



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MAY 12, 2005

NATURAL GAS MARKET NEWS

EIA Weekly Report

	05/06/05	04/29/05	Net chg	Last Year
Producing Region	587	571	16	493
Consuming East	685	657	28	607
Consuming West	237	227	10	192
Total US	1509	1455	54	1292

TransCanada and Sempra Energy announced a joint open season to solicit shipper interest in a potential expansion of the exiting North Baja pipeline system, comprised of TransCanada's North Baja Pipeline and Gasoducto Bajanorte Pipeline and Transportadora de Gas Natural de Baja California, both owned by Sempra. Shippers already have contracted for capacity to move gas from Sempra's Energ a Costa Azul LNG regasification terminal currently under construction in Baja California to downstream markets. The proposed expansions contemplated by this open season would provide additional pipeline capacity for the potential expansion of the Energ a Costa Azul terminal or any additional LNG terminals planned for the area. The open season will gauge shipper interest in moving volumes away from any additional or expanded LNG regasification facilities.

Canadian Gas Association

Weekly Storage Report

	06-May-05	29-Apr-05	07-May-04
East	73.3	72.2	73.8
West	113.5	106.9	114.4
Total	186.9	179.0	188.2

PIPELINE RESTRICTIONS

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

Generator Problems

ECAR— FirstEnergy Corp.'s 1,235 Mw Perry nuclear station ramped up to 91% of capacity by early today. Yesterday, the unit was operating at 62% power as it continues to ramp up after exiting a refueling outage last weekend.

MAAC— Exelon Corp.'s 1,112 Mw Peach Bottom #2 nuclear unit cut production to about 80% of capacity as of early today. Yesterday, the unit was operating at full power. Peach Bottom #3 continues to operate at full power.

PSEG's 1,129 Mw Salem #2 nuclear unit ramped up to 30% of capacity by early today as it continues to exit a refueling outage. The unit shut April 15 for the outage and was operating at 1% yesterday. Salem #1 continues to operate at full power.

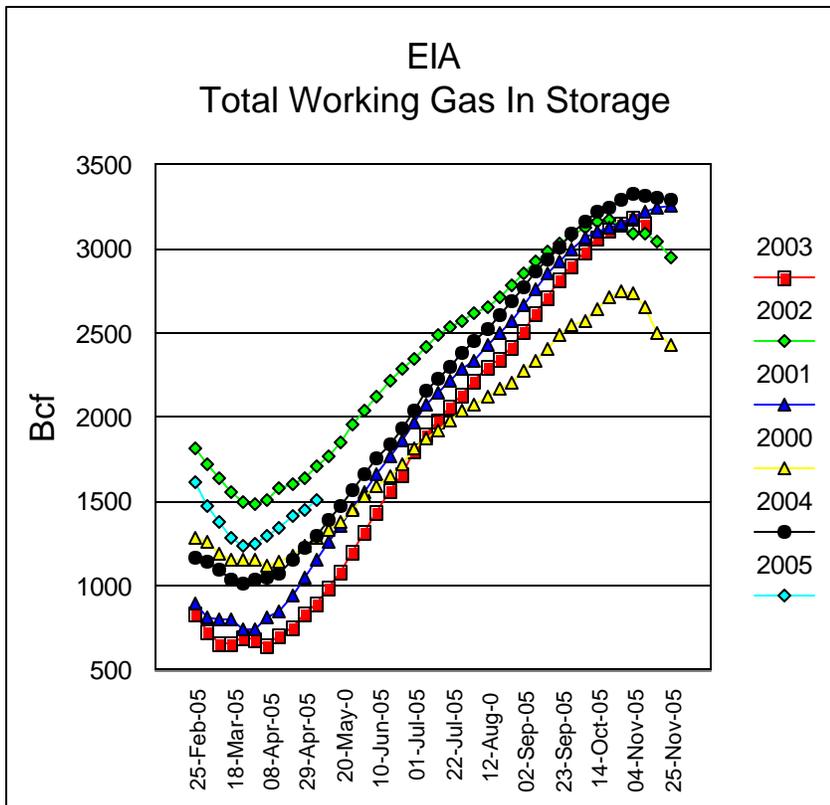
MAPP— Alliant Energy Corp.'s 561 Mw Duane Arnold nuclear unit climbed to 93% capacity by early today. On Wednesday, the unit was operating at 60% as it continued to ramp output after exiting a refueling earlier in the week.

