



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR APRIL 28, 2005

NATURAL GAS MARKET NEWS

The Texas Railroad Commission set May 2005 natural gas production allowables for prorated fields in the state to meet market demand of 25.4 Bcf. For these fields, the May 2005 allowable represents a decrease of 2.7 Bcf when compared with actual production of 28.2 Bcf in May 2004. In setting the May 2005 allowable, the commission used historical production figures from May 2004 and producer forecasts for May 2005 demand, adjusting figures to account for well capability and new wells. Natural Gas storage in the state for March is 216.4 Bcf, compared with 173.1 Bcf a year ago. The April 2005 gas storage estimate is 232.3 Bcf. Gas well gas from prorated fields accounts for 7% of total gas well production in the state, the commission said. Preliminary statewide production reported for February 2005 is 24.9 million barrels of crude oil and 325.5 Bcf of gas well gas.

A group of energy companies led by Imperial Oil said today that the group was halting work on the C\$7 billion pipeline from the Mackenzie Valley project. The companies blamed their halt on the project on the slow pace and complexity of the regulatory process. At issue seems the finalization of benefits and access agreements for communities in the Northwest Territories. Last week, Imperial Oil's CEO voiced frustration over the project and said a 2010 start up date was looking unlikely. The pipeline project is projected to carry 1.9 bcf of gas into Alberta's major pipeline network. The Canadian

Generator Problems

ECAR— The 1,020 Mw DC Cook #1 nuclear unit was ramped up to 50% capacity by early today. The unit automatically tripped April 26 during normal plant startup preparations to synchronize the main generator with the offsite electrical grid. Cook #2 continues to operate at full power.

ERCOT— TXU Corp.'s 1,124 Mw Comanche Peak #2 nuclear unit exited a refueling outage and ramped up to 17% of capacity by early today. The unit shut on March 28 for the outage.

Texas Genco will restart the 836 Mw Limestone #1 coal-fired power station from April 28-30 following a planned 28-day annual inspection outage. The company shut the unit on April 2 for the outage.

TXU Corp. will work on the 750 Mw Martin Lake #2 coal-fired power unit from April 29- May 1. Martin Lake #1 remains shut for work on the boiler since about April 26 and will likely return to service on April 29.

FRCC— Progress Energy reduced output 4% at its 870 Mw Crystal River #3 nuclear unit, to operate the unit at 80% capacity.

MAAC— PPL Corp. shut the 1,140 Mw Susquehanna #2 nuclear unit today due to a transformer malfunction. The company said it was investigating a problem with the cooling system for the transformer. Susquehanna #1 remains at full power.

MAPP— The 578 Mw Monticello #1 nuclear unit returned to full power early this morning.

NPCC— Constellation Energy restarted its 565 Mw Nine Mile Point #1 nuclear unit, reporting the unit offline at 12% capacity this morning. The unit was taken off line March 21 for refueling and maintenance. Nine Mile Point #2 continues to operate at full capacity.

The NRC reported that U.S. nuclear generating capacity was at 75,400 Mw today up .77% from Wednesday and down 8.17% from a year ago.

government voiced concern over the news but said it was not concern for alarm. The government said they were heartened to hear that the companies remained committed to the project.

EIA Weekly Report

	04/22/2005	04/15/2005	Net chg	Last Year
Producing Region	558	538	20	445
Consuming East	636	591	45	524
Consuming West	222	214	8	174
Total US	1416	1343	73	1144

PIPELINE RESTRICTIONS

Natural Gas Pipeline Company of America said that 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 Segments (25, 23 and 24) are at capacity for eastbound transport volumes.

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Texas Eastern Transmission Corp. said it has force balanced long TABS-1 pools in ETX. In addition, zones ETX and STX have been scheduled to capacity. Physical increases between Vidor and Fagus will not be accepted.

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.

