



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 10, 2004

NATURAL GAS MARKET NEWS

The U.S. Minerals Management Service reported that that U.S. oil production in the Gulf of Mexico improved on Wednesday by 6,744 b/d leaving still some 205,054 b/d of production still shut in. This was largest single day gain in crude oil production returning since November 1st. Natural gas production also saw noticeable gains today as 45.5 Mmcf/d, leaving some 692.36 Mmcf/d of production still shut in.

Tennessee Gas Pipeline Company announced today a natural gas pipeline expansion project that will extend its reach into the ultra-deep Eastern Gulf of Mexico. Louisiana Deepwater Link will provide an additional 850 MMcf of capacity from the tailgate of GulfTerra Field Services LLC's recently announced Independence Trail Pipeline project. The project facilities are scheduled to be placed in service October 2006.

EIA Weekly Report

	11/05/2004	10/29/2004	Net chg	Last Year
Producing Region	965	949	16	904
Consuming East	1939	1921	18	1891
Consuming West	423	423	0	392
Total US	3327	3293	34	3187

The EIA reported today the working gas volumes for the week ending November 5th, 2004 included reclassification of 7 bcf from base gas to working gas.

Generator Problems

ECAR – The 1,090 Mw D.C. Cook 2 nuclear unit is warming up offline at 9% capacity, after restarting yesterday. The plant shut on October 2 for refueling.

MAAC – The 1,100 Mw Salem 2 nuclear unit is running at 80% capacity, down 20% on the day. A reason for the reduction in power was not immediately known.

MAPP – The 800 Mw Cooper nuclear facility is currently running at 90% capacity, up 34% on the day. The unit was originally taken offline on October 18 to investigate turbine vibrations.

SERC – The 1,129 Mw Catawba 2 nuclear unit is currently offline operating at 9% capacity. The unit was last seen running at full power yesterday. A reason for the reduction was not immediately available.

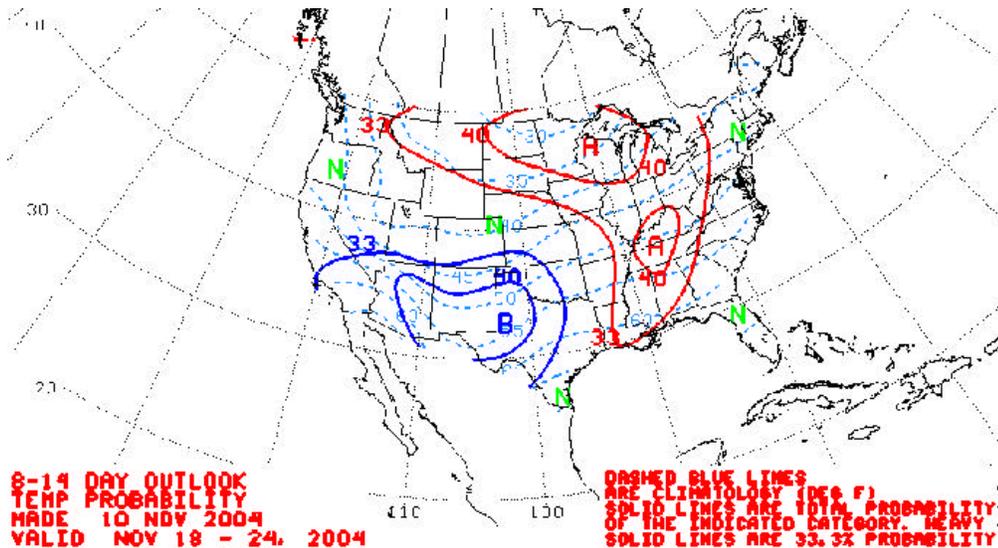
CANADA – The 580 Mw Brighton Beach natural gas fired power plant in Ontario was shut Wednesday for planned maintenance. The outage was not expected to be long in duration.

