



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MAY 11, 2005

NATURAL GAS MARKET NEWS

El Paso Corp. said it remained unsure of the extent of damage to its ANR Pipeline system in Oklahoma after a rupture near a compressor station west of Weatherford late yesterday. Some discrepancy exists as to whether it was El Paso's line or a third party line. About 190 MMcf of gas was shut in by the incident, but the company reported that all gas deliveries were being met.

PIPELINE RESTRICTIONS

Gulf South Pipeline Company based upon Gulf South's initial review of nominations, NNS demand, and other factors affecting Gulf South's system, said it may be required to schedule only primary firm capacity and implement scheduling reductions for the Subject Gas Day and Nomination Cycle for: Tyler 12-inch; Palestine 8-inch; and Dallas 18-inch. Gulf South will notify affected parties when final scheduled quantities are available.

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.

Texas Eastern Transmission Corp. said due to capacity constraints receipts between Longview and Batesville have been restricted. The constraints are due to the DOT hydrotest between Batesville and Lebanon that is blocking the 24-inch line. Zones STX and ETX have been restricted to capacity. Physical increases between Mount Belvieu and Batesville will not be accepted. Customers are advised that capacity may become available as the nomination and confirmation process continues through the day.

PG&E California Gas Transmission has called a Stage 2 system-wide operational flow order on its California natural gas pipeline for today's gas flow. PG&E issued the restriction because of high gas supplies on its

Generator Problems

MAAC— PSEG's 1,129 Mw Salem #2 nuclear unit started to exit a refueling outage and ramped up to 1% of capacity by early today. The unit shut April 5 for the refueling. Salem #1 continues to operate at full power.

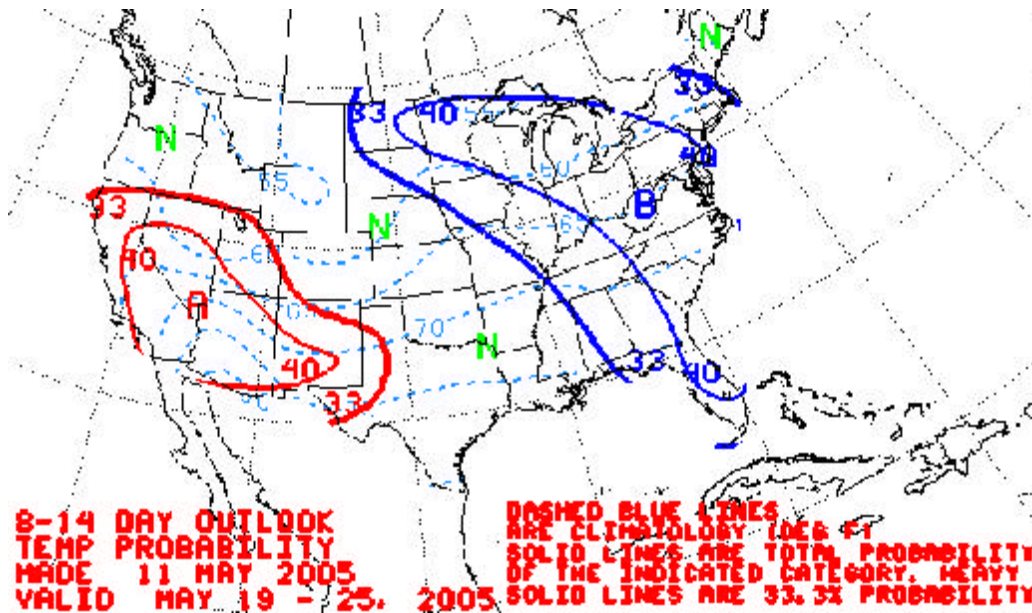
MAPP— Alliant Energy's 580 Mw Duane Arnold nuclear unit reduced output by 33% as the units operating level continues to fluctuate following a refueling/work outage. The unit was operating at 92% capacity yesterday.

