



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MAY 4, 2005

NATURAL GAS MARKET NEWS

Construction of a C\$600 million LNG terminal and regasification facility on Cape Breton Island, along the Strait of Canso in Nova Scotia, is on track to begin this summer after Nova Scotia Business sold an industrial site to Bear Head LNG Corp., a subsidiary of Anadarko Petroleum Corp.

The FERC today approved credit-worthiness standards for U.S. interstate natural gas pipelines to ensure that all shippers are treated fairly.

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.

Algonquin Gas Transmission said Tennessee Gas Mahwah has been nominated to capacity on the Algonquin system for today.

ELECTRICITY MARKET NEWS

The FERC said today that it will investigate possible self-dealing by units of Entergy and Southern Company, expanding a probe of whether the two U.S. utilities can quash power grid competitors. The FERC is concerned if the utilities can give favorable treatment to their affiliates or sister units, possibly in the form of preferential access to the transmission grid or non-public information on grid conditions. The FERC said that the two utilities must show they meet new agency standards for transmission market power and self-dealing. If found in violation of the standards, the utilities could forfeit their right to sell electricity at market based rates and face potential refunds.

The FERC warned today that wholesale electricity price spikes and outages are possible in the U.S. West this

Generator Problems

ECAR— First Energy's 1,235 Mw Perry nuclear unit exited a refueling and maintenance outage and is warming up offline at 2% today. The unit shut February 22 for the outage.

ERCOT— TXU's 1,150 Mw Comanche Peak #2 nuclear unit ramped output 21% to operate the unit at 98% capacity as it returns from a planned refueling outage. The unit shut March 25 for the outage. Comanche Peak #1 continues to operate at full power.

AEP's 580 Mw Pirkey coal-fired power unit was in start up early today following its brief maintenance outage.

TXU Corp.'s Martin Lake #2 coal-fired power unit was in start up early today following a brief outage.

MAPP— The Nuclear Management Company ramped its 580 Mw Duane Arnold nuclear unit 22% and reconnected it to the grid. The unit is operating at 30% capacity after returning from a refueling outage yesterday.

The 730 Mw coal fired power station in Iowa returned to service Tuesday after being off line since February 24th due to a transformer failure.

NPCC— FPL's 1,159 Mw Seabrook nuclear unit is operating at 30% early today, up from 1% yesterday.

Dominion ramped its 1,150 Mw Millstone #3 nuclear unit to 100% after the unit automatically tripped April 17 due to indications of low steam pressure in the secondary piping system. Millstone #2 is being refueled and is not operating.

Constellation Energy's 565 Mw Nine Mile Point #1 ramped output 30% to operate the unit at 70% of its capacity as it returns from a refueling outage. Nine Mile Point #2 remains at full capacity.

summer if temperatures are as hot as forecasters predict. The agency noted that Los Angeles has inadequate electricity reserves for peak air conditioning month of August, and could be very tight for September as well.

An initial decision issued by an administrative law judge of the Securities and Exchange Commission will not affect the current structure or operations of American Electrical Power. The initial decision says that the 2000 merger between AEP and Central and South West Corp. meets the interconnection requirement of the Public Utilities Holding Company Act of 1935. However, the merger does not constitute a single integrated public-utility system for failure to be confined in its operations to a single area or region.

PacifiCorp announced a power purchase agreement in which it will buy the output of a 64.5 Mw wind-powered electric generating project to be built about 10 miles southeast of Idaho Falls, Idaho. The 20-year agreement is between PacifiCorp and a special purpose entity Wolverine Creek Energy, owned and operated by Invenergy, a developer, owner and operator of power generation and energy delivery assets in Chicago. Wolverine Creek Energy will construct the project and bear the costs of interconnection with PacifiCorp's Goshen substations, located approximately 16 miles away. The project is proposed to be in service by December 31. Site monitoring has produced approximately two years of data to validate the project's energy potential. Energy output of the project is expected to be 175,000 MWh annually.

