



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 16, 2005

NATURAL GAS MARKET NEWS

The National Hurricane Center this morning noted that Tropical Depression 27 had lost its closed circulation pattern as it continued to move westward. Forecasters though were expecting the remnants of this system would be absorbed by a developing low-pressure area in the southwestern Caribbean Sea. This system though failed to show any signs of development today and was expected to move inland over Central America before significant development can occur. Further north, the National Weather Service though continues to call for below normal temperatures taking root over the eastern half of the nation for the next two weeks. Forecasters continue to assign a high degree of confidence to this forecast.

New legislation that will be proposed in the U.S. House of Representatives would bring natural gas drilling to 20 miles off the coast of Florida. It's scheduled to be brought before a house panel tomorrow. This is the latest in a series of attempts to expand offshore drilling due to price increases and shortages linked to fuel supply disruptions caused by hurricanes Katrina and Rita in the Gulf of Mexico.

CenterPoint Gas Transmission and Duke Energy Gas Transmission said they have executed a memorandum of understanding to jointly evaluate, market and develop a proposed gas pipeline connecting CEGT's Perryville Hub in northeastern Louisiana to DEGT's 50% owned Gulfstream Natural Gas System. The companies will hold an open season early next month to gauge market interest in the proposed 250-mile line, which would have capacity in a range between 700 MMcf/d and 1 Bcf/d.

The Minerals Management Service reported that shut-in natural gas production in the Gulf of Mexico stood at 3.71 Bcf/d, unchanged from Tuesday. That is equivalent to 37.1% of the daily output in the Gulf of Mexico.

PIPELINE RESTRICTIONS

Alliance Pipeline said that inspections scheduled to take place at the Irma Compression Station on November 17 have been cancelled until further notice. The Irma Compressor is located in Saskatchewan.

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 on Sarepta to Sterlington 18-inch Index 250; Lake Charles Receipts Capacity Allocation Area 6; Tyler 12-inch Index 8 /

Generator Problems

ERCOT— TXU Corp.'s 560 Mw Big Brown #2 coal-fired power unit shut to repair a boiler tube leak.

MAAC— PPL's 1,140 Mw Susquehanna #1 nuclear unit ramped output to 50% today. Yesterday, the unit was operating at 30% capacity. Susquehanna #2 continues to operate at full power.

SERC— Southern Co.'s 856 Mw Hatch #1 nuclear unit exited an outage and ramped up to 51% of capacity by early today. Yesterday, the unit was operating at 15% capacity. Hatch #2 continues to operate at full power.

Entergy Nuclear's 1,091 Mw Waterford nuclear unit returned to full power by early today.

The NRC reported that U.S. nuclear generating capacity was at 85,270 Mw up .87% from Tuesday and up 6.76% from a year ago.

Palestine 8-inch Index 11 & 70 / Dallas 18-inch Index 1; Hall Summit; Koran Station; West 30 North; Barron (To Columbia Gulf); Bayou Sale to Napoleonville; Montpelier to Kosciusko, and Kiln to Mobile.