NPCC— Entergy Corp.'s 684 Mw Pilgrim nuclear unit was operating at 2% of capacity early today as it began to exit a refueling outage. The unit has been shut since about April 18 for a planned maintenance and refueling outage.

SERC— Duke Energy Corp.'s 1,129 Mw Catawba #2 nuclear unit was cut to 9% of capacity early today. Yesterday, the unit was operating at full power. Catawba #1 has been shut since May 7 for a planned refueling and maintenance outage.

WSCC— Edison International's 1,080 Mw San Onofre #3 nuclear unit ramped up to 93% by early today. The unit shut May 5 for planned work. San Onofre #2 continues to operate at full power.

The NRC reported that U.S. nuclear generating capacity was at 80,441 Mw today up .41% from Wednesday and down 4.45% from a year ago.



continues to be May 23. As each unit is repaired, additional capacity may become available before May 23. Currently, Segment 220 is limited to 320 MMcr of gas per day, while Segment 240 is flowing 375 MMcf/d. Meanwhile, force majeure conditions are still in effect.

PIPELINE MAINTENANCE

Southern Natural Gas Pipeline said that based on the best information available, the Muldon Storage Field is projected to return to service around May 27. On May 3, SoNat indicated it had identified a need to perform unscheduled maintenance on one of three compressor units at Muldon.

ELECTRICITY MARKET NEWS

Wisconsin Public Service Corp. has agreed to purchase a majority of the electric distribution assets of Consolidated Water Power Company. CWPCo will retain ownership of a portion of the distribution system. The sale does not include any of the dams

or hydrogeneration facilities on the Wisconsin River. CWPCo recognizes that the system needs upgrades and rather than raising rates, entering a deal with Wisconsin Public Service will better serve its customers.

Calpine Corp. is pledging to further improve its low-carbon emissions profile. Calpine's goal is to reduce its greenhouse gas efficiency-based emissions rate by 4% from 2003 levels by 2008. Compared to the average fossil-fueled power plant in the U.S., Calpine's combined-cycle natural gas-fired units on average release nearly 54% less carbon dioxide. Calpine is enhancing its operations and maintenance program and has patented new technologies to improve the fuel efficiency of natural gas-fired combustion turbines.

The US NRC renewed the operating licenses for both units at Southern Co's 1,675 Mw Farley nuclear power station in Alabama for an additional 20 years. The renewals extended the licenses for unit 1 until June 25, 2037 and unit 2 until March 31, 2041. The NRC said its staff found no safety or environmental concerns that would preclude license renewal.

MARKET COMMENTARY

The natural gas market continued its downward trend, opening lower at \$6.59 and never looking back. The market continued to mirror the oil market early in the session. It gapped lower and continued to sell off amid the weakness seen in the oil market. The market also drifted lower in anticipation of today's EIA storage report in which the street was looking for a 45 bcf injection. The report exceeded expectations, coming out with a 54 bcf injection. The spot month quickly sold off to its low of the day at \$6.44 and then traded in a pennant formation, establishing its sideways range for the rest of the day between \$6.55 and \$6.47. It settled sharply lower, down 17.2 cents at \$6.511. Volume was excellent with over 86,000 lots booked on the day.

The natural gas market on Friday may initially retrace some of its sharp losses. However its gains may be limited as the market may continue to trend lower following today's storage report. Technically, the market is also seen trending lower as its daily stochastics are ready to cross to the downside. The test will be whether it is able to break below its support at \$6.45, a double bottom. If the market does breach that level, more distant support is seen at \$6.38 and \$6.11. Meanwhile resistance is seen at \$6.55, \$6.60, \$6.645, and \$6.691. More distant resistance is seen at \$6.75 and \$6.84.