SERC— Tennessee Valley Authority ramped output 90% at its 1,121 Mw Watts Bar nuclear unit, bringing the unit back to its fully rated operating capacity.

WSCC— Edison International's 1,080 Mw San Onofre #3 nuclear unit exited an outage and ramped up to 23% of capacity by early today. The unit shut on May 5 for planned work on the non-nuclear side of the plant to prepare the reactor for the peak summer air conditioning demand period. San Onofre #2 continues to operate at full power.

Canada— Bruce Power's 825 Mw Bruce A #4 returned to service today following an unplanned outage. The unit shut on May 8 during a test of one of its shutdown systems.

The NRC reported that U.S. nuclear generating capacity was at 80,110 Mw today up .08% from Tuesday and down 5.17% from a year ago.



system. The pipeline restriction has five percent tolerance, with shippers who violate the OFO subject to a \$1.00/Mcf monetary penalty.

Westcoast Energy said the acid gas constraint announced Monday evening will continue to be in effect for today's gas day until further notice.

The Overproduction Charge on Acid Gas Treatment Service will be put in place for today's gas day beginning at 8:00

AM MT. From May 11 at 8:00 AM MT until further notice, acid gas treatment availability at Pine River Gas Plant will be restricted to firm only. No interruptible acid gas treatment service is currently allowed to flow.

Iroquois Gas Transmission System said it is extending its Open Season for the MarketAccess Expansion Project to Tuesday, May 31. During the April 1 – May 31 Open Season, any party interested in acquiring year round firm transportation capacity on Iroquois must complete a Market Access Service Request Form. The rate for transportation service on Iroquois will be the FERC-approved maximum applicable recourse rate, unless Iroquois and the Shipper can mutually agree on a negotiated rate my July 1.

PIPELINE MAINTENANCE

ANR Pipeline Company recently updated its maintenance plans for both the southwest and southeast gathering systems. In the Southwest Gathering Area, ANR will begin compression station maintenance at its E.G. Hill Compressor Station in Hansford County, Texas, from May 16-20. During this period, the total receipt capacity into ANR from all interconnects between E.G. Hill Compressor Station and Custer Compressor Station, will be limited to 205 MMcf/d. Also during this period, ANR will be replacing a pipeline drip located between EG Hill C.S. and Gageby Creek C.S. In the Southeast Gathering Area, for the period June 1-10, ANR will begin repair work on its riser at Eugene Island 199, which will require the gas upstream of EI 199 along the 20-inch pipeline to be shut-in from ANR.

