



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 11, 2004

NATURAL GAS MARKET NEWS

El Paso Corporation said today that it has renamed its marketing business unit from El Paso Merchant Energy, L.P., to El Paso Marketing, L.P. El Paso Marketing's primary focus will be on marketing the natural gas produced by its exploration and production business and other producers. El Paso Marketing will also be responsible for the marketing of oil on behalf of El Paso's exploration and production businesses.

Due to the federal holiday today the U.S. Minerals Management Service did not release an updated status report on returning production shut in from Hurricane Ivan.

Canadian Gas Association Weekly Storage Report

	05-Nov-04	29-Oct-04	07-Nov-03
East	246.9	246.4	262.2
West	226.8	225.3	194.9
Total	473.7	471.7	457.1

The CEO of Pioneer Natural Resources said this week that robust wellhead prices for natural gas have failed to prompt a surge in U.S. natural gas drilling because many producers have become "risk-averse on exploration". The chairman of Energen noted that the recent changes in federal accounting rules in the wake of the Enron collapse has also had a discouraging impact on exploration, while many other

Generator Problems

ERCOT – The 528 Mw Welsh 2 coal-fired power unit will shut from November 12-15 for work on the boiler and precipitator. During this outage the company will repair plant equipment including emissions and control equipment from November 12-20.

The 750 Mw Martin Lake 2 coal-fired power unit restarted early this morning, after the unit tripped yesterday.

The 675 Mw Pirkey coal-fired power plant will be shut November 12-14. A reason for the shut-in has yet to be disclosed.

SERC – The 1,129 Mw Catawba 2 nuclear unit returned to service early this morning and is currently operating at 96% capacity. Yesterday, the unit reduced to 9% capacity to fix a hydraulic fluid leak around the main turbine valve.

The 1,100 Mw McGuire 1 nuclear unit exited a maintenance outage and ramped up to 25% capacity. The unit shut on October 18th.

WSCC – The 530 Mw Moss Landing 2 natural gas-fired unit started to exit an outage and was available for service at about half power by late yesterday. Units 1 and 2 were shut on November 1.

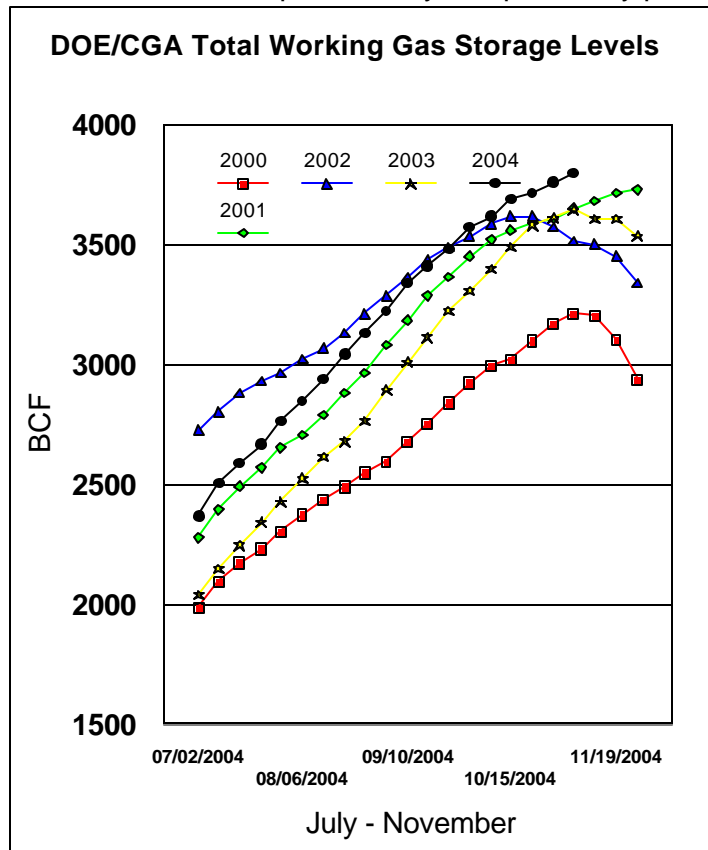
AES's Redondo natural gas-fired units 7 and 8 returned to service late yesterday. The units shut on November 8.

