



ENERGY RISK MANAGEMENT

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

www.e-windham.com

POWER MARKET REPORT FOR MAY 2, 2005

NATURAL GAS MARKET NEWS

Sioux City, Iowa-based fertilizer maker Terra Industries said high natural gas prices have forced it to close operations indefinitely at its Donaldsonville, Louisiana, ammonia plant. The plant has the capacity to use some 17 Bcf/year of gas.

The Climate Prediction Center reported this morning that for the week ending April 30th it estimated that the U.S. saw some 93 heating degree-days. This was some 38.8% higher than normal and some 63% higher than the same week a year ago. The CPC estimates that for the current week ending May 7th, the nation should see some 71 HDD. This would be some 24.6% higher than normal.

Inside FERC reported that the national average price for natural gas for May was \$6.56, down 39 cents from April. IFC's Henry Hub May index was \$6.77, some 2.2 cents above the May NYMEX gas settlement price and 56 cents below April's index.

The Norwegian based company, TORP Technology said today that has completed financing for a \$400 million LNG terminal that would be located 50 miles offshore of Dauphin Island, AL. The company hopes to have the terminal in operation by early 2009.

Generator Problems

ECAR— AEP's 1,016 Mw Cook #1 nuclear unit returned to full power by early today. On Friday, the unit was operating at 68%. Cook #2 continues to operate at full power.

ERCOT— TXU Corp.'s 1,124 Mw Comanche Peak #2 nuclear unit increased to 77% of capacity by early today. On Friday, the unit was operating at 28% capacity. Comanche Peak #1 continues to operate at full power.

MAAC— PPL Corp.'s 1,140 Mw Susquehanna #2 nuclear unit is running at 97% power early today after exiting a brief outage. Susquehanna #1 continues to operate at full power.

First Energy Corp.'s 831 Mw Beaver Valley #2 nuclear unit is operating at 95% capacity today, up from 30% on Friday. Beaver Valley #1 is running at 90% today down from full power.

Constellation Energy reduced output 5% to operate its 825 Mw Calvert Cliffs #1 nuclear unit at 95%. Calvert Cliffs #2 continues to operate at full power.

MAIN— Exelon Corp.'s 850 Mw Dresden #3 nuclear unit exited an outage over the weekend and ramped up to 97% by early today. Dresden #2 also continues to run at 97% of capacity.

AmerGen Energy's 1,026 Mw Clinton nuclear is operating at 95% capacity today, up from 63% on Friday. A reason for the reduction is not available.

NPCC— FPL Group's 1,159 Mw Seabrook nuclear unit exited a refueling outage over the weekend and ramped up to 17% by early today.

Dominion Resources' 1,030 Mw Millstone #3 nuclear unit exited a brief outage and ramped up to 66% by early today. Millstone #2 remains shut for a planned refueling outage and is expected to return around May 21.

SERC— Progress Energy's 900 Mw Harris nuclear unit shut by early today after a manual reactor trip on Sunday due to the loss of a condensate pump. On Friday, the unit had been operating at full power.

Progress Energy's 811 Mw Brunswick #2 nuclear unit increased output to 94% by early today. On Friday the unit was operating at 67% for repairs on a pump. Brunswick #1 continues to operate at full power.

The NRC reported that U.S. nuclear generating capacity was at 78,437 Mw today up 5.07% from Friday and down 3.33% from a year ago.

PIPELINE RESTRICTIONS

Natural Gas Pipeline Company of America said 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.

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.

Trailblazer Pipeline Company, said that it has limited capacity available for transports going eastbound through Station 601. Limited increases to interruptible flow, authorized overrun and secondary out-of-path firm transport volumes are available to the extent primary in-path and secondary in-path firm transport volumes are unutilized.

In an update to the 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. Segment 220 is limited to 320 MMcf/d while Segment 240 is flowing 375 MMcf/d. Meanwhile, force majeure conditions are still in effect.

PIPELINE MAINTENANCE

El Paso Natural Gas Company said that scheduled maintenance at Dilkon Station will begin one day later than previously announced. There was no reduction of North Mainline capacity on May 1. The North Mainline capacity will be reduced by 60 MMcf May 2. Beginning May 3, with a reduction of 140 MMcf/d, maintenance effects will be as previously announced. Dilkon A turbine will be down for mechanical inspection and controls replacement May 2 through 18. Gallup B turbine will be down for overhaul May 8 through June 12. Window Rock A compressor units will be down one at a time for DOT inspections May 9-11. Line 1204 will be down to replace valves between Valve City and Navajo Station May 18. Line 1204 will be down to replace valves between Valve City and Navajo Station May 20. Line 1204 will be down to replace valves upstream of Leupp Station May 23. Window Rock B compressor units will be down one at a time for DOT inspections May 23-25. Line 1204 will be down to replace valves between Leupp and Williams Stations May 25. Window Rock 7A turbine will be down for DOT inspection May 26. Leupp 5A will be down for mechanical inspection May 31-June 2.

KM Interstate Gas Transmission recently listed its anticipated maintenance projects for the month of May. KMITG will be performing various maintenance activities on May 3 at its Casper Compressor Station and on Segment 50. KMITG does not anticipate that it will schedule down volumes for this work. However, KMITG will not accept flowing gas from all receipt points west of the Casper station on Segment 10 and 43 from 9:00 AM CT to 9:00 PM CT. for the 5-hour period beginning at 9:00 AM and ending at 2:00 PM CT, KMITG will also not accept flowing gas onto segment 720. KMU's Casper Processing Plant will be performing maintenance starting May 3-17. KMITG estimates that this maintenance may impact up to 8 days of the shippers' nominated/scheduled volumes for the month of May.

