unit returned to full power by early today. Yesterday, the unit ramped up to 47% of capacity after exiting an outage.

SERC— Tennessee Valley Authority's 1,118 Mw Browns Ferry #2 nuclear unit ramped up to 64% of capacity by early today. On Monday, the unit was operating at 23% of capacity after exiting a refueling outage. Browns Ferry #3 continues to operate at full power.

WSSC— Edison International's 1,070 Mw San Onofre #2 nuclear unit exited an outage and ramped up to 70% of capacity by early today. The unit shut on April 17 for work on a pump. San Onofre #3 continues to operate at full power.

The Four Corners 745 Mw unit #5 coal-fired power plant was taken off-line last night for a scheduled outage, which is expected to last about two weeks.

Canada— Hydro-Quebec shut its 675 Mw Gentilly #2 nuclear unit on April 15 for its annual maintenance outage.

The NRC reported that U.S. nuclear generating capacity was at 75,107 Mw today up 2.07% from Monday and down 5.54% from a year ago.

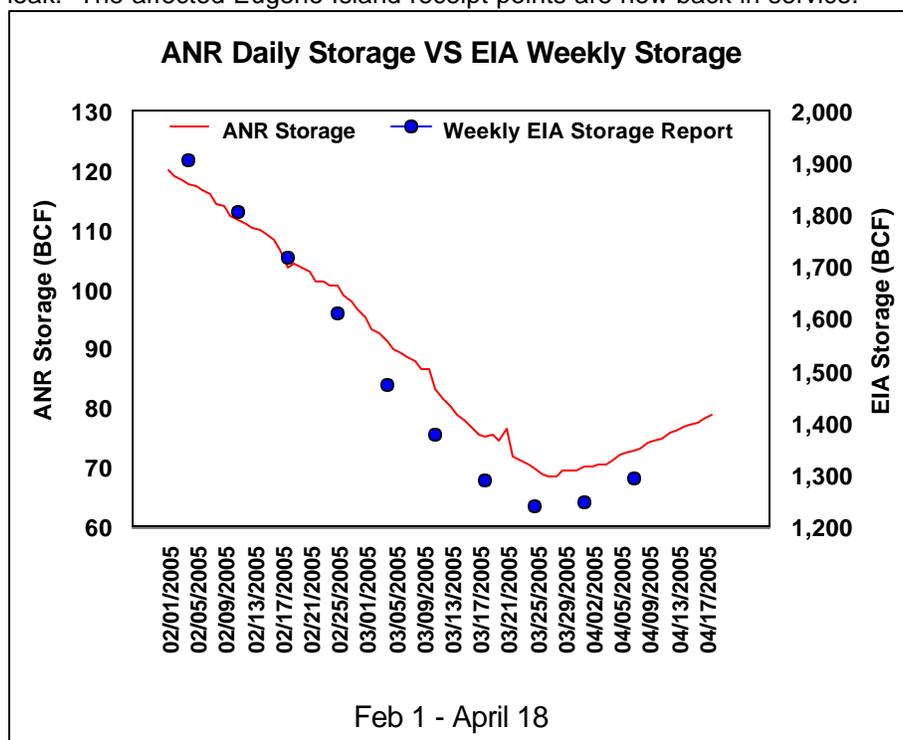
Segments (25, 23, and 24) are at capacity for eastbound transport volumes.

Kern River Pipeline has warned schedulers of high line packs across its entire system. This affects Kern ML North from Muddy Creek to Elberta, Kern ML Middle from Elberta to Goodsprings and Kern ML South from Goodsprings to Common Facility and from Common Facility to End of Facilities.

In an update to its ongoing force majeure situation at several of its compressors, Transcolorado said that there is no new information. The estimated in-service date for completion of repairs on all expansion compressor units continues to be May 23. As each unit is repaired, additional capacity may become available before May 23. Currently, Segment 220 is limited to 320 MMcf/d while Segment is flowing 375 MMcf/d. Meanwhile, force majeure conditions are still in effect.

PIPELINE MAINTENANCE

Tennessee Gas Pipeline said that it has completed work to repair the leak offshore on the CNT Line. This is the 20-inch line upstream of Eugene Island 250. Tennessee Gas declared a force majeure event April 14 due to the leak. The affected Eugene Island receipt points are now back in service.