OPG's Lennox 525 Mw Lennox 1 oil and gas fired unit shut for a short term forced outage, while the company's Nanticoke 4 coal fired unit returned to service following a brief outage that began back on November 1st,

Based on the latest NRC reports, total nuclear generation output this morning reached 75,830 Mw down 816 Mw or 1.1% from yesterday's levels. Total generation was some 3.42% lower than the same date a year ago.

R.W. Beck's energy market consultants today revised their 2004 natural gas price estimate at Henry Hub upwards by 50 cents or 10% to \$5.86 Mmbtu.

The FERC yesterday granted Gulf South Pipelines Company's request for a limited term certificate to expand the overall capacity of its Jackson Gas Storage Field in central Mississippi to provide needed additional deliverability on its system for the winter heating season.



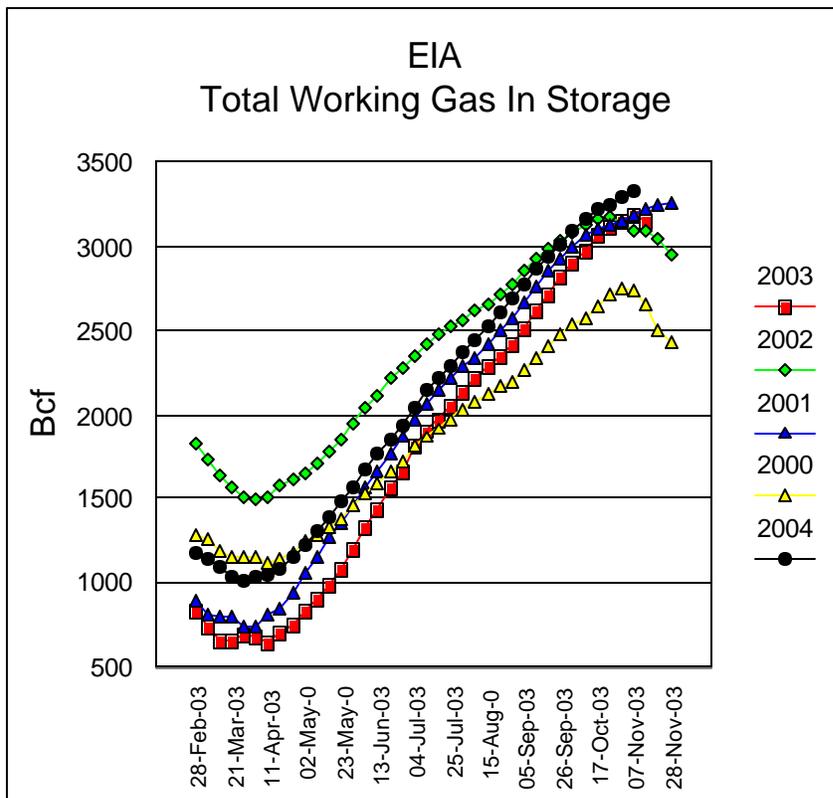
The \$700 million Broadwater Energy floating LNG receiving facility that was proposed to be sited in Long Island Sound this week, already is finding opposition. Connecticut state officials and local environmental and fishing groups already are lining up in opposition. Because the facility is a proposed interstate

natural gas facility, it comes under the jurisdiction of the FERC. An initial environmental review is expected to take about 8 months. The project would also need environmental permits from New York before being built.