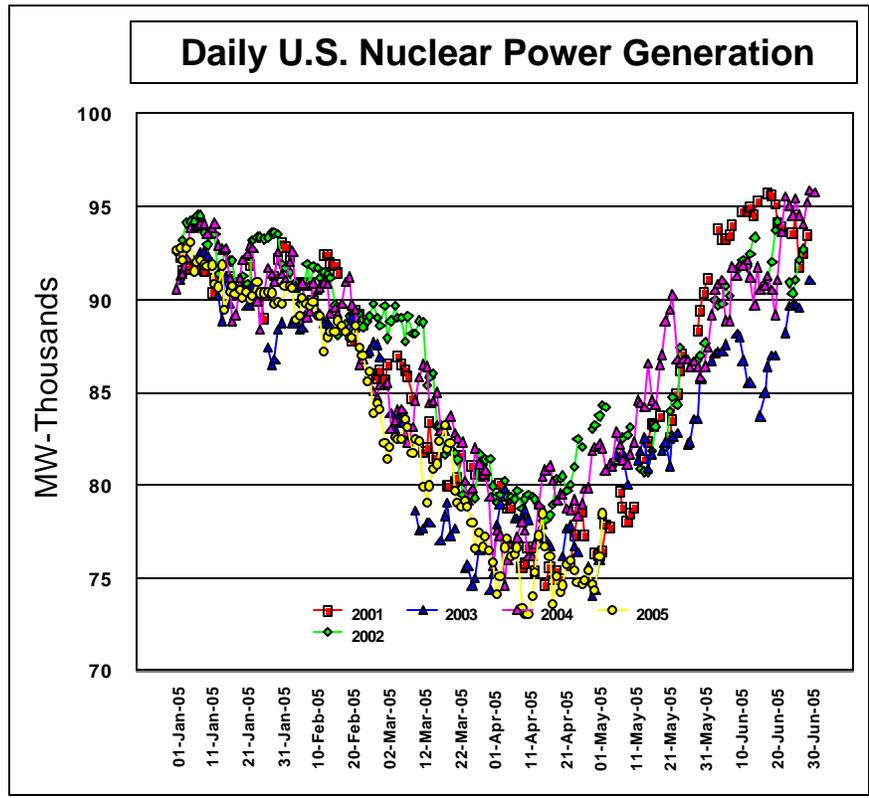
ELECTRICITY MARKET NEWS

Dominion and PJM Interconnection announced that at 12:01 AM ET, PJM began managing the flow of wholesale electricity over Dominion's more than 6,000 miles of high-voltage transmission lines and administering open, competitive wholesale electricity trading markets. Dominion's integration into PJM involves transferring operational control, but not ownership, of the companies' transmission assets in Virginia and North Carolina. With Dominion, PJM has a projected peak demand of more than 130,000 Mw and includes nearly 1,100 generating units with a combined capability of nearly 164,000 Mw. PJM operates 56,700 miles of high-voltage transmission lines and 3,660 transmission substations. PJM now serves 51 million people in a 164,260 square mile territory in 13 states and the District of Columbia.

The Federal Energy Regulatory Commission has accepted PJM Interconnection's proposal that makes it easier for small generators to connect to the electric system and participate in PJM's wholesale electricity market. The proposal is a new standard that sets the technical requirements to connect generators of 2 Mw or less to utility lines. It applies to small generators selling their electricity in PJM's wholesale electricity market. These

generators include wind, solar and cogeneration units. PJM's region includes 143,000 Mw of generating capacity. Access to the market improves the generators' ability to sell the electricity they produce and to find the best price.

A group of consumer advocates led by Public Citizen, filed a suit in federal court today, alleging the allowing of power companies to sell wholesale electricity at market-based rates is illegal and violates federal law. The group said that market behavioral rules finalized last year by the FRC do not go far enough to protect consumers and do not comply with the agency's mandate under the Federal Power Act.



ECONOMIC NEWS

The Institute for Supply Management's index of national manufacturing activity fell to 53.3 in April from 55.2 in March. The street had forecast a decline in the Index to 55.0 for last month. Though a reading above 50 indicates expansion, this is the fifth straight month indicating slowing growth in the factory sector.

MARKET COMMENTARY

The natural gas opened lower this morning as the oil market started the day under pressure once again. But like crude oil and heating oil markets, the natural gas market basically held its lows from Friday at \$6.55 and bounced back and traded between \$6.60-\$6.65 for much of the morning and early afternoon. But as the oil market rallied higher led by heating oil, natural gas prices were dragged

higher allowing prices to settle some 11 cents better, the first daily gain since April 22nd.

Given the higher than normal heating demand last week and this week, the storage injections should be slowed and fall behind a bit the seasonal pace of injections recorded in recent years. This coupled with a technical picture which may be reaching an oversold condition, prompts the possibility of a near term base of support being built. We see support tomorrow initially at \$6.65 followed again at \$6.55-\$6.545. Additional support we see at \$6.40, \$6.20 and \$6.11. Resistance we see again tomorrow at \$6.73 followed by \$6.77-\$6.78, \$6.98, \$7.196. Additional resistance we see at \$7.248 and \$7.413.