



ENERGY RISK MANAGEMENT

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

www.e-windham.com

POWER MARKET REPORT FOR JUNE 21, 2005

NATURAL GAS MARKET NEWS

Consultant group ESAI reported that any new U.S. gas production in the next five years largely will go to offset steep production declines from aging fields, resulting in "limited" reserve base growth of only 0% to 2% per year. Domestic gas production now represents some 85% of total U.S. supply, down from 95% in the late-1970's. That figure is expected to drop below 80% after 2010. ESAI warned that North America will experience "prolonged production capacity constraints for the next five years, causing natural gas prices to remain extremely sensitive to any unplanned supply disruptions." Excess output only will be available in the Rockies for the foreseeable future, and LNG imports are likely to gain a larger and larger market share in the next 10 years. ESAI also supported the current energy bill's focus on increased domestic output and a more reliable transmission system, as well as streamlined LNG terminal siting.

Point Comfort Pipeline Co. has filed with FERC for a 27-mile, 36-inch diameter pipeline to connect the proposed Calhoun LNG receiving terminal on the Texas Gulf Coast with inter- and intrastate pipelines in South Texas. An affiliate, Calhoun LNG, a wholly owned subsidiary of Houston-based Gulf Coast LNG Partners originally filed plans for the LNG import terminal last March.

PIPELINE RESTRICTIONS

Natural Gas Pipeline Company of America said the force majeure is still in effect due to the failure that occurred on the Gulf Coast #3 mainline in Segment 26. In other news, Segment 17 is at capacity today. NGPL is at capacity for gas received upstream of Compressor Station 155 in Wise County, Texas in Segment 1 going northbound.

Gulf South Pipeline said that based upon its initial review of nominations, NNS demand, and other factors, Gulf South may be required to schedule available capacity and implement scheduling reductions for East Texas – Area 8.

Generator Problems

ERCOT— AEP's 528 Mw Welsh #2 coal-fired power station would be shut June 21-25 for maintenance work.

MAAC— PSEG Nuclear's 1,100 Mw Hope Creek unit is operating at full capacity today. Yesterday, the unit was operating at 90%.

MAPP— Omaha Public Power District's 476 Mw Fort Calhoun nuclear unit dipped to 50% of capacity by early today to work on a leak in the condenser. Yesterday, the unit was operating at 98% of capacity.

NPCC— Constellation Energy Group's 565 Mw Nine Mile Point #1 nuclear unit is operating at full power today, up 15% from yesterday. Nine Mile Point #2 remains at full power.

SERC— Southern Co.'s 833 Mw Farley #1 nuclear unit started to exit an outage and ramped up to 13% of capacity by early today. Farley #2 continues to operate at full power.

WSCC— Energy Northwest expects the 1,108 Mw Columbia nuclear unit to return to service soon following a maintenance outage. The unit shut June 15 due to a problem with a circuit card in the digital hydroelectric system.

The NRC reported that U.S. nuclear generating capacity was at 92,579 Mw up .04% from Monday and down 3.08% from a year ago.

Texas Eastern Transmission Corp. said it has restricted ETX, M1-24-inch and M2-24-inch to capacity. Nomination increases between Longview and Batesville will not be accepted.

PIPELINE MAINTENANCE

Gulf South Pipeline said it will be performing scheduled maintenance on the Elm Grove 10-inch located in Bossier Parish, Louisiana, beginning June 23, and lasting for eight hours. Due to this maintenance, Gulf South said that Force Majeure conditions on the Elm Grove 10-inch, Bossier Parish, Louisiana, and will affect Gulf South's ability to provide service to the following receipt locations: Elm Grove CP, Bomar Caplis, and Red Chute CP.

Kern River Pipeline said that on July 26, it will complete the required annual test of the Emergency Shut Down System at the Anschutz Compressor Station. This will be combined with an outage of the compressor station required to install a bypass in the compressor yard piping. The scope of the work will require an eight-hour shutdown of the compressor station. Due to station piping limitations, Merit's Anschutz Plant will have no flow into Kern River for the duration of the work. Kern River anticipates no impact to scheduled volumes.

Panhandle Eastern Pipe Line Company said that there will be an outage on the Olpe 300 Line from Olpe to 4 Gate for hydrostatic testing beginning June 1. The outage was expected to last 13 days, but has been extended until June 24. During this outage, the capacity through Houstonia will be limited to 1,140 MMcf/d.

Westcoast Energy has updated its upcoming maintenance plans. On June 21 from 8:00 AM PT to 8:00 PM PT, production from the 16-inch Boundary Lake pipeline will not be able to flow to the DEGT North System; however the Alliance Pipeline interconnect will remain available. All producers and shippers on the 16-inch Boundary Lake Pipeline should make appropriate business arrangements for this time period. The four-day Compressor Station 1 PSV work from June 22-25 at Compressor Station 1 will not impact production from the 16-inch Boundary Lake pipeline to the DEGT North System. From 8 :00 PM PT June 21 to July 9, there will be no compression available at Compressor Station 1. However, 16-inch Boundary Lake gas will be able to free flow into the 30-inch Fort St. John Mainline to CS2 during this period. All westbound transportation service on the 26-inch Alberta Pipeline will be bypassed to the 30-inch FSJ Mainline during the CS1 outage. No impact to westbound service is anticipated. Eastbound transportation service to Gordondale will be supplied from the discharge of CS2. No impact to eastbound transportation service on the 26-inch Alberta pipeline is anticipated.

Williston Basin Interstate Pipeline Company said that due to unplanned maintenance, the Baker South Compressor Station will be shut down for 12 hours on June 23. Point ID 04018 Baker Area Mainline will be affected by approximately 5 MMcf for gas day June 23.

