



ENERGY RISK MANAGEMENT

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

www.e-windham.com

POWER MARKET REPORT FOR MAY 6, 2005

NATURAL GAS MARKET NEWS

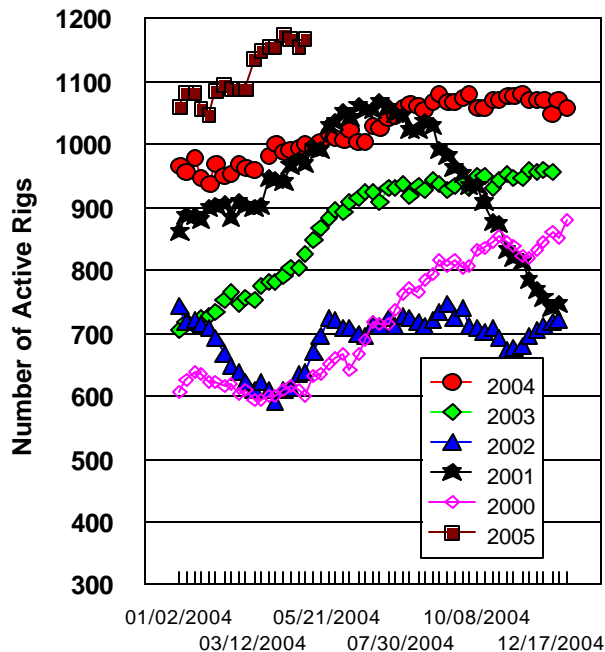
Baker Hughes reported that the number of rigs searching for oil and natural gas in the US in April increased by 183 to 1,334. It also reported the number of rigs in the US fell by just 1 to 1,324 in the week ending May 6. The number of rigs searching for gas increased by 13 to 1,169 on the week.

PIPELINE RESTRICTIONS

Texas Eastern Transmission Corp said that receipts

Active Natural Gas Rigs

Source: Baker Hughes Rig Count



Generator Problems

MAIN— Exelon's 1177 Mw Braidwood #2 nuclear unit was at 53% of capacity this morning, up some 24% from yesterday. The unit continues to ramp higher following its recent refueling outage.

MAPP—Alliant Energy Corp's 561 Mw Duane Arnold nuclear unit continued to ramp up its output, by an additional 11% to 59% of capacity.

NPCC— FPL's 1159 Mw Seabrook nuclear unit was at 80% of power, some 35% better than Thursday's levels. Operators continue to ramp back up this unit from its recent refueling outage.

The NRC reported that U.S. nuclear generating capacity was at 80,150 Mw today up 1.07% from Thursday and down 1.55% from a year ago.

between Longview and Batesville have been restricted due to the Department of Transportation hydrotest between Batesville and Lebanon that is blocking the pipeline.

Kern River Pipeline said that line pack levels are high. Shippers and operators should ensure that they take delivery of their scheduled quantities. It said line pack is high on the Kern ML North from Muddy Creek to Elberta, on Kern ML Middle from Elberta to Goodsprings, Kern ML South from Goodsprings to Common Facility and from Common Facility to the end of facilities.

TransColorado is aiming to complete repairs on all expansion compressor units by May 23. It said as each unit is repaired, additional capacity may become available before May 23. Currently, Segment 220 is limited to 320 mmcf/d of gas while Segment 240 is limited to 375 mmcf/d. Meanwhile, force majeure conditions are still in effect.