Questar Pipeline Company said it will be performing maintenance at its Oak Spring compressor station. As a result, Questar will reduce the ML 104 scheduling point to 140 MMcf/d in all cycles. Based on current data this would reduce primary-to-primary nominations by 45%. Nominations will return to normal on April 20. As nominations are realigned, the ML 80, Rifle Greasewood scheduling points may need to be utilized as well.

ELECTRICITY MARKET NEWS

Wisconsin utility regulators approved of Wisconsin Power and Light Co.'s request to defer continuing fuel-related costs associated with the unplanned outage of the 539 Mw Kewaunee nuclear power station. WP&L said the deferred fuel-related

costs, covering the period April 15 through mid to late May, will be about \$13.2 million. The company expects the plant to return to service in mid- to late-May.

Shell and Bechtel agreed to sell InterGen, their power generation joint venture, for \$1.75 billion, part of Shell's plan to shed unwanted business to invest more in oil and gas. The sale to AIG Highstar Capital II and Ontario Teachers' Pension Plan includes 10 of InterGen's power plants in the UK, the Netherlands, Mexico, the Philippines, China and Australia, with a power capacity of 5.5 GW. InterGen is being sold with \$3.1 billion of debt.

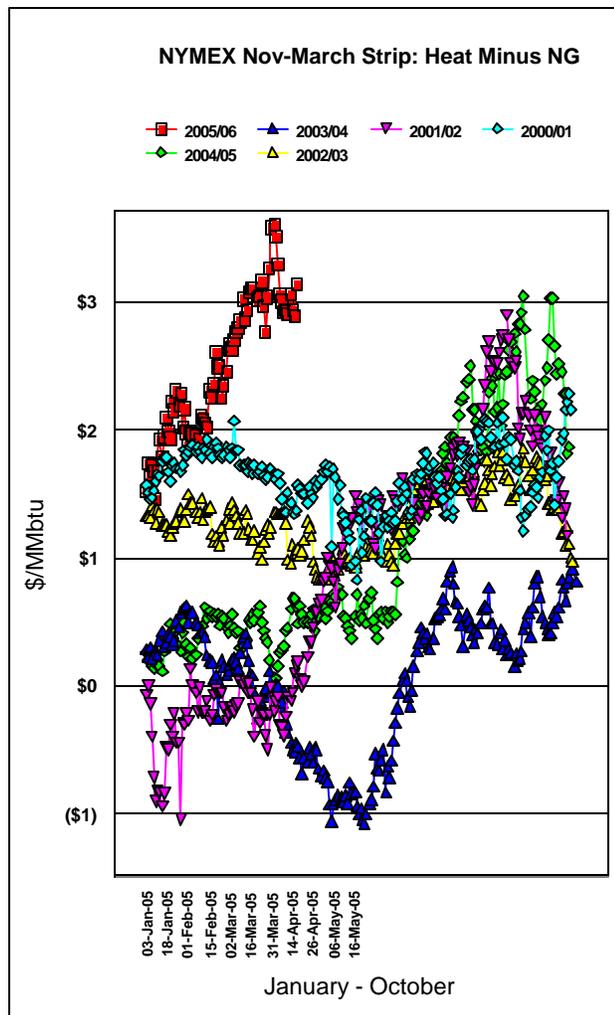
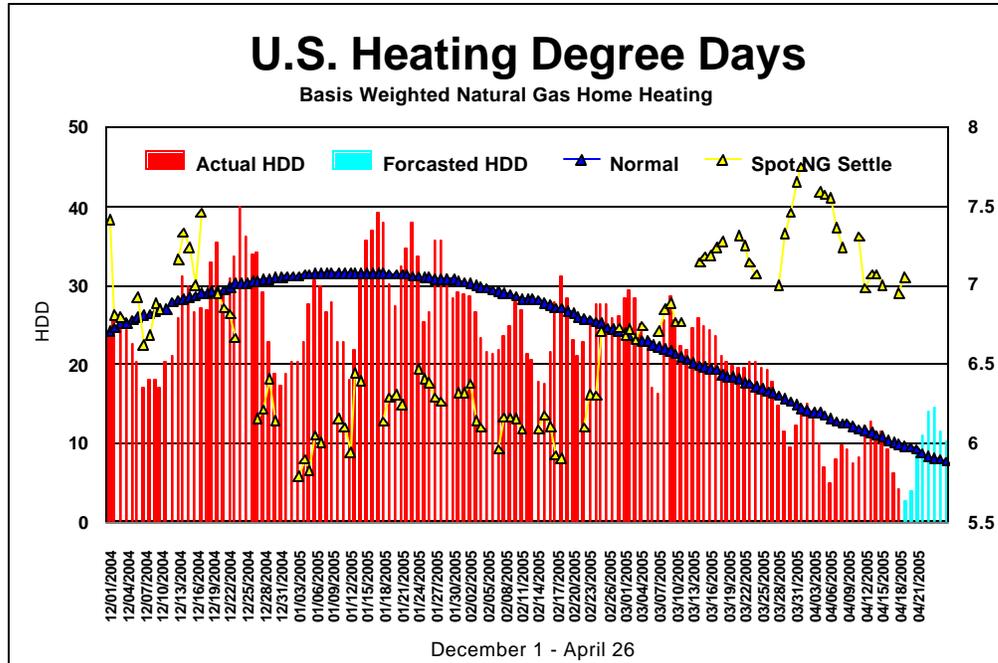
The provincial government of Ontario launched a request for proposals today to build up to 1000 Mw of green power generating capacity. The government is seeking to reduce its reliance on coal fired power plants. The government hopes to generate 5% or 1350 MW, of its total electricity from renewable sources by 2007.