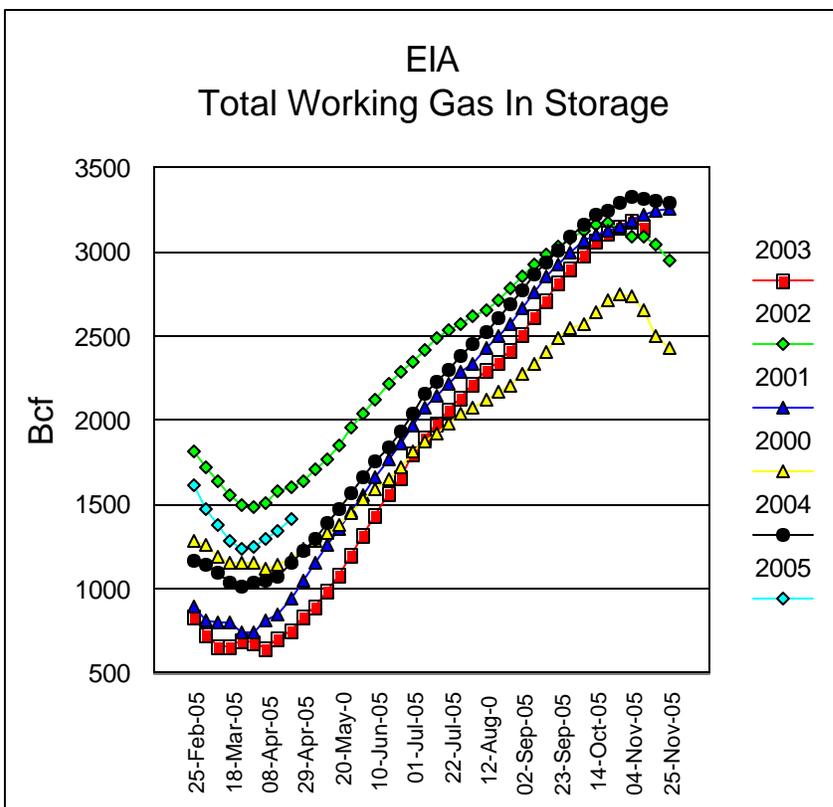
PIPELINE MAINTENANCE

Alliance Pipeline said that unforeseen difficulties have arisen that will delay the start-up of the Morinville Compression Station in Alberta. At this time it is unclear when it will return to service. This will impact authorized overrun capacity.

Gulf South Pipeline said that it will be performing unscheduled maintenance on its Marksville Compressor Station Unit #2 beginning immediately and continuing until further notice. Capacity through the Marksville Compressor Station could be reduced as much as 150 MMcf/d during this maintenance period.

ELECTRICITY MARKET NEWS

Four U.S. House members have introduced a bill to reduce coal-fired generation emissions of sulfur dioxide, nitrogen oxides, mercury and carbon dioxide. The bill was referred to the House Energy and Commerce Committee where supporters are hopeful it will be considered later this year when the panel debates the president's "Clear Skies" bill to control power plant pollution. Rep Charles Bass (R-New Hampshire), Jim Davis (D-Florida), Jim Cooper (D-Tennessee) and Jeb Bradley (R-New Hampshire) introduced the bill, which updates legislation they introduced in the last Congress. The bill seeks to cap SO2 by as much as 75% by 2017, NOx by 67% by 2015, mercury by nearly 80% by 2015 and CO2 at 2001 levels—or 2.14 billion tons—by 2015. Both the House bill and Clear Skies offer an emissions trading scheme to aid utilities' compliance but the White House bill, which stalled in the Senate last month, does not cap CO2 and imposes less stringent caps and deadlines in 2018.



The Alliance to Save Energy urged the U.S. Senate to back up President Bush's call for more energy efficiency – the quickest, cheapest, cleanest way to tackle high energy prices and limited supplies by reducing demand – with passage of a comprehensive energy bill that addresses the alarming growth in energy demand. As the president calls upon the Congress to do more for consumers and businesses that are reeling from record gasoline, oil and natural gas prices, the Alliance urged the Senate to pass legislation that includes significant energy-efficiency provisions.

The EIA reported today that U.S. coal production for the week ending April 23rd totaled 21,645,000 short tons. This was some 2% less than the previous week. The EIA reported that domestic production year to date has been running some 0.5% higher than a year ago.

Canadian Gas Association

Weekly Storage Report

22-Apr-05 15-Apr-05 23-Apr-04

Calpine reported today that it expects to put the first 250 Mw phase of the 769 Mw Pistoria gas fired plant in California into service very soon. The second phase is expected to enter service in June. The company also noted it hopes to commission the 602 Mw Metcalf gas fired plant in June as well.

