



ENERGY RISK MANAGEMENT

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

www.e-windham.com

POWER MARKET REPORT FOR JULY 13, 2005

NATURAL GAS MARKET NEWS

The New York Mercantile Exchange and broker ICAP plan to launch an electronic market in same-day over-the-counter options on prompt-month settlement prices for crude oil and natural gas. The 30-minute auctions are to begin the morning of July 18. The NYMEX is to clear and settle the same-day OTC options, while ICAP is to be responsible for order entry and Goldman Sachs is to serve as a liquidity provider. The same-day options are to be traded through an auction format in which the options' prices are based solely on the relative demand of participants – the more popular the strike, the greater its value. The daily settlement derivatives auctions would allow market participants to either hedge or take market risk directly associated with the daily swings in crude oil and natural gas prices. The new settlement auctions on natural gas are to run from 8:45 AM – 9:15 AM.

The National Hurricane Center continued to watch the development of Tropical Storm Emily. Forecasters noted the storm was still in the organizing stage and that a larger and stronger than expected ridge of high pressure over Florida was keeping the storm and its forecasted track further south than expected from yesterday. As a result consensus forecast had the storm eventually hitting the Yucatan Peninsula. While one computer model, the UKMET, midday seemed to spook the market as it pointed to the storm heading into the Gulf of Mexico and targeting southeast Louisiana, the prevailing consensus through the afternoon though was that the storm would remain on its westward-northwestward track and was a growing threat to Mexico or even Central America. The private weather forecasting service, Impact Weather said this afternoon that the storm would likely pass through the southern Gulf making landfall some 300 miles south of Brownsville, Texas, well south of U.S. oil and gas producing areas. Accuweather this afternoon appeared to leave open the eventual landfall of this storm from Central America to South Texas.

The U.S. Minerals Management Service reported just after 2 PM that as of 11:30 AM this morning some 1.03 bcf/d of natural gas production in the Gulf of Mexico remained off line. The MMS found that only 4 oil/gas platforms and 2 oil/gas rigs remained evacuated following Hurricane Dennis.

Reuters reported today that a hotter than normal start to this summer has increased U.S. demand for electricity and as a result its survey of energy analysts finds that almost all have raised their price estimates. A survey of 25 industry experts showed that most expected prices for natural gas at Henry Hub to be some 6% higher than their

Generator Problems

FRCC— FPL Group's 693 Mw Turkey Point #4 nuclear unit started to exit an outage and ramped up to 1% of capacity by early today. The unit shut June 27 due to a transformer fire. Turkey Point #3 continues to operate at full power.

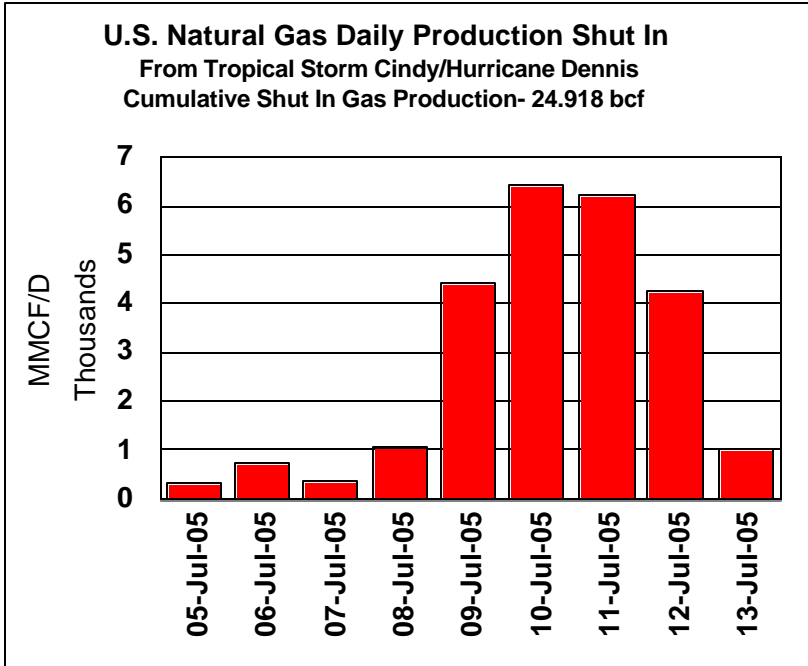
MAAC— Exelon Corp.'s 1,112 Mw Peach Bottom #2 nuclear unit ramped up to 95% of capacity by early today. Yesterday, the unit was operating at 67%. Peach Bottom #3 continues to operate at full power.