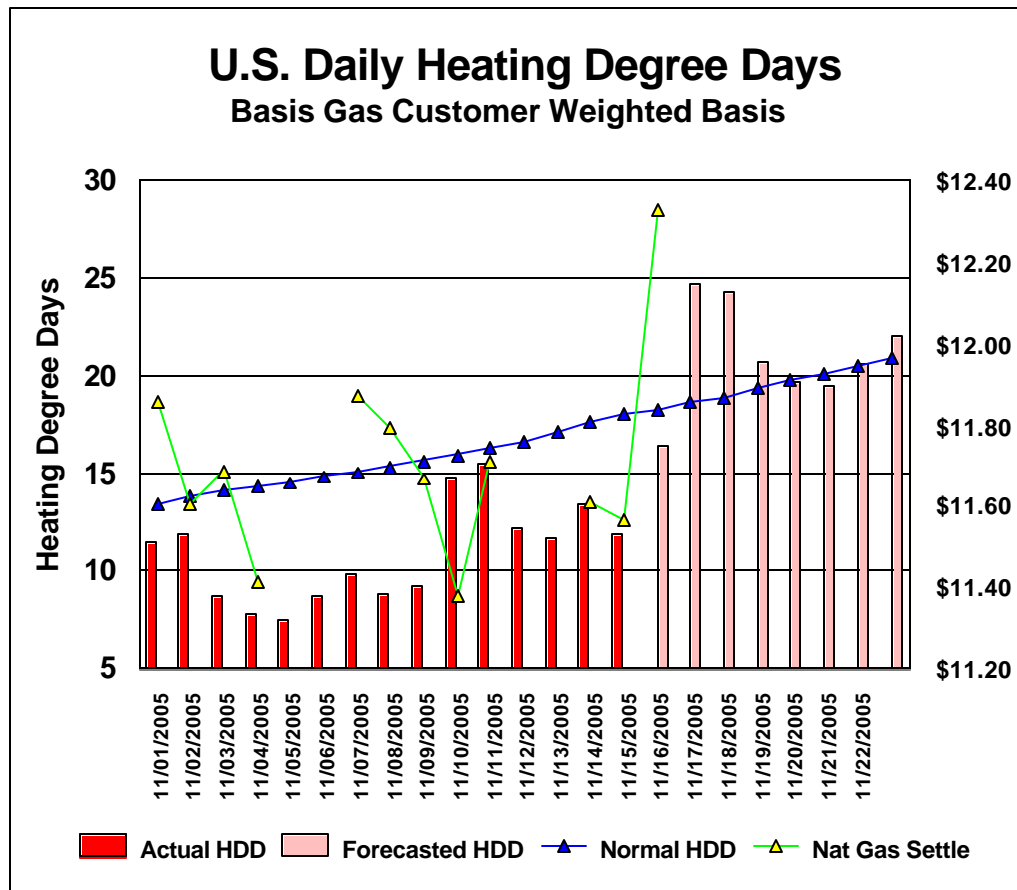
Natural Gas Pipeline Company of America said that it has capacity available for deliveries to Midwestern Kankakee. Limited interruptible flow, authorized overrun, and secondary firm transport volumes are available. Midwestern Kankakee is located in Kankakee County, Illinois (Segment 34) in Natural's Iowa Illinois Receipt Zone.

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.

Texas Eastern Transmission said that Zones STX and ETX have been sealed to capacity. No increases in receipts between Vidor and Little Rock for delivery outside that area will be accepted. Long TABS-1 pools in ETX have been forced-balanced. Receipts sourced at Monroe station have been scheduled to capacity. No increases in receipts sourced at Monroe will be accepted.

PIPELINE MAINTENANCE

El Paso Natural Gas Company said that Line 1900 downstream of the Mojave Topock Station will be shutdown to tie in Line 1903 on November 17. Due to high line pack that exists on the El Paso Natural Gas North Mainline currently, EPNG said that it will not be able to absorb the full amount of gas into line pack during the outage, and must reduce the capacity at DMOJAVE accordingly. The capacity at DMOJAVE will be limited to 100 MMcf/d on November 17.



Gulf South Pipeline said that it will be performing scheduled maintenance at the Burns Dehydration Facility that connects Index 130 and Index 130-16 beginning November 19, at 6:00 AM ET and continuing for approximately seven days. Due to this maintenance, Gulf South said that force majeure conditions on Index 130 and Index 130-16 will affect its ability to provide service from the following receipt locations: E.I. Blk. 32 Platform A and Belle Isle.

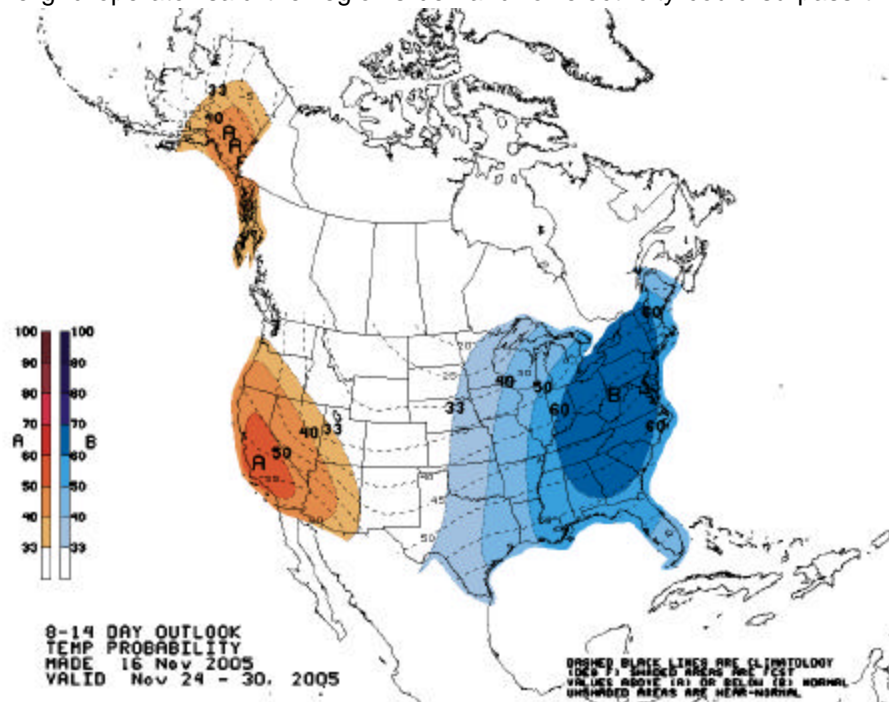
Westcoast Energy said that Duke Energy BC Pipeline and Field Services Customer Interface System will be unavailable from 9:00 PM to 11:59 PM MT on