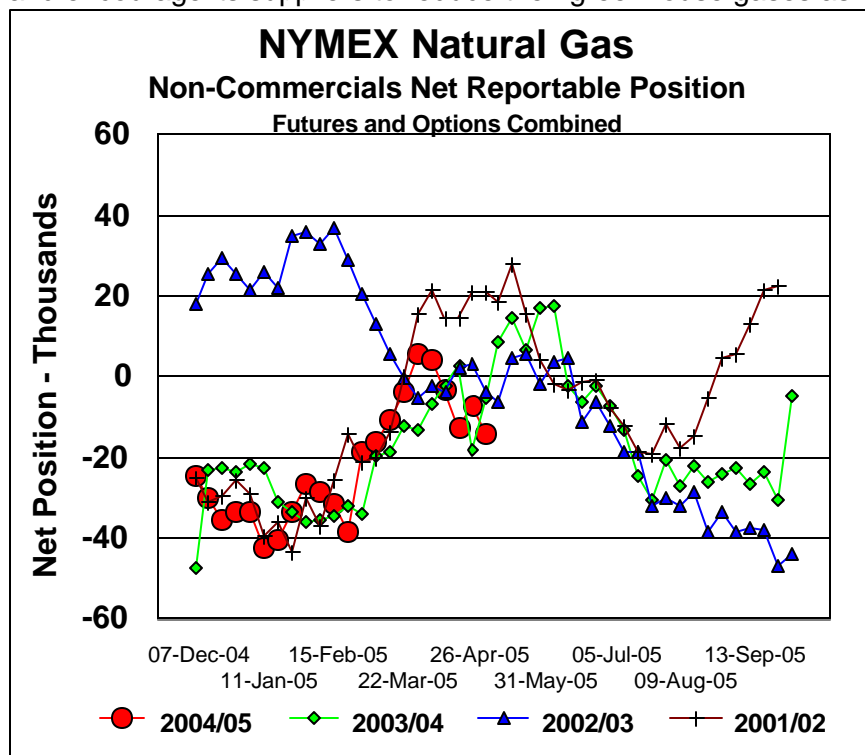
PIPELINE MAINTENANCE

Sabine Pipeline said it will be performing maintenance at the Port Neches Compressor Station on Monday, June 13th through Thursday June 16th. There may be curtailments at the following points: HPL, KinderMorgan Texas & KinderMorgan Tejas-Jefferson due to the length of the outage.

ELECTRICITY MARKET NEWS

Western Electricity Coordinating Council announced that for the peak summer month of July, its capacity margin and reserve margin are expected to be 22.5% and 29.1%, respectively compared to last year's capacity margin of 23.9%. It expects resources to increase by 3,557 Mw between March 1 and September 30 and that 1,363 Mw of that will occur prior to June 1. It said extreme summer conditions are not expected to affect fuel supply availability and no problems are expected regarding onsite fuel reserves. It also stated that the hydro resource capability has been reduced by about 4,000 Mw in the Northwest Pool sub region due to encroachment, scheduled maintenance and other factors.

Exelon Corporation announced today that it has established a voluntary goal to reduce its greenhouse gas emissions by 8% from 2001 levels by the end of 2008. The company has committed to work with and encourage its suppliers to reduce their greenhouse gases as well.



MARKET COMMENTARY

The natural gas market this morning gapped higher to start the day as prices opened higher for only the second time out of the last nine trading sessions. It appeared that the stronger oil prices helped to support natural gas prices early on. But as oil prices headed even higher at mid morning, natural gas values failed to gain any traction and basically stagnated once it backfilled the tiny penny gap in the daily charts from back on April 28th at \$6.78. By late morning as the oil price rally stalled, natural gas prices began to ease first back filling this morning's gap, and then by the early afternoon returning into negative territory. The final 30 minutes of trading saw natural gas break below yesterday's lows to post an outside trading day, but only a late rebound in oil prices on the close allowed natural gas to

retrace nearly 50% of the day's losses. The market though did settle at its lowest level since Monday. Final estimated futures volume was only 53,470 contracts.

This afternoon's Commitment of Traders Report showed that non-commercials increased their bearish bias in the natural gas market, as their net short position in just the futures market grew by 10,700 contracts and in the combined futures and options markets by 6,400 lots. This is the largest net short position this group has held since March 8^h. The small traders or non-reportable traders, continue to be the length in this market as commercial traders also hold a net short position as well.

While it appears to us that the natural gas market is desperately seeking to build of base of support at the \$6.78-\$6.45, it seems without the start of the cooling season beginning in earnest, this market will fail to gain any significant traction to the upside without crude oil prices moving back above \$53.00 per barrel. Likewise without

crude oil prices breaking back below the \$49.00 level we feel that natural gas will lack selling pressure to dive lower. We see support \$6.615-\$6.60, \$6.57-\$6.55, \$6.45, \$6.38 and \$6.11. Resistance we see at \$6.65 followed by \$6.78, \$6.98, \$7.002, \$7.023. More distant resistance we see at \$7.20 and \$7.377.