



ENERGY RISK MANAGEMENT

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

www.e-windham.com

POWER MARKET REPORT FOR AUGUST 19, 2005

NATURAL GAS MARKET NEWS

The U.S. natural gas market will become increasingly tied to the global gas market as imports of LNG increase over the next decade. The Wachovia Securities report said U.S. LNG imports should lower prices, but only to a point of equilibrium with world markets. The report predicts a base price of \$5/MMBtu to \$6/MMBtu and said the U.S. will likely be forced to accept the realities of a global market in yet another commodity: natural gas. The report also predicted that in the near term domestic gas supplies would increase, lessening the need for LNG imports.

The National Weather Service Late Thursday released their latest long-term temperature outlooks. For the upcoming month of September, the government forecasters noted that with sea surface temperatures across the equatorial Pacific continuing to be near normal as well as convection and the low level winds, it expects that much of the nation will most likely see near normal temperatures outside of the Pacific southwest and the southern half of Florida. As for this upcoming winter the NWS is looking for relatively neutral ENSO conditions to likely persist coupled with sea surface temperatures in the north Atlantic and Caribbean should help provide a warmer than normal period for much of the nation in the December through March period.

PIPELINE RESTRICTIONS

East Tennessee Natural Gas said that nominations sourced upstream of Gade Springs compressor station for delivery downstream of Glade Springs have been restricted to capacity. No increases in nominations flowing through Glade Springs will be accepted for today.

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

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 from Montpelier to Kosciusko, Kiln to Mobile, East Texas, and Bayou Sale-Napoleonville.

Kern River Pipeline said line pack levels have returned to normal.

Generator Problems

ERCOT— TXU Corp.'s 553 Mw Sandow #4 coal-fired unit tripped off line early today due to a loss of condenser vacuum. The company had been planning to shut the unit down for repairs and maintenance early Friday afternoon.

MAAC— PSEG's 1,100 Mw Hope Creek nuclear unit is operating at 98% capacity today. Yesterday, the unit was operating at 90% to perform repairs to the feedwater heaters.

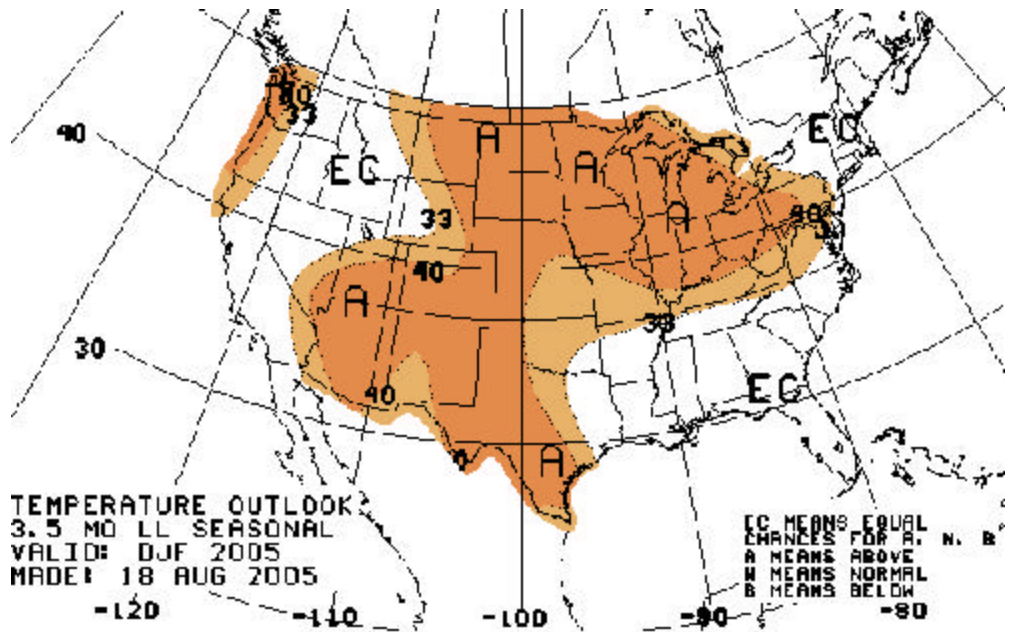
NPCC— Constellation Energy Group's 620 Mw Nine Mile Point #1 nuclear unit was shut early this morning due to a loss of power board 11. The unit was operating at full power Thursday. Nine Mile Point #2 continues to operate at full power.

