



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MAY 13, 2005

NATURAL GAS MARKET NEWS

After attracting billions of dollars in investment to produce LNG, exporting countries are considering whether they should tap on the brakes to make sure there isn't a glut of the fuel by the end of the decade. A glut and resulting price decline would be good news for consumers in North America, Europe and industrialized Asia, where, where natural gas is used for everything from powering homes and business to serving as a manufacturing raw material. Lower prices could hurt gas-producing nations and the big energy companies that have invested heavily in new LNG facilities. The Gas Exporting Countries Forum isn't talking about following OPEC's quota system, but they plan to build and share a global supply-and-demand model to be used to negotiate future contracts and potentially prevent too much of the gas from hitting the markets by 2010.

Questar Corp. has entered into agreements with the Ute Indian Tribe in the Uintah and Ouray Indian Reservation to explore for, develop, produce and gather natural gas on tribal land in the Uinta Basin of northeastern Utah.

Baker Hughes reported that the number of rigs searching for oil and natural gas in the US fell by 16 to 1,308 in the week ending May 13th. The number of rigs searching for natural gas fell by 11 to 1,158.

PIPELINE RESTRICTIONS

NGPL said that effective today and until further notice, limited capacity is available for deliveries to Florida-Vermilion. Also effective today and until further notice, limited capacity is available for deliveries to Columbia

Generator Problems

MAAC— Exelon's 1,116 Mw Peach Bottom #2 nuclear unit was ramped up 20% to return the unit to full power after being reduced for unknown reasons. Peach Bottom #3 continues to operate at full power.

PSEG's 1,100 Mw Salem #2 nuclear unit ramped output 15% to operate at 45% of capacity. The unit was shut April 7 for a scheduled refueling and maintenance outage. Salem #1 continues to operate at full power.

MAIN— Exelon's 1,170 Mw LaSalle #1 nuclear unit reduced output to 83%. The unit was operating at full power yesterday. LaSalle #2 continues to operate at full power.

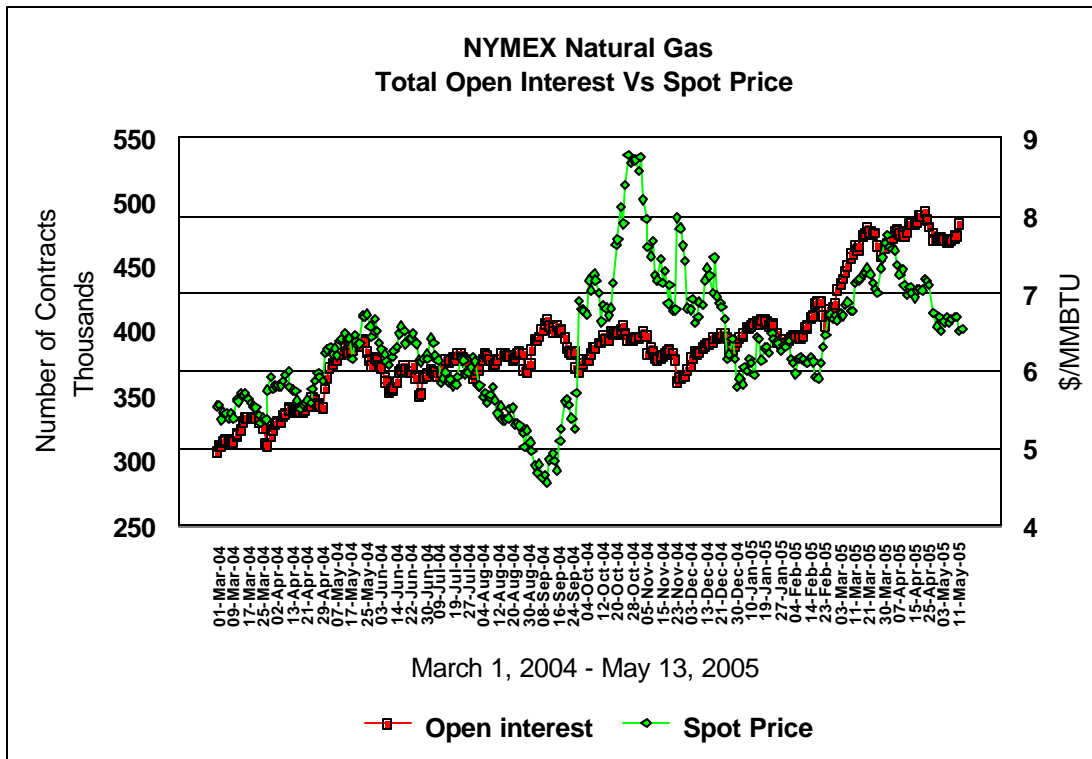
NPCC— Entergy Nuclear Operations is still warming up its 670 Mw Pilgrim off the grid, but increased power to 18%.

SERC— Progress Energy started to shut the 872 Mw Brunswick #1 nuclear unit due to the loss of emergency power supply equipment yesterday. Early today, the unit was operating at 57%, down from full power yesterday. Brunswick #2 continues to operate at full power.

Duke Energy Corp.'s 1,129 Mw Catawba #2 nuclear unit exited an outage and ramped up to 40% of capacity by early today. Catawba #1 remains shut for a planned five-week refueling outage that began on May 7.