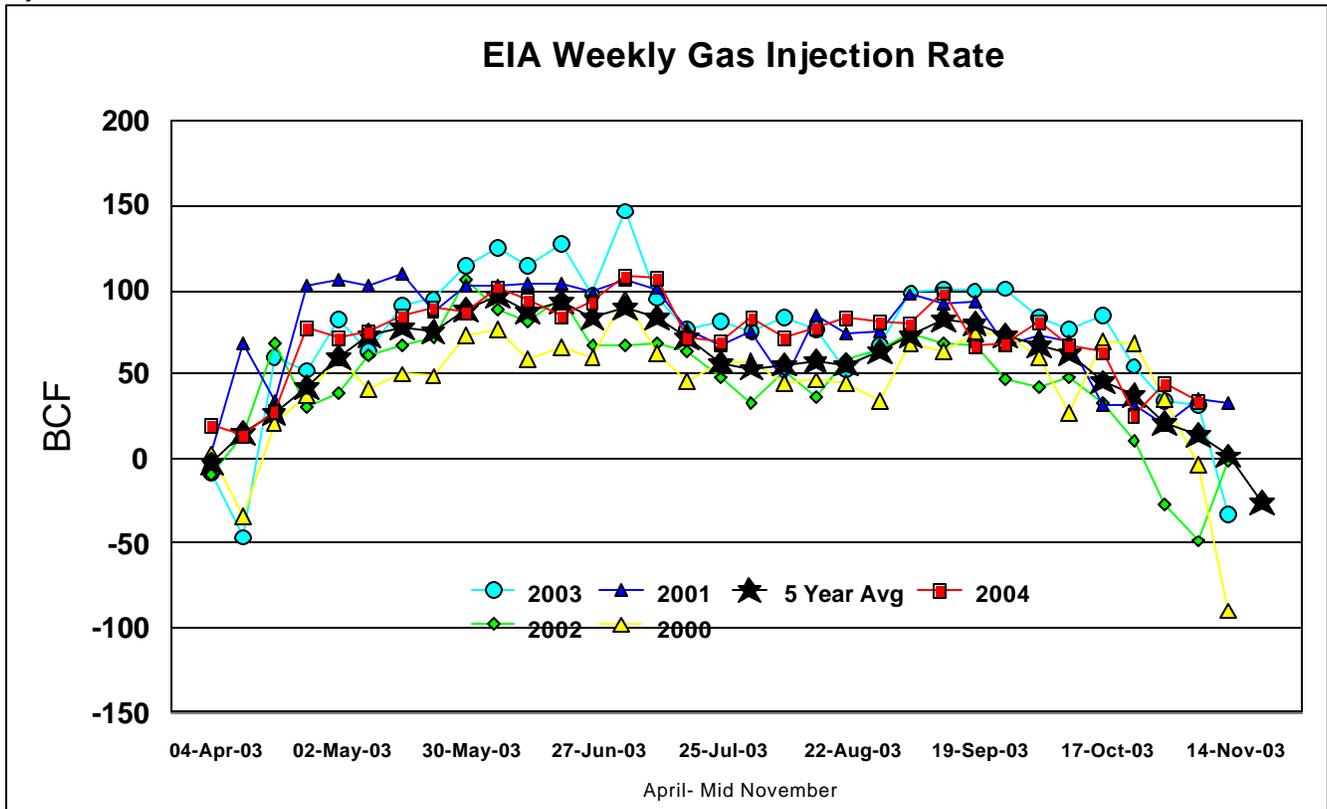
PIPELINE RESTRICTIONS

Southern California Gas Company has declared an Operational Flow Order for today. SoCalGas will limit all nominations to the Transportation Service Access Quantity in the third operating cycle. Reduction of receipt point capacities will be limited pro-rata based on prior cycle scheduled volumes.

Texas Eastern Transmission Corp. said Zone STX has been scheduled to capacity. In Zone ETX, preferential firm leaving ETX and ETX pool length have been restricted to zero. No increases in physical receipts will be accepted between the Vidor and Little Rock compressor stations. The 24-inch system between Little Rock and Norris City has been restricted to the capacity of that line. No physical increases of receipts



between Longview and Norris City will be accepted. On the TETLP system, the company said there is no due pipe make-up, no PAL loan resolution or PAL parks allowed, and there are no excess storage injections.