SERC— Southern Nuclear's 888 Mw Farley #1 nuclear unit reduced output to 93%. The unit was operating at full power yesterday. Farley #2 continues to run at full power.

The NRC reported that U.S. nuclear generating capacity was at 95,949 Mw down .13% from Wednesday and up 1.57% from a year ago.

Natural Gas Pipeline Company of America said that the force majeure is still in effect due to the pipeline failure that occurred on May 13 on the Gulf Coast #3 Main Line in Harrison County, Texas located in Segment 26 just south of Compressor Station 304. The affected line #3 south of Station 304 was available for service effective July 21, but remains out of service north of Station 304.

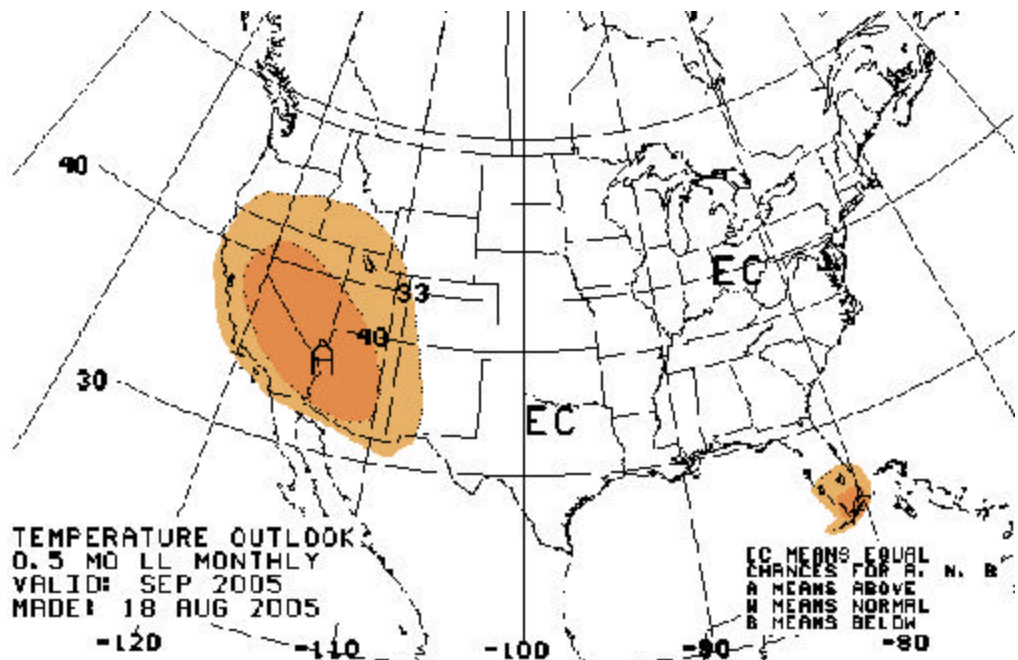
Texas Eastern Transmission said that due to the previously posted outage between French Lick and Seymour, the 24-inch system between Longview and French Lick has been restricted to capacity. Increases in physical receipts between Longview and French Lick for delivery outside of this area will not be accepted.



