



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR AUGUST 10, 2005

NATURAL GAS MARKET NEWS

FERC approved a new market link for Rockies gas Tuesday, giving the go-ahead for construction of EnCana's Entrega Gas Pipeline, featuring 328 miles of 36- and 42-inch, line from the Piceance Basin through the Wamsutter Basin and Hub in Sweetwater County, WY, to the Cheyenne gas trading hub in Weld County, CO, where several eastbound pipelines converge. The \$664 million project will be able to transport up to 1.3 Bcf/d.

Seven lines of text added by Rep. Jim McGovern (D-MA) to the Transportation Authorization Bill, which President Bush is expected to sign on Wednesday, could spell doom for the proposed Weaver's Cove LNG import terminal in Fall River, MA.

PIPELINE RESTRICTIONS

Trunkline said it has received inquiries relating to the interconnect with Transco at their Ragley location 80277. Since July, Transco has been periodically unable to accept the scheduled quantity at the interconnect. Should Transco be unable to accept the scheduled quantity at the interconnect, it may be required to limit flow to a level that is operationally acceptable to Transco and is less than the location's capacity.

PIPELINE MAINTENANCE

Trunkline LNG Company said there will be reduced sendout capacity at the TLNG Terminal for pump maintenance beginning August 9 and ending August 12. The expected duration is four days. The maximum sendout will be limited to 900 MMcf/d due to the performance of the remaining pumps in service. Peaking sendout is expected to return to 1 Bcf/d beginning August 13.

Williston Basin Interstate Pipeline Company said maintenance will be performed at the Dickinson Compressor Station between 9:00 AM MT August 18 and 5:00 PM MT August 21. Deliveries may be potentially restricted in the 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. Also, the company said maintenance will be performed at the Glen Compressor Station between 9:00 AM MT August 15 and 5:00 PM MT August 17. Deliveries may be potentially restricted at Point ID 01050 Northern Border Glen Ullin depending on quantities nominated. However, based upon current nominations, such as restriction is not anticipated at this time.

ELECTRIC MARKET NEWS

Generator Problems

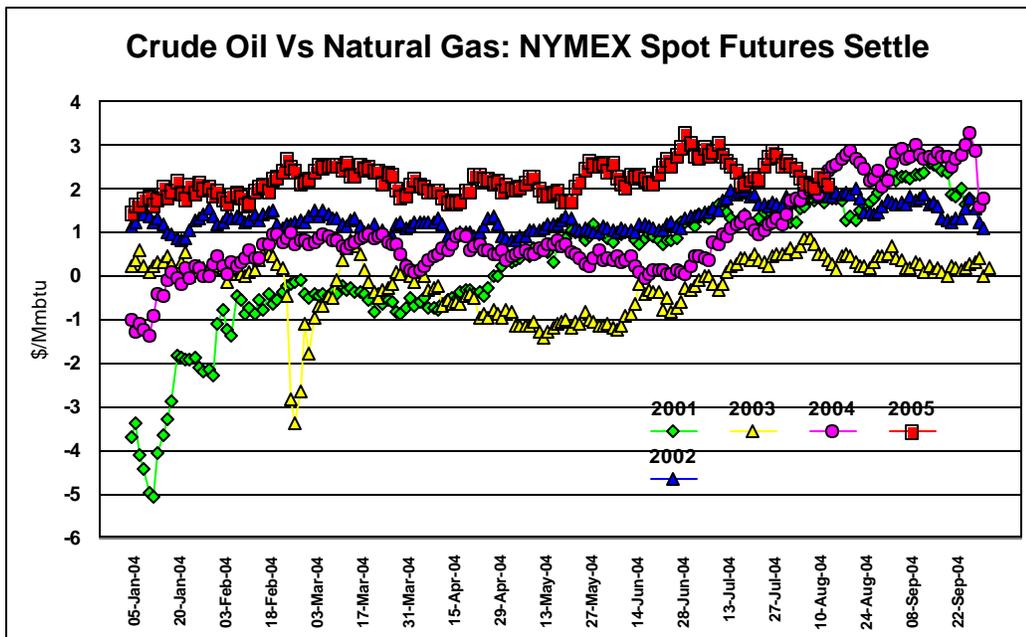
ERCOT— TXU Corp. expects to restart the 553 Mw Sandow #4 coal-fired power unit on August 11 following repairs on a boiler tube leak. The unit shut August 9-10.