CANADA – The 535 Mw Lennox 1 oil and natural gas-fired unit returned to service following a short-term forced outage that started yesterday. The 490 Mw Nanticoke 4 coal-fired unit shut for a short term forced outage.

Bruce Power's 800 Mw nuclear units 3, 6, and 8 were offline early this morning. Unit 3 shut last night for unplanned work on its heat transport system. Unit 6 shut in September for a planned biennial inspection and is expected to restart later this month. Unit 8 unexpectedly shut yesterday morning for what is projected to be a brief outage.

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.

companies are fearful that major credit rating agencies will be particularly tough on independents that assume new debt to pursue risky, but potentially prolific, exploration projects.



Trunkline Gas has filed an application seeking the go-ahead to increase the size of a FERC-approved pipe-looping project that would serve Trunkline LNG's proposed expansion of its LNG terminal in Lake Charles, Louisiana.

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 fourth operating cycle.

Transcontinental Gas Pipe Line has declared a force majeure situation in New Jersey due to unscheduled maintenance after discovering a leak on its Mainline C in the Sayreville area of New Jersey on Tuesday, November 9. Repairs are currently underway which will affect Transco's ability to deliver gas at several meters on this line. Deliveries through the following meters will not be available for the next several days: PSEG Sayreville Meter #6293, PSEG Red Oak Sayreville Meter #6312; NJN Sayreville Meter #6292.

Destin Pipeline Company stated it will be cutting firm transportation gas on its system until further notice due to operational constraints on the pipeline. No other information has been released on this matter.

PG&E California Gas Transmission has called a system-wide operational flow order on its California natural gas pipeline for today's gas flow. PG&E issued the restriction because of high gas supplies on its system. The pipeline restriction has a 5% tolerance, with shippers who violate the OFO subject to a \$5.00/Mcf monetary penalty.

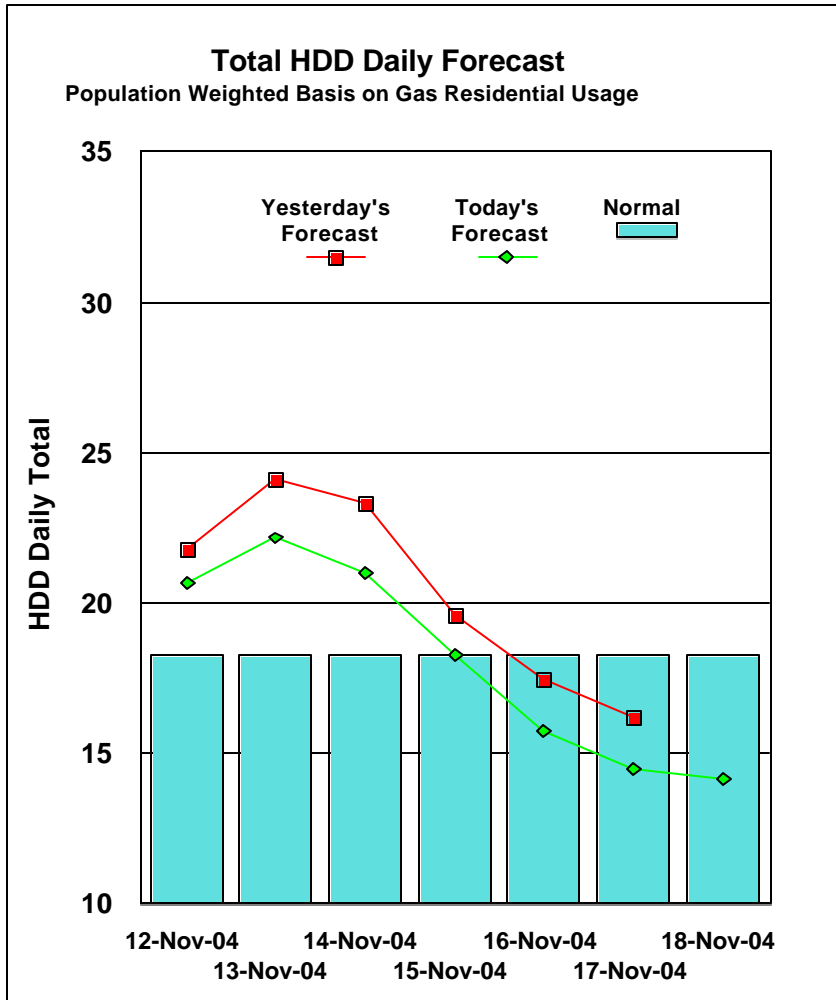
Gulf South Pipeline Company said that the Katy Storage Interconnects 10509 and 10510 will be shut-in November 15-21 for annual maintenance. Nominations will not be confirmed or scheduled during this period.