SERC— Progress Energy's 938 Mw Brunswick #1 nuclear unit is operating 57% after a non-emergency event prompted a shutdown of the unit. Brunswick #2 continues to operate at full power.

The NRC reported that U.S. nuclear generating capacity was at 80,787 Mw today up .43% from Thursday and down 6.69% from a year ago.



Gulf-Chalkley. Also effective today and until further notice, capacity is available for deliveries to Texas Gas-Lowry and in Segment 18 for gas received to be transported eastbound.

Tennessee Gas Pipeline said effective today due to nominations in excess of the available capacity, it has restricted Carthage Line Lateral.

Tennessee restricted approximately 10% of Supply to Market Secondary Out of the Path nominations.

Algonquin Gas Transmission said that the Tennessee Gas Mahwah point has been nominated to capacity on the Algonquin system for Friday, May 13. Nomination increases for receipts sourced at Mahwah will not be accepted for gas day 13.

Kern River Pipeline said that line pack levels are high. Shippers and Operators should ensure that they take delivery of their scheduled quantities. Line Pack is high at Kern ML North from Muddy Creek to Elberta, Kern ML Middle from Elberta to Goodsprings, Kern ML South from Goodsprings to Common Facility.

Southern Natural Gas Pipeline issued its best projection of the likelihood of implementing a Type 6 OFO for the following dates based on current receipts and projected deliveries. On May 13, there is a probability of UL for long or short imbalances, May 14, TCTC for long and UL for short imbalances, and May 15, TCTC for long and UL for short imbalances.

PIPELINE MAINTENANCE

Mississippi River Transmission Pipeline said that due to critical maintenance at MRT's Perryville compressor station, effective 9:00 AM ET May 24, through 9:00 AM May 27, MRT will only be able to schedule 200 MMcf of gas per day of Primary Firm delivery capacity to the Perryville Hub.

Northern Natural Gas Company said it will perform maintenance and pressure sweeping activities on the Benson Line from May 17 through May 27. Lower TBS inlet pressures and pressure fluctuations could be experienced at delivery locations due to the maintenance and pressure sweeping activities, but Northern does not anticipate fluctuations in TBS delivery pressures nor any impact to delivery volumes. Also Northern said it will be conducting required maintenance and pipeline inspections on the Palmyra to Hooper C line through May 18, as a pressure reduction is required for this maintenance activity. Further pressure reductions may be required based on the information gathered from the initial pipeline inspections.

Williston Basin Interstate Pipeline Company said that due to unplanned maintenance, one unit at the Baker South Compressor Station will be down until this afternoon. Based upon current operating conditions, receipt point ID 04018 Baker Area Mainline will be affected by approximately 5 MMcf/d.

ANR Pipeline Company provided an update on the damage that occurred on May 10 to ANR's Custer Compressor Station. Preliminary indications are that a pipeline belonging to a third party ruptured and the resulting fire spread to ANR's Custer Compressor Station.

NGPL reported a failure on one of its pipelines in Harrison County, Texas, resulting in a fire at the Harrison County Power Plant. The 550 Mw natural gas-fired combined cycle power plant is located approximately 8 miles southeast of Marshall, Texas.

ELECTRICITY MARKET NEWS

Sierra Pacific Resources has announced that its two Nevada-based utility subsidiaries, Nevada Power Co. and Sierra Pacific Power Co., have issued a Request for Proposals for energy and credits generated by renewable energy fuel sources. The request is part of the utilities' actions to comply with Nevada law which requires Nevada utilities to generate or acquire a certain percentage of renewable energy resources, including solar, wind, geothermal, biomass and hydro sources, for use in serving customers within the state. Sierra Pacific Resources is seeking renewable proposals totaling approximately 200 Mw of wind, geothermal, hydro biomass, reverse polymerization and biogas, and 70 Mw of solar.

MARKET COMMENTARY

The natural gas market opened slightly lower than yesterday's close and drifted up to post an intraday high of \$6.54 before coming under a little bit of pressure and falling to its low on the day of \$6.43. The market found support at the \$6.45 level and bounced of there a few times before following the oil complex higher ahead of the weekend close. Natural Gas posted its high of the day in the last minutes of trading at \$6.55, and settled up 2.5 cents at \$6.536. Volumes were good with 61,000 lots booked on the day.

The latest Commitment of Traders report indicated that non-commercials in the natural gas market continued to increase their bearish bias as their net short positions increased by 5,887 to 24,927 contracts in the week ending May 10th. The combined futures and options report also showed that non-commercials also increased their net short positions from 13,889 contracts to 19,627 contracts on the week. Given the market's continued sell off, non-commercials have continued to add to their net short position. Open interest as of Thursday, increased by a total of 8,911 contracts as the market sold off. This increase was most likely new shorts in the market.

The natural gas market, which was lifted by the late rebound in the crude market and short covering ahead of the weekend, may continue to trend lower next week especially if the oil market remains pressured. The market is seen finding resistance at its high of \$6.55, followed by \$6.59, \$6.61, \$6.637 and \$6.685. More distant resistance is seen at \$6.75 and \$6.84. Meanwhile support is seen at \$6.48, \$6.435 followed by \$6.38 and \$6.11.