WSCC— Arizona Public Service's 1,247 Mw Palo Verde #3 nuclear unit started to exit an outage and ramped up to 12% by early today.

Calpine Corp.'s 605 Mw Metcalf natural gas-fired unit increased output back to full power late yesterday.

The 754 Mw Unit #6 at the Moss Landing power plant was back in service today after falling off line Tuesday.

The NRC reported that U.S. nuclear generating capacity was at 93,383 Mw up .52% from Tuesday and down .64% from a year ago.



April forecasts. The group's average price now is estimated at an average price for this year t \$6.74. Estimates for 2006 were pegged at \$6.55 with 2010 prices estimated at \$5.57, up some 4% from April's estimates.

PIPELINE RESTRICTIONS

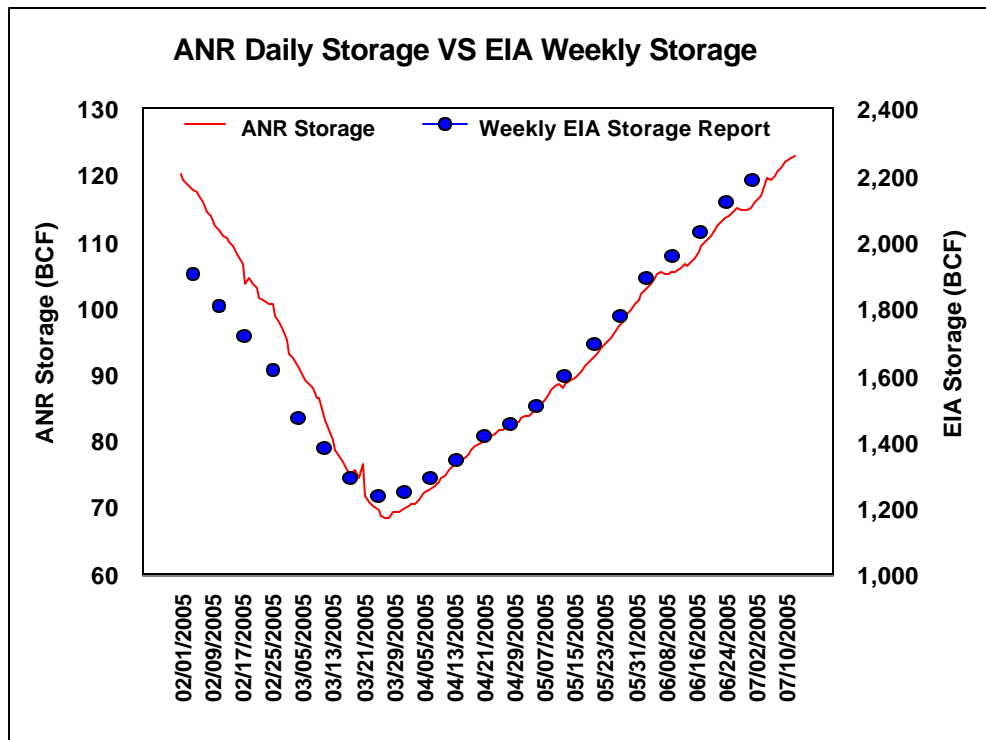
Natural Gas Pipeline Company of America said that the force majeure is still in affect due to the failure that occurred on May 13 on the Gulf Coast #3 mainline. In other news, Segment 17 is at capacity today. All Louisiana Line Segments (25, 23 and 24) are at capacity for eastbound transport volumes. Deliveries to Columbia Gulf Chalkley are at capacity. NGPL is at capacity for gas received upstream of Compressor Station 155 in Wise County, Texas in Segment 1 going northbound. ANR South Joliet #2 is at capacity for deliveries.

Florida Gas Transmission said that due to hot temperatures in its market area, it is issuing an Overage Alert Day at 25% tolerance.

El Paso Natural Gas Company said that current operating conditions have lowered its ability to move gas south on the Havasu Crossover. The capacity will be lowered to 650 MMcf/d effective Cycle 1, July 13 and continue until further notice.

Questar Pipeline Company said that due to unseasonably high liquid recovery at Price Station and ongoing high hydrocarbon dew point on the pipeline between Fidlar Station and Price Station, it has been unable to manage the Price HDP at 40 F. As a result, Questar said it is not able to continue blending. In order to restore the HDP to acceptable limits, Questar began scheduling volumes from sources with the highest HDP yesterday. These restrictions are expected to continue until the acceptable Price HDP is stabilized.