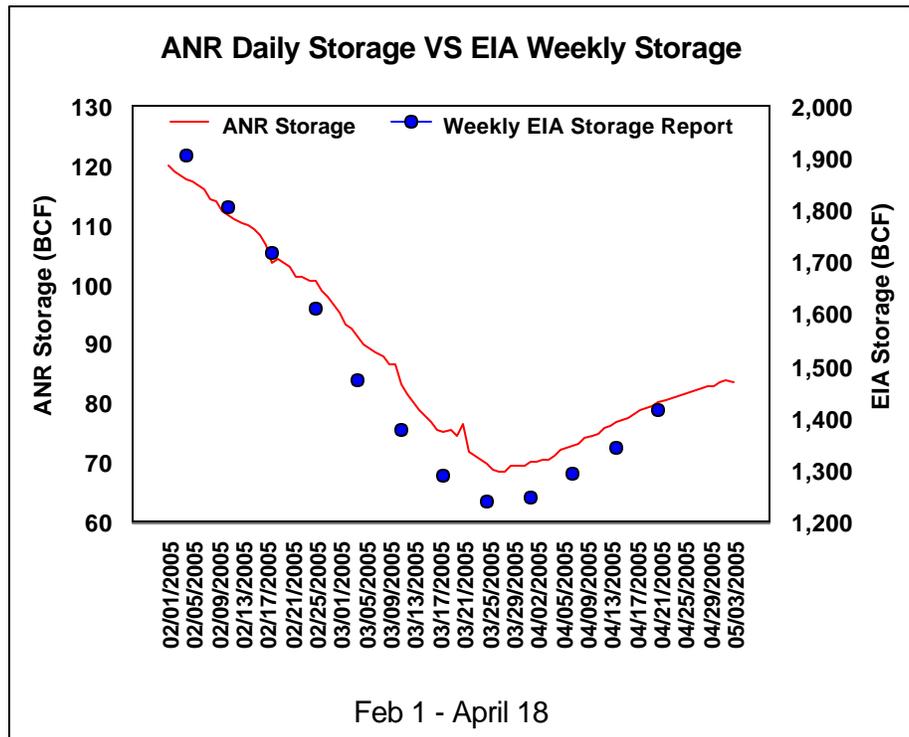
Generator Problems

SERC— Progress Energy returned its 900 mw Brunswick #2 nuclear unit to full power following maintenance work on a pump. Brunswick #1 remains offline for a mid-cycle maintenance outage, which began April 16.

Progress Energy ramped production at its 900 Mw Harris #1 nuclear unit to 50%, following a manual trip this past weekend.

WSCC— Energy Northwest's 1,158 Mw Columbia Generating nuclear unit is due to be taken offline this coming weekend for a refueling and maintenance outage.

The NRC reported that U.S. nuclear generating capacity was at 80,367 Mw today up 1.41% from Tuesday and down 3.05% from a year ago.



ECONOMIC NEWS

The Institute for Supply Management's index of non-manufacturing business activity in April moved to 61.7 from 63.1 in March. The street was forecasting an April reading of 61.2. The prices component came it at 61.9 in April down from 65.6 in March.

MARKET COMMENTARY

The natural gas market opened higher this morning for only the second time out of the last seven trading sessions. Prices though were slapped lower at mid morning as oil prices collapsed immediately following the release of bearish oil inventory statistics. This price move breached yesterday's lows but quickly recovered as oil prices bounced off their lows and headed higher.

As a result natural gas prices were dragged higher and actually moved back into positive territory and remained there for the remainder of the trading session. Volume though was relatively limited with just 68,000 lots traded on the day, as traders in general seemed content to await tomorrow's storage report before taking new positions.

The market seems to be looking for a 40 bcf injection basis tomorrow's inventory report. Our storage estimate would come in much lower, looking for a 20-25 bcf injection rate only. This estimate is based on the fact that we estimated that for the week ending April 28th, the nation saw some 88 HDD, some 82% higher than the previous week and the highest heating demand for natural gas usage since the last week of March.

We view tomorrow's storage report as potentially supportive for the natural gas market. But if oil prices melt down tomorrow this could erase any supportive impact the storage report could have. We see support at \$6.45 followed by \$6.40-\$6.386, \$6.11 and \$6.08. Resistance we see at \$6.70, \$6.77, \$6.90, \$7.023 and \$7.20