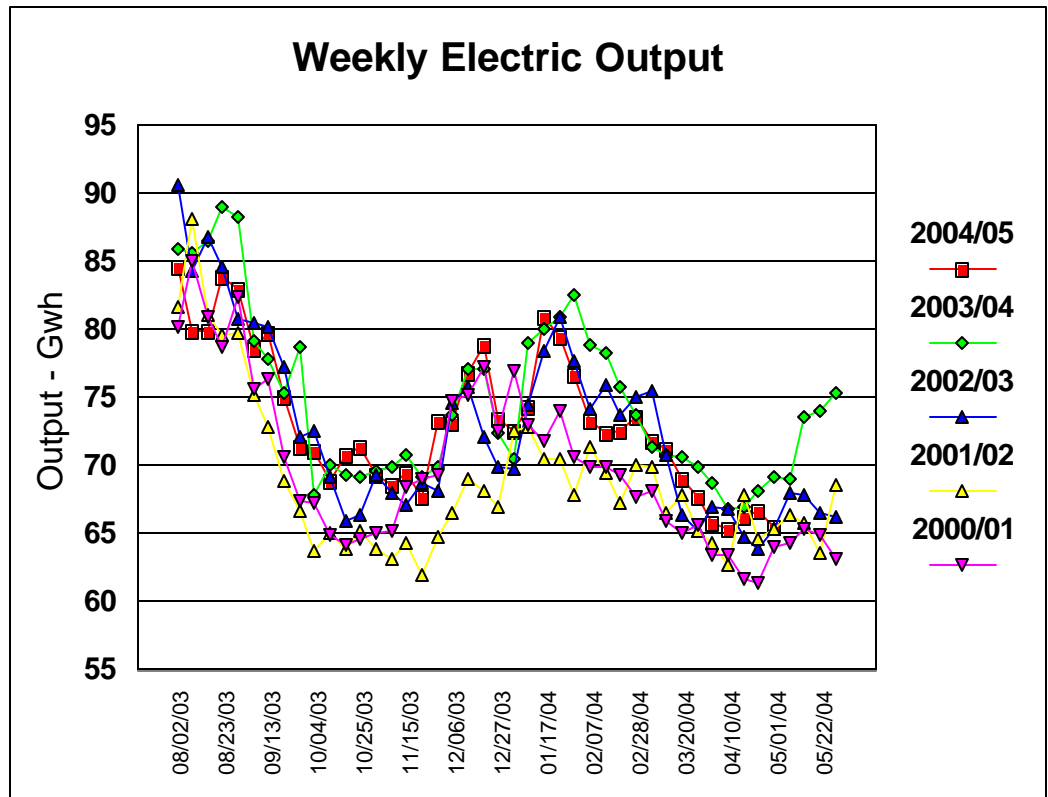
Colorado Interstate Gas Company said that in August and September, construction of CIG's 2005 Raton Basin Expansion will result in several transmission system outages affecting both Raton shippers as well as other shippers with flow through CIG's southern system's Campo and Morton Stations. On August 11 for 8-10 hours, the Lerencito M.S. will be affected by 9 MMcf/d. On August 18, for 12-16 hours, Campo Lateral 6 Interconnects will be affected by 6 MMcf/d amid work at the Kim Compressor. On August 23, for 8 hours, the Wet Canyon M.S. will be affected by 33 Mmcf/d to change out a meter tube. Also on August 23, for one day, Campo to Mocane will be affected by between 0 and 244 MMcf/d, and the Boehm Storage will be haled to 80 MMcf/d. For 3 days starting August 24, Morton to Mocane will be haled to 50 MMcf/d amid miscellaneous projects in Morton Yard. Also on August 24, for 8-10 hours Campo Lateral will be affected by 20-40 MMcf/d. For 12 hours on September 20, Campo Lateral will be affected by 10 MMcf/d.

ELECTRICITY MARKET NEWS

The Edison Electric Institute reported that electricity production in the continental U.S. for the week ended May 7 fell 1.9% from the same 2004 week to 65,573 GWh. For the first 19 weeks of the year, production totaled 1,358,973 GWh, up 1.2% from the same period last year. In the 52 weeks ended May 7, production rose 1.9% from 2004.

MARKET COMMENTARY

The natural gas market open lower today and traded sideways in anticipation of the oil complex's inventory numbers. Following the bearish to neutral report in oil, the natural gas market posted its lows of the day at \$6.600 but the bears could not hold that position as oil rebounded. Natural gas moved in a range for the rest of the day between a high of \$6.750 and an intra day low of \$6.650. The market pared its gains ahead of the close and settled down 1.1 cents at \$6.683. Volume in the natural gas market was good with 69,000 lots booked on the day.



The market is looking for a 45 bcf injection when the EIA releases its natural gas storage report tomorrow. For the same week last year, inventories increased by 75 bcf while on average over the past five years, inventories have gained about 72 bcf.

Even if the market is initially supported by the report if it shows a smaller than expected build. The natural gas market may disregard it, if the oil market continues to sell off. The natural gas market has continued to mirror the oil market. Technically, the market is seen finding support at \$6.65 followed by its low of \$6.60, \$6.595 and \$6.57-\$6.55. Further support is seen at \$6.45, \$6.38 and \$6.11. Meanwhile resistance is seen at \$6.75 followed by \$6.84, \$6.98, \$7.002 and \$7.023. More distant upside is seen at \$7.20 and \$7.385.