PIPELINE MAINTENANCE

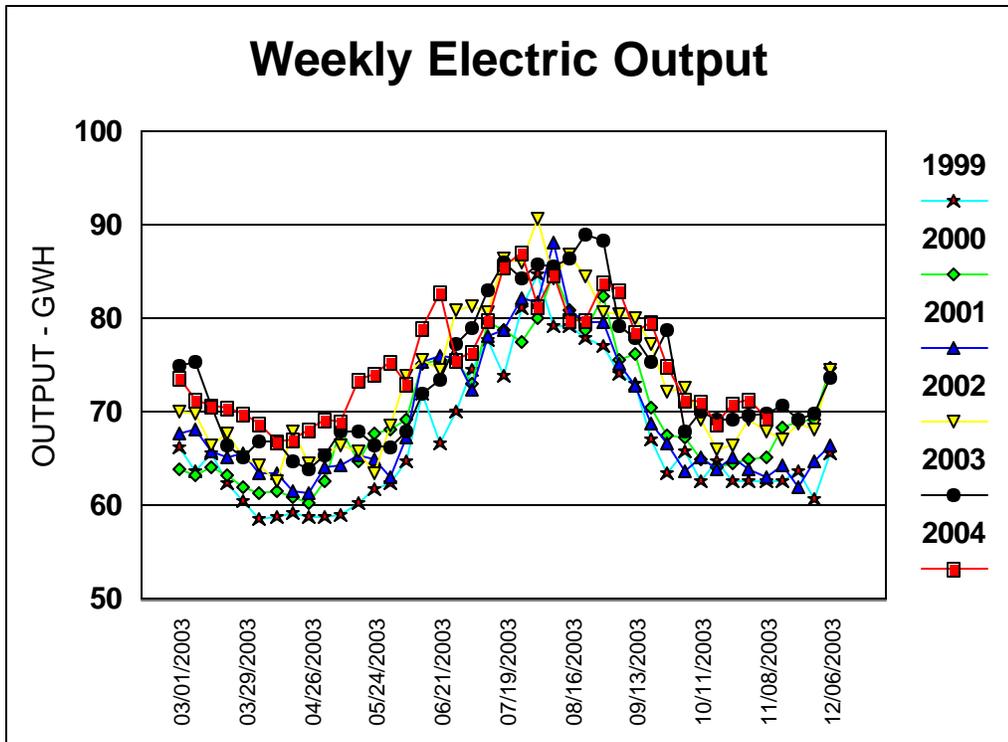
Kinder Morgan Texas Pipeline said it will be pulling a compressor for overhaul at Station 553 in Katy, Texas. This work is due to begin around November 15, and is scheduled to be completed by November 19. Due to reduced horsepower, KMTP anticipates that take-away capacity in the Katy Area will be reduced by approximately 100 MMcf/d, about 27% reduction at the below listed points. All customers with nominations above firm rights and all interruptible customers are advised that services may be interrupted for the duration of this work.

Gulf South Pipeline Company announced today that it will be performing unscheduled maintenance at its Montpelier Compressor Station Unit #1 starting today and lasting until further notice, while also performing scheduled maintenance on Index 387 Hattiesburg 8-inch pipeline, which is slated to begin tomorrow. Gulf South will be performing unscheduled maintenance on its Montpelier Compressor Station Unit #1 beginning today and continuing until further notice. Capacity north of the compressor could be affected as much as 75 MMcf/d during the duration of this maintenance. Also, Gulf South will be performing scheduled maintenance on Index 387, Hattiesburg 8-inch from mile pole 46.3 to mile pole 52.7 starting at 8:00 AM CT Thursday and lasting for 10 hours. During the prescribed maintenance, approximately 24 farm taps will be affected.

ELECTRIC MARKET NEWS

The Edison Electric Institute reported this afternoon that electricity production in the continental U.S. for the week ending November 6th stood at 69,395 Gwh, down 0.67% from last year's levels and some 2.84% less than the previous week. For the first 45 weeks of 2004, production of electricity has been running some 1.8% higher than a year ago.

The Public Utility Commission of Texas said Wednesday afternoon that following a review of CenterPoint Energy's "true-up" application it has determined that the company is entitled to recover \$2.3 billion in stranded and other costs, including interest. CenterPoint had been seeking \$4.25 billion.