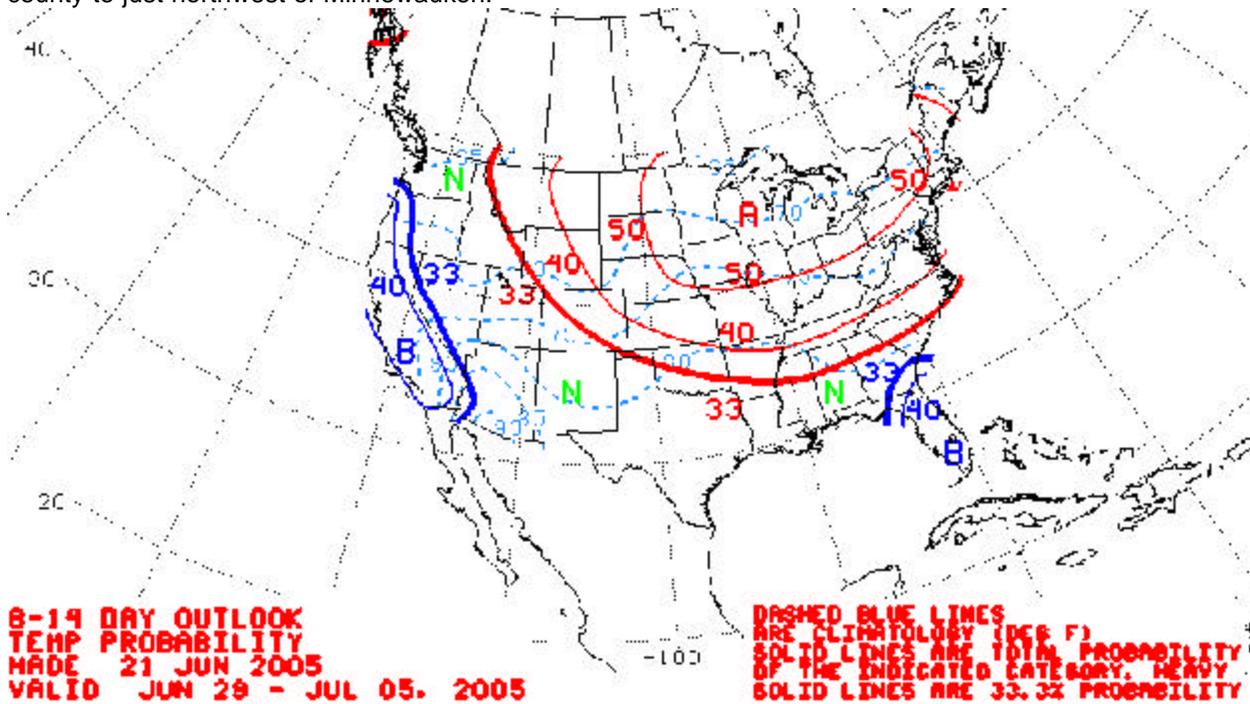
ELECTRICITY MARKET NEWS

At 4:15 pm on May 27, the lights flickered across Ontario, and Hydro One, Toronto's electric utility, quickly reassured the public that the protection equipment worked as designed to isolate the fault. In fact the situation was much more tenuous. The power blip involved an extremely rare, still unexplained failure of two protection systems, according to internal documents of the utility, reports to oversight agencies and eight engineers. By their accounts, the failure brought the region's power grid to the verge of a blackout like the one that struck on Aug. 14, 2003.

Dynergy Inc. announced that it completed the scheduled maintenance outages of its Power Generation fleet and that the company's plants are ready for the summer cooling season. Dynergy's scheduled maintenance outages were performed on 21 power generation units at facilities in four states. Dynergy's Power Generation facilities utilize a diverse mix of fuels to produce electricity, including coal, oil and natural gas, and are located in 12 U.S. states.

Independent power company Calpine Corporation is prepared for a successful summer. With blistering heat waves in California, Texas, and the South, power grid breakdowns, and drought in the Northwest has pushed prices, and Calpine is positioned to benefit. The company has plans to sell assets, boosting cash flow and its two new power plants have started up just in time for the summer demand.

Great River Energy said that thunderstorms that plowed through north central North Dakota early June 19 caused significant damage to 30.9 miles of a Great River Energy transmission line. Approximately 230 transmission structures were destroyed or damaged on a 230 kV line from just southeast of Balta in Pierce county to just northwest of Minnewauken.



Public Service Electric & Gas is ready to meet the season's high electric demand. The utility yesterday announced significant investments and upgrades it has made over the last twelve months to keep the lights on and New Jersey's residents cool this summer.

MARKET COMMENTARY

The natural gas market opened lower for the second straight day as moderate weather keeps cooling demand generation to a minimum. Like the oil complex, natural gas traded sideways in a 10 cents range, finding support at \$7.435 and resistance at \$7.58. Like the oil complex, natural gas came under pressure at the end of the day and closed down near lows, off 19.6 cents at \$7.474. Traders are awaiting the inventory statistics, and tomorrow's oil numbers should provide natural gas with something to mirror until its own inventory numbers are released on Thursday.

While spot cash continued to soften today as moderate temperature kept electric generating demand for gas limited, we see the approach of warmer temperatures over much of the nation by this weekend for an extended period of time should help limit the downside potential of this market, unless oil prices collapse. In addition the advancement of a tropical wave in the Caribbean which is still seen as a potential candidate for further development later this week by some weather forecasters, should also provide support to this market. We see support initially for this market at \$7.43, followed by the gap at \$7.34-\$7.315. We would look to be a scale down buyer at \$7.20, as we see additional support at \$7.16, \$7.038 and \$6.965. Resistance we see at \$7.58, \$7.618 and \$7.661. More distant resistance we see at \$7.80, \$7.90 and \$8.04.