November 17, for System Maintenance. During this period, customers will not be able to access the Customer Interface.

ELECTRIC MARKET NEWS

The Edison Electric Institute reported that electricity production in the continental U.S. for the week ended November 12 climbed 2.8% from the same 2004 week to 70,550 GWh. For the first 46 weeks of the year, production increased 3.6% from last year. For the 52 weeks ended November 12, production rose 3.5% from the corresponding period in 2004.

ISO New England, operator of the regional power grid and wholesale electricity market, forecast record electricity demand this winter. In a release, the grid operator said the region's demand for electricity could surpass the previous winter record established during the cold snap of January 2004. The ISO said power supplies should be adequate to meet the projected demand this winter unless New England experiences weather conditions similar to those of the 2004 cold snap. However, due to the uncertainty resulting from hurricane damage to natural gas and oil production in the Gulf of Mexico and the unpredictable nature of New England's weather, the ISO said it is taking precautionary steps to ensure the region has a reliable supply of electricity throughout the winter.



A settlement Sierra Pacific Resources and Enron Corp. reached today resolved the former energy giant's \$300-million power supply contract termination fee claim against the utility holding company, eliminating a key liability issue hanging over SPR and therefore, increases the company's ability to borrow money. SPR expects the agreement to be approved by the US FERC and the US Bankruptcy Court for the Southern District of New York within two months. Under the agreement, Sierra Pacific's utility units Nevada Power and Sierra Pacific Power will pay Enron \$129 million. In exchange, Enron agreed to provide the utility company an unsecured claim of \$126.5 million against its bankruptcy estate settlement. SPR expects to realize at least 30% of the face value of the claim against the bankruptcy court, cutting its total payment to Enron to just under \$90 million. SPR has sold its Enron claim to an unnamed third party, which guarantees a minimum recovery on the claim. SPR has already set aside \$60 million to buy Enron and its utilities will pay at most another \$30 million.

MARKET COMMENTARY

The natural gas market opened 23.7 cents stronger at the upper end of its two-week range, as winter set in on the key-consuming region of the Midwest. Temperatures across the Midwest fell to below freezing, and snow is forecast for the upper part of the Midwest tomorrow. The Northeast is also expected to get a cold snap tomorrow as a cold front is expected to move offshore, allowing cold Canadian air to pour into the Northeast. Natural gas traded to a low on the day of 11.76 prior to the release of the oil complex's inventory data. The larger than expected draws in crude jolted the oil complex higher and that was all the push natural gas needed to break out of its two-week range, breaking the 12.06 resistance level and extending gains up to a high of 12.40. Natural gas finished the day up 76.6 cents at 12.329.

Tomorrow's EIA storage report is estimated to show an injection of 51 Bcf. The injection estimates ranged from 17 Bcf to 80 Bcf for the week ended November 11. This report will be much more bearish compared to last year's null report and the five-year average of a 3 Bcf draw. With such a large build this time in the year, we can expect prices to dip perhaps to the 12.06 level, but then rally as the heating demand has been kicked into gear

with the cold snap. Today's break out saw the December contract trade up to the 20-day moving average and a key 38% retracement level between November 7's low of 11.03 and October 26's high of 14.54, at 12.37. We see resistance at \$12.47, \$12.88 and \$13.00. We see support initially at \$12.06 followed by \$11.87 and \$11.50.