East	70.8	65.7	62.6
West	98.6	89.3	97.9
Total	169.3	155.0	160.5

ECONOMIC NEWS

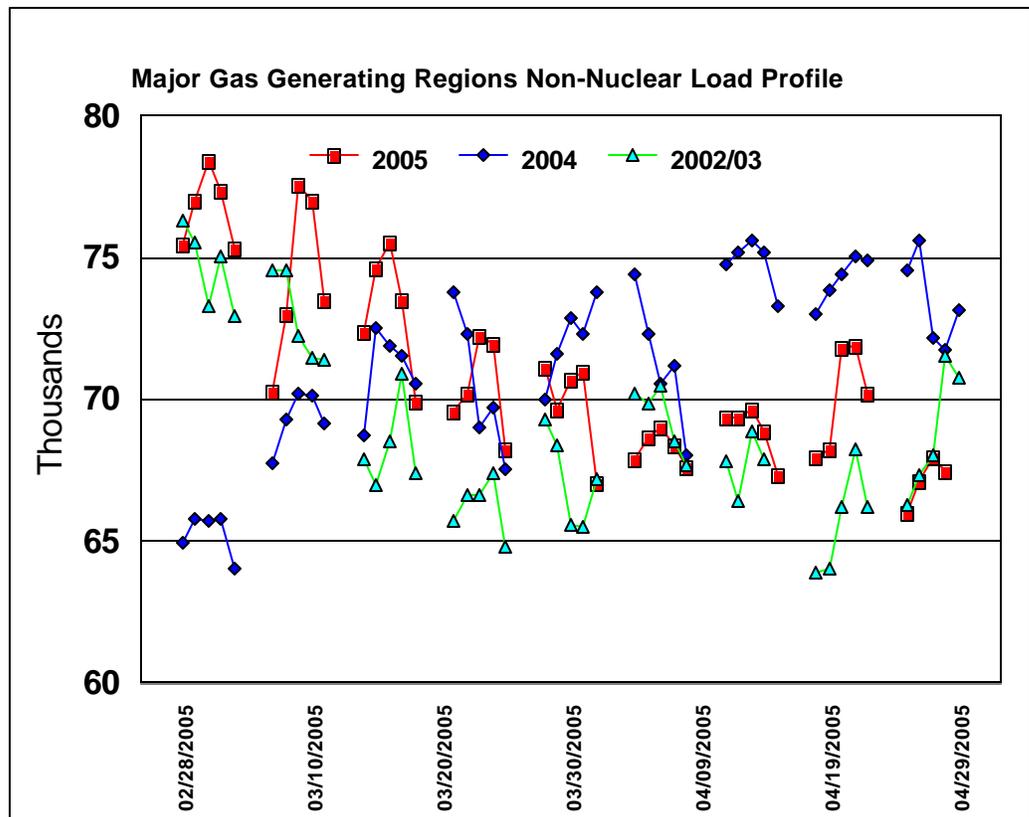
The U.S. Commerce Department reported that the economy expanded at its slowest pace in two years in the first quarter, as high-energy prices helped put a damper on spending by consumers and businesses and forced the already huge trade deficit to widen. GDP rose 3.1% in the first quarter, below the street's average of 3.5%. This is the slowest pace since the first quarter of 2003, when growth was just 1.9%.

MARKET COMMENTARY

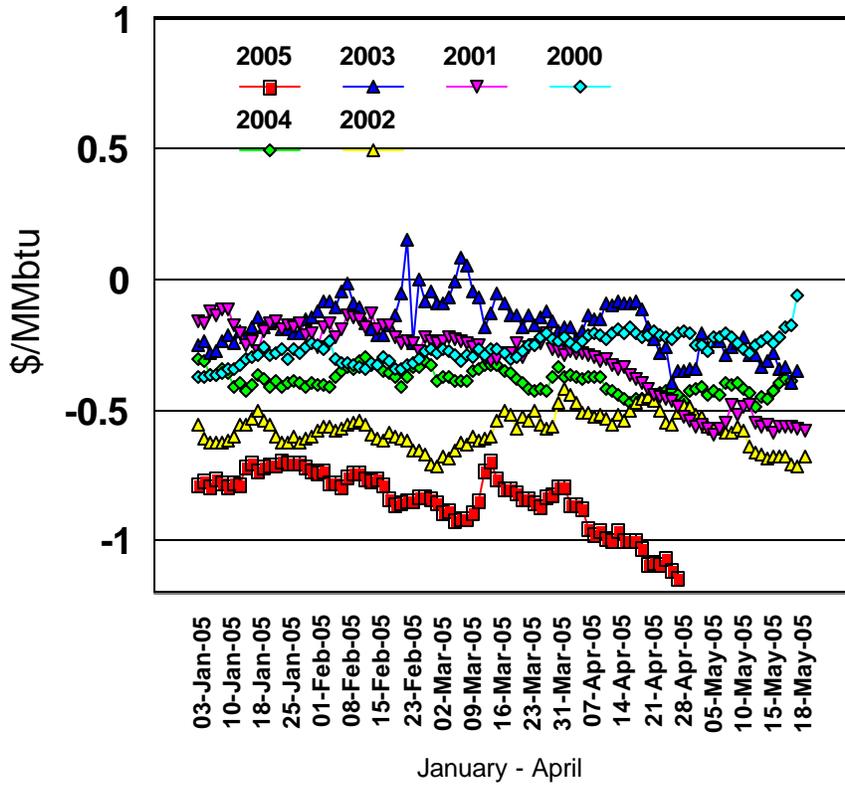
The natural gas market this morning gapped lower in sympathy with collapsing oil prices. The market basically took the EIA Storage Report in stride, as prices appeared to have little impact following the release of the report, given an injection number that was basically in the midpoint of most market expectations. While the market failed to match fully the losses of the oil market in the morning, it was reluctant to keep in lock step with the oil market in the afternoon as well

as oil prices came roaring back. As a result the natural gas market just fell short of backfilling the gap created by the morning's lower opening. Final volume today was strong despite being the day after the May contract expiration, with 98,000 futures traded.

We feel that the natural gas market has held together relatively well given a very weak demand period for both heating and generation needs. We see support in this market at \$6.65 and \$6.615, followed by \$6.57-\$6.55 and \$6.40. Resistance we see at \$6.78 followed by \$7.045, \$7.12, \$7.20,



NYMEX May - Dec Natural Gas



\$7.25 and \$7.40. The June-Dec natural gas spread continued widen again today settling at \$1.143. At the start of this month this spread stood 79.3 cents. We feel that this spread has to become attractive to begin scaling into a position to see this spread contract as the month of May begins to unfold.