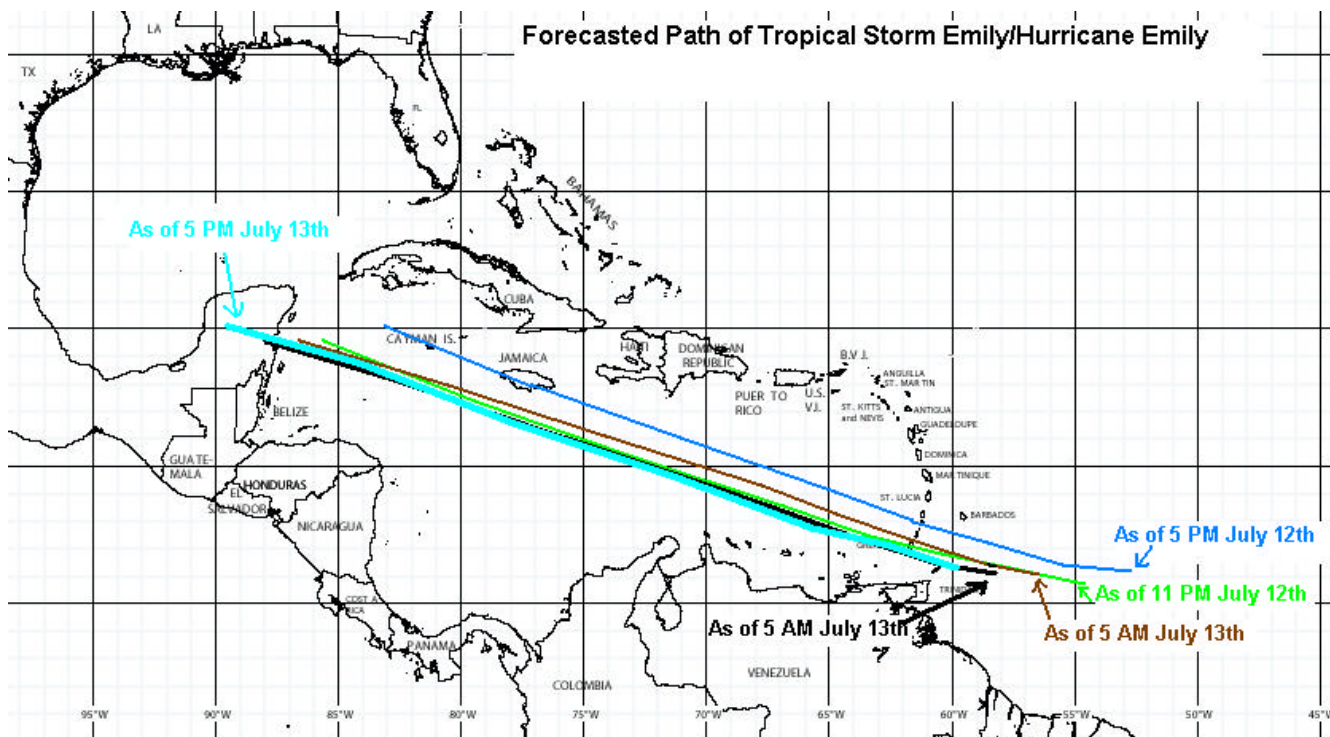
Trailblazer Pipeline Company said that it has an unscheduled outage at Compressor Station 602 in Lincoln County, Nebraska. Continuing until further notice, interruptible flow, authorized overrun and secondary out-of-path transports will not be available for scheduling.



PIPELINE MAINTENANCE

ANR Pipeline Company said that it has completed the engine maintenance on its St. John Compressor Station and the associated Michigan Leg South capacity restriction has been lifted. Based on current nomination levels through St. John, it is anticipated that the above reductions may result in the curtailment of firm secondary and IT nominations. As a result, firm secondary and interruptible transportation services are not being scheduled in the area and along the Southwest Mainline. The incident has not impacted ANR's ability to meet its firm primary obligations.

Williston Basin Interstate said maintenance to replace approximately one-half mile of mainline on the Garland-Elk Basin Line will be performed between July 18-20. Receipts in Line Sections 19, 20 and 21 may potentially be affected depending on quantities nominated. Also, a mainline regulator will be installed at the Cabin Creek Compressor Station, taking 4-6 hours on August 2. There may be potential delivery restrictions in East Mon-Dak



and Sheyenne Sub-Systems depending on quantities nominated, however based upon traditional summer time operating conditions, such a restriction is not anticipated at this time. Maintenance will be performed at the Glen Compressor Station over the course of three days sometime between August 1-26. Deliveries may be potentially restricted at Point ID 01050 Northern Border-Glen Ullin depending on quantities nominated. However, based upon traditional summer time operating conditions, such a restriction is not anticipated at this time.