Canada— Ontario Power Generation's 515 Mw Pickering B #8 nuclear unit in Ontario started to return to service at about midnight, but remained shut early today. The unit shut over the weekend for short-term maintenance.

The NRC reported that U.S. nuclear generating capacity was at 95,460 Mw up .15% from Tuesday and up 1.39% from a year ago.

The NYMEX outlined some of the specifications for the eight new electricity contracts it will launch on its NYMEX ClearPort electronic trading and clearing platform beginning on August 14 for the August 15 trading session. The new contracts will be financially settled and based on four Midwest Independent Transmission System Operator hubs. For each of the four hubs, there will be two monthly contracts, one for peak hours and one for off-peak hours. The four hubs are Cinergy, Michigan, MISO Illinois and Minnesota Hub. These contracts will settle on real-time locational marginal prices for each hour of the day provided by the MISO. The contract units for the peak contracts will be 40 megawatt hours times the number of peak days in the contract month. The contract units for the off-peak contracts will be 2.5 megawatt hours for each off-peak hour in the contract month.

The Edison Electric Institute reported that electricity production in the continental U.S. for the week ended August 6 rose 9.8% from the same week in 2004, to 93,022 GWh. For the first 32 weeks of the year, production increased 2.8% from last year. In the 52 weeks ended August 6, production rose 2.3% from the corresponding period in 2004.



The Bonneville Power Administration, which owns and operates 75% of the power transmission grid in the Pacific Northwest, is considering the reorganization of the system in four U.S. states and British Columbia in Canada. The region's utilities are considering three options, including the creation of an independent grid operator, setting up a transmission improvement group or the continuation of the

status quo, to meet the needs of the transmission system, which BPA and others have said is sagging under the weight of the region's growing demand. The creation of a grid operator, Grid West, like those used in Texas, California, the Midwest, the Mid-Atlantic and Northeast parts of the U.S. , would allow the utilities to retain ownership of their assets, and the Grid Operator would handle the control, operation and expansion of the system.

American Electric Power said it will voluntarily cut or offset its greenhouse gas emissions through 2010 and continue its membership in an emissions trading program. AEP said it has committed to a second phase in the Chicago Climate Exchange, a voluntary, legally binding emissions reduction and trading program in North America.

MARKET COMMENTARY

The natural gas market opened 7 cents stronger in anticipation of the oil complex's inventory data and drifted upward prior to the release of the numbers. The data at first glance suggested a bearish interpretation, sending markets marginally down to their lows of the day. Natural gas could not back fill the gap formed from the opening, and posted the day's low at 8.715. Sideways trading took natural gas through the rest of the morning a noon breakout to the upside set the direction of the market for the rest of the day. Mirroring the oil complex, natural gas erased any idea of a short-term top that the beginning of the week might have suggested. Short covering pushed the market past Monday's high of 8.87 and traders looking for stops above 9.00 sent the market to its nine-month high of 9.09. Natural gas finished the day up 42.2 cents at 9.071.

Tomorrow's EIA storage report, expected to come in well below average at about a 45 Bcf injection, has helped support this market. Revised forecast's for hotter weather also gave a boost to cash prices. Reports of Tropical Storm Irene heading west toward the Eastern U.S. has also lent a degree of support to the oil market. At these elevated prices, a significant build in storage, topping the estimated 45 Bcf, would put the market on the defensive, making the \$8.50 level a key downside target. We see further support at \$8.362, \$8.137, and below that at the \$7.90-\$7.98 gap. We see resistance at today's high of \$9.09.