ECONOMIC NEWS

The US Producer Price Index rose 0.7% in March, led by a 3.3% jump in finished energy goods. For February, the energy goods increased by 1.4%, and the index for finished energy goods rose 15.9% in the first quarter of 2005 compared with an advance of 25.4% in the final quarter of 2004.

MARKET COMMENTARY

The return of some heating demand across the northern U.S later this week and into the weekend seemed to



support cash prices at some key regional hubs this morning, pushing cash prices in some areas 11-16 cents higher. The natural gas market received an additional boost from firmer oil prices. But as the day developed natural gas futures failed to keep pace with the oil market rally and by the end of the day natural gas saw its deep discount to heating oil and crude oil return to levels not seen in two weeks. While the back months were able just to edge above yesterday's highs, the May contract stalled at yesterday's high and as a result posted its second inside trading out of the last three trading sessions. Volume in the natural gas market was light to moderate with just 62,000 futures trading of which half were booked via spreads.

The inability of this market to move out of a sideways trading pattern today, appears to point that this same sideways trading will be seen again tomorrow as traders await Thursday's EIA storage report. Currently market expectations for the report appear to be running between a 35-65 bcf injection. Our estimate currently falls within the middle of this range, as we look for a 45-50 bcf injection. This projection is based on our estimate that last week saw a nearly identical heating demand as the week prior. But one warning flag in our mind that could point to a slightly higher injection rate is that current spring winter spreads remain extremely favorable for storage plays. This appears to have helped to encourage injections into ANR storage on the week by over 4 bcf, some 56% higher than the same period a week earlier.

The bears suffered a minor setback in this market today as the May contract broke above and settled above a modest three-week downward trend line that had been

acting as good resistance over the past three weeks. In addition the daily stochastics also appear to be on the verge of crossing back to the upside for the first time since April 4th. While bearish inventory numbers may be in the cards for the oil markets tomorrow, which could cool off today's oil markets and prompt some retracement of today's rally and helped depress natural gas prices slightly, we feel right now that this market has limited downside potential. As a result one could look and flat price move back below \$7.00 as a near term scale down buying opportunity. The winter month strip once again appears reasonably priced versus the oil markets, especially heating oil. We see support tomorrow in the May contract at \$7.00, followed by \$6.95, \$6.875, \$6.80 and \$6.552. Resistance we see at \$7.09, \$7.247, \$7.365-\$7.39, \$7.478 and \$7.85.