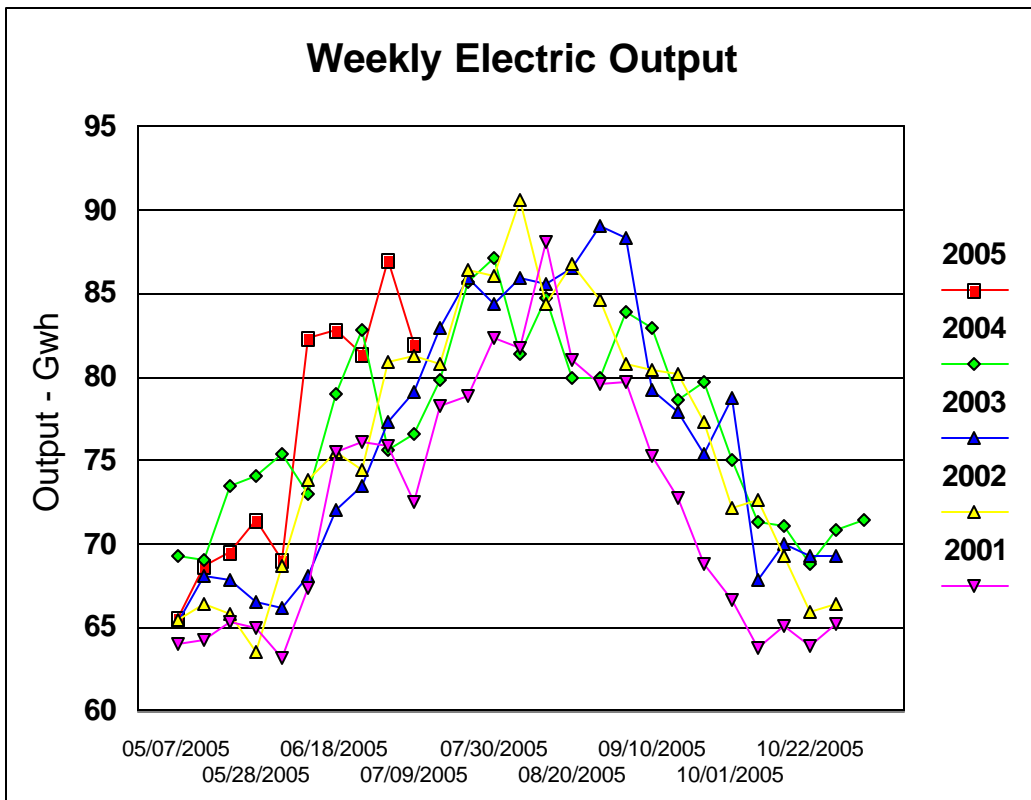
ELECTRICITY MARKET NEWS

The Edison Electric Institute reported today that for the week ending July 9th some 81,953 Gwh of power was produced in the United States. This was some 5.8% less than the previous week, but still some 2.68% higher than the same week a year ago. For the first 28 weeks of 2005, electric production is up 1.6% from a year ago.

Duke Energy and Cinergy said they had filed an application with FERC seeking approval of their \$9-billion merger by early 2006. The companies said the application states that by combining resources and best practices, the merger will enhance operations and create efficiencies in the new company. The planned combination will result in significant cost savings and other operational efficiencies, offering both strategic and financial advantages in serving the energy marketplace. The companies said they expect that upon review with state commissions, savings will be shared between customers and shareholders over time in an equitable manner. The companies told FERC that the combined merchant power operation, with a fleet of more than

16,000 Mw of unregulated generation, will benefit from increased fuel and market diversity, and that the combination would create no competitive issues and would have no adverse impact on rates or regulation.

Due to the expectation of high loads and temperatures across the California ISO Control Area, the CAISO declared Restricted Maintenance Operations for today, from 5:59 AM PT through 9:59 PM PT. Restricted maintenance operations, as detailed in ISO Operating Procedure E-509, will be in effect. Market participants are cautioned to avoid actions, which may unnecessarily jeopardize generator availability. Demand in the Golden State is called to reach 44,519 Mw today and 45,509 Mw tomorrow, while 7,861 Mw was either limited or offline.