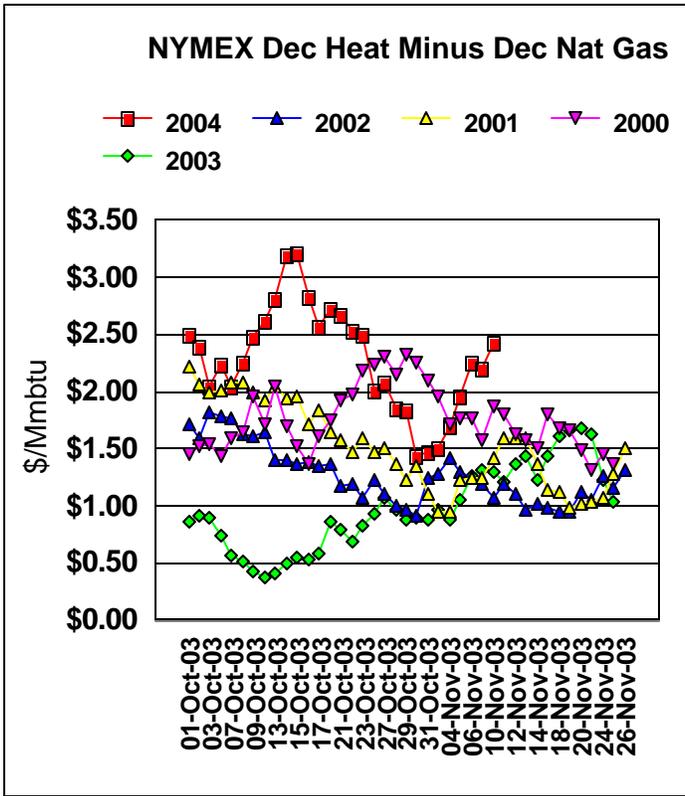
The U.S. Commodity Futures Trading Commission today said it had approved the Chicago Climate Futures Exchange request to be designated a contract market. The CFTC expects the exchange will initially offer trading of futures on emissions allowances on sulfur dioxide and offer options on those futures at a later date. The CCFE electronic trading platform will utilize a system licensed from and operated by ICE. The SO₂ permits

have had a bigger price rally than crude oil over the last six months the exchange noted today. Trading is expected to begin in December.

MARKET COMMENTARY

The natural gas market opened a few pennies better this morning supported by near term weather forecasts that were pointing to slightly higher heating demand for the next week than had been expected earlier this week. While the natural gas market today appeared to drift in sympathy with the price changes in the oil market, by mid day when the EIA storage report was released, the market tanked when the government reported that 34 bcf of gas had been added to the nation's working gas inventories on the week ending November 5^h. This injection rate was above market expectations, which this morning had been running around an expected build of 22 bcf. In addition the initial market bearish reaction was further amplified by an erroneous footnote in the report, which reported that 7 bcf of working gas had been reclassified as base gas. This would have meant an effective 41 bcf build in stocks on the week. But the EIA corrected their report and noted that in fact 7 bcf of base gas had been reclassified as working gas and thus effectively made this week's inventory report reflecting a 27 bcf build much closer to market expectations. Prices rallied back after this correction was made and rallied late in the day trying to keep pace with oil prices, which today continued build on its premium over natural gas. Basis tonight's settlement, the December heating oil contract gained over 23 cents per Mmbtu over natural gas and over a dollar per Mmbtu over the past 8 trading sessions. Final volume today in the natural gas futures market reached 70,000 contracts, with spreads accounting for 50% of the day's volume.

We continue to look for weather to set the tone for this market. While the recent cold snap has also



helped to support prices, the key will be next week's temperature outlook. Tonight's NWS 6-10 and 8-14 day outlooks continue to act as a drag on this market, as of tonight these forecasts continue to call for temperatures to moderate east of the Rockies and run basically above normal. As a result we would look for prices to possibly slip into a trading range of \$7.30-\$7.95 for the remainder of this week. We see additional support at 7.278, \$7.048 and \$7.03. Resistance we see at \$8.095, \$8.131, \$8.385 and \$8.639.