Tennessee Gas Pipeline said that Columbia Gulf Transmission has indicated to it that due to the leak between Eugene Island 250 and the Bluewater Header the following CGT and Tennessee Gas Pipeline meters must be shut in immediately. The leak is on the 24-inch line in the area of Eugene Island 240. CGT said that repairs will begin as soon as weather permits.

PIPELINE MAINTENANCE

Transwestern said that from November 15-17, it will be re-wheeling the compressor at P.1 Compressor Station. While the P.1 Compressor Station is undergoing maintenance the Panhandle Lateral capacity

will be reduced from 263 MMcf/d to approximately 180 MMcf/d. On November 18, the company expects the Panhandle Lateral to return to full capacity.



ELECTRIC MARKET NEWS

The Public Utilities Commission of Nevada gave Sierra Pacific Power Company the go-ahead to proceed with a number of programs and strategies outlined in the 20-year Electric Resources Plan that will meet the short-term and long-term needs of its Nevada customers. The company said it will move forward with permitting and conceptual engineering to build a 500 Mw natural gas-fired, combine cycle electric generating plant at the company's Tracy Plant site, east of Reno, Nevada. Also, Sierra Pacific said it would conduct comprehensive engineering and economic analyses to assess the remaining life of the company's exiting electric generating units.

The Department of Public Utility Control today approved the Connecticut Light and Power Company's conclusion of its procurement for power through 2006, the end of the Transitional Standard Offer period. CL&P's

power needs are large, more than 5,000 Mw, and are divided into 8 equal blocks of power per year to properly satisfy all of its requirements. When CL&P put out its original bids in 2003, it satisfied all of its needs for 2004 but had 5 blocks unfilled for 2005 and 6 unfilled for 2006. Today's decision approves the filling of those blocks. CL&P will request to incorporate the pricing results into rates to be effective January 1, 2005.

Cal ISO is hoping to reach a reliability-must-run contract with Dynegy next year to ensure the company's El Segundo Units #3 and #4, with a combined capacity of more than 650 Mw, are available to help the state meet power demand next summer. Dynegy had informed the ISO last month that it had planned to close the units because of weak wholesale power prices. The ISO and Southern California Edison have both determined that these two units are critical to reliability in the Los Angeles Basin.

MARKET COMMENTARY

Overflowing storage levels coupled with the inability of winter weather to take hold in the main gas consuming region of the nation for more than a day or two, has resulted in a deadly combination for the health of this market. Traders this morning were met with near term weather forecasts that again were more moderate than those promised in yesterday's weather forecasts. As a result the market opened lower and basically never looked back as sellers remained in control throughout the session.

While Tuesday's lows at \$7.31 held for much of the morning as support, it was finally breached just before lunch and prices quickly dropped down to \$7.13 before the sell off finally stalled and prices moved into a sideways trading range for the remainder of the day. Volume was moderate for this quasi-holiday trading session with 69,000 futures traded of which spreads accounted for 42% of the day's volume.

We would look for this market to continue to remain under pressure tomorrow as traders at least attempt to finishing backfilling the gap from \$7.13-\$7.03 in the December contract. We would look for more distant support at \$6.86. Resistance we would look for first at \$7.28 followed \$7.50, \$7.61, \$7.75 and \$8.02.