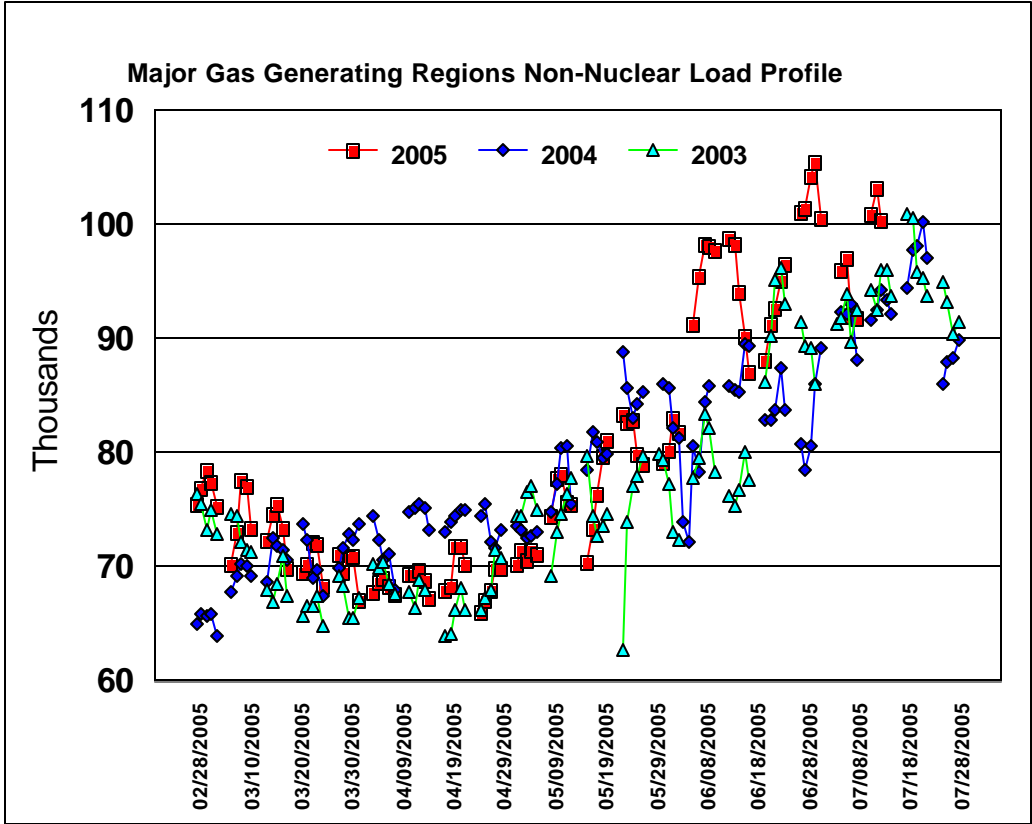
Green Energy Resources announced today that nearly two dozen new biomass power plants are scheduled to go on line in 2006 in the U.S. Green Energy Resources has been contacted by numerous power utilities in regard to supplies of biomass throughout the U.S., including Florida, Michigan, California, New York, Connecticut, New Jersey, Vermont, and Pennsylvania. The renewable Portfolio Standard is very favorable in the northeast, where power generators get both Renewable Energy Credits and tax credits for Green Energy.

MARKET COMMENTARY

The natural gas market opened a dime lower this morning as traders found that the forecasted path of Tropical Storm Emily had been shifted further south than last night's estimates, and as a result appeared to lower the threat to U.S. Gulf oil and gas production. The market though did rebound at mid day when one forecasting model did put this storm into the heart of the Gulf of Mexico, while prices did back off the highs when the consensus forecast appeared to still look for this storm to move towards the Yucatan and the southern Gulf of Mexico. Final volume on the day was estimated 80,000 futures contracts traded on the day.

The NYMEX reported at midday that open interest in the natural gas contract increased by a surprising 3961 lots basis Tuesday's trading. This was the eighth consecutive session in which open interest in this market has grown.

These price gyrations show how nervous traders are for any further disruption of production. Given that tomorrow's is an EIA storage report day, this uncertainty over supply/demand balance will probably continue. While cooling degree day totals for last week are nearly identical to the preceding week, the fact that this reporting period will include the July 4th holiday, the restriction in industrial demand should allow injections to rebound back to a 85-90 bcf level, despite the loss of some 1.5 bcf in offshore production during the period due to Tropical Storm Cindy. Current market expectations seem to be focused around 80-85 bcf build.



We would look for support in this market to be found at \$7.79 initially followed by \$7.72, \$7.645, and \$7.54-\$7.53. More distant support we see at \$7.505 and \$7.365. Resistance we see at \$8.035, \$8.10 followed by \$8.29 and \$8.36.