PIPELINE MAINTENANCE

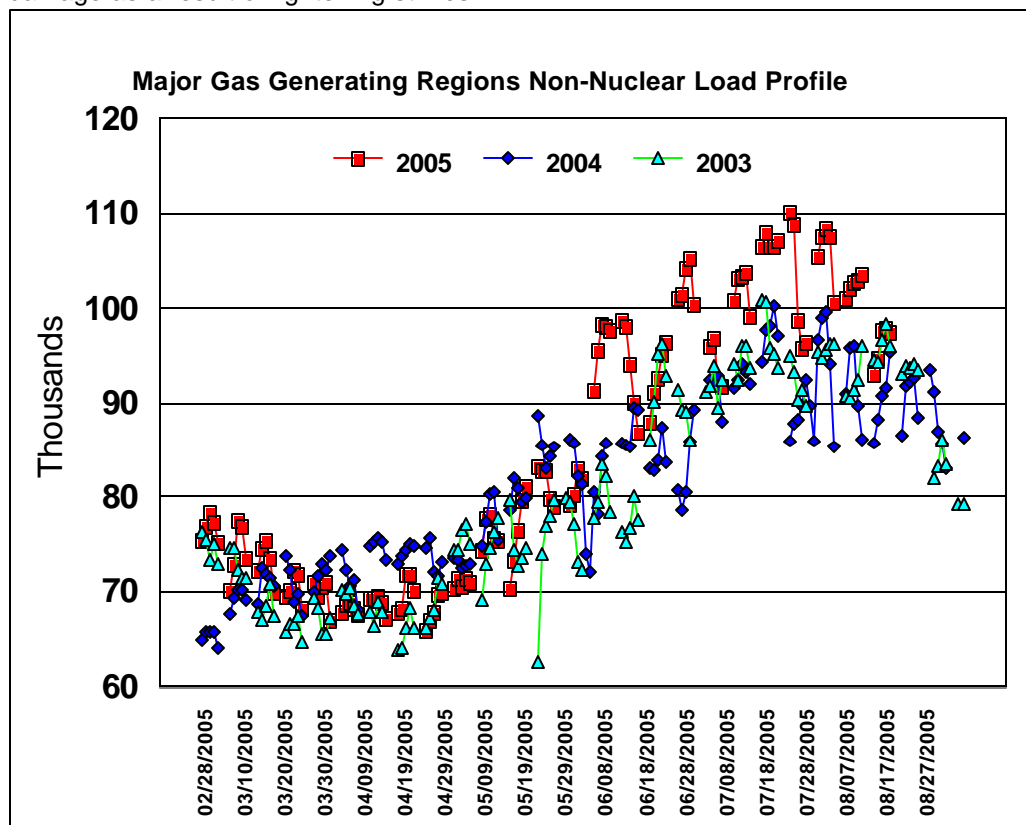
Kern River Pipeline updated its maintenance schedule for the next two months. On September 6-8, Kern River will complete the required annual test of the Emergency Shut Down system and the annual maintenance at Painter Compressor Station. On October 11, Kern River will complete the required semi-annual maintenance at Elberta Compressor Station. The maintenance will require a 24-hour station outage. On October 13, Kern River will complete the required semi-annual maintenance at both Coyote Creek and Dry Lake Compressor Stations. The maintenance will require a 24-hour station outage.

National Fuel Gas said that Unit 4 at Concord station shutdown on August 15 and is in need of repairs and is not expected to be back until August 19. Interruptible and secondary transactions with receipts north of the Concord compressor station may be subject to curtailment between August 16-23. At this time Nat Fuel said that it does not anticipate this work to affect primary transactions.



Questar Pipeline said that repairs have been completed at Fidar

Station; it is now fully functional. On the evening of August 16, the Fidlar Compressor Station sustained electrical damage as a result of lightning strikes.



Westcoast Energy said early this morning that it now has two power boilers up at the Pine River Gas Plant and that it expected to have A and B Trains circulating gas within approximately two hours. The company said that if it does not encounter any further issues, it should then have Train 3 back up within 5-7 hours of the notice and be back to full throughput within 8-10 hours of the notice.

Williston Basin Interstate Pipeline Company said that due to unplanned maintenance, Unit #1 at the Baker Booster Compressor Station

will be down approximately two hours between 10:00AM MT and 12:00PM MT today. Based upon current operating conditions, Receipt Point ID 04018 Baker Area Mainline and Receipt Point ID 04015 Baker Area Grasslands Mainline will be affected by approximately 1 MMcf. Meanwhile, Williston also said that maintenance will be performed at the Glen Ullin Compressor Station Unit #1 for two weeks between August 17-31. Under current operating conditions, Williston Basin is not anticipating any effect on the system.

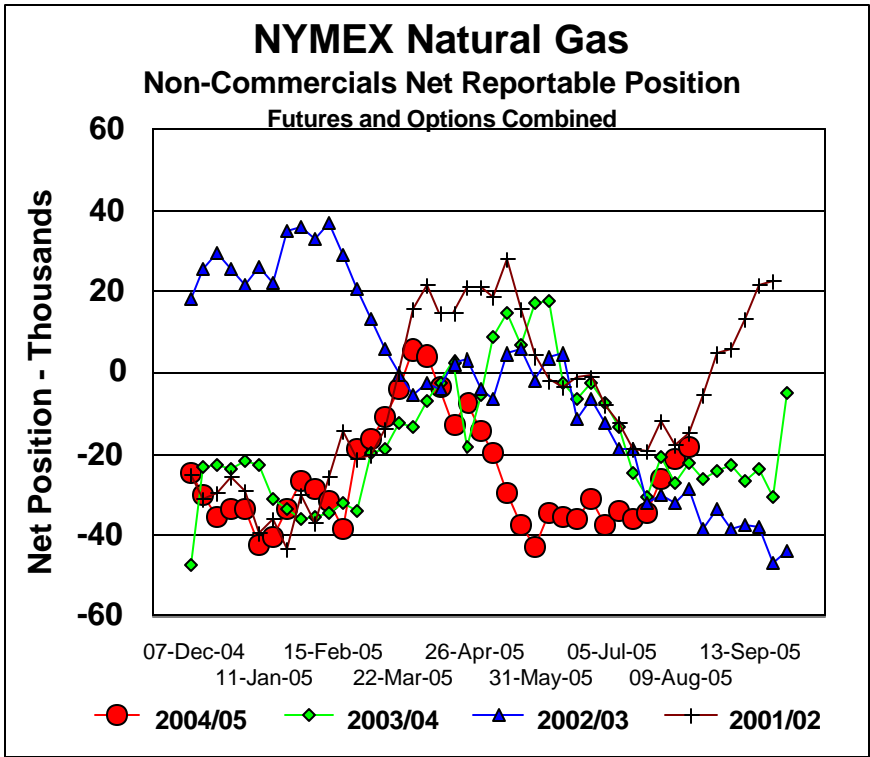
ELECTRIC MARKET NEWS

The EPA reported that ozone levels are falling in 19 eastern U.S. states where smog has been a recurring problem in summer, helping improve air quality for a third of the nation's population. The improvement is due to fewer emissions of nitrogen oxides and volatile organic composition, which together undergo a chemical reaction in heat and sunlight that forms smog. Some of the major sources are motor vehicle exhaust, industrial plants, gas vapors and chemical solvents. Nitrogen Oxide emissions have fallen nearly 50% from 2000.

MARKET COMMENTARY

The natural gas market opened 13 cents higher following the advances in the oil complex due to reports of interrupted production in Ecuador and Nigeria, and the missed missile attacks in the Red Sea. The market tested its support at the day's low of 9.00 and drifted upwards, trending to a high of 9.20 on the day. Natural gas traded on either side of 9.10 posting an inside trading day and finished the day up 18.3 cents at 9.111. This week marks the first in four where natural gas finished lower, letting the bulls cool off.

The Commitment of Traders report indicate that non-commercial traders increased their net long positions by over 11,000 contracts and their net short positions by only 1,300 contracts. The overall net short position that non-commercials have held the past few weeks has been reduced to only 830 contracts, last week, non-commercials were net short 10,576 contracts. The combined futures and options position of the non-commercials though did not show as radical of a change, declining by just 3,000 contracts to still a rather large 17,996 net short contracts.



We expect the market next week to look toward the down side, getting under the 9.00 level, and targeting 8.50. We see resistance at the gap from \$9.29 to \$9.38 and above that the contract high of \$9.91. We see support initially at \$9.00 and \$8.69. Further support we see at the key \$8.50 level followed by \$8.226 and further below at \$7.185.